

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF THE APPLICATION)
OF PUBLIC SERVICE COMPANY OF NEW)
MEXICO FOR REVISION OF ITS RETAIL)
ELECTRIC RATES PURSUANT TO ADVICE)
NOTICE NO. 625)**

Case No. 24-00089-UT

**PUBLIC SERVICE COMPANY OF NEW)
MEXICO,)**

Applicant)

_____)

DIRECT TESTIMONY

OF

LARRY T. MORRIS

June 14, 2024

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WITNESS FOR
PUBLIC SERVICE COMPANY OF NEW MEXICO

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I. INTRODUCTION AND PURPOSE

Q. Please state your name, position, and business address.

A. My name is Larry T. Morris. I am the Director of Tax for PNMR Services Company (“Shared Services”). Shared Services provides corporate services through shared services agreements to its parent company, PNM Resources, Inc. (“PNMR”), and all of PNMR’s subsidiaries, including Public Service Company of New Mexico (“PNM” or “Company”). My business address is 414 Silver SW, Albuquerque, NM 87102. A description of my position and background is included in PNM Exhibit LTM-1. This exhibit also includes a list of cases in which I have provided testimony at the New Mexico Public Regulation Commission (“Commission” or “NMPRC”). My testimony is filed on behalf of PNM.

Q. What is the purpose of your direct testimony in this case?

A. My direct testimony addresses the following:

- i. I discuss the stand-alone method of accounting for income taxes used in this rate case.
- ii. I discuss the normalized income tax accounting methods used by PNM, as required by the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification Topic 740 (“ASC 740”).
- iii. I discuss the income tax depreciation normalization requirements of the Internal Revenue Service (“IRS”).

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1 iv. I discuss the IRS income tax normalization requirements that relate to
2 deferred tax assets resulting from Net Operating Loss (“NOL”)
3 carryforwards.

4 v. I discuss the IRS income tax normalization requirements specific to future
5 test period filings.

6 vi. I discuss the Inflation Reduction Act of 2022 (the “IRA”), which was
7 enacted August 16, 2022, and the IRA’s impacts on this rate case.
8

9 **Q. Please list the Rule 530 schedules you are sponsoring.**

10 **A.** I am sponsoring the following Rule 530 Schedules:

11 H-9 Federal and state income taxes

 H-10 Reconciliation of net income per books to net income for
 income tax purposes

 H-11 Income tax effect as result of applicant joining in a consolidated
 federal income tax return

 H-12 Accumulated tax deferrals

 H-13 Investment tax credits
12

13 **Q. How does your testimony relate to the testimony presented by other Company**
14 **witnesses?**

15 **A.** My testimony is directly related to the computations of Accumulated Deferred
16 Income Tax (“ADIT”) and income tax expense that are used in the cost of service
17 studies contained in PNM Exhibit KTS-3, presented by PNM witness Sanders.

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II. RULE 530 SCHEDULES H-9 THROUGH H-13

Q. Please describe the purpose of Rule 530 Schedules H-9 through H-13.

A. Rule 530 Schedule H-9 shows the calculation of federal and state income tax expense for the Base Period, Adjusted Base Period, and Test Period.¹ The calculation of income tax expense in Rule 530 Schedule H-9 is used in the determination of revenue requirement for the Test Period, just as it has been in PNM's prior rate cases. PNM Exhibit LTM-3 provides the calculations of the income tax expense included in Rule 530 Schedule H-9.

Rule 530 Schedule H-10 reconciles book income and current taxable income for the Base Period, Adjusted Base Period, and Test Period. The calculation of current taxable income is purely informational and is not included in the cost of service, as it does not affect total tax expense recoverable in rates. PNM Exhibit LTM-3 provides the calculations of the taxable income included in Rule 530 Schedule H-10.

Rule 530 Schedule H-11 requires an analysis of the tax effects from filing a consolidated federal income tax return. I provide this analysis in Section III of my testimony.

¹ The Base Period in this case is calendar year 2023; the Test Period is July 1, 2025 to June 30, 2026. The Adjusted Base Period captures that period between the Base Period and Test Period.

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1 Rule 530 Schedule H-12 provides details of the ADIT activity and balances for the
2 12 months ended December 31, 2023, as well as ADIT balances for the Adjusted
3 Base Period and Test Period. The ADIT accounts included in rate base are those
4 that relate to underlying assets or liabilities included in rate base. ADIT accounts
5 that relate to assets and liabilities excluded from rate base are also excluded from
6 rate base. PNM Exhibit LTM-2 provides the calculations of the ADIT included in
7 Rule 530 Schedule H-12.

8
9 Rule 530 Schedule H-13 provides details of the accumulated deferred Investment
10 Tax Credit (“ITC”) for the Base Period, Adjusted Base Period, and Test Period.
11 PNM Exhibit LTM-4 provides the calculations of the ITC amortization included in
12 Rule 530 Schedule H-13.

13
14 **Q. Please describe the calculation of income tax expense on Rule 530 Schedule H-**
15 **9.**

16 **A.** Rule 530 Schedule H-9 calculates the income tax expense to be recovered in rates
17 for the Base Period, Adjusted Base Period, and Test Period. The calculation begins
18 with net pre-tax income as determined in the cost of service. Net pre-tax income is
19 then adjusted for permanent book/tax differences. The adjusted net income is then
20 multiplied by the statutory New Mexico and federal income tax rates to determine
21 the preliminary tax expense. The preliminary tax expense is then reduced by the
22 annual amortization of ITC as shown on Rule 530 Schedule H-13, other allowable

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1 tax credits, and the reversal of excess deferred income taxes. The tax expense on
2 Rule 530 Schedule H-9 is calculated on a fully normalized basis, as that term is
3 defined below. Therefore, the income tax expense on Rule 530 Schedule H-9 is
4 correctly not adjusted for the effect of temporary book/tax differences. This is
5 because temporary differences determine only the timing of the payment of taxes,
6 and not the actual amount of tax expense. These temporary differences are
7 reflected, along with the permanent differences, in the calculation of current taxable
8 income on Rule 530 Schedule H-10.

9

10 **III. STAND-ALONE TAX CALCULATION**

11

12 **Q. Is the income tax expense in the cost of service calculated on a stand-alone**
13 **basis or a consolidated basis?**

14 **A.** The income tax expense included in the cost of service is calculated on a stand-
15 alone basis. No effects of filing a consolidated income tax return are included in
16 the cost of service. This is consistent with prior PNM rate applications and prior
17 Commission orders.

18

19 **Q. As required by Rule 530 Schedule H-11, please address the effects of filing**
20 **consolidated income tax returns.**

21 **A.** There are no effects on PNM resulting from its inclusion in the consolidated income
22 tax returns filed by PNMR. A pro-forma stand-alone income tax return is prepared
23 for each of the affiliated companies, including PNM. These returns are, in turn,

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1 included in the PNMR consolidated income tax return, which is filed with the IRS.

2 In 1984, PNM adopted an Inter-Company Tax Allocation Policy (“ITAP”) that has
3 been uniformly applied since that time without significant changes. Under that
4 policy, each affiliated company is treated on a stand-alone basis for purposes of
5 computing its income tax expense. Their stand-alone income tax returns are then
6 combined to create the consolidated income tax return. This method did not change
7 with the formation of the holding company, PNMR, except that PNMR, rather than
8 PNM, became the ultimate taxpayer liable to the IRS. PNMR (rather than PNM,
9 as in the past) pays to the IRS the total current tax liability of the consolidated
10 group. PNM and each of the other affiliated companies then reimburse PNMR for
11 their respective stand-alone tax liabilities.

12
13 In 2005, PNMR filed as a registered holding company under the federal Public
14 Utility Holding Company Act of 1935 (“PUHCA”). As a result of that filing, slight
15 changes to the ITAP were required. Slight changes were also made when the ITAP
16 was redrafted in 2008, following the repeal of PUHCA. Those changes never cause
17 PNM to be responsible to PNMR for tax expense in excess of PNM’s stand-alone
18 share of the consolidated liability. Additionally, in some cases, a current tax
19 expense or benefit that occurs at a consolidated level is allocated pro-rata to the
20 business unit whose business activity resulted in the particular benefit or expense.
21 No such items or allocations exist in the Test Period.

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1 **Q. Why is the stand-alone calculation the appropriate method to use in**
2 **determining tax expense to be included in the cost of service study?**

3 **A.**The stand-alone tax returns reflect the current tax expense resulting from the
4 income and expenses related to the business activities of each separate company.
5 As such, the stand-alone calculation correctly matches the current tax expense of
6 each entity with the income and expenses that created that tax liability. The stand-
7 alone calculation prevents cross-subsidization of one company by another. As
8 discussed earlier, the consolidated return is merely a summation of all the stand-
9 alone tax returns for the affiliated companies included in the consolidated group.
10 No tax benefits or expenses are created as a result of filing a consolidated return.

11

12 **Q. Does the stand-alone calculation used in the ITAP and the cost of service**
13 **comply with the Final Order in NMPRC Case No. 3137?**

14 **A.**Yes, it does. The Final Order in NMPRC Case No. 3137 requires that:

15 *PNM's payment to the holding company for income tax shall be limited to*
16 *PNM's share of the current income tax liability of the consolidated*
17 *corporation.*
18

19 The ITAP ensures that PNM pays no more (or no less) than its stand-alone share of
20 the consolidated tax liability. The stand-alone income tax calculation was used by
21 PNM in its filings in NMPRC Case No. 3137 for both the original cost of service
22 and the illustrative cost of service filed in support of the stipulation in that case. It
23 is the only method that ensures that PNM will always pay its share of tax expense,
24 or be paid for its share of tax benefit, and no more. Any type of consolidated tax

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1 adjustment, which artificially shifts tax attributes from one affiliated entity to
2 another will, if consistently applied, would cause PNM to pay either more or less
3 than its share of the consolidated tax liability. This, by definition, would result in
4 a cross-subsidization among entities.

5

6 **Q. Has the stand-alone calculation been explicitly approved by the NMPRC?**

7 **A.** Yes, it has. After requiring the use of stand-alone taxes in NMPRC Case No. 3137,
8 the Commission conducted an in-depth investigation of the use of a stand-alone
9 versus a consolidated tax calculation in NMPRC Case No. 07-00077-UT. The
10 Recommended Decision, as adopted by the Commission's Final Order, states on
11 page 131:

12 *PNM and, especially, Staff have demonstrated that the stand alone method*
13 *should be continued because it serves the public interest by being consistent*
14 *with and promoting the accounting and regulatory principles of cost*
15 *causation, the benefits/burden equation and prevention of cross*
16 *subsidization.*
17

18 **IV. ACCOUNTING FOR INCOME TAXES**

19

20 **Q. Which accounting method, normalization or flow-through, does PNM use to**
21 **determine income tax expense and ADIT in the cost of service?**

22 **A.** PNM uses the normalization method. In NMPRC Case No. 2567, PNM proposed
23 full tax normalization (for state as well as federal tax purposes) for its electric
24 operations for all new temporary differences. The normalization methodology was

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1 approved in that case and has been consistently applied by PNM in every
2 subsequent rate proceeding, including this one.

3
4 **Q. Please explain normalization and flow-through accounting methods.**

5 **A.** Normalization accounting for income taxes calculates income tax expense on the
6 pre-tax items of income and expense recorded for financial statement purposes or
7 included in the cost of service for ratemaking purposes. The income tax expense is
8 then adjusted for permanent differences between income recorded for financial
9 reporting (book) purposes and income determined for income tax reporting (tax)
10 purposes. Tax expense is then divided between the amount currently payable to the
11 IRS, and the amount that must be paid in the future. This division between current
12 and deferred tax expense is calculated based on temporary differences between
13 book and taxable income. The tax expense incurred in the current year for which
14 payment is deferred due to temporary book/tax differences is recorded on the
15 balance sheet as an ADIT liability or ADIT asset.

16
17 The flow-through method, on the other hand, treats temporary differences not as a
18 mere deferral of an incurred tax liability, but as a permanent reduction in the income
19 tax expense for the period. This mischaracterization, or “flow-through” of the
20 temporary difference, results in cross-subsidization of tax expense between
21 customers in different periods, depending on when temporary differences originate

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1 and reverse. For these reasons, PNM uses the normalization rather than the flow-
2 through method.

3

4 **Q. Why is normalization the proper and correct method of tax accounting?**

5 **A.** Under normalization, tax expense is recognized in the same time period as the
6 income or expense from which it is derived. In other words, tax expense is recorded
7 when the liability to pay the tax is established, not when the taxes are actually paid.
8 Then, an ADIT account, which is included in rate base, is created for the portion of
9 that tax that is not payable immediately but is deferred and payable in a future year.
10 In this way, normalization results in the proper allocation of tax expense between
11 current and future customers while accounting for the time value of the savings
12 resulting from deferred tax payments by including ADIT in rate base. For
13 ratemaking purposes, the sum of all the ADIT accounts is generally a liability
14 balance, and therefore reduces rate base. This recognizes that, absent some
15 ratemaking adjustment, the temporary cash savings resulting from the deferred tax
16 payments would represent a cost-free source of capital to the utility. The inclusion
17 of the net ADIT liability as a rate base reduction ensures that customers, and not
18 the utility, receive the benefit of this cost-free capital.

19

20 **Q. Can an ADIT account be an addition to rate base, rather than a reduction?**

21 **A.** Yes, it can. Certain temporary book/tax differences increase, rather than decrease,
22 taxable income. An example is interest expense on capital projects that is required

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1 to be capitalized and depreciated for tax purposes, but is deducted when incurred
2 for book purposes. In this case, the cash tax payable actually exceeds the tax
3 expense recorded for book purposes. However, this excess tax will be returned to
4 the Company over time as the underlying asset is depreciated. In such a case, an
5 ADIT asset, or prepaid tax, rather than a liability, would be created. The theory
6 and treatment is the same, however, for both ADIT assets and liabilities – their
7 inclusion in rate base accounts for the difference between recoverable income tax
8 expense and cash taxes paid.

9

10 **Q. Please explain the term “permanent difference” as it relates to the recording**
11 **of income taxes.**

12 **A.** A permanent difference is a book/tax difference that will never reverse. Because
13 of differences between the book (and ratemaking) accounting rules and the tax law,
14 the taxability of some income or expense items will never be the same for book and
15 tax purposes. These items affect the total income taxes paid over time, not just the
16 timing of the payments.

17

18 An example of a permanent difference is the non-deductibility of certain expenses
19 for parking facilities in which employees can park for free. For book purposes,
20 100% of the expenses related to the parking lot or structure are generally deductible.
21 For tax purposes, however, the expenses allocable to employee parking are
22 generally not deductible. The difference between the book deductibility and the tax

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1 deductibility is absolute and permanent, and not merely timing of the deduction.
2 Therefore, tax expense must be increased by the tax on the non-deductible
3 expenses.

4

5 **Q. Please explain the term “temporary difference” as it relates to the recording**
6 **of income taxes.**

7 **A.** A temporary difference is a difference between book income and taxable income
8 that arises in one tax year and reverses in subsequent years. A temporary difference
9 results in no change in total income tax expense payable over the life of the
10 underlying item. A temporary difference only affects the timing of the payment of
11 such tax liability.

12

13 The use of accelerated depreciation for tax purposes is an example of an accounting
14 method that gives rise to a temporary difference between book income and taxable
15 income. Although total depreciation on a given asset can only equal the asset’s cost
16 and can only be taken over the life of the asset, the timing of the depreciation
17 deduction will differ when different depreciation methods are allowed for book and
18 tax purposes. For example, accelerated depreciation may be used for tax purposes
19 while the straight-line method is used for calculating book depreciation expense.
20 As a result, taxable income will be less than book income in the early years of the
21 life of the asset, because the depreciation deduction for tax purposes is accelerated,
22 or “front loaded.” Correspondingly, taxable income will be greater than book

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1 income in later years, when the straight-line book method results in a higher
2 depreciation deduction than that used for tax purposes. Over the life of the asset,
3 the cumulative amounts deducted for depreciation will be the same for book and
4 tax purposes, and the total income tax expense will be the same for both.

5

6 **Q. Why are permanent book/tax differences and temporary book/tax differences**
7 **not accounted for in the same way?**

8 **A.** Total tax expense recorded for book purposes over the life of the corporation must
9 equal the total amount of tax remitted to the IRS over the life of the corporation.
10 Because permanent differences never reverse over time, they affect the total tax
11 paid, not just the timing of the payments. Therefore, book income tax expense must
12 be adjusted for the change in tax expense created by these permanent differences.
13 These adjustments are made on Rule 530 Schedule H-9 and in the cost-of-service
14 studies included in PNM Exhibit KTS-3.

15

16 **Q. Please explain why the flow-through method of accounting for taxes should**
17 **not be used.**

18 **A.** As stated earlier, the flow-through method should not be used to calculate income
19 tax expense because it does not correctly match tax expense with the underlying
20 pre-tax income and expense items in any one ratemaking period, and results in
21 subsidization of costs between customers in different time periods.

22

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1 The flow-through method simply adjusts the total tax expense in any given year by
2 the cash tax-savings or expense resulting from the temporary differences, both
3 originating and reversing, in that year. In other words, taxable income for book and
4 tax purposes would both reflect the current taxable income as reported on the tax
5 return. In the accelerated tax depreciation example, use of the flow-through method
6 will result in the current generation of customers being subsidized by later
7 generations, because the current generation would receive all of the accelerated
8 benefits rather than spreading the depreciation benefits ratably to all generations of
9 customers who are also paying for the related assets.

10
11 Because temporary differences affect only the timing of tax payments, and not the
12 total amount of the income tax liability, the flow-through method also results in a
13 mismatch of book income and the resulting tax expense. This is because certain
14 pre-tax items are recognized for book purposes, but their tax effect is not, and vice
15 versa. Under the flow-through method, the inclusion in the cost of service of tax
16 expense based on current taxable income rather than on book income would result
17 in an inappropriate mismatch of tax expense and recoverable expenses for
18 ratemaking purposes as well. If the temporary differences result in a net reduction
19 in current taxable income and, correspondingly, the tax expense included in the
20 determination of rates, current customers would benefit unjustly at the expense of
21 future customers who will have to pay higher tax expense when the temporary

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1 differences reverse. Conversely, if a net increase in current taxable income results,
2 the current customers would be adversely affected.

3
4 **V. DEPRECIATION NORMALIZATION REQUIREMENTS**

5
6 **Q. Must normalization accounting be used to set utility rates?**

7 **A.** Yes. The Internal Revenue Code (“IRC” or the “Tax Code”) § 168 mandates that,
8 in determining rates using a cost-of-service methodology, regulated utilities must
9 use the normalization method, and not the flow-through method, to calculate the
10 tax expense related to depreciation-related temporary differences. Additionally, the
11 temporary difference resulting from contributions in aid of construction (“CIAC”)
12 is specifically required to be normalized under IRS Notice 87-82, as discussed in
13 IRS Private Letter Rulings² (“PLRs”) 9035056 and 200933023. Similarly, NOLs
14 are specifically required to be normalized, to the extent that they are created by
15 accelerated tax depreciation.

16
17 **Q. What is the penalty for violating the IRS normalization requirement?**

18 **A.** A normalization violation will result in the loss of the ability to use accelerated tax
19 depreciation on all public utility property held by the utility. This would cause a

² Although not strictly binding authority on taxpayers other than the taxpayer applying for the ruling, Private Letter Rulings issued by the IRS reflect the IRS position on the issues discussed in the ruling. Such legal interpretations are routinely relied on in applying the IRC and regulations to similar fact patterns. Taxpayers with similar facts rightly assume similar treatment in the absence of contrary authority.

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1 substantial increase in rates, as customers would no longer enjoy the rate base
2 reduction from depreciation-related ADIT liabilities.

3

4 **Q. Are companies other than public utilities required to use normalization**
5 **accounting for their financial statements?**

6 **A.** Yes, but not by the IRS. Under Generally Accepted Accounting Principles
7 ("GAAP"), both regulated and unregulated companies are required to normalize all
8 temporary book/tax differences. ASC 740 addresses the inter-period allocation of
9 income tax expense. GAAP generally, and ASC 740 specifically, require the
10 "normalization" of income taxes, and that deferred income taxes resulting from
11 temporary book/tax differences be accounted for using the liability, or "ADIT",
12 method for financial statement purposes to appropriately match tax expense effects
13 with the underlying book accounting in the same period. As required by GAAP,
14 PNM adopted Statement of Financial Accounting Standards ("SFAS") 96 (the
15 predecessor to SFAS 109 and, ultimately, ASC 740) on January 1, 1990, and has
16 consistently followed its normalization standards in all subsequent accounting
17 periods.

18

19 **VI. NOL ADIT NORMALIZATION REQUIREMENTS**

20

21 **Q. What is PNM's current status with regard to net operating losses?**

22 **A.** PNM is currently in a NOL carryforward position for the Base Period and is
23 projecting to be in a NOL carryforward position in the Test Period.

24

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1 **Q.** **Has PNM included a NOL carryforward ADIT asset in rate base in the Base,**
2 **Adjusted Base, and Test Periods?**

3 **A.** Yes, it has.
4

5 **Q.** **Is the inclusion in rate base of the NOL carryforward ADIT required by the**
6 **IRS?**

7 **A.** Yes, it is. Treasury Regulation § 1.167(l)-1(h)(1)(iii)³ specifically addresses this
8 situation as follows:

9 *If, however, in respect of any taxable year the use of a method of*
10 *depreciation other than a subsection (l) method for purposes of determining*
11 *the taxpayer's reasonable allowance under section 167(a) results in a net*
12 *operating loss carryover (as determined under section 172) to a year*
13 *succeeding such taxable year which would not have arisen (or an increase*
14 *in such carryover which would not have arisen) had the taxpayer*
15 *determined his reasonable allowance under section 167(a) using a*
16 *subsection (l) method, then the amount and time of the deferral of tax*
17 *liability shall be taken into account in such appropriate time and manner*
18 *as is satisfactory to the district director.*
19

20 PLR 8818040, and more recently, PLRs 201436037, 201436038, 201438003,
21 201519021, 201534001, and 201548017 (included as PNM Exhibits LTM-5 –
22 LTM-11) clarify that a tax calculation with and without accelerated depreciation is
23 utilized to determine the amount of the NOL carryforward ADIT required to be
24 normalized. To the extent that accelerated depreciation creates a NOL
25 carryforward, the NOL carryforward ADIT asset must be included in rate base.
26 Excluding this NOL carryforward ADIT asset would be a normalization violation.

³ 26 C.F.R. § 1.167(l)-1(h)(1)(iii)

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1 **Q. What is the penalty for violating the IRS normalization requirement regarding**
2 **NOLs?**

3 **A.**Because the NOL normalization rules are a subset of the depreciation normalization
4 rules, a violation of the NOL normalization requirement would result in the loss of
5 the ability to use accelerated tax depreciation on all public utility property held by
6 the utility.

7
8 **Q. Is it also sound regulatory and accounting practice to include the NOL**
9 **carryforward ADIT in rate base?**

10 **A.**Yes, it is. This treatment assures that PNM's customers receive the benefit of the
11 actual deferred tax payments, no more and no less. Including only the ADIT
12 liability from accelerated tax depreciation, including bonus depreciation, and not
13 also the offsetting NOL carryforward ADIT asset, would bring about a result as
14 though the Company had realized the entire benefit of the bonus depreciation in the
15 years in which it was earned. In reality, a substantial portion of that benefit is
16 required to be deferred, to be realized in future years. The reason that ADIT
17 liabilities are included as a reduction to rate base is to compensate customers for
18 the cash benefit, or cost-free capital, that the utility has received due to the
19 temporary acceleration of certain expenses for tax purposes. If the NOL
20 carryforward ADIT asset was not included as an addition to rate base, this cash-
21 savings benefit would be greatly overstated, and customers would benefit from cash
22 savings not yet realized by the utility.

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1 In Kern River Gas Transmission Company, FERC Docket No. RP07-274-000, a
2 situation almost identical to PNM's was litigated. In that case, the FERC addressed
3 both ADIT assets generally, and NOL carryforward ADIT assets specifically. It
4 concluded:

5 *229. There is a second type of timing [difference] that can have the*
6 *opposite effect. It is possible that some accounting entries will decrease*
7 *expenses or increase income for IRS purposes faster than would be the case*
8 *for accounting purposes. In this case the cash flow from the tax allowance*
9 *embedded in the regulated entity's rates is less than the income tax*
10 *payments that are generated by the higher income. When the regulated*
11 *entity pays for an expense earlier than would be under the Commission's*
12 *regulatory accounting system, it is in essence committing more funds to the*
13 *business. The difference is therefore capitalized and added to the rate base.*
14 *The difference in the timing that results is capitalized and added to the rate*
15 *base to allow a somewhat higher return on the additional funds that have*
16 *need committed to the enterprise. As the accounting entries for these*
17 *expenses are entered (usually allowance of funds used during construction),*
18 *the difference in timing is reversed, the short term addition to the rate base*
19 *decreases, and return drops. This timing difference is reflected as an ADIT*
20 *debit, or regulatory asset, in Account No. 190.*

21
22 *230. In the instant case the NOL was properly included in Account No.*
23 *190. The large depreciation deduction for the "bonus" depreciation was*
24 *properly reflected as a credit in Account No. 282 and served to reduce rate*
25 *base to reflect the difference in timing previously described. However, the*
26 *impact of this deduction was so great that it exceeded the taxable cash that*
27 *would have been generated under the straight line regulatory method.*
28 *Thus, Kern River was not able to use the full extent of the deduction in the*
29 *first year it was available. However, as discussed, the full accelerated*
30 *depreciation amount is included in the credit ADIT in Account No. 282.*
31 *Without a corresponding debit in Account No. 190, Kern River's rate base*
32 *would be reduced even through [sic] it did not achieve the tax savings, and*
33 *additional cash flow, that a credit entry in Account No. 282 is intended to*
34 *offset. Therefore, the NOL is carried forward as a regulatory asset in future*
35 *years and is reduced as the tax savings actually accrue to Kern River.*
36 *Offsetting the NOL against the total ADIT reduction in the first year assures*
37 *that the rate base is reduced only as the company actually obtains the*
38 *additional cash flows, and hence the return, that the ADIT tax methodology*
39 *captures for the ratepayer (emphasis added).*
40

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1 This FERC decision provides an excellent analysis of the principles behind the
2 regulatory and accounting practice of normalizing NOL carryforwards.

3

4 **VII. FUTURE TEST PERIOD NORMALIZATION REQUIREMENTS**

5

6 **Q. Are there additional IRS normalization requirements that relate specifically**
7 **to future test period filings?**

8 **A. Yes.** Treasury Regulations issued under IRC § 167 govern the determination of the
9 amount of ADIT allowable as a rate base reduction in a future test period.
10 Specifically, Treasury Regulation § 1.167(l)-1⁴ mandates special “proration rules”
11 when a future test period is used in determining rates, and the newly determined
12 rates are expected to be in effect for all or a portion of that test period.

13

14 **Q. Do these proration rules apply to all ADIT balances included in rate base?**

15 **A. No,** they do not. The proration rules only apply to depreciation-related ADIT.
16 Other ADIT balances are not pro-rated.

17

18 **Q. Please discuss these future test period normalization requirements.**

19 **A. Under** Treasury Regulation § 1.167(l)-1, when a future test period is used to set
20 rates and the newly determined rates are expected to be in effect for all or a portion
21 of that test period, the utility plant ADIT additions in the portion of the test period

⁴ 26 C.F.R. § 1.167(l)-1

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1 in which the new rates are expected to be in effect must be pro-rated over the period
2 for which the new rates are expected to be in effect.
3

4 In this filing, the Test Period is July 1, 2025, through June 30, 2026. Collection of
5 the new rates is expected to start on July 1, 2025. Therefore, the new rates are
6 expected to be in place for the entirety of the Test Period. As a result, July 2025
7 through June 2026 utility plant ADIT additions must be pro-rated. The Test Period
8 utility plant ADIT additions are pro-rated, using a ratio in which the numerator is
9 the number of days remaining in the Test Period, and the denominator is the number
10 of days during which the new rates are expected to be in effect in the Test Period.
11 Because PNM closes its books on a monthly basis, the proration is also done on a
12 monthly basis. As a result, July 2025 ADIT additions are pro-rated using a ratio of
13 336/365; August 2025 ADIT additions are pro-rated by 307/366; and so on until
14 June 2026 additions are pro-rated by 1/365.
15

16 **Q. Are similar proration rules applicable to the calculation of income tax expense**
17 **in a future test period?**

18 **A.** No. Income tax expense in a future test period is calculated in the same manner as
19 it is for a historic test period.
20

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1 **Q. Are there any exceptions to the normalization requirements in the Tax Code?**

2 **A.** Yes. Section 48 of the Tax Code, as amended by the IRA, allows a limited exception
3 to normalization for one specific type of IRA tax credit. Regulated utilities
4 claiming the standalone storage ITC can opt out of normalization of the credit for
5 ratemaking purposes, if approved to do so by their state regulator. I discuss later in
6 my testimony how this applies to ITC earned for the Sandia Battery Energy Storage
7 System (“Sandia BESS”).

8

9 **VIII. BASE PERIOD ADJUSTMENTS**

10

11 **Q. What period was used to develop the Base Period and Adjusted Base Period**
12 **ADIT and tax expense?**

13 **A.** The Base Period and Adjusted Base Period reflect the ADIT balances as of
14 December 31, 2023, and the tax expense reflects the 12 months ended on that date.
15 The Base Period ADIT, permanent book/tax differences, tax credits, and other tax
16 adjustments come from the Company’s financial accounting books and records.
17 The only adjustments made to Base Period ADIT are the Model-Driven
18 Calculations, discussed below. All other adjustments discussed below were made
19 in the development of the Adjusted Base Period.

20

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1 **Q. What adjustments were made in determining the Adjusted Base Period ADIT**
2 **balances?**

3 **A. ADIT adjustments have been made to the Base Period balances where necessary to**
4 synchronize ADIT with underlying rate base items. These include:

5 • Model-Driven Calculations – ADIT balances that relate to regulatory assets and
6 liabilities and other rate base items were trued-up to equal the balance of the
7 underlying account multiplied by the combined federal and state tax rate at
8 which ADIT is calculated.

9 • ADIT balances for accelerated depreciation and NOL carryforwards are
10 adjusted to reflect the corporate allocation adjustment to G&I plant.

11 • ADIT balances on certain regulatory assets and liabilities are adjusted to
12 synchronize with the adjustments to the underlying regulatory assets and
13 liabilities shown on PNM Exhibit KTS-3 COS BASE ADJ.

14 • ADIT balances on certain other rate base items are adjusted to synchronize with
15 the adjustments to the underlying assets and liabilities shown on PNM Exhibit
16 KTS-3 COS BASE ADJ.

17 • ADIT balances on items for which the underlying asset or liability is not in rate
18 base are adjusted to zero.

19

20 **Q. What adjustments were made in determining Adjusted Base Period income**
21 **tax expense?**

22 **A. Known and measurable adjustments for the Base Period were made, including:**

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- 1 • The difference for equity allowance for funds used during construction (“equity
2 AFUDC”) was trued up to accurately reflect the actual equity AFUDC accrued
3 in the Base Period; and
- 4 • The Research & Development credit was adjusted to equal the expected credit.
5 PNM bases the expected amount on what has historically been allowed.

IX. TEST PERIOD ADJUSTMENTS

8
9 **Q. Are the ADIT, ITC, and income tax expense calculations in the cost-of-service**
10 **model “fully functional,” as described in the future test year rule?**

11 **A.** No, they are not. It is not feasible to make income tax, ITC, and ADIT calculations
12 fully functional in a Microsoft Excel model, due to the complexity of the interaction
13 among income tax laws, GAAP reporting requirements, and regulatory
14 requirements. Changes to ADIT, ITC, and income tax expense adjustments (such
15 as permanent book/tax differences and income tax credits) must be determined
16 outside the cost-of-service model and then manually inputted. Therefore, in
17 accordance with 17.1.3.11 NMAC and consistent with prior future test year filings
18 before this Commission, PNM will rerun the calculations reasonably required by
19 Staff or intervenors in order to capture the impact on the proposed cost of service
20 of any adjustments to ADIT or other income tax inputs.

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1 **Q. How has PNM calculated the ADIT included in the Test Period?**

2 **A.** The incremental ADIT included in the Test Period is calculated at the applicable
3 combined federal and state income tax rate in effect for the linkage data and the
4 Test Period. The combined rate is 25.40%, which is derived from a 21% federal
5 income tax rate and a 5.9% state income tax rate. The changes in ADIT are
6 calculated by applying the applicable tax rates to the changes in the underlying
7 book/tax differences on rate base accounts, such as plant-in-service, regulatory
8 assets or liabilities, or other rate base items. Additionally, certain ADIT accounts
9 are adjusted for “tax-only” differences,⁵ including repair deductions, NOL
10 carryforwards, the Tax Reform Act of 1986 (“TRA”) Average Rate Assumption
11 Method (“ARAM”) reversals, the Tax Cuts and Jobs Act (“TCJA”) 2017 excess
12 ADIT reversals and reversals of prior equity AFUDC amounts. The linkage data
13 and Test Period adjustments are discussed in more detail below.

14

15 **Q. What adjustments were made to ADIT in the linkage data and the Test**
16 **Period?**

17 **A.** ADIT for the linkage data and the Test Period has been adjusted for the following
18 in Rule 530 Schedule H-12:

⁵ Tax-only differences are basis differences based on a tax amount for which there is no corresponding book amount. An example is tax credit carryforwards, which have no correlating book amount.

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- 1 • The IRS-required proration of depreciation-related ADIT discussed in Section
2 VII of this testimony. These adjustments are embedded in the monthly Test
3 Period balances;
- 4 • ADIT balances on certain regulatory assets and liabilities are adjusted to reflect
5 linkage data and Test Period changes to the underlying assets and liabilities;
- 6 • ADIT balances on certain other rate base items are adjusted to reflect linkage
7 data and Test Period changes to the underlying assets and liabilities;
- 8 • Depreciation ADIT has been updated to reflect both the depreciation ADIT on
9 linkage data and Test Period plant additions, as well as ongoing linkage data
10 and Test Period ADIT changes on assets in service at the end of the Base Period.
11 Depreciation ADIT has also been adjusted to reflect the effects of linkage data
12 and Test Period reversals of TRA 1986 ARAM and excess payroll tax reversals,
13 and reversals of prior AFUDC equity amounts;
- 14 • The ADIT related to the income tax regulatory liability has been adjusted to
15 reflect the TCJA 2017 excess ADIT reversals;
- 16 • The NOL carryforward ADIT has been adjusted to reflect changes to the NOL
17 carryforward based on the expected activity in the Test Period;
- 18 • Debt AFUDC ADIT has been adjusted to reflect debt AFUDC accrued in the
19 linkage data and Test Period; and
- 20 • Palo Verde Nuclear Generating Station (“Palo Verde”) licensing ADIT, a tax-
21 only amortization, is adjusted for amortization in the linkage data and Test
22 Periods.

1 The above changes are shown in Rule 530 Schedule H-12.

3 Q. How has PNM calculated the income tax expense included in the Test Period?

10

11 Q. What adjustments were made to income tax expense in the Test Period?

15

16 **X. FEDERAL INCOME TAX RATE CHANGE AND EXCESS DEFERRED**

17 TAXES

19 **Q. Please discuss the 2017 federal income tax rate change.**

23

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1 The effects of the TCJA rate change were included in the cost-of-service
2 calculations for PNM's rates in Case No. 16-00276-UT (the "2016 Rate Case").
3

4 The TCJA income tax rate change had two significant effects on income taxes.
5 First, the federal income tax rate used in calculating income tax expense was
6 reduced from the historic 35% to a new statutory rate of 21%. Second, the tax rate
7 reduction resulted in excess deferred income taxes, or "excess ADIT," for the
8 amount that cumulative ADIT at the old rate exceeded the ADIT calculated at the
9 new rate. At the time of the tax rate reduction, PNM recorded a regulatory liability
10 for the resulting excess ADIT for the purpose of returning the excess ADIT to
11 customers.
12

13 **Q. Are there specific tax requirements regarding returning excess ADIT to**
14 **customers?**

15 **A.** Yes, there are. Excess ADIT resulting from a change in the federal tax rate can
16 generally be categorized as follows:

- 17 (1) Regulated excess ADIT that is depreciation-related; and
- 18 (2) Regulated excess ADIT that is not depreciation-related.

19 In summary, the TCJA includes normalization requirements regarding the return of
20 regulated excess ADIT that is depreciation-related. Specifically, the depreciation-
21 related excess ADIT, known as "protected" excess ADIT, may be returned no more
22 rapidly than under the ARAM.

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1 **Q.** Is PNM proposing to make any changes to the amortization period of
2 unprotected excess ADIT in this case?

3 **A.** PNM is proposing to continue to amortize the remaining excess ADIT over the
4 periods established in the Case No. 22-00270-UT (“2022 Rate Case”). Specifically,
5 PNM will continue to return protected excess ADIT using the required ARAM, and
6 will continue to return unprotected excess ADIT over the five-year period
7 established in that case.

8

9 **XI. INFLATION REDUCTION ACT OF 2022**

10

11 **Q.** Please summarize recent tax legislation developments.

12 **A.** In August 2022, the IRA was enacted. The IRA includes many provisions that
13 affect utilities and their customers, including, among other things:

- 14 • Extension and expansion of the energy ITC.
- 15 • Extension and expansion of the renewable energy production tax credit
- 16 (“PTC”).
- 17 • ITC for stand-alone energy storage facilities, with an allowance to opt out of
- 18 tax normalization requirements.
- 19 • Starting in 2025, new “technology neutral” clean-energy tax credits, similar to
- 20 the existing ITC and PTC, for zero-emission projects.
- 21 • The ability to transfer, or sell, tax credits to third parties.
- 22 • A new credit for existing nuclear facilities based on the facility’s output.

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1 Many new and existing incentives have a two-tiered system with a “base rate” and
2 a “bonus rate.” The bonus rate would equal five times the base rate and apply to
3 projects that meet certain wage and apprenticeship requirements. Some credits also
4 include additional rate enhancements based on the domestic content of the property,
5 as well as where the projects are located (e.g., low-income communities and
6 communities impacted by closures of coal mines and coal-fired generating
7 facilities).

8

9 **Q. Are all the Treasury Regulations and other IRS guidance, which provide the**
10 **rules and procedures to apply the IRA, available at this time?**

11 **A.** Although the IRA legislation has been enacted, Treasury Regulations and other
12 guidance has still not been provided for certain IRA provisions. Notably, guidance
13 for the IRA’s production credit for nuclear facilities has not yet been published.
14 Accordingly, the book and tax implications and ratemaking impacts of that IRA
15 provision cannot be fully known yet. Therefore, no production credit for nuclear
16 facilities is included in the linkage data or the Test Period.

17

18 **Q. How does PNM propose to pass the impacts of the IRA to customers for**
19 **benefits that cannot be determined currently?**

20 **A.** Except as described below regarding the production credit for nuclear facilities,
21 PNM is including the benefits for IRA-eligible investments in this proceeding.

22

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1 **Q.** Because of PNM’s ownership in Palo Verde, does the Company expect to
2 receive a benefit from the IRA’s production credit for nuclear facilities?

3 **A.** Yes, PNM expects to receive a benefit from this credit for 2024. However, the lack
4 of details in the IRA for the calculation of credit makes it impossible to reasonably
5 estimate the benefit of the credit at this time.

6
7 **Q.** Considering the nuclear production credit is effective for 2024, how is PNM
8 proposing to pass this benefit to customers if it is not currently estimable?

9 **A.** Consistent with its request in the 2022 Rate Case, PNM proposes to flow this
10 benefit through the Fuel and Purchased Power Cost Adjustment Clause
11 (“FPPCAC”), ensuring customers receive the full benefit of the credit in a timely
12 manner once guidance is provided on the calculation of the credit. Annually, the
13 credit calculated to be reported on PNM’s tax return will be included in the
14 FPPCAC, along with any true-ups for prior year adjustments resulting from IRS
15 exams or other required increases or decreases. This variance will ensure that
16 customers, and not shareholders, receive this benefit immediately, and customers
17 are not impacted by the unavailability of the Treasury Regulations that would allow
18 PNM to accurately estimate these benefits at this time.

19

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1 **Q. How does PNM intend to utilize the normalization exception for standalone**
2 **storage?**

3 **A.**PNM intends to utilize the flexibility allowed by the normalization exception for
4 the Sandia BESS. In Case No. 23-00353-UT, PNM proposed to return the ITC
5 associated with the Sandia BESS over a five-year period, which is much shorter
6 than the life of the investment.

7

8 **Q. Has PNM reflected the amortization of the ITC related to the Sandia BESS in**
9 **the Test Period?**

10 **A.**No. As PNM is still in an NOL during the Test Period, PNM has not included the
11 ITC amortization associated with the Sandia BESS in the Test Period.
12 Amortization of the ITC is not allowed to begin until the NOL ADIT asset has been
13 fully utilized and the ITC can be claimed on the utility income tax returns.

14

15 **Q. Has does PNM propose to treat the ITC amortization associated with the**
16 **Sandia BESS to ensure these ITC benefits are passed onto customers?**

17 **A.**Specifically, PNM seeks to establish a regulatory liability to capture the
18 amortization of ITCs resulting from the Sandia BESS being placed in service,
19 through the period the ITC amortization can be reflected in customers base rates in
20 a future rate proceeding. This will ensure the benefits earned under the IRA
21 associated with this project will be returned back to customers. Absent approval of
22 this regulatory liability, PNM customers may not receive the full benefit of the ITC

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1 as amortization is required to begin once the NOL ADIT asset is utilized and the
2 ITC can be claimed on income tax returns, which may fall outside of a test period
3 used to set rates. Approval of this regulatory liability will ensure customers receive
4 the full ITC benefits associated with the Sandia BESS.

XII. CONCLUSIONS

7
8 **Q. Do you have any concluding observations?**

9 **A.** Yes, I do:

- 10 • Consistent with prior rate case filings, ADIT and income tax expense should be
11 calculated on a fully normalized, stand-alone basis.
- 12 • All IRS normalization requirements should be strictly followed, including, but
13 not limited to, those relating to accelerated tax depreciation, NOLs, CIAC,
14 ITCs, and future test periods. This case as filed meets these requirements and
15 fairly and accurately calculates both ADIT and income tax expense in the Base
16 Period, Adjusted Base Period, and Test Period.
- 17 • Tax effects resulting from the IRA should be appropriately passed to customers
18 in a timely manner.
- 19 • The ADIT and income tax expense included in the Base Period and Test Period
20 cost of service are fair and accurate based on the underlying rate base and
21 recoverable expenses included in the cost of service.
- 22 • The calculations of tax expense and ADIT comply with IRS normalization
23 requirements, including those related to accelerated tax depreciation, NOLs,

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1 and CIAC. The Test Period adjustments to ITC amortization and ARAM excess
2 deferred income tax amortization ensure compliance with the IRS
3 normalization requirements for those items. The Test Period proration of
4 certain plant-related incremental ADIT ensures compliance with the
5 normalization requirements for future test periods.

- 6 • The income tax calculations are done on a fully-normalized basis, consistent
7 with Commission precedent and past PNM filings.
- 8 • The income tax calculations are done on a stand-alone company basis,
9 consistent with the Commission's decision in NMPRC Case No. 07-00077-UT
10 and past PNM filings.
- 11 • The effects of the IRA should be passed to customers, including the production
12 credit for nuclear facilities.
- 13 • PNM requests that the Commission establish a regulatory liability associated
14 with the Sandia BESS ITC amortization.

15
16 **Q. Does this conclude your testimony?**

17 **A. Yes.**

GCG#532543

PNM Exhibit LTM – 1

Statement of Qualifications

Is contained in the following 2 pages.

LARRY T. MORRIS, CPA

EDUCATIONAL AND PROFESSIONAL SUMMARY

Employment:

PNMR Services Company:

Director of Tax, 2017-Present
Senior Manager, Tax, 2007-2017

Standard Insurance Company:

Senior Tax Analyst, 2005-2006

Meyners + Company, LLC:

Tax Manager, 2001-2004

Hoffman, Stewart & Schmidt, PC:

Senior Tax Accountant, 1999-2000

Meyners + Company, LLC:

Tax Accountant/Senior Tax Accountant, 1996-1999

Education:

Bachelor of Business Administration, Accounting:

University of New Mexico, 1996

Continuing Professional Education:

Tax and Accounting CPE as required by the New Mexico and Oregon State Boards of Public Accountancy, 1999-Present

Certifications:

Certified Public Accountant

New Mexico, 1999-Present
Oregon (Inactive), 1999-Present

Affiliations:

American Institute of CPAs

Member, 1999-Present
Tax Section, 2017-Present

Edison Electric Institute

Taxation Committee, 2017-Present

Testimony in Regulatory Proceedings:

Nature of Proceeding	Regulatory Body	Docket Number
In the Matter of the Application of Public Service Company of New Mexico for Revision of its Retail Electric Rates pursuant to Advice Notice No. 595.	NMPRC	22-00270-UT
In the Matter of Public Service Company of New Mexico's Application for approval of its Renewable Energy Act Plan for 2022 and Proposed 2022 Rider Rate under Rate Rider No. 36.	NMPRC	21-00143-UT

PNM Exhibit LTM – 2

ADIT Accumulated Deferred Income Tax
Is contained in the following 44 pages.

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-2					
ADIT-1 Schedule H-12					
Hyperlink to Lead Sheet					
	31-Dec-22	31-Jan-23	28-Feb-23	31-Mar-23	30-Apr-23
	Balance	Balance	Balance	Balance	Balance
Accumulated Deferred Income Taxes					
Federal Tax Credit Carryforward	16,246,350	16,246,350	16,246,350	16,459,414	16,524,165
Federal Tax Credit Carryforward - Renewables	68,656,135	68,656,135	68,656,135	68,656,135	68,656,135
Net Operating Loss (NOL)	56,506,548	52,872,333	49,298,977	47,002,823	50,805,190
Incentive Pay Plans	4,207,944	4,207,944	4,207,944	3,519,819	3,519,819
Regulatory Assets - Coal Mine Decommissioning	(148,605)	(148,605)	(148,605)	(146,181)	(145,374)
Regulatory Liabilities - Renewable Rider	1,471,639	1,471,639	1,471,639	1,313,643	1,309,757
Income Tax Regulatory Liability	87,224,918	87,224,918	87,224,918	71,589,286	71,563,736
Income Tax Regulatory Asset	(66,396,238)	(66,396,238)	(66,396,238)	(66,384,002)	(66,304,925)
Lease Liability	15,260,813	15,260,813	15,260,813	15,260,813	15,260,813
Deferred Credits - Coal Mine Decommissioning	23,069,043	23,069,043	23,069,043	22,407,829	22,197,285
Regulatory Assets - ETA Carrying Charges	(194,933)	(194,933)	(194,933)	(282,398)	(282,398)
Regulatory Assets - ETA Job Training & Severance	(2,143,683)	(2,143,683)	(2,143,683)	(2,143,683)	(2,143,683)
Regulatory Assets - ETA Payments to State Agencies	(5,043,230)	(5,043,230)	(5,043,230)	(5,043,230)	(5,043,230)
Regulatory Assets - ETA SJGS Plant Decommissioning	(4,653,934)	(4,653,934)	(4,653,934)	(4,685,754)	(4,696,421)
Regulatory Assets - ETA SJGS upfront Financing Cost	(890,239)	(890,239)	(890,239)	(892,463)	(892,184)
Regulatory Assets - ETA Westmoreland Coal Mine Sev	(2,257,459)	(2,257,459)	(2,257,459)	(2,257,459)	(2,257,459)
Deferred Credits - Joint Use	10,859	10,859	10,859	10,859	10,859
Deferred Credits - Pathnet	1,501,417	1,501,417	1,501,417	1,501,417	1,501,417
Deferred Credits - PVNGS Dry Casks	3,057,948	3,057,948	3,057,948	2,942,518	2,902,256
Other Deferred Credits	2,139,779	2,139,779	2,139,779	2,227,089	2,252,512
Other Liabilities - ETA Job Training and Severance	181,325	181,325	181,325	181,325	181,325
Other Liabilities - Navajo Workforce Training	25,400	25,400	25,400	25,400	25,400
Other Liabilities	1,090,504	1,090,504	1,090,504	1,059,283	1,183,249
Injury and Damages	752,120	752,120	752,120	712,480	724,916
Plant - AFUDC	(15,044,451)	(15,044,451)	(15,044,451)	(15,900,840)	(16,763,120)
Plant - Capitalized Interest	3,595,445	3,595,445	3,595,445	3,484,002	3,702,979
Decommissioning and Reclamation Trusts	(67,560,106)	(67,560,106)	(67,560,106)	(69,767,829)	(70,438,765)
ASC 740-10 (FIN 48) Reclassifications	1,563,523	1,563,523	1,563,523	1,563,523	1,563,523
PVNGS Licensing	57,361	57,361	57,361	57,361	57,361
Plant - 263A Adjustment	(24,103,564)	(24,103,564)	(24,103,564)	(24,180,609)	(25,627,482)
Deferred State Taxes	5,002,780	5,002,780	5,002,780	5,002,780	5,002,780
Plant - CIAC	9,740,960	9,740,960	9,740,960	9,808,354	10,344,876
Plant - Depreciation Nuclear Fuel	8,479,069	8,479,069	8,479,069	8,763,752	8,850,268

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-2					
ADIT-1 Schedule H-12					
Hyperlink to Lead Sheet					
	31-Dec-22	31-Jan-23	28-Feb-23	31-Mar-23	30-Apr-23
	Balance	Balance	Balance	Balance	Balance
Plant - Removal Cost	(4,161,351)	(4,161,351)	(4,161,351)	(4,413,568)	(4,487,741)
Plant - Repairs	(40,152,747)	(40,152,747)	(40,152,747)	(40,622,952)	(40,726,468)
Plant - Section 174 Deduction	(7,584,655)	(7,584,655)	(7,584,655)	(7,580,873)	(7,638,456)
Plant - Asset Retirement Obligation	91,101,322	91,101,322	91,101,322	92,466,699	92,880,961
Plant - Pollution Control Property	(2,154,701)	(2,154,701)	(2,154,701)	(2,154,701)	(2,154,701)
Plant - Liberalized Depreciation: Production	(248,433,340)	(248,337,555)	(247,245,049)	(208,519,793)	(212,288,033)
Plant - Liberalized Depreciation: Transmission	(122,116,383)	(122,717,122)	(123,317,860)	(123,918,599)	(124,519,338)
Plant - Liberalized Depreciation: Distribution	(161,988,422)	(159,177,825)	(158,199,325)	(157,220,823)	(155,207,924)
Plant - Liberalized Depreciation: General and Intangible	1,421,062	(884,581)	(2,155,825)	(3,427,068)	(5,732,712)
Plant - Liberalized Depreciation: Renewables	(46,551,950)	(46,551,950)	(46,750,974)	(46,950,000)	(47,149,023)
Plant - Four Corners Imprudence	-	-	-	-	-
Regulatory Assets - SJGS Stranded Costs Units 2&3	(24,048,288)	(24,048,288)	(24,048,288)	(23,649,698)	(23,516,835)
Pension	(63,885,697)	(63,885,697)	(63,885,697)	(63,676,995)	(63,625,800)
Retiree Medical	(7,809,783)	(7,809,783)	(7,809,783)	(8,067,610)	(8,130,855)
Lease Asset	(16,295,481)	(16,295,481)	(16,295,481)	(16,295,481)	(16,295,481)
Loss on Reacquired Debt	(1,427,252)	(1,427,252)	(1,427,252)	(1,374,782)	(1,357,292)
Other Comprehensive Income (OCI)	26,115,858	26,014,737	25,913,616	24,931,886	24,830,765
Deferred Credits - SO2 Allowance	21,014	21,014	21,014	21,014	21,010
Deferred Debits - Rate Case Expense	(483,559)	(483,559)	(483,559)	(483,559)	(483,559)
Deferred Debits - Decoupling	(29,916)	(29,916)	(29,916)	(29,916)	(29,916)
Deferred Debits - Grid Modernization	(252,720)	(252,720)	(252,720)	(252,720)	(252,720)
Deferred Debits - RR Underground Rider	(1,846)	(1,846)	(1,846)	(1,846)	(1,846)
Prepaid Expenses	(591,419)	(1,588,140)	(1,588,140)	(2,274,773)	(2,331,184)
Regulatory Assets - COVID-19 Costs	(1,210,210)	(1,210,210)	(1,210,210)	(1,210,210)	(1,210,210)
Regulatory assets - FAC	(2,261,592)	(2,261,592)	(2,261,592)	(3,591,408)	(3,232,170)
Regulatory Assets - EIM Costs	(3,327,981)	(3,327,981)	(3,327,981)	(3,706,752)	(3,822,242)
Regulatory Assets - Energy Efficiency	-	-	-	-	307,728
Regulatory Assets - ETA	-	-	-	-	-
Regulatory Assets - Sky Blue Under Recovery	-	-	-	-	-
Regulatory Assets - Renewable Energy	(319,459)	(319,459)	(319,459)	(304,122)	(298,712)
Regulatory Assets - Renewable Energy Credits	-	-	-	-	(438,501)
Regulatory Assets - SJGS External Legal Fees	(112,378)	(112,378)	(112,378)	(127,880)	(125,689)
Regulatory Assets - SJGS Replacement Resources	(2,111,308)	(2,111,308)	(2,111,308)	(2,112,452)	(2,112,204)
Regulatory Assets - SJGS Undepreciated Investment	(69,828,048)	(69,828,048)	(69,828,048)	(69,828,048)	(69,828,048)

Public Service Company of New Mexico					
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ADIT-1 Schedule H-12					
Hyperlink to Lead Sheet					
	31-Dec-22	31-Jan-23	28-Feb-23	31-Mar-23	30-Apr-23
	Balance	Balance	Balance	Balance	Balance
Regulatory Assets - SJGS Underground Coal Mine	(2,366,966)	(2,366,966)	(2,366,966)	(2,366,966)	(2,366,966)
Regulatory Assets - Solar Direct Regulatory Assets	2,031	2,031	2,031	4,141	4,844
Regulatory Assets - Transportation Electrification	(129,725)	(129,725)	(129,725)	(207,021)	(257,029)
Regulatory Assets - WCC Transaction Costs	-	-	-	-	-
Regulatory Liabilities - Energy Efficiency	720,654	720,654	720,654	916,462	916,462
Regulatory Liabilities - FAC	-	-	-	-	-
Regulatory Assets - PCB Refinancing Hedge	(2,464,727)	(2,464,727)	(2,464,727)	(2,411,104)	(2,393,230)
Prepaid Expenses: Production	(408,669)	(393)	(393)	(393)	(393)
Prepaid Expenses: Transmission	(477,627)	(5,683)	(5,683)	(5,683)	(5,683)
Prepaid Expenses: Transmission (incremental FERC Rates)	-	-	-	-	-
Prepaid Expenses: Distribution	(118,229)	(1,729)	(1,729)	(1,729)	(1,729)
Prepaid Expenses: Renewables	-	-	-	-	-
Regulatory Assets - 2024 Rate Change	-	-	-	-	-
Regulatory Assets - SJGS Obsolete Inventory	(1,633,283)	(1,633,283)	(1,633,283)	(1,598,858)	(1,598,858)
Regulatory Liabilities - Earnings Test	1,143,014	1,143,014	1,143,014	-	-
Regulatory Assets - PVNGS Undepreciated Investment	-	-	-	(22,410,357)	(22,410,357)
Regulatory Assets - ETC Over/Under SPE	-	-	-	-	-
Regulatory Assets - PVNGS Replacement Resources	-	-	-	-	-
Regulatory Assets - Rate Rider 12 UG Rate	-	-	-	-	-
Regulatory Assets - Renewable Rider Curr Reg	-	-	-	-	-
Regulatory Assets - SJ Energy Transition Property (SPE)	-	-	-	-	-
Regulatory Liabilities - Curr Reg Liab-UG Rate Rider 12	-	-	-	-	-
Regulatory Liabilities - Energy Transition Cost True Up	-	-	-	-	-
Regulatory Liabilities - SJGS Retirements Rate Credit	-	-	-	-	-
Regulatory Liabilities - PVNGS Lease Costs	-	-	-	-	-
Deferred Debits - WS-Transmission Revenue	(3,015,839)	(3,015,839)	(3,015,839)	(3,015,839)	(3,015,839)
Customer Advance	-	-	-	-	-
Deferred Credits - ETA	-	-	-	-	-
Other Liabilities - ETA Coal Mine Severance	-	-	-	-	-
Other Liabilities - ETA State Agency Payments	-	-	-	-	-
SJGS County Ordinance Decommission	-	-	-	-	-
Total Accumulated Deferred Income Taxes	(595,825,158)	(599,560,495)	(603,234,972)	(613,608,920)	(616,540,390)

Public Service Company of New Mexico					
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Hyperlink to Lead Sheet	31-Dec-22	31-Jan-23	28-Feb-23	31-Mar-23	30-Apr-23
	Balance	Balance	Balance	Balance	Balance
General Ledger ADIT Balance	(595,825,158)	(599,560,493)	(603,234,970)	(613,608,918)	(616,540,388)
Difference (Rounding)	(0)	(1)	(2)	(2)	(2)

Public Service Company of New Mexico					
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Hyperlink to Lead Sheet					
	31-May-23	30-Jun-23	31-Jul-23	31-Aug-23	30-Sep-23
	Balance	Balance	Balance	Balance	Balance
Accumulated Deferred Income Taxes					
Federal Tax Credit Carryforward	16,602,385	16,660,933	16,749,317	16,852,083	16,924,472
Federal Tax Credit Carryforward - Renewables	68,656,135	68,656,135	68,656,135	68,656,135	68,656,135
Net Operating Loss (NOL)	47,559,328	56,518,602	50,917,148	48,517,675	51,496,101
Incentive Pay Plans	3,464,245	3,464,245	3,464,245	3,464,245	3,754,732
Regulatory Assets - Coal Mine Decommissioning	(144,566)	(143,758)	(142,951)	(142,143)	(141,335)
Regulatory Liabilities - Renewable Rider	1,305,872	1,301,986	1,298,100	1,294,214	1,290,329
Income Tax Regulatory Liability	71,223,541	72,414,753	71,716,767	70,606,401	70,189,412
Income Tax Regulatory Asset	(66,289,584)	(65,729,910)	(65,825,032)	(66,098,253)	(66,083,181)
Lease Liability	15,260,813	15,260,813	15,260,813	15,260,813	15,260,813
Deferred Credits - Coal Mine Decommissioning	21,935,455	21,641,925	21,366,881	21,113,744	20,758,771
Regulatory Assets - ETA Carrying Charges	(282,398)	(370,836)	(370,836)	(370,836)	(0)
Regulatory Assets - ETA Job Training & Severance	(2,143,683)	(2,143,683)	(2,143,683)	(2,143,683)	(2,143,683)
Regulatory Assets - ETA Payments to State Agencies	(5,043,230)	(5,043,230)	(5,043,230)	(5,043,230)	(5,043,230)
Regulatory Assets - ETA SJGS Plant Decommissioning	(4,707,117)	(4,717,844)	(4,721,158)	(4,724,475)	(4,653,934)
Regulatory Assets - ETA SJGS upfront Financing Cost	(897,309)	(907,230)	(907,214)	(908,038)	(702,135)
Regulatory Assets - ETA Westmoreland Coal Mine Sev	(2,257,459)	(2,257,459)	(2,257,459)	(2,257,459)	(2,257,459)
Deferred Credits - Joint Use	10,859	10,859	10,859	10,859	10,859
Deferred Credits - Pathnet	1,501,417	1,501,417	1,501,417	1,501,417	1,501,417
Deferred Credits - PVNGS Dry Casks	2,943,077	2,888,176	2,861,592	2,853,069	2,844,269
Other Deferred Credits	2,265,377	2,299,622	2,359,432	2,411,761	2,459,618
Other Liabilities - ETA Job Training and Severance	181,325	181,325	181,325	181,325	181,325
Other Liabilities - Navajo Workforce Training	25,400	25,400	25,400	25,400	25,400
Other Liabilities	1,300,428	1,308,034	1,290,997	1,442,491	1,421,790
Injury and Damages	714,150	755,741	764,142	742,095	728,266
Plant - AFUDC	(17,009,149)	(24,851,135)	(23,639,376)	(19,909,878)	(20,264,452)
Plant - Capitalized Interest	3,665,696	4,047,613	4,122,974	4,198,335	4,273,697
Decommissioning and Reclamation Trusts	(71,249,262)	(71,352,140)	(71,984,146)	(72,616,152)	(73,248,157)
ASC 740-10 (FIN 48) Reclassifications	1,563,523	1,563,523	1,563,523	1,563,523	1,563,523
PVNGS Licensing	57,361	57,361	57,361	57,361	57,361
Plant - 263A Adjustment	(25,636,291)	(28,221,973)	(28,908,374)	(29,594,775)	(30,281,177)
Deferred State Taxes	5,002,780	5,002,780	5,002,780	5,002,780	5,002,780
Plant - CIAC	10,344,831	11,355,085	11,624,106	11,893,127	12,162,148
Plant - Depreciation Nuclear Fuel	8,954,781	9,080,331	9,180,541	9,280,751	9,380,962

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Hyperlink to Lead Sheet					
	31-May-23	30-Jun-23	31-Jul-23	31-Aug-23	30-Sep-23
	Balance	Balance	Balance	Balance	Balance
Plant - Removal Cost	(4,561,642)	(4,727,037)	(4,821,318)	(4,915,600)	(5,009,881)
Plant - Repairs	(40,823,930)	(41,197,597)	(41,371,738)	(41,545,880)	(41,720,022)
Plant - Section 174 Deduction	(7,637,572)	(7,737,092)	(7,762,498)	(7,787,904)	(7,813,311)
Plant - Asset Retirement Obligation	93,381,761	93,984,147	94,464,618	94,945,088	95,425,559
Plant - Pollution Control Property	(2,154,701)	(2,154,701)	(2,154,701)	(2,154,701)	(2,154,701)
Plant - Liberalized Depreciation: Production	(210,094,378)	(216,450,225)	(216,823,633)	(217,384,333)	(217,250,532)
Plant - Liberalized Depreciation: Transmission	(125,120,077)	(125,720,815)	(126,321,554)	(126,922,293)	(127,523,032)
Plant - Liberalized Depreciation: Distribution	(154,229,421)	(153,250,918)	(152,272,419)	(151,293,916)	(150,315,414)
Plant - Liberalized Depreciation: General and Intangible	(7,003,955)	(8,275,199)	(9,546,442)	(10,817,686)	(12,088,929)
Plant - Liberalized Depreciation: Renewables	(47,348,050)	(47,547,077)	(47,746,099)	(47,757,829)	(47,875,868)
Plant - Four Corners Imprudence	-	-	-	-	-
Regulatory Assets - SJGS Stranded Costs Units 2&3	(23,383,971)	(23,251,108)	(23,118,245)	(22,985,381)	(22,852,518)
Pension	(63,555,419)	(63,444,723)	(63,371,228)	(63,297,732)	(63,224,237)
Retiree Medical	(8,217,802)	(8,354,553)	(8,445,348)	(8,536,143)	(8,626,938)
Lease Asset	(16,295,481)	(16,295,481)	(16,295,481)	(16,295,481)	(16,295,481)
Loss on Reacquired Debt	(1,339,802)	(1,322,312)	(1,311,343)	(1,300,375)	(1,289,406)
Other Comprehensive Income (OCI)	24,729,644	25,006,350	24,905,229	24,804,108	25,617,354
Deferred Credits - SO2 Allowance	21,014	21,014	21,014	21,014	21,014
Deferred Debits - Rate Case Expense	(483,559)	(483,559)	(483,559)	(483,559)	(483,559)
Deferred Debits - Decoupling	(29,916)	(29,916)	(29,916)	(29,916)	(29,916)
Deferred Debits - Grid Modernization	(252,720)	(252,720)	(252,720)	(252,720)	(252,720)
Deferred Debits - RR Underground Rider	(1,846)	(1,846)	(1,846)	(1,846)	(1,846)
Prepaid Expenses	(2,076,909)	(2,896,101)	(2,658,288)	(2,248,377)	(1,919,488)
Regulatory Assets - COVID-19 Costs	(1,210,210)	(1,210,210)	(1,210,210)	(1,210,210)	(1,210,210)
Regulatory assets - FAC	(3,311,589)	(7,350,785)	(13,155,929)	(18,164,996)	(23,170,838)
Regulatory Assets - EIM Costs	(3,939,911)	(4,050,324)	(4,163,302)	(4,279,217)	(4,418,742)
Regulatory Assets - Energy Efficiency	-	(96,233)	497,347	(152,691)	315,761
Regulatory Assets - ETA	-	-	-	-	-
Regulatory Assets - Sky Blue Under Recovery	-	-	-	-	-
Regulatory Assets - Renewable Energy	(294,301)	(289,977)	(283,925)	(276,143)	(270,496)
Regulatory Assets - Renewable Energy Credits	(716,628)	(0)	(0)	(0)	(0)
Regulatory Assets - SJGS External Legal Fees	(125,689)	(125,689)	(125,689)	(125,689)	(125,689)
Regulatory Assets - SJGS Replacement Resources	(2,112,294)	(2,112,604)	(2,112,610)	(2,112,716)	(2,112,791)
Regulatory Assets - SJGS Undepreciated Investment	(69,828,048)	(68,845,298)	(68,835,043)	(68,887,246)	(68,872,627)

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ADIT-1 Schedule H-12					
Hyperlink to Lead Sheet					
	31-May-23	30-Jun-23	31-Jul-23	31-Aug-23	30-Sep-23
	Balance	Balance	Balance	Balance	Balance
Regulatory Assets - SJGS Underground Coal Mine	(2,366,966)	(2,366,966)	(2,366,966)	(2,366,966)	(2,367,929)
Regulatory Assets - Solar Direct Regulatory Assets	5,547	6,251	6,954	7,657	8,360
Regulatory Assets - Transportation Electrification	(308,293)	(332,920)	(330,047)	(352,295)	(391,209)
Regulatory Assets - WCC Transaction Costs	-	-	-	-	-
Regulatory Liabilities - Energy Efficiency	906,828	915,757	819,524	1,316,871	1,175,768
Regulatory Liabilities - FAC	-	-	-	-	-
Regulatory Assets - PCB Refinancing Hedge	(2,375,356)	(2,357,481)	(2,339,607)	(2,321,733)	(2,303,858)
Prepaid Expenses: Production	(393)	(393)	(393)	(393)	(393)
Prepaid Expenses: Transmission	(5,683)	(5,683)	(5,683)	(5,683)	(5,683)
Prepaid Expenses: Transmission (incremental FERC Rates)	-	-	-	-	-
Prepaid Expenses: Distribution	(1,729)	(1,729)	(1,729)	(1,729)	(1,729)
Prepaid Expenses: Renewables	-	-	-	-	-
Regulatory Assets - 2024 Rate Change	-	-	-	-	-
Regulatory Assets - SJGS Obsolete Inventory	(1,598,858)	(1,598,858)	(1,598,858)	(1,598,858)	(1,598,858)
Regulatory Liabilities - Earnings Test	-	-	-	-	-
Regulatory Assets - PVNGS Undepreciated Investment	(22,410,357)	(22,410,357)	(22,410,357)	(22,410,357)	(22,410,357)
Regulatory Assets - ETC Over/Under SPE	-	-	-	-	-
Regulatory Assets - PVNGS Replacement Resources	-	-	-	-	-
Regulatory Assets - Rate Rider 12 UG Rate	-	-	1	0	(606,385)
Regulatory Assets - Renewable Rider Curr Reg	-	(1,682,091)	(1,653,119)	(1,428,789)	(1,294,323)
Regulatory Assets - SJ Energy Transition Property (SPE)	-	-	-	-	-
Regulatory Liabilities - Curr Reg Liab-UG Rate Rider 12	-	1	-	1	-
Regulatory Liabilities - Energy Transition Cost True Up	-	-	-	-	-
Regulatory Liabilities - SJGS Retirements Rate Credit	-	-	-	-	29,210,345
Regulatory Liabilities - PVNGS Lease Costs	-	-	-	-	-
Deferred Debits - WS-Transmission Revenue	(3,015,839)	(3,015,839)	(3,015,839)	(3,015,839)	(3,015,839)
Customer Advance	-	-	-	-	-
Deferred Credits - ETA	-	-	-	-	-
Other Liabilities - ETA Coal Mine Severance	-	-	-	-	-
Other Liabilities - ETA State Agency Payments	-	-	-	-	-
SJGS County Ordinance Decommission	-	-	-	-	-
Total Accumulated Deferred Income Taxes	(620,309,769)	(631,055,434)	(643,650,600)	(650,507,798)	(624,006,155)

Public Service Company of New Mexico					
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ADIT-1 Schedule H-12					
Hyperlink to Lead Sheet	31-May-23	30-Jun-23	31-Jul-23	31-Aug-23	30-Sep-23
	Balance	Balance	Balance	Balance	Balance
General Ledger ADIT Balance	(620,309,766)	(631,055,431)	(643,650,597)	(650,507,799)	(624,006,154)
Difference (Rounding)	(3)	(2)	(3)	1	(1)

Public Service Company of New Mexico					
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ADIT-1 Schedule H-12				Model	Unadjusted
Hyperlink to Lead Sheet	31-Oct-23	30-Nov-23	31-Dec-23	Driven	Base Period
	Balance	Balance	Balance	Calculations	Balance
Accumulated Deferred Income Taxes					
Federal Tax Credit Carryforward	16,972,324	17,739,363	19,358,228	-	19,358,228
Federal Tax Credit Carryforward - Renewables	68,656,135	68,656,135	68,656,135	-	68,656,135
Net Operating Loss (NOL)	45,288,482	(7,790,363)	2,376,916	-	2,376,916
Incentive Pay Plans	3,754,732	3,754,732	3,788,546	-	3,788,546
Regulatory Assets - Coal Mine Decommissioning	(140,527)	(139,720)	(138,912)	-	(138,912)
Regulatory Liabilities - Renewable Rider	1,286,443	1,282,557	1,442,597	-	1,442,597
Income Tax Regulatory Liability	69,722,307	69,427,491	68,336,024	-	68,336,024
Income Tax Regulatory Asset	(66,070,051)	(66,020,543)	(66,168,495)	-	(66,168,495)
Lease Liability	15,260,813	15,260,813	48,516,941	-	48,516,941
Deferred Credits - Coal Mine Decommissioning	20,315,147	19,902,494	19,344,876	-	19,344,876
Regulatory Assets - ETA Carrying Charges	(0)	(0)	(0)	-	(0)
Regulatory Assets - ETA Job Training & Severance	(2,143,683)	-	-	-	-
Regulatory Assets - ETA Payments to State Agencies	(5,043,230)	0	0	-	0
Regulatory Assets - ETA SJGS Plant Decommissioning	(4,653,934)	(725,178)	(725,178)	-	(725,178)
Regulatory Assets - ETA SJGS upfront Financing Cost	(702,150)	0	0	-	0
Regulatory Assets - ETA Westmoreland Coal Mine Sev	(2,257,459)	0	0	-	0
Deferred Credits - Joint Use	10,859	10,859	8,285	257,906	266,191
Deferred Credits - Pathnet	1,501,417	1,501,417	1,450,724	(7)	1,450,717
Deferred Credits - PVNGS Dry Casks	2,819,876	2,825,100	2,781,373	-	2,781,373
Other Deferred Credits	2,558,536	2,622,163	2,630,144	-	2,630,144
Other Liabilities - ETA Job Training and Severance	181,325	181,325	19,252	-	19,252
Other Liabilities - Navajo Workforce Training	25,400	25,400	25,400	-	25,400
Other Liabilities	1,486,019	1,480,293	1,327,868	-	1,327,868
Injury and Damages	714,343	698,305	801,641	659,016	1,460,657
Plant - AFUDC	(20,479,671)	(20,968,647)	(20,808,491)	-	(20,808,491)
Plant - Capitalized Interest	4,349,058	4,996,023	5,553,213	-	5,553,213
Decommissioning and Reclamation Trusts	(69,474,144)	(69,274,145)	(75,477,454)	-	(75,477,454)
ASC 740-10 (FIN 48) Reclassifications	1,563,523	1,563,523	569,122	-	569,122
PVNGS Licensing	57,361	57,361	43,864	-	43,864
Plant - 263A Adjustment	(30,967,578)	(26,864,133)	(23,641,797)	-	(23,641,797)
Deferred State Taxes	5,002,780	5,002,780	4,405,463	-	4,405,463
Plant - CIAC	12,431,169	12,700,190	12,261,392	-	12,261,392
Plant - Depreciation Nuclear Fuel	9,481,172	9,581,382	8,101,784	-	8,101,784

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-2					
ADIT-1 Schedule H-12				Model	Unadjusted
Hyperlink to Lead Sheet	31-Oct-23	30-Nov-23	31-Dec-23	Driven	Base Period
	Balance	Balance	Balance	Calculations	Balance
Plant - Removal Cost	(5,104,162)	(5,198,443)	(7,430,377)	-	(7,430,377)
Plant - Repairs	(41,894,163)	(53,638,804)	(67,897,722)	-	(67,897,722)
Plant - Section 174 Deduction	(7,838,717)	(3,965,366)	(890,656)	-	(890,656)
Plant - Asset Retirement Obligation	95,906,030	91,231,080	87,167,823	(42,955,647)	44,212,176
Plant - Pollution Control Property	(2,154,701)	(2,154,701)	(2,154,701)	-	(2,154,701)
Plant - Liberalized Depreciation: Production	(217,713,050)	(147,732,030)	(122,585,155)	-	(122,585,155)
Plant - Liberalized Depreciation: Transmission	(128,123,770)	(128,724,509)	(129,325,248)	-	(129,325,248)
Plant - Liberalized Depreciation: Distribution	(149,336,911)	(148,358,408)	(147,379,905)	-	(147,379,905)
Plant - Liberalized Depreciation: General and Intangible	(13,360,173)	(14,631,416)	(15,902,660)	-	(15,902,660)
Plant - Liberalized Depreciation: Renewables	(47,985,782)	(48,095,589)	(48,205,503)	-	(48,205,503)
Plant - Four Corners Imprudence	-	-	-	-	-
Regulatory Assets - SJGS Stranded Costs Units 2&3	(22,719,654)	(22,586,791)	(22,453,928)	265	(22,453,662)
Pension	(63,150,741)	(63,077,247)	(62,754,563)	24,433,726	(38,320,837)
Retiree Medical	(8,717,733)	(8,808,527)	(8,335,467)	-	(8,335,467)
Lease Asset	(16,295,481)	(16,295,481)	(49,228,851)	-	(49,228,851)
Loss on Reacquired Debt	(1,278,437)	(1,267,469)	(1,256,500)	25,950	(1,230,550)
Other Comprehensive Income (OCI)	25,516,233	25,415,112	23,450,174	-	23,450,174
Deferred Credits - SO2 Allowance	21,014	21,014	21,014	-	21,014
Deferred Debits - Rate Case Expense	(483,559)	(483,559)	(93,128)	93,128	-
Deferred Debits - Decoupling	(29,916)	(29,916)	(144,864)	-	(144,864)
Deferred Debits - Grid Modernization	(252,720)	(252,720)	(635,474)	-	(635,474)
Deferred Debits - RR Underground Rider	(1,846)	(1,846)	-	-	-
Prepaid Expenses	(2,272,379)	(1,857,377)	(1,650,270)	-	(1,650,270)
Regulatory Assets - COVID-19 Costs	(1,210,210)	(1,210,210)	(1,210,210)	982,545	(227,665)
Regulatory assets - FAC	(19,551,861)	(18,232,288)	(16,573,930)	-	(16,573,930)
Regulatory Assets - EIM Costs	(4,531,742)	(4,652,633)	(4,757,736)	56	(4,757,679)
Regulatory Assets - Energy Efficiency	(266,214)	14,105	(0)	-	(0)
Regulatory Assets - ETA	-	-	-	-	-
Regulatory Assets - Sky Blue Under Recovery	-	-	-	-	-
Regulatory Assets - Renewable Energy	(262,744)	(255,782)	(225,138)	3,898,799	3,673,661
Regulatory Assets - Renewable Energy Credits	(0)	(0)	(0)	-	(0)
Regulatory Assets - SJGS External Legal Fees	(125,689)	(125,689)	(125,810)	1	(125,808)
Regulatory Assets - SJGS Replacement Resources	(2,112,866)	(2,112,904)	(2,112,994)	25	(2,112,969)
Regulatory Assets - SJGS Undepreciated Investment	(68,872,627)	0	0	-	0

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-2					
ADIT-1 Schedule H-12				Model	Unadjusted
Hyperlink to Lead Sheet	31-Oct-23	30-Nov-23	31-Dec-23	Driven	Base Period
	Balance	Balance	Balance	Calculations	Balance
Regulatory Assets - SJGS Underground Coal Mine	(2,366,966)	(0)	(0)	-	(0)
Regulatory Assets - Solar Direct Regulatory Assets	9,064	9,767	10,470	-	10,470
Regulatory Assets - Transportation Electrification	(480,783)	(551,046)	(671,610)	-	(671,610)
Regulatory Assets - WCC Transaction Costs	-	-	-	-	-
Regulatory Liabilities - Energy Efficiency	1,481,482	1,215,268	369,285	-	369,285
Regulatory Liabilities - FAC	-	-	-	-	-
Regulatory Assets - PCB Refinancing Hedge	(2,285,984)	(2,268,110)	(2,250,235)	27	(2,250,209)
Prepaid Expenses: Production	(393)	(393)	(393)	-	(393)
Prepaid Expenses: Transmission	(5,683)	(5,683)	(5,683)	-	(5,683)
Prepaid Expenses: Transmission (incremental FERC Rates)	-	-	-	-	-
Prepaid Expenses: Distribution	(1,729)	(1,729)	(1,729)	-	(1,729)
Prepaid Expenses: Renewables	-	-	-	-	-
Regulatory Assets - 2024 Rate Change	-	-	(1,227,183)	14	(1,227,168)
Regulatory Assets - SJGS Obsolete Inventory	(1,598,858)	(1,598,858)	(1,598,858)	19	(1,598,839)
Regulatory Liabilities - Earnings Test	-	-	-	-	-
Regulatory Assets - PVNGS Undepreciated Investment	(22,410,357)	(22,410,357)	(20,517,525)	9,536,758	(10,980,767)
Regulatory Assets - ETC Over/Under SPE	-	(247,510)	(692,021)	692,021	-
Regulatory Assets - PVNGS Replacement Resources	-	-	(512,904)	6	(512,898)
Regulatory Assets - Rate Rider 12 UG Rate	(570,922)	(542,331)	(523,722)	523,722	-
Regulatory Assets - Renewable Rider Curr Reg	(1,464,617)	(1,770,363)	(1,618,479)	1,618,479	-
Regulatory Assets - SJ Energy Transition Property (SPE)	-	(86,590,327)	(86,520,793)	-	(86,520,793)
Regulatory Liabilities - Curr Reg Liab-UG Rate Rider 12	-	-	-	-	-
Regulatory Liabilities - Energy Transition Cost True Up	-	317,404	296,271	(4)	296,268
Regulatory Liabilities - SJGS Retirements Rate Credit	29,154,109	31,136,125	28,796,790	-	28,796,790
Regulatory Liabilities - PVNGS Lease Costs	-	-	9,750,475	(9,750,475)	-
Deferred Debits - WS-Transmission Revenue	(3,015,839)	(3,015,839)	(5,617,459)	-	(5,617,459)
Customer Advance	-	-	-	-	-
Deferred Credits - ETA	-	-	-	-	-
Other Liabilities - ETA Coal Mine Severance	-	-	-	-	-
Other Liabilities - ETA State Agency Payments	-	-	-	-	-
SJGS County Ordinance Decommission	-	-	-	-	-
Total Accumulated Deferred Income Taxes	(626,255,254)	(615,905,397)	(600,387,620)	(9,983,667)	(610,371,287)

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-2					
ADIT-1 Schedule H-12				Model	Unadjusted
Hyperlink to Lead Sheet	31-Oct-23	30-Nov-23	31-Dec-23	Driven	Base Period
	Balance	Balance	Balance	Calculations	Balance
General Ledger ADIT Balance	(626,255,256)	(615,905,398)	(600,387,624)		
Difference (Rounding)	2	1	5		

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-2					
ADIT-1 Schedule H-12	Base	Adjusted			
Hyperlink to Lead Sheet	Period	Base	31-Jan-24	28-Feb-24	31-Mar-24
	Adjustments	Period	Balance	Balance	Balance
Accumulated Deferred Income Taxes					
Federal Tax Credit Carryforward	-	19,358,228	19,358,228	19,358,228	19,358,228
Federal Tax Credit Carryforward - Renewables	(68,656,135)	-	-	-	-
Net Operating Loss (NOL)	387,313	2,764,230	2,764,230	2,764,230	2,764,230
Incentive Pay Plans	(3,788,546)	-	-	-	-
Regulatory Assets - Coal Mine Decommissioning	138,912	-	-	-	-
Regulatory Liabilities - Renewable Rider	(1,442,597)	-	-	-	-
Income Tax Regulatory Liability	(1,499,984)	66,836,041	66,459,694	66,083,347	65,707,000
Income Tax Regulatory Asset	-	(66,168,495)	(66,168,495)	(66,168,495)	(66,168,495)
Lease Liability	(48,516,941)	-	-	-	-
Deferred Credits - Coal Mine Decommissioning	(19,344,876)	-	-	-	-
Regulatory Assets - ETA Carrying Charges	-	(0)	(0)	(0)	(0)
Regulatory Assets - ETA Job Training & Severance	-	-	-	-	-
Regulatory Assets - ETA Payments to State Agencies	-	0	0	0	0
Regulatory Assets - ETA SJGS Plant Decommissioning	-	(725,178)	(722,780)	(720,382)	(717,984)
Regulatory Assets - ETA SJGS upfront Financing Cost	-	0	0	0	0
Regulatory Assets - ETA Westmoreland Coal Mine Sev	-	0	0	0	0
Deferred Credits - Joint Use	-	266,191	262,642	259,093	255,544
Deferred Credits - Pathnet	-	1,450,717	1,446,492	1,442,268	1,438,043
Deferred Credits - PVNGS Dry Casks	(2,781,373)	-	-	-	-
Other Deferred Credits	(2,630,144)	-	-	-	-
Other Liabilities - ETA Job Training and Severance	(19,252)	-	-	-	-
Other Liabilities - Navajo Workforce Training	(25,400)	-	-	-	-
Other Liabilities	(1,327,868)	-	-	-	-
Injury and Damages	-	1,460,657	1,460,657	1,460,657	1,460,657
Plant - AFUDC	-	(20,808,491)	(20,929,597)	(21,085,329)	(21,289,055)
Plant - Capitalized Interest	-	5,553,213	5,553,213	5,553,213	5,553,213
Decommissioning and Reclamation Trusts	75,477,454	-	-	-	-
ASC 740-10 (FIN 48) Reclassifications	(569,122)	-	-	-	-
PVNGS Licensing	-	43,864	43,752	43,643	43,538
Plant - 263A Adjustment	-	(23,641,797)	(23,641,797)	(23,641,797)	(23,641,797)
Deferred State Taxes	(4,405,463)	-	-	-	-
Plant - CIAC	-	12,261,392	12,261,392	12,261,392	12,261,392
Plant - Depreciation Nuclear Fuel	-	8,101,784	8,080,882	8,145,135	8,113,565

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-2					
ADIT-1 Schedule H-12	Base	Adjusted			
Hyperlink to Lead Sheet	Period	Base	31-Jan-24	28-Feb-24	31-Mar-24
	Adjustments	Period	Balance	Balance	Balance
Plant - Removal Cost	-	(7,430,377)	(7,430,377)	(7,430,377)	(7,430,377)
Plant - Repairs	-	(67,897,722)	(67,897,722)	(67,897,722)	(67,897,722)
Plant - Section 174 Deduction	-	(890,656)	(890,656)	(890,656)	(890,656)
Plant - Asset Retirement Obligation	(37,183,362)	7,028,815	7,061,933	7,095,222	7,128,684
Plant - Pollution Control Property	-	(2,154,701)	(2,154,701)	(2,154,701)	(2,154,701)
Plant - Liberalized Depreciation: Production	(45,854,810)	(168,439,965)	(168,140,269)	(167,839,757)	(167,536,625)
Plant - Liberalized Depreciation: Transmission	(874,863)	(130,200,111)	(130,953,015)	(131,700,767)	(132,432,890)
Plant - Liberalized Depreciation: Distribution	(5,444,146)	(152,824,051)	(152,872,894)	(152,911,926)	(152,946,421)
Plant - Liberalized Depreciation: General and Intangible	-	(15,902,660)	(16,012,990)	(16,118,673)	(16,223,377)
Plant - Liberalized Depreciation: Renewables	-	(48,205,503)	(48,205,503)	(48,205,503)	(48,205,503)
Plant - Four Corners Imprudence	-	-	-	-	-
Regulatory Assets - SJGS Stranded Costs Units 2&3	-	(22,453,662)	(22,320,801)	(22,187,939)	(22,055,077)
Pension	-	(38,320,837)	(38,277,888)	(38,234,939)	(38,191,990)
Retiree Medical	8,335,467	-	-	-	-
Lease Asset	49,228,851	-	-	-	-
Loss on Reacquired Debt	-	(1,230,550)	(1,220,421)	(1,210,292)	(1,200,163)
Other Comprehensive Income (OCI)	(23,450,174)	-	-	-	-
Deferred Credits - SO2 Allowance	-	21,014	20,139	19,263	18,388
Deferred Debits - Rate Case Expense	-	-	-	-	-
Deferred Debits - Decoupling	144,864	-	-	-	-
Deferred Debits - Grid Modernization	635,474	-	-	-	-
Deferred Debits - RR Underground Rider	-	-	-	-	-
Prepaid Expenses	-	(1,650,270)	(1,650,270)	(1,650,270)	(1,650,270)
Regulatory Assets - COVID-19 Costs	-	(227,665)	(218,179)	(208,693)	(199,207)
Regulatory assets - FAC	16,573,930	-	-	-	-
Regulatory Assets - EIM Costs	-	(4,757,679)	(4,733,064)	(4,653,517)	(4,573,970)
Regulatory Assets - Energy Efficiency	-	(0)	(0)	(0)	(0)
Regulatory Assets - ETA	-	-	-	-	-
Regulatory Assets - Sky Blue Under Recovery	-	-	-	-	-
Regulatory Assets - Renewable Energy	-	3,673,661	3,649,394	3,625,127	3,600,860
Regulatory Assets - Renewable Energy Credits	-	(0)	(0)	(0)	(0)
Regulatory Assets - SJGS External Legal Fees	-	(125,808)	(125,599)	(125,180)	(124,760)
Regulatory Assets - SJGS Replacement Resources	-	(2,112,969)	(2,109,447)	(2,102,404)	(2,095,361)
Regulatory Assets - SJGS Undepreciated Investment	-	0	0	0	0

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-2					
ADIT-1 Schedule H-12	Base	Adjusted			
Hyperlink to Lead Sheet	Period	Base	31-Jan-24	28-Feb-24	31-Mar-24
	Adjustments	Period	Balance	Balance	Balance
Regulatory Assets - SJGS Underground Coal Mine	-	(0)	(0)	(0)	(0)
Regulatory Assets - Solar Direct Regulatory Assets	(10,470)	-	-	-	-
Regulatory Assets - Transportation Electrification	671,610	-	-	-	-
Regulatory Assets - WCC Transaction Costs	-	-	-	-	-
Regulatory Liabilities - Energy Efficiency	(369,285)	-	-	-	-
Regulatory Liabilities - FAC	-	-	-	-	-
Regulatory Assets - PCB Refinancing Hedge	-	(2,250,209)	(2,232,335)	(2,214,461)	(2,196,587)
Prepaid Expenses: Production	-	(393)	(393)	(393)	(393)
Prepaid Expenses: Transmission	-	(5,683)	(5,683)	(5,683)	(5,683)
Prepaid Expenses: Transmission (incremental FERC Rates)	-	-	-	-	-
Prepaid Expenses: Distribution	-	(1,729)	(1,729)	(1,729)	(1,729)
Prepaid Expenses: Renewables	-	-	-	-	-
Regulatory Assets - 2024 Rate Change	-	(1,227,168)	(1,206,715)	(1,186,263)	(1,165,810)
Regulatory Assets - SJGS Obsolete Inventory	-	(1,598,839)	(1,596,174)	(1,590,845)	(1,585,515)
Regulatory Liabilities - Earnings Test	-	-	-	-	-
Regulatory Assets - PVNGS Undepreciated Investment	-	(10,980,767)	(11,721,541)	(11,672,606)	(11,623,671)
Regulatory Assets - ETC Over/Under SPE	-	-	-	-	-
Regulatory Assets - PVNGS Replacement Resources	-	(512,898)	(511,829)	(509,692)	(507,555)
Regulatory Assets - Rate Rider 12 UG Rate	-	-	-	-	-
Regulatory Assets - Renewable Rider Curr Reg	-	-	-	-	-
Regulatory Assets - SJ Energy Transition Property (SPE)	-	(86,520,793)	(86,234,679)	(85,948,566)	(85,662,452)
Regulatory Liabilities - Curr Reg Liab-UG Rate Rider 12	-	-	-	-	-
Regulatory Liabilities - Energy Transition Cost True Up	-	296,268	297,125	297,984	298,845
Regulatory Liabilities - SJGS Retirements Rate Credit	(28,796,790)	-	-	-	-
Regulatory Liabilities - PVNGS Lease Costs	-	-	-	-	-
Deferred Debits - WS-Transmission Revenue	5,617,459	-	-	-	-
Customer Advance	-	-	-	-	-
Deferred Credits - ETA	-	-	-	-	-
Other Liabilities - ETA Coal Mine Severance	-	-	-	-	-
Other Liabilities - ETA State Agency Payments	-	-	-	-	-
SJGS County Ordinance Decommission	-	-	-	-	-
Total Accumulated Deferred Income Taxes	(139,780,266)	(750,151,553)	(751,467,773)	(751,860,754)	(752,373,609)

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-2					
ADIT-1 Schedule H-12	Base	Adjusted			
Hyperlink to Lead Sheet	Period	Base	31-Jan-24	28-Feb-24	31-Mar-24
	Adjustments	Period	Balance	Balance	Balance
General Ledger ADIT Balance					
Difference (Rounding)			(5)	(5)	(5)

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-2					
ADIT-1 Schedule H-12					
Hyperlink to Lead Sheet					
	30-Apr-24	31-May-24	30-Jun-24	31-Jul-24	31-Aug-24
	Balance	Balance	Balance	Balance	Balance
Accumulated Deferred Income Taxes					
Federal Tax Credit Carryforward	19,358,228	19,358,228	19,358,228	19,358,228	19,358,228
Federal Tax Credit Carryforward - Renewables	-	-	-	-	-
Net Operating Loss (NOL)	2,764,230	2,764,230	2,764,230	2,764,230	2,764,230
Incentive Pay Plans	-	-	-	-	-
Regulatory Assets - Coal Mine Decommissioning	-	-	-	-	-
Regulatory Liabilities - Renewable Rider	-	-	-	-	-
Income Tax Regulatory Liability	65,330,653	64,954,306	64,577,959	64,201,612	63,825,265
Income Tax Regulatory Asset	(66,168,495)	(66,168,495)	(66,168,495)	(66,168,495)	(66,168,495)
Lease Liability	-	-	-	-	-
Deferred Credits - Coal Mine Decommissioning	-	-	-	-	-
Regulatory Assets - ETA Carrying Charges	(0)	(0)	(0)	(0)	(0)
Regulatory Assets - ETA Job Training & Severance	-	-	-	-	-
Regulatory Assets - ETA Payments to State Agencies	0	0	0	0	0
Regulatory Assets - ETA SJGS Plant Decommissioning	(715,586)	(713,188)	(710,790)	(708,391)	(705,993)
Regulatory Assets - ETA SJGS upfront Financing Cost	0	0	0	0	0
Regulatory Assets - ETA Westmoreland Coal Mine Sev	0	0	0	0	0
Deferred Credits - Joint Use	251,994	248,445	244,896	241,347	237,798
Deferred Credits - Pathnet	1,433,819	1,429,595	1,425,370	1,421,146	1,416,922
Deferred Credits - PVNGS Dry Casks	-	-	-	-	-
Other Deferred Credits	-	-	-	-	-
Other Liabilities - ETA Job Training and Severance	-	-	-	-	-
Other Liabilities - Navajo Workforce Training	-	-	-	-	-
Other Liabilities	-	-	-	-	-
Injury and Damages	1,460,657	1,460,657	1,460,657	1,460,657	1,460,657
Plant - AFUDC	(21,540,470)	(21,840,377)	(22,174,322)	(22,405,866)	(22,666,893)
Plant - Capitalized Interest	5,553,213	5,553,213	5,553,213	5,553,213	5,553,213
Decommissioning and Reclamation Trusts	-	-	-	-	-
ASC 740-10 (FIN 48) Reclassifications	-	-	-	-	-
PVNGS Licensing	43,437	43,338	43,243	43,152	43,063
Plant - 263A Adjustment	(23,641,797)	(23,641,797)	(23,641,797)	(23,641,797)	(23,641,797)
Deferred State Taxes	-	-	-	-	-
Plant - CIAC	12,261,392	12,261,392	12,261,392	12,261,392	12,261,392
Plant - Depreciation Nuclear Fuel	8,226,464	8,216,935	8,258,831	8,289,353	8,319,875

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-2					
ADIT-1 Schedule H-12					
Hyperlink to Lead Sheet					
	30-Apr-24	31-May-24	30-Jun-24	31-Jul-24	31-Aug-24
	Balance	Balance	Balance	Balance	Balance
Plant - Removal Cost	(7,430,377)	(7,430,377)	(7,430,377)	(7,430,377)	(7,430,377)
Plant - Repairs	(67,897,722)	(67,897,722)	(67,897,722)	(67,897,722)	(67,897,722)
Plant - Section 174 Deduction	(890,656)	(890,656)	(890,656)	(890,656)	(890,656)
Plant - Asset Retirement Obligation	7,162,318	7,195,974	7,229,803	7,263,807	7,297,987
Plant - Pollution Control Property	(2,154,701)	(2,154,701)	(2,154,701)	(2,154,701)	(2,154,701)
Plant - Liberalized Depreciation: Production	(167,234,629)	(166,929,596)	(166,619,912)	(166,309,048)	(165,997,652)
Plant - Liberalized Depreciation: Transmission	(133,163,712)	(133,890,834)	(134,608,042)	(135,300,297)	(135,957,358)
Plant - Liberalized Depreciation: Distribution	(152,974,077)	(152,987,247)	(152,973,247)	(152,956,409)	(152,924,355)
Plant - Liberalized Depreciation: General and Intangible	(16,324,711)	(16,424,454)	(16,516,504)	(16,626,696)	(16,732,733)
Plant - Liberalized Depreciation: Renewables	(48,205,503)	(48,205,503)	(48,205,503)	(48,205,503)	(48,205,503)
Plant - Four Corners Imprudence	-	-	-	-	-
Regulatory Assets - SJGS Stranded Costs Units 2&3	(21,922,215)	(21,789,353)	(21,656,492)	(21,523,630)	(21,390,768)
Pension	(38,149,041)	(38,106,092)	(38,063,143)	(38,020,194)	(37,977,246)
Retiree Medical	-	-	-	-	-
Lease Asset	-	-	-	-	-
Loss on Reacquired Debt	(1,190,033)	(1,179,904)	(1,169,775)	(1,162,336)	(1,154,897)
Other Comprehensive Income (OCI)	-	-	-	-	-
Deferred Credits - SO2 Allowance	17,512	16,636	15,761	14,885	14,010
Deferred Debits - Rate Case Expense	-	-	-	-	-
Deferred Debits - Decoupling	-	-	-	-	-
Deferred Debits - Grid Modernization	-	-	-	-	-
Deferred Debits - RR Underground Rider	-	-	-	-	-
Prepaid Expenses	(1,650,270)	(1,650,270)	(1,650,270)	(1,650,270)	(1,650,270)
Regulatory Assets - COVID-19 Costs	(189,721)	(180,234)	(170,748)	(161,262)	(151,776)
Regulatory assets - FAC	-	-	-	-	-
Regulatory Assets - EIM Costs	(4,494,423)	(4,414,875)	(4,335,328)	(4,255,781)	(4,176,233)
Regulatory Assets - Energy Efficiency	(0)	(0)	(0)	(0)	(0)
Regulatory Assets - ETA	-	-	-	-	-
Regulatory Assets - Sky Blue Under Recovery	-	-	-	-	-
Regulatory Assets - Renewable Energy	3,576,593	3,552,327	3,528,060	3,503,793	3,479,526
Regulatory Assets - Renewable Energy Credits	(0)	(0)	(0)	(0)	(0)
Regulatory Assets - SJGS External Legal Fees	(124,341)	(123,921)	(123,502)	(123,083)	(122,663)
Regulatory Assets - SJGS Replacement Resources	(2,088,318)	(2,081,275)	(2,074,231)	(2,067,188)	(2,060,145)
Regulatory Assets - SJGS Undepreciated Investment	0	0	0	0	0

Public Service Company of New Mexico					
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Hyperlink to Lead Sheet					
	30-Apr-24	31-May-24	30-Jun-24	31-Jul-24	31-Aug-24
	Balance	Balance	Balance	Balance	Balance
Regulatory Assets - SJGS Underground Coal Mine	(0)	(0)	(0)	(0)	(0)
Regulatory Assets - Solar Direct Regulatory Assets	-	-	-	-	-
Regulatory Assets - Transportation Electrification	-	-	-	-	-
Regulatory Assets - WCC Transaction Costs	-	-	-	-	-
Regulatory Liabilities - Energy Efficiency	-	-	-	-	-
Regulatory Liabilities - FAC	-	-	-	-	-
Regulatory Assets - PCB Refinancing Hedge	(2,178,712)	(2,160,838)	(2,142,964)	(2,125,090)	(2,107,216)
Prepaid Expenses: Production	(393)	(393)	(393)	(393)	(393)
Prepaid Expenses: Transmission	(5,683)	(5,683)	(5,683)	(5,683)	(5,683)
Prepaid Expenses: Transmission (incremental FERC Rates)	-	-	-	-	-
Prepaid Expenses: Distribution	(1,729)	(1,729)	(1,729)	(1,729)	(1,729)
Prepaid Expenses: Renewables	-	-	-	-	-
Regulatory Assets - 2024 Rate Change	(1,145,357)	(1,124,904)	(1,104,451)	(1,083,999)	(1,063,546)
Regulatory Assets - SJGS Obsolete Inventory	(1,580,186)	(1,574,856)	(1,569,527)	(1,564,198)	(1,558,868)
Regulatory Liabilities - Earnings Test	-	-	-	-	-
Regulatory Assets - PVNGS Undepreciated Investment	(11,574,737)	(11,525,802)	(11,476,867)	(11,427,932)	(11,378,997)
Regulatory Assets - ETC Over/Under SPE	-	-	-	-	-
Regulatory Assets - PVNGS Replacement Resources	(505,418)	(503,281)	(501,144)	(499,007)	(496,870)
Regulatory Assets - Rate Rider 12 UG Rate	-	-	-	-	-
Regulatory Assets - Renewable Rider Curr Reg	-	-	-	-	-
Regulatory Assets - SJ Energy Transition Property (SPE)	(85,376,338)	(85,090,224)	(84,804,111)	(84,517,997)	(84,231,883)
Regulatory Liabilities - Curr Reg Liab-UG Rate Rider 12	-	-	-	-	-
Regulatory Liabilities - Energy Transition Cost True Up	299,710	300,576	301,445	302,317	303,191
Regulatory Liabilities - SJGS Retirements Rate Credit	-	-	-	-	-
Regulatory Liabilities - PVNGS Lease Costs	-	-	-	-	-
Deferred Debits - WS-Transmission Revenue	-	-	-	-	-
Customer Advance	-	-	-	-	-
Deferred Credits - ETA	-	-	-	-	-
Other Liabilities - ETA Coal Mine Severance	-	-	-	-	-
Other Liabilities - ETA State Agency Payments	-	-	-	-	-
SJGS County Ordinance Decommission	-	-	-	-	-
Total Accumulated Deferred Income Taxes	(752,779,130)	(753,332,732)	(753,819,339)	(754,206,598)	(754,568,062)

Public Service Company of New Mexico					
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Hyperlink to Lead Sheet	30-Apr-24	31-May-24	30-Jun-24	31-Jul-24	31-Aug-24
	Balance	Balance	Balance	Balance	Balance
General Ledger ADIT Balance					
Difference (Rounding)	(5)	(5)	(5)	(5)	(5)

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
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ADIT-1 Schedule H-12					
Hyperlink to Lead Sheet					
	30-Sep-24	31-Oct-24	30-Nov-24	31-Dec-24	31-Jan-25
	Balance	Balance	Balance	Balance	Balance
Accumulated Deferred Income Taxes					
Federal Tax Credit Carryforward	19,358,228	19,358,228	19,358,228	19,358,228	19,358,228
Federal Tax Credit Carryforward - Renewables	-	-	-	-	-
Net Operating Loss (NOL)	2,764,230	2,764,230	2,764,230	2,764,230	2,764,230
Incentive Pay Plans	-	-	-	-	-
Regulatory Assets - Coal Mine Decommissioning	-	-	-	-	-
Regulatory Liabilities - Renewable Rider	-	-	-	-	-
Income Tax Regulatory Liability	63,448,918	63,072,571	62,696,224	62,319,877	61,943,530
Income Tax Regulatory Asset	(66,168,495)	(66,168,495)	(66,168,495)	(66,168,495)	(66,168,495)
Lease Liability	-	-	-	-	-
Deferred Credits - Coal Mine Decommissioning	-	-	-	-	-
Regulatory Assets - ETA Carrying Charges	(0)	(0)	(0)	(0)	(0)
Regulatory Assets - ETA Job Training & Severance	-	-	-	-	-
Regulatory Assets - ETA Payments to State Agencies	0	0	0	0	0
Regulatory Assets - ETA SJGS Plant Decommissioning	(703,595)	(701,197)	(698,799)	(696,401)	(694,003)
Regulatory Assets - ETA SJGS upfront Financing Cost	0	0	0	0	0
Regulatory Assets - ETA Westmoreland Coal Mine Sev	0	0	0	0	0
Deferred Credits - Joint Use	234,248	230,699	227,150	223,601	220,051
Deferred Credits - Pathnet	1,412,697	1,408,473	1,404,248	1,400,024	1,395,800
Deferred Credits - PVNGS Dry Casks	-	-	-	-	-
Other Deferred Credits	-	-	-	-	-
Other Liabilities - ETA Job Training and Severance	-	-	-	-	-
Other Liabilities - Navajo Workforce Training	-	-	-	-	-
Other Liabilities	-	-	-	-	-
Injury and Damages	1,460,657	1,460,657	1,460,657	1,460,657	1,460,657
Plant - AFUDC	(22,967,399)	(23,273,631)	(23,589,710)	(23,922,273)	(24,065,460)
Plant - Capitalized Interest	5,553,213	5,553,213	5,553,213	5,553,213	5,553,213
Decommissioning and Reclamation Trusts	-	-	-	-	-
ASC 740-10 (FIN 48) Reclassifications	-	-	-	-	-
PVNGS Licensing	42,977	42,894	42,814	42,737	42,662
Plant - 263A Adjustment	(23,641,797)	(23,641,797)	(23,641,797)	(23,641,797)	(23,641,797)
Deferred State Taxes	-	-	-	-	-
Plant - CIAC	12,261,392	12,261,392	12,261,392	12,261,392	12,261,392
Plant - Depreciation Nuclear Fuel	8,361,771	8,524,514	8,503,612	8,587,866	8,663,138

Public Service Company of New Mexico					
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Hyperlink to Lead Sheet					
	30-Sep-24	31-Oct-24	30-Nov-24	31-Dec-24	31-Jan-25
	Balance	Balance	Balance	Balance	Balance
Plant - Removal Cost	(7,430,377)	(7,430,377)	(7,430,377)	(7,430,377)	(7,430,377)
Plant - Repairs	(67,897,722)	(67,897,722)	(67,897,722)	(67,897,722)	(67,897,722)
Plant - Section 174 Deduction	(890,656)	(890,656)	(890,656)	(890,656)	(890,656)
Plant - Asset Retirement Obligation	7,332,344	7,366,878	7,401,592	7,436,485	7,470,608
Plant - Pollution Control Property	(2,154,701)	(2,154,701)	(2,154,701)	(2,154,701)	(2,154,701)
Plant - Liberalized Depreciation: Production	(165,685,410)	(165,373,957)	(165,062,212)	(164,745,661)	(165,263,478)
Plant - Liberalized Depreciation: Transmission	(136,592,773)	(137,221,775)	(137,848,456)	(138,468,542)	(139,208,472)
Plant - Liberalized Depreciation: Distribution	(152,886,110)	(152,845,132)	(152,793,973)	(152,720,528)	(152,876,794)
Plant - Liberalized Depreciation: General and Intangible	(16,837,143)	(16,935,596)	(17,033,312)	(17,128,459)	(17,212,372)
Plant - Liberalized Depreciation: Renewables	(48,205,503)	(48,205,503)	(48,205,503)	(48,205,503)	(48,205,503)
Plant - Four Corners Imprudence	-	-	-	-	-
Regulatory Assets - SJGS Stranded Costs Units 2&3	(21,257,906)	(21,125,044)	(20,992,183)	(20,859,321)	(20,726,459)
Pension	(37,934,297)	(37,891,348)	(37,848,399)	(37,805,450)	(37,728,463)
Retiree Medical	-	-	-	-	-
Lease Asset	-	-	-	-	-
Loss on Reacquired Debt	(1,147,457)	(1,140,018)	(1,132,579)	(1,125,140)	(1,117,701)
Other Comprehensive Income (OCI)	-	-	-	-	-
Deferred Credits - SO2 Allowance	13,134	12,258	11,383	10,507	10,507
Deferred Debits - Rate Case Expense	-	-	-	-	-
Deferred Debits - Decoupling	-	-	-	-	-
Deferred Debits - Grid Modernization	-	-	-	-	-
Deferred Debits - RR Underground Rider	-	-	-	-	-
Prepaid Expenses	(1,650,270)	(1,650,270)	(1,650,270)	(1,650,270)	(1,650,270)
Regulatory Assets - COVID-19 Costs	(142,290)	(132,804)	(123,318)	(113,832)	(104,346)
Regulatory assets - FAC	-	-	-	-	-
Regulatory Assets - EIM Costs	(4,096,686)	(4,017,139)	(3,937,591)	(3,858,044)	(3,778,497)
Regulatory Assets - Energy Efficiency	(0)	(0)	(0)	(0)	(0)
Regulatory Assets - ETA	-	-	-	-	-
Regulatory Assets - Sky Blue Under Recovery	-	-	-	-	-
Regulatory Assets - Renewable Energy	3,455,259	3,430,992	3,406,726	3,382,459	3,358,192
Regulatory Assets - Renewable Energy Credits	(0)	(0)	(0)	(0)	(0)
Regulatory Assets - SJGS External Legal Fees	(122,244)	(121,825)	(121,405)	(120,986)	(120,567)
Regulatory Assets - SJGS Replacement Resources	(2,053,102)	(2,046,058)	(2,039,015)	(2,031,972)	(2,024,929)
Regulatory Assets - SJGS Undepreciated Investment	0	0	0	0	0

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	30-Sep-24	31-Oct-24	30-Nov-24	31-Dec-24	31-Jan-25
	Balance	Balance	Balance	Balance	Balance
Regulatory Assets - SJGS Underground Coal Mine	(0)	(0)	(0)	(0)	(0)
Regulatory Assets - Solar Direct Regulatory Assets	-	-	-	-	-
Regulatory Assets - Transportation Electrification	-	-	-	-	-
Regulatory Assets - WCC Transaction Costs	-	-	-	-	-
Regulatory Liabilities - Energy Efficiency	-	-	-	-	-
Regulatory Liabilities - FAC	-	-	-	-	-
Regulatory Assets - PCB Refinancing Hedge	(2,089,342)	(2,071,468)	(2,053,594)	(2,035,720)	(2,017,846)
Prepaid Expenses: Production	(393)	(393)	(393)	(393)	(393)
Prepaid Expenses: Transmission	(5,683)	(5,683)	(5,683)	(5,683)	(5,683)
Prepaid Expenses: Transmission (incremental FERC Rates)	-	-	-	-	-
Prepaid Expenses: Distribution	(1,729)	(1,729)	(1,729)	(1,729)	(1,729)
Prepaid Expenses: Renewables	-	-	-	-	-
Regulatory Assets - 2024 Rate Change	(1,043,093)	(1,022,640)	(1,002,187)	(981,735)	(961,282)
Regulatory Assets - SJGS Obsolete Inventory	(1,553,539)	(1,548,209)	(1,542,880)	(1,537,550)	(1,532,221)
Regulatory Liabilities - Earnings Test	-	-	-	-	-
Regulatory Assets - PVNGS Undepreciated Investment	(11,330,062)	(11,281,127)	(11,232,192)	(11,183,257)	(11,134,322)
Regulatory Assets - ETC Over/Under SPE	-	-	-	-	-
Regulatory Assets - PVNGS Replacement Resources	(494,733)	(492,596)	(490,459)	(488,322)	(486,184)
Regulatory Assets - Rate Rider 12 UG Rate	-	-	-	-	-
Regulatory Assets - Renewable Rider Curr Reg	-	-	-	-	-
Regulatory Assets - SJ Energy Transition Property (SPE)	(83,945,769)	(83,659,656)	(83,373,542)	(83,087,428)	(82,801,315)
Regulatory Liabilities - Curr Reg Liab-UG Rate Rider 12	-	-	-	-	-
Regulatory Liabilities - Energy Transition Cost True Up	304,068	304,947	305,829	306,713	307,600
Regulatory Liabilities - SJGS Retirements Rate Credit	-	-	-	-	-
Regulatory Liabilities - PVNGS Lease Costs	-	-	-	-	-
Deferred Debits - WS-Transmission Revenue	-	-	-	-	-
Customer Advance	-	-	-	-	-
Deferred Credits - ETA	-	-	-	-	-
Other Liabilities - ETA Coal Mine Severance	-	-	-	-	-
Other Liabilities - ETA State Agency Payments	-	-	-	-	-
SJGS County Ordinance Decommission	-	-	-	-	-
Total Accumulated Deferred Income Taxes	(754,927,139)	(755,156,600)	(755,565,837)	(755,849,957)	(757,092,227)

Public Service Company of New Mexico					
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Hyperlink to Lead Sheet	30-Sep-24	31-Oct-24	30-Nov-24	31-Dec-24	31-Jan-25
	Balance	Balance	Balance	Balance	Balance
General Ledger ADIT Balance					
Difference (Rounding)	(5)	(5)	(5)	(5)	(5)

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
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ADIT-1 Schedule H-12					
Hyperlink to Lead Sheet					
	28-Feb-25	31-Mar-25	30-Apr-25	31-May-25	30-Jun-25
	Balance	Balance	Balance	Balance	Balance
Accumulated Deferred Income Taxes					
Federal Tax Credit Carryforward	19,358,228	19,358,228	19,358,228	19,358,228	19,358,228
Federal Tax Credit Carryforward - Renewables	-	-	-	-	-
Net Operating Loss (NOL)	2,764,230	2,764,230	2,764,230	2,764,230	2,764,230
Incentive Pay Plans	-	-	-	-	-
Regulatory Assets - Coal Mine Decommissioning	-	-	-	-	-
Regulatory Liabilities - Renewable Rider	-	-	-	-	-
Income Tax Regulatory Liability	61,567,183	61,190,836	60,814,489	60,438,142	60,061,795
Income Tax Regulatory Asset	(66,168,495)	(66,168,495)	(66,168,495)	(66,168,495)	(66,168,495)
Lease Liability	-	-	-	-	-
Deferred Credits - Coal Mine Decommissioning	-	-	-	-	-
Regulatory Assets - ETA Carrying Charges	(0)	(0)	(0)	(0)	(0)
Regulatory Assets - ETA Job Training & Severance	-	-	-	-	-
Regulatory Assets - ETA Payments to State Agencies	0	0	0	0	0
Regulatory Assets - ETA SJGS Plant Decommissioning	(691,605)	(689,207)	(686,809)	(684,411)	(682,013)
Regulatory Assets - ETA SJGS upfront Financing Cost	0	0	0	0	0
Regulatory Assets - ETA Westmoreland Coal Mine Sev	0	0	0	0	0
Deferred Credits - Joint Use	216,502	212,953	209,404	205,855	202,305
Deferred Credits - Pathnet	1,391,575	1,387,351	1,383,127	1,378,902	1,374,678
Deferred Credits - PVNGS Dry Casks	-	-	-	-	-
Other Deferred Credits	-	-	-	-	-
Other Liabilities - ETA Job Training and Severance	-	-	-	-	-
Other Liabilities - Navajo Workforce Training	-	-	-	-	-
Other Liabilities	-	-	-	-	-
Injury and Damages	1,460,657	1,460,657	1,460,657	1,460,657	1,460,657
Plant - AFUDC	(24,248,440)	(24,472,153)	(24,730,718)	(25,025,899)	(25,362,039)
Plant - Capitalized Interest	5,553,213	5,553,213	5,553,213	5,553,213	5,553,213
Decommissioning and Reclamation Trusts	-	-	-	-	-
ASC 740-10 (FIN 48) Reclassifications	-	-	-	-	-
PVNGS Licensing	42,589	42,519	42,452	42,386	42,323
Plant - 263A Adjustment	(23,641,797)	(23,641,797)	(23,641,797)	(23,641,797)	(23,641,797)
Deferred State Taxes	-	-	-	-	-
Plant - CIAC	12,261,392	12,261,392	12,261,392	12,261,392	12,261,392
Plant - Depreciation Nuclear Fuel	8,773,400	8,848,671	8,967,195	9,054,566	9,141,501

Public Service Company of New Mexico					
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Hyperlink to Lead Sheet					
	28-Feb-25	31-Mar-25	30-Apr-25	31-May-25	30-Jun-25
	Balance	Balance	Balance	Balance	Balance
Plant - Removal Cost	(7,430,377)	(7,430,377)	(7,430,377)	(7,430,377)	(7,430,377)
Plant - Repairs	(67,897,722)	(67,897,722)	(67,897,722)	(67,897,722)	(67,897,722)
Plant - Section 174 Deduction	(890,656)	(890,656)	(890,656)	(890,656)	(890,656)
Plant - Asset Retirement Obligation	7,504,909	7,539,388	7,574,048	7,608,889	7,643,911
Plant - Pollution Control Property	(2,154,701)	(2,154,701)	(2,154,701)	(2,154,701)	(2,154,701)
Plant - Liberalized Depreciation: Production	(165,781,158)	(166,298,717)	(166,818,157)	(167,336,298)	(167,844,699)
Plant - Liberalized Depreciation: Transmission	(139,949,069)	(140,690,374)	(141,431,757)	(142,173,139)	(142,914,855)
Plant - Liberalized Depreciation: Distribution	(153,030,259)	(153,176,641)	(153,309,393)	(153,427,967)	(153,535,242)
Plant - Liberalized Depreciation: General and Intangible	(17,296,236)	(17,379,996)	(17,462,879)	(17,545,003)	(17,626,051)
Plant - Liberalized Depreciation: Renewables	(48,205,503)	(48,205,503)	(48,205,503)	(48,205,503)	(48,205,503)
Plant - Four Corners Imprudence	-	-	-	-	-
Regulatory Assets - SJGS Stranded Costs Units 2&3	(20,593,597)	(20,460,735)	(20,327,873)	(20,195,012)	(20,062,150)
Pension	(37,651,476)	(37,574,489)	(37,497,502)	(37,420,515)	(37,343,528)
Retiree Medical	-	-	-	-	-
Lease Asset	-	-	-	-	-
Loss on Reacquired Debt	(1,110,262)	(1,102,823)	(1,095,383)	(1,087,944)	(1,080,505)
Other Comprehensive Income (OCI)	-	-	-	-	-
Deferred Credits - SO2 Allowance	10,507	10,507	10,507	10,507	10,507
Deferred Debits - Rate Case Expense	-	-	-	-	(941,930)
Deferred Debits - Decoupling	-	-	-	-	-
Deferred Debits - Grid Modernization	-	-	-	-	-
Deferred Debits - RR Underground Rider	-	-	-	-	-
Prepaid Expenses	(1,650,270)	(1,650,270)	(1,650,270)	(1,650,270)	(1,650,270)
Regulatory Assets - COVID-19 Costs	(94,860)	(85,374)	(75,888)	(66,402)	(56,916)
Regulatory assets - FAC	-	-	-	-	-
Regulatory Assets - EIM Costs	(3,698,949)	(3,619,402)	(3,539,855)	(3,460,308)	(3,380,760)
Regulatory Assets - Energy Efficiency	(0)	(0)	(0)	(0)	(0)
Regulatory Assets - ETA	-	-	-	-	-
Regulatory Assets - Sky Blue Under Recovery	-	-	-	-	-
Regulatory Assets - Renewable Energy	3,333,925	3,309,658	3,285,392	3,261,125	3,236,858
Regulatory Assets - Renewable Energy Credits	(0)	(0)	(0)	(0)	(0)
Regulatory Assets - SJGS External Legal Fees	(120,147)	(119,728)	(119,308)	(118,889)	(118,470)
Regulatory Assets - SJGS Replacement Resources	(2,017,885)	(2,010,842)	(2,003,799)	(1,996,756)	(1,989,713)
Regulatory Assets - SJGS Undepreciated Investment	0	0	0	0	0

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-2					
ADIT-1 Schedule H-12					
Hyperlink to Lead Sheet					
	28-Feb-25	31-Mar-25	30-Apr-25	31-May-25	30-Jun-25
	Balance	Balance	Balance	Balance	Balance
Regulatory Assets - SJGS Underground Coal Mine	(0)	(0)	(0)	(0)	(0)
Regulatory Assets - Solar Direct Regulatory Assets	-	-	-	-	-
Regulatory Assets - Transportation Electrification	-	-	-	-	-
Regulatory Assets - WCC Transaction Costs	-	-	-	-	-
Regulatory Liabilities - Energy Efficiency	-	-	-	-	-
Regulatory Liabilities - FAC	-	-	-	-	-
Regulatory Assets - PCB Refinancing Hedge	(1,999,971)	(1,982,097)	(1,964,223)	(1,946,349)	(1,928,475)
Prepaid Expenses: Production	(393)	(393)	(393)	(393)	(393)
Prepaid Expenses: Transmission	(5,683)	(5,683)	(5,683)	(5,683)	(5,683)
Prepaid Expenses: Transmission (incremental FERC Rates)	-	-	-	-	-
Prepaid Expenses: Distribution	(1,729)	(1,729)	(1,729)	(1,729)	(1,729)
Prepaid Expenses: Renewables	-	-	-	-	-
Regulatory Assets - 2024 Rate Change	(940,829)	(920,376)	(899,923)	(879,471)	(859,018)
Regulatory Assets - SJGS Obsolete Inventory	(1,526,891)	(1,521,562)	(1,516,232)	(1,510,903)	(1,505,573)
Regulatory Liabilities - Earnings Test	-	-	-	-	-
Regulatory Assets - PVNGS Undepreciated Investment	(11,085,387)	(11,036,452)	(10,987,517)	(10,938,582)	(10,889,647)
Regulatory Assets - ETC Over/Under SPE	-	-	-	-	-
Regulatory Assets - PVNGS Replacement Resources	(484,047)	(481,910)	(479,773)	(477,636)	(475,499)
Regulatory Assets - Rate Rider 12 UG Rate	-	-	-	-	-
Regulatory Assets - Renewable Rider Curr Reg	-	-	-	-	-
Regulatory Assets - SJ Energy Transition Property (SPE)	(82,515,201)	(82,229,087)	(81,942,973)	(81,656,860)	(81,370,746)
Regulatory Liabilities - Curr Reg Liab-UG Rate Rider 12	-	-	-	-	-
Regulatory Liabilities - Energy Transition Cost True Up	308,490	309,382	310,276	311,174	312,074
Regulatory Liabilities - SJGS Retirements Rate Credit	-	-	-	-	-
Regulatory Liabilities - PVNGS Lease Costs	-	-	-	-	-
Deferred Debits - WS-Transmission Revenue	-	-	-	-	-
Customer Advance	-	-	-	-	-
Deferred Credits - ETA	-	-	-	-	-
Other Liabilities - ETA Coal Mine Severance	-	-	-	-	-
Other Liabilities - ETA State Agency Payments	-	-	-	-	-
SJGS County Ordinance Decommission	-	-	-	-	-
Total Accumulated Deferred Income Taxes	(758,336,797)	(759,650,306)	(760,942,682)	(762,286,404)	(764,591,483)

Public Service Company of New Mexico					
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ADIT-1 Schedule H-12					
Hyperlink to Lead Sheet	28-Feb-25	31-Mar-25	30-Apr-25	31-May-25	30-Jun-25
	Balance	Balance	Balance	Balance	Balance
General Ledger ADIT Balance					
Difference (Rounding)	(5)	(5)	(5)	(5)	(5)

Public Service Company of New Mexico					
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Hyperlink to Lead Sheet					
	31-Jul-25	31-Aug-25	30-Sep-25	31-Oct-25	30-Nov-25
	Balance	Balance	Balance	Balance	Balance
Accumulated Deferred Income Taxes					
Federal Tax Credit Carryforward	19,358,228	19,358,228	19,358,228	19,358,228	19,358,228
Federal Tax Credit Carryforward - Renewables	-	-	-	-	-
Net Operating Loss (NOL)	2,764,230	2,764,230	2,764,230	2,764,230	2,764,230
Incentive Pay Plans	-	-	-	-	-
Regulatory Assets - Coal Mine Decommissioning	-	-	-	-	-
Regulatory Liabilities - Renewable Rider	-	-	-	-	-
Income Tax Regulatory Liability	59,685,448	59,309,101	58,932,754	58,556,407	58,180,060
Income Tax Regulatory Asset	(66,168,495)	(66,168,495)	(66,168,495)	(66,168,495)	(66,168,495)
Lease Liability	-	-	-	-	-
Deferred Credits - Coal Mine Decommissioning	-	-	-	-	-
Regulatory Assets - ETA Carrying Charges	(0)	(0)	(0)	(0)	(0)
Regulatory Assets - ETA Job Training & Severance	-	-	-	-	-
Regulatory Assets - ETA Payments to State Agencies	0	0	0	0	0
Regulatory Assets - ETA SJGS Plant Decommissioning	(679,615)	(677,217)	(674,818)	(672,420)	(670,022)
Regulatory Assets - ETA SJGS upfront Financing Cost	0	0	0	0	0
Regulatory Assets - ETA Westmoreland Coal Mine Sev	0	0	0	0	0
Deferred Credits - Joint Use	198,756	195,207	191,658	188,109	184,559
Deferred Credits - Pathnet	1,370,453	1,366,229	1,362,005	1,357,780	1,353,556
Deferred Credits - PVNGS Dry Casks	-	-	-	-	-
Other Deferred Credits	-	-	-	-	-
Other Liabilities - ETA Job Training and Severance	-	-	-	-	-
Other Liabilities - Navajo Workforce Training	-	-	-	-	-
Other Liabilities	-	-	-	-	-
Injury and Damages	1,460,657	1,460,657	1,460,657	1,460,657	1,460,657
Plant - AFUDC	(25,691,849)	(26,070,712)	(26,502,607)	(26,980,991)	(27,488,727)
Plant - Capitalized Interest	5,553,213	5,553,213	5,553,213	5,553,213	5,553,213
Decommissioning and Reclamation Trusts	-	-	-	-	-
ASC 740-10 (FIN 48) Reclassifications	-	-	-	-	-
PVNGS Licensing	42,262	42,203	42,146	42,091	42,037
Plant - 263A Adjustment	(23,641,797)	(23,641,797)	(23,641,797)	(23,641,797)	(23,641,797)
Deferred State Taxes	-	-	-	-	-
Plant - CIAC	12,261,392	12,261,392	12,261,392	12,261,392	12,261,392
Plant - Depreciation Nuclear Fuel	9,216,772	9,292,044	9,378,979	9,568,213	9,521,491

Public Service Company of New Mexico					
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	31-Jul-25	31-Aug-25	30-Sep-25	31-Oct-25	30-Nov-25
	Balance	Balance	Balance	Balance	Balance
Plant - Removal Cost	(7,430,377)	(7,430,377)	(7,430,377)	(7,430,377)	(7,430,377)
Plant - Repairs	(67,897,722)	(67,897,722)	(67,897,722)	(67,897,722)	(67,897,722)
Plant - Section 174 Deduction	(890,656)	(890,656)	(890,656)	(890,656)	(890,656)
Plant - Asset Retirement Obligation	7,679,117	7,714,506	7,750,081	7,785,842	7,821,789
Plant - Pollution Control Property	(2,154,701)	(2,154,701)	(2,154,701)	(2,154,701)	(2,154,701)
Plant - Liberalized Depreciation: Production	(167,921,111)	(167,996,426)	(168,067,234)	(168,140,981)	(168,211,492)
Plant - Liberalized Depreciation: Transmission	(143,656,721)	(144,399,244)	(145,142,287)	(145,886,027)	(146,628,971)
Plant - Liberalized Depreciation: Distribution	(153,633,949)	(153,723,863)	(153,809,208)	(153,891,188)	(153,950,310)
Plant - Liberalized Depreciation: General and Intangible	(17,728,964)	(17,830,515)	(17,931,585)	(18,031,565)	(18,129,418)
Plant - Liberalized Depreciation: Renewables	(48,205,503)	(48,205,503)	(48,205,503)	(48,205,503)	(48,205,503)
Plant - Four Corners Imprudence	-	-	-	-	-
Regulatory Assets - SJGS Stranded Costs Units 2&3	(19,929,288)	(19,796,426)	(19,663,564)	(19,530,703)	(19,397,841)
Pension	(37,266,541)	(37,189,554)	(37,112,567)	(37,035,580)	(36,958,593)
Retiree Medical	-	-	-	-	-
Lease Asset	-	-	-	-	-
Loss on Reacquired Debt	(1,073,066)	(1,065,631)	(1,058,159)	(1,050,687)	(1,043,215)
Other Comprehensive Income (OCI)	-	-	-	-	-
Deferred Credits - SO2 Allowance	10,507	10,507	10,507	10,507	10,507
Deferred Debits - Rate Case Expense	(926,231)	(910,532)	(894,833)	(879,134)	(863,436)
Deferred Debits - Decoupling	-	-	-	-	-
Deferred Debits - Grid Modernization	-	-	-	-	-
Deferred Debits - RR Underground Rider	-	-	-	-	-
Prepaid Expenses	(1,650,270)	(1,650,270)	(1,650,270)	(1,650,270)	(1,650,270)
Regulatory Assets - COVID-19 Costs	(521,289)	(498,624)	(475,959)	(453,295)	(430,630)
Regulatory assets - FAC	-	-	-	-	-
Regulatory Assets - EIM Costs	(3,301,213)	(3,221,666)	(3,142,118)	(3,062,571)	(2,983,024)
Regulatory Assets - Energy Efficiency	(0)	(0)	(0)	(0)	(0)
Regulatory Assets - ETA	-	-	-	-	-
Regulatory Assets - Sky Blue Under Recovery	-	-	-	-	-
Regulatory Assets - Renewable Energy	3,212,591	3,188,324	3,164,058	3,139,791	3,115,524
Regulatory Assets - Renewable Energy Credits	(0)	(0)	(0)	(0)	(0)
Regulatory Assets - SJGS External Legal Fees	(118,050)	(117,631)	(117,212)	(116,792)	(116,373)
Regulatory Assets - SJGS Replacement Resources	(1,982,669)	(1,975,626)	(1,968,583)	(1,961,540)	(1,954,496)
Regulatory Assets - SJGS Undepreciated Investment	0	0	0	0	0

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Hyperlink to Lead Sheet					
	31-Jul-25	31-Aug-25	30-Sep-25	31-Oct-25	30-Nov-25
	Balance	Balance	Balance	Balance	Balance
Regulatory Assets - SJGS Underground Coal Mine	(0)	(0)	(0)	(0)	(0)
Regulatory Assets - Solar Direct Regulatory Assets	-	-	-	-	-
Regulatory Assets - Transportation Electrification	-	-	-	-	-
Regulatory Assets - WCC Transaction Costs	-	-	-	-	-
Regulatory Liabilities - Energy Efficiency	-	-	-	-	-
Regulatory Liabilities - FAC	-	-	-	-	-
Regulatory Assets - PCB Refinancing Hedge	(1,910,601)	(1,892,727)	(1,874,853)	(1,856,979)	(1,839,105)
Prepaid Expenses: Production	(393)	(393)	(393)	(393)	(393)
Prepaid Expenses: Transmission	(5,683)	(5,683)	(5,683)	(5,683)	(5,683)
Prepaid Expenses: Transmission (incremental FERC Rates)	-	-	-	-	-
Prepaid Expenses: Distribution	(1,729)	(1,729)	(1,729)	(1,729)	(1,729)
Prepaid Expenses: Renewables	-	-	-	-	-
Regulatory Assets - 2024 Rate Change	(838,565)	(818,112)	(797,659)	(777,207)	(756,754)
Regulatory Assets - SJGS Obsolete Inventory	(1,500,244)	(1,494,915)	(1,489,585)	(1,484,256)	(1,478,926)
Regulatory Liabilities - Earnings Test	-	-	-	-	-
Regulatory Assets - PVNGS Undepreciated Investment	(10,840,712)	(10,791,777)	(10,742,842)	(10,693,907)	(10,644,972)
Regulatory Assets - ETC Over/Under SPE	-	-	-	-	-
Regulatory Assets - PVNGS Replacement Resources	(473,362)	(471,225)	(469,088)	(466,951)	(464,814)
Regulatory Assets - Rate Rider 12 UG Rate	-	-	-	-	-
Regulatory Assets - Renewable Rider Curr Reg	-	-	-	-	-
Regulatory Assets - SJ Energy Transition Property (SPE)	(81,084,632)	(80,798,518)	(80,512,405)	(80,226,291)	(79,940,177)
Regulatory Liabilities - Curr Reg Liab-UG Rate Rider 12	-	-	-	-	-
Regulatory Liabilities - Energy Transition Cost True Up	310,951	309,882	308,813	307,745	306,676
Regulatory Liabilities - SJGS Retirements Rate Credit	-	-	-	-	-
Regulatory Liabilities - PVNGS Lease Costs	-	-	-	-	-
Deferred Debits - WS-Transmission Revenue	-	-	-	-	-
Customer Advance	-	-	-	-	-
Deferred Credits - ETA	-	-	-	-	-
Other Liabilities - ETA Coal Mine Severance	-	-	-	-	-
Other Liabilities - ETA State Agency Payments	-	-	-	-	-
SJGS County Ordinance Decommission	-	-	-	-	-
Total Accumulated Deferred Income Taxes	(766,001,421)	(766,962,544)	(767,955,774)	(768,892,188)	(770,064,703)

Public Service Company of New Mexico					
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ADIT-1 Schedule H-12					
Hyperlink to Lead Sheet	31-Jul-25	31-Aug-25	30-Sep-25	31-Oct-25	30-Nov-25
	Balance	Balance	Balance	Balance	Balance
General Ledger ADIT Balance					
Difference (Rounding)	(5)	(5)	(5)	(5)	(5)

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
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ADIT-1 Schedule H-12					
Hyperlink to Lead Sheet					
	31-Dec-25	31-Jan-26	28-Feb-26	31-Mar-26	30-Apr-26
	Balance	Balance	Balance	Balance	Balance
Accumulated Deferred Income Taxes					
Federal Tax Credit Carryforward	19,358,228	19,358,228	19,358,228	19,358,228	19,358,228
Federal Tax Credit Carryforward - Renewables	-	-	-	-	-
Net Operating Loss (NOL)	2,764,230	2,764,230	2,764,230	2,764,230	2,764,230
Incentive Pay Plans	-	-	-	-	-
Regulatory Assets - Coal Mine Decommissioning	-	-	-	-	-
Regulatory Liabilities - Renewable Rider	-	-	-	-	-
Income Tax Regulatory Liability	57,803,713	57,427,366	57,051,019	56,674,672	56,298,325
Income Tax Regulatory Asset	(66,168,495)	(66,168,495)	(66,168,495)	(66,168,495)	(66,168,495)
Lease Liability	-	-	-	-	-
Deferred Credits - Coal Mine Decommissioning	-	-	-	-	-
Regulatory Assets - ETA Carrying Charges	(0)	(0)	(0)	(0)	(0)
Regulatory Assets - ETA Job Training & Severance	-	-	-	-	-
Regulatory Assets - ETA Payments to State Agencies	0	0	0	0	0
Regulatory Assets - ETA SJGS Plant Decommissioning	(667,624)	(665,226)	(662,828)	(660,430)	(658,032)
Regulatory Assets - ETA SJGS upfront Financing Cost	0	0	0	0	0
Regulatory Assets - ETA Westmoreland Coal Mine Sev	0	0	0	0	0
Deferred Credits - Joint Use	181,010	177,461	173,912	170,362	166,813
Deferred Credits - Pathnet	1,349,331	1,345,107	1,340,883	1,336,658	1,332,434
Deferred Credits - PVNGS Dry Casks	-	-	-	-	-
Other Deferred Credits	-	-	-	-	-
Other Liabilities - ETA Job Training and Severance	-	-	-	-	-
Other Liabilities - Navajo Workforce Training	-	-	-	-	-
Other Liabilities	-	-	-	-	-
Injury and Damages	1,460,657	1,460,657	1,460,657	1,460,657	1,460,657
Plant - AFUDC	(28,032,741)	(28,107,085)	(28,230,078)	(28,407,912)	(28,639,848)
Plant - Capitalized Interest	5,553,213	5,553,213	5,553,213	5,553,213	5,553,213
Decommissioning and Reclamation Trusts	-	-	-	-	-
ASC 740-10 (FIN 48) Reclassifications	-	-	-	-	-
PVNGS Licensing	41,986	41,936	41,888	41,841	41,796
Plant - 263A Adjustment	(23,641,797)	(23,641,797)	(23,641,797)	(23,641,797)	(23,641,797)
Deferred State Taxes	-	-	-	-	-
Plant - CIAC	12,261,392	12,261,392	12,261,392	12,261,392	12,261,392
Plant - Depreciation Nuclear Fuel	9,645,559	9,760,644	9,911,590	10,026,675	10,292,672

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Hyperlink to Lead Sheet					
	31-Dec-25	31-Jan-26	28-Feb-26	31-Mar-26	30-Apr-26
	Balance	Balance	Balance	Balance	Balance
Plant - Removal Cost	(7,430,377)	(7,430,377)	(7,430,377)	(7,430,377)	(7,430,377)
Plant - Repairs	(67,897,722)	(67,897,722)	(67,897,722)	(67,897,722)	(67,897,722)
Plant - Section 174 Deduction	(890,656)	(890,656)	(890,656)	(890,656)	(890,656)
Plant - Asset Retirement Obligation	7,857,925	7,893,112	7,928,481	7,964,034	7,999,772
Plant - Pollution Control Property	(2,154,701)	(2,154,701)	(2,154,701)	(2,154,701)	(2,154,701)
Plant - Liberalized Depreciation: Production	(168,278,543)	(169,136,903)	(169,995,131)	(170,853,107)	(171,713,567)
Plant - Liberalized Depreciation: Transmission	(147,372,582)	(148,068,996)	(148,766,082)	(149,461,636)	(150,157,339)
Plant - Liberalized Depreciation: Distribution	(153,993,933)	(154,159,064)	(154,321,388)	(154,475,736)	(154,599,265)
Plant - Liberalized Depreciation: General and Intangible	(18,225,890)	(18,207,431)	(18,188,944)	(18,169,032)	(18,148,159)
Plant - Liberalized Depreciation: Renewables	(48,205,503)	(48,205,503)	(48,205,503)	(48,205,503)	(48,205,503)
Plant - Four Corners Imprudence	-	-	-	-	-
Regulatory Assets - SJGS Stranded Costs Units 2&3	(19,264,979)	(19,132,117)	(18,999,255)	(18,866,394)	(18,733,532)
Pension	(36,881,606)	(36,752,111)	(36,622,616)	(36,493,121)	(36,363,626)
Retiree Medical	-	-	-	-	-
Lease Asset	-	-	-	-	-
Loss on Reacquired Debt	(1,035,744)	(1,028,272)	(1,020,800)	(1,013,328)	(1,005,856)
Other Comprehensive Income (OCI)	-	-	-	-	-
Deferred Credits - SO2 Allowance	10,507	10,507	10,507	10,507	10,507
Deferred Debits - Rate Case Expense	(847,737)	(832,038)	(816,339)	(800,640)	(784,941)
Deferred Debits - Decoupling	-	-	-	-	-
Deferred Debits - Grid Modernization	-	-	-	-	-
Deferred Debits - RR Underground Rider	-	-	-	-	-
Prepaid Expenses	(1,650,270)	(1,650,270)	(1,650,270)	(1,650,270)	(1,650,270)
Regulatory Assets - COVID-19 Costs	(407,965)	(385,301)	(362,636)	(339,971)	(317,306)
Regulatory assets - FAC	-	-	-	-	-
Regulatory Assets - EIM Costs	(2,903,476)	(2,823,929)	(2,744,382)	(2,664,835)	(2,585,287)
Regulatory Assets - Energy Efficiency	(0)	(0)	(0)	(0)	(0)
Regulatory Assets - ETA	-	-	-	-	-
Regulatory Assets - Sky Blue Under Recovery	-	-	-	-	-
Regulatory Assets - Renewable Energy	3,091,257	3,066,990	3,042,723	3,018,457	2,994,190
Regulatory Assets - Renewable Energy Credits	(0)	(0)	(0)	(0)	(0)
Regulatory Assets - SJGS External Legal Fees	(115,954)	(115,534)	(115,115)	(114,696)	(114,276)
Regulatory Assets - SJGS Replacement Resources	(1,947,453)	(1,940,410)	(1,933,367)	(1,926,324)	(1,919,280)
Regulatory Assets - SJGS Undepreciated Investment	0	0	0	0	0

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	31-Dec-25	31-Jan-26	28-Feb-26	31-Mar-26	30-Apr-26
	Balance	Balance	Balance	Balance	Balance
Regulatory Assets - SJGS Underground Coal Mine	(0)	(0)	(0)	(0)	(0)
Regulatory Assets - Solar Direct Regulatory Assets	-	-	-	-	-
Regulatory Assets - Transportation Electrification	-	-	-	-	-
Regulatory Assets - WCC Transaction Costs	-	-	-	-	-
Regulatory Liabilities - Energy Efficiency	-	-	-	-	-
Regulatory Liabilities - FAC	-	-	-	-	-
Regulatory Assets - PCB Refinancing Hedge	(1,821,230)	(1,803,356)	(1,785,482)	(1,767,608)	(1,749,734)
Prepaid Expenses: Production	(393)	(393)	(393)	(393)	(393)
Prepaid Expenses: Transmission	(5,683)	(5,683)	(5,683)	(5,683)	(5,683)
Prepaid Expenses: Transmission (incremental FERC Rates)	-	-	-	-	-
Prepaid Expenses: Distribution	(1,729)	(1,729)	(1,729)	(1,729)	(1,729)
Prepaid Expenses: Renewables	-	-	-	-	-
Regulatory Assets - 2024 Rate Change	(736,301)	(715,848)	(695,395)	(674,943)	(654,490)
Regulatory Assets - SJGS Obsolete Inventory	(1,473,597)	(1,468,267)	(1,462,938)	(1,457,608)	(1,452,279)
Regulatory Liabilities - Earnings Test	-	-	-	-	-
Regulatory Assets - PVNGS Undepreciated Investment	(10,596,037)	(10,547,103)	(10,498,168)	(10,449,233)	(10,400,298)
Regulatory Assets - ETC Over/Under SPE	-	-	-	-	-
Regulatory Assets - PVNGS Replacement Resources	(462,677)	(460,540)	(458,402)	(456,265)	(454,128)
Regulatory Assets - Rate Rider 12 UG Rate	-	-	-	-	-
Regulatory Assets - Renewable Rider Curr Reg	-	-	-	-	-
Regulatory Assets - SJ Energy Transition Property (SPE)	(79,654,063)	(79,367,950)	(79,081,836)	(78,795,722)	(78,509,609)
Regulatory Liabilities - Curr Reg Liab-UG Rate Rider 12	-	-	-	-	-
Regulatory Liabilities - Energy Transition Cost True Up	305,607	304,538	303,469	302,401	301,332
Regulatory Liabilities - SJGS Retirements Rate Credit	-	-	-	-	-
Regulatory Liabilities - PVNGS Lease Costs	-	-	-	-	-
Deferred Debits - WS-Transmission Revenue	-	-	-	-	-
Customer Advance	-	-	-	-	-
Deferred Credits - ETA	-	-	-	-	-
Other Liabilities - ETA Coal Mine Severance	-	-	-	-	-
Other Liabilities - ETA State Agency Payments	-	-	-	-	-
SJGS County Ordinance Decommission	-	-	-	-	-
Total Accumulated Deferred Income Taxes	(771,082,844)	(772,339,425)	(773,606,316)	(774,952,538)	(776,172,618)

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-2					
ADIT-1 Schedule H-12					
Hyperlink to Lead Sheet	31-Dec-25	31-Jan-26	28-Feb-26	31-Mar-26	30-Apr-26
	Balance	Balance	Balance	Balance	Balance
General Ledger ADIT Balance					
Difference (Rounding)	(5)	(5)	(5)	(5)	(5)

Public Service Company of New Mexico				
NMPRC Case No. 24-00089-UT				
PNM Exhibit LTM-2				
ADIT-1 Schedule H-12				
Hyperlink to Lead Sheet				
	31-May-26	30-Jun-26	Test Period	Adjusted
	Balance	Balance	Adjustments	Test Period
Accumulated Deferred Income Taxes				
Federal Tax Credit Carryforward	19,358,228	19,358,228	-	19,358,228
Federal Tax Credit Carryforward - Renewables	-	-	-	-
Net Operating Loss (NOL)	2,764,230	2,764,230	-	2,764,230
Incentive Pay Plans	-	-	-	-
Regulatory Assets - Coal Mine Decommissioning	-	-	-	-
Regulatory Liabilities - Renewable Rider	-	-	-	-
Income Tax Regulatory Liability	55,921,978	55,545,631	2,258,082	57,803,713
Income Tax Regulatory Asset	(66,168,495)	(66,168,495)	-	(66,168,495)
Lease Liability	-	-	-	-
Deferred Credits - Coal Mine Decommissioning	-	-	-	-
Regulatory Assets - ETA Carrying Charges	(0)	(0)	-	(0)
Regulatory Assets - ETA Job Training & Severance	-	-	-	-
Regulatory Assets - ETA Payments to State Agencies	0	0	-	0
Regulatory Assets - ETA SJGS Plant Decommissioning	(655,634)	(653,236)	(14,388)	(667,624)
Regulatory Assets - ETA SJGS upfront Financing Cost	0	0	-	0
Regulatory Assets - ETA Westmoreland Coal Mine Sev	0	0	-	0
Deferred Credits - Joint Use	163,264	159,715	21,295	181,010
Deferred Credits - Pathnet	1,328,210	1,323,985	25,346	1,349,331
Deferred Credits - PVNGS Dry Casks	-	-	-	-
Other Deferred Credits	-	-	-	-
Other Liabilities - ETA Job Training and Severance	-	-	-	-
Other Liabilities - Navajo Workforce Training	-	-	-	-
Other Liabilities	-	-	-	-
Injury and Damages	1,460,657	1,460,657	-	1,460,657
Plant - AFUDC	(28,919,685)	(29,245,355)	1,874,617	(27,370,739)
Plant - Capitalized Interest	5,553,213	5,553,213	-	5,553,213
Decommissioning and Reclamation Trusts	-	-	-	-
ASC 740-10 (FIN 48) Reclassifications	-	-	-	-
PVNGS Licensing	41,752	41,710	-	41,710
Plant - 263A Adjustment	(23,641,797)	(23,641,797)	-	(23,641,797)
Deferred State Taxes	-	-	-	-
Plant - CIAC	12,261,392	12,261,392	-	12,261,392
Plant - Depreciation Nuclear Fuel	10,189,841	10,362,977	(699,922)	9,663,055

Public Service Company of New Mexico				
NMPRC Case No. 24-00089-UT				
PNM Exhibit LTM-2				
ADIT-1 Schedule H-12				
Hyperlink to Lead Sheet				
	31-May-26	30-Jun-26	Test Period	Adjusted
	Balance	Balance	Adjustments	Test Period
Plant - Removal Cost	(7,430,377)	(7,430,377)	-	(7,430,377)
Plant - Repairs	(67,897,722)	(67,897,722)	-	(67,897,722)
Plant - Section 174 Deduction	(890,656)	(890,656)	-	(890,656)
Plant - Asset Retirement Obligation	8,035,695	8,071,804	(214,414)	7,857,390
Plant - Pollution Control Property	(2,154,701)	(2,154,701)	-	(2,154,701)
Plant - Liberalized Depreciation: Production	(172,572,317)	(173,424,785)	4,190,728	(169,234,057)
Plant - Liberalized Depreciation: Transmission	(150,850,843)	(151,544,953)	4,598,092	(146,946,861)
Plant - Liberalized Depreciation: Distribution	(154,707,458)	(154,810,251)	742,537	(154,067,714)
Plant - Liberalized Depreciation: General and Intangible	(18,125,404)	(18,101,582)	73,220	(18,028,362)
Plant - Liberalized Depreciation: Renewables	(48,205,503)	(48,205,503)	-	(48,205,503)
Plant - Four Corners Imprudence	-	-	-	-
Regulatory Assets - SJGS Stranded Costs Units 2&3	(18,600,670)	(18,467,808)	(797,171)	(19,264,979)
Pension	(36,234,131)	(36,104,636)	(934,080)	(37,038,716)
Retiree Medical	-	-	-	-
Lease Asset	-	-	-	-
Loss on Reacquired Debt	(998,384)	(990,912)	(44,823)	(1,035,735)
Other Comprehensive Income (OCI)	-	-	-	-
Deferred Credits - SO2 Allowance	10,507	10,507	-	10,507
Deferred Debits - Rate Case Expense	(769,243)	(753,544)	(94,193)	(847,737)
Deferred Debits - Decoupling	-	-	-	-
Deferred Debits - Grid Modernization	-	-	-	-
Deferred Debits - RR Underground Rider	-	-	-	-
Prepaid Expenses	(1,650,270)	(1,650,270)	-	(1,650,270)
Regulatory Assets - COVID-19 Costs	(294,642)	(271,977)	(98,524)	(370,501)
Regulatory assets - FAC	-	-	-	-
Regulatory Assets - EIM Costs	(2,505,740)	(2,426,193)	(477,284)	(2,903,476)
Regulatory Assets - Energy Efficiency	(0)	(0)	-	(0)
Regulatory Assets - ETA	-	-	-	-
Regulatory Assets - Sky Blue Under Recovery	-	-	-	-
Regulatory Assets - Renewable Energy	2,969,923	2,945,656	145,601	3,091,257
Regulatory Assets - Renewable Energy Credits	(0)	(0)	-	(0)
Regulatory Assets - SJGS External Legal Fees	(113,857)	(113,437)	(2,516)	(115,954)
Regulatory Assets - SJGS Replacement Resources	(1,912,237)	(1,905,194)	(42,259)	(1,947,453)
Regulatory Assets - SJGS Undepreciated Investment	0	0	-	0

Public Service Company of New Mexico				
NMPRC Case No. 24-00089-UT				
PNM Exhibit LTM-2				
ADIT-1 Schedule H-12				
Hyperlink to Lead Sheet				
	31-May-26	30-Jun-26	Test Period	Adjusted
	Balance	Balance	Adjustments	Test Period
Regulatory Assets - SJGS Underground Coal Mine	(0)	(0)	-	(0)
Regulatory Assets - Solar Direct Regulatory Assets	-	-	-	-
Regulatory Assets - Transportation Electrification	-	-	-	-
Regulatory Assets - WCC Transaction Costs	-	-	-	-
Regulatory Liabilities - Energy Efficiency	-	-	-	-
Regulatory Liabilities - FAC	-	-	-	-
Regulatory Assets - PCB Refinancing Hedge	(1,731,860)	(1,713,986)	(107,245)	(1,821,230)
Prepaid Expenses: Production	(393)	(393)	-	(393)
Prepaid Expenses: Transmission	(5,683)	(5,683)	-	(5,683)
Prepaid Expenses: Transmission (incremental FERC Rates)	-	-	-	-
Prepaid Expenses: Distribution	(1,729)	(1,729)	-	(1,729)
Prepaid Expenses: Renewables	-	-	-	-
Regulatory Assets - 2024 Rate Change	(634,037)	(613,584)	(122,717)	(736,301)
Regulatory Assets - SJGS Obsolete Inventory	(1,446,949)	(1,441,620)	(31,977)	(1,473,597)
Regulatory Liabilities - Earnings Test	-	-	-	-
Regulatory Assets - PVNGS Undepreciated Investment	(10,351,363)	(10,302,428)	(293,610)	(10,596,037)
Regulatory Assets - ETC Over/Under SPE	-	-	-	-
Regulatory Assets - PVNGS Replacement Resources	(451,991)	(449,854)	(12,822)	(462,677)
Regulatory Assets - Rate Rider 12 UG Rate	-	-	-	-
Regulatory Assets - Renewable Rider Curr Reg	-	-	-	-
Regulatory Assets - SJ Energy Transition Property (SPE)	(78,223,495)	(77,937,381)	(1,716,682)	(79,654,063)
Regulatory Liabilities - Curr Reg Liab-UG Rate Rider 12	-	-	-	-
Regulatory Liabilities - Energy Transition Cost True Up	300,263	299,194	6,417	305,611
Regulatory Liabilities - SJGS Retirements Rate Credit	-	-	-	-
Regulatory Liabilities - PVNGS Lease Costs	-	-	-	-
Deferred Debits - WS-Transmission Revenue	-	-	-	-
Customer Advance	-	-	-	-
Deferred Credits - ETA	-	-	-	-
Other Liabilities - ETA Coal Mine Severance	-	-	-	-
Other Liabilities - ETA State Agency Payments	-	-	-	-
SJGS County Ordinance Decommission	-	-	-	-
Total Accumulated Deferred Income Taxes	(777,788,113)	(779,161,143)	8,231,307	(770,929,836)

Public Service Company of New Mexico				
NMPRC Case No. 24-00089-UT				
PNM Exhibit LTM-2				
ADIT-1 Schedule H-12				
Hyperlink to Lead Sheet	31-May-26	30-Jun-26	Test Period	Adjusted
	Balance	Balance	Adjustments	Test Period
General Ledger ADIT Balance				
Difference (Rounding)	(5)	(5)	-	(5)

Public Service Company of New Mexico	
NMPRC Case No. 24-00089-UT	
PNM Exhibit LTM-2	
ADIT-1 Schedule H-12	
Hyperlink to Lead Sheet	
Accumulated Deferred Income Taxes	
Federal Tax Credit Carryforward	PNM Exhibit KTS-3 COS Test, Line 85
Federal Tax Credit Carryforward - Renewables	PNM Exhibit KTS-3 COS Test, Line 86
Net Operating Loss (NOL)	PNM Exhibit KTS-3 COS Test, Line 87
Incentive Pay Plans	PNM Exhibit KTS-3 COS Test, Line 88
Regulatory Assets - Coal Mine Decommissioning	PNM Exhibit KTS-3 COS Test, Line 89
Regulatory Liabilities - Renewable Rider	PNM Exhibit KTS-3 COS Test, Line 90
Income Tax Regulatory Liability	PNM Exhibit KTS-3 COS Test, Line 91
Income Tax Regulatory Asset	PNM Exhibit KTS-3 COS Test, Line 92
Lease Liability	PNM Exhibit KTS-3 COS Test, Line 93
Deferred Credits - Coal Mine Decommissioning	PNM Exhibit KTS-3 COS Test, Line 94
Regulatory Assets - ETA Carrying Charges	PNM Exhibit KTS-3 COS Test, Line 95
Regulatory Assets - ETA Job Training & Severance	PNM Exhibit KTS-3 COS Test, Line 96
Regulatory Assets - ETA Payments to State Agencies	PNM Exhibit KTS-3 COS Test, Line 97
Regulatory Assets - ETA SJGS Plant Decommissioning	PNM Exhibit KTS-3 COS Test, Line 98
Regulatory Assets - ETA SJGS upfront Financing Cost	PNM Exhibit KTS-3 COS Test, Line 99
Regulatory Assets - ETA Westmoreland Coal Mine Sev	PNM Exhibit KTS-3 COS Test, Line 100
Deferred Credits - Joint Use	PNM Exhibit KTS-3 COS Test, Line 101
Deferred Credits - Pathnet	PNM Exhibit KTS-3 COS Test, Line 102
Deferred Credits - PVNGS Dry Casks	PNM Exhibit KTS-3 COS Test, Line 103
Other Deferred Credits	PNM Exhibit KTS-3 COS Test, Line 104
Other Liabilities - ETA Job Training and Severance	PNM Exhibit KTS-3 COS Test, Line 105
Other Liabilities - Navajo Workforce Training	PNM Exhibit KTS-3 COS Test, Line 106
Other Liabilities	PNM Exhibit KTS-3 COS Test, Line 107
Injury and Damages	PNM Exhibit KTS-3 COS Test, Line 108
Plant - AFUDC	PNM Exhibit KTS-3 COS Test, Line 109
Plant - Capitalized Interest	PNM Exhibit KTS-3 COS Test, Line 110
Decommissioning and Reclamation Trusts	PNM Exhibit KTS-3 COS Test, Line 111
ASC 740-10 (FIN 48) Reclassifications	PNM Exhibit KTS-3 COS Test, Line 112
PVNGS Licensing	PNM Exhibit KTS-3 COS Test, Line 113
Plant - 263A Adjustment	PNM Exhibit KTS-3 COS Test, Line 114
Deferred State Taxes	PNM Exhibit KTS-3 COS Test, Line 115
Plant - CIAC	PNM Exhibit KTS-3 COS Test, Line 116
Plant - Depreciation Nuclear Fuel	PNM Exhibit KTS-3 COS Test, Line 117

Public Service Company of New Mexico	Reference	
NMPRC Case No. 24-00089-UT		
PNM Exhibit LTM-2		
ADIT-1 Schedule H-12		
Hyperlink to Lead Sheet		
Plant - Removal Cost	PNM Exhibit KTS-3 COS Test, Line	118
Plant - Repairs	PNM Exhibit KTS-3 COS Test, Line	119
Plant - Section 174 Deduction	PNM Exhibit KTS-3 COS Test, Line	120
Plant - Asset Retirement Obligation	PNM Exhibit KTS-3 COS Test, Line	121
Plant - Pollution Control Property	PNM Exhibit KTS-3 COS Test, Line	122
Plant - Liberalized Depreciation: Production	PNM Exhibit KTS-3 COS Test, Line	123
Plant - Liberalized Depreciation: Transmission	PNM Exhibit KTS-3 COS Test, Line	124
Plant - Liberalized Depreciation: Distribution	PNM Exhibit KTS-3 COS Test, Line	125
Plant - Liberalized Depreciation: General and Intangible	PNM Exhibit KTS-3 COS Test, Line	126
Plant - Liberalized Depreciation: Renewables	PNM Exhibit KTS-3 COS Test, Line	127
Plant - Four Corners Imprudence	PNM Exhibit KTS-3 COS Test, Line	128
Regulatory Assets - SJGS Stranded Costs Units 2&3	PNM Exhibit KTS-3 COS Test, Line	129
Pension	PNM Exhibit KTS-3 COS Test, Line	130
Retiree Medical	PNM Exhibit KTS-3 COS Test, Line	131
Lease Asset	PNM Exhibit KTS-3 COS Test, Line	132
Loss on Reacquired Debt	PNM Exhibit KTS-3 COS Test, Line	133
Other Comprehensive Income (OCI)	PNM Exhibit KTS-3 COS Test, Line	134
Deferred Credits - SO2 Allowance	PNM Exhibit KTS-3 COS Test, Line	135
Deferred Debits - Rate Case Expense	PNM Exhibit KTS-3 COS Test, Line	136
Deferred Debits - Decoupling	PNM Exhibit KTS-3 COS Test, Line	137
Deferred Debits - Grid Modernization	PNM Exhibit KTS-3 COS Test, Line	138
Deferred Debits - RR Underground Rider	PNM Exhibit KTS-3 COS Test, Line	139
Prepaid Expenses	PNM Exhibit KTS-3 COS Test, Line	140
Regulatory Assets - COVID-19 Costs	PNM Exhibit KTS-3 COS Test, Line	141
Regulatory assets - FAC	PNM Exhibit KTS-3 COS Test, Line	142
Regulatory Assets - EIM Costs	PNM Exhibit KTS-3 COS Test, Line	143
Regulatory Assets - Energy Efficiency	PNM Exhibit KTS-3 COS Test, Line	144
Regulatory Assets - ETA	PNM Exhibit KTS-3 COS Test, Line	145
Regulatory Assets - Sky Blue Under Recovery	PNM Exhibit KTS-3 COS Test, Line	146
Regulatory Assets - Renewable Energy	PNM Exhibit KTS-3 COS Test, Line	147
Regulatory Assets - Renewable Energy Credits	PNM Exhibit KTS-3 COS Test, Line	148
Regulatory Assets - SJGS External Legal Fees	PNM Exhibit KTS-3 COS Test, Line	149
Regulatory Assets - SJGS Replacement Resources	PNM Exhibit KTS-3 COS Test, Line	150
Regulatory Assets - SJGS Undepreciated Investment	PNM Exhibit KTS-3 COS Test, Line	151

Public Service Company of New Mexico	Reference	
NMPRC Case No. 24-00089-UT		
PNM Exhibit LTM-2		
ADIT-1 Schedule H-12		
Hyperlink to Lead Sheet		
Regulatory Assets - SJGS Underground Coal Mine	PNM Exhibit KTS-3 COS Test, Line	152
Regulatory Assets - Solar Direct Regulatory Assets	PNM Exhibit KTS-3 COS Test, Line	153
Regulatory Assets - Transportation Electrification	PNM Exhibit KTS-3 COS Test, Line	154
Regulatory Assets - WCC Transaction Costs	PNM Exhibit KTS-3 COS Test, Line	155
Regulatory Liabilities - Energy Efficiency	PNM Exhibit KTS-3 COS Test, Line	156
Regulatory Liabilities - FAC	PNM Exhibit KTS-3 COS Test, Line	157
Regulatory Assets - PCB Refinancing Hedge	PNM Exhibit KTS-3 COS Test, Line	158
Prepaid Expenses: Production	PNM Exhibit KTS-3 COS Test, Line	159
Prepaid Expenses: Transmission	PNM Exhibit KTS-3 COS Test, Line	160
Prepaid Expenses: Transmission (incremental FERC Rates)	PNM Exhibit KTS-3 COS Test, Line	161
Prepaid Expenses: Distribution	PNM Exhibit KTS-3 COS Test, Line	162
Prepaid Expenses: Renewables	PNM Exhibit KTS-3 COS Test, Line	163
Regulatory Assets - 2024 Rate Change	PNM Exhibit KTS-3 COS Test, Line	164
Regulatory Assets - SJGS Obsolete Inventory	PNM Exhibit KTS-3 COS Test, Line	165
Regulatory Liabilities - Earnings Test	PNM Exhibit KTS-3 COS Test, Line	166
Regulatory Assets - PVNGS Undepreciated Investment	PNM Exhibit KTS-3 COS Test, Line	167
Regulatory Assets - ETC Over/Under SPE	PNM Exhibit KTS-3 COS Test, Line	168
Regulatory Assets - PVNGS Replacement Resources	PNM Exhibit KTS-3 COS Test, Line	169
Regulatory Assets - Rate Rider 12 UG Rate	PNM Exhibit KTS-3 COS Test, Line	170
Regulatory Assets - Renewable Rider Curr Reg	PNM Exhibit KTS-3 COS Test, Line	171
Regulatory Assets - SJ Energy Transition Property (SPE)	PNM Exhibit KTS-3 COS Test, Line	172
Regulatory Liabilities - Curr Reg Liab-UG Rate Rider 12	PNM Exhibit KTS-3 COS Test, Line	173
Regulatory Liabilities - Energy Transition Cost True Up	PNM Exhibit KTS-3 COS Test, Line	174
Regulatory Liabilities - SJGS Retirements Rate Credit		
Regulatory Liabilities - PVNGS Lease Costs		
Deferred Debits - WS-Transmission Revenue		
Customer Advance		
Deferred Credits - ETA		
Other Liabilities - ETA Coal Mine Severance		
Other Liabilities - ETA State Agency Payments		
SJGS County Ordinance Decommission		
Total Accumulated Deferred Income Taxes		

Public Service Company of New Mexico	Reference
NMPRC Case No. 24-00089-UT	
PNM Exhibit LTM-2	
ADIT-1 Schedule H-12	
Hyperlink to Lead Sheet	
General Ledger ADIT Balance	
Difference (Rounding)	

PNM Exhibit LTM – 3

ITE Income Tax Expense
Is contained in the following 56 pages.

	A	B	C	D	E
1	Public Service Company of New Mexico				
2	NMPRC Case No. 24-00089-UT				
3	PNM Exhibit LTM-3				
4	ITE - Lead Sheet			<i>Provides Information To</i>	<i>Requires Information From</i>
5					
6	<i>Tab Reference</i>	<i>Description</i>	<i>Purpose</i>	<i>Tab name</i>	<i>Tab name</i>
7	ITE-1	Schedule H-9 Base & Test Period	Schedule H-9 Base & Test Period	None	ITE-4
8	ITE-2	Schedule H-10 Base & Test Period	Schedule H-10 Base & Test Period	None	ITE-4
9	ITE-3	Reconciliations	Reconciles taxable income and income tax expense for base and test period between schedule H-9, H-10, and the cost of service	None	ITE-1, ITE-2, ITE-4
10	ITE-4	Base & Test Period Calculations	Calculates the Base & Test Period income tax expense, income tax components, taxable income for ratemaking purposes and current taxable income	ITE-1, ITE-2	ITE-5, ITE-6, ITE-7, ITE-9, ITE-13, ITE-14, ITE-15, ITE-16, ITE-17, ITE-18, ITE-19
11	ITE-5	12/31/2023 Tax Accrual balances	Determines taxable income and income tax components for the year ended 12/31/23 based on the actual results for the year	ITE-4	None
12	ITE-6	12/31/2024 Tax Accrual balances	Determines taxable income and income tax components for the year ended 12/31/24 based on the projected results for the year	ITE-4	ITE-8
13	ITE-7	06/30/2025 Effective Tax Rate Calculation	Determines taxable income and income tax components for the six months ended 06/30/25 based on the Effective Tax Rate calculation required by GAAP for interim periods	ITE-4	ITE-9
14	ITE-8	12/31/2025 Effective Tax Rate Calculation	Determines taxable income and income tax components for the year ended 12/31/25 based on the Effective Tax Rate calculation required by GAAP for interim periods	ITE-4	None
15	ITE-9	06/30/2026 Effective Tax Rate Calculation	Determines taxable income and income tax components for the six months ended 06/30/26 based on the Effective Tax Rate calculation required by GAAP for interim periods	ITE-4	None
16	ITE-10	Not Used	N/A	None	None
17	ITE-11	Not Used	N/A	None	None
18	ITE-12	Not Used	N/A	None	None
19	ITE-13	Not Used	N/A	None	None
20	ITE-14	Depreciation Flow-Through reversal	Determines the amount of depreciation temporary difference reversals that are to be flowed through to customers	ITE-4	None
21	ITE-15	TRA 1986 Excess ADIT reversal	Determines the reversal of the excess deferred income taxes to be credited to customers resulting from the 1986 Tax Act	ITE-4	None
22	ITE-16	AFUDC	Determines the AFUDC book/tax differences	ITE-4	None
23	ITE-17	Employee Parking expenses	Determines the nondeductible portion of employee parking expenses	ITE-4	None
24	ITE-18	Production Tax Credits	Determines the renewable production tax credits for the test period	ITE-4	None
25	ITE-19	Investment Tax Credits	Determines the investment tax credit amortization	ITE-4	None
26	ITE-20	TCJA 2017 Excess ADIT Reversal	Determines the reversal of the excess deferred income taxes to be credited to customers	ITE-4	None

	A	B	C	D	E	F	G	H	I
1	Public Service Company of New Mexico								
2	NMPRC Case No. 24-00089-UT								
3	PNM Exhibit LTM-3								
4	ITE-1 Schedule H-9 Information								
5	Hyperlink to Lead Sheet								
6									
7									
8									
9	Description	Unadjusted Base Period	Base Period Adjustments	Adjusted Base Period	Adjusted Base to Test Period Variance	Test Period	Variance Percentage	Refer to Notes	Reference
10									
11	Federal Income Tax								
12	Revenues	1,255,948,450	(250,060,505)	1,005,887,945	359,397,068	1,365,285,013			PNM Exhibit KTS-3 COS Test, Line 739
13									
14	Less Expenses:								
15	Interest Expense	66,714,037	(8,689,785)	58,024,252	23,495,808	81,520,060			PNM Exhibit KTS-3 COS Test, Line 630
16	Operating Expenses, Revenue Credits & Revenue Tax	978,716,469	(209,846,475)	768,869,994	254,345,270	1,023,215,264			PNM Exhibit KTS-3 COS Test, Lines 617, 730, 735
17	Total Expenses	1,045,430,506	(218,536,260)	826,894,246	277,841,078	1,104,735,324			
18									
19	Pre-Tax Income	210,517,944	(31,524,245)	178,993,699	81,555,990	260,549,689			
20									
21	Federal Tax Adjustments								
22									
23	Non-Deductible Meals	-	-	-	-	-	0.00%		PNM Exhibit KTS-3 COS Test, Line 634
24	Non-Deductible Parking	277,774	-	277,774	(153,986)	123,788	-55.44%	A	PNM Exhibit KTS-3 COS Test, Line 635
25	PVNGS Gain Amortization	(39,828)	-	(39,828)	-	(39,828)	0.00%		PNM Exhibit KTS-3 COS Test, Line 636
26	AFUDC - Equity	(9,831,575)	-	(9,831,575)	(8,410,974)	(18,242,549)	85.55%	B	PNM Exhibit KTS-3 COS Test, Line 638
27	AFUDC - Equity - Renewables	-	-	-	(41,891)	(41,891)	0.00%		PNM Exhibit KTS-3 COS Test, Line 639
28	AFUDC - Equity - Grid Mod	-	-	-	(376,955)	(376,955)	0.00%		PNM Exhibit KTS-3 COS Test, Line 640
29	Depreciation Flow Through	2,356,515	-	2,356,515	(2,020,972)	335,543	-85.76%	C	PNM Exhibit KTS-3 COS Test, Line 646
30	Gain or Loss Flow Through	166,269	-	166,269	-	166,269	0.00%		PNM Exhibit KTS-3 COS Test, Line 643
31	Federal Grant Amortization - Renewables	(962,888)	-	(962,888)	-	(962,888)	0.00%		PNM Exhibit KTS-3 COS Test, Line 641
32	Federal Grant Basis Adj. - Renewables	481,444	-	481,444	-	481,444	0.00%		PNM Exhibit KTS-3 COS Test, Line 622
33	State Income Tax	(7,502,949)	1,756,309	(5,746,640)	(7,735,480)	(13,482,120)	134.61%	D	PNM Exhibit KTS-3 COS Test, Line 700
34	Total Federal Tax Adjustments	(15,055,238)	1,756,309	(13,298,929)	(18,740,258)	(32,039,187)			
35									
36	Taxable Income	195,462,706	(29,767,936)	165,694,770	62,815,732	228,510,502			
37									
38	Federal Tax Rate	21.00%	21.00%	21.00%		21.00%			
39									
40	Federal Income Tax	41,047,168	(6,251,267)	34,795,902	13,191,304	47,987,205			PNM Exhibit KTS-3 COS Test, Line 675
41									
42	Adjustments to Tax:								
43	TRA 1986 Excess Payroll Tax Reversal	(6,805)	-	(6,805)	659	(6,146)	-9.68%		PNM Exhibit KTS-3 COS Test, Line 658
44	TRA 1986 Excess ADFIT Reversal - Protected (ARAM)	(43,524)	-	(43,524)	12,425	(31,099)	-28.55%	E	
45	TCJA 2017 Excess ADFIT Reversal - Protected (ARAM)	(9,076,284)	-	(9,076,284)	1,232,689	(7,843,595)	-13.58%	F	PNM Exhibit KTS-3 COS Test, Line 659
46	TCJA 2017 Excess ADFIT Reversal - Unprotected	(5,175,221)	-	(5,175,221)	(7,372,931)	(12,548,152)	142.47%	F	
47	NM 2017 Excess ADSIT Reversal - Unprotected	0	-	0	0	0	0.00%		
48	ITC Amortization - Generation	(170,953)	-	(170,953)	1,962	(168,991)	-1.15%		PNM Exhibit KTS-3 COS Test, Line 644
49	ITC Amortization - Renewable	0	-	0	0	0	0.00%		PNM Exhibit KTS-3 COS Test, Line 645
50	R & D Credit	(1,300,000)	-	(1,300,000)	0	(1,300,000)	0.00%		PNM Exhibit KTS-3 COS Test, Line 647
51	UTP (FIN 48) - Credits	0	-	0	0	0	0.00%		
52	Total Adjustments to Taxes	(15,772,787)	0	(15,772,787)	(6,125,196)	(21,897,983)			
53									
54	Net Allowable Federal Income Tax	25,274,381	(6,251,267)	19,023,114	7,066,108	26,089,222			PNM Exhibit KTS-3 COS Test, Line 682
55									

	A	B	C	D	E	F	G	H	I
1	Public Service Company of New Mexico								
2	NMPRC Case No. 24-00089-UT								
3	PNM Exhibit LTM-3								
4	ITE-1 Schedule H-9 Information								
5	Hyperlink to Lead Sheet								
6									
7									
8									
9	Description	Unadjusted Base Period	Base Period Adjustments	Adjusted Base Period	Adjusted Base to Test Period Variance	Test Period	Variance Percentage	Refer to Notes	Reference
56	State Income Tax								
57	Pre-Tax Income	210,517,944	(31,524,245)	178,993,699	81,555,990	260,549,689			
58	Permanent and Flow-Through Differences	(7,552,289)	0	(7,552,289)	(11,004,778)	(18,557,067)			See References for Lines 23-31, above
59	NM Production Tax Credits	3,894,984	134,367	4,029,351	(4,029,351)	-	-100.00%	G	PNM Exhibit KTS-3 COS Test, Line 676
60	State Taxable Income	206,860,639	(31,389,878)	175,470,761	66,521,861	241,992,622			
61									
62	Effective State Tax Rate (Rate/(1+Rate))	5.57%		5.57%		5.57%			
63									
64	State Income Tax	11,532,300	(1,756,309)	9,775,991	3,706,129	13,482,120			PNM Exhibit KTS-3 COS Test, Line 679
65									
66	Adjustments to Tax:								
67	NM Production Tax Credits	(4,029,351)	-	(4,029,351)	4,029,351	-	-100.00%	H	PNM Exhibit KTS-3 COS Test, Line 676
68	New Mexico NOL Valuation Allowance	0	0	0	0	0	0.00%		PNM Exhibit KTS-3 COS Test, Line 677
69	Amortization of Excess Deferred State Taxes	0	0	0	0	0	0.00%		PNM Exhibit KTS-3 COS Test, Line 678
70							0.00%		
71									
72	Net Allowable State Income Tax	7,502,949	(1,756,309)	5,746,640	7,735,480	13,482,120			PNM Exhibit KTS-3 COS Test, Line 710
73									
74	Notes:								Intentionally left blank
75	Note A - Variance due to San Juan facilities retirement								
76	Note B - Variance due to projection of Test Period AFUDC equity								
77	Note C - Variance due to test period projected reversal of prior book/tax flow-through differences								
78	Note D - Variance due to reaching full term of NM production tax credits								
79	Note E - Variance due to lower projected TRA excess ADIT amortization								
80	Note D - Variance due to updated amortization of TCJA 2017 excess ADIT								
81	Note G - Variance due to reaching full term of NM production tax credits								
82	Note H - Variance due to reaching full term of NM production tax credits								
83									

	A	B	C	D	E	F	G	H
1	Public Service Company of New Mexico							
2	NMPRC Case No. 24-00089-UT							
3	PNM Exhibit LTM-3							
4	ITE-2 Schedule H-10 Information							
5	Hyperlink to Lead Sheet							
6								
7								
8								
9	Description	Unadjusted Base Period	Base Period Adjustments	Adjusted Base Period	Adjusted Base to Test Period Variance	Test Period	Variance Percentage	Reference
10								
11	Net Income	177,740,614	(23,516,670)	154,223,944	66,754,392	220,978,336		
12								
13	Permanent and Flow-Through Differences:							
14	Federal Income Tax	25,274,382	(6,251,267)	19,023,115	7,066,116	26,089,231	37.14%	PNM Exhibit KTS-3 COS Test, Line 682
15	Non-Deductible Meals	-	-	-	-	-	0.00%	PNM Exhibit KTS-3 COS Test, Line 614
16	Non-Deductible Parking	277,774	-	277,774	(153,986)	123,788	-55.44%	PNM Exhibit KTS-3 COS Test, Line 635
17	PVNGS Gain Amortization	(39,828)	-	(39,828)	-	(39,828)	0.00%	PNM Exhibit KTS-3 COS Test, Line 636
18	AFUDC - Equity	(9,831,575)	-	(9,831,575)	(8,410,974)	(18,242,549)	85.55%	PNM Exhibit KTS-3 COS Test, Line 638
19	AFUDC - Equity - Renewables	-	-	-	(41,891)	(41,891)	0.00%	PNM Exhibit KTS-3 COS Test, Line 639
20	AFUDC - Equity - Grid Mod	-	-	-	(376,955)	(376,955)	0.00%	PNM Exhibit KTS-3 COS Test, Line 640
21	Depreciation Flow Through	2,356,515	-	2,356,515	(2,020,972)	335,543	-85.76%	PNM Exhibit KTS-3 COS Test, Line 644
22	Gain or Loss Flow Through	166,269	-	166,269	-	166,269	0.00%	PNM Exhibit KTS-3 COS Test, Line 643
23	Federal Grant Amortization - Renewables	(962,888)	-	(962,888)	-	(962,888)	0.00%	PNM Exhibit KTS-3 COS Test, Line 641
24	Federal Grant Basis Adj. - Renewables	481,444	-	481,444	-	481,444	0.00%	PNM Exhibit KTS-3 COS Test, Line 642
25		-	-	-	-	-		
26		-	-	-	-	-		
27		-	-	-	-	-		
28	Total Permanent and Flow-Through Differences	17,722,093	(6,251,267)	11,470,826	(3,938,662)	7,532,164		
29								
30	Taxable Income for Ratemaking Purposes	195,462,707	(29,767,937)	165,694,770	62,815,730	228,510,500		
31								
32	Temporary Differences:							
33	Pension - Non-Qualified	(586,962)	-	(586,962)	2,160,521	1,573,559	-	
34	Pension - Qualified	5,040,196	-	5,040,196	(5,040,196)	-	-	
35	Other Post Employment Benefits	(2,069,602)	-	(2,069,602)	2,069,602	-	-	
36	Loss on Reacquired Debt	807,773	-	807,773	(807,773)	-	-	
37	Other - PVNGS Licensing	(53,136)	-	(53,136)	879,599	826,463	-	
38	Coal Mine Decommissioning	(8,384,966)	-	(8,384,966)	8,333,392	(51,574)	-	
39	Prepaid Expenses	(349,197,706)	-	(349,197,706)	347,454,291	(1,743,415)	-	
40	PVNGS Dry Casks	(1,088,862)	-	(1,088,862)	1,088,862	-	-	
41	Rate Case Expenses	(3,870,389)	-	(3,870,389)	3,870,389	-	-	
42	Section 263A Deduction	(17,001,324)	-	(17,001,324)	(45,934,296)	(62,935,620)	-	
43	AFUDC Debt	(11,673,459)	-	(11,673,459)	3,913,686	(7,759,773)	-	
44	PVNGS Construction Credits	(5,628,887)	-	(5,628,887)	-	(5,628,887)	-	
45	Liberalized Depreciation - Nuclear Fuel	(1,485,359)	-	(1,485,359)	1,485,359	-	-	
46	Liberalized Depreciation	119,145	-	-	-	-	-	
47	Gain or Loss on Asset Retirements	-	-	-	-	-	-	
48	Asset Retirement Obligations	(50,415,367)	-	(50,415,367)	12,870,029	(37,545,338)	-	
49	Plant Repairs Deduction	(62,833,841)	-	(62,833,841)	8,696,652	(54,137,189)	-	
50	Section 174 Deduction	8,985,476	-	8,985,476	(19,726,513)	(10,741,037)	-	
51	Tax Capitalized Interest	(37,196,668)	-	(37,196,668)	37,141,396	(55,272)	-	

	A	B	C	D	E	F	G	H
1	Public Service Company of New Mexico							
2	NMPRC Case No. 24-00089-UT							
3	PNM Exhibit LTM-3							
4	ITE-2 Schedule H-10 Information							
5	Hyperlink to Lead Sheet							
6								
7								
8								
9	Description	Unadjusted Base Period	Base Period Adjustments	Adjusted Base Period	Adjusted Base to Test Period Variance	Test Period	Variance Percentage	Reference
52	COVID-19 Costs	(6,637)	-	(6,637)	6,637	-	-	
53	EIM Costs	9,318,654	-	9,318,654	(4,877,469)	4,441,185	-	
54	SGS Decommissioning	194,962	-	194,962	272,050	467,012	-	
55	Solar Direct Costs	-	-	-	-	-	-	
56	Transportation Electrification	-	-	-	-	-	-	
57	WCC Transaction Costs	-	-	-	-	-	-	
58	Energy Efficiency	(1,383,326)	-	(1,383,326)	1,383,326	-	-	
59	Injuries and Damages	-	-	-	-	-	-	
60	PVNGS Decommissioning	-	-	-	-	-	-	
61	Net Operating Loss Carryforward	-	-	-	-	-	-	
62	Deductible State Income Tax Expense	-	-	-	-	-	-	
63	Net Operating Loss Carryforward	-	31,524,245	357,088,020	(357,088,020)	-	-	
64	Book State Income Tax Expense	7,502,948	(1,756,308)	5,746,640	7,735,482	13,482,122	-	
65	Deductible State Income Tax Expense	-	-	-	-	-	-	
66	PCB Refinancing Hedge	19,193,622	-	19,193,622	(18,349,176)	844,446	-	
67								
68	Total Temporary Differences	(501,713,715)	29,767,937	(146,501,148)	(12,462,170)	(158,963,318)		
69								
70	Taxable Income Reportable on Tax Return	(306,251,008)	-	19,193,622	50,353,560	69,547,182		
71								
72		Notes:						
73		Base period data is historical information from the						
74		Company's Book Balance Amounts.						
75		See Schedule H-9 for Variance Explanations.						
76		Temporary Book/Tax Differences are informational only						
77		and do not affect total income tax expense.						
78		Provides data to PNM Exhibit KTS-3 COS Base Adj, COS Test						

	A	B	C	D
1	Public Service Company of New Mexico			
2	NMPRC Case No. 24-00089-UT			
3	PNM Exhibit LTM-3			
4	ITE-3 Reconciliations			
5	Hyperlink to Lead Sheet			
6				
7		Undadjusted Base	Adjusted Base	
8		Period	Period	Test Period
9	Taxable Income per H10	195,462,707	165,694,770	228,510,500
10	Taxable Income per H9	195,462,706	165,694,770	228,510,502
11	Difference	1	(0)	(2)
12				
13				
14	Federal Income Tax at 21% of H10 taxable income	41,047,168	34,795,902	47,987,205
15	Federal Income Tax before credits & Adj per H9	41,047,168	34,795,902	47,987,205
16	Difference	0	(0)	(0)
17				
18				
19	Taxable income for book purposes per Base and Test Period calcs	170,188,325	146,671,655	202,421,269
20	Difference to H10	(25,274,382)	(19,023,115)	(26,089,231)
21	Federal Income Tax (non-deductible) per H10	25,274,382	19,023,115	26,089,231
22	Unexplained difference	-	-	-
23				
24				
25	Federal Income Tax per H9	25,274,381	19,023,114	26,089,222
26	Federal Income Tax per cost of service	25,274,382	19,023,115	26,089,231
27	Difference	(1)	(1)	(9)
28				
29				
30	State Income Tax per H9	7,502,949	5,746,640	13,482,120
31	State Income Tax per cost of service	7,502,948	5,746,640	13,482,122
32	Difference	1	(0)	(2)

	A	B	C	D	E	F
1	Public Service Company of New Mexico					
2	NMPRC Case No. 24-00089-UT					
3	PNM Exhibit LTM-3					
4	ITE-4 Base and Test Period Calculations		i	in cost of service		
5	Hyperlink to Lead Sheet		rr	renewables		
6			x	excluded from cost of service		
7			z	zero balance reclassified		
8						
9						
10	Description	H- 9, H-10 classification		Books & Records	Adjustments	Excluded
11						
12	Pre Tax Income		i	19,426,930	158,313,684	
13						
14	Permanent and Flow-Through Differences					
15						
16	Dividends Received Deduction		x	(456,805)	-	456,805
17	Fines and Penalties		x	(14,979)	-	14,979
18	Meals and Entertainment	Non-Deductible Meals	x	311,303	-	(311,303)
19	Municipal Interest - New Mexico		x	(14,518)	-	14,518
20	Municipal Interest - Non New Mexico		x	(1,206,773)	-	1,206,773
21	Non-Deductible Parking	Non-Deductible Parking	i	277,774	-	-
22	Officer Compensation		x	4,832,620	-	(4,832,620)
23	Palo Verde Amortization	PVNGS Gain Amortization	i	(39,828)	-	-
24	Plant - Grant Amortization	Federal Grant Amortization - Renewables	rr	(962,888)	-	-
25	Regulatory Disallowance Perm		x	56,272,365	-	(56,272,365)
26	Compensation - Valuation Allowance		x	(726,638)	-	726,638
27	Transaction Costs		x	(155,412)	-	155,412
28	Plant - AFUDC - Equity - Renewables	AFUDC - Equity - Renewables	rr	-	-	-
29	Plant - AFUDC - Equity - Grid Mod	AFUDC - Equity - Grid Mod	i	-	-	-
30	Plant - AFUDC Equity	AFUDC - Equity	i	(9,831,575)	-	-
31	Plant - Depreciation Flow Through - ACRS	Depreciation Flow Through	i	2,356,515	(335,533)	-
32	Plant - Depreciation Flow Through - SJ ACRS	Depreciation Flow Through	i	-	335,533	-
33	Plant - Depreciation Flow Through - Grant	Federal Grant Basis Adj. - Renewables	rr	481,444	-	-
34	Plant - Gain/Loss Flow Through	Gain or Loss Flow Through	i	2,467,235	(2,300,966)	-
35						-
36	Taxable Income for Book Purposes			73,016,770	156,012,718	(58,841,163)
37				-		
38	Temporary Differences					
39						
40	Benefits - Pension Non- Qualified	Pension - Non-Qualified	i	(586,962)		-
41	Benefits - Pension Qualified	Pension - Qualified	i	5,040,196		-
42	Benefits - Retiree Medical	Other Post Employment Benefits	i	(2,069,602)		-
43	Compensation - Incentive Pay		x	346,016		(346,016)
44	Lease Asset		x	(129,657,406)		129,657,406
45	Lease Liability		x	130,928,091		(130,928,091)
46	Loss on Reacquired Debt	Loss on Reacquired Debt	i	672,243		-
47	Other - PVNGS Licensing	Other - PVNGS Licensing	i	(53,136)		-

	A	B	C	D	E	F
1	Public Service Company of New Mexico					
2	NMPRC Case No. 24-00089-UT					
3	PNM Exhibit LTM-3					
4	ITE-4 Base and Test Period Calculations		i	in cost of service		
5	Hyperlink to Lead Sheet		rr	renewables		
6			x	excluded from cost of service		
7			z	zero balance reclassified		
8						
9						
10	Description	H- 9, H-10 classification		Books & Records	Adjustments	Excluded
48	Other Deferred Credits - Coal Mine Decommissioning	Coal Mine Decommissioning	i	(14,661,902)		-
49	Other Deferred Credits - Environmental		x	(237,328)		237,328
50	Other Deferred Credits - Environmental Liability		x	(118,718)		118,718
51	Other Deferred Credits - Joint Use		x	(10,135)		10,135
52	Other Deferred Credits - Pathnet	Prepaid Expenses	i	(199,577)		-
53	Other Deferred Credits - Prepaid Rent	Prepaid Expenses	i	(9,200)		-
54	Other Deferred Credits - PVNGS Dry Casks	PVNGS Dry Casks	i	(1,088,862)		-
55	Other Deferred Credits - Right of Way Reserve		x	2,263,564		(2,263,564)
56	Other Deferred Credits - ROW Reserve		x	303,850		(303,850)
57	Other Deferred Credits - SO2 Allowance Credit		x	3		(3)
58	Other Deferred Credits - SIGS Groundwater Reserve		x	(3,942)		3,942
59	Other Deferred Credits - TEP Right of Way	Other Deferred Credits	i	(167,680)		-
60	Other Deferred Credits -Navajo Workforce Training	Other Deferred Credits	i	(100,000)		-
61	Other Deferred Debits - Community Solar Admin Charges	Other Deferred Credits	i	(452,550)		-
62	Other Deferred Debits - Grid Mod Application & Legal Fees		x	(747,210)		747,210
63	Other Deferred Debits - Grid Mod Phase 1A		x	(759,679)		759,679
64	Other Deferred Debits - Rate Case Expense	Rate Case Expenses	i	1,537,111		-
65	Other Deferred Debits - RR Underground Rider		x	7,268		(7,268)
66	Other Deferred Debits - WS-Transmission Revenue		x	(10,242,480)		10,242,480
67	Other Liabilities - Deferred Wages		x	(127,915)		127,915
68	Other Liabilities - ETA Job Training & Severance		x	(638,073)		638,073
69	Other Liabilities - Extended Leave	Other Liabilities -	i	31,555		-
70	Other Liabilities - Holiday		i	240,458		-
71	Other Liabilities - Illness		i	116,685		-
72	Other Liabilities - Vacation		i	360,795		-
73	Plant - 263A Adjustment	Section 263A Deduction	i	(17,039,484)		-
74	Plant - AFUDC Debt	AFUDC Debt	i	(9,513,698)		-
75	Plant - Book Amort of Nuclear Fuel	Liberalized Depreciation - Nuclear Fuel	i	18,902,359		-
76	Plant - Capitalized Interest	Capitalized Interest - Book	i	(577,423)		-
77	Plant - CIAC	CIAC	i	9,922,843		-
78	Plant - Demolition Cost		i	461,273		-
79	Plant - Depreciation Nuclear Fuel	Liberalized Depreciation - Nuclear Fuel	i	(20,387,718)		-
80	Plant - Excess Tax Depreciation	Liberalized Depreciation	i	119,145		-
81	Plant - Four Corners WO		x	(132,400)		132,400
82	Plant - G/L on Asset Disposition	Gain/Loss on Asset Disposition	i	(44,343,290)		-
83	Plant - PVNGS 2023 U1 Lease Abandonment		x	101,199,073		(101,199,073)
84	Plant - Removal Cost	Asset Retirement Obligations	i	(12,870,029)		-

	A	B	C	D	E	F
1	Public Service Company of New Mexico					
2	NMPRC Case No. 24-00089-UT					
3	PNM Exhibit LTM-3					
4	ITE-4 Base and Test Period Calculations		i	in cost of service		
5	Hyperlink to Lead Sheet		rr	renewables		
6			x	excluded from cost of service		
7			z	zero balance reclassified		
8						
9						
10	Description	H- 9, H-10 classification		Books & Records	Adjustments	Excluded
85	Plant - Repairs	Plant Repairs Deduction	i	(63,678,287)		-
86	Plant - Section 174 Deduction	Section 174 Deduction	i	11,004,760		-
87	Plant - Tax Capitalized Interest	Tax Capitalized Interest	i	6,034,698		-
88	Plant- ARO		x	10,002,832		(10,002,832)
89	Prepays - General	Prepaid Expenses	i	(108,124)		-
90	Prepays - Insurance	Prepaid Expenses	i	(411,956)		-
91	Prepays - PNMR Prem Insurance	Prepaid Expenses	i	398		-
92	Prepays - Taxes and Fees	Prepaid Expenses	i	275,079		-
93	Regulatory Assets - 2024 Rate Change	Rate Case Expenses	i	(4,831,371)		-
94	Regulatory Assets - Coal Mine Decommissioning	Section 263A Deduction	i	38,160		-
95	Regulatory Assets - Current Fuel Clause	AFUDC Debt	i	(2,159,761)		-
96	Regulatory Assets - EIM Costs	PVNGS Construction Credits	i	(5,628,887)		-
97	Regulatory Assets - ETA Carrying Charges		x	767,444		(767,444)
98	Regulatory Assets - ETA Job Training & Severance		x	8,439,598		(8,439,598)
99	Regulatory Assets - ETA Payments to State Agencies		x	19,855,000		(19,855,000)
100	Regulatory Assets - ETA SJGS upfront Financing Cost		x	3,504,836		(3,504,836)
101	Regulatory Assets - ETA Westmoreland Coal Mine Sev		x	8,887,528		(8,887,528)
102	Regulatory Assets - ETC Over/Under (SPE)		x	(2,724,461)		2,724,461
103	Regulatory assets - FAC	Regulatory Asset - FPPCAC	i	(54,187,361)		-
104	Regulatory Assets - PCB Refinancing Hedge	Plant Repairs Deduction	i	844,446		-
105	Regulatory Assets - PVNGS Replacement Resources	Section 174 Deduction	i	(2,019,284)		-
106	Regulatory Assets - PVNGS SRP Over-Under	Tax Capitalized Interest	i	(55,272)		-
107	Regulatory Assets - PVNGS Unit 1 Undepr Invest	Tax Capitalized Interest	i	(43,176,094)		-
108	Regulatory Assets - PVNGS Unit 1 Undpr Invst Post	Asset Retirement Obligations	i	(37,545,338)		-
109	Regulatory Assets - Rate Rider 12 UG Rate	Prepaid Expenses	i	(2,061,873)		-
110	Regulatory Assets - Renewable Energy	Prepaid Expenses	rr	371,339		-
111	Regulatory Assets - Renewable Rider Curr Reg	Prepaid Expenses	rr	(6,371,891)		-
112	Regulatory Assets - SJ Energy Transition Property (SPE)	Prepaid Expenses	i	(340,629,020)		-
113	Regulatory Assets - SJGS External Legal Fees	Prepaid Expenses	i	(52,881)		-
114	Regulatory Assets - SJGS Obsolete Inventory	Loss on Reacquired Debt	i	135,530		-
115	Regulatory Assets - SJGS Replacement Resources	COVID-19 Costs	i	(6,637)		-
116	Regulatory Assets - SJGS Stranded Costs	Coal Mine Decommissioning	i	6,276,936		-
117	Regulatory Assets - SJGS Undepreciated Investment		x	274,910,329		(274,910,329)
118	Regulatory Assets - SJGS Underground Coal Mine	EIM Costs	i	9,318,654		-
119	Regulatory Assets - Solar Direct Regulatory Assets		x	33,225		(33,225)
120	Regulatory Assets - Transportation Electrification		x	(2,050,182)		2,050,182
121	Regulatory Liabilities - Earnings Test Regulatory Liab		x	(4,500,000)		4,500,000

	A	B	C	D	E	F
1	Public Service Company of New Mexico					
2	NMPRC Case No. 24-00089-UT					
3	PNM Exhibit LTM-3					
4	ITE-4 Base and Test Period Calculations		i	in cost of service		
5	Hyperlink to Lead Sheet		rr	renewables		
6			x	excluded from cost of service		
7			z	zero balance reclassified		
8						
9						
10	Description	H- 9, H-10 classification		Books & Records	Adjustments	Excluded
122	Regulatory Liabilities - Energy Efficiency	Energy Efficiency	i	(1,383,326)		-
123	Regulatory Liabilities - Energy Transition Cost True Up		x	1,166,409		(1,166,409)
124	Regulatory Liabilities - PVNGS Lease Costs		x	19,193,622		(19,193,622)
125	Regulatory Liabilities - PVNGS Lease Costs-Curr	PCB Refinancing Hedge	i	19,193,622		-
126	Regulatory Liabilities - Renewable Rider	Rate Case Expenses	i	(576,129)		-
127	Regulatory Liabilities - Renewable State Credit		rr	(183,576)		-
128	Regulatory Liabilities - SJGS Retirement Rate Credits		i	113,371,852		-
129	Self Insurance - General Liability	SJGS Decommissioning	i	(147,955)		-
130	Self Insurance - IBNR Public Liability	SJGS Decommissioning	i	565,205		-
131	Self Insurance - IBNR Workers Compensation	SJGS Decommissioning	i	104,568		-
132	Self Insurance - Workers Compensation	SJGS Decommissioning	i	(326,856)		-
133	Stock Compensation		x	(1,029,593)		1,029,593
134	Trusts - PVNGS Decommissioning - NQ		x	(30,166,083)		30,166,083
135	Trusts - PVNGS Decommissioning - Qualified		x	(1,300,000)		1,300,000
136	Trusts - PVNGS Decommissioning Interest		x	(5,653,449)		5,653,449
137	Trusts - SJGS Reclamation - NQ		x	(1,952,934)		1,952,934
138	Trusts - SJGS Reclamation Interest		x	707,784		(707,784)
139	Net Operating Loss Carryforward		i	-		-
140	Current NM State Income Tax	State Income Tax	i	(203,293)		-
141	NM State Income Tax - PTCs	State Income Tax	rr	(3,800,790)		-
142						-
143						-
144						-
145						-
146						-
147						-
148						-
149						-
150						-
151						-
152						-
153						-
154						-
155						-
156	Current Federal Taxable Income			(25,245,911)	156,012,718	(449,305,647)
157				-		

	A	B	C	D	E	F
1	Public Service Company of New Mexico					
2	NMPRC Case No. 24-00089-UT					
3	PNM Exhibit LTM-3					
4	ITE-4 Base and Test Period Calculations		i	in cost of service		
5	Hyperlink to Lead Sheet		rr	renewables		
6			x	excluded from cost of service		
7			z	zero balance reclassified		
8						
9						
10	Description	H- 9, H-10 classification		Books & Records	Adjustments	Excluded
158	Tax Adjustments and Credits					
159						
160	TRA 1986 Excess Payroll Tax Reversal		i	(6,146)	(659)	-
161	TRA 1986 Excess ADFIT Reversal - Protected (ARAM)		i	(43,524)		-
162	TCJA 2017 Excess ADFIT Reversal - Protected (ARAM)		i	(8,397,979)	(678,305)	-
163	TCJA 2017 Excess ADFIT Reversal - Unprotected		i	(5,175,221)		-
164	NM 2017 Excess ADSIT Reversal - Unprotected		i	-		-
165	ITC Amortization - Generation		i	(170,953)		-
166	ITC Amortization - Renewable		rr	-		-
167	R & D Credit		i	(1,300,000)		-
168	NMPTC - Renewable		rr	(196,924)	196,924	-
169	UTP (FIN 48) - Credits		x	796,698		(796,698)
170						
171	Total Tax Adjustments			(14,494,049)	(482,040)	(796,698)
172				-		
173						
174	From PNM Exhibit KTS-3					
175	Revenues per cost of service model					
176						
177	Interest expense per cost of service					
178	Other expenses per cost of service					
179	Revenue credits per cost of service					
180	Revenue taxes per cost of service					
181	Federal Income Tax per cost of service	Federal Income Tax				
182	State Income Tax per cost of service	Book State Income Tax Expense				
183						
184	Net Income (equity return)	Net Income				
185						
186	Return on rate base					
187						
188	Return on rate base per cost of service					
189	Difference					

	A	G	H	I	J	K
1	Public Service Company of New Mexico					
2	NMPRC Case No. 24-00089-UT					
3	PNM Exhibit LTM-3					
4	ITE-4 Base and Test Period Calculations					
5	Hyperlink to Lead Sheet					
6						
7						
8						
9						
10	Description	Unadjusted Base Period	Adjustments	Adjusted Base Period	Adjusted Base to Test Period Variance	Test Period
11						
12	Pre Tax Income	177,740,614	(1,253,085)	176,487,529	44,490,807	220,978,336
13						
14	Permanent and Flow-Through Differences					
15						
16	Dividends Received Deduction	-	-	-	-	-
17	Fines and Penalties	-	-	-	-	-
18	Meals and Entertainment	-	-	-	-	-
19	Municipal Interest - New Mexico	-	-	-	-	-
20	Municipal Interest - Non New Mexico	-	-	-	-	-
21	Non-Deductible Parking	277,774	-	277,774	(153,986)	123,788
22	Officer Compensation	-	-	-	-	-
23	Palo Verde Amortization	(39,828)	-	(39,828)	-	(39,828)
24	Plant - Grant Amortization	(962,888)	-	(962,888)	-	(962,888)
25	Regulatory Disallowance Perm	-	-	-	-	-
26	Compensation - Valuation Allowance	-	-	-	-	-
27	Transaction Costs	-	-	-	-	-
28	Plant - AFUDC - Equity - Renewables	-	-	-	(41,891)	(41,891)
29	Plant - AFUDC - Equity - Grid Mod	-	-	-	(376,955)	(376,955)
30	Plant - AFUDC Equity	(9,831,575)	-	(9,831,575)	(8,410,974)	(18,242,549)
31	Plant - Depreciation Flow Through - ACRS	2,020,982	-	2,020,982	(1,685,439)	335,543
32	Plant - Depreciation Flow Through - SJ ACRS	335,533	-	335,533	(335,533)	-
33	Plant - Depreciation Flow Through - Grant	481,444	-	481,444	-	481,444
34	Plant - Gain/Loss Flow Through	166,269	-	166,269	-	166,269
35		-	-	-	-	-
36	Taxable Income for Book Purposes	170,188,325	(1,253,085)	168,935,240	33,486,029	202,421,269
37						
38	Temporary Differences					
39						
40	Benefits - Pension Non- Qualified	(586,962)		(586,962)	2,160,521	1,573,559
41	Benefits - Pension Qualified	5,040,196		5,040,196	(5,040,196)	-
42	Benefits - Retiree Medical	(2,069,602)		(2,069,602)	2,069,602	-
43	Compensation - Incentive Pay	-		-	-	-
44	Lease Asset	-		-	-	-
45	Lease Liability	-				
46	Loss on Reacquired Debt	672,243		672,243	(672,243)	-
47	Other - PVNGS Licensing	(53,136)		(53,136)	879,599	826,463

	A	G	H	I	J	K
1	Public Service Company of New Mexico					
2	NMPRC Case No. 24-00089-UT					
3	PNM Exhibit LTM-3					
4	ITE-4 Base and Test Period Calculations					
5	Hyperlink to Lead Sheet					
6						
7						
8						
9						
10	Description	Unadjusted Base Period	Adjustments	Adjusted Base Period	Adjusted Base to Test Period Variance	Test Period
48	Other Deferred Credits - Coal Mine Decommissioning	(14,661,902)		(14,661,902)	14,610,328	(51,574)
49	Other Deferred Credits - Environmental	-		-	-	-
50	Other Deferred Credits - Environmental Liability	-		-	-	-
51	Other Deferred Credits - Joint Use	-		-	-	-
52	Other Deferred Credits - Pathnet	(199,577)		(199,577)	199,577	-
53	Other Deferred Credits - Prepaid Rent	(9,200)		(9,200)	9,200	-
54	Other Deferred Credits - PVNGS Dry Casks	(1,088,862)		(1,088,862)	1,088,862	-
55	Other Deferred Credits - Right of Way Reserve	-		-	-	-
56	Other Deferred Credits - ROW Reserve	-		-	-	-
57	Other Deferred Credits - SO2 Allowance Credit	-		-	-	-
58	Other Deferred Credits - SJGS Groundwater Reserve	-		-	-	-
59	Other Deferred Credits - TEP Right of Way	(167,680)		(167,680)	167,680	-
60	Other Deferred Credits -Navajo Workforce Training	(100,000)		(100,000)	(126,968)	(226,968)
61	Other Deferred Debits - Community Solar Admin Charges	(452,550)		(452,550)	452,550	-
62	Other Deferred Debits - Grid Mod Application & Legal Fees	-		-	-	-
63	Other Deferred Debits - Grid Mod Phase 1A	-		-	-	-
64	Other Deferred Debits - Rate Case Expense	1,537,111		1,537,111	(1,537,111)	-
65	Other Deferred Debits - RR Underground Rider	-		-	-	-
66	Other Deferred Debits - WS-Transmission Revenue	-		-	-	-
67	Other Liabilities - Deferred Wages	-		-	-	-
68	Other Liabilities - ETA Job Training & Severance	-		-	-	-
69	Other Liabilities - Extended Leave	31,555		31,555	(31,555)	-
70	Other Liabilities - Holiday	240,458		240,458		-
71	Other Liabilities - Illness	116,685		116,685		-
72	Other Liabilities - Vacation	360,795		360,795		-
73	Plant - 263A Adjustment	(17,039,484)		(17,039,484)		-
74	Plant - AFUDC Debt	(9,513,698)		(9,513,698)		-
75	Plant - Book Amort of Nuclear Fuel	18,902,359		18,902,359	(18,902,359)	-
76	Plant - Capitalized Interest	(577,423)		(577,423)	577,423	-
77	Plant - CIAC	9,922,843		9,922,843	(9,922,843)	-
78	Plant - Demolition Cost	461,273		461,273	(461,273)	-
79	Plant - Depreciation Nuclear Fuel	(20,387,718)		(20,387,718)	20,387,718	-
80	Plant - Excess Tax Depreciation	119,145		119,145	(119,145)	-
81	Plant - Four Corners WO	-		-	-	-
82	Plant - G/L on Asset Disposition	(44,343,290)		(44,343,290)	44,343,290	-
83	Plant - PVNGS 2023 U1 Lease Abandonment	-		-	-	-
84	Plant - Removal Cost	(12,870,029)		(12,870,029)	12,870,029	-

	A	G	H	I	J	K
1	Public Service Company of New Mexico					
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3	PNM Exhibit LTM-3					
4	ITE-4 Base and Test Period Calculations					
5	Hyperlink to Lead Sheet					
6						
7						
8						
9						
10	Description	Unadjusted Base Period	Adjustments	Adjusted Base Period	Adjusted Base to Test Period Variance	Test Period
85	Plant - Repairs	(63,678,287)		(63,678,287)	63,678,287	-
86	Plant - Section 174 Deduction	11,004,760		11,004,760	(11,004,760)	-
87	Plant - Tax Capitalized Interest	6,034,698		6,034,698	(6,034,698)	-
88	Plant- ARO	-		-	-	-
89	Prepays - General	(108,124)		(108,124)	108,124	-
90	Prepays - Insurance	(411,956)		(411,956)	411,956	-
91	Prepays - PNMR Prem Insurance	398		398	(398)	-
92	Prepays - Taxes and Fees	275,079		275,079	(275,079)	-
93	Regulatory Assets - 2024 Rate Change	(4,831,371)		(4,831,371)	4,831,371	-
94	Regulatory Assets - Coal Mine Decommissioning	38,160		38,160	(62,973,780)	(62,935,620)
95	Regulatory Assets - Current Fuel Clause	(2,159,761)		(2,159,761)	(5,600,012)	(7,759,773)
96	Regulatory Assets - EIM Costs	(5,628,887)		(5,628,887)	-	(5,628,887)
97	Regulatory Assets - ETA Carrying Charges	-		-	-	-
98	Regulatory Assets - ETA Job Training & Severance	-		-	-	-
99	Regulatory Assets - ETA Payments to State Agencies	-		-	(7,054,116)	(7,054,116)
100	Regulatory Assets - ETA SJGS upfront Financing Cost	-		-	(8,619,652)	(8,619,652)
101	Regulatory Assets - ETA Westmoreland Coal Mine Sev	-		-	-	-
102	Regulatory Assets - ETC Over/Under (SPE)	-		-	-	-
103	Regulatory assets - FAC	(54,187,361)		(54,187,361)	55,622,213	1,434,852
104	Regulatory Assets - PCB Refinancing Hedge	844,446		844,446	(54,981,635)	(54,137,189)
105	Regulatory Assets - PVNGS Replacement Resources	(2,019,284)		(2,019,284)	(8,721,753)	(10,741,037)
106	Regulatory Assets - PVNGS SRP Over-Under	(55,272)		(55,272)	-	(55,272)
107	Regulatory Assets - PVNGS Unit 1 Undepr Invest	(43,176,094)		(43,176,094)	43,176,094	-
108	Regulatory Assets - PVNGS Unit 1 Undpr Invst Post	(37,545,338)		(37,545,338)	-	(37,545,338)
109	Regulatory Assets - Rate Rider 12 UG Rate	(2,061,873)		(2,061,873)	-	(2,061,873)
110	Regulatory Assets - Renewable Energy	371,339		371,339	-	371,339
111	Regulatory Assets - Renewable Rider Curr Reg	(6,371,891)		(6,371,891)	6,371,891	-
112	Regulatory Assets - SJ Energy Transition Property (SPE)	(340,629,020)		(340,629,020)	340,629,020	-
113	Regulatory Assets - SJGS External Legal Fees	(52,881)		(52,881)	-	(52,881)
114	Regulatory Assets - SJGS Obsolete Inventory	135,530		135,530	(135,530)	-
115	Regulatory Assets - SJGS Replacement Resources	(6,637)		(6,637)	6,637	-
116	Regulatory Assets - SJGS Stranded Costs	6,276,936		6,276,936	(6,276,936)	-
117	Regulatory Assets - SJGS Undepreciated Investment	-		-	-	-
118	Regulatory Assets - SJGS Underground Coal Mine	9,318,654		9,318,654	(4,877,469)	4,441,185
119	Regulatory Assets - Solar Direct Regulatory Assets	-		-	-	-
120	Regulatory Assets - Transportation Electrification	-		-	-	-
121	Regulatory Liabilities - Earnings Test Regulatory Liab	-		-	-	-

	A	G	H	I	J	K
1	Public Service Company of New Mexico					
2	NMPRC Case No. 24-00089-UT					
3	PNM Exhibit LTM-3					
4	ITE-4 Base and Test Period Calculations					
5	Hyperlink to Lead Sheet					
6						
7						
8						
9						
10	Description	Unadjusted Base Period	Adjustments	Adjusted Base Period	Adjusted Base to Test Period Variance	Test Period
122	Regulatory Liabilities - Energy Efficiency	(1,383,326)		(1,383,326)	1,383,326	-
123	Regulatory Liabilities - Energy Transition Cost True Up	-		-	-	-
124	Regulatory Liabilities - PVNGS Lease Costs	-		-	-	-
125	Regulatory Liabilities - PVNGS Lease Costs-Curr	19,193,622		19,193,622	(18,349,176)	844,446
126	Regulatory Liabilities - Renewable Rider	(576,129)		(576,129)	576,129	-
127	Regulatory Liabilities - Renewable State Credit	(183,576)		(183,576)	183,576	-
128	Regulatory Liabilities - SJGS Retirement Rate Credits	113,371,852		113,371,852	(113,371,852)	-
129	Self Insurance - General Liability	(147,955)		(147,955)	152,937	4,982
130	Self Insurance - IBNR Public Liability	565,205		565,205	(103,175)	462,030
131	Self Insurance - IBNR Workers Compensation	104,568		104,568	(104,568)	-
132	Self Insurance - Workers Compensation	(326,856)		(326,856)	326,856	-
133	Stock Compensation	-		-	-	-
134	Trusts - PVNGS Decommissioning - NQ	-		-	-	-
135	Trusts - PVNGS Decommissioning - Qualified	-		-	-	-
136	Trusts - PVNGS Decommissioning Interest	-		-	-	-
137	Trusts - SJGS Reclamation - NQ	-		-	-	-
138	Trusts - SJGS Reclamation Interest	-		-	-	-
139	Net Operating Loss Carryforward	-		-	-	-
140	Current NM State Income Tax	(203,293)		(203,293)	203,293	-
141	NM State Income Tax - PTCs	(3,800,790)		(3,800,790)	3,800,790	-
142		-		-	-	-
143		-		-	-	-
144		-		-	-	-
145		-		-	-	-
146		-		-	-	-
147		-		-	-	-
148		-		-	-	-
149		-		-	-	-
150		-		-	-	-
151		-		-	-	-
152		-		-	-	-
153		-		-	-	-
154		-		-	-	-
155						
156	Current Federal Taxable Income	(318,538,840)	(1,253,085)	(319,791,925)	309,466,626	15,509,945
157						

	A	G	H	I	J	K
1	Public Service Company of New Mexico					
2	NMPRC Case No. 24-00089-UT					
3	PNM Exhibit LTM-3					
4	ITE-4 Base and Test Period Calculations					
5	Hyperlink to Lead Sheet					
6						
7						
8						
9						
10	Description	Unadjusted Base Period	Adjustments	Adjusted Base Period	Adjusted Base to Test Period Variance	Test Period
158	Tax Adjustments and Credits					
159						
160	TRA 1986 Excess Payroll Tax Reversal	(6,805)	-	(6,805)	659	(6,146)
161	TRA 1986 Excess ADFIT Reversal - Protected (ARAM)	(43,524)	-	(43,524)	12,425	(31,099)
162	TCJA 2017 Excess ADFIT Reversal - Protected (ARAM)	(9,076,284)	-	(9,076,284)	1,232,689	(7,843,595)
163	TCJA 2017 Excess ADFIT Reversal - Unprotected	(5,175,221)	-	(5,175,221)	(7,372,931)	(12,548,152)
164	NM 2017 Excess ADSIT Reversal - Unprotected	-	-	-	-	-
165	ITC Amortization - Generation	(170,953)	-	(170,953)	1,962	(168,991)
166	ITC Amortization - Renewable	-	-	-	-	-
167	R & D Credit	(1,300,000)	-	(1,300,000)	-	(1,300,000)
168	NMPTC - Renewable	-	-	-	-	-
169	UTP (FIN 48) - Credits	-	-	-	-	-
170						
171	Total Tax Adjustments	(15,772,787)	-	(15,772,787)	(6,125,196)	(21,897,983)
172						
173						
174	From PNM Exhibit KTS-3					
175	Revenues per cost of service model	1,255,948,450	(250,060,505)	1,005,887,945	359,397,068	1,365,285,013
176						
177	Interest expense per cost of service	66,714,037	(8,689,785)	58,024,252	23,495,808	81,520,060
178	Other expenses per cost of service	1,038,370,792	(213,407,055)	824,963,737	257,231,548	1,082,195,285
179	Revenue credits per cost of service	(66,009,417)	4,825,885	(61,183,532)	(4,704,866)	(65,888,398)
180	Revenue taxes per cost of service	6,355,094	(1,265,305)	5,089,789	1,818,588	6,908,377
181	Federal Income Tax per cost of service	25,274,382	(6,251,267)	19,023,115	7,066,116	26,089,231
182	State Income Tax per cost of service	7,502,948	(1,756,308)	5,746,640	7,735,482	13,482,122
183						
184	Net Income (equity return)	177,740,614	(23,516,670)	154,223,944	66,754,392	220,978,336
185						
186	Return on rate base	244,454,651	(32,206,455)	212,248,196	90,250,200	302,498,396
187						
188	Return on rate base per cost of service	244,454,650	(32,206,454)	212,248,196	90,250,241	302,498,437
189	Difference	1	(1)	-	(41)	(41)

	A	B	C	D	E	F	G	H	I	J
1	Public Service Company of New Mexico									
2	NMPRC Case No. 24-00089-UT									
3	PNM Exhibit LTM-3									
4	ITE-5 12/31/23 Income Tax Accrual									
5	Hyperlink to Lead Sheet									
6	Source: Company records									
7										
8										
9			1	2	3	J and 6				
10	Description		Electric	Transmission	Bulk	Corporate Incl Co 6	Combined	Adj.s	PNM	Check
11										
12	2023 Pre Tax Income	Actual	691,607,204	(15,276,613)	(571,957,949)	(84,945,712)	19,426,930		19,426,930	-
13										-
14	Permanent and Flow-Through Differences									-
15										-
16	Dividends Received Deduction		-	-	(456,805)	-	(456,805)		(456,805)	-
17	Fines and Penalties		(8,204)	(1,523)	(5,252)	-	(14,979)		(14,979)	-
18	Meals and Entertainment		163,122	91,182	50,045	6,954	311,303		311,303	-
19	Municipal Interest - New Mexico		-	-	(14,518)	-	(14,518)		(14,518)	-
20	Municipal Interest - Non New Mexico		-	-	(1,206,773)	-	(1,206,773)		(1,206,773)	-
21	Non-Deductible Parking		111,890	-	165,884	-	277,774		277,774	-
22	Officer Compensation		-	-	-	4,832,620	4,832,620		4,832,620	-
23	Palo Verde Amortization		-	-	(39,828)	-	(39,828)		(39,828)	-
24	Plant - Grant Amortization		-	-	(962,888)	-	(962,888)		(962,888)	-
25	Regulatory Disallowance Perm		-	-	56,272,365	-	56,272,365		56,272,365	-
26	Compensation - Valuation Allowance		(398,423)	(116,830)	(211,385)	-	(726,638)		(726,638)	-
27	Transaction Costs		-	-	-	(155,412)	(155,412)		(155,412)	-
28	Plant - AFUDC - Equity - Renewables		-	-	-	-	-		-	-
29	Plant - AFUDC Equity		(3,770,510)	(3,328,135)	(2,732,930)	-	(9,831,575)		(9,831,575)	-
30	Plant - Depreciation Flow Through		451,074	791,095	1,114,346	-	2,356,515		2,356,515	-
31	Plant - Depreciation Flow Through - Grant		-	-	481,444	-	481,444		481,444	-
32	Plant - G/L on Asset Disposition Flow Through		40,307	15,802	2,411,126	-	2,467,235		2,467,235	-
33										-
34	Taxable Income for Book Purposes		688,196,460	(17,825,022)	(517,093,118)	(80,261,550)	73,016,770	-	73,016,770	-
35										-
36	Temporary Differences									-
37										-
38	Benefits - Pension Non- Qualified		-	-	-	(586,962)	(586,962)		(586,962)	-
39	Benefits - Pension Qualified		-	-	-	5,040,196	5,040,196		5,040,196	-
40	Benefits - Retiree Medical		-	-	-	(2,069,602)	(2,069,602)		(2,069,602)	-
41	Compensation - Incentive Pay		894,052	355,957	(903,993)	-	346,016		346,016	-
42	Lease Asset		(923,446)	5,601,537	(134,335,497)	-	(129,657,406)		(129,657,406)	-
43	Lease Liability		1,102,166	(5,294,962)	135,120,887	-	130,928,091		130,928,091	-
44	Loss on Reacquired Debt		-	-	-	672,243	672,243		672,243	-
45	Other - PVNGS Licensing		-	-	(53,136)	-	(53,136)		(53,136)	-
46	Other Deferred Credits - Coal Mine Decommissioning		-	-	(14,661,902)	-	(14,661,902)		(14,661,902)	-
47	Other Deferred Credits - Environmental		(237,328)	-	-	-	(237,328)		(237,328)	-
48	Other Deferred Credits - Environmental Liability		-	-	(118,718)	-	(118,718)		(118,718)	-
49	Other Deferred Credits - Joint Use		(10,135)	-	-	-	(10,135)		(10,135)	-
50	Other Deferred Credits - Pathnet		-	(199,577)	-	-	(199,577)		(199,577)	-
51	Other Deferred Credits - Prepaid Rent		-	(9,200)	-	-	(9,200)		(9,200)	-
52	Other Deferred Credits - PVNGS Dry Casks		-	-	(1,088,862)	-	(1,088,862)		(1,088,862)	-
53	Other Deferred Credits - Right of Way Reserve		-	2,263,564	-	-	2,263,564		2,263,564	-
54	Other Deferred Credits - ROW Reserve		303,850	-	-	-	303,850		303,850	-

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7										
8										
9			1	2	3	J and 6				
10	Description		Electric	Transmission	Bulk	Corporate Incl Co 6	Combined	Adj.s	PNM	Check
55	Other Deferred Credits - S02 Allowance Credit		3	-	-	-	3		3	-
56	Other Deferred Credits - SJGS Groundwater Reserve		-	-	(3,942)	-	(3,942)		(3,942)	-
57	Other Deferred Credits - TEP Right of Way			(167,680)	-	-	(167,680)		(167,680)	-
58	Other Deferred Credits - Navajo Workforce Training		-	-	(100,000)	-	(100,000)		(100,000)	-
59	Other Deferred Debits - Community Solar Admin Charges		(452,550)	-	-	-	(452,550)		(452,550)	-
60	Other Deferred Debits - Grid Mod Application & Legal Fees		(747,210)	-	-	-	(747,210)		(747,210)	-
61	Other Deferred Debits - Grid Mod Phase 1A		(759,679)	-	-	-	(759,679)		(759,679)	-
62	Other Deferred Debits - Rate Case Expense		1,537,111	-	-	-	1,537,111		1,537,111	-
63	Other Deferred Debits - RR Underground Rider		7,268	-	-	-	7,268		7,268	-
64	Other Deferred Debits - WS-Transmission Revenue		-	(10,242,480)	-	-	(10,242,480)		(10,242,480)	-
65	Other Liabilities - Deferred Wages		-	-	(127,915)	-	(127,915)		(127,915)	-
66	Other Liabilities - ETA Job Training & Severance		-	-	(638,073)	-	(638,073)		(638,073)	-
67	Other Liabilities - Extended Leave		25,579	-	5,947	29	31,555		31,555	-
68	Other Liabilities - Holiday		136,830	51,963	47,732	3,933	240,458		240,458	-
69	Other Liabilities - Illness		95,094	-	20,767	824	116,685		116,685	-
70	Other Liabilities - Vacation		298,538	23,242	26,268	12,747	360,795		360,795	-
71	Plant - 263A Adjustment		(9,733,790)	(5,950,895)	(1,354,799)	-	(17,039,484)		(17,039,484)	-
72	Plant - AFUDC Debt		(3,617,757)	(3,240,142)	(2,655,799)	-	(9,513,698)		(9,513,698)	-
73	Plant - Book Amort of Nuclear Fuel		-	-	18,902,359	-	18,902,359		18,902,359	-
74	Plant - Capitalized Interest		(317,799)	(127,720)	(131,904)	-	(577,423)		(577,423)	-
75	Plant - CIAC		9,627,736	295,107	-	-	9,922,843		9,922,843	-
76	Plant - Demolition Cost		-	-	461,273	-	461,273		461,273	-
77	Plant - Depreciation Nuclear Fuel		-	-	(20,387,718)	-	(20,387,718)		(20,387,718)	-
78	Plant - Excess Tax Depreciation		10,053,116	(23,953,460)	14,019,489	-	119,145		119,145	-
79	Plant - Four Corners WO		-	-	(132,400)	-	(132,400)		(132,400)	-
80	Plant - G/L on Asset Disposition		(18,086,240)	(2,106,408)	(24,150,642)	-	(44,343,290)		(44,343,290)	-
81	Plant - PVNGS 2023 U1 Lease Abandonment		-	-	101,199,073	-	101,199,073		101,199,073	-
82	Plant - Removal Cost		(8,258,648)	(3,116,844)	(1,494,537)	-	(12,870,029)		(12,870,029)	-
83	Plant - Repairs		(36,409,708)	(4,849,449)	(22,419,130)	-	(63,678,287)		(63,678,287)	-
84	Plant - Section 174 Deduction		4,868,674	3,092,191	3,043,895	-	11,004,760		11,004,760	-
85	Plant - Tax Capitalized Interest		2,054,684	2,590,402	1,389,612	-	6,034,698		6,034,698	-
86	Plant- ARO		108,858	-	9,893,974	-	10,002,832		10,002,832	-
87	Prepays - General		-	(108,124)	-	-	(108,124)		(108,124)	-
88	Prepays - Insurance		(246,500)	(73,588)	(17,009)	(74,859)	(411,956)		(411,956)	-
89	Prepays - PNMR Prem Insurance		398	-	-	-	398		398	-
90	Prepays - Taxes and Fees		-	275,079	-	-	275,079		275,079	-
91	Regulatory Assets - 2024 Rate Change		(4,831,371)	-	-	-	(4,831,371)		(4,831,371)	-
92	Regulatory Assets - Coal Mine Decommissioning		-	-	38,160	-	38,160		38,160	-
93	Regulatory Assets - Current Fuel Clause		-	-	(2,159,761)	-	(2,159,761)		(2,159,761)	-
94	Regulatory Assets - EIM Costs		-	-	(5,628,887)	-	(5,628,887)		(5,628,887)	-
95	Regulatory Assets - ETA Carrying Charges		-	-	767,444	-	767,444		767,444	-
96	Regulatory Assets - ETA Job Training & Severance		-	-	8,439,598	-	8,439,598		8,439,598	-
97	Regulatory Assets - ETA Payments to State Agencies		-	-	19,855,000	-	19,855,000		19,855,000	-
98	Regulatory Assets - ETA SJGS upfront Financing Cost		-	-	3,504,836	-	3,504,836		3,504,836	-

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10	Description		Electric	Transmission	Bulk	Corporate Incl Co 6	Combined	Adj.s	PNM	Check
99	Regulatory Assets - ETA Westmoreland Coal Mine Sev		-	-	8,887,528	-	8,887,528		8,887,528	-
100	Regulatory Assets - ETC Over/Under (SPE)		-	-	(2,724,461)	-	(2,724,461)		(2,724,461)	-
101	Regulatory assets - FAC		(54,187,361)	-	-	-	(54,187,361)		(54,187,361)	-
102	Regulatory Assets - PCB Refinancing Hedge		-	-	-	844,446	844,446		844,446	-
103	Regulatory Assets - PVNGS Replacement Resources		(2,019,284)	-	-	-	(2,019,284)		(2,019,284)	-
104	Regulatory Assets - PVNGS SRP Over-Under		-	-	(55,272)	-	(55,272)		(55,272)	-
105	Regulatory Assets - PVNGS Unit 1 Undepr Invest		-	-	(43,176,094)	-	(43,176,094)		(43,176,094)	-
106	Regulatory Assets - PVNGS Unit 1 Undpr Invest Post		-	-	(37,545,338)	-	(37,545,338)		(37,545,338)	-
107	Regulatory Assets - Rate Rider 12 UG Rate		(2,061,873)	-	-	-	(2,061,873)		(2,061,873)	-
108	Regulatory Assets - Renewable Energy		-	-	371,339	-	371,339		371,339	-
109	Regulatory Assets - Renewable Rider Curr Reg		-	-	(6,371,891)	-	(6,371,891)		(6,371,891)	-
110	Regulatory Assets - SJ Energy Transition Property (SPE)		-	-	(340,629,020)	-	(340,629,020)		(340,629,020)	-
111	Regulatory Assets - SJGS External Legal Fees		-	-	(52,881)	-	(52,881)		(52,881)	-
112	Regulatory Assets - SJGS Obsolete Inventory		-	-	135,530	-	135,530		135,530	-
113	Regulatory Assets - SJGS Replacement Resources		-	-	(6,637)	-	(6,637)		(6,637)	-
114	Regulatory Assets - SJGS Stranded Costs		-	-	6,276,936	-	6,276,936		6,276,936	-
115	Regulatory Assets - SJGS Undepreciated Investment		-	-	274,910,329	-	274,910,329		274,910,329	-
116	Regulatory Assets - SJGS Underground Coal Mine		-	-	9,318,654	-	9,318,654		9,318,654	-
117	Regulatory Assets - Solar Direct Regulatory Assets		-	-	33,225	-	33,225		33,225	-
118	Regulatory Assets - Transportation Electrification		(2,050,182)	-	-	-	(2,050,182)		(2,050,182)	-
119	Regulatory Liabilities - Earnings Test Regulatory Liab		(4,500,000)	-	-	-	(4,500,000)		(4,500,000)	-
120	Regulatory Liabilities - Energy Efficiency		(1,383,326)	-	-	-	(1,383,326)		(1,383,326)	-
121	Regulatory Liabilities - Energy Transition Cost True Up		-	-	1,166,409	-	1,166,409		1,166,409	-
122	Regulatory Liabilities - PVNGS Lease Costs		19,193,622	-	-	-	19,193,622		19,193,622	-
123	Regulatory Liabilities - PVNGS Lease Costs-Curr		19,193,622	-	-	-	19,193,622		19,193,622	-
124	Regulatory Liabilities - Renewable Rider		-	-	(576,129)	-	(576,129)		(576,129)	-
125	Regulatory Liabilities - Renewable State Credit		-	-	(183,576)	-	(183,576)		(183,576)	-
126	Regulatory Liabilities - SJGS Retirement Rate Credits		113,371,852	-	-	-	113,371,852		113,371,852	-
127	Self Insurance - General Liability		(177,002)	-	29,047	-	(147,955)		(147,955)	-
128	Self Insurance - IBNR Public Liability		506,357	10,388	30,671	17,789	565,205		565,205	-
129	Self Insurance - IBNR Workers Compensation		106,084	3,534	378	(5,428)	104,568		104,568	-
130	Self Insurance - Workers Compensation		(253,695)	-	(1,449)	(71,712)	(326,856)		(326,856)	-
131	Stock Compensation		(564,536)	(165,539)	(299,518)	-	(1,029,593)		(1,029,593)	-
132	Trusts - PVNGS Decommissioning - NQ		-	-	(30,166,083)	-	(30,166,083)		(30,166,083)	-
133	Trusts - PVNGS Decommissioning - Qualified		-	-	(1,300,000)	-	(1,300,000)		(1,300,000)	-
134	Trusts - PVNGS Decommissioning Interest		-	-	(5,653,449)	-	(5,653,449)		(5,653,449)	-
135	Trusts - SJGS Reclamation - NQ		-	-	(1,952,934)	-	(1,952,934)		(1,952,934)	-
136	Trusts - SJGS Reclamation Interest		-	-	707,784	-	707,784		707,784	-
137	Net Operating Loss Carryforward		-	-	-	-	-		-	-
138	Current NM State Income Tax		40,095,786	(3,501,755)	(33,490,723)	(3,306,601)	(203,293)		(203,293)	-
139	NM State Income Tax - PTCs		-	-	(3,800,790)	-	(3,800,790)		(3,800,790)	-
140										-
141	Current Federal Taxable Income		759,948,320	(66,369,881)	(639,039,843)	(79,784,507)	(25,245,911)	-	(25,245,911)	-
142										-

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10	Description		Electric	Transmission	Bulk	Corporate Incl Co 6	Combined	Adj.s	PNM	Check
143	Tax Adjustments and Credits									-
144										-
145	TRA 1986 Excess Payroll Tax Reversal		(235)	(235)	(2,823)	(2,853)	(6,146)		(6,146)	-
146	TRA 1986 Excess ADFIT Reversal - Protected (ARAM)		(23,714)	355	(20,165)	-	(43,524)		(43,524)	-
147	TCJA 2017 Excess ADFIT Reversal - Protected (ARAM)		-	-	-	(8,397,979)	(8,397,979)		(8,397,979)	-
148	TCJA 2017 Excess ADFIT Reversal - Unprotected		-	-	-	(5,175,221)	(5,175,221)		(5,175,221)	-
149	NM 2017 Excess ADSIT Reversal - Unprotected		-	-	-	-	-		-	-
150	ITC Amortization - Generation		-	-	(170,953)	-	(170,953)		(170,953)	-
151	ITC Amortization - Renewable		-	-	-	-	-		-	-
152	R & D Credit		-	-	(1,300,000)	-	(1,300,000)		(1,300,000)	-
153	NMPTC - Renewable		-	-	(196,924)	-	(196,924)		(196,924)	-
154	FIN 48			-	757,437	39,261	796,698		796,698	-
155										-
156	Total Tax Adjustments		(23,949)	120	(933,428)	(13,536,793)	(14,494,049)	-	(14,494,049)	(1)
157										

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8									
9			1	2	3	J			
10	Description		Electric	Transmission	Bulk	Corporate Incl Co 6	Combined	Adj.s	PNM
11									
12	2024 Pre Tax Income	Projected	33,961,918	3,807,468	(1,464,267)	(20,908,527)	15,396,592		15,396,592
13									
14	Permanent and Flow-Through Differences								
15									
16	Dividends Received Deduction	Prorate	-	-	(736)	-	(736)		(736)
17	Non-Deductible Dues	Prorate	-	(9)	-	-	(9)		(9)
18	Fines and Penalties	Prorate	10	-	-	61,949	61,959		61,959
19	Lobbying	Prorate	-	-	-	-	-		-
20	Non-Deductible Meals	Prorate	264	(451)	25	(8)	(169)		(169)
21	Muni Interest - New Mexico	Prorate	-	-	(41)	-	(41)		(41)
22	Muni Interest - Non New Mexico	Prorate	-	-	(3,429)	-	(3,429)		(3,429)
23	Non-Deductible Parking	Prorate	3,489	-	215	-	3,704		3,704
24	Non-Deductible Compensation	Prorate	-	-	-	964,223	964,223		964,223
25	Officer Life Insurance	Prorate	-	-	-	-	-		-
26	PVNGS Gain Amortization	Prorate	-	-	(109)	-	(109)		(109)
27	AFUDC - Equity	Prorate	(75,446)	635,642	(12,073)	-	548,122		548,122
28	Depreciation Flow Through	Prorate	11,306	(108,972)	3,862	-	(93,805)		(93,805)
29	Gain or Loss Flow Through	Prorate	735	(20,327)	872	-	(18,721)		(18,721)
30	Renewables Federal Grant Amortization	Prorate	-	-	(2,639)	-	(2,639)		(2,639)
31	Renewables Federal Grant Basis	Prorate	-	-	1,320	-	1,320		1,320
32	Regulatory Disallowance	Prorate	-	-	-	-	-		-
33	Transaction Costs	Prorate	-	-	-	39,627	39,627		39,627
34									
35	Taxable Income for Book Purposes		33,902,276	4,313,351	(1,477,001)	(19,842,736)	16,895,890	-	16,895,890
36									
37	Temporary Differences								
38									
39	Benefits - Pension Non- Qualified	50%	-	-	-	(278,952)	(278,952)		(278,952)
40	Benefits - Pension Qualified	50%	-	-	-	2,888,966	2,888,966		2,888,966
41	Benefits - Retiree Medical	50%	-	-	-	(2,500,192)	(2,500,192)		(2,500,192)
42	Carryforwards - Charitable Contributions	50%	-	-	-	-	-		-
43	Compensation Expense	50%	491,760	100,246	497,040	-	1,089,045		1,089,045
44	Lease Liability	50%	46,011	153,288	-	7,120	206,418		206,418
45	Loss on Reacquired Debt	50%	-	-	-	108,267	108,267		108,267
46	Other - PVNGS Licensing	50%	-	-	(26,568)	-	(26,568)		(26,568)
47	Other Deferred Credits - Coal Mine Decommissioning	50%	-	-	(1,243,610)	-	(1,243,610)		(1,243,610)
48	Other Deferred Credits - Def Social Security Tax	50%	(538,706)	(68,869)	(311,405)	(48,470)	(967,449)		(967,449)
49	Other Deferred Credits - Deposits	50%	-	-	-	-	-		-
50	Other Deferred Credits - Environmental	50%	74,443	-	-	-	74,443		74,443
51	Other Deferred Credits - Environmental Liability	50%	-	-	39,988	-	39,988		39,988

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9			1	2	3	J			
10	Description		Electric	Transmission	Bulk	Corporate Incl Co 6	Combined	Adj.s	PNM
52	Other Deferred Credits - ETA Westmoreland Coal Min	50%	-	-	(4,450,000)	-	(4,450,000)		(4,450,000)
53	Other Deferred Credits - ETA Job Training & Severance	50%	-	-	(4,041,263)	-	(4,041,263)		(4,041,263)
54	Other Deferred Credits - ETA Payments to State Agenc	50%	-	-	(9,900,000)	-	(9,900,000)		(9,900,000)
55	Other Deferred Credits - General Reserve	50%	-	-	-	-	-		-
56	Other Deferred Credits - Joint Use (Pole Rentals)	50%	9,099	-	-	-	9,099		9,099
57	Other Deferred Credits - Prepaid Rent	50%	-	10,420	-	-	10,420		10,420
58	Other Deferred Credits - Pathnet	50%	-	(2,680)	-	-	(2,680)		(2,680)
59	Other Deferred Credits - PVNGS Dry Casks	50%	-	-	90,978	-	90,978		90,978
60	Other Deferred Credits - Right of Way Reserve	50%	-	443,958	-	-	443,958		443,958
61	Other Deferred Credits - ROW Reserve	50%	53,181	-	-	-	53,181		53,181
62	Other Deferred Credits - S02 Allowance Credit	50%	9	-	-	-	9		9
63	Other Deferred Credits - SJGS Groundwater Reserve	50%	-	-	(3,275)	-	(3,275)		(3,275)
64	Other Deferred Credits - SJGS Incremental Costs	50%	-	-	(825,231)	-	(825,231)		(825,231)
65	Other Deferred Credits - TEP Right of Way	50%	-	(83,840)	-	-	(83,840)		(83,840)
66	Other Deferred Credits - Navajo Workforce Training	50%	-	-	(50,000)	-	(50,000)		(50,000)
67	Other Deferred Debits - Rate Case Expense	50%	206,070	-	-	-	206,070		206,070
68	Other Deferred Debits - Decoupling Spin	50%	(569)	-	-	-	(569)		(569)
69	Other Deferred Debits - Grid Modernization	50%	(1,456)	-	-	-	(1,456)		(1,456)
70	Other Deferred Debits - RR Underground Rider	50%	(647)	-	-	-	(647)		(647)
71	Other Deferred Debits - SJGS Abandonment	50%	-	-	-	-	-		-
72	Other Deferred Debits - SJGS Water	50%	-	-	-	-	-		-
73	Other Deferred Debits - Solar Project	50%	-	-	-	-	-		-
74	Other Liabilities - Deferred Wages	50%	-	-	113,229	-	113,229		113,229
75	Other Liabilities - Employee Benefit Trust	50%	-	-	-	-	-		-
76	Other Liabilities - ETA Westmoreland Coal Mine Sev	50%	-	-	4,450,000	-	4,450,000		4,450,000
77	Other Liabilities - ETA Job Training & Severance	50%	-	-	3,637,136	-	3,637,136		3,637,136
78	Other Liabilities - ETA Payments to State Agencies	50%	-	-	9,900,000	-	9,900,000		9,900,000
79	Other Liabilities - Extended Leave	50%	4,108	-	7,592	66	11,766		11,766
80	Other Liabilities - Holiday	50%	88,950	32,275	54,409	6,173	181,807		181,807
81	Other Liabilities - Illness	50%	(10,038)	-	(23,703)	(1,415)	(35,156)		(35,156)
82	Other Liabilities - Vacation	50%	(31,477)	(66,152)	(65,922)	(21,263)	(184,814)		(184,814)
83	Plant - 263A Adjustment	50%	-	-	(31,467,810)	-	(31,467,810)		(31,467,810)
84	Plant - AFUDC Debt	50%	(300,297)	(634,803)	(753,668)	-	(1,688,767)		(1,688,767)
85	Plant - Book Amort of Nuclear Fuel	50%	-	-	11,686,442	-	11,686,442		11,686,442
86	Plant - Capitalized Interest	50%	(41,615)	(9,689)	(116,637)	-	(167,941)		(167,941)
87	Plant - CIAC	50%	3,311,256	755,704	-	-	4,066,960		4,066,960
88	Plant - Depreciation Nuclear Fuel	50%	-	-	(8,758,128)	-	(8,758,128)		(8,758,128)
89	Plant - Excess Tax Depreciation	50%	4,688,159	(16,161,527)	12,317,991	-	844,622		844,622
90	Plant - Four Corners WO	50%	-	-	14,398	-	14,398		14,398
91	Plant - G/L on Asset Disposition	50%	(5,899,642)	(2,181,156)	(3,597,150)	-	(11,677,949)		(11,677,949)
92	Plant - Removal Cost	50%	(2,518,015)	(122,162)	172,848	-	(2,467,329)		(2,467,329)

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9			1	2	3	J			
10	Description		Electric	Transmission	Bulk	Corporate Incl Co 6	Combined	Adj.s	PNM
93	Plant - Repairs	50%	(12,657,614)	(3,896,493)	(10,514,488)	-	(27,068,594)		(27,068,594)
94	Plant - Section 174 Deduction	50%	-	-	(5,370,518)	-	(5,370,518)		(5,370,518)
95	Plant - Tax Capitalized Interest	50%	446,626	1,481,780	866,698	-	2,795,105		2,795,105
96	Plant - Tax Capitalized Interest Depreciation	50%	-	-	-	-	-		-
97	Plant - ARO	50%	46,281	-	2,656,250	-	2,702,531		2,702,531
98	Prepays - General	50%	-	(126,438)	-	-	(126,438)		(126,438)
99	Prepays - Insurance	50%	(93,675)	(107,112)	(327,057)	(24,288)	(552,132)		(552,132)
100	Prepays - Legal	50%	-	-	-	-	-		-
101	Prepays - PNMR Prem Insurance	50%	3	-	-	-	3		3
102	Prepays - Taxes and Fees	50%	-	13,600	-	-	13,600		13,600
103	Reacquired Debt - Amortization of Loss	50%	-	-	-	719,130	719,130		719,130
104	Regulatory Assets - COVID-19 Costs	50%	932,554	-	-	-	932,554		932,554
105	Regulatory Assets - Coal Mine Decommissioning	50%	-	-	19,080	-	19,080		19,080
106	Regulatory Assets - Current Fuel Clause	50%	-	-	82,612	-	82,612		82,612
107	Regulatory Assets - EIM Costs	50%	-	-	(2,409,554)	-	(2,409,554)		(2,409,554)
108	Regulatory Assets - ETA Job Training & Severance	50%	-	-	628,987	-	628,987		628,987
109	Regulatory Assets - ETA Payments to State Agencies	50%	-	-	-	-	-		-
110	Regulatory Assets - ETA SJGS Plant Decommissioning	50%	-	-	(577,761)	-	(577,761)		(577,761)
111	Regulatory Assets - ETA SJGS upfront Financing Cost	50%	-	-	(27,645)	-	(27,645)		(27,645)
112	Regulatory Assets - ETA Westmoreland Coal Mine Sev	50%	-	-	-	-	-		-
113	Regulatory assets - FAC	50%	(3,647,446)	-	-	-	(3,647,446)		(3,647,446)
114	Regulatory Assets - PCB Refinancing Hedge	50%	-	-	-	422,223	422,223		422,223
115	Regulatory Assets - Rate Case	50%	48,642	-	-	-	48,642		48,642
116	Regulatory Assets - Renewable Energy	50%	-	-	201,937	-	201,937		201,937
117	Regulatory Assets - Renewable Energy Credits	50%	-	-	-	-	-		-
118	Regulatory Assets - SJGS External Legal Fees	50%	-	-	(21,435)	-	(21,435)		(21,435)
119	Regulatory Assets - SJGS Replacement Resources	50%	-	-	6,628	-	6,628		6,628
120	Regulatory Assets - SJGS Stranded Costs	50%	-	-	3,138,468	-	3,138,468		3,138,468
121	Regulatory Assets - SJGS Underground Coal Mine	50%	-	-	-	-	-		-
122	Regulatory Assets - Solar Direct Regulatory Assets	50%	-	-	561	-	561		561
123	Regulatory Assets - Transmission Line Safety Inspectio	50%	-	-	-	-	-		-
124	Regulatory Assets - Transportation Electrification	50%	23,937	-	-	-	23,937		23,937
125	Regulatory Assets - WCC Transaction Costs	50%	-	-	311,034	-	311,034		311,034
126	Regulatory Disallowance	50%	-	-	596,995	-	596,995		596,995
127	Regulatory Liabilities - COVID-19 Cost savings	50%	-	-	-	-	-		-
128	Regulatory Liabilities - Energy Efficiency	50%	613,051	-	-	-	613,051		613,051
129	Regulatory Liabilities - Excess ADIT Over-Recovery	50%	-	-	-	-	-		-
130	Regulatory Liabilities - FAC	50%	(1,136,899)	-	-	-	(1,136,899)		(1,136,899)

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10	Description		Electric	Transmission	Bulk	Corporate Incl Co 6	Combined	Adj.s	PNM
131	Regulatory Liabilities - Renewable Rider	50%	-	-	1,972,351	-	1,972,351		1,972,351
132	Regulatory Liabilities - Renewable State Credit	50%	-	-	(96,598)	-	(96,598)		(96,598)
133	Self Insurance - General Liability	50%	(82,525)	-	220,024	-	137,500		137,500
134	Self Insurance - IBNR Public Liability	50%	(12,085)	(178)	31,190	13,335	32,260		32,260
135	Self Insurance - IBNR Workers Compensation	50%	(46,729)	(731)	3,397	(36,439)	(80,502)		(80,502)
136	Self Insurance - Workers Compensation	50%	86,094	-	26,513	142,594	255,201		255,201
137	Trusts - PVNGS Decommissioning - Non Qualified	50%	-	-	(12,804,162)	-	(12,804,162)		(12,804,162)
138	Trusts - PVNGS Decommissioning - Qualified	50%	-	-	(650,000)	-	(650,000)		(650,000)
139	Trusts - PVNGS Decommissioning Interest	50%	-	-	4,748,856	-	4,748,856		4,748,856
140	Trusts - SJGS Reclamation - Non Qualified	50%	-	-	(174,587)	-	(174,587)		(174,587)
141	Trusts - SJGS Reclamation Interest	50%	-	-	749,291	-	749,291		749,291
142	Net Operating Loss Carryforward	Calc	-	-	-	57,392,266	57,392,266		57,392,266
143	Current NM State Income Tax	Calc	(1,005,556)	899,956	2,274,913	(2,169,314)	-		-
144									
145	Current Federal Taxable Income		17,047,520	(15,257,251)	(38,567,340)	36,777,071	-	-	-
146									
147	Tax Adjustments and Credits								
148									
149	TRA 1986 Excess Payroll Tax Reversal	Prorate	(20)	486	(8)	-	458		458
150	TRA 1986 Excess ADFIT Reversal - Protected (ARAM)	Prorate	(1,012)	(60)	(55)	-	(1,127)		(1,127)
151	TCJA 2017 Excess ADFIT Reversal - Protected (ARAM)	Prorate	-	-	-	(3,487,706)	(3,487,706)		(3,487,706)
152	TCJA 2017 Excess ADFIT Reversal - Unprotected	Prorate	-	-	-	(1,916,884)	(1,916,884)		(1,916,884)
153	NM 2017 Excess ADSIT Reversal - Unprotected	Prorate	-	-	-	(209,894)	(209,894)		(209,894)
154	ITC Amortization - Generation	Prorate	-	-	(472)	-	(472)		(472)
155	ITC Amortization - Renewable	Prorate	(2,749)	-	-	-	(2,749)		(2,749)
156	R & D Credit	Prorate	-	-	(2,193)	-	(2,193)		(2,193)
157	NMPTC - Renewable	Prorate	-	-	(563)	-	(563)		(563)
158	FIN 48	Actual	-	-	-	-	-		-
159									
160	Total Tax Adjustments		(3,781)	425	(3,291)	(5,614,484)	(5,621,131)	-	(5,621,131)

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10	Description		Electric	Transmission	Bulk	Corporate Incl Co 6	Combined	Adj.s	PNM
11									
12	June 30, 2025 YTD Pre Tax Income	Projected	45,759,165	2,598,451	(7,974,051)	(20,964,837)	19,418,728		19,418,728
13									
14	Permanent and Flow-Through Differences								
15									
16	Dividends Received Deduction	Prorate	-	-	-	-	-		-
17	Non-Deductible Dues	Prorate	-	-	-	-	-		-
18	Fines and Penalties	Prorate	-	-	-	11,641	11,641		11,641
19	Lobbying	Prorate	-	-	-	-	-		-
20	Non-Deductible Meals	Prorate	379	4,479	142	-	5,001		5,001
21	Muni Interest - New Mexico	Prorate	-	-	-	-	-		-
22	Muni Interest - Non New Mexico	Prorate	-	-	(14,929)	-	(14,929)		(14,929)
23	Non-Deductible Parking	Prorate	5,017	-	1,139	-	6,156		6,156
24	Non-Deductible Compensation	Prorate	-	-	-	1,090,142	1,090,142		1,090,142
25	Officer Life Insurance	Prorate	-	-	-	-	-		-
26	PVNGS Gain Amortization	Prorate	-	-	(567)	-	(567)		(567)
27	AFUDC - Equity	Prorate	(121,436)	(6,948,785)	(70,354)	-	(7,140,575)		(7,140,575)
28	Depreciation Flow Through	Prorate	20,816	1,453,436	26,234	-	1,500,485		1,500,485
29	Gain or Loss Flow Through	Prorate	-	-	-	-	-		-
30	Renewables Federal Grant Amortization	Prorate	-	-	(13,704)	-	(13,704)		(13,704)
31	Renewables Federal Grant Basis	Prorate	-	-	6,852	-	6,852		6,852
32	Regulatory Disallowance	Prorate	-	-	-	-	-		-
33	Transaction Costs	Prorate	-	-	-	-	-		-
34									
35	Taxable Income for Book Purposes		45,663,941	(2,892,419)	(8,039,238)	(19,863,054)	14,869,229	-	14,869,229
36									
37	Temporary Differences								
38									
39	Benefits - Pension Non- Qualified	50%	-	-	-	(278,952)	(278,952)		(278,952)
40	Benefits - Pension Qualified	50%	-	-	-	2,888,966	2,888,966		2,888,966
41	Benefits - Retiree Medical	50%	-	-	-	(2,500,192)	(2,500,192)		(2,500,192)
42	Carryforwards - Charitable Contributions	50%	-	-	-	-	-		-
43	Compensation Expense	50%	491,760	100,246	497,040	-	1,089,045		1,089,045
44	Lease Liability	50%	46,011	153,288	-	7,120	206,418		206,418
45	Loss on Reacquired Debt	50%	-	-	-	108,267	108,267		108,267
46	Other - PVNGS Licensing	50%	-	-	(26,568)	-	(26,568)		(26,568)
47	Other Deferred Credits - Coal Mine Decommissioning	50%	-	-	(1,243,610)	-	(1,243,610)		(1,243,610)
48	Other Deferred Credits - Def Social Security Tax	50%	(538,706)	(68,869)	(311,405)	(48,470)	(967,449)		(967,449)
49	Other Deferred Credits - Deposits	50%	-	-	-	-	-		-
50	Other Deferred Credits - Environmental	50%	74,443	-	-	-	74,443		74,443
51	Other Deferred Credits - Environmental Liability	50%	-	-	39,988	-	39,988		39,988

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10	Description		Electric	Transmission	Bulk	Corporate Incl Co 6	Combined	Adj.s	PNM
52	Other Deferred Credits - ETA Westmoreland Coal Min	50%	-	-	(4,450,000)	-	(4,450,000)		(4,450,000)
53	Other Deferred Credits - ETA Job Training & Severance	50%	-	-	(4,041,263)	-	(4,041,263)		(4,041,263)
54	Other Deferred Credits - ETA Payments to State Agenc	50%	-	-	(9,900,000)	-	(9,900,000)		(9,900,000)
55	Other Deferred Credits - General Reserve	50%	-	-	-	-	-		-
56	Other Deferred Credits - Joint Use (Pole Rentals)	50%	9,099	-	-	-	9,099		9,099
57	Other Deferred Credits - Prepaid Rent	50%	-	10,420	-	-	10,420		10,420
58	Other Deferred Credits - Pathnet	50%	-	(2,680)	-	-	(2,680)		(2,680)
59	Other Deferred Credits - PVNGS Dry Casks	50%	-	-	90,978	-	90,978		90,978
60	Other Deferred Credits - Right of Way Reserve	50%	-	443,958	-	-	443,958		443,958
61	Other Deferred Credits - ROW Reserve	50%	53,181	-	-	-	53,181		53,181
62	Other Deferred Credits - S02 Allowance Credit	50%	9	-	-	-	9		9
63	Other Deferred Credits - SJGS Groundwater Reserve	50%	-	-	(3,275)	-	(3,275)		(3,275)
64	Other Deferred Credits - SJGS Incremental Costs	50%	-	-	(825,231)	-	(825,231)		(825,231)
65	Other Deferred Credits - TEP Right of Way	50%	-	(83,840)	-	-	(83,840)		(83,840)
66	Other Deferred Credits - Navajo Workforce Training	50%	-	-	(50,000)	-	(50,000)		(50,000)
67	Other Deferred Debits - Rate Case Expense	50%	206,070	-	-	-	206,070		206,070
68	Other Deferred Debits - Decoupling Spin	50%	(569)	-	-	-	(569)		(569)
69	Other Deferred Debits - Grid Modernization	50%	(1,456)	-	-	-	(1,456)		(1,456)
70	Other Deferred Debits - RR Underground Rider	50%	(647)	-	-	-	(647)		(647)
71	Other Deferred Debits - SJGS Abandonment	50%	-	-	-	-	-		-
72	Other Deferred Debits - SJGS Water	50%	-	-	-	-	-		-
73	Other Deferred Debits - Solar Project	50%	-	-	-	-	-		-
74	Other Liabilities - Deferred Wages	50%	-	-	113,229	-	113,229		113,229
75	Other Liabilities - Employee Benefit Trust	50%	-	-	-	-	-		-
76	Other Liabilities - ETA Westmoreland Coal Mine Sev	50%	-	-	4,450,000	-	4,450,000		4,450,000
77	Other Liabilities - ETA Job Training & Severance	50%	-	-	3,637,136	-	3,637,136		3,637,136
78	Other Liabilities - ETA Payments to State Agencies	50%	-	-	9,900,000	-	9,900,000		9,900,000
79	Other Liabilities - Extended Leave	50%	4,108	-	7,592	66	11,766		11,766
80	Other Liabilities - Holiday	50%	88,950	32,275	54,409	6,173	181,807		181,807
81	Other Liabilities - Illness	50%	(10,038)	-	(23,703)	(1,415)	(35,156)		(35,156)
82	Other Liabilities - Vacation	50%	(31,477)	(66,152)	(65,922)	(21,263)	(184,814)		(184,814)
83	Plant - 263A Adjustment	50%	-	-	(31,467,810)	-	(31,467,810)		(31,467,810)
84	Plant - AFUDC Debt	50%	(300,297)	(634,803)	(753,668)	-	(1,688,767)		(1,688,767)
85	Plant - Book Amort of Nuclear Fuel	50%	-	-	11,686,442	-	11,686,442		11,686,442
86	Plant - Capitalized Interest	50%	(41,615)	(9,689)	(116,637)	-	(167,941)		(167,941)
87	Plant - CIAC	50%	3,311,256	755,704	-	-	4,066,960		4,066,960
88	Plant - Depreciation Nuclear Fuel	50%	-	-	(8,758,128)	-	(8,758,128)		(8,758,128)
89	Plant - Excess Tax Depreciation	50%	4,659,166	(16,219,992)	12,259,810	-	698,983		698,983
90	Plant - Four Corners WO	50%	-	-	14,398	-	14,398		14,398
91	Plant - G/L on Asset Disposition	50%	(5,899,642)	(2,181,156)	(3,597,150)	-	(11,677,949)		(11,677,949)
92	Plant - Removal Cost	50%	(2,518,015)	(122,162)	172,848	-	(2,467,329)		(2,467,329)

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10	Description		Electric	Transmission	Bulk	Corporate Incl Co 6	Combined	Adj.s	PNM
93	Plant - Repairs	50%	(12,657,614)	(3,896,493)	(10,514,488)	-	(27,068,594)		(27,068,594)
94	Plant - Section 174 Deduction	50%	-	-	(5,370,518)	-	(5,370,518)		(5,370,518)
95	Plant - Tax Capitalized Interest	50%	446,626	1,481,780	866,698	-	2,795,105		2,795,105
96	Plant - Tax Capitalized Interest Depreciation	50%	-	-	-	-	-		-
97	Plant - ARO	50%	46,281	-	2,656,250	-	2,702,531		2,702,531
98	Prepays - General	50%	-	(126,438)	-	-	(126,438)		(126,438)
99	Prepays - Insurance	50%	(93,675)	(107,112)	(327,057)	(24,288)	(552,132)		(552,132)
100	Prepays - Legal	50%	-	-	-	-	-		-
101	Prepays - PNMR Prem Insurance	50%	3	-	-	-	3		3
102	Prepays - Taxes and Fees	50%	-	13,600	-	-	13,600		13,600
103	Reacquired Debt - Amortization of Loss	50%	-	-	-	719,130	719,130		719,130
104	Regulatory Assets - COVID-19 Costs	50%	932,554	-	-	-	932,554		932,554
105	Regulatory Assets - Coal Mine Decommissioning	50%	-	-	19,080	-	19,080		19,080
106	Regulatory Assets - Current Fuel Clause	50%	-	-	82,612	-	82,612		82,612
107	Regulatory Assets - EIM Costs	50%	-	-	(2,409,554)	-	(2,409,554)		(2,409,554)
108	Regulatory Assets - ETA Job Training & Severance	50%	-	-	628,987	-	628,987		628,987
109	Regulatory Assets - ETA Payments to State Agencies	50%	-	-	-	-	-		-
110	Regulatory Assets - ETA SJGS Plant Decommissioning	50%	-	-	(577,761)	-	(577,761)		(577,761)
111	Regulatory Assets - ETA SJGS upfront Financing Cost	50%	-	-	(27,645)	-	(27,645)		(27,645)
112	Regulatory Assets - ETA Westmoreland Coal Mine Sev	50%	-	-	-	-	-		-
113	Regulatory assets - FAC	50%	(3,647,446)	-	-	-	(3,647,446)		(3,647,446)
114	Regulatory Assets - PCB Refinancing Hedge	50%	-	-	-	422,223	422,223		422,223
115	Regulatory Assets - Rate Case	50%	48,642	-	-	-	48,642		48,642
116	Regulatory Assets - Renewable Energy	50%	-	-	201,937	-	201,937		201,937
117	Regulatory Assets - Renewable Energy Credits	50%	-	-	-	-	-		-
118	Regulatory Assets - SJGS External Legal Fees	50%	-	-	(21,435)	-	(21,435)		(21,435)
119	Regulatory Assets - SJGS Replacement Resources	50%	-	-	6,628	-	6,628		6,628
120	Regulatory Assets - SJGS Stranded Costs	50%	-	-	3,138,468	-	3,138,468		3,138,468
121	Regulatory Assets - SJGS Underground Coal Mine	50%	-	-	-	-	-		-
122	Regulatory Assets - Solar Direct Regulatory Assets	50%	-	-	561	-	561		561
123	Regulatory Assets - Transmission Line Safety Inspectio	50%	-	-	-	-	-		-
124	Regulatory Assets - Transportation Electrification	50%	23,937	-	-	-	23,937		23,937
125	Regulatory Assets - WCC Transaction Costs	50%	-	-	311,034	-	311,034		311,034
126	Regulatory Disallowance	50%	-	-	596,995	-	596,995		596,995
127	Regulatory Liabilities - COVID-19 Cost savings	50%	-	-	-	-	-		-
128	Regulatory Liabilities - Energy Efficiency	50%	613,051	-	-	-	613,051		613,051
129	Regulatory Liabilities - Excess ADIT Over-Recovery	50%	-	-	-	-	-		-
130	Regulatory Liabilities - FAC	50%	(1,136,899)	-	-	-	(1,136,899)		(1,136,899)

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1	Public Service Company of New Mexico								
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3	PNM Exhibit LTM-3								
4	ITE-7 06/30/25 Income Tax Accrual								
5	Hyperlink to Lead Sheet								
6									
7									
8									
9			1	2	3	J			
10	Description		Electric	Transmission	Bulk	Corporate Incl Co 6	Combined	Adj.s	PNM
131	Regulatory Liabilities - Renewable Rider	50%	-	-	1,972,351	-	1,972,351		1,972,351
132	Regulatory Liabilities - Renewable State Credit	50%	-	-	(96,598)	-	(96,598)		(96,598)
133	Self Insurance - General Liability	50%	(82,525)	-	220,024	-	137,500		137,500
134	Self Insurance - IBNR Public Liability	50%	(12,085)	(178)	31,190	13,335	32,260		32,260
135	Self Insurance - IBNR Workers Compensation	50%	(46,729)	(731)	3,397	(36,439)	(80,502)		(80,502)
136	Self Insurance - Workers Compensation	50%	86,094	-	26,513	142,594	255,201		255,201
137	Trusts - PVNGS Decommissioning - Non Qualified	50%	-	-	(12,804,162)	-	(12,804,162)		(12,804,162)
138	Trusts - PVNGS Decommissioning - Qualified	50%	-	-	(650,000)	-	(650,000)		(650,000)
139	Trusts - PVNGS Decommissioning Interest	50%	-	-	4,748,856	-	4,748,856		4,748,856
140	Trusts - SJGS Reclamation - Non Qualified	50%	-	-	(174,587)	-	(174,587)		(174,587)
141	Trusts - SJGS Reclamation Interest	50%	-	-	749,291	-	749,291		749,291
142	Net Operating Loss Carryforward	Calc	-	-	-	59,564,566	59,564,566		59,564,566
143	Current NM State Income Tax	Calc	(42,497,451)	3,691,010	34,624,226	4,182,215	-		-
144									
145	Current Federal Taxable Income		(12,711,703)	(19,730,432)	(12,838,445)	45,280,580	-	-	-
146									
147	Tax Adjustments and Credits								
148									
149	TRA 1986 Excess Payroll Tax Reversal	Prorate	(175)	(780)	(40)	-	(994)		(994)
150	TRA 1986 Excess ADFIT Reversal - Protected (ARAM)	Prorate	(1,451)	591	(287)	-	(1,147)		(1,147)
151	TCJA 2017 Excess ADFIT Reversal - Protected (ARAM)	Prorate	-	-	-	(3,075,221)	(3,075,221)		(3,075,221)
152	TCJA 2017 Excess ADFIT Reversal - Unprotected	Prorate	-	-	-	(1,721,279)	(1,721,279)		(1,721,279)
153	NM 2017 Excess ADSIT Reversal - Unprotected	Prorate	-	-	-	-	-		-
154	ITC Amortization - Generation	Prorate	-	-	(2,451)	-	(2,451)		(2,451)
155	ITC Amortization - Renewable	Prorate	-	-	-	-	-		-
156	R & D Credit	Prorate	-	-	(11,386)	-	(11,386)		(11,386)
157	NMPTC - Renewable	Prorate	-	-	-	-	-		-
158	FIN 48	Actual	-	-	-	-	-		-
159									
160	Total Tax Adjustments		(1,626)	(189)	(14,164)	(4,796,501)	(4,812,480)	-	(4,812,480)

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3	PNM Exhibit LTM-3								
4	ITE-8 12/31/25 Effective Tax Rate								
5	Hyperlink to Lead Sheet								
6	Source: Company records								
7									
8									
9			1	2	3	J			
10	Description		Electric	Transmission	Bulk	Corporate Incl Co 6	Combined	Adj.s	PNM
11									
12	2025 Pre Tax Income	Projected	796,066,820	(22,354,615)	(534,201,755)	(56,449,045)	183,061,405		183,061,405
13									
14	Permanent and Flow-Through Differences								
15									
16	Dividends Received Deduction		-	-	(268,516)	-	(268,516)		(268,516)
17	Non-Deductible Dues		-	51	-	-	51		51
18	Fines and Penalties		233	-	-	167,250	167,483		167,483
19	Lobbying		-	-	-	-	-		-
20	Non-Deductible Meals		6,190	2,646	9,270	(21)	18,084		18,084
21	Muni Interest - New Mexico		-	-	(14,793)	-	(14,793)		(14,793)
22	Muni Interest - Non New Mexico		-	-	(1,250,877)	-	(1,250,877)		(1,250,877)
23	Non-Deductible Parking		81,787	-	78,325	-	160,112		160,112
24	Non-Deductible Compensation		-	-	-	2,603,220	2,603,220		2,603,220
25	Officer Life Insurance		-	-	-	-	-		-
26	PVNGS Gain Amortization		-	-	(39,828)	-	(39,828)		(39,828)
27	AFUDC - Equity		(1,768,454)	(3,732,014)	(4,404,651)	-	(9,905,119)		(9,905,119)
28	Depreciation Flow Through		265,006	639,804	1,408,876	-	2,313,686		2,313,686
29	Gain or Loss Flow Through		17,219	119,347	318,077	-	454,643		454,643
30	Renewables Federal Grant Amortization		-	-	(962,888)	-	(962,888)		(962,888)
31	Renewables Federal Grant Basis		-	-	481,444	-	481,444		481,444
32	Regulatory Disallowance		-	-	-	-	-		-
33	Transaction Costs		-	-	-	106,985	106,985		106,985
34									
35	Taxable Income for Book Purposes		794,668,801	(25,324,781)	(538,847,316)	(53,571,611)	176,925,093	-	176,925,093
36									
37	Temporary Differences								
38									
39	Benefits - Pension Non- Qualified		-	-	-	(557,904)	(557,904)		(557,904)
40	Benefits - Pension Qualified		-	-	-	5,777,932	5,777,932		5,777,932
41	Benefits - Retiree Medical		-	-	-	(5,000,384)	(5,000,384)		(5,000,384)
42	Carryforwards - Charitable Contributions		-	-	-	-	-		-
43	Compensation Expense		983,519	200,491	994,080	-	2,178,090		2,178,090
44	Lease Liability		92,022	306,575	-	14,239	412,837		412,837
45	Loss on Reacquired Debt		-	-	-	216,534	216,534		216,534
46	Other - PVNGS Licensing		-	-	(53,136)	-	(53,136)		(53,136)
47	Other Deferred Credits - Coal Mine Decommissioning		-	-	(2,487,220)	-	(2,487,220)		(2,487,220)
48	Other Deferred Credits - Def Social Security Tax		(1,077,411)	(137,737)	(622,810)	(96,939)	(1,934,898)		(1,934,898)
49	Other Deferred Credits - Deposits		-	-	-	-	-		-
50	Other Deferred Credits - Environmental		148,887	-	-	-	148,887		148,887
51	Other Deferred Credits - Environmental Liability		-	-	79,975	-	79,975		79,975

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8									
9			1	2	3	J			
10	Description		Electric	Transmission	Bulk	Corporate Incl Co 6	Combined	Adj.s	PNM
52	Other Deferred Credits - ETA Westmoreland Coal Mine Sev		-	-	(8,900,000)	-	(8,900,000)		(8,900,000)
53	Other Deferred Credits - ETA Job Training & Severance		-	-	(8,082,525)	-	(8,082,525)		(8,082,525)
54	Other Deferred Credits - ETA Payments to State Agencies		-	-	(19,800,000)	-	(19,800,000)		(19,800,000)
55	Other Deferred Credits - General Reserve		-	-	-	-	-		-
56	Other Deferred Credits - Joint Use (Pole Rentals)		18,198	-	-	-	18,198		18,198
57	Other Deferred Credits - Prepaid Rent		-	20,839	-	-	20,839		20,839
58	Other Deferred Credits - Pathnet		-	(5,359)	-	-	(5,359)		(5,359)
59	Other Deferred Credits - PVNGS Dry Casks		-	-	181,957	-	181,957		181,957
60	Other Deferred Credits - Right of Way Reserve		-	887,916	-	-	887,916		887,916
61	Other Deferred Credits - ROW Reserve		106,362	-	-	-	106,362		106,362
62	Other Deferred Credits - S02 Allowance Credit		19	-	-	-	19		19
63	Other Deferred Credits - SJGS Groundwater Reserve		-	-	(6,550)	-	(6,550)		(6,550)
64	Other Deferred Credits - SJGS Incremental Costs		-	-	(1,650,461)	-	(1,650,461)		(1,650,461)
65	Other Deferred Credits - TEP Right of Way		-	(167,680)	-	-	(167,680)		(167,680)
66	Other Deferred Credits - Navajo Workforce Training		-	-	(100,000)	-	(100,000)		(100,000)
67	Other Deferred Debits - Rate Case Expense		412,140	-	-	-	412,140		412,140
68	Other Deferred Debits - Decoupling Spin		(1,138)	-	-	-	(1,138)		(1,138)
69	Other Deferred Debits - Grid Modernization		(2,912)	-	-	-	(2,912)		(2,912)
70	Other Deferred Debits - RR Underground Rider		(1,294)	-	-	-	(1,294)		(1,294)
71	Other Deferred Debits - SJGS Abandonment		-	-	-	-	-		-
72	Other Deferred Debits - SJGS Water		-	-	-	-	-		-
73	Other Deferred Debits - Solar Project		-	-	-	-	-		-
74	Other Liabilities - Deferred Wages		-	-	226,458	-	226,458		226,458
75	Other Liabilities - Employee Benefit Trust		-	-	-	-	-		-
76	Other Liabilities - ETA Westmoreland Coal Mine Sev		-	-	8,900,000	-	8,900,000		8,900,000
77	Other Liabilities - ETA Job Training & Severance		-	-	7,274,272	-	7,274,272		7,274,272
78	Other Liabilities - ETA Payments to State Agencies		-	-	19,800,000	-	19,800,000		19,800,000
79	Other Liabilities - Extended Leave		8,216	-	15,185	131	23,532		23,532
80	Other Liabilities - Holiday		177,900	64,550	108,818	12,346	363,615		363,615
81	Other Liabilities - Illness		(20,075)	-	(47,406)	(2,830)	(70,312)		(70,312)
82	Other Liabilities - Vacation		(62,954)	(132,303)	(131,844)	(42,526)	(369,628)		(369,628)
83	Plant - 263A Adjustment		-	-	(62,935,620)	-	(62,935,620)		(62,935,620)
84	Plant - AFUDC Debt		(600,593)	(1,269,606)	(1,507,335)	-	(3,377,534)		(3,377,534)
85	Plant - Book Amort of Nuclear Fuel		-	-	23,372,884	-	23,372,884		23,372,884
86	Plant - Capitalized Interest		(83,230)	(19,378)	(233,274)	-	(335,882)		(335,882)
87	Plant - CIAC		6,622,512	1,511,408	-	-	8,133,920		8,133,920
88	Plant - Depreciation Nuclear Fuel		-	-	(17,516,255)	-	(17,516,255)		(17,516,255)
89	Plant - Excess Tax Depreciation		9,376,317	(32,323,055)	24,635,982	-	1,689,244		1,689,244
90	Plant - Four Corners WO		-	-	28,796	-	28,796		28,796
91	Plant - G/L on Asset Disposition		(11,799,285)	(4,362,312)	(7,194,300)	-	(23,355,897)		(23,355,897)
92	Plant - Removal Cost		(5,036,031)	(244,323)	345,696	-	(4,934,658)		(4,934,658)

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9			1	2	3	J			
10	Description		Electric	Transmission	Bulk	Corporate Incl Co 6	Combined	Adj.s	PNM
93	Plant - Repairs		(25,315,229)	(7,792,985)	(21,028,975)	-	(54,137,189)		(54,137,189)
94	Plant - Section 174 Deduction		-	-	(10,741,037)	-	(10,741,037)		(10,741,037)
95	Plant - Tax Capitalized Interest		893,253	2,963,560	1,733,396	-	5,590,209		5,590,209
96	Plant - Tax Capitalized Interest Depreciation		-	-	-	-	-		-
97	Plant - ARO		92,563	-	5,312,500	-	5,405,063		5,405,063
98	Prepays - General		-	(252,876)	-	-	(252,876)		(252,876)
99	Prepays - Insurance		(187,350)	(214,224)	(654,115)	(48,575)	(1,104,264)		(1,104,264)
100	Prepays - Legal		-	-	-	-	-		-
101	Prepays - PNMR Prem Insurance		6	-	-	-	6		6
102	Prepays - Taxes and Fees		-	27,201	-	-	27,201		27,201
103	Reacquired Debt - Amortization of Loss		-	-	-	1,438,259	1,438,259		1,438,259
104	Regulatory Assets - COVID-19 Costs		1,865,108	-	-	-	1,865,108		1,865,108
105	Regulatory Assets - Coal Mine Decommissioning		-	-	38,160	-	38,160		38,160
106	Regulatory Assets - Current Fuel Clause		-	-	165,224	-	165,224		165,224
107	Regulatory Assets - EIM Costs		-	-	(4,819,107)	-	(4,819,107)		(4,819,107)
108	Regulatory Assets - ETA Job Training & Severance		-	-	1,257,974	-	1,257,974		1,257,974
109	Regulatory Assets - ETA Payments to State Agencies		-	-	-	-	-		-
110	Regulatory Assets - ETA SJGS Plant Decommissioning		-	-	(1,155,522)	-	(1,155,522)		(1,155,522)
111	Regulatory Assets - ETA SJGS upfront Financing Cost		-	-	(55,291)	-	(55,291)		(55,291)
112	Regulatory Assets - ETA Westmoreland Coal Mine Sev		-	-	-	-	-		-
113	Regulatory assets - FAC		(7,294,891)	-	-	-	(7,294,891)		(7,294,891)
114	Regulatory Assets - PCB Refinancing Hedge		-	-	-	844,446	844,446		844,446
115	Regulatory Assets - Rate Case		97,283	-	-	-	97,283		97,283
116	Regulatory Assets - Renewable Energy		-	-	403,874	-	403,874		403,874
117	Regulatory Assets - Renewable Energy Credits		-	-	-	-	-		-
118	Regulatory Assets - SJGS External Legal Fees		-	-	(42,870)	-	(42,870)		(42,870)
119	Regulatory Assets - SJGS Replacement Resources		-	-	13,256	-	13,256		13,256
120	Regulatory Assets - SJGS Stranded Costs		-	-	6,276,936	-	6,276,936		6,276,936
121	Regulatory Assets - SJGS Underground Coal Mine		-	-	-	-	-		-
122	Regulatory Assets - Solar Direct Regulatory Assets		-	-	1,121	-	1,121		1,121
123	Regulatory Assets - Transmission Line Safety Inspections		-	-	-	-	-		-
124	Regulatory Assets - Transportation Electrification		47,874	-	-	-	47,874		47,874
125	Regulatory Assets - WCC Transaction Costs		-	-	622,068	-	622,068		622,068
126	Regulatory Disallowance		-	-	1,193,989	-	1,193,989		1,193,989
127	Regulatory Liabilities - COVID-19 Cost savings		-	-	-	-	-		-
128	Regulatory Liabilities - Energy Efficiency		1,226,103	-	-	-	1,226,103		1,226,103
129	Regulatory Liabilities - Excess ADIT Over-Recovery		-	-	-	-	-		-
130	Regulatory Liabilities - FAC		(2,273,799)	-	-	-	(2,273,799)		(2,273,799)

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10	Description		Electric	Transmission	Bulk	Corporate Incl Co 6	Combined	Adj.s	PNM
131	Regulatory Liabilities - Renewable Rider		-	-	3,944,703	-	3,944,703	-	3,944,703
132	Regulatory Liabilities - Renewable State Credit		-	-	(193,196)	-	(193,196)	-	(193,196)
133	Self Insurance - General Liability		(165,049)	-	440,049	-	274,999	-	274,999
134	Self Insurance - IBNR Public Liability		(24,171)	(357)	62,379	26,669	64,521	-	64,521
135	Self Insurance - IBNR Workers Compensation		(93,458)	(1,461)	6,794	(72,878)	(161,004)	-	(161,004)
136	Self Insurance - Workers Compensation		172,189	-	53,025	285,188	510,403	-	510,403
137	Trusts - PVNGS Decommissioning - Non Qualified		-	-	(25,608,323)	-	(25,608,323)	-	(25,608,323)
138	Trusts - PVNGS Decommissioning - Qualified		-	-	(1,300,000)	-	(1,300,000)	-	(1,300,000)
139	Trusts - PVNGS Decommissioning Interest		-	-	9,497,711	-	9,497,711	-	9,497,711
140	Trusts - SJGS Reclamation - Non Qualified		-	-	(349,174)	-	(349,174)	-	(349,174)
141	Trusts - SJGS Reclamation Interest		-	-	1,498,582	-	1,498,582	-	1,498,582
142	Net Operating Loss Carryforward		-	-	-	-	-	-	-
143	Current NM State Income Tax		(42,497,451)	3,691,010	34,399,085	2,828,329	(1,579,027)	-	(1,579,027)
144									
145	Current Federal Taxable Income		720,472,950	(62,574,887)	(583,178,736)	(47,949,574)	26,769,754	-	26,769,754
146									
147	Tax Adjustments and Credits								
148									
149	TRA 1986 Excess Payroll Tax Reversal		(470)	(2,853)	(2,823)	-	(6,146)	-	(6,146)
150	TRA 1986 Excess ADFIT Reversal - Protected (ARAM)		(23,714)	355	(20,165)	-	(43,524)	-	(43,524)
151	TCJA 2017 Excess ADFIT Reversal - Protected (ARAM)		-	-	-	(9,416,143)	(9,416,143)	-	(9,416,143)
152	TCJA 2017 Excess ADFIT Reversal - Unprotected		-	-	-	(5,175,221)	(5,175,221)	-	(5,175,221)
153	NM 2017 Excess ADSIT Reversal - Unprotected		-	-	-	(566,675)	(566,675)	-	(566,675)
154	ITC Amortization - Generation		-	-	(172,298)	-	(172,298)	-	(172,298)
155	ITC Amortization - Renewable		(64,446)	-	-	-	(64,446)	-	(64,446)
156	R & D Credit		-	-	(800,000)	-	(800,000)	-	(800,000)
157	NMPTC - Renewable		-	-	(205,266)	-	(205,266)	-	(205,266)
158	FIN 48		-	-	-	-	-	-	-
159									
160	Total Tax Adjustments		(88,630)	(2,498)	(1,200,552)	(15,158,039)	(16,449,719)	-	(16,449,719)

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8									
9			1	2	3	J			
10	Description		Electric	Transmission	Bulk	Corporate Incl Co 6	Combined	Adj.s	PNM
11									
12	2022 Pre Tax Income	Projected	747,889,705	1,566,257	(560,293,886)	(63,033,153)	126,128,923		126,128,923
13							-		
14	Permanent and Flow-Through Differences								
15									
16	Dividends Received Deduction		-	-	-	-	-		-
17	Non-Deductible Dues		-	-	-	-	-		-
18	Fines and Penalties		-	-	-	35,000	35,000		35,000
19	Lobbying		-	-	-	-	-		-
20	Non-Deductible Meals		6,200	2,700	10,000	-	18,900		18,900
21	Muni Interest - New Mexico		-	-	-	-	-		-
22	Muni Interest - Non New Mexico		-	-	(1,048,983)	-	(1,048,983)		(1,048,983)
23	Non-Deductible Parking		82,000	-	80,000	-	162,000		162,000
24	Non-Deductible Compensation		-	-	-	3,277,635	3,277,635		3,277,635
25	Officer Life Insurance		-	-	-	-	-		-
26	PVNGS Gain Amortization		-	-	(39,828)	-	(39,828)		(39,828)
27	AFUDC - Equity		(1,984,759)	(4,188,489)	(4,943,399)	-	(11,116,647)		(11,116,647)
28	Depreciation Flow Through		340,211	876,081	1,843,315	-	3,059,607		3,059,607
29	Gain or Loss Flow Through		-	-	-	-	-		-
30	Renewables Federal Grant Amortization		-	-	(962,888)	-	(962,888)		(962,888)
31	Renewables Federal Grant Basis		-	-	481,444	-	481,444		481,444
32	Regulatory Disallowance		-	-	-	-	-		-
33	Transaction Costs		-	-	-	-	-		-
34									
35	Taxable Income for Book Purposes		746,333,357	(1,743,451)	(564,874,225)	(59,720,518)	119,995,163	-	119,995,163
36									
37	Temporary Differences								
38									
39	Benefits - Pension Non- Qualified		-	-	-	(557,904)	(557,904)		(557,904)
40	Benefits - Pension Qualified		-	-	-	5,777,932	5,777,932		5,777,932
41	Benefits - Retiree Medical		-	-	-	(5,000,384)	(5,000,384)		(5,000,384)
42	Carryforwards - Charitable Contributions		-	-	-	-	-		-
43	Compensation Expense		983,519	200,491	994,080	-	2,178,090		2,178,090
44	Lease Liability		92,022	306,575	-	14,239	412,837		412,837
45	Loss on Reacquired Debt		-	-	-	216,534	216,534		216,534
46	Other - PVNGS Licensing		-	-	(53,136)	-	(53,136)		(53,136)
47	Other Deferred Credits - Coal Mine Decommissioning		-	-	(2,487,220)	-	(2,487,220)		(2,487,220)
48	Other Deferred Credits - Def Social Security Tax		(1,077,411)	(137,737)	(622,810)	(96,939)	(1,934,898)		(1,934,898)
49	Other Deferred Credits - Deposits		-	-	-	-	-		-
50	Other Deferred Credits - Environmental		148,887	-	-	-	148,887		148,887
51	Other Deferred Credits - Environmental Liability		-	-	79,975	-	79,975		79,975

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4	ITE-9 06/30/25 Effective Tax Rate								
5	Hyperlink to Lead Sheet								
6	Source: Company records								
7									
8									
9			1	2	3	J			
10	Description		Electric	Transmission	Bulk	Corporate Incl Co 6	Combined	Adj.s	PNM
52	Other Deferred Credits - ETA Westmoreland Coal Mine Sev	-	-	(8,900,000)	-	(8,900,000)	-	(8,900,000)	(8,900,000)
53	Other Deferred Credits - ETA Job Training & Severance	-	-	(8,082,525)	-	(8,082,525)	-	(8,082,525)	(8,082,525)
54	Other Deferred Credits - ETA Payments to State Agencies	-	-	(19,800,000)	-	(19,800,000)	-	(19,800,000)	(19,800,000)
55	Other Deferred Credits - General Reserve	-	-	-	-	-	-	-	-
56	Other Deferred Credits - Joint Use (Pole Rentals)	18,198	-	-	-	18,198	-	18,198	18,198
57	Other Deferred Credits - Prepaid Rent	-	20,839	-	-	20,839	-	20,839	20,839
58	Other Deferred Credits - Pathnet	-	(5,359)	-	-	(5,359)	-	(5,359)	(5,359)
59	Other Deferred Credits - PVNGS Dry Casks	-	-	181,957	-	181,957	-	181,957	181,957
60	Other Deferred Credits - Right of Way Reserve	-	887,916	-	-	887,916	-	887,916	887,916
61	Other Deferred Credits - ROW Reserve	106,362	-	-	-	106,362	-	106,362	106,362
62	Other Deferred Credits - S02 Allowance Credit	19	-	-	-	19	-	19	19
63	Other Deferred Credits - SJGS Groundwater Reserve	-	-	(6,550)	-	(6,550)	-	(6,550)	(6,550)
64	Other Deferred Credits - SJGS Incremental Costs	-	-	(1,650,461)	-	(1,650,461)	-	(1,650,461)	(1,650,461)
65	Other Deferred Credits - TEP Right of Way	-	(167,680)	-	-	(167,680)	-	(167,680)	(167,680)
66	Other Deferred Credits - Navajo Workforce Training	-	-	(100,000)	-	(100,000)	-	(100,000)	(100,000)
67	Other Deferred Debits - Rate Case Expense	412,140	-	-	-	412,140	-	412,140	412,140
68	Other Deferred Debits - Decoupling Spin	(1,138)	-	-	-	(1,138)	-	(1,138)	(1,138)
69	Other Deferred Debits - Grid Modernization	(2,912)	-	-	-	(2,912)	-	(2,912)	(2,912)
70	Other Deferred Debits - RR Underground Rider	(1,294)	-	-	-	(1,294)	-	(1,294)	(1,294)
71	Other Deferred Debits - SJGS Abandonment	-	-	-	-	-	-	-	-
72	Other Deferred Debits - SJGS Water	-	-	-	-	-	-	-	-
73	Other Deferred Debits - Solar Project	-	-	-	-	-	-	-	-
74	Other Liabilities - Deferred Wages	-	-	226,458	-	226,458	-	226,458	226,458
75	Other Liabilities - Employee Benefit Trust	-	-	-	-	-	-	-	-
76	Other Liabilities - ETA Westmoreland Coal Mine Sev	-	-	8,900,000	-	8,900,000	-	8,900,000	8,900,000
77	Other Liabilities - ETA Job Training & Severance	-	-	7,274,272	-	7,274,272	-	7,274,272	7,274,272
78	Other Liabilities - ETA Payments to State Agencies	-	-	19,800,000	-	19,800,000	-	19,800,000	19,800,000
79	Other Liabilities - Extended Leave	8,216	-	15,185	131	23,532	-	23,532	23,532
80	Other Liabilities - Holiday	177,900	64,550	108,818	12,346	363,615	-	363,615	363,615
81	Other Liabilities - Illness	(20,075)	-	(47,406)	(2,830)	(70,312)	-	(70,312)	(70,312)
82	Other Liabilities - Vacation	(62,954)	(132,303)	(131,844)	(42,526)	(369,628)	-	(369,628)	(369,628)
83	Plant - 263A Adjustment	-	-	(62,935,620)	-	(62,935,620)	-	(62,935,620)	(62,935,620)
84	Plant - AFUDC Debt	(600,593)	(1,269,606)	(1,507,335)	-	(3,377,534)	-	(3,377,534)	(3,377,534)
85	Plant - Book Amort of Nuclear Fuel	-	-	23,372,884	-	23,372,884	-	23,372,884	23,372,884
86	Plant - Capitalized Interest	(83,230)	(19,378)	(233,274)	-	(335,882)	-	(335,882)	(335,882)
87	Plant - CIAC	6,622,512	1,511,408	-	-	8,133,920	-	8,133,920	8,133,920
88	Plant - Depreciation Nuclear Fuel	-	-	(17,516,255)	-	(17,516,255)	-	(17,516,255)	(17,516,255)
89	Plant - Excess Tax Depreciation	9,318,331	(32,439,985)	24,519,620	-	1,397,966	-	1,397,966	1,397,966
90	Plant - Four Corners WO	-	-	28,796	-	28,796	-	28,796	28,796
91	Plant - G/L on Asset Disposition	(11,799,285)	(4,362,312)	(7,194,300)	-	(23,355,897)	-	(23,355,897)	(23,355,897)
92	Plant - Removal Cost	(5,036,031)	(244,323)	345,696	-	(4,934,658)	-	(4,934,658)	(4,934,658)

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6	Source: Company records								
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9			1	2	3	J			
10	Description		Electric	Transmission	Bulk	Corporate Incl Co 6	Combined	Adj.s	PNM
93	Plant - Repairs		(25,315,229)	(7,792,985)	(21,028,975)	-	(54,137,189)		(54,137,189)
94	Plant - Section 174 Deduction		-	-	(10,741,037)	-	(10,741,037)		(10,741,037)
95	Plant - Tax Capitalized Interest		893,253	2,963,560	1,733,396	-	5,590,209		5,590,209
96	Plant - Tax Capitalized Interest Depreciation		-	-	-	-	-		-
97	Plant - ARO		92,563	-	5,312,500	-	5,405,063		5,405,063
98	Prepays - General		-	(252,876)	-	-	(252,876)		(252,876)
99	Prepays - Insurance		(187,350)	(214,224)	(654,115)	(48,575)	(1,104,264)		(1,104,264)
100	Prepays - Legal		-	-	-	-	-		-
101	Prepays - PNMR Prem Insurance		6	-	-	-	6		6
102	Prepays - Taxes and Fees		-	27,201	-	-	27,201		27,201
103	Reacquired Debt - Amortization of Loss		-	-	-	1,438,259	1,438,259		1,438,259
104	Regulatory Assets - COVID-19 Costs		1,865,108	-	-	-	1,865,108		1,865,108
105	Regulatory Assets - Coal Mine Decommissioning		-	-	38,160	-	38,160		38,160
106	Regulatory Assets - Current Fuel Clause		-	-	165,224	-	165,224		165,224
107	Regulatory Assets - EIM Costs		-	-	(4,819,107)	-	(4,819,107)		(4,819,107)
108	Regulatory Assets - ETA Job Training & Severance		-	-	1,257,974	-	1,257,974		1,257,974
109	Regulatory Assets - ETA Payments to State Agencies		-	-	-	-	-		-
110	Regulatory Assets - ETA SJGS Plant Decommissioning		-	-	(1,155,522)	-	(1,155,522)		(1,155,522)
111	Regulatory Assets - ETA SJGS upfront Financing Cost		-	-	(55,291)	-	(55,291)		(55,291)
112	Regulatory Assets - ETA Westmoreland Coal Mine Sev		-	-	-	-	-		-
113	Regulatory assets - FAC		(7,294,891)	-	-	-	(7,294,891)		(7,294,891)
114	Regulatory Assets - PCB Refinancing Hedge		-	-	-	844,446	844,446		844,446
115	Regulatory Assets - Rate Case		97,283	-	-	-	97,283		97,283
116	Regulatory Assets - Renewable Energy		-	-	403,874	-	403,874		403,874
117	Regulatory Assets - Renewable Energy Credits		-	-	-	-	-		-
118	Regulatory Assets - SJGS External Legal Fees		-	-	(42,870)	-	(42,870)		(42,870)
119	Regulatory Assets - SJGS Replacement Resources		-	-	13,256	-	13,256		13,256
120	Regulatory Assets - SJGS Stranded Costs		-	-	6,276,936	-	6,276,936		6,276,936
121	Regulatory Assets - SJGS Underground Coal Mine		-	-	-	-	-		-
122	Regulatory Assets - Solar Direct Regulatory Assets		-	-	1,121	-	1,121		1,121
123	Regulatory Assets - Transmission Line Safety Inspections		-	-	-	-	-		-
124	Regulatory Assets - Transportation Electrification		47,874	-	-	-	47,874		47,874
125	Regulatory Assets - WCC Transaction Costs		-	-	622,068	-	622,068		622,068
126	Regulatory Disallowance		-	-	1,193,989	-	1,193,989		1,193,989
127	Regulatory Liabilities - COVID-19 Cost savings		-	-	-	-	-		-
128	Regulatory Liabilities - Energy Efficiency		1,226,103	-	-	-	1,226,103		1,226,103
129	Regulatory Liabilities - Excess ADIT Over-Recovery		-	-	-	-	-		-
130	Regulatory Liabilities - FAC		(2,273,799)	-	-	-	(2,273,799)		(2,273,799)

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5	Hyperlink to Lead Sheet								
6	Source: Company records								
7									
8									
9			1	2	3	J			
10	Description		Electric	Transmission	Bulk	Corporate Incl Co 6	Combined	Adj.s	PNM
131	Regulatory Liabilities - Renewable Rider		-	-	3,944,703	-	3,944,703	-	3,944,703
132	Regulatory Liabilities - Renewable State Credit		-	-	(193,196)	-	(193,196)	-	(193,196)
133	Self Insurance - General Liability		(165,049)	-	440,049	-	274,999	-	274,999
134	Self Insurance - IBNR Public Liability		(24,171)	(357)	62,379	26,669	64,521	-	64,521
135	Self Insurance - IBNR Workers Compensation		(93,458)	(1,461)	6,794	(72,878)	(161,004)	-	(161,004)
136	Self Insurance - Workers Compensation		172,189	-	53,025	285,188	510,403	-	510,403
137	Trusts - PVNGS Decommissioning - Non Qualified		-	-	(25,608,323)	-	(25,608,323)	-	(25,608,323)
138	Trusts - PVNGS Decommissioning - Qualified		-	-	(1,300,000)	-	(1,300,000)	-	(1,300,000)
139	Trusts - PVNGS Decommissioning Interest		-	-	9,497,711	-	9,497,711	-	9,497,711
140	Trusts - SJGS Reclamation - Non Qualified		-	-	(349,174)	-	(349,174)	-	(349,174)
141	Trusts - SJGS Reclamation Interest		-	-	1,498,582	-	1,498,582	-	1,498,582
142	Net Operating Loss Carryforward		-	-	-	(26,995,688)	(26,995,688)	-	(26,995,688)
143	Current NM State Income Tax		(42,497,451)	3,691,010	34,624,226	2,829,122	(1,353,093)	-	(1,353,093)
144									
145	Current Federal Taxable Income		672,079,521	(39,110,487)	(609,096,866)	(81,093,376)	(57,221,208)	-	(57,221,208)
146									
147	Tax Adjustments and Credits								
148									
149	TRA 1986 Excess Payroll Tax Reversal		(2,853)	(470)	(2,823)	-	(6,146)	-	(6,146)
150	TRA 1986 Excess ADFIT Reversal - Protected (ARAM)		(23,715)	356	(20,165)	-	(43,524)	-	(43,524)
151	TCJA 2017 Excess ADFIT Reversal - Protected (ARAM)		-	-	-	(9,246,001)	(9,246,001)	-	(9,246,001)
152	TCJA 2017 Excess ADFIT Reversal - Unprotected		-	-	-	(5,175,221)	(5,175,221)	-	(5,175,221)
153	NM 2017 Excess ADSIT Reversal - Unprotected		-	-	-	-	-	-	-
154	ITC Amortization - Generation		-	-	(172,248)	-	(172,248)	-	(172,248)
155	ITC Amortization - Renewable		-	-	-	-	-	-	-
156	R & D Credit		-	-	(800,000)	-	(800,000)	-	(800,000)
157	NMPTC - Renewable		-	-	-	-	-	-	-
158	FIN 48		-	-	-	-	-	-	-
159									
160	Total Tax Adjustments		(26,568)	(114)	(995,236)	(14,421,222)	(15,443,140)	-	(15,443,140)

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1	Public Service Company of New Mexico						
2	NMPRC Case No. 24-00089-UT						
3	PNM Exhibit LTM-3						
4	ITE-14 Depreciation Prior Flow-Through Reversals						
5	Hyperlink to Lead Sheet						
6	Source: Company records						
7							
8							
9							
10							
11							
12			BASE	2024	2025	TEST	
13							
14							
15	Depr	282003	2,356,515	2,111,543	2,282,056	335,543	
16	Gain/Loss	281000	166,269	166,269	166,269	166,269	
17							
18							
19	Total		2,522,784	2,277,812	2,448,325	501,812	
20	Tax Rate		25.40%	25.40%	25.40%	25.40%	
21	ADIT		640,787	578,564	621,875	127,460	

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2	NMPRC Case No. 24-00089-UT								
3	PNM Exhibit LTM-3								
4	ITE-15 1986 TRA ARAM Excess Deferred Income Tax Reversal								
5	Hyperlink to Lead Sheet								
6	Source: Company records								
7									
8									
9	<u>Year</u>	<u>Production</u>	<u>Transmission & Distribution</u>	<u>General Plant</u>	<u>Total</u>				
10									
11	1987			43,697	43,697				
12	1988			162,023	162,023				
13	1989			164,632	164,632				
14	1990			249,441	249,441				
15	1991			134,339	134,339				
16	1992			94,270	94,270				
17	1993			80,131	80,131				
18	1994			68,801	68,801				
19	1995			62,261	62,261				
20	1996	79,282		65,341	144,623				
21	1997	866,506	119,908	71,604	1,058,018				
22	1998	1,543,914	277,396	60,304	1,881,614				
23	1999	1,855,070	369,514	69,987	2,294,571				
24	2000	1,890,767	498,152	62,241	2,451,160				
25	2001-2005	5,256,310	4,054,958	379,573	9,690,841				
26	2006-2010	2,536,394	1,953,297	231,067	4,720,758				
27	2011-2015	2,331,107	1,029,421	203,957	3,564,485				
28	2016-2020	1,124,450	207,964	257,325	1,589,739				
29	2021-2025	198,947	(6,278)	123,073	315,742				
30	2026-2030	4,033	(6,278)	157,738	155,493				
31	2031-2035	807	(1,256)	-	(449)				
32									
33	Total	17,687,587	8,496,798	2,741,805	28,926,190				
34									
35	Payroll	11,228	1,868	11,350	24,446	thru 2019			
36	Payroll	2,823	470	2,853	6,146	thru 2028			
37									
38									
39									

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4	ITE-15 1986 TRA ARAM Excess Deferred Income Tax Reversal								
5	Hyperlink to Lead Sheet								
6	Source: Company records								
40	ARAM amort		82.68%						
41									
42	Year	Prod	T&D	General	Total ARAM	w/ P/R	SJ U23 W/D	Total	
43									
44	2016 (3 Qtr)	168,668	31,195	38,599	238,461	256,795		256,795	
45									
46	Bal 9/30/16	1,159,570	162,957	499,537	1,822,064	1,956,827	(410,723)	1,546,104	
47									
48									
49	2016 (1 Qtr)	15,041	10,398	12,866	38,306	44,417		44,417	
50	2017	60,165	41,593	51,465	153,223	177,669		177,669	
51	2018	60,165	41,593	51,465	153,223	177,669	(25,257)	152,412	
52	2019	60,165	41,593	51,465	153,223	177,669	(25,257)	152,412	
53	2020	60,165	41,593	51,465	153,223	159,369	(22,837)	136,532	
54	2021	33,091	(1,256)	24,615	56,450	62,595	(12,926)	49,670	
55	2022	33,091	(1,256)	24,615	56,450	62,595	(12,926)	49,670	
56	2023	33,091	(1,256)	24,615	56,450	62,595	(12,926)	49,670	
57	2024	33,091	(1,256)	24,615	56,450	62,595	(12,926)	49,670	
58	2025	33,091	(1,256)	24,615	56,450	62,595	(12,926)	49,670	
59	2026	26,458	(1,256)	31,548	56,750	62,896	(10,498)	52,398	
60	2027	26,458	(1,256)	31,548	56,750	62,896	(10,498)	52,398	
61	2028	26,458	(1,256)	31,548	56,750	62,896	(10,498)	52,398	
62	2029	26,458	(1,256)	31,548	56,750	56,750	(9,685)	47,065	
63	2030	26,458	(1,256)	31,548	56,750	56,750	(9,685)	47,065	
64	2031	26,375	(251)	-	26,124	26,124	(9,655)	16,469	
65	2032	26,375	(251)	-	26,124	26,124	(9,655)	16,469	
66	2033	26,375	(251)	-	26,124	26,124	(9,655)	16,469	
67	2034	26,375	(251)	-	26,124	26,124	(9,655)	16,469	
68	2035	26,375	(251)	-	26,124	26,124	(9,655)	16,469	
69	2036	26,347			26,347	26,347	(9,645)	16,702	
70	2037	26,347			26,347	26,347	(9,645)	16,702	
71	2038	26,347			26,347	26,347	(9,645)	16,702	
72	2039	26,347			26,347	26,347	(9,645)	16,702	
73	2040	26,347			26,347	26,347	(9,645)	16,702	
74	2041	26,347			26,347	26,347	(9,645)	16,702	
75	2042	26,347			26,347	26,347	(9,645)	16,702	
76	2043	26,347			26,347	26,347	(9,645)	16,702	
77	2044	26,347			26,347	26,347	(9,645)	16,702	
78	2045	26,347			26,347	26,347	(9,645)	16,702	
79	2046	26,347			26,347	26,347	(9,645)	16,702	
80	2047	26,347			26,347	26,347	(9,645)	16,702	
81	2048	26,347			26,347	26,347	(9,645)	16,702	
82	2049	26,347			26,347	26,347	(9,645)	16,702	
83	2050	26,347			26,347	26,347	(9,645)	16,702	
84	2051	26,347			26,347	26,347	(9,645)	16,702	
85	2052	26,347			26,347	26,347	(9,645)	16,702	
86	2053	26,347			26,347	26,347	(9,645)	16,702	
87									
88	Total	1,159,570	162,957	499,537	1,822,064	1,956,827	(410,722)	1,546,104	
89		-	-	-	-	-	1	1	

	A	J	K	L	M	N	O	P	Q	R	S	T
1	Public Service CoPublic Service Company of New Mexico											
2	NMPRC Case No. NMPRC Case No. 24-00089-UT											
3	PNM Exhibit LTM PNM Exhibit LTM-3											
4	ITE-15 1986 TRA /ITE-15 1986 TRA ARAM Excess Deferred Income Tax Reversal											
5	Hyperlink to Leac Hyperlink to Lead Sheet											
6	Source: Compan Source: Company records											
7												
8												
9	<u>Year</u>	<u>This page intentionally left blank</u>										
10												
11	1987											
12	1988											
13	1989											
14	1990											
15	1991											
16	1992											
17	1993											
18	1994											
19	1995											
20	1996											
21	1997											
22	1998											
23	1999											
24	2000											
25	2001-2005											
26	2006-2010											
27	2011-2015											
28	2016-2020											
29	2021-2025											
30	2026-2030											
31	2031-2035											
32												
33	Total											
34												
35	Payroll											
36	Payroll											
37												
38												
39												

	A	J	K	L	M	N	O	P	Q	R	S	T
1	Public Service Company of New Mexico											
2	NMPRC Case No. 24-00089-UT											
3	PNM Exhibit LTM-3											
4	ITE-15 1986 TRA /ITE-15 1986 TRA ARAM Excess Deferred Income Tax Reversal											
5	Hyperlink to Lead Sheet											
6	Source: Company records											
40	ARAM amort											
41												
42	Year											
43												
44	2016 (3 Qtr)											
45												
46	Bal 9/30/16											
47			2015 unextended	2015 Extended	2016-20 unextended	2016-20 Extended	2021-25 unextended	2021-25 Extended	2026-30 unextended	2026-30 Extended	2031-35 unextended	2031-35 Extended
48												
49	2016 (1 Qtr)				9,738	5,304						
50	2017				38,951	21,215						
51	2018				38,951	21,215						
52	2019				38,951	21,215						
53	2020				38,951	21,215						
54	2021					21,215	6,892	4,985				
55	2022					21,215	6,892	4,985				
56	2023					21,215	6,892	4,985				
57	2024					21,215	6,892	4,985				
58	2025					21,215	6,892	4,985				
59	2026					21,215		4,985	140	119		
60	2027					21,215		4,985	140	119		
61	2028					21,215		4,985	140	119		
62	2029					21,215		4,985	140	119		
63	2030					21,215		4,985	140	119		
64	2031					21,215		4,985		119	28	29
65	2032					21,215		4,985		119	28	29
66	2033					21,215		4,985		119	28	29
67	2034					21,215		4,985		119	28	29
68	2035					21,215		4,985		119	28	29
69	2036					21,215		4,985		119		29
70	2037					21,215		4,985		119		29
71	2038					21,215		4,985		119		29
72	2039					21,215		4,985		119		29
73	2040					21,215		4,985		119		29
74	2041					21,215		4,985		119		29
75	2042					21,215		4,985		119		29
76	2043					21,215		4,985		119		29
77	2044					21,215		4,985		119		29
78	2045					21,215		4,985		119		29
79	2046					21,215		4,985		119		29
80	2047					21,215		4,985		119		29
81	2048					21,215		4,985		119		29
82	2049					21,215		4,985		119		29
83	2050					21,215		4,985		119		29
84	2051					21,215		4,985		119		29
85	2052					21,215		4,985		119		29
86	2053					21,215		4,985		119		29
87												
88	Total		-	-	165,542	790,241	34,458	164,489	699	3,334	140	667
89	(0)											

	A	B	C	D	E	F	G	H	I	J
1	Public Service Company of New Mexico									
2	NMPRC Case No. 24-00089-UT									
3	PNM Exhibit LTM-3									
4	ITE-16 AFUDC and Book Capitalized Interest									
5	Hyperlink to Lead Sheet									
6	Source: Company records									
7										
8	Base Period									
9	Account	Month Number	Amount		Account	Month Number	Amount			
10	419100	202301	(621,918)		432000	202301	(862,270)			
11	419100	202302	(594,650)		432000	202302	(818,095)			
12	419100	202303	(645,489)		432000	202303	(1,023,390)			
13	419100	202304	(750,496)		432000	202304	(1,071,355)			
14	419100	202305	(1,084,897)		432000	202305	(739,304)			
15	419100	202306	(601,449)		432000	202306	(719,980)			
16	419100	202307	(996,742)		432000	202307	(1,040,916)			
17	419100	202308	(932,549)		432000	202308	(1,059,309)			
18	419100	202309	(1,034,705)		432000	202309	(1,054,550)			
19	419100	202310	(483,659)		432000	202310	(567,157)			
20	419100	202311	(1,157,923)		432000	202311	(1,010,483)			
21	419100	202312	(927,098)		432000	202312	453,112			
22										
23										
24	Total		(9,831,574)		Total		(9,513,698)			
25	Adjustments		-							
26	Total accrued in base period		(9,831,574)				(9,513,698)			
27										
28										
29	Test Period		202507	202508	202509	202510	202511	202512	202601	202602
30										
31	AFUDC Equity									
32	Electric		(440,405)	(453,327)	(482,577)	(562,201)	(851,973)	(755,789)	(746,683)	(750,902)
33	Transmission		(398,174)	(392,798)	(430,133)	(517,671)	(774,071)	40,019	(681,595)	(625,012)
34	Bulk Power		(341,888)	(282,586)	(312,498)	(344,651)	(433,208)	(425,845)	(463,648)	(394,165)
35	Total AFUDC Equity		(1,180,467)	(1,128,711)	(1,225,208)	(1,424,523)	(2,059,252)	(1,141,615)	(1,891,926)	(1,770,079)
36										
37	AFUDC Debt									
38	Electric		(144,934)	(154,947)	(166,613)	(163,442)	(176,894)	(162,285)	(175,865)	(172,723)
39	Transmission		(188,005)	(205,277)	(223,659)	(247,674)	(264,335)	(265,385)	(253,067)	(265,989)
40	Bulk Power		(213,208)	(226,999)	(238,532)	(251,116)	(255,308)	(225,836)	(233,813)	(240,832)
41	Total AFUDC Debt		(546,147)	(587,222)	(628,803)	(662,232)	(696,537)	(653,506)	(662,745)	(679,544)

	A	K	L	M	N	O
1	Public Service Company of New Me					
2	NMPRC Case No. 24-00089-UT					
3	PNM Exhibit LTM-3					
4	ITE-16 AFUDC and Book Capitalized					
5	Hyperlink to Lead Sheet					
6	Source: Company records					
7						
8	Base Period					
9	Account					
10	419100					
11	419100					
12	419100					
13	419100					
14	419100					
15	419100					
16	419100					
17	419100					
18	419100					
19	419100					
20	419100					
21	419100					
22						
23						
24	Total					
25	Adjustments					
26	Total accrued in base period					
27						
28						Total
29	Test Period	202603	202604	202605	202606	Test Period
30						
31	AFUDC Equity					
32	Electric	(826,754)	62,400	(848,997)	(499,631)	(7,156,839)
33	Transmission	(637,196)	(498,468)	(773,915)	(628,146)	(6,317,160)
34	Bulk Power	(500,033)	(481,969)	(574,951)	(631,956)	(5,187,398)
35	Total AFUDC Equity	(1,963,983)	(918,037)	(2,197,863)	(1,759,733)	(18,661,397)
36						-
37	AFUDC Debt					-
38	Electric	(175,659)	(185,232)	(200,933)	(218,739)	(2,098,265)
39	Transmission	(281,338)	(298,605)	(168,289)	(184,055)	(2,845,677)
40	Bulk Power	(227,528)	(236,842)	(228,180)	(237,638)	(2,815,830)
41	Total AFUDC Debt	(684,525)	(720,678)	(597,401)	(640,432)	(7,759,773)

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	Public Service Company of New Mexico													
2	NMPRC Case No. 24-00089-UT													
3	PNM Exhibit LTM-3													
4	ITE-17 Employee Parking Expense													
5	Hyperlink to Lead Sheet													
6	Source: Company records													
7														
8														
9	Company	Loc Ref	Address	Parking Type	Employee Spaces	Customer Spaces	Total Spaces	Parking Space	Parking Sq Ft	Acreage	Total Sq Ft	Parking as % of Total Land	Appraised Land Value	Improvements Value
10	Company 1	30	Santa Fe Service Center 4565 State Rd 14 Santa Fe, NM 87508	Paved	100	10	110	325	35,750	22.37	974,437	3.67%	2,821,259	4,741,000
11	Company 1	31	Alamogordo Office 650 Fairgrounds Rd. Alamogordo, NM 88310	Paved	25	16	41	325	13,325	81.07	3,531,409	0.38%	103,950	2,003,096
12	Company 3	32	Aztec 2401-A Aztec NE Albuquerque, NM 87107	Paved	316	0	316	325	102,700	9.85	428,979	23.94%	2,265,120	10,542,672
13	Company 1	33	Edith Service Center 4201 Edith NE Albuquerque, NM 87107	Paved	227	0	227	325	73,775	19.10	831,865	8.87%	1,121,234	4,357,221
14	Company 3	34	Reeves Generating Station 4400 Paseo Del Norte NE Albuquerque, NM 87113	Paved	27	0	27	325	8,775	80.00	3,484,756	0.25%	2,991,876	413,586
15	Company 1	35	BAYARD, NM Leased 800 Central Ave. Belen Office	Leased	1	-							-	-
16	Company 3	36	19377 N. Hwy 85 Belen, NM 87002	Paved	6	0	6	325	1,950	0.51	22,128	8.81%	183,000	378,058
17	Company 1	37	Deming 420 S. Gold Ave. Deming, NM 88030	Paved	12	0	12	325	3,900	78.07	3,400,686	0.11%	133,500	766,500
18	Company 1	38	Lordsburg 210 E. 5th St. Lordsburg, NM 88045	Paved	1	5	6	325	1,950	26.00	1,132,560	0.17%	5,000	68,800
19	Company 1	39	Ruidoso Area Office & Construction Center 1100 Mechem Dr. Ruidoso, NM 88345	Paved	25	6	31	325	10,075	4.63	201,596	5.00%	1,408,984	605,016
20	Company 3	40	Afton Generating Station 10100 West Afton Rd. #5 La Mesa, NM 88044	Paved	19	0	19	325	6,175	32.06	1,396,621	0.44%	-	21,979,353
21	Company 1	41	Las Vegas 420 Railroad Las Vegas, NM 87701	Paved	20	10	30	325	9,750	114.96	5,007,570	0.19%	50,400	1,392,805

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	Public Service Company of New Mexico													
2	NMPRC Case No. 24-00089-UT													
3	PNM Exhibit LTM-3													
4	ITE-17 Employee Parking Expense													
5	Hyperlink to Lead Sheet													
6	Source: Company records													
7														
8														
9	Company	Loc Ref	Address	Parking Type	Employee Spaces	Customer Spaces	Total Spaces	Parking Space	Parking Sq Ft	Acreage	Total Sq Ft	Parking as % of Total Land	Appraised Land Value	Improvements Value
22	Company 3	42	Clovis Blackwater Station dirt lot - no cost Off Hwy 60 West of Clovis Clovis, NM 88415	Dirt										
23	Company 2	43	Clayton STREET PARKING ONLY 5 Main St Clayton, NM 88415	Paved									-	1,510
24	Company 3	44	ALB Power Operations 701 Electric Ave SE Albuquerque, NM 87105	Paved	78	0	78	325	25,350	14.49	630,967	4.02%	6,041	8,172,542
25	Company 3	45	San Juan 6800 County Road Waterflow, NM 87421	Paved	215	0	215	325	69,875	1,278.38	55,686,133	0.13%	219,000	50,503,588
26	Company 1	47	Silver City Mtn Region Office 3815 North Swan Street Silver City, NM 88061	Paved	34	26	60	325	19,500	2.57	111,993	17.41%	33,483	904,917
27														
28	Total													

	A	B	C	O	P	Q	R	S	T	U	V	W	X	Y
1	Public Service Company of New Mexico													
2	NMPRC Case No. 24-00089-UT													
3	PNM Exhibit LTM-3													
4	ITE-17 Employee Parking Expense													
5	Hyperlink to Lead Sheet													
6	Source: Company records													
7														
8														
9	Company	Loc Ref	Address	Land as % of Total Value	Parking as % of Total Value	Total Property Tax Expense	Total Insurance Expense	Total Facility Expense (to be allocated)	Allocated Facility Expense	Total Parking Security Expense (parking ONLY)	Total Parking Maintenance Expense - detail review	Adjustments	Total Parking Expense	Non- Deductible Expense Ratio
10	Company 1	30	Santa Fe Service Center 4565 State Rd 14 Santa Fe, NM 87508	37.31%	1.37%	73,422	228,791	302,213	4,136	-	109,267		113,404	0.91
11	Company 1	31	Alamogordo Office 650 Fairgrounds Rd. Alamogordo, NM 88310	4.93%	0.02%	23,760	63,747	87,508	16	-			16	0.61
12	Company 3	32	Aztec 2401-A Aztec NE Albuquerque, NM 87107	17.69%	4.23%	204,831	9,391	214,222	9,070	-	-		9,070	1.00
13	Company 1	33	Edith Service Center 4201 Edith NE Albuquerque, NM 87107	20.47%	1.82%	78,145	165,747	243,892	4,427	-	2,748		7,175	1.00
14	Company 3	34	Reeves Generating Station 4400 Paseo Del Norte NE Albuquerque, NM 87113	87.86%	0.22%	54,462	180,931	235,394	521	-			521	1.00
15	Company 1	35	BAYARD, NM Leased 800 Central Ave. Belen Office			-		-	-	-			-	-
16	Company 3	36	19377 N. Hwy 85 Belen, NM 87002	32.62%	2.87%	8,010	51,303	59,313	1,705	-			1,705	1.00
17	Company 1	37	Deming 420 S. Gold Ave. Deming, NM 88030	14.83%	0.02%	6,284	27,229	33,513	6	-			6	1.00
18	Company 1	38	Lordsburg 210 E. 5th St. Lordsburg, NM 88045	6.78%	0.01%	631	67,351	67,982	8	-			8	0.17
19	Company 1	39	Ruidoso Area Office & Construction Center 1100 Mechem Dr. Ruidoso, NM 88345	69.96%	3.50%	12,512	60,932	73,445	2,568	-			2,568	0.81
20	Company 3	40	Afton Generating Station 10100 West Afton Rd. #5 La Mesa, NM 88044	0.00%	0.00%	244,388	300,368	544,756	-	-			-	1.00
21	Company 1	41	Las Vegas 420 Railroad Las Vegas, NM 87701	3.49%	0.01%	17,807	43,663	61,470	4	-			4	0.67

	A	B	C	O	P	Q	R	S	T	U	V	W	X	Y
1	Public Service Company of New Mexico													
2	NMPRC Case No. 24-00089-UT													
3	PNM Exhibit LTM-3													
4	ITE-17 Employee Parking Expense													
5	Hyperlink to Lead Sheet													
6	Source: Company records													
7														
8														
9	Company	Loc Ref	Address	Land as % of Total Value	Parking as % of Total Value	Total Property Tax Expense	Total Insurance Expense	Total Facility Expense (to be allocated)	Allocated Facility Expense	Total Parking Security Expense (parking ONLY)	Total Parking Maintenance Expense - detail review	Adjustments	Total Parking Expense	Non- Deductible Expense Ratio
22	Company 3	42	Clovis Blackwater Station dirt lot - no cost Off Hwy 60 West of Clovis Clovis, NM 88415			-		-	-	-			-	-
23	Company 2	43	Clayton STREET PARKING ONLY 5 Main St Clayton, NM 88415			14		14	-	-	1,824		1,824	-
24	Company 3	44	ALB Power Operations 701 Electric Ave SE Albuquerque, NM 87105	0.07%	0.00%	99,392	115,598	214,990	6	-			6	1.00
25	Company 3	45	San Juan 6800 County Road Waterflow, NM 87421	0.43%	0.00%	410,295	2,161,775	2,572,070	14	231,118		(77,146)	153,986	1.00
26	Company 1	47	Silver City Mtn Region Office 3815 North Swan Street Silver City, NM 88061	3.57%	0.62%	7,415	28,391	35,806	222	-			222	0.57
27														
28	Total													

	A	B	C	Z	AA	AB	AC	AD
1	Public Service Company of New Mexico							
2	NMPRC Case No. 24-00089-UT							
3	PNM Exhibit LTM-3							
4	ITE-17 Employee Parking Expense							
5	Hyperlink to Lead Sheet							
6	Source: Company records							
7								
8								
9	Company	Loc Ref	Address	2023 PNM Non- Deductible Parking Expense	San Juan Retirement	Base Period	Adjustments	Test Period
10	Company 1	30	Santa Fe Service Center 4565 State Rd 14 Santa Fe, NM 87508	103,094		103,094		103,094
11	Company 1	31	Alamogordo Office 650 Fairgrounds Rd. Alamogordo, NM 88310	10		10		10
12	Company 3	32	Aztec 2401-A Aztec NE Albuquerque, NM 87107	9,070		9,070		9,070
13	Company 1	33	Edith Service Center 4201 Edith NE Albuquerque, NM 87107	7,175		7,175		7,175
14	Company 3	34	Reeves Generating Station 4400 Paseo Del Norte NE Albuquerque, NM 87113	521		521		521
15	Company 1	35	BAYARD, NM Leased 800 Central Ave. Belen Office	-		-		-
16	Company 3	36	19377 N. Hwy 85 Belen, NM 87002	1,705		1,705		1,705
17	Company 1	37	Deming 420 S. Gold Ave. Deming, NM 88030	6		6		6
18	Company 1	38	Lordsburg 210 E. 5th St. Lordsburg, NM 88045	1		1		1
19	Company 1	39	Ruidoso Area Office & Construction Center 1100 Mechem Dr. Ruidoso, NM 88345	2,071		2,071		2,071
20	Company 3	40	Afton Generating Station 10100 West Afton Rd. #5 La Mesa, NM 88044	-		-		-
21	Company 1	41	Las Vegas 420 Railroad Las Vegas, NM 87701	3		3		3

	A	B	C	Z	AA	AB	AC	AD
1	Public Service Company of New Mexico							
2	NMPRC Case No. 24-00089-UT							
3	PNM Exhibit LTM-3							
4	ITE-17 Employee Parking Expense							
5	Hyperlink to Lead Sheet							
6	Source: Company records							
7								
8								
				2023 PNM Non- Deductible Parking Expense	San Juan Retirement	Base Period	Adjustments	Test Period
9	Company	Loc Ref	Address					
			Clovis Blackwater Station dirt lot - no cost					
22	Company 3	42	Off Hwy 60 West of Clovis Clovis, NM 88415	-		-		-
			Clayton STREET PARKING ONLY					
23	Company 2	43	5 Main St Clayton, NM 88415	-		-		-
			ALB Power Operations					
24	Company 3	44	701 Electric Ave SE Albuquerque, NM 87105	6		6		6
			San Juan					
25	Company 3	45	6800 County Road Waterflow, NM 87421	153,986	(153,986)	-		-
			Silver City Mtn Region Office					
26	Company 1	47	3815 North Swan Street Silver City, NM 88061	126		126		126
27								
28	Total			277,774	(153,986)	123,788	-	123,788

	A	B	C
1	Public Service Company of New Mexico		
2	NMPRC Case No. 24-00089-UT		
3	PNM Exhibit LTM-3		
4	ITE-18 Production Tax Credits		
5	Hyperlink to Lead Sheet		
6	Source: Company records		
7			
8			
9			
10			NM PTC Claimed
11			
12	Tax Year	2011	\$ 483,300
13	Tax Year	2012	\$ 644,400
14	Tax Year	2013	\$ 805,500
15	Tax Year	2014	\$ 966,600
16	Tax Year	2015	\$ 1,127,700
17	Tax Year	2016	\$ 1,288,800
18	Tax Year	2017	\$ 1,127,700
19	Tax Year	2018	\$ 966,600
20	Tax Year	2019	\$ 805,500
21	Tax Year	2020	\$ 644,400
22	Final Year of Original Allotment	2021	\$ 263,974
23	No new PTC's	2022	\$ -
24	New Allotment PTC's	2023	\$ 3,894,984
25	No new PTC's	2024	\$ -
26	No new PTC's	2025	\$ -
27	No new PTC's	2026	\$ -

	A	B	C	D	E	F	G	H	I	J
1	Public Service Company of New Mexico									
2	NMPRC Case No. 24-00089-UT									
3	PNM Exhibit LTM-3									
4	ITE-19 Investment Tax Credit Amortization									
5	Hyperlink to Lead Sheet									
6	Source: Company records					BASE	Linkage	Linkage	TEST	
7			2020	2021	2022	2023	2024	1/25-6/25	7/25-6/26	2026
8										
9										
10	PROD		87,906	87,629	87,579	86,284	84,923	42,384	84,322	83,876
11	T & D		0	0	0	0	0	0	0	0
12	SO2		0	0	0	0	0	0	0	0
13	NUCLEAR		106,438	106,438	106,438	106,438	106,438	53,219	106,438	106,438
14	LESS: WRITE-OFF 50% OF SJ UNITS 2&3 AS OF 12/2017		(21,769)	(21,769)	(21,769)	(21,769)	(21,769)	(10,885)	(21,769)	(21,769)
15	C/Y AMORT		172,575	172,298	172,248	170,953	169,592	84,719	168,991	168,545
16										
17										
18										
19	PRODUCTION		3,345,684	3,258,105	3,171,821	3,085,537	3,000,614	2,958,230	2,873,908	2,790,032
20	T & D		(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
21	SO2		0	0	0	0	0	0	0	0
22	NUCLEAR		2,660,953	2,554,515	2,448,077	2,341,639	2,235,201	2,181,982	2,075,544	1,969,106
23	GENERAL		(91,008)	(91,008)	(91,008)	(91,008)	(91,008)	(91,008)	(91,008)	(69,239)
24	LESS: WRITE-OFF 50% OF SJ UNITS 2&3 AS OF 12/2017		(696,607)	(674,838)	(653,069)	(631,300)	(609,531)	(598,646)	(576,877)	(555,108)
25	ENDING BASIS		5,219,022	5,046,774	4,875,821	4,704,868	4,535,276	4,450,557	4,281,566	4,134,790

	A	B	C	D	E	F	G
1	Public Service Company of New Mexico						
2	NMPRC Case No. 24-00089-UT						
3	PNM Exhibit LTM-3						
4	ITE-20 TCJA ARAM Excess Deferred Income Tax Reversal						
5	Hyperlink to Lead Sheet						
6	Source: Company records						
7							
8							
9			FIT Protected	FIT Unprotected	FIT Total	SIT Unprotected	Total FIT and SIT
10	Balance 12/31/2017	(202,680,874)	(91,942,132)	(294,623,006)	(20,400,298)	(315,023,304)	
11	Amort 2018	8,123,297	4,065,450	12,188,747	6,233,424	18,422,171	
12	Amort 2019	8,202,830	4,435,036	12,637,866	6,800,099	19,437,966	
13	Amort 2020	8,074,464	5,175,221	13,249,685	6,800,099	20,049,784	
14	Amort 2021	8,072,380	5,175,221	13,247,601	566,675	13,814,276	
15	Amort 2022	8,075,552	5,175,221	13,250,773		13,250,773	
28	Amort 2023	8,397,979	5,175,221	13,573,200		13,573,200	
41	Amort 2024	8,201,562	12,548,152	20,749,715		20,749,715	
54	Amort 2025	7,908,455	12,548,152	20,456,607		20,456,607	
67	Amort 2026	7,778,735	12,548,152	20,326,888		20,326,888	
80	Amort 2027	7,712,343	12,548,152	20,260,495		20,260,495	
93	Amort 2028	7,628,572	12,548,152	20,176,725		20,176,725	
106	Amort 2029	7,614,910		7,614,910		7,614,910	
119	Amort 2030	7,769,271		7,769,271		7,769,271	
120	Amort 2031 and after	99,120,523	(0)	99,120,523	0	99,120,523	

PNM Exhibit LTM – 4

ITC Investment Tax Credits
Is contained in the following 71 pages.

	A	B	C	D	E
1	Public Service Company of New Mexico				
2	NMPRC Case No. 24-00089-UT				
3	PNM Exhibit LTM-4				
4	ITC-Lead Sheet				
5					
6					
7				<i>Provides Information To</i>	<i>Requires Information From</i>
8	<i>Tab Reference</i>	<i>Description</i>	<i>Purpose</i>	<i>Tab name</i>	<i>Tab name</i>
9	ITC-1	Schedule H-13 Information	Schedule H-13 Information	None	ITC-2, ITC-3, ITC-5
10	ITC-2	ITC Summary	Provides a summary of ITC for Base and Test Periods	ITC-1	ITC-3, ITC-4, ITC-6
11	ITC-3	ITC Amortization Schedule	Provides ITC amortization calculations	ITC-2	ITC-2
12	ITC-4	ITC on SJGS Unit 4	Provides ITC summary for SJGS Unit 4	ITC-2	None
13	ITC-5	ITC on Renewables	Provides ITC amortization calculations for renewables	ITC-1	None
14	ITC-6	ITC writeoff of 50% of San Juan Units 2 & 3	Provides ITC amortization calculations for San Juan Units 2 & 3 writeoff	ITC-2	None

Public Service Company of New Mexico						
NMPRC Case No. 24-00089-UT						
PNM Exhibit LTM-4						
ITC-1: Schedule H-13 Information						
Hyperlink to Lead Sheet						
Description	Unadjusted Base Period	Base Period Adjustments	Adjusted Base Period	Linkage 2024	Linkage Jan 2025-Jun 2025	Test Period
Pre-1987 ITC						
Balance at beginning of period	4,875,821	-	4,875,821	4,704,868	4,535,276	4,450,557
Earned		-	-			
Utilized		-	-			
Amortized	(170,953)	-	(170,953)	(169,592)	(84,719)	(168,991)
Adjustments (Note 1)	-	-	-			
Reclasses	-	-	-			
Balance at end of period	4,704,868	-	4,704,868	4,535,276	4,450,557	4,281,566
ITC on Renewables						
Balance at beginning of period	66,656,135		66,656,135	66,656,135	66,656,135	66,656,135
Earned	-		-			
Utilized						
Amortized	-		-	-	-	-
Adjustments			-			
Reclasses	-	-	-			
Balance at end of period	66,656,135	-	66,656,135	66,656,135	66,656,135	66,656,135

Adjusted Base and Test Period Variance	Variance Percentage	Reference
(425,264)		
-		
-		
1,962	-1.15%	PNM Exhibit KTS-3 COS Test, Line 665
-		
-		
(423,302)		
-		
-		
-		
-	#DIV/0!	PNM Exhibit KTS-3 COS Test, Line 666
-		
-		
-		

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-4					
ITC-2: ITC Summary					
Hyperlink to Lead Sheet					
Source: Company Records					
ITC AMORTIZATION SUMMARY					
2001-2053	2000	2001	2002	2013	2014
Prior to PV & SJ life extensions on 09/30/16					
TOTAL AMORTIZATION		3,232,346	3,224,176	2,356,048	2,328,480
ANAHEIM SALE EFFECT		(114,701)	(114,701)	(102,729)	(102,729)
UAMPS SALE EFFECT		(80,291)	(80,291)	(71,910)	(71,910)
C/Y AMORTIZATION		3,037,353	3,029,184	2,181,408	2,153,840
PRODUCTION		841,912	833,742	619,132	619,132
TRANSMISSION & DISTRIBUTION		809,736	809,736	405,304	377,736
SO2		228,734	228,734	-	-
NUCLEAR		1,156,972	1,156,972	1,156,972	1,156,972
C/Y AMORTIZATION		3,037,353	3,029,184	2,181,408	2,153,840
BASIS	49,578,847	46,346,501	43,122,325	12,146,401	9,817,921
ANAHEIN SALE	114,701	114,701	114,701	102,729	102,729
ANAHEIM DELETION	(2,403,709)	(2,289,007)	(2,174,306)	(924,563)	(821,833)
UAMP SALE	80,291	80,291	80,291	71,910	71,910
UAMP DELETION	(1,682,596)	(1,602,305)	(1,522,014)	(647,194)	(575,283)
SDCW ADJUSTMENT	613,609	613,609	613,609	613,609	613,609
ENDING BASIS	46,301,144	43,263,791	40,234,607	11,362,893	9,209,053
PRODUCTION	15,166,714	14,324,803	13,491,060	5,521,470	4,902,338
TRANSMISSION & DISTRIBUTION	9,887,222	9,077,486	8,267,750	778,524	400,788
SO2	1,143,668	914,935	686,201	-	-
NUCLEAR	20,194,548	19,037,576	17,880,603	5,153,907	3,996,935
GENERAL	(91,008)	(91,008)	(91,008)	(91,008)	(91,008)
ENDING BASIS	46,301,144	43,263,791	40,234,607	11,362,893	9,209,053
ELECTRIC UNAMORTIZED ITC		43,263,791	40,234,607	11,362,893	9,209,053
TOTAL UNAMORTIZED ITC		43,263,791	40,234,607	11,362,893	9,209,053

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-4					
ITC-2: ITC Summary					
Hyperlink to Lead Sheet					
Source: Company Records					
ITC AMORTIZATION SUMMARY					
2001-2053	2000	2001	2002	2013	2014
New Amortlzatn with life extensions on 9/30/16					
PRODUCTION					619,132
TRANSMISSION & DISTRIBUTION					377,736
SO2					-
NUCLEAR					1,156,972
C/Y AMORTIZATION		-	-	-	2,153,840
Less Write-off of 50% of SJ units 2&3 as of 12/31/17					
ITC BALANCE WITH LIFE EXTENSIONS AND SJ UNITS 2 & 3 WRITE-OFFS					9,209,053

Public Service Company of New Mexico		
NMPRC Case No. 24-00089-UT		
PNM Exhibit LTM-4		
ITC-2: ITC Summary		
Hyperlink to Lead Sheet		
Source: Company Records		
ITC AMORTIZATION SUMMARY		
2001-2053	2015	2016
Prior to PV & SJ life extensions on 09/30/16		
TOTAL AMORTIZATION	1,505,572	1,352,921
ANAHEIM SALE EFFECT	(102,729)	(102,729)
UAMPS SALE EFFECT	(71,910)	(71,910)
C/Y AMORTIZATION	1,330,932	1,178,282
PRODUCTION	619,132	619,132
TRANSMISSION & DISTRIBUTION	267,696	115,046
SO2	-	-
NUCLEAR	444,104	444,104
C/Y AMORTIZATION	1,330,932	1,178,282
BASIS	8,312,348	6,959,427
ANAHEIN SALE	102,729	102,729
ANAHEIM DELETION	(719,104)	(616,375)
UAMP SALE	71,910	71,910
UAMP DELETION	(503,373)	(431,462)
SDCW ADJUSTMENT	613,609	613,609
ENDING BASIS	7,878,120	6,699,838
PRODUCTION	4,283,206	3,664,074
TRANSMISSION & DISTRIBUTION	133,091	18,046
SO2	-	-
NUCLEAR	3,552,831	3,108,727
GENERAL	(91,008)	(91,008)
ENDING BASIS	7,878,120	6,699,838
ELECTRIC UNAMORTIZED ITC	7,878,120	6,699,838
TOTAL UNAMORTIZED ITC	7,878,120	6,699,838

This schedule is sponsored by PNM witness Larry T. Morris

Public Service Company of New Mexico		
NMPRC Case No. 24-00089-UT		
PNM Exhibit LTM-4		
ITC-2: ITC Summary		
Hyperlink to Lead Sheet		
Source: Company Records		
ITC AMORTIZATION SUMMARY		
2001-2053	2015	2016
New Amortlzaton with life extensions on 9/30/16		
PRODUCTION	619,132	487,255
TRANSMISSION & DISTRIBUTION	267,696	115,046
SO2	-	-
NUCLEAR	444,104	359,687
C/Y AMORTIZATION	1,330,932	961,988
Less Write-off of 50% of SJ units 2&3 as of 12/31/17	783,683	
ITC BALANCE WITH LIFE EXTENSIONS AND SJ UNITS 2 & 3	7,094,438	6,132,450

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-4					
ITC-2: ITC Summary					
Hyperlink to Lead Sheet					
Source: Company Records					
ITC AMORTIZATION SUMMARY					
2001-2053	2017	2018	2019	2020	2021
Prior to PV & SJ life extensions on 09/30/16					
TOTAL AMORTIZATION	1,255,921	1,231,433	1,229,560	838,919	809,158
ANAHEIM SALE EFFECT	(102,729)	(102,729)	(102,729)	(102,729)	(102,729)
UAMPS SALE EFFECT	(71,910)	(71,910)	(71,910)	(71,910)	(71,910)
C/Y AMORTIZATION	1,081,282	1,056,794	1,054,920	664,279	634,518
PRODUCTION	619,132	612,690	610,817	220,175	190,414
TRANSMISSION & DISTRIBUTION	18,046	-	-	-	-
SO2	-	-	-	-	-
NUCLEAR	444,104	444,104	444,104	444,104	444,104
C/Y AMORTIZATION	1,081,282	1,056,794	1,054,920	664,279	634,518
BASIS	5,703,506	4,472,072	3,242,512	2,403,593	1,594,436
ANAHEIN SALE	102,729	102,729	102,729	102,729	102,729
ANAHEIM DELETION	(513,646)	(410,916)	(308,187)	(205,458)	(102,729)
UAMP SALE	71,910	71,910	71,910	71,910	71,910
UAMP DELETION	(359,552)	(287,641)	(215,731)	(143,820)	(71,910)
SDCW ADJUSTMENT	613,609	613,609	613,609	613,609	613,609
ENDING BASIS	5,618,557	4,561,763	3,506,843	2,842,564	2,208,046
PRODUCTION	3,044,942	2,432,252	1,821,435	1,601,260	1,410,846
TRANSMISSION & DISTRIBUTION	(0)	(0)	(0)	(0)	(0)
SO2	-	-	-	-	-
NUCLEAR	2,664,623	2,220,519	1,776,415	1,332,312	888,208
GENERAL	(91,008)	(91,008)	(91,008)	(91,008)	(91,008)
ENDING BASIS	5,618,557	4,561,763	3,506,843	2,842,564	2,208,046
ELECTRIC UNAMORTIZED ITC	5,618,557	4,561,763	3,506,843	2,842,564	2,208,046
TOTAL UNAMORTIZED ITC	5,618,557	4,561,763	3,506,843	2,842,564	2,208,046

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-4					
ITC-2: ITC Summary					
Hyperlink to Lead Sheet					
Source: Company Records					
ITC AMORTIZATION SUMMARY					
2001-2053	2017	2018	2019	2020	2021
New Amortlzaton with life extensions on 9/30/16					
PRODUCTION	91,623	91,563	91,545	87,906	87,629
TRANSMISSION & DISTRIBUTION	18,046	-	-	-	-
SO2	-	-	-	-	-
NUCLEAR	106,438	106,438	106,438	106,438	106,438
C/Y AMORTIZATION	216,107	198,001	197,984	194,345	194,067
Less Write-off of 50% of SJ units 2&3 as of 12/31/17		(21,769)	(21,769)	(21,769)	(21,769)
ITC BALANCE WITH LIFE EXTENSIONS AND SJ UNITS 2 & 3	5,916,343	5,740,111	5,563,896	5,391,321	5,219,022

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-4					
ITC-2: ITC Summary					
Hyperlink to Lead Sheet					
Source: Company Records					
ITC AMORTIZATION SUMMARY					
2001-2053	2022	2023	2024	2025	2026
Prior to PV & SJ life extensions on 09/30/16					
TOTAL AMORTIZATION	803,764	664,741	74,491	57,978	44,876
ANAHEIM SALE EFFECT	-	-	-	-	-
UAMPS SALE EFFECT	-	-	-	-	-
C/Y AMORTIZATION	803,764	664,741	74,491	57,978	44,876
PRODUCTION	359,660	220,637	74,491	57,978	44,876
TRANSMISSION & DISTRIBUTION	-	-	-	-	-
SO2	-	-	-	-	-
NUCLEAR	444,104	444,104	-	-	-
C/Y AMORTIZATION	803,764	664,741	74,491	57,978	44,876
BASIS	790,672	125,931	51,440	(6,539)	(51,415)
ANAHEIN SALE	-	-	-	-	-
ANAHEIM DELETION	0	0	0	0	0
UAMP SALE	-	-	-	-	-
UAMP DELETION	1	1	1	1	1
SDCW ADJUSTMENT	613,609	613,609	613,609	613,609	613,609
ENDING BASIS	1,404,282	739,541	665,050	607,072	562,196
PRODUCTION	1,051,186	830,549	756,058	698,080	653,204
TRANSMISSION & DISTRIBUTION	(0)	(0)	(0)	(0)	(0)
SO2	-	-	-	-	-
NUCLEAR	444,104	0	0	0	0
GENERAL	(91,008)	(91,008)	(91,008)	(91,008)	(91,008)
ENDING BASIS	1,404,282	739,541	665,050	607,072	562,196
ELECTRIC UNAMORTIZED ITC	1,404,282	739,541	665,050	607,072	562,196
TOTAL UNAMORTIZED ITC	1,404,282	739,541	665,050	607,072	562,196

This schedule is sponsored by PNM witness Larry T. Morris

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-4					
ITC-2: ITC Summary					
Hyperlink to Lead Sheet					
Source: Company Records					
ITC AMORTIZATION SUMMARY					
2001-2053	2022	2023	2024	2025	2026
New Amortlzaton with life extensions on 9/30/16					
PRODUCTION	87,579	86,284	84,923	84,769	84,647
TRANSMISSION & DISTRIBUTION	-	-	-	-	-
SO2	-	-	-	-	-
NUCLEAR	106,438	106,438	106,438	106,438	106,438
C/Y AMORTIZATION	194,017	192,722	191,361	191,207	191,085
Less Write-off of 50% of SJ units 2&3 as of 12/31/17	(21,769)	(21,769)	(21,769)	(21,769)	(21,769)
ITC BALANCE WITH LIFE EXTENSIONS AND SJ UNITS 2 & 3	5,046,774	4,875,821	4,706,229	4,536,791	4,367,475

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-4					
ITC-2: ITC Summary					
Hyperlink to Lead Sheet					
Source: Company Records					
ITC AMORTIZATION SUMMARY					
2001-2053	2027	2028	2029	2030	2031
Prior to PV & SJ life extensions on 09/30/16					
TOTAL AMORTIZATION	9,989	-	-		
ANAHEIM SALE EFFECT	-	-	-		
UAMPS SALE EFFECT	-	-	-		
C/Y AMORTIZATION	9,989	-	-		
PRODUCTION	9,989	-	-		
TRANSMISSION & DISTRIBUTION	-	-	-		
SO2	-	-	-		
NUCLEAR	-	-	-		
C/Y AMORTIZATION	9,989	-	-		
BASIS	(61,403)	(61,403)	(61,403)		
ANAHEIN SALE	-	-	-		
ANAHEIM DELETION	0	0	0		
UAMP SALE	-	-	-		
UAMP DELETION	1	1	1		
SDCW ADJUSTMENT	613,609	613,609	613,609		
ENDING BASIS	552,207	552,207	552,207		
PRODUCTION	643,215	643,215	643,215		
TRANSMISSION & DISTRIBUTION	(0)	(0)	(0)		
SO2	-	-	-		
NUCLEAR	0	0	0		
GENERAL	(91,008)	(91,008)	(91,008)		
ENDING BASIS	552,207	552,207	552,207		
ELECTRIC UNAMORTIZED ITC	552,207	552,207	552,207		
TOTAL UNAMORTIZED ITC	552,207	552,207	552,207		

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-4					
ITC-2: ITC Summary					
Hyperlink to Lead Sheet					
Source: Company Records					
ITC AMORTIZATION SUMMARY					
2001-2053	2027	2028	2029	2030	2031
New Amortlzaton with life extensions on 9/30/16					
PRODUCTION	84,322	84,229	84,229	84,229	84,229
TRANSMISSION & DISTRIBUTION	-	-	-	-	-
SO2	-	-	-	-	-
NUCLEAR	106,438	106,438	106,438	106,438	106,438
C/Y AMORTIZATION	190,760	190,667	190,667	190,667	190,667
Less Write-off of 50% of SJ units 2&3 as of 12/31/17	(21,769)	(21,769)	(21,769)	(21,769)	(21,769)
ITC BALANCE WITH LIFE EXTENSIONS AND SJ UNITS 2 & 3	4,198,484	4,029,587	3,860,689	3,691,791	3,522,893

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-4					
ITC-2: ITC Summary					
Hyperlink to Lead Sheet					
Source: Company Records					
ITC AMORTIZATION SUMMARY					
2001-2053	2032	2033	2034	2035	2036
Prior to PV & SJ life extensions on 09/30/16					
TOTAL AMORTIZATION					
ANAHEIM SALE EFFECT					
UAMPS SALE EFFECT					
C/Y AMORTIZATION					
PRODUCTION					
TRANSMISSION & DISTRIBUTION					
SO2					
NUCLEAR					
C/Y AMORTIZATION					
BASIS					
ANAHEIN SALE					
ANAHEIM DELETION					
UAMP SALE					
UAMP DELETION					
SDCW ADJUSTMENT					
ENDING BASIS					
PRODUCTION					
TRANSMISSION & DISTRIBUTION					
SO2					
NUCLEAR					
GENERAL					
ENDING BASIS					
ELECTRIC UNAMORTIZED ITC					
TOTAL UNAMORTIZED ITC					

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-4					
ITC-2: ITC Summary					
Hyperlink to Lead Sheet					
Source: Company Records					
ITC AMORTIZATION SUMMARY					
2001-2053	2032	2033	2034	2035	2036
New Amortlzaton with life extensions on 9/30/16					
PRODUCTION	84,229	84,229	84,229	84,229	84,229
TRANSMISSION & DISTRIBUTION	-	-	-	-	-
SO2	-	-	-	-	-
NUCLEAR	106,438	106,438	106,438	106,438	106,438
C/Y AMORTIZATION	190,667	190,667	190,667	190,667	190,667
Less Write-off of 50% of SJ units 2&3 as of 12/31/17	(21,769)	(21,769)	(21,769)	(21,769)	(21,769)
ITC BALANCE WITH LIFE EXTENSIONS AND SJ UNITS 2 & 3	3,353,995	3,185,097	3,016,199	2,847,302	2,678,404

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-4					
ITC-2: ITC Summary					
Hyperlink to Lead Sheet					
Source: Company Records					
ITC AMORTIZATION SUMMARY					
2001-2053	2037	2038	2039	2040	2041
Prior to PV & SJ life extensions on 09/30/16					
TOTAL AMORTIZATION					
ANAHEIM SALE EFFECT					
UAMPS SALE EFFECT					
C/Y AMORTIZATION					
PRODUCTION					
TRANSMISSION & DISTRIBUTION					
SO2					
NUCLEAR					
C/Y AMORTIZATION					
BASIS					
ANAHEIN SALE					
ANAHEIM DELETION					
UAMP SALE					
UAMP DELETION					
SDCW ADJUSTMENT					
ENDING BASIS					
PRODUCTION					
TRANSMISSION & DISTRIBUTION					
SO2					
NUCLEAR					
GENERAL					
ENDING BASIS					
ELECTRIC UNAMORTIZED ITC					
TOTAL UNAMORTIZED ITC					

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-4					
ITC-2: ITC Summary					
Hyperlink to Lead Sheet					
Source: Company Records					
ITC AMORTIZATION SUMMARY					
2001-2053	2037	2038	2039	2040	2041
New Amortlzaton with life extensions on 9/30/16					
PRODUCTION	84,229	84,229	84,229	84,229	84,229
TRANSMISSION & DISTRIBUTION	-	-	-	-	-
SO2	-	-	-	-	-
NUCLEAR	106,438	106,438	106,438	106,438	106,438
C/Y AMORTIZATION	190,667	190,667	190,667	190,667	190,667
Less Write-off of 50% of SJ units 2&3 as of 12/31/17	(21,769)	(21,769)	(21,769)	(21,769)	(21,769)
ITC BALANCE WITH LIFE EXTENSIONS AND SJ UNITS 2 & 3	2,509,506	2,340,608	2,171,710	2,002,812	1,833,914

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-4					
ITC-2: ITC Summary					
Hyperlink to Lead Sheet					
Source: Company Records					
ITC AMORTIZATION SUMMARY					
2001-2053	2042	2043	2044	2045	2046
Prior to PV & SJ life extensions on 09/30/16					
TOTAL AMORTIZATION					
ANAHEIM SALE EFFECT					
UAMPS SALE EFFECT					
C/Y AMORTIZATION					
PRODUCTION					
TRANSMISSION & DISTRIBUTION					
SO2					
NUCLEAR					
C/Y AMORTIZATION					
BASIS					
ANAHEIN SALE					
ANAHEIM DELETION					
UAMP SALE					
UAMP DELETION					
SDCW ADJUSTMENT					
ENDING BASIS					
PRODUCTION					
TRANSMISSION & DISTRIBUTION					
SO2					
NUCLEAR					
GENERAL					
ENDING BASIS					
ELECTRIC UNAMORTIZED ITC					
TOTAL UNAMORTIZED ITC					

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-4					
ITC-2: ITC Summary					
Hyperlink to Lead Sheet					
Source: Company Records					
ITC AMORTIZATION SUMMARY					
2001-2053	2042	2043	2044	2045	2046
New Amortlzaton with life extensions on 9/30/16					
PRODUCTION	84,229	84,229	84,229	84,229	84,229
TRANSMISSION & DISTRIBUTION	-	-	-	-	-
SO2	-	-	-	-	-
NUCLEAR	106,438	106,438	106,438	106,438	106,438
C/Y AMORTIZATION	190,667	190,667	190,667	190,667	190,667
Less Write-off of 50% of SJ units 2&3 as of 12/31/17	(21,769)	(21,769)	(21,769)	(21,769)	(21,769)
ITC BALANCE WITH LIFE EXTENSIONS AND SJ UNITS 2 & 3	1,665,017	1,496,119	1,327,221	1,158,323	989,425

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-4					
ITC-2: ITC Summary					
Hyperlink to Lead Sheet					
Source: Company Records					
ITC AMORTIZATION SUMMARY					
2001-2053	2047	2048	2049	2050	2051
Prior to PV & SJ life extensions on 09/30/16					
TOTAL AMORTIZATION					
ANAHEIM SALE EFFECT					
UAMPS SALE EFFECT					
C/Y AMORTIZATION					
PRODUCTION					
TRANSMISSION & DISTRIBUTION					
SO2					
NUCLEAR					
C/Y AMORTIZATION					
BASIS					
ANAHEIN SALE					
ANAHEIM DELETION					
UAMP SALE					
UAMP DELETION					
SDCW ADJUSTMENT					
ENDING BASIS					
PRODUCTION					
TRANSMISSION & DISTRIBUTION					
SO2					
NUCLEAR					
GENERAL					
ENDING BASIS					
ELECTRIC UNAMORTIZED ITC					
TOTAL UNAMORTIZED ITC					

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-4					
ITC-2: ITC Summary					
Hyperlink to Lead Sheet					
Source: Company Records					
ITC AMORTIZATION SUMMARY					
2001-2053	2047	2048	2049	2050	2051
New Amortlzaton with life extensions on 9/30/16					
PRODUCTION	84,229	84,229	84,229	84,229	84,229
TRANSMISSION & DISTRIBUTION	-	-	-	-	-
SO2	-	-	-	-	-
NUCLEAR	-	-	-	-	-
C/Y AMORTIZATION	84,229	84,229	84,229	84,229	84,229
Less Write-off of 50% of SJ units 2&3 as of 12/31/17	(21,769)	(21,769)	(21,769)	(21,769)	(21,769)
ITC BALANCE WITH LIFE EXTENSIONS AND SJ UNITS 2 & 3	926,965	864,506	802,046	739,586	677,127

Public Service Company of New Mexico		
NMPRC Case No. 24-00089-UT		
PNM Exhibit LTM-4		
ITC-2: ITC Summary		
Hyperlink to Lead Sheet		
Source: Company Records		
ITC AMORTIZATION SUMMARY		
2001-2053	2052	2053
Prior to PV & SJ life extensions on 09/30/16		
TOTAL AMORTIZATION		
ANAHEIM SALE EFFECT		
UAMPS SALE EFFECT		
C/Y AMORTIZATION		
PRODUCTION		
TRANSMISSION & DISTRIBUTION		
SO2		
NUCLEAR		
C/Y AMORTIZATION		
BASIS		
ANAHEIN SALE		
ANAHEIM DELETION		
UAMP SALE		
UAMP DELETION		
SDCW ADJUSTMENT		
ENDING BASIS		
PRODUCTION		
TRANSMISSION & DISTRIBUTION		
SO2		
NUCLEAR		
GENERAL		
ENDING BASIS		
ELECTRIC UNAMORTIZED ITC		
TOTAL UNAMORTIZED ITC		

This schedule is sponsored by PNM witness Larry T. Morris

Public Service Company of New Mexico		
NMPRC Case No. 24-00089-UT		
PNM Exhibit LTM-4		
ITC-2: ITC Summary		
Hyperlink to Lead Sheet		
Source: Company Records		
ITC AMORTIZATION SUMMARY		
2001-2053	2052	2053
New Amortlzaton with life extensions on 9/30/16		
PRODUCTION	84,229	84,229
TRANSMISSION & DISTRIBUTION	-	-
SO2	-	-
NUCLEAR	-	-
C/Y AMORTIZATION	84,229	84,229
Less Write-off of 50% of SJ units 2&3 as of 12/31/17	(21,769)	(21,769)
ITC BALANCE WITH LIFE EXTENSIONS AND SJ UNITS 2 & 3	614,667	552,207

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-4					
ITC-3: ITC Amortization					
Hyperlink to Lead Sheet					
Source: Company Records					
Vintage	2021	2022	2023	2024	2025
1962	-	-	-	-	-
1963	-	-	-	-	-
1964	-	-	-	-	-
1965	-	-	-	-	-
1966	-	-	-	-	-
1967	-	-	-	-	-
1968	-	-	-	-	-
1969	-	-	-	-	-
1970	-	-	-	-	-
1971	-	-	-	-	-
1972	-	-	-	-	-
subtotal 3%	-	-	-	-	-
1973	-	-	-	-	-
1974	-	-	-	-	-
subtotal 4%	-	-	-	-	-
1975	-	-	-	-	-
1976	-	-	-	-	-
subtotal 10%	-	-	-	-	-
total pre 1977	-	-	-	-	-
1977					
production	-	-	-	-	-
trans & dist	-	-	-	-	-
total 1977	-	-	-	-	-
1978					
production	-	-	-	-	-

This schedule is sponsored by PNM witness Larry T. Morris

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-4					
ITC-3: ITC Amortization					
Hyperlink to Lead Sheet					
Source: Company Records					
Vintage	2021	2022	2023	2024	2025
trans & dist	-	-	-	-	-
total 1978	-	-	-	-	-
1979					
production	-	-	-	-	-
trans & dist	-	-	-	-	-
total 1979	-	-	-	-	-
1980					
production	-	-	-	-	-
trans & dist	-	-	-	-	-
total 1980	-	-	-	-	-
1981					
production	5,394	-	-	-	-
trans & dist	-	-	-	-	-
total 1981	5,394	-	-	-	-
1982					
production	139,023	139,023	-	-	-
trans & dist	-	-	-	-	-
total 1982	139,023	139,023	-	-	-
1983					
production	146,147	146,147	146,147	-	-
trans & dist	-	-	-	-	-
total 1983	146,147	146,147	146,147	-	-
1984					

This schedule is sponsored by PNM witness Larry T. Morris

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-4					
ITC-3: ITC Amortization					
Hyperlink to Lead Sheet					
Source: Company Records					
Vintage	2021	2022	2023	2024	2025
production	16,512	16,512	16,512	16,512	-
trans & dist	-	-	-	-	-
total 1984	16,512	16,512	16,512	16,512	-
1985					
production	13,102	13,102	13,102	13,102	13,102
trans & dist	-	-	-	-	-
SO2	-	-	-	-	-
total 1985	13,102	13,102	13,102	13,102	13,102
1986					
production	34,887	34,887	34,887	34,887	34,887
trans & dist	-	-	-	-	-
total 1986	34,887	34,887	34,887	34,887	34,887
1987					
qpe's	-	-	-	-	-
production	9,989	9,989	9,989	9,989	9,989
trans & dist	-	-	-	-	-
89 1139 c/b	-	-	-	-	-
total 1987	9,989	9,989	9,989	9,989	9,989
palo verde					
unit 1	444,104	444,104	444,104	-	-
unit 2	-	-	-	-	-
unit 3	-	-	-	-	-
lessor unit 2	-	-	-	-	-
transmission	-	-	-	-	-
sec 48(d)(5)	-	-	-	-	-
total PV	444,104	444,104	444,104	-	-

This schedule is sponsored by PNM witness Larry T. Morris

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-4					
ITC-3: ITC Amortization					
Hyperlink to Lead Sheet					
Source: Company Records					
Vintage	2021	2022	2023	2024	2025
Extended lifes per Lynn					
PV	2,021	2,022	2,023	2,024	2,025
SJ					
	106,438	106,438	106,438	106,438	106,438
	-	-	-	-	-
	-	-	-	-	-

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-4					
ITC-3: ITC Amortization					
Hyperlink to Lead Sheet					
Source: Company Records					
Vintage	2021	2022	2023	2024	2025
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	106,438	106,438	106,438	106,438	106,438
EXTEND ALL PV TO 2046	(337,666)	(337,666)	(337,666)	106,438	106,438
All non-nuclear generation	190,414	359,660	220,637	74,491	57,978
Total remaining non-nuclear generation 2016					
SJ % of pre 87 non-nuclear generation costs					
Total to be extended					
Add ana/uamps					
year	2021	2022	2023	2024	2025
amort above	365,054	359,660	220,637	74,491	57,978
amnan/uamps	(174,640)	-	-	-	-
of amort above	(361,653)	(356,310)	(218,582)	(73,797)	(57,438)
years	108,842	108,842	108,842	108,842	108,842
remove 100% ana/uamp	174,640	-	-	-	-
years	(24,614)	(24,614)	(24,614)	(24,614)	(24,614)
New amortization	87,629	87,579	86,284	84,923	84,769
Difference	(102,785)	(272,081)	(134,353)	10,432	26,790

This schedule is sponsored by PNM witness Larry T. Morris

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-4					
ITC-3: ITC Amortization					
Hyperlink to Lead Sheet					
Source: Company Records					
Vintage	2026	2027	2028	2029	2030
1962	-	-	-	-	
1963	-	-	-	-	
1964	-	-	-	-	
1965	-	-	-	-	
1966	-	-	-	-	
1967	-	-	-	-	
1968	-	-	-	-	
1969	-	-	-	-	
1970	-	-	-	-	
1971	-	-	-	-	
1972	-	-	-	-	
subtotal 3%	-	-	-	-	
1973	-	-	-	-	
1974	-	-	-	-	
subtotal 4%	-	-	-	-	
1975	-	-	-	-	
1976	-	-	-	-	
subtotal 10%	-	-	-	-	
total pre 1977	-	-	-	-	
1977					
production	-	-	-	-	
trans & dist	-	-	-	-	
total 1977	-	-	-	-	
1978					
production	-	-	-	-	

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-4					
ITC-3: ITC Amortization					
Hyperlink to Lead Sheet					
Source: Company Records					
Vintage	2026	2027	2028	2029	2030
trans & dist	-	-	-	-	-
total 1978	-	-	-	-	-
1979					
production	-	-	-	-	-
trans & dist	-	-	-	-	-
total 1979	-	-	-	-	-
1980					
production	-	-	-	-	-
trans & dist	-	-	-	-	-
total 1980	-	-	-	-	-
1981					
production	-	-	-	-	-
trans & dist	-	-	-	-	-
total 1981	-	-	-	-	-
1982					
production	-	-	-	-	-
trans & dist	-	-	-	-	-
total 1982	-	-	-	-	-
1983					
production	-	-	-	-	-
trans & dist	-	-	-	-	-
total 1983	-	-	-	-	-
1984					

This schedule is sponsored by PNM witness Larry T. Morris

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-4					
ITC-3: ITC Amortization					
Hyperlink to Lead Sheet					
Source: Company Records					
Vintage	2026	2027	2028	2029	2030
production	-	-	-	-	
trans & dist	-	-	-	-	
total 1984	-	-	-	-	
1985					
production	-	-	-	-	
trans & dist	-	-	-	-	
SO2	-	-	-	-	
total 1985	-	-	-	-	
1986					
production	34,887	-	-	-	
trans & dist	-	-	-	-	
total 1986	34,887	-	-	-	
1987					
qpe's	-	-	-	-	
production	9,989	9,989	-	-	
trans & dist	-	-	-	-	
89 1139 c/b	-	-	-	-	
total 1987	9,989	9,989	-	-	
palo verde					
unit 1	-	-	-	-	
unit 2	-	-	-	-	
unit 3	-	-	-	-	
lessor unit 2	-	-	-	-	
transmission	-	-	-	-	
sec 48(d)(5)	-	-	-	-	
total PV	-	-	-	-	

This schedule is sponsored by PNM witness Larry T. Morris

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-4					
ITC-3: ITC Amortization					
Hyperlink to Lead Sheet					
Source: Company Records					
Vintage	2026	2027	2028	2029	2030
Extended lifes per Lynn					
PV	2,026	2,027	2,028	2,029	2,030
SJ					
	106,438	106,438	106,438	106,438	106,438
	-	-	-	-	-
	-	-	-	-	-

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-4					
ITC-3: ITC Amortization					
Hyperlink to Lead Sheet					
Source: Company Records					
Vintage	2026	2027	2028	2029	2030
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	106,438	106,438	106,438	106,438	106,438
EXTEND ALL PV TO 2046	106,438	106,438	106,438	106,438	106,438
All non-nuclear generation	44,876	9,989	-	-	
Total remaining non-nuclear generation 2016					
SJ % of pre 87 non-nuclear generation costs					
Total to be extended					
Add ana/uamps					
year	2026	2027	2028	2029	2030
amort above	44,876	9,989	-	-	-
amnan/uamps	-	-	-	-	-
of amort above	(44,458)	(9,895)	-	-	-
years	108,842	108,842	108,842	108,842	108,842
remove 100% ana/uamp	-	-	-	-	-
years	(24,614)	(24,614)	(24,614)	(24,614)	(24,614)
New amortization	84,647	84,322	84,229	84,229	84,229
Difference	39,771	74,333	84,229	84,229	84,229

This schedule is sponsored by PNM witness Larry T. Morris

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-4					
ITC-3: ITC Amortization					
Hyperlink to Lead Sheet					
Source: Company Records					
Vintage	2031	2032	2033	2034	2035
1962					
1963					
1964					
1965					
1966					
1967					
1968					
1969					
1970					
1971					
1972					
subtotal 3%					
1973					
1974					
subtotal 4%					
1975					
1976					
subtotal 10%					
total pre 1977					
1977					
production					
trans & dist					
total 1977					
1978					
production					

This schedule is sponsored by PNM witness Larry T. Morris

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-4					
ITC-3: ITC Amortization					
Hyperlink to Lead Sheet					
Source: Company Records					
Vintage	2031	2032	2033	2034	2035
trans & dist					
total 1978					
1979					
production					
trans & dist					
total 1979					
1980					
production					
trans & dist					
total 1980					
1981					
production					
trans & dist					
total 1981					
1982					
production					
trans & dist					
total 1982					
1983					
production					
trans & dist					
total 1983					
1984					

This schedule is sponsored by PNM witness Larry T. Morris

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-4					
ITC-3: ITC Amortization					
Hyperlink to Lead Sheet					
Source: Company Records					
Vintage	2031	2032	2033	2034	2035
production					
trans & dist					
total 1984					
1985					
production					
trans & dist					
SO2					
total 1985					
1986					
production					
trans & dist					
total 1986					
1987					
qpe's					
production					
trans & dist					
89 1139 c/b					
total 1987					
palo verde					
unit 1					
unit 2					
unit 3					
lessor unit 2					
transmission					
sec 48(d)(5)					
total PV					

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-4					
ITC-3: ITC Amortization					
Hyperlink to Lead Sheet					
Source: Company Records					
Vintage	2031	2032	2033	2034	2035
Extended lifes per Lynn					
PV	2,031	2,032	2,033	2,034	2,035
SJ					
	106,438	106,438	106,438	106,438	106,438
	-	-	-	-	-
	-	-	-	-	-

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-4					
ITC-3: ITC Amortization					
Hyperlink to Lead Sheet					
Source: Company Records					
Vintage	2031	2032	2033	2034	2035
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	106,438	106,438	106,438	106,438	106,438
EXTEND ALL PV TO 2046	106,438	106,438	106,438	106,438	106,438
All non-nuclear generation					
Total remaining non-nuclear generation 2016					
SJ % of pre 87 non-nuclear generation costs					
Total to be extended					
Add ana/uamps					
year	2031	2032	2033	2034	2035
amort above	-	-	-	-	-
amnan/uamps	-	-	-	-	-
of amort above	-	-	-	-	-
years	108,842	108,842	108,842	108,842	108,842
remove 100% ana/uamp	-	-	-	-	-
years	(24,614)	(24,614)	(24,614)	(24,614)	(24,614)
New amortization	84,229	84,229	84,229	84,229	84,229
Difference	84,229	84,229	84,229	84,229	84,229

This schedule is sponsored by PNM witness Larry T. Morris

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-4					
ITC-3: ITC Amortization					
Hyperlink to Lead Sheet					
Source: Company Records					
Vintage	2036	2037	2038	2039	2040
1962					
1963					
1964					
1965					
1966					
1967					
1968					
1969					
1970					
1971					
1972					
subtotal 3%					
1973					
1974					
subtotal 4%					
1975					
1976					
subtotal 10%					
total pre 1977					
1977					
production					
trans & dist					
total 1977					
1978					
production					

This schedule is sponsored by PNM witness Larry T. Morris

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-4					
ITC-3: ITC Amortization					
Hyperlink to Lead Sheet					
Source: Company Records					
Vintage	2036	2037	2038	2039	2040
trans & dist					
total 1978					
1979					
production					
trans & dist					
total 1979					
1980					
production					
trans & dist					
total 1980					
1981					
production					
trans & dist					
total 1981					
1982					
production					
trans & dist					
total 1982					
1983					
production					
trans & dist					
total 1983					
1984					

This schedule is sponsored by PNM witness Larry T. Morris

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-4					
ITC-3: ITC Amortization					
Hyperlink to Lead Sheet					
Source: Company Records					
Vintage	2036	2037	2038	2039	2040
production					
trans & dist					
total 1984					
1985					
production					
trans & dist					
SO2					
total 1985					
1986					
production					
trans & dist					
total 1986					
1987					
qpe's					
production					
trans & dist					
89 1139 c/b					
total 1987					
palo verde					
unit 1					
unit 2					
unit 3					
lessor unit 2					
transmission					
sec 48(d)(5)					
total PV					

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-4					
ITC-3: ITC Amortization					
Hyperlink to Lead Sheet					
Source: Company Records					
Vintage	2036	2037	2038	2039	2040
Extended lifes per Lynn					
PV	2,036	2,037	2,038	2,039	2,040
SJ					
	106,438	106,438	106,438	106,438	106,438
	-	-	-	-	-
	-	-	-	-	-

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-4					
ITC-3: ITC Amortization					
Hyperlink to Lead Sheet					
Source: Company Records					
Vintage	2036	2037	2038	2039	2040
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	106,438	106,438	106,438	106,438	106,438
EXTEND ALL PV TO 2046	106,438	106,438	106,438	106,438	106,438
All non-nuclear generation					
Total remaining non-nuclear generation 2016					
SJ % of pre 87 non-nuclear generation costs					
Total to be extended					
Add ana/uamps					
year	2036	2037	2038	2039	2040
amort above	-	-	-	-	-
amnan/uamps	-	-	-	-	-
of amort above	-	-	-	-	-
years	108,842	108,842	108,842	108,842	108,842
remove 100% ana/uamp	-	-	-	-	-
years	(24,614)	(24,614)	(24,614)	(24,614)	(24,614)
New amortization	84,229	84,229	84,229	84,229	84,229
Difference	84,229	84,229	84,229	84,229	84,229

This schedule is sponsored by PNM witness Larry T. Morris

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-4					
ITC-3: ITC Amortization					
Hyperlink to Lead Sheet					
Source: Company Records					
Vintage	2041	2042	2043	2044	2045
1962					
1963					
1964					
1965					
1966					
1967					
1968					
1969					
1970					
1971					
1972					
subtotal 3%					
1973					
1974					
subtotal 4%					
1975					
1976					
subtotal 10%					
total pre 1977					
1977					
production					
trans & dist					
total 1977					
1978					
production					

This schedule is sponsored by PNM witness Larry T. Morris

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-4					
ITC-3: ITC Amortization					
Hyperlink to Lead Sheet					
Source: Company Records					
Vintage	2041	2042	2043	2044	2045
trans & dist					
total 1978					
1979					
production					
trans & dist					
total 1979					
1980					
production					
trans & dist					
total 1980					
1981					
production					
trans & dist					
total 1981					
1982					
production					
trans & dist					
total 1982					
1983					
production					
trans & dist					
total 1983					
1984					

This schedule is sponsored by PNM witness Larry T. Morris

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-4					
ITC-3: ITC Amortization					
Hyperlink to Lead Sheet					
Source: Company Records					
Vintage	2041	2042	2043	2044	2045
production					
trans & dist					
total 1984					
1985					
production					
trans & dist					
SO2					
total 1985					
1986					
production					
trans & dist					
total 1986					
1987					
qpe's					
production					
trans & dist					
89 1139 c/b					
total 1987					
palo verde					
unit 1					
unit 2					
unit 3					
lessor unit 2					
transmission					
sec 48(d)(5)					
total PV					

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-4					
ITC-3: ITC Amortization					
Hyperlink to Lead Sheet					
Source: Company Records					
Vintage	2041	2042	2043	2044	2045
Extended lifes per Lynn					
PV	2,041	2,042	2,043	2,044	2,045
SJ					
	106,438	106,438	106,438	106,438	106,438
	-	-	-	-	-
	-	-	-	-	-

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-4					
ITC-3: ITC Amortization					
Hyperlink to Lead Sheet					
Source: Company Records					
Vintage	2041	2042	2043	2044	2045
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	106,438	106,438	106,438	106,438	106,438
EXTEND ALL PV TO 2046	106,438	106,438	106,438	106,438	106,438
All non-nuclear generation					
Total remaining non-nuclear generation 2016					
SJ % of pre 87 non-nuclear generation costs					
Total to be extended					
Add ana/uamps					
year	2041	2042	2043	2044	2045
amort above	-	-	-	-	-
amnan/uamps	-	-	-	-	-
of amort above	-	-	-	-	-
years	108,842	108,842	108,842	108,842	108,842
remove 100% ana/uamp	-	-	-	-	-
years	(24,614)	(24,614)	(24,614)	(24,614)	(24,614)
New amortization	84,229	84,229	84,229	84,229	84,229
Difference	84,229	84,229	84,229	84,229	84,229

This schedule is sponsored by PNM witness Larry T. Morris

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-4					
ITC-3: ITC Amortization					
Hyperlink to Lead Sheet					
Source: Company Records					
Vintage	2046	2047	2048	2049	2050
1962					
1963					
1964	This Page intentionally left blank				
1965					
1966					
1967					
1968					
1969					
1970					
1971					
1972					
subtotal 3%					
1973					
1974					
subtotal 4%					
1975					
1976					
subtotal 10%					
total pre 1977					
1977					
production					
trans & dist					
total 1977					
1978					
production					

This schedule is sponsored by PNM witness Larry T. Morris

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-4					
ITC-3: ITC Amortization					
Hyperlink to Lead Sheet					
Source: Company Records					
Vintage	2046	2047	2048	2049	2050
trans & dist					
total 1978					
1979					
production					
trans & dist					
total 1979					
1980					
production					
trans & dist					
total 1980					
1981					
production					
trans & dist					
total 1981	This Page intentionally left blank				
1982					
production					
trans & dist					
total 1982					
1983					
production					
trans & dist					
total 1983					
1984					

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-4					
ITC-3: ITC Amortization					
Hyperlink to Lead Sheet					
Source: Company Records					
Vintage	2046	2047	2048	2049	2050
production					
trans & dist					
total 1984					
1985					
production					
trans & dist					
SO2					
total 1985					
1986					
production					
trans & dist					
total 1986					
1987					
qpe's					
production					
trans & dist					
89 1139 c/b					
total 1987					
palo verde					
unit 1					
unit 2					
unit 3					
lessor unit 2					
transmission					
sec 48(d)(5)					
total PV					

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-4					
ITC-3: ITC Amortization					
Hyperlink to Lead Sheet					
Source: Company Records					
Vintage	2046	2047	2048	2049	2050
Extended lifes per Lynn					
PV	2,046				
SJ					
	106,438				
	-				
	-				

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-4					
ITC-3: ITC Amortization					
Hyperlink to Lead Sheet					
Source: Company Records					
Vintage	2046	2047	2048	2049	2050
	-				
	-				
	-				
	106,438				
EXTEND ALL PV TO 2046	106,438				
All non-nuclear generation					
Total remaining non-nuclear generation 2016					
SJ % of pre 87 non-nuclear generation costs					
Total to be extended					
Add ana/uamps					
year	2046	2047	2048	2049	2050
amort above	-	-	-	-	-
amnan/uamps	-	-	-	-	-
of amort above	-	-	-	-	-
years	108,842	108,842	108,842	108,842	108,842
remove 100% ana/uamp	-	-	-	-	-
years	(24,614)	(24,614)	(24,614)	(24,614)	(24,614)
New amortization	84,229	84,229	84,229	84,229	84,229
Difference	84,229	84,229	84,229	84,229	84,229

This schedule is sponsored by PNM witness Larry T. Morris

Public Service Company of New Mexico			
NMPRC Case No. 24-00089-UT			
PNM Exhibit LTM-4			
ITC-3: ITC Amortization			
Hyperlink to Lead Sheet			
Source: Company Records			
Vintage	2051	2052	2053
1962			
1963			
1964			
1965			
1966			
1967			
1968			
1969			
1970			
1971			
1972			
subtotal 3%			
1973			
1974			
subtotal 4%			
1975			
1976			
subtotal 10%			
total pre 1977			
1977			
production			
trans & dist			
total 1977			
1978			
production			

This schedule is sponsored by PNM witness Larry T. Morris

Public Service Company of New Mexico			
NMPRC Case No. 24-00089-UT			
PNM Exhibit LTM-4			
ITC-3: ITC Amortization			
Hyperlink to Lead Sheet			
Source: Company Records			
Vintage	2051	2052	2053
trans & dist			
total 1978			
1979			
production			
trans & dist			
total 1979			
1980			
production			
trans & dist			
total 1980			
1981			
production			
trans & dist			
total 1981			
1982			
production			
trans & dist			
total 1982			
1983			
production			
trans & dist			
total 1983			
1984			

This schedule is sponsored by PNM witness Larry T. Morris

Public Service Company of New Mexico			
NMPRC Case No. 24-00089-UT			
PNM Exhibit LTM-4			
ITC-3: ITC Amortization			
Hyperlink to Lead Sheet			
Source: Company Records			
Vintage	2051	2052	2053
production			
trans & dist			
total 1984			
1985			
production			
trans & dist			
SO2			
total 1985			
1986			
production			
trans & dist			
total 1986			
1987			
qpe's			
production			
trans & dist			
89 1139 c/b			
total 1987			
palo verde			
unit 1			
unit 2			
unit 3			
lessor unit 2			
transmission			
sec 48(d)(5)			
total PV			

This schedule is sponsored by PNM witness Larry T. Morris

Public Service Company of New Mexico			
NMPRC Case No. 24-00089-UT			
PNM Exhibit LTM-4			
ITC-3: ITC Amortization			
Hyperlink to Lead Sheet			
Source: Company Records			
Vintage	2051	2052	2053
Extended lifes per Lynn			
PV			
SJ			

Public Service Company of New Mexico			
NMPRC Case No. 24-00089-UT			
PNM Exhibit LTM-4			
ITC-3: ITC Amortization			
Hyperlink to Lead Sheet			
Source: Company Records			
Vintage	2051	2052	2053
EXTEND ALL PV TO 2046			
All non-nuclear generation			
Total remaining non-nuclear generation 2016			
SJ % of pre 87 non-nuclear generation costs			
Total to be extended			
Add ana/uamps			
year	2051	2052	2053
amort above	-	-	-
amnan/uamps	-	-	-
of amort above	-	-	-
years	108,842	108,842	108,842
remove 100% ana/uamp	-	-	-
years	(24,614)	(24,614)	(24,614)
New amortization	84,229	84,229	84,229
Difference	84,229	84,229	84,229

This schedule is sponsored by PNM witness Larry T. Morris

Public Service Company of New Mexico					
NMPRC Case No. 24-00089-UT					
PNM Exhibit LTM-4					
ITC-4: SJGS Unit 4 ITC					
Hyperlink to Lead Sheet					
Source: Company Records					
SAN JUAN UNIT 4 AMORTIZATION					
REFLECTS ANAHEIM & UAMPS SALES					
	277	118/277	50	35	33
	TOTAL	TOTAL	LESS	LESS	NET
	SAN JUAN 4	FORMERLY EXCLUDED	ANAHEIM	UAMPS	EXCLUDED
1979	-	-			-
1980	-	-			-
1981	-	-			-
1982	(608,989)	(259,425)			(259,425)
1983	(913,486)	(389,138)			(389,138)
1984	(913,486)	(389,138)			(389,138)
1985	(913,486)	(389,138)			(389,138)
1986	(913,486)	(389,138)			(389,138)
1987	(913,486)	(389,138)			(389,138)
1988	(967,333)	(412,077)			(412,077)
1989	(967,333)	(412,077)			(412,077)
1990	(967,333)	(412,077)			(412,077)
1991	(967,333)	(412,077)			(412,077)
1992	(967,333)	(412,077)			(412,077)
1993	(967,333)	(412,077)	72,754		(339,323)
1994	(967,333)	(412,077)	174,609	71,299	(166,169)
1995	(967,333)	(412,077)	174,609	122,226	(115,242)
1996	(635,446)	(270,695)	114,701	80,291	(75,703)
1997	(635,446)	(270,695)	114,701	80,291	(75,703)
1998	(635,446)	(270,695)	114,701	80,291	(75,703)
1999	(635,446)	(270,695)	114,701	80,291	(75,703)
2000	(635,446)	(270,695)	114,701	80,291	(75,703)
2001	(635,446)	(270,695)	114,701	80,291	(75,703)
2002	(635,446)	(270,695)	114,701	80,291	(75,703)
2003	(635,446)	(270,695)	114,701	80,291	(75,703)
2004	(635,446)	(270,695)	114,701	80,291	(75,703)
2005	(635,446)	(270,695)	114,701	80,291	(75,703)
2006	(635,446)	(270,695)	114,701	80,291	(75,703)
2007	(635,445)	(270,695)	114,701	80,291	(75,703)
2008	(635,445)	(270,695)	114,701	80,291	(75,703)
2009	(635,445)	(270,695)	114,701	80,291	(75,703)

This schedule is sponsored by PNM witness Larry T. Morris

2010	(635,445)	(270,695)	114,701	80,291	(75,703)
2011	(635,445)	(270,695)	114,701	80,291	(75,703)
2012	(569,121)	(242,441)	102,729	71,911	(67,801)
2013	(569,120)	(242,441)	102,729	71,910	(67,801)
2014	(569,120)	(242,441)	102,729	71,910	(67,801)
2015	(569,120)	(242,441)	102,729	71,910	(67,801)
2016	(569,120)	(242,441)	102,729	71,910	(67,801)
2017	(569,120)	(242,441)	102,729	71,910	(67,801)
2018	(569,120)	(242,441)	102,729	71,910	(67,801)
2019	(569,120)	(242,441)	102,729	71,910	(67,801)
2020	(569,120)	(242,441)	102,729	71,910	(67,801)
2021	(569,120)	(242,441)	102,729	71,910	(67,801)
2022	-	-	-	-	-
Total	(28,773,415)	(12,257,267)	3,284,486	2,197,286	(6,775,495)

BOY TOTAL EXCLUDED ACCUMULATED	BOY ANAHEIM REDUCTION IN UMAMORTIZED	BOY UAMPS REDUCTION IN UMAMORTIZED	
			-
			-
			-
-			-
(259,425)			(259,425)
(648,563)			(648,563)
(1,037,702)			(1,037,702)
(1,426,840)			(1,426,840)
(1,815,979)			(1,815,979)
(2,205,117)			(2,205,117)
(2,617,194)			(2,617,194)
(3,029,271)			(3,029,271)
(3,441,348)			(3,441,348)
(3,853,425)			(3,853,425)
(4,265,501)	(3,284,486)		(7,549,987)
(4,677,578)	(3,211,732)	(2,197,285)	(10,086,595)
(5,089,655)	(3,037,123)	(2,125,986)	(10,252,764)
(5,501,732)	(2,862,514)	(2,003,760)	(10,368,006)
(5,772,428)	(2,747,813)	(1,923,469)	(10,443,709)
(6,043,123)	(2,633,111)	(1,843,178)	(10,519,412)
(6,313,818)	(2,518,410)	(1,762,887)	(10,595,115)
(6,584,514)	(2,403,709)	(1,682,596)	(10,670,818)
(6,855,209)	(2,289,007)	(1,602,305)	(10,746,521)
(7,125,905)	(2,174,306)	(1,522,014)	(10,822,224)
(7,396,600)	(2,059,604)	(1,441,723)	(10,897,927)
(7,667,295)	(1,944,903)	(1,361,432)	(10,973,630)
(7,937,991)	(1,830,201)	(1,281,141)	(11,049,333)
(8,208,686)	(1,715,500)	(1,200,850)	(11,125,036)
(8,479,382)	(1,600,798)	(1,120,559)	(11,200,739)
(8,750,077)	(1,486,097)	(1,040,268)	(11,276,442)
(9,020,772)	(1,371,396)	(959,977)	(11,352,144)

This schedule is sponsored by PNM witness Larry T. Morris

(9,291,467)	(1,256,695)	(879,686)	(11,427,847)
(9,562,162)	(1,141,993)	(799,395)	(11,503,550)
(9,832,857)	(1,027,292)	(719,104)	(11,579,253)
(10,075,298)	(924,563)	(647,194)	(11,647,054)
(10,317,739)	(821,833)	(575,283)	(11,714,856)
(10,560,180)	(719,104)	(503,373)	(11,782,657)
(10,802,621)	(616,375)	(431,462)	(11,850,458)
(11,045,062)	(513,646)	(359,552)	(11,918,259)
(11,287,503)	(410,916)	(287,641)	(11,986,061)
(11,529,944)	(308,187)	(215,731)	(12,053,862)
(11,772,385)	(205,458)	(143,820)	(12,121,663)
(12,014,826)	(102,729)	(71,910)	(12,189,465)
(12,257,267)	0	1	(12,257,266)
	(5,193,757)	(3,635,630)	

Public Service Company of New Mexico								
NMPRC Case No. 24-00089-UT								
PNM Exhibit LTM-4								
ITC-5: Renewable ITC								
Hyperlink to Lead Sheet								
Source: Company Records								
	BALANCE							
	FORM 1	Deferred	AMORT	ADJUSTMENT	NET AMORT	BALANCE	Deferred	AMORT
	12-31-2013	2014	2014	2014	2014	12-31-2014	2015	2015
ELECTRIC								
3%	-		-		-	-		-
4%	-		-		-	-		-
8%	2,215,676		438,451		438,451	1,777,225		379,013
10%	9,147,216		1,715,390		1,715,390	7,431,826		1,735,602
30%	14,491,968	13,099,828	10,638		10,638	27,581,158	21,923,826	10,638
TOTAL ELECTRIC	25,854,860	13,099,828	2,164,479	0	2,164,479	36,790,209	21,923,826	2,125,253
Unamortized ITC	Return	In service	Claimed	2012	2013	2014	2015	2016
DOE Battery	2011	12/31/2011	724,203	713,401	702,600	691,798	680,997	670,195
True up 2011			(16,240)	(16,076)	(15,912)	(15,749)	(15,585)	(15,421)
Total			707,963	697,325	686,688	676,050	665,412	654,774
Amortization	Life	Amort	Utilized	2012	2013	2014	2015	2016
DOE Battery 2011 utilized 2011	10	900	107,115	10,802	10,802	10,802	10,802	10,802
DOE Battery 2011 utilized 2016	5	4,972	293,360	-	-	-	-	-
DOE Battery 2011 est. utilized	5	5,186	305,990					
True up 2011	10	(14)	(1,624)	(164)	(164)	(164)	(164)	(164)
Total			704,841	10,638	10,638	10,638	10,638	10,638
Balance			704,841	694,203	683,566	672,928	662,290	651,652
Carried forward			3,122					

Public Service Company of New									
NMPRC Case No. 24-00089-UT									
PNM Exhibit LTM-4									
ITC-5: Renewable ITC									
Hyperlink to Lead Sheet									
Source: Company Records									
	ADJUSTMENT	NET AMORT	BALANCE	Deferred	AMORT	ADJUSTMENT	NET AMORT	BALANCE	Deferred
	2015	2015	12/31/2015	2016	2016	2016	2016	12/31/2016	2017
ELECTRIC									
3%		-	-		-		-	-	
4%		-	-		-		-	-	
8%		379,013	1,398,212		-		-	1,398,212	
10%		1,735,602	5,696,224		-		-	5,696,224	
30%		10,638	49,494,346	89,512	10,638		10,638	49,573,220	
TOTAL ELECTRIC	0	2,125,253	56,588,782	89,512	10,638	0	10,638	56,667,656	0
Unamortized ITC	2017	2018	2019	2020	2021	2022	2023	2024	
DOE Battery	599,727	529,260	458,792	388,324	323,714	323,714	323,714	323,714	
True up 2011	(15,257)	(15,094)	(14,930)	(14,766)	(14,602)	(14,602)	(14,602)	(14,602)	
Total	584,470	514,166	443,862	373,558	309,112	309,112	309,112	309,112	
Amortization	2017	2018	2019	2020	2021	2022	2023	2024	
DOE Battery 2011 utilized 2011	10,802	10,802	10,802	10,802	10,802	-	-	-	
DOE Battery 2011 utilized 2016	59,666	59,666	59,666	59,666	53,808	-	-	-	
DOE Battery 2011 est. utilized									-
True up 2011	(164)	(164)	(164)	(164)	(164)				-
Total	70,304	70,304	70,304	70,304	64,446	-	-	-	
Balance	581,348	511,044	440,740	370,436	305,990	305,990	305,990	305,990	
Carried forward									

Public Service Company of New									
NMPRC Case No. 24-00089-UT									
PNM Exhibit LTM-4									
ITC-5: Renewable ITC									
Hyperlink to Lead Sheet									
Source: Company Records									
	AMORT	ADJUSTMENT	NET AMORT	BALANCE	Deferred	AMORT	ADJUSTMENT	NET AMORT	BALANCE
	2017	2017	2017	12/31/2017	2018	2018	2018	2018	12/31/2018
ELECTRIC									
3%	-		-	-		-		-	-
4%	-		-	-		-		-	-
8%	-		-	1,398,212		-		-	1,398,212
10%	-		-	5,696,224		-		-	5,696,224
30%	70,304		70,304	49,502,916		70,304		70,304	49,432,612
TOTAL ELECTRIC	70,304	0	70,304	56,597,352	0	70,304	0	70,304	56,527,048
Unamortized ITC									
DOE Battery									
True up 2011									
Total									
Amortization									
DOE Battery 2011 utilized 2011									
DOE Battery 2011 utilized 2016									
DOE Battery 2011 est. utilized									
True up 2011									
Total									
Balance									
Carried forward									

Public Service Company of New									
NMPRC Case No. 24-00089-UT									
PNM Exhibit LTM-4									
ITC-5: Renewable ITC									
Hyperlink to Lead Sheet									
Source: Company Records									
	Deferred	AMORT	ADJUSTMENT	NET AMORT	BALANCE	Deferred	AMORT	ADJUSTMENT	NET AMORT
	2019	2019	2019	2019	12/31/2019	2020	2020	2020	2020
ELECTRIC									
3%		-		-	-		-		-
4%		-		-	-		-		-
8%		-		-	1,398,212		-		-
10%		-		-	5,696,224		-		-
30%	19,429,157	70,304		70,304	68,791,465		70,304		70,304
TOTAL ELECTRIC	19,429,157	70,304	0	70,304	75,885,901	0	70,304	0	70,304
Unamortized ITC									
DOE Battery									
True up 2011									
Total									
Amortization									
DOE Battery 2011 utilized 2011									
DOE Battery 2011 utilized 2016									
DOE Battery 2011 est. utilized									
True up 2011									
Total									
Balance									
Carried forward									

Public Service Company of New										
NMPRC Case No. 24-00089-UT										
PNM Exhibit LTM-4										
ITC-5: Renewable ITC										
Hyperlink to Lead Sheet										
Source: Company Records										
	BALANCE	Deferred	AMORT	ADJUSTMENT	NET AMORT	BALANCE	Deferred	AMORT	ADJUSTMENT	NET AMORT
	12/31/2020	2021	2021	2021	2021	12/31/2021	2022	2022	2022	2022
ELECTRIC										
3%	-		-		-	-		-		-
4%	-		-		-	-		-		-
8%	1,398,212		-		-	1,398,212		-		-
10%	5,696,224		-		-	5,696,224		-		-
30%	68,721,161		64,446		64,446	68,656,715		-		-
TOTAL ELECTRIC	75,815,597	0	64,446	0	64,446	75,751,151	0	0	0	0
Unamortized ITC										
DOE Battery										
True up 2011										
Total										
Amortization										
DOE Battery 2011 utilized 2011										
DOE Battery 2011 utilized 2016										
DOE Battery 2011 est. utilized										
True up 2011										
Total										
Balance										
Carried forward										

Public Service Company of New										
NMPRC Case No. 24-00089-UT										
PNM Exhibit LTM-4										
ITC-5: Renewable ITC										
Hyperlink to Lead Sheet										
Source: Company Records										
	BALANCE	Deferred	AMORT	ADJUSTMENT	NET AMORT	BALANCE	Deferred	AMORT	ADJUSTMENT	NET AMORT
	12/31/2022	2023	2023	2023	2023	12/31/2023	2024	2024	2024	2024
ELECTRIC										
3%	-		-		-	-		-		-
4%	-		-		-	-		-		-
8%	1,398,212		-		-	1,398,212		-		-
10%	5,696,224		-		-	5,696,224		-		-
30%	68,656,715		-		-	68,656,715		-		-
TOTAL ELECTRIC	75,751,151	0	0	0	0	75,751,151	0	0	0	0
Unamortized ITC										
DOE Battery										
True up 2011										
Total										
Amortization										
DOE Battery 2011 utilized 2011										
DOE Battery 2011 utilized 2016										
DOE Battery 2011 est. utilized										
True up 2011										
Total										
Balance										
Carried forward										

Public Service Company of New	
NMPRC Case No. 24-00089-UT	
PNM Exhibit LTM-4	
ITC-5: Renewable ITC	
Hyperlink to Lead Sheet	
Source: Company Records	
	BALANCE
	12/31/2024
ELECTRIC	
3%	-
4%	-
8%	1,398,212
10%	5,696,224
30%	68,656,715
TOTAL ELECTRIC	75,751,151
Unamortized ITC	
DOE Battery	
True up 2011	
Total	
Amortization	
DOE Battery 2011 utilized 2011	
DOE Battery 2011 utilized 2016	
DOE Battery 2011 est. utilized	
True up 2011	
Total	
Balance	
Carried forward	

Public Service Company of New Mexico									
NMPRC Case No. 24-00089-UT									
PNM Exhibit LTM-4									
ITC-6: San Juan Unit 2 & 3 writeoff									
Hyperlink to Lead Sheet									
Source: Company Records									
		2014	2015		2016	2017	2018	2019	
Vintage	SJ U23 %								
1972	0.16%								
1973	56.22%								
1974	0.00%								
1975	0.23%								
1976	0.02%								
1977	0.14%	9	7	2	9	9	0	0	
1978	35.74%	669	502	167	669	669	669	0	
1979	83.22%	325,106	243,829	81,276	325,106	325,106	325,106	325,106	
1980	0.77%	229	172	57	229	229	229	229	
1981	4.19%	226	170	57	226	226	226	226	
1982	5.41%	7,528	5,646	1,882	7,528	7,528	7,528	7,528	
1983	6.49%	9,481	7,111	2,370	9,481	9,481	9,481	9,481	
1984	7.60%	1,255	942	314	1,255	1,255	1,255	1,255	
1985	13.18%	1,726	1,295	432	1,726	1,726	1,726	1,726	
1986	25.52%	8,905	6,678	2,226	8,905	8,905	8,905	8,905	
1987	13.51%	1,350	1,012	337	1,350	1,350	1,350	1,350	
Annual estimate SJ Units 2 & 3 ITC									
Total estimated Beginning of year SJ Units 2 & 3		356,485	267,363	89,121	356,485	356,485	356,475	355,806	
Recalculated SJ Units 2 & 3 Amortization			267,363	10,884	43,538	43,538	43,538	43,538	
Remaining SJ Units 2 & 3 ITC at 12/31/2017							1,567,365		
50% Write-off							783,683		

Public Service Company of New Mexico								
NMPRC Case No. 24-00089-UT								
PNM Exhibit LTM-4								
ITC-6: San Juan Unit 2 & 3 writeoff								
Hyperlink to Lead Sheet								
Source: Company Records								
	2020	2021	2022	2023	2024	2025	2026	2027
Vintage								
1972								
1973								
1974								
1975								
1976								
1977	0	0	0	0	0	0	0	0
1978	0	0	0	0	0	0	0	0
1979	0	0	0	0	0	0	0	0
1980	229	0	0	0	0	0	0	0
1981	226	226	0	0	0	0	0	0
1982	7,528	7,528	7,528	0	0	0	0	0
1983	9,481	9,481	9,481	9,481	0	0	0	0
1984	1,255	1,255	1,255	1,255	1,255	0	0	0
1985	1,726	1,726	1,726	1,726	1,726	1,726	0	0
1986	8,905	8,905	8,905	8,905	8,905	8,905	8,905	0
1987	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350
Annual estimate SJ Units 2 & 3 ITC								
Total estimated Beginning of year SJ Units 2 & 3	30,700	30,471	30,245	22,717	13,236	11,981	10,254	1,350
Recalculated SJ Units 2 & 3 Amortization	43,538	43,538	43,538	43,538	43,538	43,538	43,538	43,538
Remaining SJ Units 2 & 3 ITC at 12/31/2017								

PNM Exhibit LTM – 5

IRS Private Letter Ruling 8818040

Is contained in the following 3 pages.



Federal ▼

Advanced



Department of the Treasury
Internal Revenue Service
Private Letter Ruling

Private Letter Ruling 8818040

Section 168 -- ACRS Depreciation

UIL Number(s) 0168.08-02

Date: February 9, 1988

Refer Reply to: CC:C:2:6 - TR-31-06461-87

LEGEND:

Commission = * * *

Dear * * *

This is in response to your request for a letter ruling dated November 23, 1987, submitted on your behalf by your authorized representative. You have asked us to rule whether, to the extent that the use of the Accelerated Cost Recovery System (ACRS) in 1986 and prior years in determining the taxpayer's *depreciation expense* for Federal income tax purposes contributed to a net operating loss (NOL) carryover from 1985 and 1986 to 1987, the taxpayer's use of the Federal statutory income tax rate in effect in 1987 for purposes of computing the deferred tax expense in its regulated books of account for the year 1987 will be consistent with the normalization requirements under sections 167 and 168 of the **Internal Revenue Code** and the Income Tax Regulations promulgated thereunder.

The taxpayer is incorporated under the laws of the State of * * *, has its principal executive offices at * * *, and files its returns with the Internal Revenue Service in * * *. The taxpayer files its returns using a calendar year. The Internal Revenue Service (IRS) district office in * * * has examination jurisdiction over the taxpayer's return.

The taxpayer is a regulated public utility transmitting and distributing electric power. It has been represented under penalty of perjury that the Commission has been apprised of the taxpayer's ruling request and has no objection to the issuance of a ruling on the request.

As a public utility, the taxpayer is required to use the normalization method of accounting as a condition to its use of accelerated depreciation methods, including ACRS, for Federal income tax purposes. Accordingly, the taxpayer records deferred tax expense for financial statement and regulatory purposes pursuant to the provisions of sections 167 and 168 of the Code and the regulations thereunder. Hereinafter, the accelerated depreciation that the taxpayer is required to normalize is referred to as ACRS.

The amount of Federal income tax expense that the taxpayer recorded for financial statement purposes for 1986 and prior years was greater than the Federal income taxes actually paid. The additional recorded Federal income taxes (deferred taxes) resulted, in part, from a significant amount of property placed in service in 1985, which increased the depreciation deduction for Federal income tax purposes. However, the taxpayer did not realize the entire tax benefit from the ACRS depreciation claimed in 1985 and 1986 because the depreciation resulted in a NOL carryover to 1987. Therefore, in order to reflect the tax benefit of the NOL carryover to 1987, the taxpayer reduced its deferred Federal income tax expense and liability for 1985 and 1986 for financial reporting purposes. The net effect of this accounting in 1985 and 1986 was to record no deferred taxes applicable to the amount of ACRS depreciation that produced no current tax savings but rather caused or increased taxpayer's NOL carryover to 1987. The taxpayer only recorded deferred taxes applicable to ACRS when and to the extent that the use of ACRS produced an actual tax deferral.

The taxpayer will have taxable income in 1987 in excess of the NOL carryover from 1986. Consequently, the ACRS depreciation that was claimed in 1985 and 1986, but did not then produce a tax benefit, will produce a benefit in 1987 when the NOL is utilized. Accordingly, for 1987 the taxpayer proposes to record the deferred Federal income tax expense resulting from the use of the NOL carryover from 1986 at the rate of 39.95%, the effective income tax rate for 1987. This rate is lower than the 46 percent rate in effect during 1986 and the prior years when the ACRS depreciation was originally deducted on the taxpayer's Federal income tax return.

Section **168(f)(2)** of the Code generally requires the use of the normalization method of accounting with respect to regulated public utility property in order for the public utility to be allowed to use ACRS depreciation for Federal income tax purposes.

Section **168(i)(9)(A)** of the Code sets forth the normalization accounting requirements. This section provides that the taxpayer must, in computing its tax expense for purposes of establishing its cost of service for rate making purposes and reflecting operating results in its regulated books of account, use a method of depreciation with respect to such property that is the same as, and a depreciation period for such property that is no shorter than, the method and period used to compute its depreciation expense for such purposes. In addition, if the amount allowable as a deduction under this section with respect to such property differs from the amount that would be allowable as a deduction under **section 167** (determined without regard to **section 167(1)**) using the method (including the period, first and last year convention, and salvage value) used to compute regulated tax expense under clause (i), the taxpayer must make adjustments to a reserve to reflect the deferral of taxes resulting from such difference.

Section 1.167(1)-1(h)(1)(i) of the regulations provides that a taxpayer uses a normalization method of regulated accounting if the taxpayer makes adjustments to a reserve to reflect the total amount of the deferral of Federal income tax liability resulting from the use with respect to all of its public utility property of such different methods of depreciation.

Section 1.167(1)-1(h)(1)(iii) of the regulations provides that, except as provided in this subparagraph, the amount of Federal income tax liability deferred as a result of the use of different methods of depreciation under subdivision (i) of this subparagraph is the excess (computed without regard to credits) of the amount the tax liability would have been had a subsection (1) method been used over the amount of the actual tax liability. Such amount shall be taken into account for the taxable year in which such different methods of depreciation are used. If, however, in respect of any taxable year the use of a method of depreciation other than a section (1) method for purposes of determining the taxpayer's reasonable allowance under **section 167(a)** results in a net operating loss carryover (as determined under **section 172**) to a year succeeding such taxable year which would not have arisen (or an increase in such carryover which would not have arisen) had the taxpayer determined his reasonable allowance under **section 167(a)** using a subsection (1) method, then the amount and time of the deferral of tax liability shall be taken into account in such appropriate time and manner as is satisfactory to the district director.

Under the regulations, the amount of deferred taxes is computed using a "with and without" methodology. (That is, deferred taxes equal the excess of taxes due without ACRS over the taxes due with ACRS). Where taxes computed with ACRS produce a NOL carryover, the amount and time of the deferral is left to the discretion of the Internal Revenue Service.

The taxpayer maintains that where the computation utilizing ACRS results in a NOL, the deferral is appropriately made at the time the taxpayer realizes an actual tax benefit from

the use of ACRS. The taxpayer will realize the benefit of the NOL attributable to the accelerated depreciation in 1987. Therefore, the taxpayer should record the deferred taxes in 1987. We conclude that this approach is consistent with the normalization requirements under sections **167** and **168** of the Code.

With respect to the amount of the deferral, the Federal statutory income tax rates in effect in 1987 for calendar year taxpayers, pursuant to the Tax Reform Act of 1986, can reasonably be combined to result in an effective rate of 39.95 percent. See **section 3** of Rev. Proc. **88-12**, 1988-8 I.R.B. _____. This is lower than the 46 percent rate in effect when the NOL was incurred. Because the deferred taxes are being recorded in 1987, it is appropriate to utilize the effective tax rate for that year. We note that this approach is consistent with generally accepted accounting principles as set forth in APB Opinion No. 11, Accounting for Income Taxes. Regarding NOL's, the APB Opinion provides that if loss carryforwards are realized in periods subsequent to the loss period, the amounts eliminated from the deferred tax credit account should be reinstated at the then current tax rates. We conclude that the taxpayer's methodology satisfies the normalization requirements of sections **167** and **168** of the Code.

Accordingly, to the extent that the use of ACRS depreciation in 1986 and prior years in determining depreciation expense for Federal income tax purposes contributed to a NOL carryover from 1986 to 1987, the taxpayer's use of the effective tax rate for 1987 (39.95 percent for calendar year taxpayers) in computing the deferred Federal income tax expense on its regulated books of account for the year 1987 will be consistent with the normalization requirements of sections **167** and **168** of the Code and the regulations thereunder.

This ruling is directed only to the taxpayer who requested it. Section **6110(j)(3)** of the Code provides that it may not be used or cited as precedent.

A copy of this private letter ruling is being sent to your authorized representative in accordance with the power of attorney on file with this office.

A copy of this ruling letter should be filed with the income tax return for the taxable year or years in which the transaction covered by this ruling is consummated.

Sincerely yours,

James F. Malloy
Director, Corporation
Tax Division

Bloomberg Tax



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PNM Exhibit LTM – 6

IRS Private Letter Ruling 201436037

Is contained in the following 5 pages.



Federal ▼

Advanced



Department of the Treasury
Internal Revenue Service
Private Letter Ruling

PLR 201436037 - Section 167 - Depreciation

Internal Revenue Service
Department of the Treasury
Washington, DC 20224

Number: 201436037
Release Date: 9/5/2014
Index Number: 167.22-01
Third Party Communication:
Date of Communication:
Person To Contact:
Telephone Number:
Refer Reply To:
CC:PSI:B06
PLR-148310-13
Date:
May 22, 2014

LEGEND:

Taxpayer =
Parent =
State A =
State B =
State C =
Commission A =
Commission B =
Commission C =
Year A =
Year B =
Date A =
Date B =
Date C =
Case =
Director =

Dear [redacted data]:

This letter responds to the request, dated November 25, 2013, of Taxpayer for a ruling on the application of the normalization rules of the **Internal Revenue Code** to certain accounting and regulatory procedures, described below.

The representations set out in your letter follow.

Taxpayer is a regulated public utility incorporated in State A and State B. It is wholly owned by Parent. Taxpayer is engaged in the transmission, distribution, and supply of electricity in State A and State C. Taxpayer is subject to the regulatory jurisdiction of Commission A, Commission B, and Commission C with respect to terms and conditions of service and particularly the rates it may charge for the provision of service. Taxpayer's rates are established on a rate of return basis. Taxpayer takes accelerated depreciation, including "bonus depreciation" where available and, for each year beginning in Year A and ending in Year B, Taxpayer individually (as well as the consolidated return filed by Parent) has or expects to, produce a net operating loss (NOL). On its regulatory books of account, Taxpayer "normalizes" the differences between regulatory depreciation and tax depreciation. This means that, where accelerated depreciation reduces taxable income, the taxes that a taxpayer would have paid if regulatory depreciation (instead of accelerated tax depreciation) were claimed constitute "cost-free capital" to the taxpayer. A taxpayer that normalizes these differences, like Taxpayer, maintains a reserve account showing the amount of tax liability that is deferred as a result of the accelerated depreciation. This reserve is the accumulated deferred income tax (ADIT) account. Taxpayer maintains an ADIT account. In addition, Taxpayer maintains an offsetting series of entries _a "deferred tax asset" and a "deferred tax expense" -that reflect that portion of those 'tax losses' which, while due to accelerated depreciation, did not actually defer tax because of the existence of an net operating loss carryover (NOLC). Taxpayer, for normalization purposes, calculates the portion of the NOLC attributable to accelerated depreciation using a "with or without" methodology, meaning that an NOLC is attributable to accelerated depreciation to the extent of the lesser of the accelerated depreciation or the NOLC.

Taxpayer filed a general rate case with Commission B on Date A (Case). The test year used in the Case was the 12 month period ending on Date B. In computing its income tax expense element of cost of service, the tax benefits attributable to accelerated depreciation were normalized in accordance with Commission B policy and were not flowed thru to ratepayers. The data originally filed in Case included six months of forecast data, which the Taxpayer updated with actual data in the course of proceedings. In establishing the rate base on which Taxpayer was to be allowed to earn a return Commission B offset rate base by Taxpayer's ADIT balance, using a 13month average of the month-end balances of the relevant accounts. Taxpayer argued that the ADIT balance should be reduced by the amounts that Taxpayer calculates did not actually defer tax due to the presence of the NOLC, as represented in the deferred tax asset account. Testimony by various other participants in Case argued against Taxpayer's proposed calculation of ADIT. One proposal made to Commission B was, if Commission B allowed Taxpayer to reduce the ADIT balance as Taxpayer proposed, then Taxpayer's income tax expense element of service should be reduced by that same amount.

Commission B, in an order issued on Date C, allowed Taxpayer to reduce ADIT by the amount that Taxpayer calculates did not actually defer tax due to the presence of the NOLC and ordered Taxpayer to seek a ruling on the effects of an NOLC on ADIT. Rates went into effect on Date C.

Taxpayer proposed, and Commission B accepted, that it be permitted to annualize, rather than average, its reliability plant additions and to extend the period of anticipated reliability plant additions to be included in rate base for an additional quarter. Taxpayer also proposed, and Commission B accepted, that no additional ADIT be reflected as a result of these adjustments inasmuch as any additional book and tax depreciation produced by considering these assets would simply increase Taxpayer's NOLC and thus there would be no net impact on ADIT.

Taxpayer requests that we rule as follows:

1. Under the circumstances described above, the reduction of Taxpayer's rate base by the full amount of its ADIT account balances offset by a portion of its NOLCrelated account balance that is less than the amount attributable to accelerated depreciation computed on a "with or without" basis would be inconsistent with the requirements of **§168(i)(9)** and §1.167(l)-1 of the Income Tax regulations.
2. The imputation of incremental ADIT on account of the reliability plant addition adjustments described above would be inconsistent with the requirements of **§ 168(i)(9)** and §1.167(l)-1.
3. Under the circumstances described above, any reduction in Taxpayer's tax expense element of cost of service to reflect the tax benefit of its NOLC would be inconsistent with the requirements of **§168(i)(9)** and §1.167(l)-1.

Section 168(f)(2) of the Code provides that the depreciation deduction determined under **section 168** shall not apply to any public utility property (within the meaning of **section 168(i)(10)**) if the taxpayer does not use a normalization method of accounting.

In order to use a normalization method of accounting, **section 168(i)(9)(A)(i)** of the Code requires the taxpayer, in computing its tax expense for establishing its cost of service for ratemaking purposes and reflecting operating results in its regulated books of account, to use a method of depreciation with respect to public utility property that is the same as, and a depreciation period for such property that is not shorter than, the method and period used to compute its depreciation expense for such purposes. Under **section 168(i)(9)(A)(ii)**, if the amount allowable as a deduction under **section 168** differs from the amount that would be allowable as a deduction under **section 167** using the method, period, first and last year convention, and salvage value used to compute regulated tax expense under **section 168(i)(9)(A)(i)**, the taxpayer must make adjustments to a reserve to reflect the deferral of taxes resulting from such difference.

Section 168(i)(9)(B)(i) of the Code provides that one way the requirements of **section 168(i)(9)(A)** will not be satisfied is if the taxpayer, for ratemaking purposes, uses a procedure or adjustment which is inconsistent with such requirements. Under **section 168(i)(9)(B)(ii)**, such inconsistent procedures and adjustments include the use of an estimate or projection of the taxpayer's tax expense, depreciation expense, or reserve for deferred taxes under **section 168(i)(9)(A)(ii)**, unless such estimate or projection is also used, for ratemaking purposes, with respect to all three of these items and with respect to the rate base.

Former section 167(l) of the Code generally provided that public utilities were entitled to use accelerated methods for depreciation if they used a "normalization method of accounting." A normalization method of accounting was defined in former section 167(l)(3)(G) in a manner consistent with that found in **section 168(i)(9)(A)**. Section 1.167(1)-1(a)(1) of the Income Tax Regulations provides that the normalization requirements for public utility property pertain only to the deferral of federal income tax liability resulting from the use of an accelerated method of depreciation for computing the allowance for depreciation under **section 167** and the use of straight-line depreciation for computing tax expense and depreciation expense for purposes of establishing cost of services and for reflecting operating results in regulated books of account. These regulations do not pertain to other book-tax timing differences with respect to state income taxes, F.I.C.A. taxes, construction costs, or any other taxes and items.

Section 1.167(l)-1(h)(1)(i) provides that the reserve established for public utility property should reflect the total amount of the deferral of federal income tax liability resulting from the taxpayer's use of different depreciation methods for tax and ratemaking purposes.

Section 1.167(1)-1(h)(1)(iii) provides that the amount of federal income tax liability deferred as a result of the use of different depreciation methods for tax and ratemaking purposes is the excess (computed without regard to credits) of the amount the tax liability would have been had the depreciation method for ratemaking purposes been used over the amount of the actual tax liability. This amount shall be taken into account for the taxable year in which the different methods of depreciation are used. If, however, in respect of any taxable year the use of a method of depreciation other than a subsection (1) method for purposes of determining the taxpayer's reasonable allowance under **section 167(a)** results in a net operating loss carryover to a year succeeding such taxable year which would not have arisen (or an increase in such carryover which would not have arisen) had the taxpayer determined his reasonable allowance under **section 167(a)** using a subsection (1) method, then the amount and time of the deferral of tax liability shall be taken into account in such appropriate time and manner as is satisfactory to the district director.

Section 1.167(1)-1(h)(2)(i) provides that the taxpayer must credit this amount of deferred taxes to a reserve for deferred taxes, a depreciation reserve, or other reserve account. This regulation further provides that, with respect to any account, the aggregate amount allocable to deferred tax under **section 167(1)** shall not be reduced except to reflect the amount for any taxable year by which Federal income taxes are greater by reason of the prior use of different methods of depreciation. That section also notes that the aggregate amount allocable to deferred taxes may be reduced to reflect the amount for any taxable year by which federal income taxes are greater by reason of the prior use of different methods of depreciation under section 1.167(1)(h)(1)(i) or to reflect asset retirements or the expiration of the period for depreciation used for determining the allowance for depreciation under **section 167(a)**.

Section 1.167(1)-(h)(6)(i) provides that, notwithstanding the provisions of subparagraph (1) of that paragraph, a taxpayer does not use a normalization method of regulated accounting if, for ratemaking purposes, the amount of the reserve for deferred taxes under **section 167(l)** which is excluded from the base to which the taxpayer's rate of return is applied, or which is treated as no-cost capital in those rate cases in which the rate of return is based upon the cost of capital, exceeds the amount of such reserve for deferred taxes for the period used in determining the taxpayer's expense in computing cost of service in such ratemaking.

Section 1.167(1)-(h)(6)(ii) provides that, for the purpose of determining the maximum amount of the reserve to be excluded from the rate base (or to be included as no-cost capital) under subdivision (i), above, if solely an historical period is used to determine depreciation for Federal income tax expense for ratemaking purposes, then the amount of the reserve account for that period is the amount of the reserve (determined under section 1.167(1)-1(h)(2)(i)) at the end of the historical period. If such determination is made by reference both to an historical portion and to a future portion of a period, the amount of the reserve account for the period is the amount of the reserve at the end of the historical portion of the period and a pro rata portion of the amount of any projected increase to be credited or decrease to be charged to the account during the future portion of the period.

Section 1.167(l)-1(h) requires that a utility must maintain a reserve reflecting the total amount of the deferral of federal income tax liability resulting from the taxpayer's use of different depreciation methods for tax and ratemaking purposes. Taxpayer has done so. Section 1.167(1)-(h)(6)(i) provides that a taxpayer does not use a normalization method of regulated accounting if, for ratemaking purposes, the amount of the reserve for deferred taxes which is excluded from the base to which the taxpayer's rate of return is applied, or which is treated as no-cost capital in those rate cases in which the rate of return is based upon the cost of capital, exceeds the amount of such reserve for deferred taxes for the period used in determining the taxpayer's expense in computing cost of service in such ratemaking. **Section 56(a)(1)(D)** provides that, with respect to public utility property the Secretary shall prescribe the requirements of a normalization method of accounting for that section.

In Case, Commission B has reduced rate base by Taxpayer's ADIT account, as modified by the account which Taxpayer has designed to calculate the effects of the NOLC. Section 1.167(1)-1(h)(1)(iii) makes clear that the effects of an NOLC must be taken into account for normalization purposes. Further, while that section provides no specific mandate on methods, it does provide that the Service has discretion to determine whether a particular method satisfies the normalization requirements. Section 1.167(1)-(h)(6)(i) provides that a taxpayer does not use a normalization method of regulated accounting if, for ratemaking purposes, the amount of the reserve for deferred taxes which is excluded from the base to which the taxpayer's rate of return is applied, or which is treated as no-cost capital in those rate cases in which the rate of return is based upon the cost of capital, exceeds the amount of such reserve for deferred taxes for the period used in determining the taxpayer's expense in computing cost of service in such ratemaking. Because the ADIT account, the reserve account for deferred taxes, reduces rate base, it is clear that the portion of an NOLC that is attributable to accelerated depreciation must be taken into account in calculating the amount of the reserve for deferred taxes (ADIT). Thus, the order by Commission B is in accord with the normalization requirements. The "with or without" methodology employed by Taxpayer is specifically designed to ensure that the portion of the NOLC attributable to accelerated depreciation is correctly taken into account by maximizing the amount of the NOLC attributable to accelerated depreciation. This methodology provides certainty and prevents the possibility of "flow through" of the benefits of accelerated depreciation to ratepayers. Under these facts, any method other than the "with and without" method would not provide the same level of certainty and therefore the use of any other methodology is inconsistent with the normalization rules.

Regarding the second issue, §1.167(1)-(h)(6)(i) provides, as noted above, that a taxpayer does not use a normalization method of regulated accounting if, for ratemaking purposes, the amount of the reserve for deferred taxes which is excluded from the base to which the taxpayer's rate of return is applied exceeds the amount of such reserve for deferred taxes for the period used in determining the taxpayer's expense in computing cost of service in such ratemaking. Increasing Taxpayer's ADIT account by an amount representing those taxes that would have been deferred absent the NOLC increases the ADIT reserve account (which will then reduce rate base) beyond the permissible amount.

Regarding the third issue, reduction of Taxpayer's tax expense element of cost of service, we believe that such reduction would, in effect, flow through the tax benefits of accelerated depreciation deductions through to rate payers even though the Taxpayer has not yet realized such benefits. This would violate the normalization provisions.

We rule as follows:

1. Under the circumstances described above, the reduction of Taxpayer's rate base by the full amount of its ADIT account balances offset by a portion of its NOLC related account balance that is less than the amount attributable to accelerated depreciation computed on a "with or without" basis would be inconsistent with the requirements of **§168(i)(9)** and §1.167(l)-1 of the Income Tax regulations.
2. The imputation of incremental ADIT on account of the reliability plant addition adjustments described above would be inconsistent with the requirements of **§ 168(i)(9)** and §1.167(l)-1.
3. Under the circumstances described above, any reduction in Taxpayer's tax expense element of cost of service to reflect the tax benefit of its NOLC would be inconsistent with the requirements of **§168(i)(9)** and §1.167(l)-1.

This ruling is based on the representations submitted by Taxpayer and is only valid if those representations are accurate. The accuracy of these representations is subject to verification on audit.

Except as specifically determined above, no opinion is expressed or implied concerning the Federal income tax consequences of the matters described above.

This ruling is directed only to the taxpayer who requested it. **Section 6110(k)(3)** of the Code provides it may not be used or cited as precedent. In accordance with the power of attorney on file with this office, a copy of this letter is being sent to your authorized representative. We are also sending a copy of this letter ruling to the Director.

Sincerely,

Peter C. Friedman
Senior Technician Reviewer, Branch 6
(Passthroughs & Special Industries)

cc:

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PNM Exhibit LTM – 7

IRS Private Letter Ruling 201436038

Is contained in the following 5 pages.



Federal ▼

Advanced



Department of the Treasury
Internal Revenue Service
Private Letter Ruling

PLR 201436038 - Section 167 - Depreciation

Internal Revenue Service
Department of the Treasury
Washington, DC 20224

Number: 201436038
Release Date: 9/5/2014
Index Number: 167.22-01
Third Party Communication:
Date of Communication:
Person To Contact:
Telephone Number:
Refer Reply To:
CC:PSI:B06
PLR-148311-13
Date:
May 22, 2014

LEGEND:

Taxpayer =
Parent =
State A =
State B =
State C =
Commission A =
Commission B =
Commission C =
Year A =
Year B =
Date A =
Date B =
Date C =
Case =
Director =

Dear [redacted data]:

This letter responds to the request, dated November 25, 2013, of Taxpayer for a ruling on the application of the normalization rules of the **Internal Revenue Code** to certain accounting and regulatory procedures, described below.

The representations set out in your letter follow.

Taxpayer is a regulated public utility incorporated in State A and State B. It is wholly owned by Parent. Taxpayer is engaged in the transmission, distribution, and supply of electricity in State A and State C. Taxpayer is subject to the regulatory jurisdiction of Commission A, Commission B, and Commission C with respect to terms and conditions of service and particularly the rates it may charge for the provision of service. Taxpayer's rates are established on a rate of return basis. Taxpayer takes accelerated depreciation, including "bonus depreciation" where available and, for each year beginning in Year A and ending in Year B, Taxpayer individually (as well as the consolidated return filed by Parent) has or expects to, produce a net operating loss (NOL). On its regulatory books of account, Taxpayer "normalizes" the differences between regulatory depreciation and tax depreciation. This means that, where accelerated depreciation reduces taxable income, the taxes that a taxpayer would have paid if regulatory depreciation (instead of accelerated tax depreciation) were claimed constitute "cost-free capital" to the taxpayer. A taxpayer that normalizes these differences, like Taxpayer, maintains a reserve account showing the amount of tax liability that is deferred as a result of the accelerated depreciation. This reserve is the accumulated deferred income tax (ADIT) account. Taxpayer maintains an ADIT account. In addition, Taxpayer maintains an offsetting series of entries _a "deferred tax asset" and a "deferred tax expense" -that reflect that portion of those 'tax losses' which, while due to accelerated depreciation, did not actually defer tax because of the existence of an net operating loss carryover (NOLC). Taxpayer, for normalization purposes, calculates the portion of the NOLC attributable to accelerated depreciation using a "with or without" methodology, meaning that an NOLC is attributable to accelerated depreciation to the extent of the lesser of the accelerated depreciation or the NOLC.

Taxpayer filed a general rate case with Commission B on Date A (Case). The test year used in the Case was the 12 month period ending on Date B. In computing its income tax expense element of cost of service, the tax benefits attributable to accelerated depreciation were normalized in accordance with Commission B policy and were not flowed thru to ratepayers. The data originally filed in Case included six months of forecast data, which the Taxpayer updated with actual data in the course of proceedings. In establishing the rate base on which Taxpayer was to be allowed to earn a return Commission B offset rate base by Taxpayer's ADIT balance, using a 13month average of the month-end balances of the relevant accounts. Taxpayer argued that the ADIT balance should be reduced by the amounts that Taxpayer calculates did not actually defer tax due to the presence of the NOLC, as represented in the deferred tax asset account. Testimony by various other participants in Case argued against Taxpayer's proposed calculation of ADIT. One proposal made to Commission B was, if Commission B allowed Taxpayer to reduce the ADIT balance as Taxpayer proposed, then Taxpayer's income tax expense element of service should be reduced by that same amount.

Commission B, in an order issued on Date C, allowed Taxpayer to reduce ADIT by the amount that Taxpayer calculates did not actually defer tax due to the presence of the NOLC and ordered Taxpayer to seek a ruling on the effects of an NOLC on ADIT. Rates went into effect on Date C.

Taxpayer proposed, and Commission B accepted, that it be permitted to annualize, rather than average, its reliability plant additions and to extend the period of anticipated reliability plant additions to be included in rate base for an additional quarter. Taxpayer also proposed, and Commission B accepted, that no additional ADIT be reflected as a result of these adjustments inasmuch as any additional book and tax depreciation produced by considering these assets would simply increase Taxpayer's NOLC and thus there would be no net impact on ADIT.

Taxpayer requests that we rule as follows:

1. Under the circumstances described above, the reduction of Taxpayer's rate base by the full amount of its ADIT account balances offset by a portion of its NOLCrelated account balance that is less than the amount attributable to accelerated depreciation computed on a "with or without" basis would be inconsistent with the requirements of **§168(i)(9)** and §1.167(l)-1 of the Income Tax regulations.
2. The imputation of incremental ADIT on account of the reliability plant addition adjustments described above would be inconsistent with the requirements of **§ 168(i)(9)** and §1.167(l)-1.
3. Under the circumstances described above, any reduction in Taxpayer's tax expense element of cost of service to reflect the tax benefit of its NOLC would be inconsistent with the requirements of **§168(i)(9)** and §1.167(l)-1.

Section 168(f)(2) of the Code provides that the depreciation deduction determined under **section 168** shall not apply to any public utility property (within the meaning of **section 168(i)(10)**) if the taxpayer does not use a normalization method of accounting.

In order to use a normalization method of accounting, **section 168(i)(9)(A)(i)** of the Code requires the taxpayer, in computing its tax expense for establishing its cost of service for ratemaking purposes and reflecting operating results in its regulated books of account, to use a method of depreciation with respect to public utility property that is the same as, and a depreciation period for such property that is not shorter than, the method and period used to compute its depreciation expense for such purposes. Under **section 168(i)(9)(A)(ii)**, if the amount allowable as a deduction under **section 168** differs from the amount that would be allowable as a deduction under **section 167** using the method, period, first and last year convention, and salvage value used to compute regulated tax expense under **section 168(i)(9)(A)(i)**, the taxpayer must make adjustments to a reserve to reflect the deferral of taxes resulting from such difference.

Section 168(i)(9)(B)(i) of the Code provides that one way the requirements of **section 168(i)(9)(A)** will not be satisfied is if the taxpayer, for ratemaking purposes, uses a procedure or adjustment which is inconsistent with such requirements. Under **section 168(i)(9)(B)(ii)**, such inconsistent procedures and adjustments include the use of an estimate or projection of the taxpayer's tax expense, depreciation expense, or reserve for deferred taxes under **section 168(i)(9)(A)(ii)**, unless such estimate or projection is also used, for ratemaking purposes, with respect to all three of these items and with respect to the rate base.

Former section 167(l) of the Code generally provided that public utilities were entitled to use accelerated methods for depreciation if they used a "normalization method of accounting." A normalization method of accounting was defined in former section 167(l)(3)(G) in a manner consistent with that found in **section 168(i)(9)(A)**. Section 1.167(1)-1(a)(1) of the Income Tax Regulations provides that the normalization requirements for public utility property pertain only to the deferral of federal income tax liability resulting from the use of an accelerated method of depreciation for computing the allowance for depreciation under **section 167** and the use of straight-line depreciation for computing tax expense and depreciation expense for purposes of establishing cost of services and for reflecting operating results in regulated books of account. These regulations do not pertain to other book-tax timing differences with respect to state income taxes, F.I.C.A. taxes, construction costs, or any other taxes and items.

Section 1.167(l)-1(h)(1)(i) provides that the reserve established for public utility property should reflect the total amount of the deferral of federal income tax liability resulting from the taxpayer's use of different depreciation methods for tax and ratemaking purposes.

Section 1.167(1)-1(h)(1)(iii) provides that the amount of federal income tax liability deferred as a result of the use of different depreciation methods for tax and ratemaking purposes is the excess (computed without regard to credits) of the amount the tax liability would have been had the depreciation method for ratemaking purposes been used over the amount of the actual tax liability. This amount shall be taken into account for the taxable year in which the different methods of depreciation are used. If, however, in respect of any taxable year the use of a method of depreciation other than a subsection (1) method for purposes of determining the taxpayer's reasonable allowance under **section 167(a)** results in a net operating loss carryover to a year succeeding such taxable year which would not have arisen (or an increase in such carryover which would not have arisen) had the taxpayer determined his reasonable allowance under **section 167(a)** using a subsection (1) method, then the amount and time of the deferral of tax liability shall be taken into account in such appropriate time and manner as is satisfactory to the district director.

Section 1.167(1)-1(h)(2)(i) provides that the taxpayer must credit this amount of deferred taxes to a reserve for deferred taxes, a depreciation reserve, or other reserve account. This regulation further provides that, with respect to any account, the aggregate amount allocable to deferred tax under **section 167(1)** shall not be reduced except to reflect the amount for any taxable year by which Federal income taxes are greater by reason of the prior use of different methods of depreciation. That section also notes that the aggregate amount allocable to deferred taxes may be reduced to reflect the amount for any taxable year by which federal income taxes are greater by reason of the prior use of different methods of depreciation under section 1.167(1)(h)(1)(i) or to reflect asset retirements or the expiration of the period for depreciation used for determining the allowance for depreciation under **section 167(a)**.

Section 1.167(1)-(h)(6)(i) provides that, notwithstanding the provisions of subparagraph (1) of that paragraph, a taxpayer does not use a normalization method of regulated accounting if, for ratemaking purposes, the amount of the reserve for deferred taxes under **section 167(l)** which is excluded from the base to which the taxpayer's rate of return is applied, or which is treated as no-cost capital in those rate cases in which the rate of return is based upon the cost of capital, exceeds the amount of such reserve for deferred taxes for the period used in determining the taxpayer's expense in computing cost of service in such ratemaking.

Section 1.167(1)-(h)(6)(ii) provides that, for the purpose of determining the maximum amount of the reserve to be excluded from the rate base (or to be included as no-cost capital) under subdivision (i), above, if solely an historical period is used to determine depreciation for Federal income tax expense for ratemaking purposes, then the amount of the reserve account for that period is the amount of the reserve (determined under section 1.167(1)-1(h)(2)(i)) at the end of the historical period. If such determination is made by reference both to an historical portion and to a future portion of a period, the amount of the reserve account for the period is the amount of the reserve at the end of the historical portion of the period and a pro rata portion of the amount of any projected increase to be credited or decrease to be charged to the account during the future portion of the period.

Section 1.167(l)-1(h) requires that a utility must maintain a reserve reflecting the total amount of the deferral of federal income tax liability resulting from the taxpayer's use of different depreciation methods for tax and ratemaking purposes. Taxpayer has done so. Section 1.167(1)-(h)(6)(i) provides that a taxpayer does not use a normalization method of regulated accounting if, for ratemaking purposes, the amount of the reserve for deferred taxes which is excluded from the base to which the taxpayer's rate of return is applied, or which is treated as no-cost capital in those rate cases in which the rate of return is based upon the cost of capital, exceeds the amount of such reserve for deferred taxes for the period used in determining the taxpayer's expense in computing cost of service in such ratemaking. **Section 56(a)(1)(D)** provides that, with respect to public utility property the Secretary shall prescribe the requirements of a normalization method of accounting for that section.

In Case, Commission B has reduced rate base by Taxpayer's ADIT account, as modified by the account which Taxpayer has designed to calculate the effects of the NOLC. Section 1.167(1)-1(h)(1)(iii) makes clear that the effects of an NOLC must be taken into account for normalization purposes. Further, while that section provides no specific mandate on methods, it does provide that the Service has discretion to determine whether a particular method satisfies the normalization requirements. Section 1.167(1)-(h)(6)(i) provides that a taxpayer does not use a normalization method of regulated accounting if, for ratemaking purposes, the amount of the reserve for deferred taxes which is excluded from the base to which the taxpayer's rate of return is applied, or which is treated as no-cost capital in those rate cases in which the rate of return is based upon the cost of capital, exceeds the amount of such reserve for deferred taxes for the period used in determining the taxpayer's expense in computing cost of service in such ratemaking. Because the ADIT account, the reserve account for deferred taxes, reduces rate base, it is clear that the portion of an NOLC that is attributable to accelerated depreciation must be taken into account in calculating the amount of the reserve for deferred taxes (ADIT). Thus, the order by Commission B is in accord with the normalization requirements. The "with or without" methodology employed by Taxpayer is specifically designed to ensure that the portion of the NOLC attributable to accelerated depreciation is correctly taken into account by maximizing the amount of the NOLC attributable to accelerated depreciation. This methodology provides certainty and prevents the possibility of "flow through" of the benefits of accelerated depreciation to ratepayers. Under these facts, any method other than the "with and without" method would not provide the same level of certainty and therefore the use of any other methodology is inconsistent with the normalization rules.

Regarding the second issue, §1.167(1)-(h)(6)(i) provides, as noted above, that a taxpayer does not use a normalization method of regulated accounting if, for ratemaking purposes, the amount of the reserve for deferred taxes which is excluded from the base to which the taxpayer's rate of return is applied exceeds the amount of such reserve for deferred taxes for the period used in determining the taxpayer's expense in computing cost of service in such ratemaking. Increasing Taxpayer's ADIT account by an amount representing those taxes that would have been deferred absent the NOLC increases the ADIT reserve account (which will then reduce rate base) beyond the permissible amount.

Regarding the third issue, reduction of Taxpayer's tax expense element of cost of service, we believe that such reduction would, in effect, flow through the tax benefits of accelerated depreciation deductions through to rate payers even though the Taxpayer has not yet realized such benefits. This would violate the normalization provisions.

We rule as follows:

1. Under the circumstances described above, the reduction of Taxpayer's rate base by the full amount of its ADIT account balances offset by a portion of its NOLC related account balance that is less than the amount attributable to accelerated depreciation computed on a "with or without" basis would be inconsistent with the requirements of **§168(i)(9)** and §1.167(l)-1 of the Income Tax regulations.
2. The imputation of incremental ADIT on account of the reliability plant addition adjustments described above would be inconsistent with the requirements of **§ 168(i)(9)** and §1.167(l)-1.
3. Under the circumstances described above, any reduction in Taxpayer's tax expense element of cost of service to reflect the tax benefit of its NOLC would be inconsistent with the requirements of **§168(i)(9)** and §1.167(l)-1.

This ruling is based on the representations submitted by Taxpayer and is only valid if those representations are accurate. The accuracy of these representations is subject to verification on audit.

Except as specifically determined above, no opinion is expressed or implied concerning the Federal income tax consequences of the matters described above.

This ruling is directed only to the taxpayer who requested it. **Section 6110(k)(3)** of the Code provides it may not be used or cited as precedent. In accordance with the power of attorney on file with this office, a copy of this letter is being sent to your authorized representative. We are also sending a copy of this letter ruling to the Director.

Sincerely,

Peter C. Friedman
Senior Technician Reviewer, Branch 6
(Passthroughs & Special Industries)

cc:

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PNM Exhibit LTM – 8

IRS Private Letter Ruling 201438003

Is contained in the following 5 pages.



Federal ▼

Advanced



Department of the Treasury
Internal Revenue Service
Private Letter Ruling

PLR 201438003 - Section 167 - Depreciation

Internal Revenue Service
Department of the Treasury
Washington, DC 20224

Number: 201438003
Release Date: 9/19/2014
Index Number: 167.22-01
Third Party Communication:
Date of Communication:
Person To Contact:
Telephone Number:
Refer Reply To:
CC:PSI:B06
PLR-104157-14
Date:
June 12, 2014

LEGEND:

Taxpayer =
Parent =
State A =
Commission A =
Commission B =
Year A =
Year B =
Year C =
Year D =
Date A =
Date B =
Date C =
Date D =
Case =
Director =

Dear [redacted data]:

This letter responds to the request, dated January 24, 2014, and additional submission dated May 19, 2014, submitted on behalf of Taxpayer for a ruling on the application of the normalization rules of the **Internal Revenue Code** to certain accounting and regulatory procedures, described below.

The representations set out in your letter follow.

Taxpayer is a regulated, investor-owned public utility incorporated under the laws of State A primarily engaged in the business of supplying electricity in State A. Taxpayer is subject to the regulatory jurisdiction of Commission A and Commission B with respect to terms and conditions of service and particularly the rates it may charge for the provision of service. Taxpayer's rates are established on a rate of return basis.

Taxpayer is wholly owned by Parent, and Taxpayer is included in a consolidated federal income tax return of which Parent is the common parent. Taxpayer employs the accrual method of accounting and reports on a calendar year basis.

Taxpayer filed a rate case application on Date A (Case). In its filing, Taxpayer used as its starting point actual data from the historic test period, calendar Year A. It then projected data for Year B through Year C. Taxpayer updated, amended, and supplemented its data several times during the course of the proceedings. Rates in this proceeding were intended to, and did, go into effect for the period Date B through Date C.

In computing its income tax expense element of cost of service, the tax benefits attributable to accelerated depreciation were normalized and were not flowed thru to ratepayers.

In its rate case filing, Taxpayer anticipated that it would claim accelerated depreciation, including "bonus depreciation" on its tax returns to the extent that such depreciation was available in all years for which data was provided. Additionally, Taxpayer forecasted that it would incur a net operating loss (NOL) in Year D. Taxpayer anticipated that it had the capacity to carry back a portion of this NOL with the remainder producing a net operating loss carryover (NOLC) as of the end of Year D.

On its regulatory books of account, Taxpayer "normalizes" the differences between regulatory depreciation and tax depreciation. This means that, where accelerated depreciation reduces taxable income, the taxes that a taxpayer would have paid if regulatory depreciation (instead of accelerated tax depreciation) were claimed constitute "cost-free capital" to the taxpayer. A taxpayer that normalizes these differences, like Taxpayer, maintains a reserve account showing the amount of tax liability that is deferred as a result of the accelerated depreciation. This reserve is the accumulated deferred income tax (ADIT) account. Taxpayer maintains an ADIT account. In addition, Taxpayer maintains an offsetting series of entries—a "deferred tax asset" and a "deferred tax expense"—that reflect that portion of those 'tax losses' which, while due to accelerated depreciation, did not actually defer tax because of the existence of an NOLC.

In the setting of utility rates in State, a utility's rate base is offset by its ADIT balance. In its rate case filing and throughout the proceeding, Taxpayer maintained that the ADIT balance should be reduced by the amounts that Taxpayer calculates did not actually defer tax due to the presence of the NOLC, as represented in the deferred tax asset account. Thus, Taxpayer argued that the rate base should be reduced as of the end of Year D by its federal ADIT balance net of the deferred tax asset account attributable to the federal NOLC. It based this position on its determination that this net amount represented the true measure of federal income taxes deferred on account of its claiming accelerated tax depreciation deductions and, consequently, the actual quantity of "cost-free" capital available to it. It also asserted that the failure to reduce its rate base offset by the deferred tax asset attributable to the federal NOLC would be inconsistent with the normalization rules. Testimony by another participant in Case argued against Taxpayer's proposed calculation of ADIT.

Commission A, in an order issued on Date D, held that it is inappropriate to include the NOL in rate base for ratemaking purposes. Commission A further stated that it is the intent of the Commission that Taxpayer comply with the normalization method of accounting and tax normalization regulations. Commission noted that if Taxpayer later obtains a ruling from the IRS which affirms Taxpayer's position, Taxpayer may file seeking an adjustment. Commission A also held that to the extent tax normalization rules require recording the NOL to rate base in the specified years, no rate of return is authorized.

Taxpayer requests that we rule as follows:

1. Under the circumstances described above, the reduction of Taxpayer's rate base by the full amount of its ADIT account balance unreduced by the balance of its NOLC-related account balance would be inconsistent with (and, hence, violative of) the requirements of **§168(i)(9)** and §1.167(l)-1 of the Income Tax regulations.
2. For purposes of Ruling 1 above, the use of a balance of Taxpayer's NOLC-related account

balance that is less than the amount attributable to accelerated depreciation computed on a “with and without” basis would be inconsistent with (and, hence, violative of) the requirements of **§168(i)(9)** and §1.167(l)-1 of the Income Tax regulations.

3. Under the circumstances described above, the assignment of a zero rate of return to the balance of Taxpayer's NOLC-related account balance would be inconsistent with (and, hence, violative of) the requirements of **§168(i)(9)** and §1.167(l)-1.

Law and Analysis

Section 168(f)(2) of the Code provides that the depreciation deduction determined under **section 168** shall not apply to any public utility property (within the meaning of **section 168(i)(10)**) if the taxpayer does not use a normalization method of accounting.

In order to use a normalization method of accounting, **section 168(i)(9)(A)(i)** of the Code requires the taxpayer, in computing its tax expense for establishing its cost of service for ratemaking purposes and reflecting operating results in its regulated books of account, to use a method of depreciation with respect to public utility property that is the same as, and a depreciation period for such property that is not shorter than, the method and period used to compute its depreciation expense for such purposes. Under **section 168(i)(9)(A)(ii)**, if the amount allowable as a deduction under **section 168** differs from the amount that would be allowable as a deduction under **section 167** using the method, period, first and last year convention, and salvage value used to compute regulated tax expense under **section 168(i)(9)(A)(i)**, the taxpayer must make adjustments to a reserve to reflect the deferral of taxes resulting from such difference.

Section 168(i)(9)(B)(i) of the Code provides that one way the requirements of **section 168(i)(9)(A)** will not be satisfied is if the taxpayer, for ratemaking purposes, uses a procedure or adjustment which is inconsistent with such requirements. Under **section 168(i)(9)(B)(ii)**, such inconsistent procedures and adjustments include the use of an estimate or projection of the taxpayer's tax expense, depreciation expense, or reserve for deferred taxes under **section 168(i)(9)(A)(ii)**, unless such estimate or projection is also used, for ratemaking purposes, with respect to all three of these items and with respect to the rate base.

Former section 167(l) of the Code generally provided that public utilities were entitled to use accelerated methods for depreciation if they used a “normalization method of accounting.” A normalization method of accounting was defined in former section 167(l)(3)(G) in a manner consistent with that found in **section 168(i)(9)(A)**. Section 1.167(l)-1(a)(1) of the Income Tax Regulations provides that the normalization requirements for public utility property pertain only to the deferral of federal income tax liability resulting from the use of an accelerated method of depreciation for computing the allowance for depreciation under **section 167** and the use of straight-line depreciation for computing tax expense and depreciation expense for purposes of establishing cost of services and for reflecting operating results in regulated books of account. These regulations do not pertain to other book-tax timing differences with respect to state income taxes, F.I.C.A. taxes, construction costs, or any other taxes and items.

Section 1.167(l)-1(h)(1)(i) provides that the reserve established for public utility property should reflect the total amount of the deferral of federal income tax liability resulting from the taxpayer's use of different depreciation methods for tax and ratemaking purposes.

Section 1.167(l)-1(h)(1)(iii) provides that the amount of federal income tax liability deferred as a result of the use of different depreciation methods for tax and ratemaking purposes is the excess (computed without regard to credits) of the amount the tax liability would have been had the depreciation method for ratemaking purposes been used over the amount of the actual tax liability. This amount shall be taken into account for the taxable year in which the different methods of depreciation are used. If, however, in respect of any taxable year the use of a method of depreciation other than a subsection (1) method for purposes of determining the taxpayer's reasonable allowance under **section 167(a)** results in a net operating loss carryover to a year succeeding such taxable year which would not have arisen (or an increase in such carryover which would not have arisen) had the taxpayer determined his reasonable allowance under **section 167(a)** using a subsection (1) method, then the amount and time of the deferral of tax liability shall be taken into account in such appropriate time and manner as is satisfactory to the district director.

Section 1.167(l)-1(h)(2)(i) provides that the taxpayer must credit this amount of deferred taxes to a reserve for deferred taxes, a depreciation reserve, or other reserve account. This regulation further provides that, with respect to any account, the aggregate amount

allocable to deferred tax under **section 167(1)** shall not be reduced except to reflect the amount for any taxable year by which Federal income taxes are greater by reason of the prior use of different methods of depreciation. That section also notes that the aggregate amount allocable to deferred taxes may be reduced to reflect the amount for any taxable year by which federal income taxes are greater by reason of the prior use of different methods of depreciation under section 1.167(l)(1)(h)(1)(i) or to reflect asset retirements or the expiration of the period for depreciation used for determining the allowance for depreciation under **section 167(a)**.

Section 1.167(l)-1(h)(6)(i) provides that, notwithstanding the provisions of subparagraph (1) of that paragraph, a taxpayer does not use a normalization method of regulated accounting if, for ratemaking purposes, the amount of the reserve for deferred taxes under **section 167(l)** which is excluded from the base to which the taxpayer's rate of return is applied, or which is treated as no-cost capital in those rate cases in which the rate of return is based upon the cost of capital, exceeds the amount of such reserve for deferred taxes for the period used in determining the taxpayer's expense in computing cost of service in such ratemaking.

Section 1.167(l)-1(h)(6)(ii) provides that, for the purpose of determining the maximum amount of the reserve to be excluded from the rate base (or to be included as no-cost capital) under subdivision (i), above, if solely an historical period is used to determine depreciation for Federal income tax expense for ratemaking purposes, then the amount of the reserve account for that period is the amount of the reserve (determined under section 1.167(l)-1(h)(2)(i)) at the end of the historical period. If such determination is made by reference both to an historical portion and to a future portion of a period, the amount of the reserve account for the period is the amount of the reserve at the end of the historical portion of the period and a pro rata portion of the amount of any projected increase to be credited or decrease to be charged to the account during the future portion of the period.

Section 1.167(l)-1(h) requires that a utility must maintain a reserve reflecting the total amount of the deferral of federal income tax liability resulting from the taxpayer's use of different depreciation methods for tax and ratemaking purposes. Taxpayer has done so. Section 1.167(l)-1(h)(6)(i) provides that a taxpayer does not use a normalization method of regulated accounting if, for ratemaking purposes, the amount of the reserve for deferred taxes which is excluded from the base to which the taxpayer's rate of return is applied, or which is treated as no-cost capital in those rate cases in which the rate of return is based upon the cost of capital, exceeds the amount of such reserve for deferred taxes for the period used in determining the taxpayer's expense in computing cost of service in such ratemaking. **Section 56(a)(1)(D)** provides that, with respect to public utility property the Secretary shall prescribe the requirements of a normalization method of accounting for that section.

Regarding the first issue, §1.167(l)-1(h)(6)(i) provides that a taxpayer does not use a normalization method of regulated accounting if, for ratemaking purposes, the amount of the reserve for deferred taxes which is excluded from the base to which the taxpayer's rate of return is applied, or which is treated as no-cost capital in those rate cases in which the rate of return is based upon the cost of capital, exceeds the amount of such reserve for deferred taxes for the period used in determining the taxpayer's expense in computing cost of service in such ratemaking. Because the ADIT account, the reserve account for deferred taxes, reduces rate base, it is clear that the portion of an NOLC that is attributable to accelerated depreciation must be taken into account in calculating the amount of the reserve for deferred taxes (ADIT). Thus, the order by Commission A is not in accord with the normalization requirements.

Regarding the second issue, §1.167(l)-1(h)(1)(iii) makes clear that the effects of an NOLC must be taken into account for normalization purposes. Section 1.167(l)-1(h)(1)(iii) provides generally that, if, in respect of any year, the use of other than regulatory depreciation for tax purposes results in an NOLC carryover (or an increase in an NOLC which would not have arisen had the taxpayer claimed only regulatory depreciation for tax purposes), then the amount and time of the deferral of tax liability shall be taken into account in such appropriate time and manner as is satisfactory to the district director. While that section provides no specific mandate on methods, it does provide that the Service has discretion to determine whether a particular method satisfies the normalization requirements. The "with or without" methodology employed by Taxpayer is specifically designed to ensure that the portion of the NOLC attributable to accelerated depreciation is correctly taken into account by maximizing the amount of the NOLC attributable to accelerated depreciation. This methodology provides certainty and prevents the possibility of "flow through" of the

benefits of accelerated depreciation to ratepayers. Under these facts, any method other than the “with and without” method would not provide the same level of certainty and therefore the use of any other methodology is inconsistent with the normalization rules.

Regarding the third issue, assignment of a zero rate of return to the balance of Taxpayer's NOLC-related account balance would, in effect, flow the tax benefits of accelerated depreciation deductions through to rate payers. This would violate the normalization provisions.

We rule as follows:

1. Under the circumstances described above, the reduction of Taxpayer's rate base by the full amount of its ADIT account balance unreduced by the balance of its NOLC-related account balance would be inconsistent with the requirements of **§168(i)(9)** and §1.167(l)-1 of the Income Tax regulations.
2. For purposes of Ruling 1 above, the use of a balance of Taxpayer's NOLC-related account balance that is less than the amount attributable to accelerated depreciation computed on a “with and without” basis would be inconsistent with the requirements of **§168(i)(9)** and §1.167(l)-1 of the Income Tax regulations.
3. Under the circumstances described above, the assignment of a zero rate of return to the balance of Taxpayer's NOLC-related account balance would be inconsistent with the requirements of **§168(i)(9)** and §1.167(l)-1.

This ruling is based on the representations submitted by Taxpayer and is only valid if those representations are accurate. The accuracy of these representations is subject to verification on audit.

Except as specifically determined above, no opinion is expressed or implied concerning the Federal income tax consequences of the matters described above.

This ruling is directed only to the taxpayer who requested it. **Section 6110(k)(3)** of the Code provides it may not be used or cited as precedent. In accordance with the power of attorney on file with this office, a copy of this letter is being sent to your authorized representative. We are also sending a copy of this letter ruling to the Director.

Sincerely,

Peter C. Friedman
Senior Technician Reviewer, Branch 6
(Passthroughs & Special Industries)

cc:

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PNM Exhibit LTM – 9

IRS Private Letter Ruling 201519021

Is contained in the following 5 pages.



Federal ▼

Advanced



Department of the Treasury
Internal Revenue Service
Private Letter Ruling

PLR 201519021 - Section 167 - Depreciation

Internal Revenue Service
Department of the Treasury
Washington, DC 20224

Number: 201519021
Release Date: 5/8/2015
Index Number: 167.22-01

Third Party Communication: None
Date of Communication: Not Applicable
Person To Contact:
Telephone Number:
Refer Reply To: CC:PSI:B06 PLR-136851-14
Date: February 04, 2015

LEGEND:

Taxpayer =
Parent =
State A =
Commission =
Year A =
Year B =
Year C =
Year D =
Date A =
Date B =
Date C =
Date D =
Case =
Director =

Dear [redacted data]:

This letter responds to the request, dated October 1, 2014, submitted on behalf of Taxpayer for a ruling on the application of the normalization rules of the **Internal Revenue Code** to certain accounting and regulatory procedures, described below.

The representations set out in your letter follow.

Taxpayer is a regulated, investor-owned public utility incorporated under the laws of State A primarily engaged in the business of supplying natural gas service in State A. Taxpayer is subject to the regulatory jurisdiction of Commission with respect to terms and conditions

of service and as to the rates it may charge for the provision of service. Taxpayer's rates are established on a cost of service basis.

Taxpayer is wholly owned by Parent, and Taxpayer is included in a consolidated federal income tax return of which Parent is the common parent. Taxpayer employs the accrual method of accounting and reports on a calendar year basis.

Taxpayer filed a rate case application on Date A (Case). In its filing, Taxpayer used as its starting point actual data from the historic test period, calendar Year A. It then projected data for Year B through Year D. Taxpayer updated, amended, and supplemented its data several times during the course of the proceedings. Rates in this proceeding were intended to, and did, go into effect for the period Date B through Date C.

In computing its income tax expense element of cost of service, the tax benefits attributable to accelerated depreciation were normalized and were not flowed thru to ratepayers.

In its rate case filing, Taxpayer anticipated that it would claim accelerated depreciation, including "bonus depreciation" on its tax returns to the extent that such depreciation was available in all years for which data was provided. Additionally, Taxpayer forecasted that it would incur a net operating loss (NOL) in each of Year B, Year C, and Year D. Taxpayer anticipated that it had the capacity to carry back a portion of this NOL with the remainder producing a net operating loss carryover (NOLC) as of the end of Year C and Year D, the beginning and end of the test period.

On its regulatory books of account, Taxpayer "normalizes" the differences between regulatory depreciation and tax depreciation. This means that, where accelerated depreciation reduces taxable income, the taxes that a taxpayer would have paid if regulatory depreciation (instead of accelerated tax depreciation) were claimed constitute "cost-free capital" to the taxpayer. A taxpayer that normalizes these differences, like Taxpayer, maintains a reserve account showing the amount of tax liability that is deferred as a result of the accelerated depreciation. This reserve is the accumulated deferred income tax (ADIT) account. Taxpayer maintains an ADIT account. In addition, Taxpayer maintains an offsetting series of entries - a "deferred tax asset" and a "deferred tax expense" - that reflect that portion of those 'tax losses' which, while due to accelerated depreciation, did not actually defer tax because of the existence of an NOLC.

In the setting of utility rates in State, a utility's rate base is offset by its ADIT balance. In its rate case filing and throughout the proceeding, Taxpayer maintained that the ADIT balance should be reduced by the amounts that Taxpayer calculates did not actually defer tax due to the presence of the NOLC, as represented in the deferred tax asset account. Thus, Taxpayer argued that the rate base should be reduced as of the end of Year D by its federal ADIT balance net of the deferred tax asset account attributable to the federal NOLC. It based this position on its determination that this net amount represented the true measure of federal income taxes deferred on account of its claiming accelerated tax depreciation deductions and, consequently, the actual quantity of "cost-free" capital available to it. It also asserted that the failure to reduce its rate base offset by the deferred tax asset attributable to the federal NOLC would be inconsistent with the normalization rules. Testimony by another participant in Case argued against Taxpayer's proposed calculation of ADIT.

Commission, in an order issued on Date D, held that it is inappropriate to include the NOL in rate base for ratemaking purposes. Commission further stated that it is the intent of the Commission that Taxpayer comply with the normalization method of accounting and tax normalization regulations. Commission noted that if Taxpayer later obtains a ruling from the IRS which affirms Taxpayer's position, Taxpayer may file seeking an adjustment. Commission also held that to the extent tax normalization rules require including the NOL in rate base in the specified years, no rate of return is authorized.

Taxpayer requests that we rule as follows:

1. Under the circumstances described above, the reduction of Taxpayer's rate base by the full amount of its ADIT account balance unreduced by the balance of its NOLC-related account balance would be inconsistent with (and, hence, violative of) the requirements of [§ 168\(i\)\(9\)](#) and § 1.167(l)-1 of the Income Tax regulations.
2. For purposes of Ruling 1 above, the use of a balance of Taxpayer's NOLC-related account balance that is less than the amount attributable to accelerated depreciation computed on a "with and without" basis would be inconsistent with (and, hence, violative of) the requirements of [§ 168\(i\)\(9\)](#) and § 1.167(l)-1 of the Income Tax regulations.

3. Under the circumstances described above, the assignment of a zero rate of return to the balance of Taxpayer's NOLC-related account balance would be inconsistent with (and, hence, violative of) the requirements of **§ 168(i)(9)** and §1.167(l)-1.

Law and Analysis

Section 168(f)(2) of the Code provides that the depreciation deduction determined under **section 168** shall not apply to any public utility property (within the meaning of **section 168(i)(10)**) if the taxpayer does not use a normalization method of accounting.

In order to use a normalization method of accounting, **section 168(i)(9)(A)(i)** of the Code requires the taxpayer, in computing its tax expense for establishing its cost of service for ratemaking purposes and reflecting operating results in its regulated books of account, to use a method of depreciation with respect to public utility property that is the same as, and a depreciation period for such property that is not shorter than, the method and period used to compute its depreciation expense for such purposes. Under **section 168(i)(9)(A)(ii)**, if the amount allowable as a deduction under **section 168** differs from the amount that would be allowable as a deduction under **section 167** using the method, period, first and last year convention, and salvage value used to compute regulated tax expense under **section 168(i)(9)(A)(i)**, the taxpayer must make adjustments to a reserve to reflect the deferral of taxes resulting from such difference.

Section 168(i)(9)(B)(i) of the Code provides that one way the requirements of **section 168(i)(9)(A)** will not be satisfied is if the taxpayer, for ratemaking purposes, uses a procedure or adjustment which is inconsistent with such requirements. Under **section 168(i)(9)(B)(ii)**, such inconsistent procedures and adjustments include the use of an estimate or projection of the taxpayer's tax expense, depreciation expense, or reserve for deferred taxes under **section 168(i)(9)(A)(ii)**, unless such estimate or projection is also used, for ratemaking purposes, with respect to all three of these items and with respect to the rate base.

Former section 167(l) of the Code generally provided that public utilities were entitled to use accelerated methods for depreciation if they used a "normalization method of accounting." A normalization method of accounting was defined in former section 167(l)(3)(G) in a manner consistent with that found in **section 168(i)(9)(A)**. Section 1.167(l)-1(a)(1) of the Income Tax Regulations provides that the normalization requirements for public utility property pertain only to the deferral of federal income tax liability resulting from the use of an accelerated method of depreciation for computing the allowance for depreciation under **section 167** and the use of straight-line depreciation for computing tax expense and depreciation expense for purposes of establishing cost of services and for reflecting operating results in regulated books of account. These regulations do not pertain to other book-tax timing differences with respect to state income taxes, F.I.C.A. taxes, construction costs, or any other taxes and items.

Section 1.167(l)-1(h)(1)(i) provides that the reserve established for public utility property should reflect the total amount of the deferral of federal income tax liability resulting from the taxpayer's use of different depreciation methods for tax and ratemaking purposes.

Section 1.167(l)-1(h)(1)(iii) provides that the amount of federal income tax liability deferred as a result of the use of different depreciation methods for tax and ratemaking purposes is the excess (computed without regard to credits) of the amount the tax liability would have been had the depreciation method for ratemaking purposes been used over the amount of the actual tax liability. This amount shall be taken into account for the taxable year in which the different methods of depreciation are used. If, however, in respect of any taxable year the use of a method of depreciation other than a subsection (1) method for purposes of determining the taxpayer's reasonable allowance under **section 167(a)** results in a net operating loss carryover to a year succeeding such taxable year which would not have arisen (or an increase in such carryover which would not have arisen) had the taxpayer determined his reasonable allowance under **section 167(a)** using a subsection (1) method, then the amount and time of the deferral of tax liability shall be taken into account in such appropriate time and manner as is satisfactory to the district director.

Section 1.167(l)-1(h)(2)(i) provides that the taxpayer must credit this amount of deferred taxes to a reserve for deferred taxes, a depreciation reserve, or other reserve account. This regulation further provides that, with respect to any account, the aggregate amount allocable to deferred tax under **section 167(1)** shall not be reduced except to reflect the amount for any taxable year by which Federal income taxes are greater by reason of the prior use of different methods of depreciation. That section also notes that the aggregate

amount allocable to deferred taxes may be reduced to reflect the amount for any taxable year by which federal income taxes are greater by reason of the prior use of different methods of depreciation under section 1.167(l)-1(h)(1)(i) or to reflect asset retirements or the expiration of the period for depreciation used for determining the allowance for depreciation under **section 167(a)**.

Section 1.167(l)-1(h)(6)(i) provides that, notwithstanding the provisions of subparagraph (1) of that paragraph, a taxpayer does not use a normalization method of regulated accounting if, for ratemaking purposes, the amount of the reserve for deferred taxes under **section 167(l)** which is excluded from the base to which the taxpayer's rate of return is applied, or which is treated as no-cost capital in those rate cases in which the rate of return is based upon the cost of capital, exceeds the amount of such reserve for deferred taxes for the period used in determining the taxpayer's expense in computing cost of service in such ratemaking.

Section 1.167(l)-1(h)(6)(ii) provides that, for the purpose of determining the maximum amount of the reserve to be excluded from the rate base (or to be included as no-cost capital) under subdivision (i), above, if solely an historical period is used to determine depreciation for Federal income tax expense for ratemaking purposes, then the amount of the reserve account for that period is the amount of the reserve (determined under section 1.167(l)-1(h)(2)(i)) at the end of the historical period. If such determination is made by reference both to an historical portion and to a future portion of a period, the amount of the reserve account for the period is the amount of the reserve at the end of the historical portion of the period and a pro rata portion of the amount of any projected increase to be credited or decrease to be charged to the account during the future portion of the period.

Section 1.167(l)-1(h) requires that a utility must maintain a reserve reflecting the total amount of the deferral of federal income tax liability resulting from the taxpayer's use of different depreciation methods for tax and ratemaking purposes. Taxpayer has done so. Section 1.167(l)-1(h)(6)(i) provides that a taxpayer does not use a normalization method of regulated accounting if, for ratemaking purposes, the amount of the reserve for deferred taxes which is excluded from the base to which the taxpayer's rate of return is applied, or which is treated as no-cost capital in those rate cases in which the rate of return is based upon the cost of capital, exceeds the amount of such reserve for deferred taxes for the period used in determining the taxpayer's expense in computing cost of service in such ratemaking. **Section 56(a)(1)(D)** provides that, with respect to public utility property the Secretary shall prescribe the requirements of a normalization method of accounting for that section.

Regarding the first issue, § 1.167(l)-1(h)(6)(i) provides that a taxpayer does not use a normalization method of regulated accounting if, for ratemaking purposes, the amount of the reserve for deferred taxes which is excluded from the base to which the taxpayer's rate of return is applied, or which is treated as no-cost capital in those rate cases in which the rate of return is based upon the cost of capital, exceeds the amount of such reserve for deferred taxes for the period used in determining the taxpayer's expense in computing cost of service in such ratemaking. Because the ADIT account, the reserve account for deferred taxes, reduces rate base, it is clear that the portion of an NOLC that is attributable to accelerated depreciation must be taken into account in calculating the amount of the reserve for deferred taxes (ADIT). Thus, the order by Commission is not in accord with the normalization requirements.

Regarding the second issue, § 1.167(l)-1(h)(1)(iii) makes clear that the effects of an NOLC must be taken into account for normalization purposes. Section 1.167(l)-1(h)(1)(iii) provides generally that, if, in respect of any year, the use of other than regulatory depreciation for tax purposes results in an NOLC carryover (or an increase in an NOLC which would not have arisen had the taxpayer claimed only regulatory depreciation for tax purposes), then the amount and time of the deferral of tax liability shall be taken into account in such appropriate time and manner as is satisfactory to the district director. While that section provides no specific mandate on methods, it does provide that the Service has discretion to determine whether a particular method satisfies the normalization requirements. The "with or without" methodology employed by Taxpayer is specifically designed to ensure that the portion of the NOLC attributable to accelerated depreciation is correctly taken into account by maximizing the amount of the NOLC attributable to accelerated depreciation. This methodology provides certainty and prevents the possibility of "flow through" of the benefits of accelerated depreciation to ratepayers. Under these specific facts, any method other than the "with and without" method would not provide the same level of certainty

and therefore the use of any other methodology is inconsistent with the normalization rules.

Regarding the third issue, assignment of a zero rate of return to the balance of Taxpayer's NOLC-related account balance would, in effect, flow the tax benefits of accelerated depreciation deductions through to rate payers. This would violate the normalization provisions.

We rule as follows:

1. Under the circumstances described above, the reduction of Taxpayer's rate base by the full amount of its ADIT account balance unreduced by the balance of its NOLC-related account balance would be inconsistent with the requirements of **§ 168(i)(9)** and § 1.167(l)-1 of the Income Tax regulations.

2. For purposes of Ruling 1 above, the use of a balance of Taxpayer's NOLC-related account balance that is less than the amount attributable to accelerated depreciation computed on a "with and without" basis would be inconsistent with the requirements of **§ 168(i)(9)** and § 1.167(l)-1 of the Income Tax regulations.

3. Under the circumstances described above, the assignment of a zero rate of return to the balance of Taxpayer's NOLC-related account balance would be inconsistent with the requirements of **§ 168(i)(9)** and § 1.167(l)-1.

This ruling is based on the representations submitted by Taxpayer and is only valid if those representations are accurate. The accuracy of these representations is subject to verification on audit.

Except as specifically determined above, no opinion is expressed or implied concerning the Federal income tax consequences of the matters described above.

This ruling is directed only to the taxpayer who requested it. **Section 6110(k)(3)** of the Code provides it may not be used or cited as precedent. In accordance with the power of attorney on file with this office, a copy of this letter is being sent to your authorized representative. We are also sending a copy of this letter ruling to the Director.

Sincerely,

Peter C. Friedman
Senior Technician Reviewer, Branch 6
Office of the Associate Chief Counsel
(Passthroughs & Special Industries)

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PNM Exhibit LTM – 10

IRS Private Letter Ruling 201534001

Is contained in the following 5 pages.



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Department of the Treasury
Internal Revenue Service
Private Letter Ruling

PLR 201534001 - Section 167 - Depreciation

Internal Revenue Service
Department of the Treasury
Washington, DC 20224

Number: 201534001
Release Date: 8/21/2015
Index Number: 167.22-01

Third Party Communication: None
Date of Communication: Not Applicable

Person To Contact:
Telephone Number:

Refer Reply To:
CC:PSI:B06 PLR-103300-15
Date:
May 13, 2015

LEGEND:

Taxpayer =
State A =
State B =
State C =
Commission =
Year A =
Year B =
Date A =
Date B =
Date C =
Date D =
Case =
Director =

Dear [redacted data]:

This letter responds to the request, dated January 9, 2015, submitted on behalf of Taxpayer for a ruling on the application of the normalization rules of the **Internal Revenue Code** to certain accounting and regulatory procedures, described below.

The representations set out in your letter follow.

Taxpayer is the common parent of an affiliated group of corporations and is incorporated under the laws of State A and State B. Taxpayer is engaged primarily in the businesses of regulated natural gas distribution, regulated natural gas transmission, and regulated natural gas storage. Taxpayer's regulated natural gas distribution business delivers gas to customers in several states, including State A. Taxpayer is subject to, as relevant for this ruling, the regulatory jurisdiction of Commission with respect to terms and conditions of service and as to the rates it may charge for the provision of its gas distribution service in State A. Taxpayer's rates are established on a "rate of return" basis.

Taxpayer filed a rate case application on Date A (Case). In its filing, Taxpayer's application was based on a fully forecasted test period consisting of the twelve months ending on Date B. Taxpayer updated, amended, and supplemented its data several times during the course of the proceedings. In a final order dated Date C, rates were approved by Commission for service rendered on or after Date D.

In each year from Year A to Year B, Taxpayer incurred a net operating loss carryforward (NOLC). In each of these years, Taxpayer claimed accelerated depreciation, including "bonus depreciation" on its tax returns to the extent that such depreciation was available. On its regulatory books of account, Taxpayer "normalizes" the differences between regulatory depreciation and tax depreciation. This means that, where accelerated depreciation reduces taxable income, the taxes that a taxpayer would have paid if regulatory depreciation (instead of accelerated tax depreciation) were claimed constitute "cost-free capital" to the taxpayer. A taxpayer that normalizes these differences, like Taxpayer, maintains a reserve account showing the amount of tax liability that is deferred as a result of the accelerated depreciation. This reserve is the accumulated deferred income tax (ADIT) account. Taxpayer maintains an ADIT account. In addition, Taxpayer maintains an offsetting series of entries - a "deferred tax asset" and a "deferred tax expense" - that reflect that portion of those 'tax losses' which, while due to accelerated depreciation, did not actually defer tax because of the existence of an NOLC.

In the setting of utility rates in State C, a utility's rate base is offset by its ADIT balance. In its rate case filing and throughout the proceeding, Taxpayer maintained that the ADIT balance should be reduced by the amounts that Taxpayer calculates did not actually defer tax due to the presence of the NOLC, as represented in the deferred tax asset account. Thus, Taxpayer argued that the rate base should be reduced by its federal ADIT balance net of the deferred tax asset account attributable to the federal NOLC. It also asserted that the failure to reduce its rate base offset by the deferred tax asset attributable to the federal NOLC would be inconsistent with the normalization rules. The attorney general for State C argued against Taxpayer's proposed calculation of ADIT.

Commission, in its final order, agreed with Taxpayer but concluded that the ambiguity in the relevant normalization regulations warranted an assessment of the issue by the IRS and this ruling request followed.

Taxpayer requests that we rule as follows:

1. Under the circumstances described above, the reduction of Taxpayer's rate base by the full amount of its ADIT account balance unreduced by the balance of its NOLC-related account balance would be inconsistent with (and, hence, violative of) the requirements of **§ 168(i)(9)** and § 1.167(l)-1 of the Income Tax regulations.
2. For purposes of Ruling 1 above, the use of a balance of Taxpayer's NOLC-related account that is less than the amount attributable to accelerated depreciation computed on a "last dollars deducted" basis would be inconsistent with (and, hence, violative of) the requirements of **§ 168(i)(9)** and § 1.167(l)-1 of the Income Tax regulations.

Law and Analysis

Section 168(f)(2) of the Code provides that the depreciation deduction determined under **section 168** shall not apply to any public utility property (within the meaning of **section 168(i)(10)**) if the taxpayer does not use a normalization method of accounting.

In order to use a normalization method of accounting, **section 168(i)(9)(A)(i)** of the Code requires the taxpayer, in computing its tax expense for establishing its cost of service for ratemaking purposes and reflecting operating results in its regulated books of account, to use a method of depreciation with respect to public utility property that is the same as, and a depreciation period for such property that is not shorter than, the method and period used to compute its depreciation expense for such purposes. Under **section 168(i)(9)(A)(ii)**, if the amount allowable as a deduction under **section 168** differs from the

amount that- would be allowable as a deduction under **section 167** using the method, period, first and last year convention, and salvage value used to compute regulated tax expense under **section 168(i)(9)(A)(i)**, the taxpayer must make adjustments to a reserve to reflect the deferral of taxes resulting from such difference.

Section 168(i)(9)(B)(i) of the Code provides that one way the requirements of **section 168(i)(9)(A)** will not be satisfied is if the taxpayer, for ratemaking purposes, uses a procedure or adjustment which is inconsistent with such requirements. Under **section 168(i)(9)(B)(ii)**, such inconsistent procedures and adjustments include the use of an estimate or projection of the taxpayer's tax expense, depreciation expense, or reserve for deferred taxes under **section 168(i)(9)(A)(ii)**, unless such estimate or projection is also used, for ratemaking purposes, with respect to all three of these items and with respect to the rate base.

Former section 167(l) of the Code generally provided that public utilities were entitled to use accelerated methods for depreciation if they used a "normalization method of accounting." A normalization method of accounting was defined in former section 167(l)(3) (G) in a manner consistent with that found in **section 168(i)(9)(A)**. Section 1.167(l)-1(a)(1) of the Income Tax Regulations provides that the normalization requirements for public utility property pertain only to the deferral of federal income tax liability resulting from the use of an accelerated method of depreciation for computing the allowance for depreciation under **section 167** and the use of straight-line depreciation for computing tax expense and depreciation expense for purposes of establishing cost of services and for reflecting operating results in regulated books of account. These regulations do not pertain to other book-tax timing differences with respect to state income taxes, F.I.C.A. taxes, construction costs, or any other taxes and items.

Section 1.167(l)-1(h)(1)(i) provides that the reserve established for public utility property should reflect the total amount of the deferral of federal income tax liability resulting from the taxpayer's use of different depreciation methods for tax and ratemaking purposes.

Section 1.167(l)-1(h)(1)(iii) provides that the amount of federal income tax liability deferred as a result of the use of different depreciation methods for tax and ratemaking purposes is the excess (computed without regard to credits) of the amount the tax liability would have been had the depreciation method for ratemaking purposes been used over the amount of the actual tax liability. This amount shall be taken into account for the taxable year in which the different methods of depreciation are used. If, however, in respect of any taxable year the use of a method of depreciation other than a subsection (1) method for purposes of determining the taxpayer's reasonable allowance under **section 167(a)** results in a net operating loss carryover to a year succeeding such taxable year which would not have arisen (or an increase in such carryover which would not have arisen) had the taxpayer determined his reasonable allowance under **section 167(a)** using a subsection (1) method, then the amount and time of the deferral of tax liability shall be taken into account in such appropriate time and manner as is satisfactory to the district director.

Section 1.167(l)-1(h)(2)(i) provides that the taxpayer must credit this amount of deferred taxes to a reserve for deferred taxes, a depreciation reserve, or other reserve account. This regulation further provides that, with respect to any account, the aggregate amount allocable to deferred tax under **section 167(1)** shall not be reduced except to reflect the amount for any taxable year by which Federal income taxes are greater by reason of the prior use of different methods of depreciation. That section also notes that the aggregate amount allocable to deferred taxes may be reduced to reflect the amount for any taxable year by which federal income taxes are greater by reason of the prior use of different methods of depreciation under section 1.167(l)-1(h)(1)(i) or to reflect asset retirements or the expiration of the period for depreciation used for determining the allowance for depreciation under **section 167(a)**.

Section 1.167(l)-1(h)(6)(i) provides that, notwithstanding the provisions of subparagraph (1) of that paragraph, a taxpayer does not use a normalization method of regulated accounting if, for ratemaking purposes, the amount of the reserve for deferred taxes under **section 167(l)** which is excluded from the base to which the taxpayer's rate of return is applied, or which is treated as no-cost capital in those rate cases in which the rate of return is based upon the cost of capital, exceeds the amount of such reserve for deferred taxes for the period used in determining the taxpayer's expense in computing cost of service in such ratemaking.

Section 1.167(l)-1(h)(6)(ii) provides that, for the purpose of determining the maximum amount of the reserve to be excluded from the rate base (or to be included as no-cost

capital) under subdivision (i), above, if solely an historical period is used to determine depreciation for Federal income tax expense for ratemaking purposes, then the amount of the reserve account for that period is the amount of the reserve (determined under section 1.167(l)-1(h)(2)(i)) at the end of the historical period. If such determination is made by reference both to an historical portion and to a future portion of a period, the amount of the reserve account for the period is the amount of the reserve at the end of the historical portion of the period and a pro rata portion of the amount of any projected increase to be credited or decrease to be charged to the account during the future portion of the period.

Section 1.167(l)-1(h) requires that a utility must maintain a reserve reflecting the total amount of the deferral of federal income tax liability resulting from the taxpayer's use of different depreciation methods for tax and ratemaking purposes. Taxpayer has done so. Section 1.167(l)-1(h)(6)(i) provides that a taxpayer does not use a normalization method of regulated accounting if, for ratemaking purposes, the amount of the reserve for deferred taxes which is excluded from the base to which the taxpayer's rate of return is applied, or which is treated as no-cost capital in those rate cases in which the rate of return is based upon the cost of capital, exceeds the amount of such reserve for deferred taxes for the period used in determining the taxpayer's expense in computing cost of service in such ratemaking. **Section 56(a)(1)(D)** provides that, with respect to public utility property the Secretary shall prescribe the requirements of a normalization method of accounting for that section.

Regarding the first issue, § 1.167(l)-1(h)(6)(i) provides that a taxpayer does not use a normalization method of regulated accounting if, for ratemaking purposes, the amount of the reserve for deferred taxes which is excluded from the base to which the taxpayer's rate of return is applied, or which is treated as no-cost capital in those rate cases in which the rate of return is based upon the cost of capital, exceeds the amount of such reserve for deferred taxes for the period used in determining the taxpayer's expense in computing cost of service in such ratemaking. Because the ADIT account, the reserve account for deferred taxes, reduces rate base, it is clear that the portion of an NOLC that is attributable to accelerated depreciation must be taken into account in calculating the amount of the reserve for deferred taxes (ADIT). Thus, to reduce Taxpayer's rate base by the full amount of its ADIT account balance unreduced by the balance of its NOLC-related account balance would be inconsistent with the requirements of **§ 168(i)(9)** and § 1.167(l)-1.

Regarding the second issue, § 1.167(l)-1(h)(1)(iii) makes clear that the effects of an NOLC must be taken into account for normalization purposes. Section 1.167(l)-1(h)(1)(iii) provides generally that, if, in respect of any year, the use of other than regulatory depreciation for tax purposes results in an NOLC carryover (or an increase in an NOLC which would not have arisen had the taxpayer claimed only regulatory depreciation for tax purposes), then the amount and time of the deferral of tax liability shall be taken into account in such appropriate time and manner as is satisfactory to the district director. While that section provides no specific mandate on methods, it does provide that the Service has discretion to determine whether a particular method satisfies the normalization requirements. The "last dollars deducted" methodology employed by Taxpayer ensures that the portion of the NOLC attributable to accelerated depreciation is correctly taken into account by maximizing the amount of the NOLC attributable to accelerated depreciation. This methodology provides certainty and prevents the possibility of "flow through" of the benefits of accelerated depreciation to ratepayers. Under these specific facts, any method other than the "last dollars deducted" method would not provide the same level of certainty and therefore the use of any other methodology is inconsistent with the normalization rules.

This ruling is based on the representations submitted by Taxpayer and is only valid if those representations are accurate. The accuracy of these representations is subject to verification on audit.

Except as specifically determined above, no opinion is expressed or implied concerning the Federal income tax consequences of the matters described above.

This ruling is directed only to the taxpayer who requested it. **Section 6110(k)(3)** of the Code provides it may not be used or cited as precedent. In accordance with the power of attorney on file with this office, a copy of this letter is being sent to your authorized representative. We are also sending a copy of this letter ruling to the Director.

Sincerely,

Peter C. Friedman
Senior Technician Reviewer, Branch 6
Office of the Associate Chief Counsel
(Passthroughs & Special Industries)

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PNM Exhibit LTM – 11

IRS Private Letter Ruling 201548017

Is contained in the following 5 pages.



Federal ▼

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Department of the Treasury
Internal Revenue Service
Private Letter Ruling

PLR 201548017 - Section 167 - Depreciation

Internal Revenue Service
Department of the Treasury
Washington, DC 20224

Number: 201548017
Release Date: 11/27/2015
Index Number: 167.22-01

Third Party Communication: None
Date of Communication: Not Applicable
Person To Contact:
Telephone Number:

Refer Reply To:
CC:PSI:B06 PLR-116998-15
Date:
August 19, 2015

LEGEND:

Taxpayer =
Parent =
State A =
State B =
Commission =
Year A =
Year B =
Date A =
Date B =
Case =
Director =

Dear [redacted data]:

This letter responds to the request, dated May 14, 2015, of Taxpayer for a ruling on the application of the normalization rules of the **Internal Revenue Code** to certain accounting and regulatory procedures, described below.

The representations set out in your letter follow.

Taxpayer is primarily engaged in the regulated distribution of natural gas in State A. It is incorporated in State B and is wholly owned by Parent. Taxpayer is subject to the regulatory jurisdiction of Commission with respect to terms and conditions of service and

particularly the rates it may charge for the provision of service. Taxpayer's rates are established on a rate of return basis. Taxpayer takes accelerated depreciation, including "bonus depreciation" where available and, for each year beginning in Year A and ending in Year B, Taxpayer incurred net operating losses (NOL). On its regulatory books of account, Taxpayer "normalizes" the differences between regulatory depreciation and tax depreciation. This means that, where accelerated depreciation reduces taxable income, the taxes that a taxpayer would have paid if regulatory depreciation (instead of accelerated tax depreciation) were claimed constitute "cost-free capital" to the taxpayer. A taxpayer that normalizes these differences, like Taxpayer, maintains a reserve account showing the amount of tax liability that is deferred as a result of the accelerated depreciation. This reserve is the accumulated deferred income tax (ADIT) account. Taxpayer maintains an ADIT account. In addition, Taxpayer maintains an offsetting series of entries - a "deferred tax asset" and a "deferred tax expense" - that reflect that portion of those 'tax losses' which, while due to accelerated depreciation, did not actually defer tax because of the existence of an net operating loss carryover (NOLC). Taxpayer, for normalization purposes, calculates the portion of the NOLC attributable to accelerated depreciation using a "last dollars deducted" methodology, meaning that an NOLC is attributable to accelerated depreciation to the extent of the lesser of the accelerated depreciation or the NOLC.

Taxpayer filed a general rate case with Commission on Date A (Case). The test year used in the Case was the 12 month period ending on Date B. In computing its income tax expense element of cost of service, the tax benefits attributable to accelerated depreciation were normalized in accordance with Commission policy and were not flowed thru to ratepayers. In establishing the rate base on which Taxpayer was to be allowed to earn a return Commission offsets rate base by Taxpayer's ADIT balance. Taxpayer argued that the ADIT balance should be reduced by the amounts that Taxpayer calculates did not actually defer tax due to the presence of the NOLC, as represented in the deferred tax asset account. Testimony by various other participants in Case argued against Taxpayer's proposed calculation of ADIT. One proposal made to Commission was, if Commission allowed Taxpayer to reduce the ADIT balance as Taxpayer proposed, then an offsetting reduction should be made to Taxpayer's income tax expense element of service.

A Utility Law Judge upheld Taxpayer's position with respect to the NOLC-related ADIT and ordered Taxpayer to seek a ruling from the Internal Revenue Service on this matter. This request is in response to that order.

Taxpayer requests that we rule as follows:

1. Under the circumstances described above, the reduction of Taxpayer's rate base by the balance of its ADIT accounts unreduced by its NOLC-related deferred tax account would be inconsistent with the requirements of **§ 168(i)(9)** and § 1.167(l)-1 of the Income Tax regulations.
2. Under the circumstances described above, the reduction of Taxpayer's rate base by the full amount of its ADIT account balances offset by a portion of its NOLC-related account balance that is less than the amount attributable to accelerated depreciation computed on a "last dollars deducted" basis would be inconsistent with the requirements of **§ 168(i)(9)** and § 1.167(l)-1.
3. Under the circumstances described above, any reduction in Taxpayer's tax expense element of cost of service to reflect the tax benefit of its NOLC would be inconsistent with the requirements of **§ 168(i)(9)** and § 1.167(l)- 1.

Law and Analysis

Section 168(f)(2) of the Code provides that the depreciation deduction determined under **section 168** shall not apply to any public utility property (within the meaning of **section 168(i)(10)**) if the taxpayer does not use a normalization method of accounting.

In order to use a normalization method of accounting, **section 168(i)(9)(A)(i)** of the Code requires the taxpayer, in computing its tax expense for establishing its cost of service for ratemaking purposes and reflecting operating results in its regulated books of account, to use a method of depreciation with respect to public utility property that is the same as, and a depreciation period for such property that is not shorter than, the method and period used to compute its depreciation expense for such purposes. Under **section 168(i)(9)(A)(ii)**, if the amount allowable as a deduction under **section 168** differs from the amount that would be allowable as a deduction under **section 167** using the method, period, first and last year convention, and salvage value used to compute regulated tax

expense under **section 168(i)(9)(A)(i)**, the taxpayer must make adjustments to a reserve to reflect the deferral of taxes resulting from such difference.

Section 168(i)(9)(B)(i) of the Code provides that one way the requirements of **section 168(i)(9)(A)** will not be satisfied is if the taxpayer, for ratemaking purposes, uses a procedure or adjustment which is inconsistent with such requirements. Under **section 168(i)(9)(B)(ii)**, such inconsistent procedures and adjustments include the use of an estimate or projection of the taxpayer's tax expense, depreciation expense, or reserve for deferred taxes under **section 168(i)(9)(A)(ii)**, unless such estimate or projection is also used, for ratemaking purposes, with respect to all three of these items and with respect to the rate base.

Former section 167(l) of the Code generally provided that public utilities were entitled to use accelerated methods for depreciation if they used a "normalization method of accounting." A normalization method of accounting was defined in former section 167(l)(3)(G) in a manner consistent with that found in **section 168(i)(9)(A)**. Section 1.167(1)-1(a)(1) of the Income Tax Regulations provides that the normalization requirements for public utility property pertain only to the deferral of federal income tax liability resulting from the use of an accelerated method of depreciation for computing the allowance for depreciation under **section 167** and the use of straight-line depreciation for computing tax expense and depreciation expense for purposes of establishing cost of services and for reflecting operating results in regulated books of account. These regulations do not pertain to other book-tax timing differences with respect to state income taxes, F.I.C.A. taxes, construction costs, or any other taxes and items.

Section 1.167(l)-1(h)(1)(i) provides that the reserve established for public utility property should reflect the total amount of the deferral of federal income tax liability resulting from the taxpayer's use of different depreciation methods for tax and ratemaking purposes.

Section 1.167(1)-1(h)(1)(iii) provides that the amount of federal income tax liability deferred as a result of the use of different depreciation methods for tax and ratemaking purposes is the excess (computed without regard to credits) of the amount the tax liability would have been had the depreciation method for ratemaking purposes been used over the amount of the actual tax liability. This amount shall be taken into account for the taxable year in which the different methods of depreciation are used. If, however, in respect of any taxable year the use of a method of depreciation other than a subsection (1) method for purposes of determining the taxpayer's reasonable allowance under **section 167(a)** results in a net operating loss carryover to a year succeeding such taxable year which would not have arisen (or an increase in such carryover which would not have arisen) had the taxpayer determined his reasonable allowance under **section 167(a)** using a subsection (1) method, then the amount and time of the deferral of tax liability shall be taken into account in such appropriate time and manner as is satisfactory to the district director.

Section 1.167(1)-1(h)(2)(i) provides that the taxpayer must credit this amount of deferred taxes to a reserve for deferred taxes, a depreciation reserve, or other reserve account. This regulation further provides that, with respect to any account, the aggregate amount allocable to deferred tax under **section 167(1)** shall not be reduced except to reflect the amount for any taxable year by which Federal income taxes are greater by reason of the prior use of different methods of depreciation. That section also notes that the aggregate amount allocable to deferred taxes may be reduced to reflect the amount for any taxable year by which federal income taxes are greater by reason of the prior use of different methods of depreciation under section 1.167(1)-1(h)(1)(i) or to reflect asset retirements or the expiration of the period for depreciation used for determining the allowance for depreciation under **section 167(a)**.

Section 1.167(1)-(h)(6)(i) provides that, notwithstanding the provisions of subparagraph (1) of that paragraph, a taxpayer does not use a normalization method of regulated accounting if, for ratemaking purposes, the amount of the reserve for deferred taxes under **section 167(l)** which is excluded from the base to which the taxpayer's rate of return is applied, or which is treated as no-cost capital in those rate cases in which the rate of return is based upon the cost of capital, exceeds the amount of such reserve for deferred taxes for the period used in determining the taxpayer's expense in computing cost of service in such ratemaking.

Section 1.167(1)-(h)(6)(ii) provides that, for the purpose of determining the maximum amount of the reserve to be excluded from the rate base (or to be included as no-cost capital) under subdivision (i), above, if solely an historical period is used to determine depreciation for Federal income tax expense for ratemaking purposes, then the amount of

the reserve account for that period is the amount of the reserve (determined under section 1.167(l)-1(h)(2)(i)) at the end of the historical period. If such determination is made by reference both to an historical portion and to a future portion of a period, the amount of the reserve account for the period is the amount of the reserve at the end of the historical portion of the period and a pro rata portion of the amount of any projected increase to be credited or decrease to be charged to the account during the future portion of the period.

Section 1.167(l)-1(h) requires that a utility must maintain a reserve reflecting the total amount of the deferral of federal income tax liability resulting from the taxpayer's use of different depreciation methods for tax and ratemaking purposes. Taxpayer has done so. Section 1.167(l)-1(h)(6)(i) provides that a taxpayer does not use a normalization method of regulated accounting if, for ratemaking purposes, the amount of the reserve for deferred taxes which is excluded from the base to which the taxpayer's rate of return is applied, or which is treated as no-cost capital in those rate cases in which the rate of return is based upon the cost of capital, exceeds the amount of such reserve for deferred taxes for the period used in determining the taxpayer's expense in computing cost of service in such ratemaking. **Section 56(a)(1)(D)** provides that, with respect to public utility property the Secretary shall prescribe the requirements of a normalization method of accounting for that section.

Section 1.167(l)-1(h)(1)(iii) makes clear that the effects of an NOLC must be taken into account for normalization purposes. Further, while that section provides no specific mandate on methods, it does provide that the Service has discretion to determine whether a particular method satisfies the normalization requirements. Section 1.167(l)-1(h)(6)(i) provides that a taxpayer does not use a normalization method of regulated accounting if, for ratemaking purposes, the amount of the reserve for deferred taxes which is excluded from the base to which the taxpayer's rate of return is applied, or which is treated as no-cost capital in those rate cases in which the rate of return is based upon the cost of capital, exceeds the amount of such reserve for deferred taxes for the period used in determining the taxpayer's expense in computing cost of service in such ratemaking. Because the ADIT account, the reserve account for deferred taxes, reduces rate base, it is clear that the portion of an NOLC that is attributable to accelerated depreciation must be taken into account in calculating the amount of the reserve for deferred taxes (ADIT). Thus, the proposed order by the Utility Law Judge upholding Taxpayer's position that the NOLC-related deferred tax account must be included in the calculation of Taxpayer's ADIT is in accord with the normalization requirements. The "last dollars deducted" methodology employed by Taxpayer is specifically designed to ensure that the portion of the NOLC attributable to accelerated depreciation is correctly taken into account by maximizing the amount of the NOLC attributable to accelerated depreciation. This methodology provides certainty and prevents the possibility of "flow through" of the benefits of accelerated depreciation to ratepayers. Under these facts, any method other than the "last dollars deducted" method would not provide the same level of certainty and therefore the use of any other methodology is inconsistent with the normalization rules.

Regarding the third issue, reduction of Taxpayer's tax expense element of cost of service, we believe that such reduction would, in effect, flow through the tax benefits of accelerated depreciation deductions through to rate payers even though the Taxpayer has not yet realized such benefits. In addition, such adjustment would be made specifically to mitigate the effect of the normalization rules in the calculation of Taxpayer's NOLC-related ADIT. In general, taxpayers may not adopt any accounting treatment that directly or indirectly circumvents the normalization rules. See generally, § 1.46-6(b)(2)(ii) (In determining whether, or to what extent, the investment tax credit has been used to reduce cost of service, reference shall be made to any accounting treatment that affects cost of service); Rev. Proc **88-12**, 1988-1 C.B. 637, 638 (It is a violation of the normalization rules for taxpayers to adopt any accounting treatment that, directly or indirectly flows excess tax reserves to ratepayers prior to the time that the amounts in the vintage accounts reverse). This "offsetting reduction" would violate the normalization provisions.

Based on the representations submitted by Taxpayer, we rule as follows:

1. Under the circumstances described above, the reduction of Taxpayer's rate base by the balance of its ADIT accounts unreduced by its NOLC-related deferred tax account would be inconsistent with the requirements of **§ 168(i)(9)** and § 1.167(l)-1 of the Income Tax regulations.
2. Under the circumstances described above, the reduction of Taxpayer's rate base by the full amount of its ADIT account balances offset by a portion of its NOLC-related account

balance that is less than the amount attributable to accelerated depreciation computed on a "last dollars deducted" basis would be inconsistent with the requirements of [§ 168\(i\)\(9\)](#) and § 1.167(l)-1.

3. Under the circumstances described above, any reduction in Taxpayer's tax expense element of cost of service to reflect the tax benefit of its NOLC would be inconsistent with the requirements of [§ 168\(i\)\(9\)](#) and § 1.167(l)- 1.

Except as specifically determined above, no opinion is expressed or implied concerning the Federal income tax consequences of the matters described above.

This ruling is directed only to the taxpayer who requested it. [Section 6110\(k\)\(3\)](#) of the Code provides it may not be used or cited as precedent. In accordance with the power of attorney on file with this office, a copy of this letter is being sent to your authorized representative. We are also sending a copy of this letter ruling to the Director.

Sincerely,

Peter C. Friedman
Senior Technician Reviewer, Branch 6
Office of Associate Chief Counsel
(Passthroughs & Special Industries)

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ISSN 2473-0092

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF THE APPLICATION)
OF PUBLIC SERVICE COMPANY OF NEW)
MEXICO FOR REVISION OF ITS RETAIL)
ELECTRIC RATES PURSUANT TO ADVICE)
NOTICE NO. 625)**

Case No. 24-00089-UT

**PUBLIC SERVICE COMPANY OF NEW)
MEXICO,)**

Applicant)

SELF AFFIRMATION

Larry T. Morris, Director of Tax for PNMR Services Company, upon penalty of perjury under the laws of the State of New Mexico, affirm and state: I have read the foregoing **Direct Testimony of Larry T. Morris**. and it is true and accurate based on my own personal knowledge and belief.

Dated this 14th day of June, 2024.

/s/Larry T. Morris
Larry T. Morris

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE APPLICATION)
OF PUBLIC SERVICE COMPANY OF NEW)
MEXICO FOR REVISION OF ITS RETAIL)
ELECTRIC RATES PURSUANT TO ADVICE)
NOTICE NO. 625)

Case No. 24-00089-UT

PUBLIC SERVICE COMPANY OF NEW)
MEXICO,)

Applicant)

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the **Public Service Company of New Mexico's Application for Revision of Its Retail Electric Rates Pursuant to Advice Notice No. 625** was emailed to parties listed below on June 14, 2024.

I further certify that a true and correct copy of **Public Service Company of New Mexico's USB Drive: 2025 PNM Rate Change Models** was mailed by first class mail, postage prepaid, to individuals with mailing addresses listed below on June 14, 2024.

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Dated this 14th day of June, 2024.

By: /s/ Carey Salaz
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