

Basis for Clarifying Change

Paragraph 67 of the Revised Order requires that PNM recover \$148.7 million associated with investing in selective catalytic reduction technology and other capital investments for the Four Corners Power Plant (“Four Corners Investments”) with a “debt-only” rate of return based on PNM’s embedded cost of debt. Paragraph 67 also reduces the Revised Stipulation’s \$62.3 million non-fuel base revenue requirement by an “unspecified” \$9.1 million (“\$9.1M Reduction”). The Revised Order does not give a record basis for the \$9.1M Reduction.

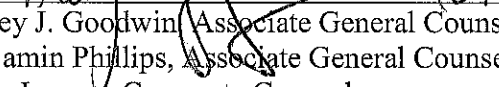
If so, the \$9.1M Reduction in the Revised Order’s Paragraph 67 includes a “double counting” of the required \$4.7 million reduction to PNM’s as-filed revenue requirements. PNM’s response to an August 8, 2017 Bench Request (PNM Exhibit 28) shows that the Commission’s “debt-only” return on investments is a \$4.7 million reduction to PNM’s as filed revenue requirement. PNM Exhibit 28 shows that no return would have reduced the as-filed revenue requirement by \$9.1 million, a difference of \$4.4 million more than the \$4.7 million result of the Commission’s changes to Revised Stipulation Paragraph 9.

PNM accordingly believes that Paragraph 67 of the Revised Order should be changed to reflect a \$4.4 million rather than a \$9.1 million reduction, for a total final revenue requirement of \$57.9 million. With this clarification, the Revised Order should become final and the docket closed.

If any party appeals the final decisions of the Commission, PNM reserves its right to respond in accordance with the New Mexico Appellate Rules through cross-appeal.

Dated the 16th of January, 2018.

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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) Case No. 16-00276-UT
NOTICE NO. 533)
)
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 Notice of Acceptance of Proposed Modifications to Revised Stipulation Subject to A Clarifying Change of the Revised Order** was mailed by first class mail, postage prepaid, electronically sent to the emails listed below or hand-delivered on January 16, 2018.

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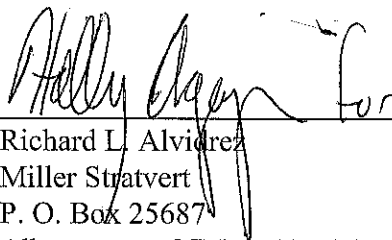
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Dated this 16th day of January, 2018.

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