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	)))))	**Docket No. 24-00089-UT**

FINAL ORDER

THIS MATTER comes before the New Mexico Public Regulation Commission ("Commission") upon the Presiding Officers' "Certification of Stipulation" ("Certification"). The Commission hereby adopts the Certification, as amended by this Final Order, as an order of the Commission, thereby approving the "Unopposed Comprehensive Stipulation" ("Stipulation").

JURISDICTION AND PROCEDURAL HISTORY

1. The Commission has jurisdiction over this matter pursuant to the Public Utility Act ("PUA").[1]

2. On June 14, 2024, Public Service Company of New Mexico ("PNM") filed the "Application for Revision of Retail Electric Rates" ("Application").[2]

3. On June 17, 2024, the Commission appointed Hearing Examiners Christopher Ryan and John Kreienkamp as co-Presiding Officers to issue a recommended decision.

4. On June 28, 2024, the Commission suspended Advice Notice No. 625 for a period of 12 months commencing on July 15, 2024 and concluding on July 15, 2025.

5. By the intervention deadline of October 11, 2024, the following parties successfully moved to intervene: Albuquerque Bernalillo County Water Utility Authority ("ABCWUA"); Bernalillo County ("County"); City of Albuquerque ("CABQ"); Coalition for Clean Affordable

[1] *See* NMSA 1978, § 62-8-7 (2011).
[2] This order summarizes relevant procedural history. The full electronic record of this proceeding is available at https://edocket.prc.nm.gov.

Energy ("CCAE"); Coalition for Community Solar Access ("CCSA"); The Kroger Co. ("Kroger"); New Mexico Department of Justice ("NMDOJ"); New Energy Economy ("NEE"); New Mexico Affordable Reliable Energy Alliance, together with Greater Kudu, LLC (jointly "NMAREA"); Onward Energy Holdings, LLC ("Onward"); Renewable Energy Industries Association of New Mexico; Walmart, Inc. ("Walmart"); Western Resource Advocates ("WRA").[3]

6. On November 26, 2024, the following signatories filed the Stipulation: ABCWUA, CABQ, CCAE, CCSA, County, Kroger, NEE, NMAREA, NMDOJ, PNM, Utility Division Staff ("Staff"), Walmart, and WRA (together the "Signatories").

7. On January 3, 2025, the Signatories filed an *errata* to the Stipulation.

8. On January 15, 2025, the Commission held a public comment hearing.

9. On February 17 and 18, 2025, the Presiding Officers held the public hearing.

10. On April 8, 2025, the Presiding Officers issued the Certification, recommending that the Stipulation be approved.

11. On April 11, 2025, NMDOJ filed a motion to amend the service list.

12. No party filed exceptions to the Certification by the exceptions deadline of April 18, 2025.

DISCUSSION

13. "Every rate made, demanded or received by any public utility shall be just and reasonable."[4] These words from the PUA provide the ultimate standard by which the Commission must assess a utility's request to increase rates. Additionally, when parties in a rate case come together to propose rate changes in the form of a stipulation, the Commission analyzes the

[3] The Presiding Officers denied EcoMaxSolar LLC's motion to intervene, and the New Mexico Independent Power Producers filed a deficient motion to intervene.
[4] NMSA 1978, § 62-8-1 (1953).

following considerations: 1) whether the stipulation is a product of serious bargaining among capable and knowledgeable parties; 2) whether the stipulation, on the whole, benefits customers and the public interest; and 3) whether the stipulation violates any important regulatory principle or practice.[5] The Certification further explains,

> These questions can be restated as three affirmative criteria or factors. The proponent of the stipulation must demonstrate that: (1) the parties and Staff had notice and an opportunity to be heard on the stipulation, (2) the stipulation is in accordance with applicable law, and (3) a preponderance of the evidence in the record (as a whole) supports the Commission's conclusion that the stipulation is fair, just, reasonable, and in the public interest.[6]

14. The Certification sufficiently summarizes, analyzes, and concludes that the Stipulation conforms to the requirements of the PUA and the Commission's precedent in approving settlements. The Presiding Officers explain,

> [T]he Commission should approve the stipulation because the intervenors and Staff are persuaded that the stipulation is a result that they would have accepted had the case been fully litigated. The stipulation serves the public interest and resolves the constrained optimization problem in a way all parties accept. In other words, this is an instance in which the parties' anticipations and predictions about the outcome of trial align with the terms of settlement they were able to procure through pretrial negotiation. Given that alignment, the parties' interest and public interest more generally are best served by accepting the settlement.[7]

Further, the Stipulation is unopposed and no exceptions were filed to the Certification. Thus, the Commission has no reason to doubt the adequacy of, or to reject, the Certification.

15. In order to carry out the recommendations in the Certification as an order of the Commission, some minor edits are required to the Certification's "Findings of Fact and Conclusions of Law" and "Decretal Paragraphs." These edits are shown on Exhibit A as redlines.

[5] Certification of Stipulation ("Certification") (Apr. 8, 2025) at 14.
[6] *Id.*
[7] *Id.* at 5.

FINDINGS AND CONCLUSIONS

16. The Commission finds that the Certification, as amended by this Final Order as shown on Exhibit A, is well-taken and reasonable; and it should be accepted, approved, adopted, and incorporated by reference in this Final Order as if fully set forth herein, pursuant to 1.2.2.37(A)(2) NMAC. To the extent that the Certification conflicts with this Final Order, this Final Order shall control.

17. The Commission finds it necessary to replace Decretal Paragraphs C through F of the Certification as ordered in Decretal Paragraphs B through E of this Final Order.

18. The Commission finds it necessary to make non-substantive edits to the Certification as ordered in Decretal Paragraph F of this Final Order and as shown on Exhibit A.

19. The Commission incorporates by reference any findings and conclusions stated in the body of the Certification and this Final Order.

IT IS THEREFORE ORDERED:

A. The Certification of Stipulation[8] as amended is ADOPTED as an order of the Commission.

B. The Stipulation[9] is APPROVED. This Decretal Paragraph replaces Decretal Paragraph D of the Certification.

C. Advice Notice No. 625 is DISAPPROVED. This Decretal Paragraph replaces Decretal Paragraph C of the Certification.

[8] Attached to this Final Order as Exhibit A.
[9] Attached to this Final Order as Exhibit B.

D. By May 22, 2025, PNM shall file a new advice notice to implement the rates contained in the Stipulation and approved by this Final Order. This Decretal Paragraph replaces Decretal Paragraph E of the Certification.

E. By May 30, 2025, Staff shall review PNM's new advice notice as to form and content, and Staff shall alert the Commission if Staff finds it to be deficient. This Decretal Paragraph replaces Decretal Paragraph F of the Certification.

F. Decretal Paragraphs B and G of the Certification is amended to replace "will" with "shall."

G. NMDOJ's motion to amend the service list is GRANTED.

H. Motions for rehearing shall be timely if filed by June 16, 2025. Responses to motions for rehearing shall be timely if filed by June 20, 2025. Replies to responses shall not be filed.

I. If no motions for rehearing are filed, or if all motions for rehearing are denied by operation of law, this Docket shall close by operation of law.

J. This Order is effective when signed.

K. The Commission shall serve a copy of this Order upon all persons listed on the attached Certificate of Service via e-mail if their e-mail addresses are known, and otherwise, via regular mail.

L. In computing time in accordance with statute, regulation, or Commission order, the computation shall begin on the date that this Order is filed with the Chief Clerk of the Commission's Records Management Bureau or the Chief Clerk's designee.

SIGNED under the Seal of the Commission at Santa Fe, New Mexico, this 15th day of May, 2025.

NEW MEXICO PUBLIC REGULATION COMMISSION

/s/ Gabriel Aguilera, electronically signed
GABRIEL AGUILERA, COMMISSIONER

/s/ Greg Nibert, electronically signed
GREG NIBERT, COMMISSIONER

/s/ Patrick J. O'Connell, electronically signed
PATRICK J. O'CONNELL, COMMISSIONER



EXHIBIT A

NEW MEXICO
PUBLIC REGULATION
COMMISSION

COMMISSIONERS

GABRIEL AGUILERA
PATRICK O'CONNELL
GREG NIBERT

CHIEF OF STAFF
Cholla Khoury

P.O. Box 1269
Santa Fe, NM 87504-1269

April 8, 2025

TO PARTIES OF RECORD IN CASE NO. 24-00089-UT

This is the Certification of Stipulation of hearing examiners Christopher Ryan and John Kreienkamp. Unless and until the Commission considers the matter and votes to approve it, the Certification of Stipulation has no legal effect. This matter will be considered at a future Open Meeting of the Commission. To confirm when the matter will be considered, please see the Commission's Open Meeting agenda, which is posted on the Commission's website at least 72 hours before each Open Meeting at: https://www.nm-prc.org/nmprc-open-meeting-agenda/.

Parties to the proceeding may file exceptions to the Certification of Stipulation as provided in Rule 1.2.2.20(A)(5)(b) NMAC of the Commission's Procedural Rules.

The Commission may hold a deliberative meeting to address this matter in closed session in advance of the Open Meeting at which the matter will be considered, in accord with Section 10-15-1(H)(3) of the Open Meetings Act. NMSA 1978, § 10-15-1(H)(3) (2013). In such event, notice of the deliberative meeting will be posted on the Commission's website 72 hours in advance of the deliberative meeting at the https address set forth above.

Sincerely,

Anthony F. Medeiros

Anthony F. Medeiros
Chief Hearing Examiner
New Mexico Public Regulation Commission

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	)	

CERTIFICATION OF STIPULATION

Christopher P. Ryan & John F. Kreienkamp
HEARING EXAMINERS

April 8, 2025

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ABBREVIATIONS

City	City of Albuquerque
Commission	New Mexico Public Regulation Commission
ESA	energy storage agreement
FPPCAC	fuel and purchased power cost adjustment clause
FTY	future test year
HFA	high fire-risk area
NMDOJ	New Mexico Department of Justice
O&M	operations and maintenance
PNM	Public Service Company of New Mexico
PUA	Public Utility Act
ROE	return on equity
ROR	rate of return
Staff	PRC Utility Division Staff
T&D	transmission and distribution
WACC	weighted average cost of capital
WRA	Western Resource Advocates

ATTACHMENTS

Attachment 1 – Phase I Rate Increases

Attachment 2 – Phase II Rate Increases

Christopher P. Ryan and John F. Kreienkamp, co-presiding hearing examiners, respectfully submit this certification of stipulation to the New Mexico Public Regulation Commission in accordance with 1.2.2.20(A)(5)(b) NMAC. This certification concerns the uncontested stipulation filed on November 26, 2024. Having reviewed the stipulation as well as the full record of this proceeding, the hearing examiners certify it to the Commission with a recommendation that it be approved.

1. EXECUTIVE SUMMARY

Dr. Larry Blank, witness for the City, succinctly testified to the principal challenge that the Public Regulation Commission confronts when asked to render a decision in a rate case: to determine what is in the public interest. Dr. Blank explained that "[a] utility rate case decision serves the public interest when it solves a complex, constrained optimization problem in a way that satisfies, to the extent possible, the competing self-interests of those affected by the decision."[1] The Commission must affirmatively resolve this optimization problem in each rate case regardless of whether the case is before the Commission as a fully litigated matter or (as here) an uncontested stipulation.

The uncontested stipulation in this case acceptably balances the competing interests of the varying stakeholders and serves the public interest in an optimal fashion within current constraints.[2] It is an outcome that the Commission should approve.

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[1] City Ex. 1, at 3.

[2] In previous cases resolved by stipulation, it was customary for the hearing examiner to include the stipulation reached by the parties as an attachment to the certification of stipulation. It is unclear why this was done. It may well have been a matter of simple convenience. Prior to the Commission having a fully electronic digital docketing system, access to the stipulation may have been limited to case participants and Commission personnel. The stipulation—which is distinct from any testimony filed in support of it—is a pleading. Once it is filed on E-Docket, it is available publicly. If it is attached to the certification, it becomes duplicative and could confuse persons who lack familiarity with Commission proceedings and who may legitimately wonder why the

The following chart, attached to PNM witness Sanders' stipulation testimony, shows the compromises the parties reached on revenue requirement and PNM's identified revenue deficiency.[3]

PNM Table KTS-2 Stipulation
Summary of Revenue Requirement Changes

Key Drivers	Stipulation Amount	As Filed Amount	Change Amount
Investments in Distribution, Transmission, Generation and Other	$ 70.9	$ 73.9	$ (3.0)
Recovery of Energy Storage Agreements	37.2	37.2	-
Cost of Capital - ROE, Capital Structure, and Cost of Debt	13.9	34.1	(20.2)
Change in Four Corners Depreciation Rates	-	19.8	(19.8)
Wildfire O&M and Insurance Premiums	12.6	12.6	-
O&M Increases and Other	2.4	13.8	(11.5)
Generic Reduction to Operating Expenses	(12.9)	-	(12.9)
Load Growth Revenue Offset	(19.0)	(17.0)	(2.0)
Total Requested Rate Relief	**$ 105.0**	**$ 174.3**	**$ (69.3)**

The new and increased rates that will be necessary to collect the stipulated revenue deficiency will go into effect in two phases: on July 1, 2025, and then on April 1, 2026.[4] The system average increase to base rates is 13.80%.[5] Agreements by the parties to "band" cost-collection for the revenue deficiency ensure that rate classes who have been subsidized pay more than the system average increase and classes who have been subsidizers pay less.[6] The average-use residential ratepayer will incur a bill increase of $12.58 monthly. The phase one increase is expected to be $2.79/bill, with a $9.79/bill increase in phase two.[7] By way of comparison, in the

stipulation exists in multiple places on the docket and whether the varying filings are all identical. For these reasons, the stipulation is not attached here but is instead accessible through E-Docket.

3 PNM Ex. 4, at 4.

4 PNM Ex. 1, at 4.

5 *Id.* at Stipulation Exhibit 2.

6 PNM Ex. 5, at 4-5.

7 *Id.* at 30.

as-filed application, PNM proposed a total rate increase for the residential class of $23.60 over the two phases.[8] This would have amounted to a 30.32% increase.[9]

As for the residential customer charge (or fixed charge), the stipulation proposes an increase from $9.95 to $11.93. This is a 19.85% increase. Under the as-filed application, the proposal was to raise the customer charge to $15.92.

Some additional comparison of the as-filed application and the stipulation will aid in demonstrating that the stipulation should be approved.

As-Filed Application

The as-filed application, based on an FTY, projected an annual revenue requirement of $851.3 million and, as shown in table KTS-2 Stipulation (reproduced on the preceding page) in the middle column of numbers, a revenue deficiency of $174.3 million.[10] The main drivers of the revenue-requirement deficiency included the following:

- replacement of aging equipment and facilities;
- maintenance, upgrades, improvements, and expansion of the utility system needed to accommodate increasing generation resources and changing customer needs;
- operational-cost increases associated with managing system risks, including increased wildfire mitigation and vegetation management efforts, and protective measures against cyber and physical threats;
- inflationary pressures on the ongoing costs of providing electricity service.[11]

The company proposed to recover the $174.3 million deficiency through a $92.2 million increase in non-fuel base rates and an $82.1 million increase in its FPPCAC. PNM proposed to

[8] Application, at 6.

[9] PNM Ex. 19, at 12.

[10] Application, at 1, and PNM Ex. 4, at 4.

[11] PNM Ex. 10, at 2-3.

remove existing ESA charges from base rates and recover them through the FPPCAC using its production cost allocator to spread ESA costs among the customer classes.

The as-filed application asked the Commission to authorize a capital structure comprised of 47.26% long-term debt, 0.24% preferred stock, and 52.50% common equity. The company asked the Commission to authorize a 10.45% ROE and a 4.24% long-term-debt cost.[12] Based on these requests, the overall WACC was projected to be 7.50%.[13]

Stipulation

PNM agreed in the stipulation to reduce its identified revenue deficiency to $105 million. Fifty percent of the agreed-upon $105 million increase, or roughly $52.5 million, will become effective July 1, 2025. The remaining half will become effective nine months later, on April 1, 2026.[14] PNM abandoned its request to modify the collection of ESA costs and agreed to continue collecting them through base rates rather than through the fuel clause.

The stipulated rates proposed are the product of group consensus that involved compromise on all sides.[15] Almost all rate classes will see rate increases.[16] The stipulated rate increases are attached to this writing as attachments one and two.

[12] *Id.* at 41.

[13] *Id.*; *see also* Application, at 5.

[14] PNM Ex. 5, at 3; PNM Ex. 1, at 6.

[15] *See, e.g.*, PNM Ex. 5, at 20, Staff Ex. 1, at 17, and WRA Ex. 1, at 4.

[16] *See* PNM Ex. 1, at Stipulation Exhibit 2.

PNM made significant concessions regarding capital structure. The Company agreed to a capital structure of 51% equity, 0.25% preferred stock, and 48.75% long-term debt.[17] Moreover, PNM accepted an ROE of 9.45%.[18] These agreements produce an overall WACC of 6.90%.[19]

Overview of Recommendation

That this is an uncontested stipulation and that there was a $70 million (or 40 percent) reduction in the revenue-requirement deficiency between the as-filed application and the stipulation are not facts, in and of themselves, that establish that the stipulation is in the public interest. Rather, the Commission should approve the stipulation because the intervenors and Staff are persuaded that the stipulation is a result that they would have accepted had the case been fully litigated.[20]

The stipulation serves the public interest and resolves the constrained optimization problem in a way all parties accept. In other words, this is an instance in which the parties' anticipations and predictions about the outcome of trial align with the terms of settlement they were able to procure through pretrial negotiation. Given that alignment, the parties' interest and public interest more generally are best served by accepting the settlement.

NMDOJ witness Crane explains this point succinctly. She testified that "[m]any of the NMDOJ's concerns were explicitly addressed in the PNM stipulation" and adds that "prior to settlement discussions, [she] developed a proposed settlement position for NMDOJ that evaluated

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17 *Id.* at 6.

18 *Id.*

19 PNM Ex. 1, at Stipulation Exhibit 1, page 99 of 100.

20 Samuel R. Gross & Kent D. Syverud, *Don't Try: Civil Jury Verdicts in A System Geared to Settlement*, 44 UCLA L. Rev. 1, 51 (1996) ("Every theory of pretrial bargaining assumes that a negotiated settlement is determined, at least in part, by the parties' predictions of the outcome of the case if it did go to trial.").

each of [her] adjustments and estimated the likelihood that the NMDOJ would prevail."[21] Crane explains that "[t]he resulting settlement position that [she] prepared for NMDOJ as a result of that analysis resulted in an increase that was extremely close to the $105 million increase ultimately reflected in the PNM Stipulation."[22] Stated more simply, the stipulation is—according to Crane—as good an outcome as one might hope to achieve.

That being said, it is highly unlikely that PNM's residential ratepayers will see a roughly $13 bill increase as a "good" outcome. PNM and the intervenors in this case all acknowledge that "PNM's Residential customer class is characterized by a large percentage of low-income customers—approximately 40%."[23] It is unclear what impact a $13 increase will have on these low-income customers or if they can afford this increase at a time when the prices of other essential goods in our society are increasing.

The Commission can have confidence that the stipulation capably resolves the present application. But if we zoom out and look at the larger picture, it is unclear whether we are careening toward an affordability crisis. As NMDOJ witness Crane explained at hearing, "[t]he problem with affordability does not seem to be getting better, it seems to be getting worse."[24]

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[21] NMDOJ Ex. 1, at 23.

[22] *Id.*

[23] PNM Ex. 16, at 5. According to a joint filing by WRA and PNM after the conclusion of the public hearing (in response to a bench request), Census data indicates that 40% of PNM customers meet the criteria for low income at 200% of the federal poverty level. Joint Response of Western Resource Advocates and Public Service Company of New Mexico to Commission Bench Request Issued During Hearing, at 3 (Feb. 24, 2025). The same filing indicated that the Experian database suggests that 33% of PNM's customers meet this criteria. *Id.* Under either calculation, however, it is undeniable that PNM's residential customer class is indeed characterized by a disproportionate number of lower income customers.

[24] Tr. Vol. 2, at 47.

That affordability is a present and real stressor is made clear by the fact that the testimony accompanying PNM's as-filed application indicated that the residential class would have to absorb a 30.32% increase to reach a point where that class is fully contributing to its cost-of-service. PNM witnesses acknowledged the obvious about this: "a rate increase of 30.32% to the residential customer class would cause rate shock to residential customers[.]"[25] One way of viewing this is that it would "shock" ratepayers if they were asked to absorb a 30% increase all at once. Another way to think about it is that it will shock them to absorb a 30% increase *at all* regardless of how gradually it is integrated into rates. The point is, there appears to be misalignment between cost of service and what PNM's residential ratepayers can afford. That misalignment explains the long history of the subsidization of the residential class by other classes.

These broad thoughts are particularly salient now as it became clear over the course of this proceeding that PNM will, for the foreseeable future, have to file regular rate cases and propose regular rate increases.[26] This case and proposed rate increases follow in the wake of Case No. 22-00270-UT, which was decided as recently as January 2024. The new rates approved in that case took effect in January 2024, and this case was filed only six short months later in June of 2024.

A term of art exists in rate making to describe the circumstance where rate cases occur in close temporal proximity to one another: "pancaking." As the metaphor suggests, it occurs when rate cases are filed in close proximity to one another, stacking on top of one another. NMDOJ witness Gegax explained the metaphor this way: "pancaking" is

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[25] PNM Ex. 5, at 7.

[26] *See* PNM Ex. 10, at 20-21 ("PNM anticipates filing for rate reviews in a 2-3 year pattern during the next 4-6 year period."). PNM anticipates that, in addition to seeking rate increases in the future on a regular basis, it will also file additional resource adequacy cases "based on the resource needs identified in its 2023 IRP." *Id.* at 21.

> where you have a relatively frequent amount of [r]ate increases that are kind of piled on top of each other . . . . The [r]ate increases are close in duration such that, you know, people are still remembering, 'I just got a [r]ate increase, and now I'm going to get another one.' We look at it cumulatively, and it's felt cumulatively. That's how I view the notion of 'pancaking.'
>
> And that's how I see the foreseeable future . . . in terms of what we're going to face in New Mexico.[27]

Dr. Gegax offered these comments despite recognition that renewable energy resources are less costly, do not require fuel, and the grid modernization technologies PNM is installing will enable load shifting that should permit customers to procure cost savings.[28] Dr. Gegax was not persuaded that all of this will produce savings for PNM's residential customers in the near term. He explained that he is studying energy burdens and affordability in hopes of gaining insight on how to ensure affordability in the long run.[29]

Dr. Gegax was also clear that there are limitations on Commission capacity to beneficially address affordability in the rate-setting context. He explained that "lower income households pay a higher percent of their income on energy" and, conversely, "[h]igher income [households] pay a less percentage[.]"[30] For this reason, electricity rates are "regressive." By contrast, state tax revenue is progressive, with higher income households paying higher tax rates. For this reason, there are inherent limitations in attempting to address affordability in rates. The most appropriate form of "[e]nergy [a]ssistance" may be, he explained, some form of taxpayer subsidization.[31]

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[27] Tr. Vol. 2, at 84.

[28] It is worth noting that PNM appears to be succeeding, at least to some degree, in moving towards time-varying rates. As of December 2023, there were only 111 customers taking service on the TOU legacy rate. PNM Ex. 16, at 5. As of the first week in June 2024, PNM had 587 residential customers and 122 commercial customers signed up for the TOD pilot. *Id.*

[29] Tr. Vol. 2, at 93-94.

[30] Tr. Vol. 2, at 114.

[31] *See id.*

What has just been said is not a proposed answer to a macro problem. This is not a case where affordability must singularly drive the decision. The discussion in the preceding paragraphs is merely a general sketch of a problem that looms large on the horizon. The Commission should direct its Staff to collaborate with the NMDOJ on affordability matters and undertake whatever independent action the Commission deems prudent and necessary to ensure that affordability does not become a crisis.

2. PROCEDURAL HISTORY[32]

PNM filed the application to revise rates on June 14, 2024. The proposed rates were set out in advice notice 625.[33] The Commission opened a docket, suspended the advice notice until July 15, 2025, and assigned hearing examiners to preside over the case.

Thirteen parties intervened.[34] Almost all who did appear regularly in Commission proceedings.

A procedural schedule was set that included a deadline for Staff and intervenor direct testimony or, alternatively, the filing of a stipulation. Shortly before that joint deadline, the parties

[32] This section includes a broad summary of the procedural history of this case. For more minute detail, please consult the full case history contained in the Commission's eDocket filing system.

[33] 17.1.210.11(B) NMAC (addressing changes in rates and explaining that "[e]very new Rate, Rule, or Form submitted to the Commission for filing shall be accompanied by an original and four (4) copies of an "Advice Notice" listing the new Rates, Rules, or Form numbers . . . .").

[34] Intervenors included the NM DOJ; NEE; NM AREA; ABCWUA; WRA; Bernalillo County; CCAE; Kroger; Walmart; Onward Energy Holdings; the City of Albuquerque; Coalition for Community Solar Access; and the Renewable Energy Industries Association of New Mexico. EcoMax Solar filed a motion to intervene. PNM challenged that intervention. The hearing examiners agreed with PNM that EcoMax did not demonstrate a substantial interest sufficient to sustain the request to intervene. An entity known as the New Mexico Independent Power Producers filed a deficient motion to intervene. The Commission's records bureau alerted them that the motion needed to be corrected and refiled. They never did that, and the hearing examiners proceeded as though no motion had been filed.

filed a notice that they had reached a stipulated resolution of the application and asked that the Commission not require Staff and intervenors to file direct testimony. That request was granted.

An unopposed comprehensive stipulation was filed on November 26, 2024. It explains that all intervenors support the stipulation except for Onward and the Renewable Energy Industries Association. Those two intervenors "do not oppose" the stipulation.

A procedural schedule to adjudicate the proposed stipulation was set. PNM and all intervenors were required to file witness testimony to explain why the Commission should approve the stipulation. They complied.

The hearing on the stipulation occurred on February 17 and 18, 2025. As friendly cross examination is not permitted in Commission proceedings, all questioning at the stipulation hearing was conducted by Commissioners and the hearing examiners. In other words, because the parties agreed on an uncontested resolution, there was nothing about which to cross examine each other at hearing. The hearing was for Commissioner and hearing examiner questions.

3. APPLICABLE LEGAL STANDARDS

There are three sets of standards relevant here: (1) legal standards applicable in rate cases; (2) the Commission's rule on future-test-year filings; and (3) Commission rules and precedent concerning uncontested stipulations. These are addressed in turn.

3.1. Legal Standards Applicable in Rate Cases

Whenever a utility files an application "proposing new rates, the [C]ommission may, upon complaint or upon its own initiative, except as otherwise provided by law, upon reasonable notice, enter upon a hearing concerning the reasonableness of the proposed rates."[35]

[35] NMSA 1978, § 62-8-7 (2011).

There are known baseline concerns those proceedings are intended to address and resolve. Most broadly, it is well understood that the fundamental purpose of the regulation of monopolistic utilities is to act as a surrogate for competition in controlling retail rates. Our Supreme Court expressed this thought in these words: New Mexico's PUA[36] "expresses a clear intent to displace competition with regulation in the area of utility service."[37]

The PUA governs much of Commission practice. It gives the Commission "general and exclusive power and jurisdiction to regulate and supervise every public utility in respect to its rates and service regulations . . . and to do all things necessary and convenient in the exercise of its power and jurisdiction."[38] The Commission is obligated to ensure that "[e]very rate made, demanded or received by any public utility [is] just and reasonable."[39]

This "just and reasonable standard" obligates the Commission to set rates that are "neither unreasonably high so as to unjustly burden ratepayers with excessive rates nor unreasonably low so as to constitute a taking of property without just compensation or a violation of due process by preventing the utility from earning a reasonable rate of return on its investment."[40] "[W]hether a rate is just and reasonable depends on whether the rate falls within the zone of reasonableness between utility confiscation and ratepayer extortion."[41]

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[36] NMSA 1978, §§ 62-1-1 to 62-6-28 and 62-8-1 to 62-13-16 (1967, as amended through 2021).

[37] *City of Albuquerque v. New Mexico Pub. Serv. Comm'n*, 1993-NMSC-021, ¶ 39, 115 N.M. 521, 854 P.2d 348.

[38] NMSA 1978, § 62-6-4 (2003).

[39] NMSA 1978, § 62-8-1 (1941).

[40] *Coal. for Clean Affordable Energy v. New Mexico Pub. Regulation Comm'n*, 2024-NMSC-016, ¶ 6, 549 P.3d 500 (internal quotation marks and citations omitted).

[41] *Coal. for Clean Affordable Energy v. New Mexico Pub. Regulation Comm'n*, 2024-NMSC-016, ¶ 36, 549 P.3d 500, 513.

There is, embedded in the broad statutory directives identified above, an assumption that the Commission must and will give specific meaning to the very broad requirements that rates be just and reasonable. Our Supreme Court has expressly recognized this and explained that the Commission "is vested with considerable discretion in determining the justness and reasonableness of utility rates."[42]

What this means is that rate setting is rarely an exercise in binary judgment. "[R]ather, rate setting necessarily requires the Commission to engage in nuanced balancing, to sort priorities, to privilege some objectives over others, and to pick winners and losers under the aegis of maximizing available resources for the greatest social utility."[43] This is simply an alternative statement of Dr. Blank's description of a rate case as a constrained optimization problem.

"At any hearing involving an increase in rates or charges sought by a public utility, the burden of proof to show that the increased rate or charge is just and reasonable shall be upon the utility."[44]

3.2. Future-Test Year

PNM's new rates are based on an FTY. For that reason, the provisions of 17.1.3.2 NMAC apply. The purpose of 17.1.3. NMAC is "to define and specify the different or additional minimum data requirements to be filed in support for a tendered new rate schedule or rate schedule based on a future test year period . . . ."[45]

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[42] *Attorney General v. N.M. Pub. Serv. Comm'n*, 1984-NMSC-081, ¶ 12, 101 N.M. 549, 685 P.2d 957.

[43] Case No. 22-00270-UT, *Recommended Decision*, at 14 (Dec. 8, 2023), adopted and modified in part on other grounds by *Final Order*, at 77 (Jan. 3, 2024).

[44] NMSA 1978, § 62-8-7(A) (2011).

[45] 17.1.3.2 NMAC.

It is unnecessary to discuss the FTY rule in any further depth here in this preliminary overview of governing standards. There is no argument advanced by anyone that PNM failed to fulfill the applicable requirements in this rule.

3.3. Stipulation Standards

The Commission's procedural rules make clear that "[s]ettlement stipulations shall be binding only if approved by the commission."[46] The plain import of this provision is that stipulations are not directly analogous to settlements in district court of private legal rights. District courts do not judge whether parties should or should not settle private rights or sit in judgment of the merits of settlement agreements of private rights. This point was explained in detail in Case No. 21-00267-UT and that discussion is not and need not be reproduced here.[47]

The procedural rules specify that "[u]pon receipt of a stipulation which would settle substantive issues, the commission or presiding officer shall conduct a public hearing to determine whether the stipulation should be approved by the commission . . . ."[48] In cases where a hearing examiner has been assigned, the hearing examiner may do one of two things following hearing:

> (1) determine that the settlement stipulation should not be certified to the commission at all, in which event the hearing examiner may indicate to the parties and staff whether additional evidence or legal argument in support of the stipulation or amendments to the stipulation might resolve reservations; or
>
> (2) certify the settlement stipulation to the commission for its review[.][49]

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[46] 1.2.2.20 NMAC.

[47] *See* Case No. 21-00267-UT, *Certification of Stipulation*, at 22 (Nov. 10, 2022) ("Unlike district courts, the Commission must act on settlement agreements/stipulations."), adopted by *Order Adopting and Approving Certification of Stipulation*, at 1 (Nov. 30, 2022).

[48] 1.2.2.20(A)(3) NMAC.

[49] 1.2.2.20(A)(5) NMAC.

If the hearing examiner certifies the stipulation, then the rules specify that the "certification shall include a recommended disposition of the stipulation, whether the recommendation be positive or negative or otherwise suggest a manner of disposition[.]"[50]

The proponents of a stipulation have the burden of supporting the stipulation with sufficient evidence and legal argument to allow the Commission to approve it.[51] They must show that the stipulation is fair, just, reasonable, and in the public interest.[52] The questions that must be asked and answered when evaluating stipulations include the following:

- Is the settlement a product of serious bargaining among capable, knowledgeable parties?
- Does the settlement, as a package, benefit ratepayers and the public interest?
- Does the settlement violate any important regulatory principles or practices?[53]

These questions can be restated as three affirmative criteria or factors. The proponent of the stipulation must demonstrate that: (1) the parties and Staff had notice and an opportunity to be heard on the stipulation, (2) the stipulation is in accordance with applicable law, and (3) a preponderance of the evidence in the record (as a whole) supports the Commission's conclusion that the stipulation is fair, just, reasonable, and in the public interest.[54]

Careful examination of the above factors reveals that there is obvious overlap in the latter two factors. The Commission's task in rate cases is to determine whether the rates proposed are just and in the public interest and then to approve or deny them based on that assessment. For this reason, the Commission should (as a pure matter of logic) necessarily find that a stipulated rate-

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50 *Id.*

51 1.2.2.20(A)(3) NMAC.

52 Case No. 08-00354-UT, *Final Order Conditionally Approving Stipulation*, at 12-13 (07/14/0209).

53 Case No. 08-00273-UT, *Final Order Conditionally Approving Stipulation*, at 10 (05/28/2009).

54 Case No. 21-00267-UT, *Certification of Stipulation*, at 19.

revision that is just, reasonable, and in the public interest is consistent with and in accord with applicable law. Put most simply, the three-part test is (in reality) only a two-part test. If the stipulation is in compliance with law, it must also necessarily be in the public interest. This point is well illustrated by the testimony supplied here in support of the stipulation by PNM.

PNM witness Monroy explains that the stipulated resolution to the rate case is consistent with applicable law because "the Stipulation adheres to the Commission's rate setting practices relating to gradualism when implementing rate changes based on cost causation principles."[55] Witness Monroy explains that the stipulation is just and in the public interest because "the [s]ignatories were highly focused on the impacts to customers that would result from this case" and that focus ensured that "the stipulated revenue increase [was] equitably distributed among the various customer classes." This latter statement about equitable distribution of revenue increases is just another way of stating that gradualism is a cornerstone of the stipulated outcome. Compliance with governing legal principles establishes the stipulation is in the public interest. Put differently, the public interest necessitates gradualism and the law (as set out in Commission precedent) makes gradualism a governing legal criteria in rate cases.

The point of this writing is not to illuminate any problem in the testimony of the parties; instead, it is meant as an observation that there is redundancy in the Commission's method for evaluating stipulations.

[55] PNM Ex. 2, at 16.

4. ANALYSIS

4.1. Notice and Opportunity to be Heard/Serious Bargaining

PNM and the intervenors met and conferred about settlement on October 30, November 1, November 12 and 13, 2024[,]" and "additional meetings were also held between and among parties."[56] All intervenors were given opportunity to state their position on the stipulation. PNM and intervenor stipulation testimony provides additional details that make this even more clear.

As described by PNM witness Monroy, "[a]ll of the parties had the opportunity to participate in settlement negotiations, which included several in-person or virtual meetings and multiple reviews of the written [s]tipulation and associated exhibits."[57] He adds that "[t]he Signatories came to the table well-informed and, by engaging in serious bargaining, were able to achieve a comprehensive resolution of all of the issues encompassed in this proceeding."[58] Overall, he concludes, "no [s]ignatory got everything it wanted and each had to compromise on particular issues."[59]

It is unnecessary to examine all the intervenors' varying explanations why the notice and opportunity-to-be-heard/serious-bargaining element is clearly met. Dr. Blank's testimony on behalf of the City is sufficiently representative.

Dr. Blank offers several persuasive reasons why the Commission should find that the stipulation was the result of serious bargaining and more-than-adequate notice. He explains that "[t]he parties to the Stipulation represent all primary interests I can think of and no rate class was

[56] PNM Ex. 1, at 5.

[57] PNM Ex. 2, at 11.

[58] *Id.* at 12.

[59] *Id.*

left without representation."[60] He adds that "the settlement discussions spanned months of time and included total hours that probably exceed the hours required for a litigated hearing."[61] Finally, he emphasizes that "the input to these settlement discussions came from both legal experts (attorneys) and rates experts with hundreds of years of combined expert witness experience."[62]

Dr. Blank's succinct assessment is representative of Staff and the other intervenors' views.

4.2. Stipulation's Compliance with Applicable Law

The broad legal framework within which the Commission operates was discussed above. In the writing that follows, the specific legal principles the Commission must consider in the exercise of rate setting are addressed in turn. The writing below shows that the stipulation is an acceptable outcome within the zone of reasonableness. The revenue requirement as a general matter is addressed first, and then specific aspects of the stipulation's resolution of revenue-requirement issues is discussed. Finally, the rates flowing from the stated revenue requirement are discussed.

4.2.1. Revenue Requirement

"When regulating a utility's rates under [the PUA], the Commission typically begins by evaluating a revenue requirement for the utility, which is an amount of future revenue to be collected by the utility that is determined to be just and reasonable."[63]

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60 City Ex. 1, at 4.

61 *Id.*

62 *Id.*

63 *Coal. for Clean Affordable Energy,* 2024-NMSC-016, ¶ 6.

PNM witness Sanders produced a helpful chart demonstrating the change in the revenue requirement between the application and stipulation.[64]

PNM Table KTS-3 Stipulation - Summary of Adjustments			
Description	Non-Fuel Revenue Requirement	Fuel Revenue Requirement	Total Retail Revenue Requirement
As Filed Test Period - PNM Retail	**851,308,015**	**268,805,228**	**1,120,113,243**
Adjustments:			
Adjustment 1: Set ROE to 9.45%	(20,941,303)	-	(20,941,303)
Adjustment 2: Set Cap Structure to 51% Equity	(3,747,385)	-	(3,747,385)
Adjustment 3: Remove Accelerated FCPP Depreciation	(19,614,177)	-	(19,614,177)
Adjustment 4: Unprotected EDFIT amort to 4-years (2.5 year remaining)	(5,231,597)	-	(5,231,597)
Adjustment 5: Debt Only adjustment on Rate Case Expenses	(107,672)	-	(107,672)
Adjustment 6: ESA to Base Rates	82,142,228	(82,142,228)	-
Adjustment 7: Treatment of Incentive Comp	(6,239,153)	-	(6,239,153)
Adjustment 8: NOL Adjustment (Errata adjustment)	1,451,472	-	1,451,472
Adjustment 9: Generic $12.9M Reduction	(12,936,777)	-	(12,936,777)
	866,083,651	**186,663,000**	**1,052,746,651**

As should be evident, the stipulated revenue requirement is roughly $70 million less than the revenue requirement requested in PNM's as-filed application ($1.120 billion – $1.052 billion = approximately $70 million). PNM witness Monroy explains that the stipulated $105 million revenue requirement "is only 60% of PNM's original requested $174.3 million increase."[65] He adds that the lower, stipulated revenue requirement "results in significantly lower costs to PNM's customers compared to the initial requested revenue requirement."[66]

It is important to emphasize that the revenue requirement was predicated upon an illustrative cost of service and the parties do not necessarily agree "on all of the specific adjustments that resulted in the proposed revenue increase."[67]

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64 PNM Ex. 4, at 6.

65 PNM Ex. 2, at 3.

66 *Id.*

67 NMDOJ Ex. 1, at 19.

At hearing, PNM witness Monroy was asked whether the Commission should have concern that the revenue requirement in the as-filed application was inflated, which would in turn indicate that the purported savings achieved in the stipulation are illusory.[68] Witness Monroy responded that this was not the case.[69]

His response is credible given that no intervenor supplied testimony or evidence of this concern. Moreover, the great bulk of the stipulated revenue deficiency—seventy percent—stems from investments that PNM has identified it must make in distribution, transmission, and generation facilities. As is evident on table KTS-2 Stipulation (which is reproduced in the executive summary of this writing at page two), the additional revenue the company identified it needed for those investments remained constant from the as-filed application through the stipulation. Witness Sanders explained at hearing that the $3 million reduction that appears in the distribution, transmission, and generation category in KTS-2 stipulation was not the product of amendment to PNM's investment proposals but simply the product of mathematical operations.[70]

In the initial application, PNM explained that capital investments it must make for distribution, transmission, and generation functions are for the purpose of "safe and reliable delivery of electricity" to customers and for expansion of the system "to accommodate increasing

[68] Tr. Vol. 1, at 44.

[69] *Id.* at 44-47. Mr. Monroy stated that, "when PNM files its case[,] that is its best estimate of what it's going to cost and the revenues necessary to provide electric services." *Id.* at 45. He went on to explain that the reduction in the revenue requirement "really reflects the various negotiations amongst the parties that participated in the Settlement that kind of came to a conclusion that everyone can live with," further opining that "as long as everyone is walking away just a little unhappy, then it probably struck the right tenor." *Id.* at 46.

[70] Tr. Vol. 1, at 141-42. Mr. Sanders explained that the $3 million reduction was "a function of how mathematical procedures work" and that it "actually [was] related to the change in the [r]eturn on [e]quity and [c]apital structure." *Id.* at 141.

renewable generation resources and changing customer needs."[71] The specific way these investments will achieve that end are described in PNM witness Warner's ninety-page initial direct testimony.[72] This is also addressed in portions of PNM witness Heffington's forty-seven-page initial direct testimony.[73] The length and specificity of that testimony makes efficient summary of either difficult.

Mr. Warner, at the conclusion of his direct testimony, offers an overarching summary of his lengthy prefiled testimony. That summary is reproduced here. As can be seen below, he explains that the distribution, transmission, and generation investments arise from PNM's transition to an all-renewable power system that incorporates distributed generation.

> The PNM T&D capital investments are prudent and necessary to provide safe and reliable electric service to meet the needs of PNM's customers. PNM's capital investments and O&M expenses are required to ensure the safety, reliability, and security of the T&D systems needed to serve PNM's customers, as well as ensuring compliance with legal and regulatory obligations. PNM has a rigorous and structured process for identifying and prioritizing capital investments in advance of its needs. PNM is transitioning the system towards a carbon-free generation future by investing in core infrastructure necessary to handle the interconnection of intermittent renewable resources. PNM is also taking necessary steps to protect communities and the electric system from wildfire risk through enhanced vegetation management in HFAs. The capital investments placed into service for customers and O&M expenditures incurred during the Capital Investment Period are prudent, reasonable, and necessary for the provisions of safe and reliable service.[74]

While this is an admittedly very broad account of the many specific points PNM witness Warner makes in his testimony, the Commission can have confidence that his broad points are correct given what intervenors explained in their testimony.

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[71] Application, at Executive Summary, p. 1 of 2.

[72] *See* PNM Ex. 21, at 34-75.

[73] PNM Ex. 22, at 21-33.

[74] PNM Ex. 21, at 90.

NMDOJ witness Crane examined the revenue requirement. She determined that the stipulated outcome on the revenue requirement was, as noted above, basically where she would have ended up had the case been filly litigated.[75]

Ms. Crane observed, consistent with what has already been said, that "[a] primary driver of [PNM's] requested increase [is] the incremental revenue requirement associated with anticipated plant additions from January 1, 2024 through the [FTY] period."[76] Witness Crane explains that a rate revision predicated upon an FTY is necessarily an enterprise of projection.[77] She notes that "projected plant additions" are uniquely difficult to project with accuracy, and that "a significant portion of the Company's requested revenue increase" are precisely that.[78]

In addition, Ms. Crane observed that PNM projects significant plant additions between the end of the base period and the end of the FTY: "approximately 42% of the requested increase related to the revenue requirement associated with incremental investment."[79] She stated what is necessarily true: it is impossible to say with total certainty how much plant will actually be added during the FTY. She reviewed the Company's historic level of capital spending, considered testimony submitted in this case about major capital projects, and reviewed various monthly capital spending reports as the case progressed to determine the amount of capital spending and plant additions added during the litigation phase of the case.[80]

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75 NMDOJ Ex. 1, at 22-23.

76 *Id.* at 7.

77 *Id.* at 10.

78 *Id.* at 10-11.

79 NMDOJ Ex. 1, at 11.

80 *Id.*

Based on that analysis, she was confident "some reduction to the Company's projected rate base claim" is appropriate.[81] She goes on to assert that "the overall base revenue increase of $105 million is a 40% reduction from the revenue increase" initially sought by PNM in its as-filed application.[82] Ms. Crane is persuaded that "this is a reasonable outcome, especially considering the incremental plant investment and incremental ESA costs that will be incurred during the [FTY]."[83]

Witness Crane emphasizes further that "prior to settlement discussions, [she] developed a proposed settlement position for NMDOJ that evaluated each of [her] adjustments and estimated the likelihood that the NMDOJ would prevail."[84] She concludes that "the resulting settlement position that [she] prepared . . . was extremely close to the $105 million increase ultimately reflected in the PNM Stipulation."[85] There is no reason to doubt this conclusion.

Having examined the revenue requirement as a general matter, specific components of the revenue requirement are now examined.

4.2.1.1. *Rate of Return*

One of the most hotly contested matters in any rate case proceedings is the determination of a fair ROR or WACC.[86] The broad legal and technical principles that guide inquiry into setting PNM's ROR are well understood and only summarily addressed.

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81 *Id.*

82 *Id.* at 22.

83 NMDOJ Ex. 1, at 22.

84 *Id.* at 23.

85 *Id.*

86 Case No. 22-00270-UT, *Recommended Decision*, at 229.

"[C]ost of capital for an investor-owned utility consists of two main components: return on long-term debt capital and return on equity capital."[87] From an investor's perspective, "long-term debt is typically considered less risky than equity. Conversely, investors will require a higher rate of return for equity investments."[88] These are uncontroverted principles.

The cost of capital (or authorized rate of return) used for ratemaking purposes, is the weighted average of the individual rates on long-term debt, preferred stock (if applicable) and common equity.[89] Identifying the costs of long-term debt and preferred stock is uncontroversial. Identifying a utility's cost to attract equity investment is not as simple.

Through its initial application, PNM asked the Commission to authorize an ROE "that more accurately reflects the level of return necessary to compete with other utilities to attract capital to invest in New Mexico."[90] PNM's as-filed application and testimonies argued that this would require the Commission to authorize an ROE of 10.45%; a long-term debt cost of 4.24%; and, a capital structure comprised of 52.50% common equity, 0.24% preferred stock, and 47.26% long term debt.[91] In total, this would yield a WACC of 7.5%.[92] These numbers were significantly amended in the stipulation.

The stipulation asks the Commission to set an ROE of 9.45%; authorize an unchanged long-term debt cost of 4.24%; and, assign the company a capital structure of 51% equity, 0.25%

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87 Case No. 07-00319-UT, *Corrected Recommended Decision*, at 17 (Jul. 31, 2008), adopted and modified in part on other grounds by *Final Order Partially Adopting Recommended Decision*, at 37 (Aug. 26, 2008).

88 Case No. 22-00270-UT, *Recommended Decision*, at 229-30 (quoting Staff's Brief, at 37).

89 *See id.* at 230.

90 PNM Ex. 10, at 5.

91 Application, at 5.

92 *Id.* at 8.

preferred stock, and 48.75% long-term debt.[93] This produces an overall WACC of 6.90%.[94] PNM also agreed, in the stipulation, to dismiss its appeal of the capital structure determination in Case No. 22-00270-UT.[95] There is ample evidence these outcomes are in the public interest.

NMDOJ witness Crane asserts that PNM's willingness to absorb a "full 100 basis point reduction" in the ROE "will save ratepayers millions of dollars relative to PNM's initial request."[96]

County witness Reno also independently analyzed what would be an appropriate ROE for PNM and used "variants of the Constant-Growth DCF model to form the basis of" those estimates.[97] She explains that she "would have recommended a[n] ROE [of] 9.33% if [she] had the opportunity to file [direct] testimony in this proceeding."[98] She determined that the stipulated 9.45% is acceptable as it "falls within the range of [her] DCF results."[99]

County witness Reno is also persuaded that the stipulated cost of long-term debt "is reasonable based on forecasted interest rates and planned debt issuances and refinances during the test period."[100]

It is unnecessary to examine other witness positions on this matter. The testimony just discussed adequately shows that the stipulated resolution of the ROR is desirable.

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93 PNM Ex. 1, at 6. *See also* PNM Ex. 2, at 4, and BernCo-ABCWUA Ex. 1, at 4.

94 BernCo-ABCWUA Ex. 1, at 4.

95 PNM Ex. 1, at 9. The case was docketed in the New Mexico Supreme Court as S-1-SC-40332.

96 NMDOJ Ex. 1, at 21-22.

97 BernCo-ABCWUA Ex. 1, at 16.

98 *Id.*

99 *Id.*

100 *Id.* at 5.

4.2.1.2. *Depreciation Rates for FCPP*

In its as-filed application, PNM proposed "to align the recovery of its remaining investments in the [FCPP] with our anticipated abandonment of the coal plant in 2031."[101] This move added approximately $20 million to the revenue-requirement increase. It will be useful to supply some background about this matter.

PNM expects FCPP "to remain in service through the end of the current approved fuel supply agreement, or July 2031."[102] The company does not intend to rely on FCPP to serve customers after that date.[103] Yet, the current depreciation rates project a termination date in 2041. It is necessary to explain why this is.

The current depreciation rates were set in Case No. 15-00261-UT.[104] The date of final action in that case predates the ETA. PNM has, as required by the ETA, set itself on a trajectory for zero-carbon-emissions generation. Given the misalignment between FCPP's depreciation rates and its projected termination date, PNM re-evaluated the depreciation rates and proposed accelerating them in its as-filed application.[105]

[101] Application, at Executive Summary, p. 2 of 2.

[102] PNM Ex. 10, at 38.

[103] *See id.* (stating that "PNM has no reason to believe it will continue to rely on Four Corners to serve customers after that date").

[104] *See* Case No. 15-00261-UT, Final Order Partially Adopting Corrected Recommended Decision, at 85-86 (Sept. 28, 2016); *see also* PNM Ex. 10, at 38 ("PNM's depreciation rates for Four Corners have not been adjusted since 2016 in Case No. 15-00261-UT.").

[105] In testimony supporting PNM's initial application, Mr. Monroy stated that "PNM is proposing depreciation rates to recover its plant investments over the remaining time period that PNM anticipates the plant will be used to serve our customers and for which it has a coal supply in place. Where reasonable, PNM believes it is appropriate to attempt to match the recovery of these costs to the known operational life of the plant." PNM Ex. 10, at 39.

In October 2024, Commissioner O'Connell directed PNM to supply additional comparative analysis of the options for FCPP.[106] The Commissioner directed PNM to quantify whether it would be more advantageous to accelerate FCPP depreciation to align with the projected abandonment date or leave the depreciation rates alone and then securitize any undepreciated investment following abandonment.

PNM filed a timely response.[107] That response indicates that accelerating depreciation would cost ratepayers nearly $1.9 million[108] and that there would be greater economic transition assistance available if the depreciation rates were not changed.[109] In other words, there are costs associated with accelerating depreciation.

Under the stipulation, PNM will jettison the request to amend the depreciation rates for FCPP.[110] PNM witness Monroy explains that leaving the depreciation rates alone "led to a significant reduction to the as requested[-]revenue requirement" and "greater benefits to customers and to communities affected by PNM's exit through the future utilization of the ETA's securitization provisions."[111] This is a self-evidently beneficial aspect of the stipulation.

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[106] Case No. 24-00089-UT, Bench Request Order (10/15/2024).

[107] Case No. 24-00089-UT, Supplemental Testimony in Response to October 15, 2024 Bench Request of Kyle T. Sanders (11/12/2024). This supplemental testimony was admitted at the stipulation hearing as PNM Ex. 14.

[108] PNM Ex. 14, at 4.

[109] "If PNM were to abandon Four Corners and securitize those costs pursuant to the ETA, the amount of Section 16 funding that would be available is estimated to be $11.1 million assuming no change to PNM's currently approved depreciation rates. If the depreciation rates requested by PNM in its application were approved, the amount of Section 16 funding would be $4.3 million." PNM Ex. 14, at 8.

[110] PNM Ex. 1, at 6.

[111] PNM Ex. 2, at 25. Similarly, testimony filed by Staff concluded that "without a clear long-term financial penalty and the already significant rate increase being sought by PNM, the decision to delay the depreciation of the plant, thus reducing the potential rate shock to customers (a long-standing policy of the Commission), appears to be a prudent course of action at this time." Staff Ex. 1, at 7.

4.2.1.3. *Fire Prevention & Vegetation Management*

In its as-filed application PNM explained that its rate request filing was, in part, driven by increases in O&M "expenses to meet operational needs, including wildfire risk mitigation . . . ."[112] Testimony accompanying the application asserted that an additional $12.6 million was needed for wildfire O&M and insurance premiums.[113] The stipulation does not change this request; the same amount of funds are identified as necessary for this aspect of PNM's service requirement.[114]

The signatories to the stipulation agree that the additional revenues the new rates will produce will "help" PNM secure the revenues needed to address "operational cost increases resulting from wildfire mitigation and vegetation management efforts[.]"[115] The stipulation also specifies that PNM and other Signatories will request that the Commission schedule wildfire mitigation workshops in Case No. 22-00154-UT.[116]

"[T]he increasing risk of wildfire and increased occurrences of extreme weather events" requires the company to dedicate additional resources "to protect . . . communities and infrastructure from wildfire risks."[117] PNM's wildfire plan has two phases. First, the company has "developed a wildfire mitigation plan in partnership with industry experts which include[s] a power safety shutoff plan, established meteorological climatology data inputs to inform PNM's plan, and onboarded two full-time positions dedicated to wildfire mitigation planning."[118]

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[112] Application, at 3.

[113] PNM Ex. 13, at 8. Mr. Sanders explained that the details about these O&M costs are provided in the testimonies of PNM witnesses Warner and Greinel. *Id.* at 10.

[114] PNM Ex. 4, at 4.

[115] PNM Ex. 2, at 4.

[116] *Id.*

[117] PNM Ex. 21, at 80.

[118] *Id.* at 80-81.

Second, PNM will deploy "engineering solutions to mitigate the wildfire risk."[119] This includes five additional fulltime engineering employees whose time will be allocated between capital and O&M. These are wildfire mitigation-related roles and are essential to the engineering solutions used "to monitor, detect, and mitigate risks, which will result in reduced wildfire risk and protect communities and infrastructure."[120]

The company is also "increasing the planned cyclical vegetation trimming for all T&D lines within HFAs to target a 4-year cyclical schedule that aligns with industry best practices."[121] These actions do have impact on rates but are necessary to minimize "wildfire risk for all stakeholders and for the communities [PNM] serves."[122] There will be "additional incremental investments and expenditures in the future as the plan progresses."[123]

The cost for liability coverage including wildfire risk nearly quadrupled from the base period to the test-year period.[124] This "mirrors the experience of the broader utility industry."[125] "PNM has worked closely with [its] underwriters to convey PNM's focus on wildfire mitigation, which has helped to support the availability of insurance coverage, albeit at a higher cost."[126] PNM expects the upward trend to continue.

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[119] *Id.* at 81.

[120] *Id.*

[121] PNM Ex. 21, at 81.

[122] *Id.* at 83.

[123] *Id.*

[124] According to Ms. Greinel, "PNM's cost of liability coverage in the Test Period is forecasted to be $12.2 million. By comparison, the cost of PNM's liability coverage in the Base Period ending December 31, 2023, which reflects 5 months of the 2022-2023 policy period and seven months of the 2023-2024 policy period, was $3.3 million." PNM Ex. 24, at 31.

[125] *Id.* at 30.

[126] *Id.*

Wildfire risk mitigation planning was one of WRA's principal concerns in this case.[127] Witness testimony from WRA explained that the added costs PNM is incurring for liability insurance including wildfire coverage is unsurprising.[128] WRA strongly supports additional hearings on wildfire issues in 22-00154-UT.[129]

Similarly, Staff indicates that the stipulation is desirable in that it "provides assurance that certain operating activities that are important to reliability, wildfire risk abatement and customer service are maintained or improved over current levels."[130] The basic thought underlying this perspective is straightforward and capably articulated by Staff witness Zigich: "wildfire mitigation can ultimately save lives and property and if implemented properly can potentially mitigate rising insurance costs and legal liability for all utilities which in turn can help mitigate costs to ratepayers."[131]

[127] *See* WRA Ex. 1, at 4 ("WRA's primary interests in the rate case and settlement negotiations concern the Four Corners coal plant retirement, wildfire risk and mitigation planning, and the impact of the proposed rate increases on low-income ratepayers.").

[128] "Wildfire risk, particularly in the West, is increasing rapidly as climate change creates warmer, drier, and windier conditions. Insurers like EIM are not out of step with the national conversation around wildfire liability; nearly all utilities in the Western United States have seen steep premium increases in the past few years, particularly when a utility has been found legally liable for starting or exacerbating a damaging wildfire." *Id.* at 9.

[129] *See id.* at 10 ("Holding wildfire mitigation workshops in front of the Commission will give utilities, wildfire experts, insurance experts, and other interested stakeholders a chance to develop best practices for wildfire prevention and risk management for New Mexico utilities."). During the hearing, WRA's witness Weller stressed the importance of the stipulation provision committing PNM to joining in a motion seeking additional hearings and workshops on wildfire mitigation. She explained that "it is a much more effective process if the Utility is fully committed to exploring best practices for wildfire mitigation and wildfire risk management by participating from the beginning." Tr. Vol. 1, at 187.

[130] Staff Ex. 1, at 4.

[131] *Id.* at 11.

4.2.1.4. *ESA Costs*

In its as-filed application, PNM asked the Commission to allow it to recover all ESA-associated costs through PNM's FPPCAC.[132] PNM noted that it is authorized to recover ESA costs in base rates, but that it was preferable to amend this and collect those costs through the FPPCAC because it would reduce the non-fuel revenue requirement for the test period.[133] PNM projected ESA costs totaling $82.1 million.[134] This figure included $44.9 million already included in existing base rates from 22-00270-UT and an additional $37.2 million reflecting the remaining portion of ESA costs.

PNM initially argued that recovery of ESA costs through the FPPCAC reduced the revenue requirement because it lowered "overall cost of capital by reducing the negative credit impacts these contracts place on PNM."[135] PNM also argued that recovery of ESA costs through the FPPCAC would ensure that customers pay for ESAs only once they are online and operational.[136] The stipulation abandons this proposed course of action.

PNM agreed to collect costs for the ESAs through base rates.[137] Intervenors capably explain why this is a beneficial outcome.

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[132] Application, at 8.

[133] PNM Ex. 10, at 29-30.

[134] *Id.* at 29.

[135] *Id.* at 30. Mr. Monroy elaborated on this thought in his direct testimony, explaining that "leaving the recovery of the Test Period ESA costs in base rates as originally authorized introduces regulatory drag and uncertainty, which are among the factors considered by credit rating agencies in determining the level of debt they will impute to PNM's balance sheet to reflect these long term contractual obligations." *Id.* at 31.

[136] *See* PNM Ex. 10, at 30 ("Recovery of ESA costs through the FPPCAC will also ensure that customers will not begin paying for these ESA costs until they are online and providing service and benefits to customers.").

[137] PNM Ex. 1, at 6; *see also* PNM Ex. 2, at 21 ("Paragraph 9 states the agreement of the Signatories that PNM is authorized to implement a revenue requirement increase of $105 million for its retail base rates, which includes recovery of ESA costs in base rates.").

As explained by the NMDOJ, "there were various concerns about the Company's proposal to recover ESA costs through the FPPCAC."[138] One such concern is "the shifting of risk from shareholders to ratepayers" in the form of guaranteed recovery of costs through an adjusting-rider mechanism.[139] The stipulation eliminates this concern.

The NMDOJ also sees benefit in the stipulated outcome that recovery of ESA costs will be through base rates in that this result ensures consistency of treatment among the IOUs. The result mirrors the Commission's regulatory treatment of ESAs for the other IOUs.[140] This is all self-evidently beneficial.

The company also agreed to a reciprocal accounting mechanism to ensure that ratepayers pay only for operational energy-storage units.[141] This is beneficial as the exact operational date of some of the ESAs is merely a projection. If an ESA is operational prior to the time its costs are collected in rates, PNM will track costs in a regulatory asset and later recoup those expenses. If an ESA is operational after the time at which PNM begins collecting costs, then PNM will record a regulatory liability to return those monies to ratepayers. Witness Sanders described this arrangement and its intended impact capably at hearing.

> The point of the Regulatory Asset/Liability is not really to capture differences in the cost of these, but rather the differences of timing of when these contracts start to come online.
>
> Within our [t]est [p]eriod there are certain of the ESA contracts that I believe come online by November of '25 and February of '26. If those were to shift out and be delayed in their implementation, we would then record a [r]egulatory [l]iability from what we've collected and return that to customers.

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[138] NMDOJ Ex. 1, at 24.

[139] *Id.*

[140] *See id.* (noting that the stipulation's treatment of ESA costs "is consistent with the regulatory treatment approved for EPE").

[141] PNM Ex. 1, at 6.

> If, on the flipside, they came on early, or the annualization of those costs are going to go forward, it would then be recorded to the [r]egulatory [a]sset and be subject to the next proceeding.[142]

These features of the stipulation are also self-evidently beneficial.

4.2.1.5. *Rate Case Expenses*

In the as-filed application, PNM asked the Commission to authorize $3.7 million in rate case expenses.[143] This sum captured "out-of-pocket costs incurred by PNM for providing notice to customers and postage, as well as costs for outside consultants, accounting firms, and attorneys in preparing litigating the case."[144] All are aware that "PNM hires outside service firms to prepare and support its filing versus hiring full-time staff to provide these same services, as these services are cyclical in nature."[145]

PNM proposed to recover these costs through a regulatory asset over a five-year period.[146] This time period matches the time frame the Commission approved in Case No. 22-00270-UT.[147] As to carrying charges, PNM requested a return on rate base equal to the full WACC.[148]

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[142] Tr. Vol. 1, at 135-36. *See also* PNM Ex. 4, at 11 ("The regulatory asset or liability would allow for the deferral of actual, incurred costs greater than the amounts reflected in the Test Period to a regulatory asset or any amounts less than the costs reflected in the Test Period to be recorded to a regulatory liability. This provision will apply to the period starting with the Test Period and will continue until new rates are effective from PNM's next general rate case filing.").

[143] PNM Ex. 13, at 49.

[144] *Id.* at 49-50.

[145] *Id.* at 50.

[146] *Id.*

[147] *See* Case No. 22-00270-UT, *Recommended Decision*, at 323 (recommending that rate case expenses "be amortized over five years").

[148] *See* PNM Ex. 4, at 10 (noting that, with respect to requested rate case expenses, "PNM requested a return on rate base equal to the full WACC in its Application").

The stipulation modifies PNM's request to rate case expenses by limiting recovery to the amount identified by PNM with a debt-only carrying charge.[149] This adjustment reduces the return on the rate-case-expense regulatory asset and results in a $0.1 million reduction to the requested revenue requirement.[150]

Both NMDOJ and Staff emphasized in testimony that limiting carrying charges for rate-case costs to debt is consistent with what was done in Case No. 22-00270-UT.[151] The modification to the rate-case-cost request and the slight reduction arising from that request is yet another self-evident benefit of the stipulation.

4.2.1.6. *Generic $12.9 million Reduction to Operating Expenses*

PNM agreed in the stipulation to adjust downward its O&M expenses by approximately $12.9 million.[152] PNM explains that, "[w]hile this adjustment is made within the O&M section of the illustrative cost-of-service study, it is not intended to reflect specific adjustments or disallowances to any specific program or cost."[153] The reduction is merely "intended to reflect adjustments to the representative overall annual operating costs and revenues that are subject to review in any general rate case."[154] The intention of this reduction was made clearer at hearing.

[149] *See id.* ("The Signatories to the Stipulation agree that the requested rate case expenses be recovered with a return on rate base at the embedded debt rate in the WACC.").

[150] *Id.*

[151] *See* NMDOJ Ex. 1, at 22 ("The PNM Stipulation limits carrying charges on rate case costs resulting from this case to the cost of debt, consistent with the Commission's decision in the 22-00270-UT proceeding."), and Staff Ex. 4, at 9 (explaining that Staff supports limiting recovery of rate case expenses to the cost of debt because "it is consistent with the Commission's Final Order in case 22-00270-UT").

[152] PNM Ex. 4, at 4.

[153] *Id.* at 14.

[154] *Id.*

At hearing, PNM explained that the reduction "is intended to be representative of potential positions that other parties could have taken on specific matters, while not having to hash out every single potential sticking point for one individual party, while still recognizing that there are a multitude of issues that the parties could take issue with, whether that be potential rate base capital investments or operating expenses."[155]

Staff capably identifies the benefits flowing from this generic reduction.[156] It will provide PNM "discretion in choosing where the reductions are applied."[157] It "strikes a balance between accountability and operational discretion, enabling PNM to manage its costs effectively without being overly prescriptive."[158] It will "allow PNM to make reasonable adjustments within its operations to meet the target, giving it the ability to prioritize reductions in areas that will have minimal impact on service quality and reliability" and will also ensure that the company has the necessary "flexibility to adapt to changing operational needs or unexpected circumstances[.]"[159]

4.2.1.7. *Other Benefits of Stipulation*

Some of the additional benefits of the stipulation need only be summarily described.

Fee-Free Bill Pay. The stipulation provides that "PNM will expand fee-free, in-person payments at Western Union locations as proposed in its [a]pplication and recover those costs in base rates[.]"[160]

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[155] Tr. Vol. 1, at 140 – 41. Mr. Sanders explained that this generic reduction in the revenue requirement will require PNM to "manage" its operations by, among other measures, "prioritization of work and looking at our inflationary impacts." *Id.* at 140.

[156] See Staff Ex. 4, at 16-17.

[157] *Id.* at 16.

[158] *Id.*

[159] *Id.* at 17.

[160] PNM Ex. 1, at 6.

PNM's as-filed application explains that the company deems it beneficial to enable its customers be able to pay their PNM electric bills at all currently authorized Western Union locations in PNM's service territory at no charge.[161] Approximately 5.38% of all payments made in 2023 were through in-person payment methods,[162] roughly sixty-five percent of customers who made payments at PNM payment centers are low-income, and roughly sixty-eight percent of customers who made payments at Western Union locations were low-income.[163]

The request was intended to expand the fee-free payment locations from fourteen to over 200 Western Union retail locations in PNM's New Mexico service area.[164] The expanded locations where fee-free payments would be allowed include eighteen of the Western-Union locations most often frequented by PNM's ratepayers, including various Walmart, Smith's, Albertsons and Walgreens stores.[165]

This proposal creates an additional cost to ratepayers. The as-filed application sought approval to recover $350,000 per year in base rates to cover the cost of the implementation of the expanded fee-free payment program.[166] As noted, that request continues in the stipulation. Intervenors are persuaded that this is a worthwhile and beneficial expenditure.

The testimony of NMDOJ witness Crane during the hearing shows why the Commission should deem this course of action and its attendant costs worthwhile. She explains–persuasively

[161] Application, at 8.

[162] PNM Ex. 23, at 23.

[163] *Id.*

[164] *Id.* at 22.

[165] *Id.*

[166] PNM Ex. 23, at 22.

–that the fee-free investment is part of a broader and long-term strategy to provide low-income customers cost-effective payment options. Her words make the point well.

> In the [22-00270-UT] case PNM had proposed . . . the fee for credit card usage be socialized in [r]ates. Currently credit card fees, if you pay your utility bill with your credit card, you incur a fee, and that fee is paid by the person who used their credit card. There was a huge issue in the last case about whether that cost should be socialized or not. The Department of Justice vigorously advocated against socializing those costs.
>
> During the [h]earing there was a lot of discussion about low income people and people that don't have other fee-free options to pay their bill and whether or not there should be an expansion of fee-free payments at Western Union locations. I believe I testified that the Department of Justice would not oppose expanding fee-free payments to all Western Union locations.
>
> Our big concern there was the credit card fees which were in the millions of dollars, not the hundreds of thousands of dollars. We do feel that extending the fee-free payment to all the Western Union locations is in the public interest.
>
> Yes, it's not something that will benefit a lot of ratepayers, but we do feel that it's important to provide an option for all people to be able to pay their bill without incurring an additional fee.[167]

This is all self-evidently beneficial.

Good Neighbor Fund. PNM agreed in the stipulation to dedicate $1.5 million of shareholder funds (which will not be recouped in rates) to the Good Neighbor Fund.[168] PNM has contributed approximately $400,000 to the Good Neighbor Fund in 2024, and approximately $650,000 in 2023.[169] The contributions the company made in 2023 and 2024 were not because of Commission directives.[170]

[167] Tr. Vol. 2, at 70-71.

[168] PNM Ex. 1, at 7.

[169] Tr. Vol 1, at 79.

[170] Tr. Vol. 1, at 79.

The fund itself benefits anywhere between 3,000 to 4,000 customers a year.[171] Customers eligible for assistance under the Good Neighbor Fund may receive up to $120 in a twelve-month period.[172] Given the larger investment that will be made under the stipulation, the cap will go up to $170 annually.[173]

Ratepayers have the option to contribute to the Good Neighbor Fund, and they annually provide it about $200,000.[174]

PNM's proposed shareholder donation to the Good Neighbor Fund is clearly in the public interest, benefitting many of the Company's most-needy customers. As explained by WRA, the contribution "demonstrates the Company's goodwill and understanding that the rate increases that residential customers—particularly low-income customers—will face as a result of this rate case will be difficult to manage without assistance."[175] This component of the stipulation should be approved—and indeed welcomed—by the Commission.

Regulatory Liability for Legacy Meters. PNM agreed in the stipulation to record a regulatory liability equal to the return on legacy meters that are included in rates as the meters are

[171] *Id.* at 73.

[172] *Id.* at 72.

[173] *Id.*

[174] Tr. Vol. 1, at 78.

[175] WRA Ex. 1, at 11. Beyond WRA, it should also be noted that at least one other intervenor, CCAE, indicated that this contribution to the Good Neighbor Fund was important in ultimately reaching a stipulated resolution of the case. *See* CCAE Ex. 1, at 3-4 (stating that the "one-time shareholder contribution to the Good Neighbor Fund" was "important in securing CCAE's support of this Stipulation").

retired during the deployment of its grid modernization plan approved in 22-00058-UT.[176] PNM explained the significance of this component of the stipulation.[177]

In the Company's grid mod case, the Commission ordered that the regulatory asset associated with legacy meters should not receive a return-on rate base.[178] The test period in this case includes legacy meters that will be retired and recorded to the authorized regulatory asset during the deployment of the grid modernization plan.[179] PNM will record a regulatory liability equal to the return-on the meters as they are retired.[180] This component of the stipulation is in the public interest, as it ensures PNM is complying with the Commission's final order in the grid mod case.

4.2.2. Rates

"After approving a revenue requirement for a utility, the Commission next designs rates that will provide the utility a reasonable opportunity to recover its revenue requirement and that fairly distributes just and reasonable rates between different classes of ratepayers."[181] In designing rates, the Commission is not "required to rely on any one rate-design method, and it has been

[176] PNM Ex. 1, at 6; *see also* PNM Ex. 2, at 23 (explaining that, pursuant to the stipulation, "PNM will establish a regulatory liability equal to the return on legacy meters currently included in rates, as the legacy meters are retired during PNM's deployment of its grid modernization plan approved in Case No. 22-00058-UT").

[177] *See* PNM Ex. 1, at 12.

[178] *Id.*

[179] *Id.*

[180] *Id.*

[181] *In re Petition of PNM Gas Services*, 2000-NMSC-012, ¶ 89, 129 N.M. 1, 1 P.3d 383 (internal quotation marks and citations omitted). Although the literal terms of this quotation do not account for the fact that the applicant and other parties play a significant role in designing rates, this is clearly the case.

granted considerable discretion in designing rates[.]"[182] It stands to reason that this same discretion applies to approving the rates proposed in this stipulation proceeding.

Rates must be just and reasonable.[183] These criteria are satisfied when the Commission balances the interests of investors against those of ratepayers.[184] That balancing obviously has no perfect point; rather, the rate need only fall within a "zone of reasonableness" with "ratepayer extortion" on one end of a spectrum and "utility confiscation" on the other.[185]

"When determining the investor's interest, the PRC takes into account the utility's interest in recovering its prudently incurred costs and earning a reasonable return on its capital investments."[186] "The ratepayers' interest, on the other hand, is to be protected from excessive rates that unjustly burden ratepayers while receiving steady and quality service from the utility."[187] "The PRC is vested with considerable discretion in determining whether a rate to be received and charged falls within [that] zone[.]"[188]

Another "guiding principle of rate design is to set rates which will move the relative rate of return of each end-use class closer to unity, or full cost of service contribution, in a *gradual*

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[182] *Coal. for Clean Affordable Energy*, 2024-NMSC-016, ¶ 7.

[183] "Every rate made, demanded or received by any public utility shall be just and reasonable." Section 62-8-1. *See also* Case No. 22-00058-UT, *Concurring Opinion of Commissioner Ellison*, at 2 (Oct. 22, 2024) ("Fair, just, and reasonable rates are the bedrock of the Public Utility Act.").

[184] *See In re PNM*, 2000–NMSC–012, ¶ 8, 129 N.M. 1, 1 P.3d 383 (explaining that "the Commission must ensure that rates are neither unreasonably high so as to unjustly burden ratepayers with excessive rates nor unreasonably low so as to constitute a taking of property without just compensation or a violation of due process by preventing the utility from earning a reasonable rate of return on its investment").

[185] *Attorney Gen. v. New Mexico Pub. Regulation Comm'n*, 2011-NMSC-034, ¶ 13, 150 N.M. 174, 258 P.3d 453, 457.

[186] *Id.* ¶ 16.

[187] *Id.*

[188] *Id.* ¶ 17 (internal quotation marks and citation omitted). *New Mexico Atty. Gen. v. New Mexico Pub. Regulation Comm'n*, 2013-NMSC-042, ¶ 15, 309 P.3d 89, 94–95.

manner that avoids rate shock."[189] The words "gradual manner" are emphasized in the preceding quote as "[t]he Commission has relied on gradualism for decades in establishing and approving utility rates."[190] Additionally, "the generally accepted rate-making principles for the development of a sound rate design include continuity and stability."[191] The customer's ease of understanding the rate is also a driving consideration.[192]

The stipulated rate schedules under consideration here are filed with PNM witness Dr. Pitts's stipulation testimony.[193] They are too voluminous to attempt reproduction of any kind here. The focus here is instead on how those rates meet the broad goals of rate setting just discussed.

4.2.2.1. *Banding & Gradualism*

The stipulated rates are banded. "Banding" limits the customer-class revenue requirement increase to a given percentage above or below the average system impact.[194] Banding allocates the revenue deficiency across all customer classes and is "a tool that supports the long-accepted principle of gradualism."[195] It does this by mitigating unusually disparate responsibilities for revenue deficiencies by class.

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[189] *In re Petition of PNM Gas Services*, 2000-NMSC-012, ¶ 102, 129 N.M. 1, 34, 1 P.3d 383, 416 (emphasis added).

[190] Case No. 10-00379-UT, *Corrected Recommended Decision of the Hearing Examiner*, at 31 (Sept. 6, 2011), adopted and modified in part on other grounds by *Final Order Partially Adopting Recommended Decision*, at 30 (Sept. 20, 2011).

[191] *In re Petition of PNM Gas Services*, 2000-NMSC-012, ¶ 102, 129 N.M. 1, 1 P.3d 383 (internal quotation marks and citation omitted).

[192] *See* Case No. 12-00350-UT, *Final Order Partially Adopting Recommended Decision*, at 17 (Mar. 26, 2014) (explaining that the "generally accepted principles of rate design" include "continuity, bill impact, ease of understanding, and gradualism").

[193] *See* PNM Ex. 5, at 1.

[194] *See* Case No. 22-00270-UT, *Recommended Decision*, at 331 ("Banding is a method of limiting the customer class revenue requirement increase to a given percentage above or below the average system impact.").

[195] *Id.*

The system average base rate increase required to collect the $105 million stipulated non-fuel revenue deficiency is 13.80%.[196] The parties agree that the revenue requirement increase allocation at the upper level should not exceed 20% (an upper band of 145%) while the impact of the revenue requirement increase at the lower level should not exceed 7% (a lower band of 51%).[197] Each rate schedules' placement in the banding levels is "largely the same" as PNM proposed in its as-filed application.[198]

The rate classes subject to the upper band are: Residential/Residential TOU 1A/1B, Water and Sewage 11B, and Streetlighting 20.[199] These classes will incur a 19.85% revenue requirement increase. General Power 3B and Irrigation/Irrigation TOU 10A/10B will incur revenue requirement increases of 9.75% and 15.4%, respectively.[200] The remaining rate schedules will incur a revenue requirement increase of 6.95%.[201] This includes Small Power/Small Power TOU 2A/2B; General Power 3C; General Power 3D; General Power 3E; Commercial Charging Station 3F; Large Power 4B; Large Service 5B; Private Lighting 6; Universities 15B; Manufacturing 30B; Station Power 33B; Large Power 35B; and Rate Schedule 36B.

NMDOJ witness Dr. Gegax provided a useful graphical summary of this information.[202] It is reproduced below for convenience. Note that the final column shows the banding: the 143.85% is rounded up to 145%. The same rounding occurs to the other banding.

196 PNM Ex. 5, at 4.

197 *Id.* at 4-5.

198 *Id.* at 4.

199 *Id.* at 5.

200 PNM Ex. 5, at 5.

201 *Id.*

202 NMDOJ Ex. 2, at 12.

Table 2: Banded Class Base Revenue Values in Stipulation					
Customer Class	Test Period Revenue at Current Rates	Total Phase I + Phase II in Stipulation			
		Total Banded Increase	Banded Revenue Base Requirement (Includes ESA Costs)	Banded % Change	Class % Change divided by Overall Percent Change
1A/B - Residential	$ 367,955,814	$ 73,021,463	$ 440,977,278	19.85%	143.85%
2A/B - Small Power	$ 105,207,301	$ 7,311,907	$ 112,519,208	6.95%	50.38%
3B - General Power	$ 106,791,647	$ 10,413,212	$ 117,204,859	9.75%	70.68%
3C - General Power (Low Load Factor)	$ 28,215,676	$ 1,960,989	$ 30,176,666	6.95%	50.38%
3D - General Power Government	$ 8,359,051	$ 580,954	$ 8,940,005	6.95%	50.38%
3E - General Power (LLF) Government	$ 1,622,980	$ 112,797	$ 1,735,777	6.95%	50.38%
3F - Non-Residential Charging Stations Pilot	$ 492,613	$ 34,237	$ 526,849	6.95%	50.38%
4 - Large Power	$ 57,310,829	$ 3,983,103	$ 61,293,932	6.95%	50.38%
5 - Large Service for Customers >=8,000kW	$ 1,981,778	$ 137,734	$ 2,119,512	6.95%	50.38%
10A/B - Irrigation	$ 1,804,390	$ 277,796	$ 2,082,186	15.40%	111.59%
11 - Water/Sewage Pumping	$ 8,192,657	$ 1,625,833	$ 9,818,490	19.85%	143.84%
15 - Universities 115kV	$ 3,361,728	$ 233,640	$ 3,595,368	6.95%	50.38%
30 - Manufacturing (30 MW)	$ 35,822,209	$ 2,489,644	$ 38,311,853	6.95%	50.38%
33 - Station Service	$ 230,978	$ 16,053	$ 247,031	6.95%	50.38%
35 - Large Power >=3,000kW	$ 7,049,919	$ 489,969	$ 7,539,889	6.95%	50.38%
36 - Special Service - Renew Energy Res	$ 20,831,510	$ 1,447,790	$ 22,279,300	6.95%	50.38%
6 - Private Lighting	$ 2,315,366	$ 160,918	$ 2,476,284	6.95%	50.38%
20 - Streetlighting	$ 3,537,205	$ 701,958	$ 4,239,163	19.85%	143.84%
Total	$ 761,083,651	**$ 104,999,997**	**$ 866,083,648**	**13.80%**	100.00%

The stipulation represents an improvement over the as-filed application. In the as-filed application, PNM proposed an upper band of 175% and a lower band of 0%.[203] Several of the intervenors found this problematic.

The NMDOJ was concerned that the 175% upper band was too high given that the maximum class base-revenue increase was itself high.[204] By the end of phase two under the as-filed application, the residential class was looking at a revenue increase above 30% and almost 13% for the small power class.[205] The stipulation, by contrast, increases revenues for those classes

[203] PNM Ex. 19, at 14. If implemented, the lower band of 0% would have translated into "no increase to allocated non-fuel revenue requirement for some customer classes." *Id.*

[204] *See* NMDOJ Ex. 2, at 5 (stating that, "I felt that PNM's initial proposal to apply a 175% upper band for determining the maximum class base revenue increase was too high").

[205] *Id.* at 7.

by 19.85% and 6.95% respectively.[206] The stipulation not only decreased the revenue requirement but also lowered the maximum band. This reduced cost for the residential class.

PNM contends that "the stipulation adheres to the Commission's rate setting practices relating to gradualism when implementing rate changes based on cost causation principles."[207] The stipulation specifies "agreed-upon percentage increases for each customer class that moderate potential rate increases," and utilizes "allocation methodologies and rate design principles employed by the Commission in PNM's most recent rate case (Case No. 22-00270-UT)."[208] These points are correct and undisputed.

The banding proposed by the stipulation is consistent with PNM's past practice and is reasonable. It also facilitates gradualism. It is therefore beneficial and in the public interest.

4.2.2.2. *Subsidization*

Not all of PNM's rate classes are paying their full cost of service. In particular, the residential class has been subsidized for quite some time.[209] NMDOJ witness Gegax provided this useful chart showing the subsidies flowing to the residential class over the last several rate cases.[210]

[206] *Id.*

[207] PNM Ex. 2, at 16.

[208] *Id.*

[209] See Tr. Vol. 2, at 78-83. For a thorough discussion of the history of the residential class subsidy, the reader is directed to Dr. Gegax's discussion with the hearing examiners about the subject on day two of hearing, which can be reviewed at pages 78 to 83 of the transcript of that day of hearing.

[210] NMDOJ Ex. 2, at 16.

Table 3: Residential 1A/1B Revenues, Subsidies and Percent Increases							
	Full Cost of Service Revenues	Banded Cost of Service Revenues	Subsidy	Subsidy Percent of Banded Revenues	Residential Increase	Overall Increase	Residential Increase divided by Overall Increase
24-00089-UT Stipulation Base Revenues *	$ 481,814,049	$ 440,977,278	$ 40,836,771	9.26%	19.85%	13.80%	143.8%
22-00270-UT Final Order Base Revenues	$ 410,355,658	$ 361,969,558	$ 48,386,100	13.37%	3.70%	2.11%	175.4%
15-00261-UT Final Order Base Revenues	$ 359,902,073	$ 333,820,662	$ 26,081,411	7.81%	12.40%	9.54%	130.0%
* Stipulation Base Revenues Include ESA Costs							

PNM asserts that the stipulation makes progress on the subsidization issue.[211] To accomplish this, the most-subsidized classes are receiving rate increases. Residential 1A/1B, Water & Sewage Pumping 11B, and Streetlighting 20, are receiving the highest rate increase.[212] General Power 3B and Irrigation 10A/B are receiving a cost-based increase.[213] Water & Sewage Pumping 11B will receive increases that bring them near to their full cost-of-service.[214] Conversely, the classes who have generally subsidized other classes are, under the stipulation, receiving the smallest rate increases. Those classes are the commercial and industrial classes.[215]

[211] *See* PNM Ex. 5, at 6 (stating that "an important principle in the rate design objectives … was to mitigate the increase for residential customers while continuing progress towards rate parity and, in particular, cost based rates for certain commercial and industrial customer classes").

[212] PNM Ex. 5, at 11.

[213] *See id.* at 12 ("These three rate schedules were allocated the percentage increase that their full cost of service indicates, which results in these rate schedules being at parity.").

[214] *See id.* at 19 (noting that, "for Water & Sewage Pumping 11B, that rate increase brings them almost to their full cost-of-service").

[215] *See id.* at 11-12.

Intervenors are also satisfied with the movement in this case on subsidies. The NMDOJ notes that the Residential 1A/B 9.26% subsidization level in the stipulation is "on par" with the 10.59% average subsidy from PNM's previous two rate cases.[216] The residential subsidy in the stipulation is also below the 13.37% subsidy from 22-00270-UT.[217]

The stipulated resolution of the subsidy issue is a desirable and beneficial outcome that satisfies present exigencies. How PNM moves towards the elimination of class subsidies while maintaining affordability is not a question that need (or can) be resolved definitively here. PNM and the intervenors accept the compromise conclusions reached. The Commission should accept them too.

4.2.2.3. *Phase-In of Rates*

The stipulation extends the phase-in period for the new rates. In the as-filed application, PNM proposed that the new rates to collect the as-filed rate deficiency take effect on July 1, 2025, and then January 1, 2026, a six-month interval.[218] The stipulation extends this interval to nine-months.[219] The first phase-in will occur on July 1, 2025, and the second on April 1, 2026.[220] PNM agreed to supply compliance advice notices ten business days prior to the phase-ins.[221]

[216] NMDOJ Ex. 2, at 16.

[217] *See id.*

[218] Application, at 2.

[219] PNM Ex. 1, at 9. *See also* PNM Ex. 2, at 3 ("The Stipulation retains and improves upon PNM's proposed six-month phase-in of the rate increase reflected in its Application by providing for a nine-month phase in of rates.").

[220] PNM Ex. 1, at 9.

[221] PNM Ex. 5, at 3-4.

The benefits flowing from the enlargement of the phase-in period are obvious and capably explained by Staff.[222] Staff explains that the rates fixed in Case No. 22-00270-UT "just went into effect on January 15, 2024," and Staff believes that it is important to "mitigate" the layering or pancaking of rate increases on ratepayers.[223] Staff supported a twelve-month phase-in period, rather than the six-month period originally proposed. The nine-month period reached in the stipulation was a sufficient "compromise."[224]

The NMDOJ witnesses also supports the enlarged phase-in period for the reasons just noted.[225]

4.2.2.4. *Continuity & Stability*

The stipulation provides that "[t]he rate increase for each rate class will be spread pro rata across each rate class's base rate elements" with a few limited exceptions.[226] The pro rata increase for the residential rate elements provides for rate continuity and stability.[227] For example, the residential class "received a 19.85% overall base rate or base revenue increase," and the terms of the stipulation in turn ensure that all of the individual rate elements in the residential class also increase by 19.85%.[228]

[222] *See* Staff Ex. 5, at 4-8.

[223] *Id.* at 5.

[224] *Id.*

[225] *See* NMDOJ Ex. 1, at 29.

[226] PNM Ex. 1, at 10.

[227] NMDOJ Ex. 2, at 18.

[228] Tr. Vol. 2, at 96.

PNM witness Dr. Pitts made the same point in her stipulation testimony. She emphasizes that "the rate increase for each rate schedule was allocated on a pro rata basis, to the extent possible, among the base rate elements that apply to each rate schedule."[229]

These agreements promote continuity and stability. They are desirable.

4.2.2.5. *Customer Charge*

As to the customer or fixed charge, the stipulation proposes that the residential class receive an increase from $9.95 to $11.93.[230] This is a 19.85% increase. Under the as-filed application, the proposal was to increase the customer charge from $9.95 to $15.92.[231] The stipulation reduces the proposed increase to the customer charge by 25% from the as-filed application.

The NMDOJ explained that "PNM's initial proposal to increase the fixed monthly customer charge by 60% was . . . too high."[232] This is so because "[s]uch a large increase limits the control residential customers have over their bills (through adjusting usage) because revenues paid via the customer charge are not usage sensitive."[233] The stipulation satisfactorily addresses this concern and lowers the customer charge increase.

It is important to point out, however, that PNM's Residential 1A customer charge does not recover the full amount of fixed, customer-related costs. A portion of these costs are allocated to the block energy charges. This means that net-metered customers do not pay their fair share of

[229] PNM Ex. 5, at 16.

[230] PNM Ex. 1, at Stipulation Exhibit 3, at 1.

[231] Application, at Attachment A, at 6. *See also* NMDOJ Ex. 2, at 8.

[232] *Id.* at 6.

[233] *Id.*

fixed customer-related costs because these customers can reduce gross energy consumption with behind-the-meter solar.

It is also important to point out that PNM's block energy rates are inclining and the amount of subsidy recovered for these fixed customer-related costs increases in each block. This means that the burden of paying fixed, customer-related costs falls more heavily on customers with higher energy consumption regardless of whether they are low-income or non-low-income customers. This also means that net-metered customers (as a group) pay less fixed costs than other customers given net-metered customers' low usage.

4.3. Public Interest – Fair, Just, and Reasonable

The applicable law—discussed in detail over the previous pages of writing—requires the Commission to determine that the rates proposed in the stipulation are fair, just, reasonable, and in the public interest. The preceding writing shows that the stipulation complies with applicable law. This necessarily means that the stipulation is in the public interest and a good outcome.

5. FINDINGS OF FACT AND CONCLUSIONS OF LAW

~~The hearing examiners respectfully recommend that the Commission find and conclude as follows:~~

1. PNM is a public utility as defined by Section 62-3-3(G) and is subject to the jurisdiction of the Commission under the PUA.

2. The Commission has jurisdiction over the parties participating in this case and over the subject matter of this case.

3. Reasonable, proper, and legally adequate notice of this case was provided.

4. As a public utility, PNM is required to furnish adequate, efficient, and reasonable service at just and reasonable rates.

5. The rates proposed in the stipulation are fair, just, and reasonable.

6. The stipulation is supported by a preponderance of the evidence in the record.

7. The stipulation is a product of serious bargaining among capable and knowledgeable parties; is in the interest of ratepayers and the public; does not violate any important regulatory principle or practice; and, therefore achieves a fair, just, and reasonable settlement of the case.

8. The stipulation should be adopted and approved.

9. The stipulating parties' request to phase in the stipulated rate increases through compliance advice notice filings by PNM, subject to review by Staff, is granted. Fifty percent of the base-rate increase will be effective July 1, 2025, and 100% effective April 1, 2026.

10. Any new rates will be effective only after Commission Staff verifies that they comply with the recommendations and directives set out in this certification of stipulation and any final order issued by the Commission.

6. DECRETAL PARAGRAPHS

~~The hearing examiners respectfully recommend that the Commission order as follows:~~

A. The hearing examiners' certification of stipulation and all rulings, determinations, and findings and conclusions contained in it—regardless of whether separately stated, numbered, or designated—are incorporated as the Commission's findings of fact and conclusions of law.

B. The findings, conclusions, decisions, rulings, and determinations in this certification of stipulation ~~will~~ shall be carried out.

~~C. PNM's rates as filed under Advice Notice No. 625 in the as-filed application are disapproved.~~

~~D. The rates proposed in the stipulation are approved.~~

~~E. PNM shall file advice notices consistent with the agreements set out in the stipulation.~~

~~F. The new rates will become effective following their approval as to form and content by Staff.~~

G. PNM ~~will~~ shall comply with all requirements placed on it in this case including matters involving future cases before the Commission.

H. Any conclusion or recommendation not specifically stated here but that is necessary to make this writing coherent and complete is adopted by the Commission as if it were stated.

I. Consistent with 17.1.2.37(D) NMAC, the Commission has taken administrative notice of all Commission orders, rules, decisions, and other relevant materials in all Commission proceedings cited in this certification.

J. Any matter not specifically ruled on during the hearing or in this certification is resolved consistent with this certification.

ISSUED under the seal of the Commission at Santa Fe, New Mexico, this **8th** day of **April, 2025**.

NEW MEXICO PUBLIC REGULATION COMMISSION

Christopher P. Ryan
Hearing Examiner
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John F. Kreienkamp
Hearing Examiner
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Attachment 1 – Phase I Rate Increases (PNM Ex. 5, at Exhibit HMP-1)

Monthly Bill Comparison for Average Usage Customers - PNM Non-Lighting Rate Classes
PHASE I (EFFECTIVE JULY 1, 2025)

	Monthly Bill for Average Usage Customer (seasonally weighted)		% Change (seasonally weighted)
Rate Schedule	At Current Rates (January 2025)	At Proposed Rates	
1A - Residential	$ 86.52	$ 93.96	8.6%
1B - Residential TOU	$ 261	$ 281	7.9%
1B - Residential TOD pilot	$ 245	$ 267	9.0%
2A - Small Power	$ 240	$ 249	3.9%
2B - Small Power TOU	$ 244	$ 253	3.9%
2B - Small Power TOD pilot	$ 239	$ 248	3.9%
3B - General Power, Secondary	$ 3,103	$ 3,238	4.4%
3B - General Power, Secondary TOD pilot	$ 3,010	$ 3,114	3.5%
3B - General Power, Primary	$ 10,623	$ 11,007	3.6%
3B - General Power, Primary TOD pilot	$ 10,304	$ 10,595	2.8%
3C - General Power LLF, Secondary	$ 1,995	$ 2,064	3.5%
3C - General Power LLF, Secondary TOD	$ 2,206	$ 2,313	4.9%
3C - General Power LLF, Primary	$ 6,886	$ 7,073	2.7%
3C - General Power LLF, Primary TOD	$ 7,274	$ 7,549	3.8%
3D - General Power Gov't, Secondary	$ 3,989	$ 4,106	2.9%
3D - General Power Gov't, Secondary TOD	$ 3,876	$ 4,007	3.4%
3D - General Power Gov't, Primary	$ 8,492	$ 8,741	2.9%
3D - General Power Gov't, Primary TOD	$ 8,080	$ 8,454	4.6%
3E - General Power LLF Gov't, Secondary	$ 1,982	$ 2,051	3.5%
3E - General Power LLF Gov't, Sec. TOD	$ 2,219	$ 2,329	4.9%
3E - General Power LLF Gov't, Primary	$ 1,288	$ 1,344	4.4%
3E - General Power LLF Gov't, Prim TOD	$ 1,902	$ 2,049	7.8%
3F - Non-residential charging station	$ 12,082	$ 12,406	2.7%
4B - Large Power TOU, Secondary	$ 33,971	$ 34,838	2.6%
4B - Large Power TOD pilot, Secondary	$ 33,893	$ 34,762	2.6%
4B - Large Power TOU, Primary	$ 36,257	$ 37,179	2.5%
4B - Large Power TOD pilot, Primary	$ 36,198	$ 37,119	2.5%
5B - Large Service (8,000kW)	$ 260,763	$ 266,740	2.3%
5B - Large Service (8,000kW) TOD pilot	$ 261,841	$ 265,072	1.2%
10A - Irrigation	$ 74	$ 93	26.0%
10B - Irrigation TOU	$ 669	$ 719	7.6%
10B - Irrigation TOD pilot	$ 685	$ 720	5.1%
11B - Wtr/Swg Pumping	$ 4,304	$ 4,591	6.7%
11B - Wtr/Swg Pumping TOD pilot	$ 4,631	$ 4,967	7.2%
15B - Universities	$ 343,095	$ 350,394	2.1%
15B - Universities TOD pilot	$ 336,752	$ 343,974	2.1%
30B - Manufacturing (30 MW)	$ 3,335,660	$ 3,399,193	1.9%
30B - Manufacturing (30 MW) TOD pilot	$ 3,335,674	$ 3,399,031	1.9%
33B - Station Power	$ 19,084	$ 19,428	1.8%
33B - Station Power TOD pilot	$ 19,250	$ 19,714	2.4%
35B - Large Power Service (3MW)	$ 288,724	$ 294,264	1.9%
35B - Large Power Service (3MW) TOD pilot	$ 288,523	$ 294,025	1.9%
36B - Special Service - Renw. Energy Res.	$ 3,823,580	$ 3,914,016	2.4%

Attachment 2 – Phase II Rate Increases (PNM Ex. 5, at Exhibit HMP-2)

Monthly Bill Comparison for Average Usage Customers - PNM Non-Lighting Rate Classes
PHASE II (EFFECTIVE APRIL 1, 2026)

	Monthly Bill for Average Usage Customer (seasonally weighted)		% Change (seasonally weighted)
Rate Schedule	At Current Rates (January 2025)	At Proposed Rates	
1A - Residential	$ 86.52	$ 96.61	11.7%
1B - Residential TOU	$ 261	$ 291	11.7%
1B - Residential TOD pilot	$ 245	$ 278	13.6%
2A - Small Power	$ 240	$ 246	2.5%
2B - Small Power TOU	$ 244	$ 250	2.6%
2B - Small Power TOD pilot	$ 239	$ 244	2.5%
3B - General Power, Secondary	$ 3,103	$ 3,202	3.2%
3B - General Power, Secondary TOD pilot	$ 3,010	$ 3,047	1.2%
3B - General Power, Primary	$ 10,623	$ 10,815	1.8%
3B - General Power, Primary TOD pilot	$ 10,304	$ 10,311	0.1%
3C - General Power LLF, Secondary	$ 1,995	$ 2,031	1.8%
3C - General Power LLF, Secondary TOD	$ 2,206	$ 2,318	5.1%
3C - General Power LLF, Primary	$ 6,886	$ 6,910	0.3%
3C - General Power LLF, Primary TOD	$ 7,274	$ 7,475	2.8%
3D - General Power Gov't, Secondary	$ 3,989	$ 4,008	0.5%
3D - General Power Gov't, Secondary TOD	$ 3,876	$ 3,922	1.2%
3D - General Power Gov't, Primary	$ 8,492	$ 8,675	2.2%
3D - General Power Gov't, Primary TOD	$ 8,080	$ 8,515	5.4%
3E - General Power LLF Gov't, Secondary	$ 1,982	$ 2,019	1.9%
3E - General Power LLF Gov't, Sec. TOD	$ 2,219	$ 2,336	5.3%
3E - General Power LLF Gov't, Primary	$ 1,288	$ 1,362	5.8%
3E - General Power LLF Gov't, Prim TOD	$ 1,902	$ 2,159	13.5%
3F - Non-residential charging station	$ 12,082	$ 12,165	0.7%
4B - Large Power TOU, Secondary	$ 33,971	$ 33,686	-0.8%
4B - Large Power TOD pilot, Secondary	$ 33,893	$ 33,601	-0.9%
4B - Large Power TOU, Primary	$ 36,257	$ 35,960	-0.8%
4B - Large Power TOD pilot, Primary	$ 36,198	$ 35,896	-0.8%
5B - Large Service (8,000kW)	$ 260,763	$ 258,613	-0.8%
5B - Large Service (8,000kW) TOD pilot	$ 261,841	$ 255,609	-2.4%
10A - Irrigation	$ 74	$ 94	27.6%
10B - Irrigation TOU	$ 669	$ 722	7.9%
10B - Irrigation TOD pilot	$ 685	$ 707	3.2%
11B - Wtr/Swg Pumping	$ 4,304	$ 4,493	4.4%
11B - Wtr/Swg Pumping TOD pilot	$ 4,631	$ 4,917	6.2%
15B - Universities	$ 343,095	$ 336,543	-1.9%
15B - Universities TOD pilot	$ 336,752	$ 330,045	-2.0%
30B - Manufacturing (30 MW)	$ 3,335,660	$ 3,221,792	-3.4%
30B - Manufacturing (30 MW) TOD pilot	$ 3,335,674	$ 3,221,453	-3.4%
33B - Station Power	$ 19,084	$ 18,397	-3.6%
33B - Station Power TOD pilot	$ 19,250	$ 18,779	-2.5%
35B - Large Power Service (3MW)	$ 288,724	$ 278,819	-3.4%
35B - Large Power Service (3MW) TOD pilot	$ 288,523	$ 278,542	-3.5%
36B - Special Service - Renw. Energy Res.	$ 3,823,580	$ 3,634,940	-4.9%

BEEFORE 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 certify that on the date here indicated, I sent via email a true and correct copy of **Certification of Stipulation** to the parties listed below.

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DATED: April 8, 2025.

NEW MEXICO PUBLIC REGULATION COMMISSION

Ana Kippenbrock

Ana C. Kippenbrock, Law Clerk

EXHIBIT B

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.**	)	

UNOPPOSED COMPREHENSIVE STIPULATION

The signatories to this Unopposed Comprehensive Stipulation ("Stipulation") dated November 26, 2024 consist of the following parties (collectively, the "Signatories"):

- Utility Division Staff of the New Mexico Public Regulation Commission ("Staff")
- New Mexico Department of Justice ("NMDOJ")
- Public Service Company of New Mexico ("PNM")
- Albuquerque Bernalillo County Water Utility Authority ("ABCWUA")
- City of Albuquerque ("City")
- Coalition for Clean Affordable Energy ("CCAE")
- Coalition for Community Solar Access ("CCSA")
- County of Bernalillo ("County")
- New Energy Economy ("NEE")
- New Mexico Affordable Reliable Energy Alliance ("NM AREA")
- The Kroger Co. ("Kroger")
- Walmart Inc. ("Walmart")
- Western Resource Advocates ("WRA")

The Stipulation represents the comprehensive settlement of this case agreed to by the Signatories, which is encompassed in this Stipulation and attached exhibits. The Stipulation consists of consecutively numbered paragraphs organized in the following sections, which incorporate relevant summary case information and the substantive terms and conditions agreed to by the Signatories.

The following parties[1] do not oppose this Stipulation: Onward Energy Holdings, LLC and Renewable Energy Industries Association of New Mexico.

With regard to entities that proposed to intervene on an opposed basis and for whom intervention has not been granted, when queried: EcoMaxSolar LLC takes no position and New Mexico Independent Power Producers did not respond.

The Signatories submit this Stipulation to the New Mexico Public Regulation Commission ("NMPRC" or "Commission") as representing a just and reasonable disposition of the issues related to this case. The Stipulation balances the interests of customers and PNM in a manner that results in fair, just and reasonable rates for customers and therefore is in the public interest.

The Signatories request that the Commission issue a Final Order in this case that approves this Stipulation together with the Illustrative Cost-of-Service Study and stipulated new rates that are attached hereto, with all necessary findings, conclusions and ordering paragraphs that resolve in full all issues in this proceeding in accordance with the provisions of the Stipulation.

I. Summary of PNM's Requested Rate Increase and Proposed Rates

1. On June 14, 2024, PNM filed its Application requesting Commission approval for revisions to PNM's retail rates under Advice Notice No. 625. PNM's rate request is based on a Future Test Year Period ("Test Period") beginning July 1, 2025. Excluding the costs currently recovered through PNM's Fuel and Purchased Power Cost Adjustment Clause ("Fuel Clause"), PNM projects an annual revenue requirement of $851.3 million for the Test Period. PNM's stated revenue deficiency is $174.3 million.

[1] Collectively the term "Parties" refers to Staff and the following persons that moved to intervene as parties in this case and whose intervention was granted by rule or order at the time of settlement meetings are: NMDOJ, County, ABCWUA, City, CCAE, CCSA, NM AREA, WRA, Onward, NEE, Kroger, REIA, and Walmart. The term does not include persons whose intervention was not granted as of the date of this Stipulation. EcoMaxSolar LLC's motion for intervention was opposed by PNM; PNM also opposed the proposed motion to intervene of New Mexico Independent Power Producers.

2. In its Application and supporting testimonies, PNM states that a significant rate increase is necessary to help cover:

- replacement of aging equipment and facilities;
- maintenance, upgrades, improvements, and expansion of the utility system needed to accommodate increasing generation resources and changing customer needs;
- the operational cost increases associated with managing system risks, including increased wildfire mitigation and vegetation management efforts, and protective measures against cyber and physical threats; and
- Inflationary pressures on the ongoing costs of providing electricity service.

In support of its Application and the stated basis for the proposed rate increase, PNM filed direct and supplemental testimonies and exhibits, together with the data schedules, information and fully executable models and spreadsheets required by Rules 17.3.1.1 and 17.9.530 NMAC. The witnesses that provided supporting testimonies and exhibits are: Henry Monroy, Vice President of Regulatory Affairs; Kyle Sanders, Executive Director of Financial Planning, Budget and Cost of Services; Stella Chan, Director of Pricing; Sheila Mendez, Vice President and Chief Information Officer; Omni Warner, Vice President of Operations and Engineering; Jeremy Heslop, Manager Generation Engineering; Kathleen Larese, Vice President Customer Operations; Sabrina Greinel, Vice President and Treasurer; Abraham Casas, Senior Pricing Analyst; Dr. Heidi Pitts, Lead Pricing Analyst; Angela Pino, Director of Total Rewards; Larry Morris, Director of Tax; Adrien McKenzie, President of FINCAP, Inc.; Joseph Miller, President and CEO for Pegasus-Global Holdings, Inc.; Dr. Stuart McMenamin, Director of Forecasting for Itron, Inc.; and Dan Watson, Managing Partner of the Alliance Consulting Group.

3. PNM proposed to recover the $174.3 million revenue deficiency through an increase of $92.2 million in non-fuel base rates and an increase of $82.1 million in its Fuel and Purchased Power Cost Adjustment Clause ("Fuel Clause"). PNM also proposed to remove existing Energy Storage Agreement ("ESA") charges from base rates and to recover those ESA costs through the Fuel Clause, using its production cost allocator to spread ESA costs among the customer classes. PNM's Application used its currently approved allocation methodology authorized by the Commission in PNM's last rate proceeding, Case No. 22-00270-UT.

4. In its Application, PNM proposed to "band" the rate increase so that residential and certain other rate classes would not receive a full cost-based increase under cost-causation principles, while other rate classes would receive cost-based or above cost-based rate increases. Based on the banding adjustments to PNM's proposed allocation of costs, the proposed total rate increase for residential customers would be approximately 32.47%. PNM's rate proposal was intended to make commercial and industrial rates more competitive while mitigating the increase for residential customers. If the as-filed revenue requirement were to be approved, PNM also proposed phasing in the rate increase with a 50% increase beginning July 1, 2025 and the full rate increase beginning January 1, 2026.

5. Using the as-filed annual revenue requirement and proposed recovery of ESA costs through the Fuel Clause and the as-filed banding adjustments, PNM estimated a residential customer with an average usage of 600 kWh per month would experience an increase of $11.12 per month beginning July 1, 2025 and an additional $12.48 on January 1, 2026, for a total monthly bill impact of $23.60. PNM acknowledged that the actual average bill increase would vary among customers and rate classes, with the intent that certain non-residential customer classes that historically have subsidized rates for other classes would receive cost-based rate increases.

II. Settlement Negotiations and Participation of Parties

6. Pursuant to the Hearing Examiners' Procedural Order issued July 11, 2024 ("Order"), the Parties were directed to participate in a settlement conference on or before November 1, 2024. PNM and the Parties collectively met and conferred on potential settlement on October 30, November 1, November 12 and 13, 2024, and additional meetings were also held between and among parties.

7. The Parties that participated in these settlement meetings are knowledgeable and sophisticated parties and are well-informed on the issues raised by PNM's Application and supporting testimonies, exhibits and schedules. The Parties represent a diverse group of stakeholders with diverse and often divergent or competing positions on the ratemaking issues at hand. The Parties actively participated in settlement negotiations between and among themselves and PNM, with considerable give and take on issues of interest and importance to each party. Each Party had the opportunity to engage in a thoughtful and thorough assessment of potential outcomes that could result either through settlement or litigation.

8. The Signatories agree to resolve all issues among them related to PNM's Application, as provided in the specific terms and conditions of settlement set forth in Sections III-X.

III. Agreed-Upon Base Rate Increase and Illustrative Cost-of-Service Study

9. The Signatories agree that PNM should be authorized to implement a rate increase of $105 million for its retail base rates which includes recovery of ESA costs in base rates and not through PNM's Fuel Clause. The Signatories agree to the following stated annual revenue requirement components and related settlement components which are set forth in Stipulation Exhibit 1 -- PNM's Illustrative Cost-of-Service Study:

a. Stipulated overall revenue requirement increase of $105 million for the Test Period;
b. All ESA charges shall be recovered through base rates;
c. PNM shall include the following agreed-upon stated cost of service components in its Illustrative Cost-of-Service Study:
    i. Return on Equity of 9.45%;
    ii. Capital structure of 51% equity, 0.25% preferred stock, and 48.75% long-term debt;
    iii. Maintain currently approved depreciation rates for Four Corners Power Plant as established in Case Nos. 22-00270-UT and 15-00261-UT;
    iv. Modification of PNM's current amortization period through December 31, 2028 on the unprotected Excess Deferred Federal Income Taxes ("EDFIT") regulatory liability to reflect amortization of remaining unprotected EDFIT through December 31, 2027.
d. Requested rate case expenses shall be recovered with a debt only carrying charge.
e. PNM will expand fee-free in person payments at Western Union locations as proposed in its Application and recover those costs in base rates;
f. PNM will establish a regulatory asset or regulatory liability for the difference in actual ESA costs compared to the forecasted $82.1 million included in base rates in the Test Period and thereafter until new rates are effective from PNM's next general rate case filing. The regulatory asset or regulatory liability is subject to the following conditions:
    i. any recorded regulatory asset or regulatory liability will be subject to Commission approval in PNM's next rate case;
    ii. carrying charges for the regulatory asset or regulatory liability will be the cost of debt; and
    iii. the Parties' agreement on establishment of an ESA regulatory asset or regulatory liability is limited to the period of time between this rate case and PNM's next filed rate case.
g. PNM will establish a regulatory liability associated with investment tax credits for the Sandia Battery Energy Storage System ("BESS") as proposed in its Application; and
h. PNM will establish a regulatory liability equal to the return on legacy meters currently included in rates, as the legacy meters are retired during PNM's deployment of its grid modernization plan approved in Case No. 22-00058-UT.

10. In adjusting the as-filed Cost-of-Service Study, PNM agrees to reduce the as-filed requested Group Incentive Plan expense by $2,164,822 or 40~~60~~%, consistent with the Commission recent treatment of that expense in Case No. 22-00270-UT. PNM further agrees to withdraw its as-filed requested Annual Incentive Plan expense and reduce that cost of service line item by $4,074,331 to zero dollars.

11. PNM shall make generic reductions to operating expenses included in the requested as filed Cost of Service Study, that together with the stipulated cost of service adjustments listed above will result in an annual revenue requirement increase of $105 million for the Illustrative Cost-of-Service Study. PNM's Illustrative Cost-of-Service Study shall include the generic reductions to operating expenses or other such appropriate adjustments necessary to ensure PNM's Illustrative Cost-of-Service Study achieves the stipulated annual revenue requirement increase of $105 million.

12. PNM states the stipulated rate increase is necessary and will help to cover the cost of replacing aging equipment and facilities and improve and expand the system necessary to accommodate increasing generation resources and changing customer needs; the operational cost increases of managing system risks by increasing wildfire mitigation and vegetation management efforts; protecting against cyber and physical threats; and responding to inflationary impacts that increase the cost of electricity service like other goods and services.

IV. Other Stipulated Terms

13. PNM will make a one-time shareholder contribution of $1.5 million to the Good Neighbor Fund.

14. PNM agrees to work with Signatories to identify and explore options for monetizing investment tax credits to provide refunds to customers ahead of what is currently planned.

15. PNM agrees to maintain its Key Account Management Program consistent with the funding level included in PNM's as-filed Cost-of-Service Study.

16. Within its next rate case class cost of service study filing, PNM shall develop a cost of service for company-owned streetlights in Rate Schedule 20 separate from the cost of service

help develop this separation between costs of service for Rate Schedule 20. PNM reserves the right to choose its preferred methods for separating the two categories of streetlights but regardless of the outcome of the discussions with the City, PNM shall provide the information developed with the City in PNM's next rate case.

17. If changes to reform the federal corporate income tax laws are enacted and become effective on or before December 31, 2025 and are applicable to PNM, PNM shall make an adjustment to the Illustrative Cost-of-Service Study for the Phase II rate increase and PNM shall account for the applicable changes to the calculation of PNM's federal corporate income taxes as follows:

a. the federal income tax rate (the current rate is 21%);
b. existing permanent book/tax differences that are included in the Cost-of-Service calculation;
c. new permanent book/tax differences that would appropriately be included in the Cost-of-Service calculation (such as interest expense deductibility or state and local tax deductibility);
d. annual amortization of any deficient or excess deferred federal income taxes resulting from a statutory increase or reduction in the federal income tax rate. Such amortization would be calculated in a manner that is in accordance with any IRS normalization requirements applicable to excess deferred federal income taxes; and
e. The adjustment to account for any changes to the calculation of federal corporate income taxes shall be incorporated into the Phase II compliance Advice Notice filing described in Paragraph 22 of this Stipulation and shall not delay the stipulated Phase II change of rates effective with service rendered beginning April 1, 2026.

18. PNM commits that it will dedicate resources and investments and work collaboratively towards continuous improvement in power quality, including the "momentary average interruption frequency index" (MAIFI), as that term is defined in Section 17.9.589.7.M(3) NMAC of the Reliability Metrics Reporting Rule and in IEEE-1366- 2022, for customers whose electric service and operations are negatively impacted by such momentary interruptions.

19. Within forty-five days of issuance of a final order approving this Stipulation, PNM agrees that it will dismiss its appeal of the capital structure determination in Case No. 22-00270-UT docketed in New Mexico Supreme Court Docket S-1-SC-40332.

20. PNM agrees that it will make informational filings on any new amendments to the Four Corners Power Plant ("Four Corners") coal supply, co-tenancy and operating agreements. PNM intends to exit from the operation of the Four Corners generating units as of the termination of the current coal supply agreement and agrees PNM will obtain prior approval from the Commission to enter into any amendments that would extend PNM's participation in the operation of the Four Corners Power Plant's generating units beyond the current mid-2031 termination date of the coal supply agreement.

21. PNM, WRA, CCAE and other interested Signatories will file a motion to request wildfire mitigation workshops to be scheduled in Case No. 22-00154-UT. No Signatory is opposed to this provision.

V. Agreed-Upon Phase-In of Rate Increase

22. The Signatories agree that if the Stipulation is approved, the stipulated rate increase shall be phased in through compliance advice notice filings by PNM, subject to review by Staff, as follows: 50% of base rate increase effective July 1, 2025, 100% of base rate increase effective April 1, 2026.

VI. Agreed-Upon Rate Design

23. As a compromise of the various issues associated with rate design in this case, the Signatories agree that the allocation methodology proposed in PNM's Application shall be used for purposes of calculating the stipulated rates and shall include recovery of ESA costs in base rates instead of the Fuel Clause. PNM's as-filed rates were intended to make commercial and

industrial rates more competitive while mitigating the increase for residential customers; the overall intent of the stipulated rates is to further reduce the rate impact to consumers while also limiting rate increases for other customer classes. The Signatories further agree that in order to equitably distribute the revenue requirement increase across all customer classes, and subject to PNM collecting the stipulated revenue requirement of $105 million, the stipulated rate schedule impacts shall be as follows:

a. 19.85% or no more than 20% for Rate Schedules 1A - Residential, 1B - Residential TOU, 11B – Water and Sewage Pumping TOU, and 20 – Integrated System Streetlighting;

b. 6.95% or no more than 7% for Rate Schedules 2A – Small Power, 2B – Small Power TOU, 3C General Power (Low Load Factor) TOU, 3D – Pilot Municipal/Counties General Power TOU, 3E - Pilot Municipal/Counties General Power (Low Load Factor) TOU, 3F -Non-Residential Charging, 4B – Large Power TOU, 5B Large Service, 6 Private Area Lighting, 15B – Large Service Universities, 30B Large Service Manufacturing, 33B – Large Service Station Power TOU, 35B Large Power TOU, and 36B Special Service Renewable Energy Resources;

c. 9.75% for Rate Schedule 3B – General Power TOU;

d. 15.4 % for Rate Schedules 10A and 10B – Irrigation and Irrigation TOU; and

e. the as-filed Rate Schedule 16 Special Charges rate adjustments, such as for meter tampering and pole reconnections, will be implemented in Phase I.

24. The rate increase for each rate class will be spread pro rata across each rate class's base rate elements, with the exception of the following: the Contribution to Production rate element

for Rate 36B will remain at $ 0.00 per kW; the Customer Charge for Rate Schedule 11B will be cost-based; and the components for Rate Schedule 3B will be aligned with the Rate Schedule 3B unbundled cost of service submitted by PNM in its Application filing package. The pro rata spread is subject to minor differences that may result from the determination of the pro rata amount using the Rate Design Model, filed as PNM Exhibit HMP-2 and attached to the Direct Testimony of PNM witness Heidi M. Pitts.

25. The revenue requirement increases and percentage increases by customer class for Phase I and Phase II rates are attached in Stipulation Exhibit 2. Stipulation Exhibit 3 provides a table summarizing the stipulated rate schedules by customer class. Stipulation Exhibit 4 provides the calculated Sample Community Solar Bill Credits that would result from the stipulated rates, subject to the determinations of the Commission in Case No. 23-00071-UT. PNM shall provide a Proof of Revenues for the stipulated rates as part of its testimony in support of this Stipulation.

26. Using the stipulated annual revenue requirement and percentage increase by customer class and using similar bill comparison assumptions as shown the as-filed bill impact estimate provided in Paragraph 5 and as adjusted for ESA base rate recovery, PNM estimates a residential customer with an average usage of 600 kWh per month will see an increase of $2.79 per month beginning July 1, 2025 and an additional $7.00 as of April 1, 2026, for a total bill impact of $9.79 per month.

27. **For informational purposes only** and without impacting the stipulated rate percentage increases or how rates were calculated using the COST™ Model or Rate Design Model, PNM will include in its Testimony in Support of Stipulation an exhibit showing the results of an illustrative COST™ Model that reflects the following assumptions: an Energy4 Allocator with a

non-renewable percentage of 79.7% applied to all rate schedules; and the re-functionalization of transmission ESA costs to production.

28. The Signatories agree that PNM's existing Pricing Advisory Committee will continue to work collaboratively on functionalization, classification, and allocation methodologies and rate design approaches that will result in a modern rate design that supports the energy transition and provides customers with pricing signals and pricing options that encourage customers to use electricity efficiently. The Signatories are not bound to support specific rate design principles, cost allocation methodologies or rate banding mechanisms in future rate cases.

VII. Admission of Pre-filed Testimony into Record

29. The Signatories agree to the admission into the case record for background information of PNM's pre-filed direct and supplemental testimonies and exhibits, including PNM's Schedules required under Rules 17.1.3 and 17.9.530 NMAC and together with all errata, corrections and updates; and agree to the admission of all Signatories' testimonies and exhibits filed in support of this Stipulation.

VIII. Basis and Scope of Stipulation

30. This Stipulation is the result of good faith, arms-length negotiation, compromise, settlement and accommodation among the Signatories with respect to the issues presented in this case. The Signatories agree that the stipulated resolution of this case provides benefits to both PNM and its customers, balances the interests of customers and shareholders, and results in just and reasonable rates. The Stipulation is in the public interest and should be accepted and approved by the Commission.

31. The Signatories agree that this Stipulation comprehensively resolves the issues in this case in a manner that is preferable to continued litigation. Because the Stipulation is

comprehensive and is the result of thoughtful give and take compromise of a range of issues, the terms and conditions of the Stipulation are interdependent and the various provisions of this Stipulation are not severable.

IX. Support for and Binding Nature of Stipulation

32. The Stipulation is in the public interest and should be accepted and approved by the Commission. The Signatories agree to affirmatively support this Stipulation through filed individual or joint testimonies and oral testimony at hearing, and to undertake necessary and reasonable efforts in good faith before the Commission to obtain approval of the Stipulation without modification.

33. The Signatories recognize that a Signatory's support of the provisions of the Stipulation may differ from positions taken or testimony presented by that Signatory in other cases before the Commission or in other jurisdictions, and that the positions taken by a Signatory reflect the give and take of compromise and settlement necessary to resolve this case without continued litigation of all the issues raised by PNM's Application.

34. This Stipulation is binding on each of the Signatories only for the purposes of comprehensively settling the issues in this case and for no other purposes. Subject to compliance with a Commission order accepting and approving or enforcing the Stipulation, the positions taken in support of the Stipulation shall not be binding or precedential on a Signatory outside of this proceeding. To the extent that there is a difference, a Signatory does not waive its position in such other dockets. Because this is a settlement agreement, a Signatory is under no obligation to take the same position as set out in this Stipulation in other dockets not referenced herein, whether those dockets present the same or a different set of circumstances. The Signatories and non-contesting parties reserve all rights in other dockets in which they and PNM are parties, and nothing in this

Stipulation shall affect the rights or positions of any party in the appeal of Case No. 22-00270-UT in the New Mexico Supreme Court consolidated dockets S-1-SC-40307 and 40340 regarding the issues raised in those consolidated appeals or future proceedings relating to the Four Corners Power Plant.

35. The Signatories are not agreeing, unless otherwise expressly stated, to any specific allocation methodology or rate design principle or theory that may support or underlie any of the stipulated dollar amounts or balances, tariffs and rates, depreciation rates, or other values included in this Stipulation. No Signatory is under any obligation to take the same positions as set forth in this Stipulation in future PNM rate cases or other cases.

36. The Signatories acknowledge that in accordance with Rule 1.2.2.20(D) NMAC, that unless the Commission explicitly provides otherwise in the order approving this Stipulation, approval of a stipulation does not constitute Commission approval of or precedent regarding any principle or issue in the proceeding.

37. The Stipulation provisions shall not be operable until approved by the Commission, and upon approval shall be orders and directives of the Commission.

X. Compliance with Commission Requirements and Procedural Orders

38. The Signatories agree that if, for any reason, the Hearing Examiners or Commission determine that this Stipulation does not satisfy the Commission's requirements for a Stipulation, the Signatories will endeavor in good faith to remedy any deficiencies in order to satisfy those requirements.

39. If the Commission issues an order rejecting this Stipulation or modifying one or more terms of this Stipulation in a way that is unacceptable to one or more Signatory, then each

Signatory shall have the right to withdraw from this Stipulation and to advocate for any position it deems appropriate to resolve this case through the litigation process.

40. If the Stipulation is rejected and this matter is to be resolved through litigation, the Signatories agree to make good faith efforts to complete the hearing process as expeditiously as possible in order to allow new rates to go into effect by no later than July 14, 2025.

XI. Multiple Counterparts and Signatures

41. Each copy of this Stipulation, which may be executed by facsimile transmission or PDF signature, may not bear the signatures of all the Signatories but will be deemed fully executed if all copies together bear the signatures of all Signatories.

42. Fully and duly authorized representatives of the Signatories have signed this Stipulation effective as of the date first set forth above.

Respectfully submitted this 26th day of November 2024.

ABCWUA

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STIPULATION EXHIBIT 1

PNM's Illustrative Cost-of Service Study
Consisting of 99 pages

	A	B	C	D	E	F	G	H	I	J
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**									
2	**Test Period Ending June 30, 2026**				FERC		Test Period	Other Manual	Test Period (with Manual Adjustments)	PNM Base Rate
3					Account	Allocator	PNM	Adjustments	PNM	Jurisdiction
4	**Rate Base**									
5										
6	**Net Plant**									
7										
8	Net Production Plant									
9										
10		Steam Production Net Plant			101/106	Gen Dmd	240,974,322		240,974,322	240,974,322
11			Total Steam Production Net Plant				240,974,322	-	240,974,322	240,974,322
12										
13		Nuclear Production Net Plant - Palo Verde			101/106	Gen Dmd	347,311,437		347,311,437	347,311,437
14		Nuclear Production Net Plant - Acq Adj (Drexel)			114	Gen Dmd	-		-	-
15		Nuclear Production Net Plant - Acq Adj (First Chicago)			114	Gen Dmd	16,779,747		16,779,747	16,779,747
16			Total Nuclear Production Net Plant				364,091,185	-	364,091,185	364,091,185
17										
18		Other Production Plant - Gas & 40 MW Solar			101/106	Gen Dmd	377,586,968		377,586,968	377,586,968
19		Other Production Plant - Renewable			101/106	Renewables	158,530,056		158,530,056	-
20			Total Other Production Net Plant				536,117,025	-	536,117,025	377,586,968
21										
22		Total Net Production Plant					1,141,182,532	-	1,141,182,532	982,652,475
23										
24	Net Plant Battery Storage									
25										
26		Transmission Sited Batteries			101/106	Retail	20,184,418	-	20,184,418	20,184,418
27		Distribution Sited Batteries			101/106	Retail	26,727,983	-	26,727,983	26,727,983
28			Total Battery Storage Net Plant				46,912,401	-	46,912,401	46,912,401
29										
30	Net Transmission Plant									
31										
32		Step-Up Transformers & Generation Interconnections			101/106	Gen Dmd	4,119,928		4,119,928	4,119,928
33			Total Transmission Station Equipment - Step-up Xfmr and Aux				4,119,928	-	4,119,928	4,119,928
34										
35		Transmission System Net Plant - Allocated			101/106	Trans Dmd	1,250,054,434		1,250,054,434	556,621,001
36		Transmission System Net Plant - FERC Incremental Rates			101/106	FERC	337,397,141		337,397,141	-
37		Transmission System Net Plant - Dedicated Retail			101/106	Retail	6,005,891		6,005,891	6,005,891
38		Transmission System Net Plant - Acq Adj (EIP)			114	Trans Dmd	78,880		78,880	35,123
39			Total Transmission System Net Plant				1,593,536,346	-	1,593,536,346	562,662,016
40										
41		Total Net Transmission Plant					1,597,656,275	-	1,597,656,275	566,781,944

	A	B	C	D	E	F	G	H	I	J
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**									
2	**Test Period Ending June 30, 2026**				FERC		Test Period	Other Manual	Test Period (with Manual Adjustments)	PNM Base Rate
3					Account	Allocator	PNM	Adjustments	PNM	Jurisdiction
42										
43	Net Distribution Plant									
44										
45		Distribution Substations Net Plant - PNM			101/106	Retail	199,695,244		199,695,244	199,695,244
46		Distribution Substations Net Plant - Renewables			101/106	Renewables	-		-	-
47		Distribution Substations Net Plant - Grid Mod			101/106	Grid Mod	-		-	-
48			Total Distribution Substations Net Plant				199,695,244	-	199,695,244	199,695,244
49										
50		Primary Distribution System Net Plant - PNM			101/106	Retail	788,963,636		788,963,636	788,963,636
51		Primary Distribution System Net Plant - Renewables			101/106	Renewables	4,291,993		4,291,993	-
52		Primary Distribution System Net Plant - Grid Mod			101/106	Grid Mod	5,857,809		5,857,809	-
53			Total Primary Distribution Net Plant				799,113,439	-	799,113,439	788,963,636
54										
55		Secondary Distribution System Net Plant - PNM			101/106	Retail	340,199,544		340,199,544	340,199,544
56		Secondary Distribution System Net Plant - Renewables			101/106	Renewables	1,342,881		1,342,881	-
57		Secondary Distribution System Net Plant - Grid Mod			101/106	Grid Mod	3,044,182		3,044,182	-
58			Total Secondary Distribution Net Plant				344,586,608	-	344,586,608	340,199,544
59										
60		Services Net Plant - PNM			101/106	Retail	123,529,928		123,529,928	123,529,928
61										
62		Meters Net Plant - PNM			101/106	Retail	47,907,691		47,907,691	47,907,691
63		Meters Net Plant - Grid Mod			101/106	Grid Mod	10,201,823		10,201,823	-
64			Total Meters Net Plant				58,109,515	-	58,109,515	47,907,691
65										
66		Private Lighting - 371			101/106	Retail	1,163,014		1,163,014	1,163,014
67		Street Lighting - 373			101/106	Retail	13,591,316		13,591,316	13,591,316
68			Total Lighting Net Plant				14,754,330	-	14,754,330	14,754,330
69										
70		Total Net Plant Distribution Plant					1,539,789,063	-	1,539,789,063	1,515,050,373
71										
72	Net Plant General & Intangible Plant									
73										
74		General & Intangible Net Plant			101/106	Total W&S excluding Riders	126,756,218		126,756,218	115,531,045
75		Renewables General & Intangible Net Plant			101/106	Renewables	1,207,658		1,207,658	-
76		Grid Mod General & Intangible Net Plant			101/106	Grid Mod	14,492,490		14,492,490	-
77		Production Related (Shared Services)			101/106	Prod W&S	15,607,280		15,607,280	15,193,897
78		Transmission Related (Shared Services)			101/106	Trans W&S	12,616,327		12,616,327	5,617,766
79		Distribution/Customer Related (Shared Services)			101/106	Retail	80,471,663		80,471,663	80,471,663
80			Total Net Plant General & Intangible Plant - PNM				251,151,636	-	251,151,636	216,814,370
81										
82			Total Net Plant				4,576,691,907	-	4,576,691,907	3,328,211,564

	A	B	C	D	E	F	G	H	I	J
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**									
2	**Test Period Ending June 30, 2026**				FERC		Test Period	Other Manual	Test Period (with Manual Adjustments)	PNM Base Rate
3					Account	Allocator	PNM	Adjustments	PNM	Jurisdiction
83										
84	**Accumulated Deferred Income Taxes**									
85		Federal Tax Credit Carryforward			190	Retail	19,358,228		19,358,228	19,358,228
86		Federal Tax Credit Carryforward - Renewables			190	Renewables	-		-	-
87		Net Operating Loss (NOL)			190	Total Net Plt	2,764,230	23,067,887	25,832,117	19,641,002
88		Incentive Pay Plans			190	Total W&S	-		-	-
89		Regulatory Assets - Coal Mine Decommissioning			190	Retail	-		-	-
90		Regulatory Liabilities - Renewable Rider			190	Renewables	-		-	-
91		Income Tax Regulatory Liability			190	ADIT	57,803,713	(637,446)	57,166,267	45,358,999
92		Income Tax Regulatory Asset			283	ADIT	(66,168,495)		(66,168,495)	(52,501,884)
93		Lease Liability			190	Excluded	-		-	-
94		Deferred Credits - Coal Mine Decommissioning			190	Retail	-		-	-
95		Regulatory Assets - ETA Carrying Charges			283	Retail	(0)		(0)	(0)
96		Regulatory Assets - ETA Job Training & Severance			283	Retail	-		-	-
97		Regulatory Assets - ETA Payments to State Agencies			283	Retail	0		0	0
98		Regulatory Assets - ETA SJGS Plant Decommissioning			283	Retail	(667,624)		(667,624)	(667,624)
99		Regulatory Assets - ETA SJGS upfront Financing Cost			283	Retail	0		0	0
100		Regulatory Assets - ETA Westmoreland Coal Mine Sev			283	Retail	0		0	0
101		Deferred Credits - Joint Use			190	Retail	181,010		181,010	181,010
102		Deferred Credits - Pathnet			190	Retail	1,349,331		1,349,331	1,349,331
103		Deferred Credits - PVNGS Dry Casks			190	Retail	-		-	-
104		Other Deferred Credits			190	Retail	-		-	-
105		Other Liabilities - ETA Job Training and Severance			190	Retail	-		-	-
106		Other Liabilities - Navajo Workforce Training			190	Retail	-		-	-
107		Other Liabilities			190	Total W&S	-		-	-
108		Injury and Damages			283	Total W&S	1,460,657		1,460,657	1,324,629
109		Plant - AFUDC			283	Total Net Plt	(27,370,739)		(27,370,739)	(20,810,867)
110		Plant - Capitalized Interest			283	Total Net Plt	5,553,213		5,553,213	4,222,289
111		Decommissioning and Reclamation Trusts			283	Retail	-		-	-
112		ASC 740-10 (FIN 48) Reclassifications			283	Total Net Plt	-		-	-
113		PVNGS Licensing			283	Retail	41,710		41,710	41,710
114		Plant - 263A Adjustment			283	Total Net Plt	(23,641,797)		(23,641,797)	(17,975,631)
115		Deferred State Taxes			283	Total Net Plt	-		-	-
116		Plant - CIAC			283	Total Net Plt	12,261,392		12,261,392	9,322,737
117		Plant - Depreciation Nuclear Fuel			282	Gen Dmd	9,663,055		9,663,055	9,663,055
118		Plant - Removal Cost			282	Total Net Plt	(7,430,377)		(7,430,377)	(5,649,558)
119		Plant - Repairs			282	Total Net Plt	(67,897,722)		(67,897,722)	(51,624,857)
120		Plant - Section 174 Deduction			282	Total Net Plt	(890,656)		(890,656)	(677,195)
121		Plant - Asset Retirement Obligation			282	Retail	7,857,390		7,857,390	7,857,390
122		Plant - Pollution Control Property			282	Gen Dmd	(2,154,701)		(2,154,701)	(2,154,701)
123		Plant - Liberalized Depreciation: Production			282	Gen Dmd	(169,234,057)		(169,234,057)	(169,234,057)
124		Plant - Liberalized Depreciation: Transmission			282	Trans Dmd	(146,946,861)		(146,946,861)	(65,432,118)
125		Plant - Liberalized Depreciation: Distribution			282	Retail	(154,067,714)		(154,067,714)	(154,067,714)
126		Plant - Liberalized Depreciation: General and Intangible			282	Total W&S	(18,028,362)		(18,028,362)	(16,349,418)
127		Plant - Liberalized Depreciation: Renewables			282	Renewables	(48,205,503)		(48,205,503)	-

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3					Account	Allocator	PNM	Adjustments	PNM	Jurisdiction
128				Plant - Four Corners Imprudence	282	Gen Dmd	-		-	-
129				Regulatory Assets - SJGS Stranded Costs Units 2&3	282	Retail	(19,264,979)		(19,264,979)	(19,264,979)
130				Pension	283	Total W&S	(37,038,716)		(37,038,716)	(33,589,376)
131				Retiree Medical	283	Total W&S	-		-	-
132				Lease Asset	283	Excluded	-		-	-
133				Loss on Reacquired Debt	283	Total Net Plt	(1,035,735)		(1,035,735)	(787,503)
134				Other Comprehensive Income (OCI)	283	Excluded	-		-	-
135				Deferred Credits - SO2 Allowance	283	Retail	10,507		10,507	10,507
136				Deferred Debits - Rate Case Expense	283	Retail	(847,737)		(847,737)	(847,737)
137				Deferred Debits - Decoupling	283	Excluded	-		-	-
138				Deferred Debits - Grid Modernization	283	grid mod	-		-	-
139				Deferred Debits - RR Underground Rider	283	Retail	-		-	-
140				Prepaid Expenses	283	Total Net Plt	(1,650,270)		(1,650,270)	(1,254,754)
141				Regulatory Assets - COVID-19 Costs	283	Retail	(370,501)		(370,501)	(370,501)
142				Regulatory assets - FAC	283	Retail	-		-	-
143				Regulatory Assets - EIM Costs	283	Retail	(2,903,476)		(2,903,476)	(2,903,476)
144				Regulatory Assets - Energy Efficiency	283	Excluded	(0)		(0)	-
145				Regulatory Assets - ETA	283	Retail	-		-	-
146				Regulatory Assets - Sky Blue Under Recovery	283	Renewables	-		-	-
147				Regulatory Assets - Renewable Energy	283	Renewables	3,091,257		3,091,257	-
148				Regulatory Assets - Renewable Energy Credits	283	Renewables	(0)		(0)	-
149				Regulatory Assets - SJGS External Legal Fees	283	Retail	(115,954)		(115,954)	(115,954)
150				Regulatory Assets - SJGS Replacement Resources	283	Retail	(1,947,453)		(1,947,453)	(1,947,453)
151				Regulatory Assets - SJGS Undepreciated Investment	283	Retail	0		0	0
152				Regulatory Assets - SJGS Underground Coal Mine	283	Retail	(0)		(0)	(0)
153				Regulatory Assets - Solar Direct Regulatory Assets	283	Retail	-		-	-
154				Regulatory Assets - Transportation Electrification	283	Retail	-		-	-
155				Regulatory Assets - WCC Transaction Costs	283	Retail	-		-	-
156				Regulatory Liabilities - Energy Efficiency	283	Excluded	-		-	-
157				Regulatory Liabilities - FAC	283	Retail	-		-	-
158				Regulatory Assets - PCB Refinancing Hedge	283	Total Net Plt	(1,821,230)		(1,821,230)	(1,384,741)
159				Prepaid Expenses: Production	283	Gen Dmd	(393)		(393)	(393)
160				Prepaid Expenses: Transmission	283	Trans Plt	(5,683)		(5,683)	(2,016)
161				Prepaid Expenses: Transmission (incremental FERC Rates)	283	FERC	-		-	-
162				Prepaid Expenses: Distribution	283	Retail	(1,729)		(1,729)	(1,729)
163				Prepaid Expenses: Renewables	283	Renewables	-		-	-
164				Regulatory Assets - 2024 Rate Change	283	Retail	(736,301)		(736,301)	(736,301)
165				Regulatory Assets - SJGS Obsolete Inventory	283	Retail	(1,473,597)		(1,473,597)	(1,473,597)
166				Regulatory Liabilities - Earnings Test	283	Retail	-		-	-
167				Regulatory Assets - PVNGS Undepreciated Investment	283	Retail	(10,596,037)		(10,596,037)	(10,596,037)

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2	**Test Period Ending June 30, 2026**				FERC		Test Period	Other Manual	Test Period (with Manual Adjustments)	PNM Base Rate
3					Account	Allocator	PNM	Adjustments	PNM	Jurisdiction
168				Regulatory Assets - ETC Over/Under SPE	283	Retail	-		-	-
169				Regulatory Assets - PVNGS Replacement Resources	283	Retail	(462,677)		(462,677)	(462,677)
170				Regulatory Assets - Rate Rider 12 UG Rate	283	Retail	-		-	-
171				Regulatory Assets - Renewable Rider Curr Reg	283	Renewables	-		-	-
172				Regulatory Assets - SJ Energy Transition Property (SPE)	283	Retail	(79,654,063)		(79,654,063)	(79,654,063)
173				Regulatory Liabilities - Curr Reg Liab-UG Rate Rider 12	283	Retail	-		-	-
174				Regulatory Liabilities - Energy Transition Cost True Up	283	Retail	305,611		305,611	305,611
175				Regulatory Liabilities - SJGS Retirements Rate Credit	283	Retail	-		-	-
176				Deferred Debits - WS-Transmission Revenue	283	FERC	-		-	-
177				Customer Advance	190	Retail	-		-	-
178				Deferred Credits - ETA	283	Retail	-		-	-
179				Other Liabilities - ETA Coal Mine Severance	283	Retail	-		-	-
180				Other Liabilities - ETA State Agency Payments	283	Retail	-		-	-
181							-			
182										
183										
184										
185										
186										
187										
188										
189				Total Accumulated Deferred Income Taxes			(770,929,836)	22,430,441	(748,499,395)	(593,902,412)

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1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**									
2	**Test Period Ending June 30, 2026**				FERC		Test Period	Other Manual	Test Period (with Manual Adjustments)	PNM Base Rate
3					Account	Allocator	PNM	Adjustments	PNM	Jurisdiction
190										
191	**Regulatory Assets & Liabilities**									
192										
193		Coal Mine Decommissioning			182	Retail	-		-	-
194		PCB Refinancing Hedge			182	Total Net Plt	7,170,198		7,170,198	5,451,736
195		Reg Liab Renewables Fed Grant			254	Renewables	(10,222,296)		(10,222,296)	-
196		Reg Liab Renewables St Credit			254	Renewables	(1,948,008)		(1,948,008)	-
197		SJGS Coal Agreement Transaction Costs			182	Gen Dmd	-		-	-
198		SJGS 2&3 50% Undepreciated Investment			182	Gen Dmd	75,846,374		75,846,374	75,846,374
199		SJGS County Ordinance Decommission			182	Gen Dmd	-		-	-
200		Energy Imbalance Market (EIM) One Time Implementation Costs			182	Retail	11,431,010		11,431,010	11,431,010
201		SJGS Replacement Resources			182	Gen Dmd	7,667,139		7,667,139	7,667,139
202		SJGS External Legal Expenses			182	Gen Dmd	456,510		456,510	456,510
203		SJGS Obsolete Inventory			182	Gen Dmd	5,801,562		5,801,562	5,801,562
204		COVID Regulatory Asset and Liability			182	Retail	1,561,547		1,561,547	1,561,547
205		Sky Blue Under Recovery			182	Retail	-		-	-
206		Solar Direct			182	Retail	-		-	-
207		Transportation Electrification Program (TEP)			182	Retail	-		-	-
208		SO2 Allowance Credit			182	Retail	0		0	0
209		PVNGS Unit 1 - 104MW Undepreciated Investment Pre - lease renewal			182	Gen Dmd	38,948,435		38,948,435	38,948,435
210		PVNGS Unit 1 - 104MW Undepreciated Investment Post - lease renewal			182	Gen Dmd	-		-	-
211		PVNGS Unit 2 - 10MW Undepreciated Investment Pre - lease renewal			182	Gen Dmd	2,642,134		2,642,134	2,642,134
212		PVNGS Unit 2 - 10MW Undepreciated Investment Post - lease renewal			182	Gen Dmd	-		-	-
213		PVNGS Costs to Obtain Replacement Resources			182	Gen Dmd	1,821,562		1,821,562	1,821,562
214		PVNGS True-up for SRP Transaction Proceeds			182	Gen Dmd	126,114		126,114	126,114
215		2024 Rate Change Expenses			182	Retail	2,898,823		2,898,823	2,898,823
216		Energy Transition Cost True-up			182	Gen Dmd	(1,203,193)		(1,203,193)	(1,203,193)
217		Excess Deferred Income Tax Regulatory Liability			254	ADIT	(231,684,367)	2,509,630	(229,174,736)	(181,840,399)
218										
219				Total Regulatory Assets & Liabilities			(88,686,457)	2,509,630	(86,176,826)	(28,390,648)

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3					Account	Allocator	PNM	Adjustments	PNM	Jurisdiction
220										
221	**Other Rate Base Items**									
222										
223		Customer Deposits			235	Retail	(6,221,788)		(6,221,788)	(6,221,788)
224		RWIP-Production			108	Gen Dmd	-		-	-
225		RWIP-Transmission			108	Trans Dmd	-		-	-
226		RWIP-Distribution			108	Retail	-		-	-
227		CWIP - Production			107	Gen Dmd	-		-	-
228		CWIP - Transmission			107	Trans Dmd	-		-	-
229		CWIP - Distribution			107	Retail	-		-	-
230		CWIP - Renewables			107	Renewables	-		-	-
231		CWIP - Production Related			107	Gen Dmd	-		-	-
232		ARO Liability - Production			230	Gen Dmd	(28,866,513)		(28,866,513)	(28,866,513)
233		ARO Liability - Transmission			230	Trans Dmd	-		-	-
234		ARO Liability - Distribution			230	Retail	(1,606,816)		(1,606,816)	(1,606,816)
235		ARO Liability - 65MW SJGS			230	Excluded	-		-	-
236		Injuries and Damages PNM			228	Total W&S	(2,927,689)		(2,927,689)	(2,655,039)
237		NQRP - Expense in Excess of Funding				Total W&S	(3,477,633)		(3,477,633)	(3,153,768)
238		Palo Verde Dry Cask Storage			253	Gen Dmd	-		-	-
239		FERC Incremental Rates			253	FERC	(55,490,053)		(55,490,053)	-
240		Pueblos Transmission Rights-of-Way			186	Trans Dmd	114,679,603		114,679,603	51,064,237
241		Pueblos Distribution Rights-of-Way			186	Retail	7,967,592		7,967,592	7,967,592
242		Prepaid Pension Asset			182/228	Total W&S	145,821,716		145,821,716	132,241,638
243		Unamortized Loss on Reacquired Debt			189	Total Net Plt	4,100,682		4,100,682	3,117,882
244		Tucson Electric Power ROW Payment			253	Trans Dmd	(712,638)		(712,638)	(317,322)
245		PV 1&2 Excess Gain Amortization			253	Retail	(22,984)		(22,984)	(22,984)
246		Possessory Interest Tax			186	Total W&S	3,363,277		3,363,277	3,050,062
247		Pathnet			253	Retail	(5,312,329)		(5,312,329)	(5,312,329)
248		2025 Rate Change Expenses			186	Retail	3,337,546		3,337,546	3,337,546
249										
250				Total Other Rate Base Items			174,631,976	-	174,631,976	152,622,400

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3					Account	Allocator	PNM	Adjustments	PNM	Jurisdiction
251										
252	**Working Capital**									
253										
254	Fuel Stock									
255		Production Fuel Stock			151	Energy	915,189		915,189	915,189
256		PV Nuclear Fuel (120.1 - .5)			120	Energy	81,139,432		81,139,432	81,139,432
257			Total Fuel Stock				82,054,621	-	82,054,621	82,054,621
258										
259	Materials & Supplies									
260		Production			154	Gen Dmd	27,174,074		27,174,074	27,174,074
261		Transmission			154	Trans Plt	8,136,556		8,136,556	2,886,511
262		Distribution			154	Retail	25,045,844		25,045,844	25,045,844
263			Total Materials & Supplies				60,356,473	-	60,356,473	55,106,429
264										
265	Prepayments									
266		Production			165	Gen Dmd	4,673,109		4,673,109	4,673,109
267		Transmission			165	Trans Plt	2,196,901		2,196,901	779,369
268		Transmission (Incremental FERC Rates)			165	FERC	420,894		420,894	-
269		Distribution			165	Retail	4,199,418		4,199,418	4,199,418
270		Renewables			165	Renewables	124,627		124,627	-
271			Total Prepayments				11,614,949	-	11,614,949	9,651,896
272										
273				Total Cash Working Capital (see Rule 530 schedule E-1)		Retail	6,503,398		6,503,398	6,503,398
274										
275			Total Working Capital				160,529,441	-	160,529,441	153,316,343
276										
277			Total Rate Base Adjustments & Working Capital				(524,454,876)	24,940,071	(499,514,804)	(316,354,317)
278										
279			Total Net Original Cost Rate Base				4,052,237,031	24,940,071	4,077,177,102	3,011,857,247

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3					Account	Allocator	PNM	Adjustments	PNM	Jurisdiction
280										
281	**Operations and Maintenance Expense**									
282										
283	Production Fuel related expenses									
284										
285	Production - FPPCAC Fuel Related									
286		Steam Generation			501	Direct Assignment	59,159,008		59,159,008	59,159,008
287		Steam Fuel Handling and Disposal			501	Direct Assignment	1,978,215		1,978,215	1,978,215
288		Nuclear			518	Direct Assignment	15,470,320		15,470,320	15,470,320
289		Nuclear Disposal			518	Direct Assignment	866,288		866,288	866,288
290		Gas Generation			547	Direct Assignment	96,037,692		96,037,692	96,037,692
291		Wind PPA			555	Direct Assignment	32,252,724		32,252,724	
292		Geothermal PPA			555	Direct Assignment	8,766,039		8,766,039	
293		Purchased Power Energy			555	Direct Assignment	110,551,362		110,551,362	110,551,362
294		Spinning reserves			555	Direct Assignment	112,483		112,483	112,483
295		Energy Storage Agreement - Demand			555	Direct Assignment	-		-	-
296			Total Fuel Costs (before OSS)				325,194,132	-	325,194,132	284,175,368
297										
298		Off-system Sales			447	Direct Assignment	(97,512,369)		(97,512,369)	(97,512,369)
299		Tri State Hazard Sharing			447	Direct Assignment	-		-	-
300		EIM Fuel Benefits			447.3	Direct Assignment	-		-	-
301		Physical Sales of Gas (under FAC hedge plan)			447.7	Direct Assignment	-		-	-
302			Total Other Fuel				(97,512,369)	-	(97,512,369)	(97,512,369)
303										
304			Total Fuel (net OSS)				227,681,763	-	227,681,763	186,663,000
305										
306		Production - Non Fuel Items								
307		Gas Plants Fuel Transportation			547	Energy	12,528,671		12,528,671	12,528,671
308		Gas PPA - Valencia - Demand			555	Energy	20,963,221		20,963,221	20,963,221
309		Energy Storage Agreement - Demand			555	Energy	82,142,228		82,142,228	82,142,228
310		Purchase Power for Economy Service Customer			555	Energy	-		-	-
311		Purchased power for Rate 36B				Energy	-		-	-
312		FPPCAC deferral				Energy	-		-	-
313		REC Purchases and Renewable Energy Amortization			555	Renewables	4,017,630		4,017,630	-
314		City of Gallup - Mandoza Station Charges				Energy	-		-	-
315		Coal Mine Decommissioning			501.15	Retail	-		-	-
316		Broker Fees				Gen Dmd	158,441		158,441	158,441
317			Total Non Fuel Items				119,810,191	-	119,810,191	115,792,561
318										
319				Total Fuel Related Expense			347,491,954	-	347,491,954	302,455,561

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3					Account	Allocator	PNM	Adjustments	PNM	Jurisdiction
320										
321	O&M									
322	Steam Production									
323		Oper-Sup & Eng-Prod			500	Gen Dmd	5,161,937		5,161,937	5,161,937
324		Oper-Steam Expense-Major			502	Gen Dmd	5,211,646		5,211,646	5,211,646
325		Steam from Other Sources			503	Gen Dmd	-		-	-
326		Oper-Electric Exp-Major			505	Gen Dmd	1,440,208		1,440,208	1,440,208
327		Oper-Misc Steam Power Exp			506	Gen Dmd	2,099,786		2,099,786	2,099,786
328		Oper-Rents-Steam Power			507	Gen Dmd	230,497		230,497	230,497
329		Maint-Sup & Eng-Steam			510	Energy	603,898		603,898	603,898
330		Maint-Structures-Steam			511	Gen Dmd	4,083,313		4,083,313	4,083,313
331		Maint-Boiler Plant			512	Energy	6,345,507		6,345,507	6,345,507
332		Maint-Electric Plant			513	Energy	1,543,929		1,543,929	1,543,929
333		Maint-Gen & Elec Plant			514	Gen Dmd	826,735		826,735	826,735
334										
335	Nuclear Production									
336		Oper-Sup & Eng-Nuclear			517	Gen Dmd	5,906,711		5,906,711	5,906,711
337		Oper-Coolants and Water			519	Gen Dmd	4,944,020		4,944,020	4,944,020
338		Oper-Steam Expenses-Nuclear			520	Gen Dmd	2,415,166		2,415,166	2,415,166
339		Oper-Electric Exp			523	Gen Dmd	3,193,815		3,193,815	3,193,815
340		Oper-Misc Nuclear Power, excluding PV 1&2 Decommissioning and CE Credit			524	Gen Dmd	10,702,739		10,702,739	10,702,739
341		Oper-Misc Nuclear Power - PV 1&2 Decommissioning and CE Credit			524	Retail	-		-	-
342		Total Rents - Nuclear, excluding PV 1&2 Prudency Audit and Excess Gain Amortization			525	Gen Dmd	-		-	-
343		Oper-Rents-Nuclear - PV 1&2 Excess Gain Amortization			525	Retail	(38,554)		(38,554)	(38,554)
344		Maint-Sup & Eng-Nuclear			528	Energy	1,252,819		1,252,819	1,252,819
345		Maint-Structures-Major			529	Gen Dmd	798,482		798,482	798,482
346		Maint-Reactor Plant			530	Energy	3,054,879		3,054,879	3,054,879
347		Maint-Elec Plant			531	Energy	3,671,029		3,671,029	3,671,029
348		Maint-Misc Nuclear Plant			532	Gen Dmd	858,927		858,927	858,927
349	Other Production									
350		Oper-Sup & Eng-Other			546	Energy	5,573,377		5,573,377	5,573,377
351		Oper-Oth Pwr Gen Exp-Other			549	Energy	124,984		124,984	124,984
352		Oper-Oth Pwr Gen Exp-Other - Renewables			549	Renewables	1,655,522		1,655,522	-
353		Maint - Structures			552	Gen Dmd	1,400,652		1,400,652	1,400,652
354		Maint-Gen & Elec Plant			553	Energy	12,392,334		12,392,334	12,392,334
355		Maint-Gen & Elec Plant - Renewables			553	Renewables	1,003,097		1,003,097	-
356		Maint-Gen & Elec Plant			556	Gen Dmd	6,002,894		6,002,894	6,002,894
357	Energy Storage Related O&M									
358		Oper-Oth Pwr Gen Exp-Other - Energy Storage Transmission			549	Retail	-		-	-
359		Oper-Oth Pwr Gen Exp-Other - Energy Storage Distribution			549	Retail	-		-	-
360		Maint-Gen & Elec Plant-Energy Storage Transmission			553	Retail	-		-	-
361		Maint-Gen & Elec Plant-Energy Storage Distribution			553	Retail	-		-	-
362				Total Production O&M			92,460,348	-	92,460,348	89,801,728

	A	B	C	D	E	F	G	H	I	J
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**									
2	**Test Period Ending June 30, 2026**				FERC		Test Period	Other Manual	Test Period (with Manual Adjustments)	PNM Base Rate
3					Account	Allocator	PNM	Adjustments	PNM	Jurisdiction
363										
364	Transmission O&M (560-574, excluding 565):									
365		Oper-Sup & Eng-ETrans			560	Trans Dmd	3,264,064		3,264,064	1,453,414
366		Oper-Load Dispatch-ETrans			561	Trans Dmd	1,608,016		1,608,016	716,013
367		Oper-Station Exp-ETrans			562	Trans Dmd	2,107,851		2,107,851	938,578
368		Oper-Overhead Lines-ETrans			563	Trans Dmd	78,173		78,173	34,809
369		Oper-Misc Transmission-E			566	Trans Dmd	3,087,081		3,087,081	1,374,607
370		Oper-Rents-Transmission-E			567	Trans Dmd	19,417,130		19,417,130	8,646,009
371		Maint Sup & Eng-ETrans			568	Trans Dmd	2,733		2,733	1,217
372		Maint-Structures-ETrans			569	Trans Dmd	-		-	-
373		Maint-Sta Equip-ETrans			570	Trans Dmd	5,239,950		5,239,950	2,333,231
374		Maint-Overhead Lns-ETrans			571	Trans Dmd	1,642,106		1,642,106	731,193
375		Maint-Under Ground lines-ETrans			572	Trans Dmd	-		-	-
376		Maint-Misc Trans Plant			573	Trans Dmd	-		-	-
377		Maint-Trans Plant-NonMaj-E			574	Trans Dmd	5,767		5,767	2,568
378		Incremental Rate - Transmission O&M			560-564,566-574	FERC	1,251,042		1,251,042	-
379				Total Transmission O&M, excluding FERC 565			37,703,912	-	37,703,912	16,231,640
380										
381	Transmission O&M by Others (565):									
382		Transmission by Others			565	Gen Dmd	32,013,463		32,013,463	32,013,463
383				Total Transmission by Others, FERC 565			32,013,463	-	32,013,463	32,013,463
384										
385				Total Transmission O&M			69,717,375	-	69,717,375	48,245,103

	A	B	C	D	E	F	G	H	I	J
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**									
2	**Test Period Ending June 30, 2026**				FERC		Test Period	Other Manual	Test Period (with Manual Adjustments)	PNM Base Rate
3					Account	Allocator	PNM	Adjustments	PNM	Jurisdiction
386										
387	Total Dist O&M (580-598)									
388										
389	PNM Street & Private Lighting									
390		Oper-Street Light/Signal-E			585	Retail	38		38	38
391		Maint-Streetlight/Signal-E			596	Retail	981,229		981,229	981,229
392			Total Street and Private Lighting				981,267	-	981,267	981,267
393										
394	PNM Meters									
395		Oper-Meter Expense-EDist			586	Retail	3,797,705		3,797,705	3,797,705
396		Oper-Meter Expense-Grid Mod			597	Grid Mod	3,019,068		3,019,068	-
397		Maint-Meters-EDist			597	Retail	428,051		428,051	428,051
398		Maint-Meters-Grid Mod			597	Grid Mod	-		-	-
399			Total Meters				7,244,824	-	7,244,824	4,225,755
400										
401	All Other Distribution O&M									
402		Oper-Sup & Eng-EDist			580	Retail	2,385,705		2,385,705	2,385,705
403		Oper-Station Exp-EDist			582	Retail	1,104,307		1,104,307	1,104,307
404		Oper-Overhead Lines-EDist			583	Retail	3,278,998		3,278,998	3,278,998
405		Oper-Undergrd Line-EDist			584	Retail	708,285		708,285	708,285
406		Oper-Misc Dist Exp-EDist			588	Retail	12,240,120		12,240,120	12,240,120
407		Oper-Rents-Distribution-E			589	Retail	1,148,392		1,148,392	1,148,392
408		Maint-Sup & Eng-EDist			590	Retail	3,600,779		3,600,779	3,600,779
409		Maint-Structures-EDist			591	Retail	49,552		49,552	49,552
410		Maint-Station Equip-EDist			592	Retail	1,320,092		1,320,092	1,320,092
411		Maint-Overhead Lns-EDist			593	Retail	10,814,869		10,814,869	10,814,869
412		Maint-Und Lines-EDist			594	Retail	2,412,820		2,412,820	2,412,820
413		Maintenance of Line Transformers			595	Retail	437		437	437
414		Maint-Misc Dist Plant-E			598	Retail	-		-	-
415		Other Distribution O&M - Grid Mod			580-598	Grid Mod	1,079,772		1,079,772	-
416			Total Other Distribution O&M				40,144,127	-	40,144,127	39,064,355
417										
418			Total Distribution O&M				48,370,217	-	48,370,217	44,271,376

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1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**									
2	**Test Period Ending June 30, 2026**				FERC		Test Period	Other Manual	Test Period (with Manual Adjustments)	PNM Base Rate
3					Account	Allocator	PNM	Adjustments	PNM	Jurisdiction
419										
420	Customer Related O&M									
421										
422	PNM Related Customer Accounts Exp									
423		Supervision-Customer Accts			901	Retail	(324,877)		(324,877)	(324,877)
424		Meter Reading Expenses			902	Retail	9,952,377		9,952,377	9,952,377
425		Customer Record and Collections			903	Retail	13,150,371		13,150,371	13,150,371
426		Uncollectible Expenses			904	Retail	3,768,813		3,768,813	3,768,813
427		Misc Customer Accts Exp			905	Retail	-		-	-
428		Cust Service/Inf Expenses			906	Retail	109,690		109,690	109,690
429		Customer Assistance Exps			908	Retail	1,600,974		1,600,974	1,600,974
430		Inform/Instruc Advert Exps			909	Retail	-		-	-
431		Demo & Selling Expenses - Non Production			912	Retail	-		-	-
432		Demo & Selling Expenses - Production			912	Sales	6,300,759		6,300,759	6,300,759
433		Advertising Expense			913	Sales	608,637		608,637	608,637
434			Total Customer Accounting Expenses - Grid Mod		901-905	Grid Mod	7,171,536		7,171,536	-
435				Total Customer Related O&M			42,338,279	-	42,338,279	35,166,744
436										
437	Administrative & General Expense									
438										
439		Admin and General Salaries			920	Total W&S excluding Riders	5,033,871		5,033,871	4,588,086
440		AG Office Supplies Exp			921	Total W&S excluding Riders	442,737		442,737	403,530
441		A&G Charged to CWIP			922	Total W&S excluding Riders	(14,950,025)		(14,950,025)	(13,626,093)
442		Production Related - Shared Services			9229	Prod W&S	16,394,108		16,394,108	15,959,884
443		Transmission Related - Shared Services			9229	Trans W&S	13,975,431		13,975,431	6,222,944
444		Distribution Related - Shared Services			9229	Dist W&S	54,666,291		54,666,291	54,666,291
445		Outside Services			923	Total W&S excluding Riders	1,597,839		1,597,839	1,456,338
446		Property Insurance			924	Total W&S excluding Riders	2,719,905		2,719,905	2,479,038
447		Injuries or Damages-Safety			925	Total W&S excluding Riders	14,888,590		14,888,590	13,570,098
448		Empl Pension and Benefits			926	Total W&S excluding Riders	11,624,341		11,624,341	10,594,922
449		Regulatory Commission Exp			928	Total W&S excluding Riders	2,655,693		2,655,693	2,420,512
450		Regulatory Commission Exp - (Rate Case Expense)			928	Retail	966,274		966,274	966,274
451		Production - Misc AG Expenses			930	Total W&S excluding Riders	9,182,874		9,182,874	8,369,664
452		Transmission - Rents-Cust			931	Total W&S excluding Riders	274,485		274,485	250,177
453		Total Gas A&G Maintenance			932	Total W&S excluding Riders	-		-	-
454		Maint of General Plant			935	Total W&S excluding Riders	2,435,777		2,435,777	2,220,071
455		Renewables - A&G (920-935)			920-935	Renewables	309,678		309,678	-
456		Grid Mod - A&G (920-935)			920-935	Grid Mod	1,226,434		1,226,434	-
457			Total Administrative & General Expense				123,444,302	-	123,444,302	110,541,737
458										
459				Generic Adjustment		Retail		(12,871,317)	(12,871,317)	(12,871,317)
460										
461			Total Operations & Maintenance Expense				496,140,712	(12,871,317)	483,269,396	430,947,934
462										

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1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**									
2	**Test Period Ending June 30, 2026**				FERC		Test Period	Other Manual	Test Period (with Manual Adjustments)	PNM Base Rate
3					Account	Allocator	PNM	Adjustments	PNM	Jurisdiction
463	**Depreciation and Amortization Expense**									
464										
465	Production Depreciation and Amortization									
466		Steam Production Plant			403	Gen Dmd	10,014,639		10,014,639	10,014,639
467		Nuclear Production Net Plant - Palo Verde			403	Gen Dmd	19,878,271		19,878,271	19,878,271
468		Nuclear Production Plant - Acq. Adj. (Drexel)			406	Gen Dmd	-		-	-
469		Nuclear Production Plant - Acq. Adj. (First Chicago)			406	Gen Dmd	832,053		832,053	832,053
470		Other Production Plant - Gas & 40 MW Solar			403	Gen Dmd	20,752,769		20,752,769	20,752,769
471		Other Production Plant - Renewable			403	Renewables	8,091,078		8,091,078	-
472			Total Production Depreciation and Amortization Expense				59,568,810	-	59,568,810	51,477,732
473										
474	Energy Storage Depreciation and Amortization									
475										
476		Transmission Sited Batteries			403	Retail	338,998	-	338,998	338,998
477		Distribution Sited Batteries			403	Retail	868,925	-	868,925	868,925
478			Total Energy Depreciation and Amortization				1,207,924	-	1,207,924	1,207,924
479										
480	Transmission Depreciation and Amortization									
481		Step-Up Transformers & Generation Interconnections			403	Gen Dmd	330,154		330,154	330,154
482		Transmission System Plant - Allocated			403	Trans Dmd	45,753,163		45,753,163	20,372,850
483		Transmission System Plant - FERC Incremental Rates			403	FERC	10,347,728		10,347,728	-
484		Transmission System Net Plant - Dedicated Retail			403	Retail	693,169		693,169	693,169
485		Transmission System Plant - Acq. Adj. (EIP)			406	Trans Dmd	439,476		439,476	195,689
486			Total Transmission Depreciation and Amortization				57,563,691	-	57,563,691	21,591,863
487										

	A	B	C	D	E	F	G	H	I	J
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**									
2	**Test Period Ending June 30, 2026**				FERC		Test Period	Other Manual	Test Period (with Manual Adjustments)	PNM Base Rate
3					Account	Allocator	PNM	Adjustments	PNM	Jurisdiction
488	Distribution Depreciation and Amortization									
489		Distribution Substations Net Plant - PNM			403	Retail	7,734,096		7,734,096	7,734,096
490		Distribution Substations Net Plant - Renewables			403	Renewables	-		-	-
491		Distribution Substations Net Plant - Grid Mod			403	Grid Mod	-		-	-
492		Primary Distribution System Net Plant - PNM			403	Retail	38,186,812		38,186,812	38,186,812
493		Primary Distribution System Net Plant - Renewables			403	Renewables	188,096		188,096	-
494		Primary Distribution System Net Plant - Grid Mod			403	Grid Mod	331,718		331,718	-
495		Secondary Distribution System Net Plant - PNM			403	Retail	14,086,170		14,086,170	14,086,170
496		Secondary Distribution System Net Plant - Renewables			403	Renewables	57,167		57,167	-
497		Secondary Distribution System Net Plant - Grid Mod			403	Grid Mod	113,437		113,437	-
498		Services Net Plant - PNM			403	Retail	7,982,393		7,982,393	7,982,393
499		Meters Net Plant - PNM			403	Retail	2,564,005		2,564,005	2,564,005
500		Meters Net Plant - Grid Mod			403	Grid Mod	521,109		521,109	-
501		Private Lighting - 371			403	Retail	213,286		213,286	213,286
502		Street Lighting - 373			403	Retail	783,032		783,032	783,032
503			Total Distribution Depreciation and Amortization				72,761,322	-	72,761,322	71,549,795
504										
505	General Depreciation and Amortization									
506		General & Intangible Net Plant			403	Total W&S excluding Riders	24,667,013		24,667,013	22,482,571
507		Renewables General & Intangible Net Plant			403	Renewables	75,122		75,122	-
508		Grid Mod General & Intangible Net Plant			403	Grid Mod	-		-	-
509		Production Related (Shared Services)			403	Prod W&S	5,194,816		5,194,816	5,057,223
510		Transmission Related (Shared Services)			403	Trans W&S	4,017,016		4,017,016	1,788,687
511		Distribution/Customer Related (Shared Services)			403	Retail	24,478,747		24,478,747	24,478,747
512			Total General Depreciation and Amortization				58,432,714	-	58,432,714	53,807,228
513										
514			Total Depreciation and Amortization Expense				249,534,460	-	249,534,460	199,634,542
515										

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1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**									
2	**Test Period Ending June 30, 2026**				FERC		Test Period	Other Manual	Test Period (with Manual Adjustments)	PNM Base Rate
3					Account	Allocator	PNM	Adjustments	PNM	Jurisdiction
516	**General Taxes**									
517										
518	Property Taxes									
519		Production Property Taxes								
520		Steam Production Plant			408	Gen Dmd	2,331,618		2,331,618	2,331,618
521		Nuclear Production Plant - Palo Verde			408	Gen Dmd	2,936,159		2,936,159	2,936,159
522		Other Production Plant - Gas & 40 MW Solar			408	Gen Dmd	3,737,044		3,737,044	3,737,044
523		Other Production Plant - Renewable			408	Renewables	1,591,519		1,591,519	-
524			Total Production Property Taxes				10,596,339	-	10,596,339	9,004,821
525										
526		Energy Storage Property Taxes								
527		Transmission Sited Batteries			408	Retail	-	-	-	-
528		Distribution Sited Batteries			408	Retail	262,569	-	262,569	262,569
529			Total Energy Storage Property Taxes				262,569	-	262,569	262,569
530										
531		Transmission Property Taxes								
532		Step-Up Transformers - Excluding 65MW SJGS			408	Gen Dmd	41,525		41,525	41,525
533		Transmission System Plant - Allocated			408	Trans Dmd	12,361,667		12,361,667	5,504,371
534		Transmission System Plant - FERC Incremental Rates			408	FERC	3,353,567		3,353,567	-
535		Transmission System Plant - Dedicated Retail			408	Retail	62,187		62,187	62,187
536			Total Transmission Property Taxes				15,818,945	-	15,818,945	5,608,082
537										
538		Distribution Property Taxes								
539		Distribution Substations Net Plant - PNM			408	Retail	1,982,839		1,982,839	1,982,839
540		Distribution Substations Net Plant - Renewables			408	Renewables	-		-	-
541		Distribution Substations Net Plant - Grid Mod			408	Grid Mod	-		-	-
542		Primary Distribution System Net Plant - PNM			408	Retail	7,405,025		7,405,025	7,405,025
543		Primary Distribution System Net Plant - Renewables			408	Renewables	42,929		42,929	-
544		Primary Distribution System Net Plant - Grid Mod			408	Grid Mod	21,185		21,185	-
545		Secondary Distribution System Net Plant - PNM			408	Retail	3,246,507		3,246,507	3,246,507
546		Secondary Distribution System Net Plant - Renewables			408	Renewables	14,033		14,033	-
547		Secondary Distribution System Net Plant - Grid Mod			408	Grid Mod	11,009		11,009	-
548		Services Net Plant - PNM			408	Retail	1,185,617		1,185,617	1,185,617
549		Meters Net Plant - PNM			408	Retail	473,458		473,458	473,458
550		Meters Net Plant - Grid Mod			408	Grid Mod	31,923		31,923	-
551		Private Lighting - 371			408	Retail	10,742		10,742	10,742
552		Street Lighting - 373			408	Retail	134,991		134,991	134,991
553			Total Distribution Property Taxes				14,560,258	-	14,560,258	14,439,179
554										

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1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**									
2	**Test Period Ending June 30, 2026**				FERC		Test Period	Other Manual	Test Period (with Manual Adjustments)	PNM Base Rate
3					Account	Allocator	PNM	Adjustments	PNM	Jurisdiction
555		General Property Taxes								
556		General & Intangible Net Plant			408	Total W&S excluding Riders	1,314,440	-	1,314,440	1,198,037
557		Renewables General & Intangible Net Plant			408	Renewables	8,804	-	8,804	-
558		Grid Mod General & Intangible Net Plant			408	Grid Mod	53,120	-	53,120	-
559		Production Related (Shared Services)			408	Prod W&S	165,665	-	165,665	161,277
560		Transmission Related (Shared Services)			408	Trans W&S	205,358	-	205,358	91,441
561		Distribution/Customer Related (Shared Services)			408	Retail	831,120	-	831,120	831,120
562			Total General Property Taxes				2,578,506	-	2,578,506	2,281,874
563										
564			Total Property Taxes				43,816,617	-	43,816,617	31,596,526
565										
566	Payroll Taxes									
567		Production Related			408	Prod W&S	1,554,868		1,554,868	1,513,685
568		Battery Storage Related			408	Dist W&S	-		-	-
569		Transmission Related			408	Trans W&S	1,257,698		1,257,698	560,024
570		Distribution Related			408	Dist W&S	4,808,568		4,808,568	4,808,568
571			Total Payroll Taxes				7,621,134	-	7,621,134	6,882,277
572										
573	Other Taxes									
574		Misc Taxes - Production Related			408	Gen Dmd	1,077		1,077	1,077
575		Misc Taxes - Transmission Related			408	Trans Dmd	973		973	433
576		Misc Taxes - Distribution Related			408	Retail	12,492		12,492	12,492
577		Regulatory Commission Fees (I&S) PNM			408	Retail	-		-	-
578		Joint Projects Four Corners			408	Gen Dmd	198,209		198,209	198,209
579		Joint Projects PVNGS			408	Gen Dmd	1,361,393		1,361,393	1,361,393
580		Joint Projects Transmission			408	Trans Dmd	61,999		61,999	27,607
581		Native American Taxes - Production			408	Gen Dmd	1,554,300		1,554,300	1,554,300
582		Native American Taxes - Transmission			408	Trans Plt	1,632,582		1,632,582	579,172
583		Native American Taxes - Dedicated FERC Incremental Rates			408	FERC	607,484		607,484	-
584		Native American Taxes - Distribution			408	Dist Plt	69,497		69,497	69,497
585			Total Other Taxes				5,500,006	-	5,500,006	3,804,180
586										
587			Total General Taxes				56,937,756	-	56,937,756	42,282,983

	A	B	C	D	E	F	G	H	I	J
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**									
2	**Test Period Ending June 30, 2026**				FERC		Test Period	Other Manual	Test Period (with Manual Adjustments)	PNM Base Rate
3					Account	Allocator	PNM	Adjustments	PNM	Jurisdiction
588										
589	**Other Allowable Expenses**									
590		Interest on Customer Deposits			431	Retail	220,117		220,117	220,117
591		Amortization Loss on Reacquired Debt			407.3	Rate Base	1,235,729		1,235,729	912,847
592		Renewable Grant Amortization			407	Renewables	(1,146,464)		(1,146,464)	-
593		Accretion ARO - Production Related			411	Gen Dmd	2,887,511		2,887,511	2,887,511
594		Accretion ARO - Production Related - (SJGS 65MW)			411	Excluded	-		-	-
595		Accretion ARO - Distribution Related			411	Retail	108,409		108,409	108,409
596		Western Spirit			407.3	FERC	2,778,790		2,778,790	-
597		Amortization of 50% SJGS 2&3 Undepreciated Balance			407.3	Gen Dmd	6,276,936		6,276,936	6,276,936
598		Amortization of Eastern Imbalance Market Implementation Regulatory Asset			407.3	Retail	3,758,140		3,758,140	3,758,140
599		Amortization of PVNGS Unit 1 Undepreciated Investment Post - lease renewal			407.3	Retail	2,158,805		2,158,805	2,158,805
600		Amortization of PVNGS Unit 1 Undepreciated Investment Pre - lease renewal			407.3	Retail	1,877,267		1,877,267	1,877,267
601		Amortization of PVNGS Unit 2 Undepreciated Investment Post - lease renewal			407.3	Retail	146,109		146,109	146,109
602		Amortization of PVNGS Unit 2 Undepreciated Investment Pre - lease renewal			407.3	Retail	168,146		168,146	168,146
603		Amortization of PVNGS True-up for SRP Transaction			407.3	Retail	6,974		6,974	6,974
604		Amortization of PVNGS Costs to Obtain Replacement Resources			407.3	Retail	100,964		100,964	100,964
605		Amortization of SJGS Replacement Resources			407.3	Retail	332,751		332,751	332,751
606		Amortization of SJGS Legal Expenses			407.3	Retail	19,812		19,812	19,812
607		Amortization of SJGS Obsolete Inventory			407.3	Retail	251,786		251,786	251,786
608		Amortization of Pathnet			407.3	Trans Dmd	(199,577)		(199,577)	(88,867)
609		Amortization of SO2 Allowance Credit			407.3	Retail	-		-	-
610		Carrying Charges on Advanced Payments Under ETA			407.3	Retail	108,102		108,102	108,102
611		Amortization of COVID Regulatory Asset and Liability			407.3	Retail	1,070,775		1,070,775	1,070,775
612		Amortization of SJGS Decommissioning Ordinance Costs			407.3	Retail	1,102,169		1,102,169	1,102,169
613		Amortization of Additional Coal Mine Decommissioning			407.3	Retail	732,137		732,137	732,137
614		Amortization of 2025 Rate Case Expenses			407.3	Retail	741,677		741,677	741,677
615		Amortization of Energy Transition Cost True - Up			407.3	Retail	(50,706)		(50,706)	(50,706)
616				Total Other Allowable Expenses			24,686,359	-	24,686,359	22,841,861
617										
618										
619				Total Operating Expenses			1,054,981,051	(12,871,317)	1,042,109,735	882,370,319
620				(Excl Income & Revenue Related Taxes)						
621										
622		Total Net Original Cost Rate Base					4,052,237,031	24,940,071	4,077,177,102	3,011,857,247
623		Weighted Cost of Capital					6.90%	6.90%	6.90%	6.90%
624		Return on Rate Base (excluding Debt Return- Reg Asset Adjustment)					279,562,599	1,720,608	281,283,207	207,787,114
625		Debt-Only Return Adjustment					(661,411)		(661,411)	(661,411)
626		Return on Rate Base					278,901,188	1,720,608	280,621,795	207,125,703

	A	B	C	D	E	F	G	H	I	J
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**									
2	**Test Period Ending June 30, 2026**				FERC		Test Period	Other Manual	Test Period (with Manual Adjustments)	PNM Base Rate
3					Account	Allocator	PNM	Adjustments	PNM	Jurisdiction
627										
628	**Federal Income Tax**									
629		Return Adjustments								
630		Interest on Long Term Debt				MDC	(83,782,108)	(515,649)	(84,297,756)	(62,271,715)
631		Debt Return- Reg Asset Adjustment Interest Adjustment					(541,065)		(541,065)	(541,065)
632		Interest on Long Term Debt					(84,323,172)	(515,649)	(84,838,821)	(62,812,779)
633										
634		Tax/Book Adjustments								
635										
636		Non-deductible Meals				Total Net Plt	-		-	-
637		Non-deductible Parking				Trans Dmd	123,788		123,788	55,120
638		Palo Verde 1 & 2 Gain Amort Flow Through				FERC	(39,828)		(39,828)	-
639		Palo Verde 1 & 2 Prudence Audit Flow Through				Retail	-		-	-
640		AFUDC Equity Flow Through				Gen Dmd	(18,242,549)		(18,242,549)	(18,242,549)
641		AFUDC Equity Flow Through - Renewables				Renewables	(41,891)		(41,891)	-
642		AFUDC Equity Flow Through - Grid Mod				Grid Mod	(376,955)		(376,955)	-
643		Federal Grant Amortization - Renewables				Renewables	(962,888)		(962,888)	-
644		Federal Grant Basis Adj - Renewables				Renewables	481,444		481,444	-
645		Gain/Loss Flow Through				Retail	166,269		166,269	166,269
646		ACRS Flow Through				Retail	-		-	-
647		San Juan ACRS Flow Through				Retail	-		-	-
648		Four Corners SO2 Reversal Flow Through				Retail	335,543		335,543	335,543
649		SL/GL Depreciation				Retail	-		-	-
650		Amortization of EIP Prepaid Tax Reversal				Trans Dmd	-		-	-
651				Total Tax/Book Adjustments			(18,557,067)	-	(18,557,067)	(17,685,617)
652										
653				Total Return Adjustments			(102,880,239)	(515,649)	(103,395,888)	(80,498,396)
654										
655				Net Taxable Equity Return			176,020,948	1,204,959	177,225,907	126,627,307

	A	B	C	D	E	F	G	H	I	J
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**									
2	**Test Period Ending June 30, 2026**				FERC		Test Period	Other Manual	Test Period (with Manual Adjustments)	PNM Base Rate
3					Account	Allocator	PNM	Adjustments	PNM	Jurisdiction
656										
657	Federal Tax Adjustments									
658										
659	Net Provision For Deferred Income Tax									
660		Excess Payroll Tax Reversal			410	Total W&S	(6,146)		(6,146)	(5,574)
661		Excess Deferred Federal Income Tax Amortization				ADIT	(20,391,747)	(5,019,261)	(25,411,008)	(20,162,553)
662		ARAM Deferred Tax Reversal			410	Total Net Plt	(31,099)		(31,099)	(23,646)
663				Total Provision For Deferred Income Tax			(20,428,992)	(5,019,261)	(25,448,253)	(20,191,772)
664										
665	Investment Tax Credits									
666		Palo Verde 1&2 Production ITC Amortization			411.4	Gen Dmd	-		-	-
667		Generation ITC Amortization			411.4	Gen Dmd	(168,991)		(168,991)	(168,991)
668		Renewables ITC Amortization			411.4	Renewables	-		-	-
669		PV Valley Transmission ITC Amortization			411.4	Trans Dmd	-		-	-
670		Research and Development & Other Credits			410	PV	(1,300,000)		(1,300,000)	(1,300,000)
671		Other ITC Amortization			411.4	Total Net Plt	-		-	-
672				Total Investment Tax Credit Amortization & Other Credits			(1,468,991)	-	(1,468,991)	(1,468,991)
673										
674				Total Federal Tax Adjustments			(21,897,983)	(5,019,261)	(26,917,244)	(21,660,763)
675										
676				Adjusted Equity Return			154,122,965	(3,814,302)	150,308,664	104,966,543
677				Federal Tax Factor (0.21/(1-0.21))			26.5823%	26.5823%	26.5823%	26.5823%
678				Federal Income Tax			40,969,396	(1,013,928)	39,955,468	27,902,499
679				Add:						
680				Total Provision For Deferred Income Tax			(20,428,992)	(5,019,261)	(25,448,253)	(20,191,772)
681				EIP Amortization			-	-	-	-
682				Total Investment Tax Credit Amortization & Other Credits			(1,468,991)	-	(1,468,991)	(1,468,991)
683										
684				Net Allowable Federal Income Tax			19,071,413	(6,033,189)	13,038,224	6,241,736

	A	B	C	D	E	F	G	H	I	J
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**									
2	**Test Period Ending June 30, 2026**				FERC		Test Period	Other Manual	Test Period (with Manual Adjustments)	PNM Base Rate
3					Account	Allocator	PNM	Adjustments	PNM	Jurisdiction
685										
686	**State Income Tax**									
687										
688		Return on Rate Base					278,901,188	1,720,608	280,621,795	207,125,703
689		Less: Return Adjustments								
690		Interest on Long Term Debt					(84,323,172)	(515,649)	(84,838,821)	(62,812,779)
691		Tax/Book Adjustments					(18,557,067)	-	(18,557,067)	(17,685,617)
692		Add: Net Allowable F I T					19,071,413	(6,033,189)	13,038,224	6,241,736
693										
694				New Mexico NOL Valuation Allowance	410	Total Net Plt	-	-	-	-
695				Amortization of Excess Deferred Taxes		ADIT	-	-	-	-
696		State Taxable Income					195,092,361	(4,828,230)	190,264,131	132,869,042
697		State Tax Factor					5.90%	5.90%	5.90%	5.90%
698				State Income Tax			11,510,449	(284,866)	11,225,584	7,839,273
699		Add:		22 MW, Battery project and PV Farm PTC	409	Renewables			-	-
700		Add:		New Mexico NOL Valuation Allowance	410	Total Net Plt			-	-
701				Amortization of Excess Deferred Taxes		ADIT			-	-
702				Net Allowable State Income Tax			11,510,449	(284,866)	11,225,584	7,839,273
703										
704										
705				Return on Rate Base			278,901,188	1,720,608	280,621,795	207,125,703
706										
707				Total Operating Expenses			1,054,981,051	(12,871,317)	1,042,109,735	882,370,319
708				(Excluding Income & Rev Related Taxes)						
709										
710				Net Allowable Federal Income Tax			19,071,413	(6,033,189)	13,038,224	6,241,736
711										
712				Net Allowable State Income Tax			11,510,449	(284,866)	11,225,584	7,839,273
713										

	A	B	C	D	E	F	G	H	I	J
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**									
2	**Test Period Ending June 30, 2026**				FERC		Test Period	Other Manual	Test Period (with Manual Adjustments)	PNM Base Rate
3					Account	Allocator	PNM	Adjustments	PNM	Jurisdiction
714	**Revenue Credits:**									
715		Sale of SO2 Credits			411	FERC	-		-	-
716		Rent For Electric Property Transmission			454	Trans Plt	(525,554)		(525,554)	(186,445)
717		Rent for Electric Property - Distribution			454	Retail	(3,313,235)		(3,313,235)	(3,313,235)
718		Late Payment Charges			451	Retail	(1,120,650)		(1,120,650)	(1,120,650)
719		Misc Service Charge Revenue			451	Retail	(1,818,977)		(1,818,977)	(1,818,977)
720		Other Retail Revenue - Transmission			456	Trans Dmd	(944,817)		(944,817)	(420,705)
721		Other Retail Revenue - Distribution			456	Retail	(1,238,927)		(1,238,927)	(1,238,927)
722		Generation Ancillary Services Credit Sch 2-5			456100	Gen Dmd	(3,008,078)		(3,008,078)	(3,008,078)
723		Real Power Losses (Financial)			456100	Gen Dmd	(30,930,741)		(30,930,741)	(30,930,741)
724		Transmission redispatch contract revenues			456100	Gen Dmd	4,982		4,982	4,982
725		Ancillary Services-Sch 1 and Sch 8 Transmission			456100	Trans Dmd	(7,257,626)		(7,257,626)	(3,231,657)
726		Short Term Firm Sch 7 Transmission			456100	Trans Dmd wo NITS	(9,535,268)		(9,535,268)	(4,736,152)
727		Ancillary Services-Sch 1 ST PTP and Transmission Service			456100	Trans Dmd	(46,217)		(46,217)	(20,579)
728		Economy Service Customer Revenue Credits			442&555	Retail	(4,214,090)		(4,214,090)	(4,214,090)
729		Securitization Servicing & Administration Fees			421	G&I Plt	(221,600)		(221,600)	(204,418)
730		Shared Services Revenue			418	Retail	(1,717,601)		(1,717,601)	(1,717,601)
731										
732				Total Revenue Credits			(65,888,398)	-	(65,888,398)	(56,157,274)
733										
734				Total Revenue Requirements Before Revenue Tax			1,298,575,702	(17,468,763)	1,281,106,939	1,047,419,757
735										
736				Revenue Tax Factor (I&S Fee) '(Revenue Tax Rate/(1-Revenue Tax Rate))			0.508573%	0.508573%	0.508573%	0.508573%
737				Revenue Tax			6,604,205	(88,841)	6,515,364	5,326,894
738										
739	NON-FUEL REVENUE REQUIREMENT						1,077,498,145	(17,557,605)	1,059,940,540	866,083,651
740	FUEL REVENUE REQUIREMENT						227,681,763	-	227,681,763	186,663,000
741	**TOTAL REVENUE REQUIREMENT**						**1,305,179,908**	**(17,557,605)**	**1,287,622,303**	**1,052,746,651**
742										
743	Weighted Cost of Capital									
744		Long Term Debt					2.07%	2.07%	2.07%	2.07%
745		Preferred Stock					0.01%	0.01%	0.01%	0.01%
746		Common Stock					4.82%	4.82%	4.82%	4.82%
747				Total Weighted Cost of Capital			6.90%	6.90%	6.90%	6.90%
748										
749				Federal Income Tax Rate			21.00%	21.00%	21.00%	21.00%
750										
751				Effective State Income Tax Rate			5.57%	5.57%	5.57%	5.57%
752										
753				I&S Fee Rate			0.508573%	0.508573%	0.508573%	0.508573%

	A	B	C	D	E	F	G	H	I	J
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2	**Test Period Ending June 30, 2026**				FERC		Test Period	Other Manual	Test Period (with Manual Adjustments)	PNM Base Rate
3					Account	Allocator	PNM	Adjustments	PNM	Jurisdiction
754										
755	**Key Allocators**									
756										
757			Sales (MWh)						1,522,358	1,522,358
758			Allocator			Sales			100.00%	100.00%
759										
760	Wage and Salary Ratios					Ratios				
761			Production	Other Prod O&M		18.93%			10,452,318	10,175,473
762						Prod W&S			100.00%	97.35%
763			Transmission	Trans O&M		15.88%			8,768,835	3,904,564
764						Trans W&S			100.00%	44.53%
765			Distribution	Dist O&M		33.28%			18,370,025	18,370,025
766						Dist W&S			100.00%	100.00%
767										
768			Total PTD			68.09%			37,591,178	32,450,061
769			Allocator						100.00%	86.32%
770										
771			Customer Accounting	CA O&M		21.21%			11,706,229	11,706,229
772			Cust Service & Information	CS&I O&M		2.86%			1,576,210	1,576,210
773			Sales	Sales O&M		7.85%			4,331,248	4,331,248
774			Total PTDCAS			100.00%			55,204,865	50,063,749
775			Allocator			PTDCAS			100.00%	90.69%
776										
777			Administrative and General						-	-
778										
779			Total Wages and Salaries						55,204,865	50,063,749
780			Allocator			Total W&S			100.00%	90.69%
781									54,928,019	50,063,749
782	Net Plant In Service Ratios					Total W&S excluding Riders			100.00%	91.14%
783										
784			Total Production Plant						982,652,475	982,652,475
785			Allocator			Prod Plt			100.00%	100.00%
786										
787			Total Transmission Plant						1,597,656,275	566,781,944
788			Allocator			Trans Plt			100.00%	35.48%
789										
790			Total Distribution Plant						1,515,050,373	1,515,050,373
791			Allocator			Dist Plt			100.00%	100.00%
792										
793			Total General & Intangible Plant						235,038,105	216,814,370
794			Allocator			G&I Plt			100.00%	92.25%
795										

	A	B	C	D	E	F	G	H	I	J
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**									
2	**Test Period Ending June 30, 2026**				FERC		Test Period	Other Manual	Test Period (with Manual Adjustments)	PNM Base Rate
3					Account	Allocator	PNM	Adjustments	PNM	Jurisdiction
796				Total Net Plant					4,377,309,630	3,328,211,564
797				Allocator		Total Net Plt			100.00%	76.03%
798										
799				Total ADIT					(739,497,167)	(586,759,527)
800				Allocator		ADIT			100.00%	79.35%
801										
802				Total Rate Base					4,077,177,102	3,011,857,247
803				Allocator		Rate Base			100.00%	73.87%
804										
805				Generation Demand allocator					1,716	1,716
806						Gen Dmd			100.00%	100.00%
807										
808				Energy allocator					10,324	10,324
809						Energy			100.00%	100.00%
810										
811				Generation and Transmission Demand		Gen/Trans Dmd			100.00%	62.83%
812										
813									3,589	1,598
814				Transmission Demand		Trans Dmd			100.00%	44.53%
815										
816									3,217	1,598
817				Transmission Demand without Network		Trans Dmd wo NITS			100.00%	49.67%
818										
819										
820	Other Allocators									
821										
822				Excluded Costs		Excluded			100.00%	0.00%
823										
824				Direct Assignment to NEC		NEC			0.00%	0.00%
825										
826				Allocation to FERC Customers		FERC			100.00%	0.00%
827										
828				Direct Assignment to Retail		Retail			100.00%	100.00%
829										
830				Allocation to Palo Verde		PV			100.00%	100.00%
831										
832				Allocation to Grid Mod		Grid Mod			100.00%	0.00%
833										
834				Direct Assignment to Renewables		Renewables			100.00%	0.00%

	A	B	C	D	E	F	K	L	M	N	O
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		PNM Renewable	Grid Mod	Total PNM Retail	FERC Transmission	Excluded
3					Account	Allocator	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction
4	**Rate Base**										
5											
6	**Net Plant**										
7											
8	Net Production Plant										
9											
10		Steam Production Net Plant			101/106	Gen Dmd	-	-	240,974,322	-	-
11			Total Steam Production Net Plant				-	-	240,974,322	-	-
12											
13		Nuclear Production Net Plant - Palo Verde			101/106	Gen Dmd	-	-	347,311,437	-	-
14		Nuclear Production Net Plant - Acq Adj (Drexel)			114	Gen Dmd	-	-	-	-	-
15		Nuclear Production Net Plant - Acq Adj (First Chicago)			114	Gen Dmd	-	-	16,779,747	-	-
16			Total Nuclear Production Net Plant				-	-	364,091,185	-	-
17											
18		Other Production Plant - Gas & 40 MW Solar			101/106	Gen Dmd	-	-	377,586,968	-	-
19		Other Production Plant - Renewable			101/106	Renewables	158,530,056	-	158,530,056	-	-
20			Total Other Production Net Plant				158,530,056	-	536,117,025	-	-
21											
22		Total Net Production Plant					158,530,056	-	1,141,182,532	-	-
23											
24	Net Plant Battery Storage										
25											
26		Transmission Sited Batteries			101/106	Retail	-	-	20,184,418	-	-
27		Distribution Sited Batteries			101/106	Retail	-	-	26,727,983	-	-
28			Total Battery Storage Net Plant				-	-	46,912,401	-	-
29											
30	Net Transmission Plant										
31											
32		Step-Up Transformers & Generation Interconnections			101/106	Gen Dmd	-	-	4,119,928	-	-
33			Total Transmission Station Equipment - Step-up Xfmr and Aux				-	-	4,119,928	-	-
34											
35		Transmission System Net Plant - Allocated			101/106	Trans Dmd	-	-	556,621,001	693,433,433	-
36		Transmission System Net Plant - FERC Incremental Rates			101/106	FERC	-	-	-	337,397,141	-
37		Transmission System Net Plant - Dedicated Retail			101/106	Retail	-	-	6,005,891	-	-
38		Transmission System Net Plant - Acq Adj (EIP)			114	Trans Dmd	-	-	35,123	43,756	-
39			Total Transmission System Net Plant				-	-	562,662,016	1,030,874,331	-
40											
41		Total Net Transmission Plant					-	-	566,781,944	1,030,874,331	-

	A	B	C	D	E	F	K	L	M	N	O
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		PNM Renewable	Grid Mod	Total PNM Retail	FERC Transmission	Excluded
3					Account	Allocator	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction
42											
43	Net Distribution Plant										
44											
45		Distribution Substations Net Plant - PNM			101/106	Retail	-	-	199,695,244	-	-
46		Distribution Substations Net Plant - Renewables			101/106	Renewables	-	-	-	-	-
47		Distribution Substations Net Plant - Grid Mod			101/106	Grid Mod	-	-	-	-	-
48			Total Distribution Substations Net Plant				-	-	199,695,244	-	-
49											
50		Primary Distribution System Net Plant - PNM			101/106	Retail	-	-	788,963,636	-	-
51		Primary Distribution System Net Plant - Renewables			101/106	Renewables	4,291,993	-	4,291,993	-	-
52		Primary Distribution System Net Plant - Grid Mod			101/106	Grid Mod	-	5,857,809	5,857,809	-	-
53			Total Primary Distribution Net Plant				4,291,993	5,857,809	799,113,439	-	-
54											
55		Secondary Distribution System Net Plant - PNM			101/106	Retail	-	-	340,199,544	-	-
56		Secondary Distribution System Net Plant - Renewables			101/106	Renewables	1,342,881	-	1,342,881	-	-
57		Secondary Distribution System Net Plant - Grid Mod			101/106	Grid Mod	-	3,044,182	3,044,182	-	-
58			Total Secondary Distribution Net Plant				1,342,881	3,044,182	344,586,608	-	-
59											
60		Services Net Plant - PNM			101/106	Retail	-	-	123,529,928	-	-
61											
62		Meters Net Plant - PNM			101/106	Retail	-	-	47,907,691	-	-
63		Meters Net Plant - Grid Mod			101/106	Grid Mod	-	10,201,823	10,201,823	-	-
64			Total Meters Net Plant				-	10,201,823	58,109,515	-	-
65											
66		Private Lighting - 371			101/106	Retail	-	-	1,163,014	-	-
67		Street Lighting - 373			101/106	Retail	-	-	13,591,316	-	-
68			Total Lighting Net Plant				-	-	14,754,330	-	-
69											
70		Total Net Plant Distribution Plant					5,634,875	19,103,815	1,539,789,063	-	-
71											
72	Net Plant General & Intangible Plant										
73											
74		General & Intangible Net Plant			101/106	Total W&S excluding Riders	-	-	115,531,045	11,225,174	-
75		Renewables General & Intangible Net Plant			101/106	Renewables	1,207,658	-	1,207,658	-	-
76		Grid Mod General & Intangible Net Plant			101/106	Grid Mod	-	14,492,490	14,492,490	-	-
77		Production Related (Shared Services)			101/106	Prod W&S	413,383	-	15,607,280	-	-
78		Transmission Related (Shared Services)			101/106	Trans W&S	-	-	5,617,766	6,998,562	-
79		Distribution/Customer Related (Shared Services)			101/106	Retail	-	-	80,471,663	-	-
80			Total Net Plant General & Intangible Plant - PNM				1,621,041	14,492,490	232,927,901	18,223,735	-
81											
82			Total Net Plant				165,785,972	33,596,305	3,527,593,841	1,049,098,066	-

	A	B	C	D	E	F	K	L	M	N	O
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		PNM Renewable	Grid Mod	Total PNM Retail	FERC Transmission	Excluded
3					Account	Allocator	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction
83											
84	**Accumulated Deferred Income Taxes**										
85				Federal Tax Credit Carryforward	190	Retail	-	-	19,358,228	-	-
86				Federal Tax Credit Carryforward - Renewables	190	Renewables	-	-	-	-	-
87				Net Operating Loss (NOL)	190	Total Net Plt	-	-	19,641,002	6,191,114	-
88				Incentive Pay Plans	190	Total W&S	-	-	-	-	-
89				Regulatory Assets - Coal Mine Decommissioning	190	Retail	-	-	-	-	-
90				Regulatory Liabilities - Renewable Rider	190	Renewables	-	-	-	-	-
91				Income Tax Regulatory Liability	190	ADIT	3,508,304	-	48,867,304	8,298,963	0
92				Income Tax Regulatory Asset	283	ADIT	(4,060,773)	-	(56,562,657)	(9,605,838)	(0)
93				Lease Liability	190	Excluded	-	-	-	-	-
94				Deferred Credits - Coal Mine Decommissioning	190	Retail	-	-	-	-	-
95				Regulatory Assets - ETA Carrying Charges	283	Retail	-	-	(0)	-	-
96				Regulatory Assets - ETA Job Training & Severance	283	Retail	-	-	-	-	-
97				Regulatory Assets - ETA Payments to State Agencies	283	Retail	-	-	0	-	-
98				Regulatory Assets - ETA SJGS Plant Decommissioning	283	Retail	-	-	(667,624)	-	-
99				Regulatory Assets - ETA SJGS upfront Financing Cost	283	Retail	-	-	0	-	-
100				Regulatory Assets - ETA Westmoreland Coal Mine Sev	283	Retail	-	-	0	-	-
101				Deferred Credits - Joint Use	190	Retail	-	-	181,010	-	-
102				Deferred Credits - Pathnet	190	Retail	-	-	1,349,331	-	-
103				Deferred Credits - PVNGS Dry Casks	190	Retail	-	-	-	-	-
104				Other Deferred Credits	190	Retail	-	-	-	-	-
105				Other Liabilities - ETA Job Training and Severance	190	Retail	-	-	-	-	-
106				Other Liabilities - Navajo Workforce Training	190	Retail	-	-	-	-	-
107				Other Liabilities	190	Total W&S	-	-	-	-	-
108				Injury and Damages	283	Total W&S	7,325	-	1,331,954	128,703	-
109				Plant - AFUDC	283	Total Net Plt	-	-	(20,810,867)	(6,559,872)	-
110				Plant - Capitalized Interest	283	Total Net Plt	-	-	4,222,289	1,330,924	-
111				Decommissioning and Reclamation Trusts	283	Retail	-	-	-	-	-
112				ASC 740-10 (FIN 48) Reclassifications	283	Total Net Plt	-	-	-	-	-
113				PVNGS Licensing	283	Retail	-	-	41,710	-	-
114				Plant - 263A Adjustment	283	Total Net Plt	-	-	(17,975,631)	(5,666,166)	-
115				Deferred State Taxes	283	Total Net Plt	-	-	-	-	-
116				Plant - CIAC	283	Total Net Plt	-	-	9,322,737	2,938,655	-
117				Plant - Depreciation Nuclear Fuel	282	Gen Dmd	-	-	9,663,055	-	-
118				Plant - Removal Cost	282	Total Net Plt	-	-	(5,649,558)	(1,780,818)	-
119				Plant - Repairs	282	Total Net Plt	-	-	(51,624,857)	(16,272,865)	-
120				Plant - Section 174 Deduction	282	Total Net Plt	-	-	(677,195)	(213,461)	-
121				Plant - Asset Retirement Obligation	282	Retail	-	-	7,857,390	-	-
122				Plant - Pollution Control Property	282	Gen Dmd	-	-	(2,154,701)	-	-
123				Plant - Liberalized Depreciation: Production	282	Gen Dmd	-	-	(169,234,057)	-	-
124				Plant - Liberalized Depreciation: Transmission	282	Trans Dmd	-	-	(65,432,118)	(81,514,743)	-
125				Plant - Liberalized Depreciation: Distribution	282	Retail	-	-	(154,067,714)	-	-
126				Plant - Liberalized Depreciation: General and Intangible	282	Total W&S	(90,410)	-	(16,439,828)	(1,588,535)	-
127				Plant - Liberalized Depreciation: Renewables	282	Renewables	(48,205,503)	-	(48,205,503)	-	-

	A	B	C	D	E	F	K	L	M	N	O
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		PNM Renewable	Grid Mod	Total PNM Retail	FERC Transmission	Excluded
3					Account	Allocator	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction
128				Plant - Four Corners Imprudence	282	Gen Dmd	-	-	-	-	-
129				Regulatory Assets - SJGS Stranded Costs Units 2&3	282	Retail	-	-	(19,264,979)	-	-
130				Pension	283	Total W&S	(185,745)	-	(33,775,121)	(3,263,595)	-
131				Retiree Medical	283	Total W&S	-	-	-	-	-
132				Lease Asset	283	Excluded	-	-	-	-	-
133				Loss on Reacquired Debt	283	Total Net Plt	-	-	(787,503)	(248,232)	-
134				Other Comprehensive Income (OCI)	283	Excluded	-	-	-	-	-
135				Deferred Credits - SO2 Allowance	283	Retail	-	-	10,507	-	-
136				Deferred Debits - Rate Case Expense	283	Retail	-	-	(847,737)	-	-
137				Deferred Debits - Decoupling	283	Excluded	-	-	-	-	-
138				Deferred Debits - Grid Modernization	283	grid mod	-	-	-	-	-
139				Deferred Debits - RR Underground Rider	283	Retail	-	-	-	-	-
140				Prepaid Expenses	283	Total Net Plt	-	-	(1,254,754)	(395,516)	-
141				Regulatory Assets - COVID-19 Costs	283	Retail	-	-	(370,501)	-	-
142				Regulatory assets - FAC	283	Retail	-	-	-	-	-
143				Regulatory Assets - EIM Costs	283	Retail	-	-	(2,903,476)	-	-
144				Regulatory Assets - Energy Efficiency	283	Excluded	-	-	-	-	(0)
145				Regulatory Assets - ETA	283	Retail	-	-	-	-	-
146				Regulatory Assets - Sky Blue Under Recovery	283	Renewables	-	-	-	-	-
147				Regulatory Assets - Renewable Energy	283	Renewables	3,091,257	-	3,091,257	-	-
148				Regulatory Assets - Renewable Energy Credits	283	Renewables	(0)	-	(0)	-	-
149				Regulatory Assets - SJGS External Legal Fees	283	Retail	-	-	(115,954)	-	-
150				Regulatory Assets - SJGS Replacement Resources	283	Retail	-	-	(1,947,453)	-	-
151				Regulatory Assets - SJGS Undepreciated Investment	283	Retail	-	-	0	-	-
152				Regulatory Assets - SJGS Underground Coal Mine	283	Retail	-	-	(0)	-	-
153				Regulatory Assets - Solar Direct Regulatory Assets	283	Retail	-	-	-	-	-
154				Regulatory Assets - Transportation Electrification	283	Retail	-	-	-	-	-
155				Regulatory Assets - WCC Transaction Costs	283	Retail	-	-	-	-	-
156				Regulatory Liabilities - Energy Efficiency	283	Excluded	-	-	-	-	-
157				Regulatory Liabilities - FAC	283	Retail	-	-	-	-	-
158				Regulatory Assets - PCB Refinancing Hedge	283	Total Net Plt	-	-	(1,384,741)	(436,489)	-
159				Prepaid Expenses: Production	283	Gen Dmd	-	-	(393)	-	-
160				Prepaid Expenses: Transmission	283	Trans Plt	-	-	(2,016)	(3,667)	-
161				Prepaid Expenses: Transmission (incremental FERC Rates)	283	FERC	-	-	-	-	-
162				Prepaid Expenses: Distribution	283	Retail	-	-	(1,729)	-	-
163				Prepaid Expenses: Renewables	283	Renewables	-	-	-	-	-
164				Regulatory Assets - 2024 Rate Change	283	Retail	-	-	(736,301)	-	-
165				Regulatory Assets - SJGS Obsolete Inventory	283	Retail	-	-	(1,473,597)	-	-
166				Regulatory Liabilities - Earnings Test	283	Retail	-	-	-	-	-
167				Regulatory Assets - PVNGS Undepreciated Investment	283	Retail	-	-	(10,596,037)	-	-

	A	B	C	D	E	F	K	L	M	N	O
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		PNM Renewable	Grid Mod	Total PNM Retail	FERC Transmission	Excluded
3					Account	Allocator	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction
168		Regulatory Assets - ETC Over/Under SPE			283	Retail	-	-	-	-	-
169		Regulatory Assets - PVNGS Replacement Resources			283	Retail	-	-	(462,677)	-	-
170		Regulatory Assets - Rate Rider 12 UG Rate			283	Retail	-	-	-	-	-
171		Regulatory Assets - Renewable Rider Curr Reg			283	Renewables	-	-	-	-	-
172		Regulatory Assets - SJ Energy Transition Property (SPE)			283	Retail	-	-	(79,654,063)	-	-
173		Regulatory Liabilities - Curr Reg Liab-UG Rate Rider 12			283	Retail	-	-	-	-	-
174		Regulatory Liabilities - Energy Transition Cost True Up			283	Retail	-	-	305,611	-	-
175		Regulatory Liabilities - SJGS Retirements Rate Credit			283	Retail	-	-	-	-	-
176		Deferred Debits - WS-Transmission Revenue			283	FERC	-	-	-	-	-
177		Customer Advance			190	Retail	-	-	-	-	-
178		Deferred Credits - ETA			283	Retail	-	-	-	-	-
179		Other Liabilities - ETA Coal Mine Severance			283	Retail	-	-	-	-	-
180		Other Liabilities - ETA State Agency Payments			283	Retail	-	-	-	-	-
181											
182											
183											
184											
185											
186											
187											
188											
189				Total Accumulated Deferred Income Taxes			(45,935,544)	-	(639,837,956)	(108,661,439)	(0)

	A	B	C	D	E	F	K	L	M	N	O
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		PNM Renewable	Grid Mod	Total PNM Retail	FERC Transmission	Excluded
3					Account	Allocator	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction
190											
191	**Regulatory Assets & Liabilities**										
192											
193		Coal Mine Decommissioning			182	Retail	-	-	-	-	-
194		PCB Refinancing Hedge			182	Total Net Plt	-	-	5,451,736	1,718,462	-
195		Reg Liab Renewables Fed Grant			254	Renewables	(10,222,296)	-	(10,222,296)	-	-
196		Reg Liab Renewables St Credit			254	Renewables	(1,948,008)	-	(1,948,008)	-	-
197		SJGS Coal Agreement Transaction Costs			182	Gen Dmd	-	-	-	-	-
198		SJGS 2&3 50% Undepreciated Investment			182	Gen Dmd	-	-	75,846,374	-	-
199		SJGS County Ordinance Decommission			182	Gen Dmd	-	-	-	-	-
200		Energy Imbalance Market (EIM) One Time Implementation Costs			182	Retail	-	-	11,431,010	-	-
201		SJGS Replacement Resources			182	Gen Dmd	-	-	7,667,139	-	-
202		SJGS External Legal Expenses			182	Gen Dmd	-	-	456,510	-	-
203		SJGS Obsolete Inventory			182	Gen Dmd	-	-	5,801,562	-	-
204		COVID Regulatory Asset and Liability			182	Retail	-	-	1,561,547	-	-
205		Sky Blue Under Recovery			182	Retail	-	-	-	-	-
206		Solar Direct			182	Retail	-	-	-	-	-
207		Transportation Electrification Program (TEP)			182	Retail	-	-	-	-	-
208		SO2 Allowance Credit			182	Retail	-	-	0	-	-
209		PVNGS Unit 1 - 104MW Undepreciated Investment Pre - lease renewal			182	Gen Dmd	-	-	38,948,435	-	-
210		PVNGS Unit 1 - 104MW Undepreciated Investment Post - lease renewal			182	Gen Dmd	-	-	-	-	-
211		PVNGS Unit 2 - 10MW Undepreciated Investment Pre - lease renewal			182	Gen Dmd	-	-	2,642,134	-	-
212		PVNGS Unit 2 - 10MW Undepreciated Investment Post - lease renewal			182	Gen Dmd	-	-	-	-	-
213		PVNGS Costs to Obtain Replacement Resources			182	Gen Dmd	-	-	1,821,562	-	-
214		PVNGS True-up for SRP Transaction Proceeds			182	Gen Dmd	-	-	126,114	-	-
215		2024 Rate Change Expenses			182	Retail	-	-	2,898,823	-	-
216		Energy Transition Cost True-up			182	Gen Dmd	-	-	(1,203,193)	-	-
217		Excess Deferred Income Tax Regulatory Liability			254	ADIT	(14,064,495)	-	(195,904,894)	(33,269,842)	(0)
218											
219				Total Regulatory Assets & Liabilities			(26,234,799)	-	(54,625,447)	(31,551,380)	(0)

	A	B	C	D	E	F	K	L	M	N	O
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		PNM Renewable	Grid Mod	Total PNM Retail	FERC Transmission	Excluded
3					Account	Allocator	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction
220											
221	**Other Rate Base Items**										
222											
223		Customer Deposits			235	Retail	-	-	(6,221,788)	-	-
224		RWIP-Production			108	Gen Dmd	-	-	-	-	-
225		RWIP-Transmission			108	Trans Dmd	-	-	-	-	-
226		RWIP-Distribution			108	Retail	-	-	-	-	-
227		CWIP - Production			107	Gen Dmd	-	-	-	-	-
228		CWIP - Transmission			107	Trans Dmd	-	-	-	-	-
229		CWIP - Distribution			107	Retail	-	-	-	-	-
230		CWIP - Renewables			107	Renewables	-	-	-	-	-
231		CWIP - Production Related			107	Gen Dmd	-	-	-	-	-
232		ARO Liability - Production			230	Gen Dmd	-	-	(28,866,513)	-	-
233		ARO Liability - Transmission			230	Trans Dmd	-	-	-	-	-
234		ARO Liability - Distribution			230	Retail	-	-	(1,606,816)	-	-
235		ARO Liability - 65MW SJGS			230	Excluded	-	-	-	-	-
236		Injuries and Damages PNM			228	Total W&S	(14,682)	-	(2,669,721)	(257,968)	-
237		NQRP - Expense in Excess of Funding				Total W&S	(17,440)	-	(3,171,208)	(306,425)	-
238		Palo Verde Dry Cask Storage			253	Gen Dmd	-	-	-	-	-
239		FERC Incremental Rates			253	FERC	-	-	-	(55,490,053)	-
240		Pueblos Transmission Rights-of-Way			186	Trans Dmd	-	-	51,064,237	63,615,366	-
241		Pueblos Distribution Rights-of-Way			186	Retail	-	-	7,967,592	-	-
242		Prepaid Pension Asset			182/228	Total W&S	731,278	-	132,972,916	12,848,800	-
243		Unamortized Loss on Reacquired Debt			189	Total Net Plt	-	-	3,117,882	982,799	-
244		Tucson Electric Power ROW Payment			253	Trans Dmd	-	-	(317,322)	(395,316)	-
245		PV 1&2 Excess Gain Amortization			253	Retail	-	-	(22,984)	-	-
246		Possessory Interest Tax			186	Total W&S	16,866	-	3,066,928	296,349	-
247		Pathnet			253	Retail	-	-	(5,312,329)	-	-
248		2025 Rate Change Expenses			186	Retail	-	-	3,337,546	-	-
249											
250				Total Other Rate Base Items			716,023	-	153,338,423	21,293,553	-

	A	B	C	D	E	F	K	L	M	N	O
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		PNM Renewable	Grid Mod	Total PNM Retail	FERC Transmission	Excluded
3					Account	Allocator	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction
251											
252	**Working Capital**										
253											
254	Fuel Stock										
255		Production Fuel Stock			151	Energy	-	-	915,189	-	-
256		PV Nuclear Fuel (120.1 - .5)			120	Energy	-	-	81,139,432	-	-
257			Total Fuel Stock				-	-	82,054,621	-	-
258											
259	Materials & Supplies										
260		Production			154	Gen Dmd	-	-	27,174,074	-	-
261		Transmission			154	Trans Plt	-	-	2,886,511	5,250,045	-
262		Distribution			154	Retail	-	-	25,045,844	-	-
263			Total Materials & Supplies				-	-	55,106,429	5,250,045	-
264											
265	Prepayments										
266		Production			165	Gen Dmd	-	-	4,673,109	-	-
267		Transmission			165	Trans Plt	-	-	779,369	1,417,532	-
268		Transmission (Incremental FERC Rates)			165	FERC	-	-	-	420,894	-
269		Distribution			165	Retail	-	-	4,199,418	-	-
270		Renewables			165	Renewables	124,627	-	124,627	-	-
271			Total Prepayments				124,627	-	9,776,523	1,838,426	-
272											
273				Total Cash Working Capital (see Rule 530 schedule E-1)		Retail	-	-	6,503,398	-	-
274											
275			Total Working Capital				124,627	-	153,440,970	7,088,471	-
276											
277			Total Rate Base Adjustments & Working Capital				(71,329,693)	-	(387,684,009)	(111,830,795)	(0)
278											
279			Total Net Original Cost Rate Base				94,456,279	33,596,305	3,139,909,831	937,267,271	(0)

	A	B	C	D	E	F	K	L	M	N	O
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		PNM Renewable	Grid Mod	Total PNM Retail	FERC Transmission	Excluded
3					Account	Allocator	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction
280											
281	**Operations and Maintenance Expense**										
282											
283	Production Fuel related expenses										
284											
285	Production - FPPCAC Fuel Related										
286		Steam Generation			501	Direct Assignment	-	-	59,159,008	-	-
287		Steam Fuel Handling and Disposal			501	Direct Assignment	-	-	1,978,215	-	-
288		Nuclear			518	Direct Assignment	-	-	15,470,320	-	-
289		Nuclear Disposal			518	Direct Assignment	-	-	866,288	-	-
290		Gas Generation			547	Direct Assignment	-	-	96,037,692	-	-
291		Wind PPA			555	Direct Assignment	32,252,724	-	32,252,724	-	-
292		Geothermal PPA			555	Direct Assignment	8,766,039	-	8,766,039	-	-
293		Purchased Power Energy			555	Direct Assignment	-	-	110,551,362	-	-
294		Spinning reserves			555	Direct Assignment	-	-	112,483	-	-
295		Energy Storage Agreement - Demand			555	Direct Assignment	-	-	-	-	-
296			Total Fuel Costs (before OSS)				41,018,763	-	325,194,132	-	-
297											
298		Off-system Sales			447	Direct Assignment	-	-	(97,512,369)	-	-
299		Tri State Hazard Sharing			447	Direct Assignment	-	-	-	-	-
300		EIM Fuel Benefits			447.3	Direct Assignment	-	-	-	-	-
301		Physical Sales of Gas (under FAC hedge plan)			447.7	Direct Assignment	-	-	-	-	-
302			Total Other Fuel				-	-	(97,512,369)	-	-
303											
304			Total Fuel (net OSS)				41,018,763	-	227,681,763	-	-
305											
306		Production - Non Fuel Items									
307		Gas Plants Fuel Transportation			547	Energy	-	-	12,528,671	-	-
308		Gas PPA - Valencia - Demand			555	Energy	-	-	20,963,221	-	-
309		Energy Storage Agreement - Demand			555	Energy	-	-	82,142,228	-	-
310		Purchase Power for Economy Service Customer			555	Energy	-	-	-	-	-
311		Purchased power for Rate 36B				Energy	-	-	-	-	-
312		FPPCAC deferral				Energy	-	-	-	-	-
313		REC Purchases and Renewable Energy Amortization			555	Renewables	4,017,630	-	4,017,630	-	-
314		City of Gallup - Mandoza Station Charges				Energy	-	-	-	-	-
315		Coal Mine Decommissioning			501.15	Retail	-	-	-	-	-
316		Broker Fees				Gen Dmd	-	-	158,441	-	-
317			Total Non Fuel Items				4,017,630	-	119,810,191	-	-
318											
319				Total Fuel Related Expense			45,036,393	-	347,491,954	-	-

	A	B	C	D	E	F	K	L	M	N	O
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		PNM Renewable	Grid Mod	Total PNM Retail	FERC Transmission	Excluded
3					Account	Allocator	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction
320											
321	O&M										
322	Steam Production										
323				Oper-Sup & Eng-Prod	500	Gen Dmd	-	-	5,161,937	-	-
324				Oper-Steam Expense-Major	502	Gen Dmd	-	-	5,211,646	-	-
325				Steam from Other Sources	503	Gen Dmd	-	-	-	-	-
326				Oper-Electric Exp-Major	505	Gen Dmd	-	-	1,440,208	-	-
327				Oper-Misc Steam Power Exp	506	Gen Dmd	-	-	2,099,786	-	-
328				Oper-Rents-Steam Power	507	Gen Dmd	-	-	230,497	-	-
329				Maint-Sup & Eng-Steam	510	Energy	-	-	603,898	-	-
330				Maint-Structures-Steam	511	Gen Dmd	-	-	4,083,313	-	-
331				Maint-Boiler Plant	512	Energy	-	-	6,345,507	-	-
332				Maint-Electric Plant	513	Energy	-	-	1,543,929	-	-
333				Maint-Gen & Elec Plant	514	Gen Dmd	-	-	826,735	-	-
334											
335	Nuclear Production										
336				Oper-Sup & Eng-Nuclear	517	Gen Dmd	-	-	5,906,711	-	-
337				Oper-Coolants and Water	519	Gen Dmd	-	-	4,944,020	-	-
338				Oper-Steam Expenses-Nuclear	520	Gen Dmd	-	-	2,415,166	-	-
339				Oper-Electric Exp	523	Gen Dmd	-	-	3,193,815	-	-
340				Oper-Misc Nuclear Power, excluding PV 1&2 Decommissioning and CE Credit	524	Gen Dmd	-	-	10,702,739	-	-
341				Oper-Misc Nuclear Power - PV 1&2 Decommissioning and CE Credit	524	Retail	-	-	-	-	-
342				Total Rents - Nuclear, excluding PV 1&2 Prudency Audit and Excess Gain Amortization	525	Gen Dmd	-	-	-	-	-
343				Oper-Rents-Nuclear - PV 1&2 Excess Gain Amortization	525	Retail	-	-	(38,554)	-	-
344				Maint-Sup & Eng-Nuclear	528	Energy	-	-	1,252,819	-	-
345				Maint-Structures-Major	529	Gen Dmd	-	-	798,482	-	-
346				Maint-Reactor Plant	530	Energy	-	-	3,054,879	-	-
347				Maint-Elec Plant	531	Energy	-	-	3,671,029	-	-
348				Maint-Misc Nuclear Plant	532	Gen Dmd	-	-	858,927	-	-
349	Other Production										
350				Oper-Sup & Eng-Other	546	Energy	-	-	5,573,377	-	-
351				Oper-Oth Pwr Gen Exp-Other	549	Energy	-	-	124,984	-	-
352				Oper-Oth Pwr Gen Exp-Other - Renewables	549	Renewables	1,655,522	-	1,655,522	-	-
353				Maint - Structures	552	Gen Dmd	-	-	1,400,652	-	-
354				Maint-Gen & Elec Plant	553	Energy	-	-	12,392,334	-	-
355				Maint-Gen & Elec Plant - Renewables	553	Renewables	1,003,097	-	1,003,097	-	-
356				Maint-Gen & Elec Plant	556	Gen Dmd	-	-	6,002,894	-	-
357	Energy Storage Related O&M										
358				Oper-Oth Pwr Gen Exp-Other - Energy Storage Transmission	549	Retail	-	-	-	-	-
359				Oper-Oth Pwr Gen Exp-Other - Energy Storage Distribution	549	Retail	-	-	-	-	-
360				Maint-Gen & Elec Plant-Energy Storage Transmission	553	Retail	-	-	-	-	-
361				Maint-Gen & Elec Plant-Energy Storage Distribution	553	Retail	-	-	-	-	-
362				Total Production O&M			2,658,619	-	92,460,348	-	-

	A	B	C	D	E	F	K	L	M	N	O
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		PNM Renewable	Grid Mod	Total PNM Retail	FERC Transmission	Excluded
3					Account	Allocator	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction
363											
364	Transmission O&M (560-574, excluding 565):										
365		Oper-Sup & Eng-ETrans			560	Trans Dmd	-	-	1,453,414	1,810,650	-
366		Oper-Load Dispatch-ETrans			561	Trans Dmd	-	-	716,013	892,003	-
367		Oper-Station Exp-ETrans			562	Trans Dmd	-	-	938,578	1,169,273	-
368		Oper-Overhead Lines-ETrans			563	Trans Dmd	-	-	34,809	43,364	-
369		Oper-Misc Transmission-E			566	Trans Dmd	-	-	1,374,607	1,712,473	-
370		Oper-Rents-Transmission-E			567	Trans Dmd	-	-	8,646,009	10,771,121	-
371		Maint Sup & Eng-ETrans			568	Trans Dmd	-	-	1,217	1,516	-
372		Maint-Structures-ETrans			569	Trans Dmd	-	-	-	-	-
373		Maint-Sta Equip-ETrans			570	Trans Dmd	-	-	2,333,231	2,906,719	-
374		Maint-Overhead Lns-ETrans			571	Trans Dmd	-	-	731,193	910,913	-
375		Maint-Under Ground lines-ETrans			572	Trans Dmd	-	-	-	-	-
376		Maint-Misc Trans Plant			573	Trans Dmd	-	-	-	-	-
377		Maint-Trans Plant-NonMaj-E			574	Trans Dmd	-	-	2,568	3,199	-
378		Incremental Rate - Transmission O&M			560-564,566-574	FERC	-	-	-	1,251,042	-
379				Total Transmission O&M, excluding FERC 565			-	-	16,231,640	21,472,272	-
380											
381	Transmission O&M by Others (565):										
382		Transmission by Others			565	Gen Dmd	-	-	32,013,463	-	-
383				Total Transmission by Others, FERC 565			-	-	32,013,463	-	-
384											
385				Total Transmission O&M			-	-	48,245,103	21,472,272	-

	A	B	C	D	E	F	K	L	M	N	O
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		PNM Renewable	Grid Mod	Total PNM Retail	FERC Transmission	Excluded
3					Account	Allocator	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction
386											
387	Total Dist O&M (580-598)										
388											
389	PNM Street & Private Lighting										
390		Oper-Street Light/Signal-E			585	Retail	-	-	38	-	-
391		Maint-Streetlight/Signal-E			596	Retail	-	-	981,229	-	-
392			Total Street and Private Lighting				-	-	981,267	-	-
393											
394	PNM Meters										
395		Oper-Meter Expense-EDist			586	Retail	-	-	3,797,705	-	-
396		Oper-Meter Expense-Grid Mod			597	Grid Mod	-	3,019,068	3,019,068	-	-
397		Maint-Meters-EDist			597	Retail	-	-	428,051	-	-
398		Maint-Meters-Grid Mod			597	Grid Mod	-	-	-	-	-
399			Total Meters				-	3,019,068	7,244,824	-	-
400											
401	All Other Distribution O&M										
402		Oper-Sup & Eng-EDist			580	Retail	-	-	2,385,705	-	-
403		Oper-Station Exp-EDist			582	Retail	-	-	1,104,307	-	-
404		Oper-Overhead Lines-EDist			583	Retail	-	-	3,278,998	-	-
405		Oper-Undergrd Line-EDist			584	Retail	-	-	708,285	-	-
406		Oper-Misc Dist Exp-EDist			588	Retail	-	-	12,240,120	-	-
407		Oper-Rents-Distribution-E			589	Retail	-	-	1,148,392	-	-
408		Maint-Sup & Eng-EDist			590	Retail	-	-	3,600,779	-	-
409		Maint-Structures-EDist			591	Retail	-	-	49,552	-	-
410		Maint-Station Equip-EDist			592	Retail	-	-	1,320,092	-	-
411		Maint-Overhead Lns-EDist			593	Retail	-	-	10,814,869	-	-
412		Maint-Und Lines-EDist			594	Retail	-	-	2,412,820	-	-
413		Maintenance of Line Transformers			595	Retail	-	-	437	-	-
414		Maint-Misc Dist Plant-E			598	Retail	-	-	-	-	-
415		Other Distribution O&M - Grid Mod			580-598	Grid Mod	-	1,079,772	1,079,772	-	-
416			Total Other Distribution O&M				-	1,079,772	40,144,127	-	-
417											
418			Total Distribution O&M				-	4,098,841	48,370,217	-	-

	A	B	C	D	E	F	K	L	M	N	O
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		PNM Renewable	Grid Mod	Total PNM Retail	FERC Transmission	Excluded
3					Account	Allocator	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction
419											
420	Customer Related O&M										
421											
422	PNM Related Customer Accounts Exp										
423		Supervision-Customer Accts			901	Retail	-	-	(324,877)	-	-
424		Meter Reading Expenses			902	Retail	-	-	9,952,377	-	-
425		Customer Record and Collections			903	Retail	-	-	13,150,371	-	-
426		Uncollectible Expenses			904	Retail	-	-	3,768,813	-	-
427		Misc Customer Accts Exp			905	Retail	-	-	-	-	-
428		Cust Service/Inf Expenses			906	Retail	-	-	109,690	-	-
429		Customer Assistance Exps			908	Retail	-	-	1,600,974	-	-
430		Inform/Instruc Advert Exps			909	Retail	-	-	-	-	-
431		Demo & Selling Expenses - Non Production			912	Retail	-	-	-	-	-
432		Demo & Selling Expenses - Production			912	Sales	-	-	6,300,759	-	-
433		Advertising Expense			913	Sales	-	-	608,637	-	-
434		Total Customer Accounting Expenses - Grid Mod			901-905	Grid Mod	-	7,171,536	7,171,536	-	-
435			Total Customer Related O&M				-	7,171,536	42,338,279	-	-
436											
437	Administrative & General Expense										
438											
439		Admin and General Salaries			920	Total W&S excluding Riders	-	-	4,588,086	445,785	-
440		AG Office Supplies Exp			921	Total W&S excluding Riders	-	-	403,530	39,208	-
441		A&G Charged to CWIP			922	Total W&S excluding Riders	-	-	(13,626,093)	(1,323,932)	-
442		Production Related - Shared Services			9229	Prod W&S	434,223	-	16,394,108	-	-
443		Transmission Related - Shared Services			9229	Trans W&S	-	-	6,222,944	7,752,487	-
444		Distribution Related - Shared Services			9229	Dist W&S	-	-	54,666,291	-	-
445		Outside Services			923	Total W&S excluding Riders	-	-	1,456,338	141,500	-
446		Property Insurance			924	Total W&S excluding Riders	-	-	2,479,038	240,867	-
447		Injuries or Damages-Safety			925	Total W&S excluding Riders	-	-	13,570,098	1,318,492	-
448		Empl Pension and Benefits			926	Total W&S excluding Riders	-	-	10,594,922	1,029,419	-
449		Regulatory Commission Exp			928	Total W&S excluding Riders	-	-	2,420,512	235,181	-
450		Regulatory Commission Exp - (Rate Case Expense)			928	Retail	-	-	966,274	-	-
451		Production - Misc AG Expenses			930	Total W&S excluding Riders	-	-	8,369,664	813,209	-
452		Transmission - Rents-Cust			931	Total W&S excluding Riders	-	-	250,177	24,308	-
453		Total Gas A&G Maintenance			932	Total W&S excluding Riders	-	-	-	-	-
454		Maint of General Plant			935	Total W&S excluding Riders	-	-	2,220,071	215,706	-
455		Renewables - A&G (920-935)			920-935	Renewables	309,678	-	309,678	-	-
456		Grid Mod - A&G (920-935)			920-935	Grid Mod	-	1,226,434	1,226,434	-	-
457			Total Administrative & General Expense				743,901	1,226,434	112,512,072	10,932,229	-
458											
459				Generic Adjustment		Retail	-	-	(12,871,317)	-	-
460											
461			Total Operations & Maintenance Expense				7,420,150	12,496,810	450,864,894	32,404,502	-
462											

	A	B	C	D	E	F	K	L	M	N	O
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		PNM Renewable	Grid Mod	Total PNM Retail	FERC Transmission	Excluded
3					Account	Allocator	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction
463	**Depreciation and Amortization Expense**										
464											
465	Production Depreciation and Amortization										
466		Steam Production Plant			403	Gen Dmd	-	-	10,014,639	-	-
467		Nuclear Production Net Plant - Palo Verde			403	Gen Dmd	-	-	19,878,271	-	-
468		Nuclear Production Plant - Acq. Adj. (Drexel)			406	Gen Dmd	-	-	-	-	-
469		Nuclear Production Plant - Acq. Adj. (First Chicago)			406	Gen Dmd	-	-	832,053	-	-
470		Other Production Plant - Gas & 40 MW Solar			403	Gen Dmd	-	-	20,752,769	-	-
471		Other Production Plant - Renewable			403	Renewables	8,091,078	-	8,091,078	-	-
472			Total Production Depreciation and Amortization Expense				8,091,078	-	59,568,810	-	-
473											
474	Energy Storage Depreciation and Amortization										
475											
476		Transmission Sited Batteries			403	Retail	-	-	338,998	-	-
477		Distribution Sited Batteries			403	Retail	-	-	868,925	-	-
478			Total Energy Depreciation and Amortization				-	-	1,207,924	-	-
479											
480	Transmission Depreciation and Amortization										
481		Step-Up Transformers & Generation Interconnections			403	Gen Dmd	-	-	330,154	-	-
482		Transmission System Plant - Allocated			403	Trans Dmd	-	-	20,372,850	25,380,313	-
483		Transmission System Plant - FERC Incremental Rates			403	FERC	-	-	-	10,347,728	-
484		Transmission System Net Plant - Dedicated Retail			403	Retail	-	-	693,169	-	-
485		Transmission System Plant - Acq. Adj. (EIP)			406	Trans Dmd	-	-	195,689	243,788	-
486			Total Transmission Depreciation and Amortization				-	-	21,591,863	35,971,829	-
487											

	A	B	C	D	E	F	K	L	M	N	O
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		PNM Renewable	Grid Mod	Total PNM Retail	FERC Transmission	Excluded
3					Account	Allocator	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction
488	Distribution Depreciation and Amortization										
489		Distribution Substations Net Plant - PNM			403	Retail	-	-	7,734,096	-	-
490		Distribution Substations Net Plant - Renewables			403	Renewables	-	-	-	-	-
491		Distribution Substations Net Plant - Grid Mod			403	Grid Mod	-	-	-	-	-
492		Primary Distribution System Net Plant - PNM			403	Retail	-	-	38,186,812	-	-
493		Primary Distribution System Net Plant - Renewables			403	Renewables	188,096	-	188,096	-	-
494		Primary Distribution System Net Plant - Grid Mod			403	Grid Mod	-	331,718	331,718	-	-
495		Secondary Distribution System Net Plant - PNM			403	Retail	-	-	14,086,170	-	-
496		Secondary Distribution System Net Plant - Renewables			403	Renewables	57,167	-	57,167	-	-
497		Secondary Distribution System Net Plant - Grid Mod			403	Grid Mod	-	113,437	113,437	-	-
498		Services Net Plant - PNM			403	Retail	-	-	7,982,393	-	-
499		Meters Net Plant - PNM			403	Retail	-	-	2,564,005	-	-
500		Meters Net Plant - Grid Mod			403	Grid Mod	-	521,109	521,109	-	-
501		Private Lighting - 371			403	Retail	-	-	213,286	-	-
502		Street Lighting - 373			403	Retail	-	-	783,032	-	-
503				Total Distribution Depreciation and Amortization			245,263	966,264	72,761,322	-	-
504											
505	General Depreciation and Amortization										
506		General & Intangible Net Plant			403	Total W&S excluding Riders	-	-	22,482,571	2,184,441	-
507		Renewables General & Intangible Net Plant			403	Renewables	75,122	-	75,122	-	-
508		Grid Mod General & Intangible Net Plant			403	Grid Mod	-	-	-	-	-
509		Production Related (Shared Services)			403	Prod W&S	137,593	-	5,194,816	-	-
510		Transmission Related (Shared Services)			403	Trans W&S	-	-	1,788,687	2,228,330	-
511		Distribution/Customer Related (Shared Services)			403	Retail	-	-	24,478,747	-	-
512				Total General Depreciation and Amortization			212,715	-	54,019,943	4,412,771	-
513											
514				Total Depreciation and Amortization Expense			8,549,055	966,264	209,149,861	40,384,599	-
515											

	A	B	C	D	E	F	K	L	M	N	O
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		PNM Renewable	Grid Mod	Total PNM Retail	FERC Transmission	Excluded
3					Account	Allocator	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction
516	**General Taxes**										
517											
518	Property Taxes										
519		Production Property Taxes									
520		Steam Production Plant			408	Gen Dmd	-	-	2,331,618	-	-
521		Nuclear Production Plant - Palo Verde			408	Gen Dmd	-	-	2,936,159	-	-
522		Other Production Plant - Gas & 40 MW Solar			408	Gen Dmd	-	-	3,737,044	-	-
523		Other Production Plant - Renewable			408	Renewables	1,591,519	-	1,591,519	-	-
524			Total Production Property Taxes				1,591,519	-	10,596,339	-	-
525											
526		Energy Storage Property Taxes									
527		Transmission Sited Batteries			408	Retail	-	-	-	-	-
528		Distribution Sited Batteries			408	Retail	-	-	262,569	-	-
529			Total Energy Storage Property Taxes				-	-	262,569	-	-
530											
531		Transmission Property Taxes									
532		Step-Up Transformers - Excluding 65MW SJGS			408	Gen Dmd	-	-	41,525	-	-
533		Transmission System Plant - Allocated			408	Trans Dmd	-	-	5,504,371	6,857,296	-
534		Transmission System Plant - FERC Incremental Rates			408	FERC	-	-	-	3,353,567	-
535		Transmission System Plant - Dedicated Retail			408	Retail	-	-	62,187	-	-
536			Total Transmission Property Taxes				-	-	5,608,082	10,210,862	-
537											
538		Distribution Property Taxes									
539		Distribution Substations Net Plant - PNM			408	Retail	-	-	1,982,839	-	-
540		Distribution Substations Net Plant - Renewables			408	Renewables	-	-	-	-	-
541		Distribution Substations Net Plant - Grid Mod			408	Grid Mod	-	-	-	-	-
542		Primary Distribution System Net Plant - PNM			408	Retail	-	-	7,405,025	-	-
543		Primary Distribution System Net Plant - Renewables			408	Renewables	42,929	-	42,929	-	-
544		Primary Distribution System Net Plant - Grid Mod			408	Grid Mod	-	21,185	21,185	-	-
545		Secondary Distribution System Net Plant - PNM			408	Retail	-	-	3,246,507	-	-
546		Secondary Distribution System Net Plant - Renewables			408	Renewables	14,033	-	14,033	-	-
547		Secondary Distribution System Net Plant - Grid Mod			408	Grid Mod	-	11,009	11,009	-	-
548		Services Net Plant - PNM			408	Retail	-	-	1,185,617	-	-
549		Meters Net Plant - PNM			408	Retail	-	-	473,458	-	-
550		Meters Net Plant - Grid Mod			408	Grid Mod	-	31,923	31,923	-	-
551		Private Lighting - 371			408	Retail	-	-	10,742	-	-
552		Street Lighting - 373			408	Retail	-	-	134,991	-	-
553			Total Distribution Property Taxes				56,963	64,117	14,560,258	-	-
554											

	A	B	C	D	E	F	K	L	M	N	O
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		PNM Renewable	Grid Mod	Total PNM Retail	FERC Transmission	Excluded
3					Account	Allocator	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction
555		General Property Taxes									
556		General & Intangible Net Plant			408	Total W&S excluding Riders	-	-	1,198,037	116,403	-
557		Renewables General & Intangible Net Plant			408	Renewables	8,804	-	8,804	-	-
558		Grid Mod General & Intangible Net Plant			408	Grid Mod	-	53,120	53,120	-	-
559		Production Related (Shared Services)			408	Prod W&S	4,388	-	165,665	-	-
560		Transmission Related (Shared Services)			408	Trans W&S	-	-	91,441	113,916	-
561		Distribution/Customer Related (Shared Services)			408	Retail	-	-	831,120	-	-
562				Total General Property Taxes			13,192	53,120	2,348,186	230,320	-
563											
564				Total Property Taxes			1,661,673	117,236	33,375,435	10,441,182	-
565											
566	Payroll Taxes										
567		Production Related			408	Prod W&S	41,183	-	1,554,868	-	-
568		Battery Storage Related			408	Dist W&S	-	-	-	-	-
569		Transmission Related			408	Trans W&S	-	-	560,024	697,673	-
570		Distribution Related			408	Dist W&S	-	-	4,808,568	-	-
571				Total Payroll Taxes			41,183	-	6,923,460	697,673	-
572											
573	Other Taxes										
574		Misc Taxes - Production Related			408	Gen Dmd	-	-	1,077	-	-
575		Misc Taxes - Transmission Related			408	Trans Dmd	-	-	433	540	-
576		Misc Taxes - Distribution Related			408	Retail	-	-	12,492	-	-
577		Regulatory Commission Fees (I&S) PNM			408	Retail	-	-	-	-	-
578		Joint Projects Four Corners			408	Gen Dmd	-	-	198,209	-	-
579		Joint Projects PVNGS			408	Gen Dmd	-	-	1,361,393	-	-
580		Joint Projects Transmission			408	Trans Dmd	-	-	27,607	34,392	-
581		Native American Taxes - Production			408	Gen Dmd	-	-	1,554,300	-	-
582		Native American Taxes - Transmission			408	Trans Plt	-	-	579,172	1,053,410	-
583		Native American Taxes - Dedicated FERC Incremental Rates			408	FERC	-	-	-	607,484	-
584		Native American Taxes - Distribution			408	Dist Plt	-	-	69,497	-	-
585				Total Other Taxes			-	-	3,804,180	1,695,826	-
586											
587				Total General Taxes			1,702,856	117,236	44,103,075	12,834,681	-

	A	B	C	D	E	F	K	L	M	N	O
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		PNM Renewable	Grid Mod	Total PNM Retail	FERC Transmission	Excluded
3					Account	Allocator	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction
588											
589	**Other Allowable Expenses**										
590		Interest on Customer Deposits			431	Retail	-	-	220,117	-	-
591		Amortization Loss on Reacquired Debt			407.3	Rate Base	28,628	10,183	951,658	284,071	(0)
592		Renewable Grant Amortization			407	Renewables	(1,146,464)	-	(1,146,464)	-	-
593		Accretion ARO - Production Related			411	Gen Dmd	-	-	2,887,511	-	-
594		Accretion ARO - Production Related - (SJGS 65MW)			411	Excluded	-	-	-	-	-
595		Accretion ARO - Distribution Related			411	Retail	-	-	108,409	-	-
596		Western Spirit			407.3	FERC	-	-	-	2,778,790	-
597		Amortization of 50% SJGS 2&3 Undepreciated Balance			407.3	Gen Dmd	-	-	6,276,936	-	-
598		Amortization of Eastern Imbalance Market Implementation Regulatory Asset			407.3	Retail	-	-	3,758,140	-	-
599		Amortization of PVNGS Unit 1 Undepreciated Investment Post - lease renewal			407.3	Retail	-	-	2,158,805	-	-
600		Amortization of PVNGS Unit 1 Undepreciated Investment Pre - lease renewal			407.3	Retail	-	-	1,877,267	-	-
601		Amortization of PVNGS Unit 2 Undepreciated Investment Post - lease renewal			407.3	Retail	-	-	146,109	-	-
602		Amortization of PVNGS Unit 2 Undepreciated Investment Pre - lease renewal			407.3	Retail	-	-	168,146	-	-
603		Amortization of PVNGS True-up for SRP Transaction			407.3	Retail	-	-	6,974	-	-
604		Amortization of PVNGS Costs to Obtain Replacement Resources			407.3	Retail	-	-	100,964	-	-
605		Amortization of SJGS Replacement Resources			407.3	Retail	-	-	332,751	-	-
606		Amortization of SJGS Legal Expenses			407.3	Retail	-	-	19,812	-	-
607		Amortization of SJGS Obsolete Inventory			407.3	Retail	-	-	251,786	-	-
608		Amortization of Pathnet			407.3	Trans Dmd	-	-	(88,867)	(110,710)	-
609		Amortization of SO2 Allowance Credit			407.3	Retail	-	-	-	-	-
610		Carrying Charges on Advanced Payments Under ETA			407.3	Retail	-	-	108,102	-	-
611		Amortization of COVID Regulatory Asset and Liability			407.3	Retail	-	-	1,070,775	-	-
612		Amortization of SJGS Decommissioning Ordinance Costs			407.3	Retail	-	-	1,102,169	-	-
613		Amortization of Additional Coal Mine Decommissioning			407.3	Retail	-	-	732,137	-	-
614		Amortization of 2025 Rate Case Expenses			407.3	Retail	-	-	741,677	-	-
615		Amortization of Energy Transition Cost True - Up			407.3	Retail	-	-	(50,706)	-	-
616				Total Other Allowable Expenses			(1,117,835)	10,183	21,734,208	2,952,151	(0)
617											
618											
619				Total Operating Expenses			57,572,989	13,590,493	953,533,801	88,575,933	(0)
620				(Excl Income & Revenue Related Taxes)							
621											
622		Total Net Original Cost Rate Base					94,456,279	33,596,305	3,139,909,831	937,267,271	(0)
623		Weighted Cost of Capital					6.90%	6.90%	6.90%	6.90%	6.90%
624		Return on Rate Base (excluding Debt Return- Reg Asset Adjustment)					6,516,510	2,317,799	216,621,423	64,661,784	-
625		Debt-Only Return Adjustment					-	-	-	-	
626		Return on Rate Base					6,516,510	2,317,799	216,621,423	64,661,784	-

	A	B	C	D	E	F	K	L	M	N	O
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		PNM Renewable	Grid Mod	Total PNM Retail	FERC Transmission	Excluded
3					Account	Allocator	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction
627											
628	**Federal Income Tax**										
629		Return Adjustments									
630		Interest on Long Term Debt				MDC	(1,952,933)	(694,621)	(64,919,268)	(19,378,488)	0
631		Debt Return- Reg Asset Adjustment Interest Adjustment					(0)	(0)	(0)	-	
632		Interest on Long Term Debt					(1,952,933)	(694,621)	(64,919,268)	(19,378,488)	0
633											
634		Tax/Book Adjustments									
635											
636		Non-deductible Meals				Total Net Plt	-	-	-	-	-
637		Non-deductible Parking				Trans Dmd	-	-	55,120	68,668	-
638		Palo Verde 1 & 2 Gain Amort Flow Through				FERC	-	-	-	(39,828)	-
639		Palo Verde 1 & 2 Prudence Audit Flow Through				Retail	-	-	-	-	-
640		AFUDC Equity Flow Through				Gen Dmd	-	-	(18,242,549)	-	-
641		AFUDC Equity Flow Through - Renewables				Renewables	(41,891)	-	(41,891)	-	-
642		AFUDC Equity Flow Through - Grid Mod				Grid Mod	-	(376,955)	(376,955)	-	-
643		Federal Grant Amortization - Renewables				Renewables	(962,888)	-	(962,888)	-	-
644		Federal Grant Basis Adj - Renewables				Renewables	481,444	-	481,444	-	-
645		Gain/Loss Flow Through				Retail	-	-	166,269	-	-
646		ACRS Flow Through				Retail	-	-	-	-	-
647		San Juan ACRS Flow Through				Retail	-	-	-	-	-
648		Four Corners SO2 Reversal Flow Through				Retail	-	-	335,543	-	-
649		SL/GL Depreciation				Retail	-	-	-	-	-
650		Amortization of EIP Prepaid Tax Reversal				Trans Dmd	-	-	-	-	-
651				Total Tax/Book Adjustments			(523,335)	(376,955)	(18,585,907)	28,840	-
652											
653				Total Return Adjustments			(2,476,267)	(1,071,576)	(83,505,175)	(19,349,648)	0
654											
655				Net Taxable Equity Return			4,040,242	1,246,223	133,116,248	45,312,135	0

	A	B	C	D	E	F	K	L	M	N	O
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		PNM Renewable	Grid Mod	Total PNM Retail	FERC Transmission	Excluded
3					Account	Allocator	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction
656											
657	Federal Tax Adjustments										
658											
659	Net Provision For Deferred Income Tax										
660		Excess Payroll Tax Reversal			410	Total W&S	(31)	-	(5,604)	(542)	-
661		Excess Deferred Federal Income Tax Amortization				ADIT	(1,559,478)	-	(21,722,031)	(3,688,976)	(0)
662		ARAM Deferred Tax Reversal			410	Total Net Plt	-	-	(23,646)	(7,453)	-
663				Total Provision For Deferred Income Tax			(1,559,509)	-	(21,751,281)	(3,696,971)	(0)
664											
665	Investment Tax Credits										
666		Palo Verde 1&2 Production ITC Amortization			411.4	Gen Dmd	-	-	-	-	-
667		Generation ITC Amortization			411.4	Gen Dmd	-	-	(168,991)	-	-
668		Renewables ITC Amortization			411.4	Renewables	-	-	-	-	-
669		PV Valley Transmission ITC Amortization			411.4	Trans Dmd	-	-	-	-	-
670		Research and Development & Other Credits			410	PV	-	-	(1,300,000)	-	-
671		Other ITC Amortization			411.4	Total Net Plt	-	-	-	-	-
672				Total Investment Tax Credit Amortization & Other Credits			-	-	(1,468,991)	-	-
673											
674				Total Federal Tax Adjustments			(1,559,509)	-	(23,220,272)	(3,696,971)	(0)
675											
676				Adjusted Equity Return			2,480,733	1,246,223	109,895,975	41,615,164	(0)
677				Federal Tax Factor (0.21/(1-0.21))			26.5823%	26.5823%	26.5823%	26.5823%	26.5823%
678				Federal Income Tax			659,435	331,274	29,212,854	11,062,259	(0)
679				Add:							
680				Total Provision For Deferred Income Tax			(1,559,509)	-	(21,751,281)	(3,696,971)	(0)
681				EIP Amortization			-	-	-	-	-
682				Total Investment Tax Credit Amortization & Other Credits			-	-	(1,468,991)	-	-
683											
684				Net Allowable Federal Income Tax			(900,074)	331,274	5,992,582	7,365,287	(0)

	A	B	C	D	E	F	K	L	M	N	O
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		PNM Renewable	Grid Mod	Total PNM Retail	FERC Transmission	Excluded
3					Account	Allocator	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction
685											
686	**State Income Tax**										
687											
688		Return on Rate Base					6,516,510	2,317,799	216,621,423	64,661,784	-
689		Less: Return Adjustments									
690		Interest on Long Term Debt					(1,952,933)	(694,621)	(64,919,268)	(19,378,488)	0
691		Tax/Book Adjustments					(523,335)	(376,955)	(18,585,907)	28,840	-
692		Add: Net Allowable F I T					(900,074)	331,274	5,992,582	7,365,287	(0)
693											
694				New Mexico NOL Valuation Allowance	410	Total Net Plt	-	-	-	-	-
695				Amortization of Excess Deferred Taxes		ADIT	-	-	-	-	-
696		State Taxable Income					3,140,169	1,577,497	139,108,830	52,677,423	(0)
697		State Tax Factor					5.90%	5.90%	5.90%	5.90%	5.90%
698				State Income Tax			185,270	93,072	8,207,421	3,107,968	(0)
699		Add:		22 MW, Battery project and PV Farm PTC	409	Renewables	-	-	-	-	-
700		Add:		New Mexico NOL Valuation Allowance	410	Total Net Plt	-	-	-	-	-
701				Amortization of Excess Deferred Taxes		ADIT	-	-	-	-	-
702				Net Allowable State Income Tax			185,270	93,072	8,207,421	3,107,968	(0)
703											
704											
705				Return on Rate Base			6,516,510	2,317,799	216,621,423	64,661,784	-
706											
707				Total Operating Expenses			57,572,989	13,590,493	953,533,801	88,575,933	(0)
708				(Excluding Income & Rev Related Taxes)							
709											
710				Net Allowable Federal Income Tax			(900,074)	331,274	5,992,582	7,365,287	(0)
711											
712				Net Allowable State Income Tax			185,270	93,072	8,207,421	3,107,968	(0)
713											

	A	B	C	D	E	F	K	L	M	N	O
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		PNM Renewable	Grid Mod	Total PNM Retail	FERC Transmission	Excluded
3					Account	Allocator	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction
714	**Revenue Credits:**										
715		Sale of SO2 Credits			411	FERC	-	-	-	-	-
716		Rent For Electric Property Transmission			454	Trans Plt	-	-	(186,445)	(339,109)	-
717		Rent for Electric Property - Distribution			454	Retail	-	-	(3,313,235)	-	-
718		Late Payment Charges			451	Retail	-	-	(1,120,650)	-	-
719		Misc Service Charge Revenue			451	Retail	-	-	(1,818,977)	-	-
720		Other Retail Revenue - Transmission			456	Trans Dmd	-	-	(420,705)	(524,111)	-
721		Other Retail Revenue - Distribution			456	Retail	-	-	(1,238,927)	-	-
722		Generation Ancillary Services Credit Sch 2-5			456100	Gen Dmd	-	-	(3,008,078)	-	-
723		Real Power Losses (Financial)			456100	Gen Dmd	-	-	(30,930,741)	-	-
724		Transmission redispatch contract revenues			456100	Gen Dmd	-	-	4,982	-	-
725		Ancillary Services-Sch 1 and Sch 8 Transmission			456100	Trans Dmd	-	-	(3,231,657)	(4,025,969)	-
726		Short Term Firm Sch 7 Transmission			456100	Trans Dmd wo NITS	-	-	(4,736,152)	(4,799,116)	-
727		Ancillary Services-Sch 1 ST PTP and Transmission Service			456100	Trans Dmd	-	-	(20,579)	(25,637)	-
728		Economy Service Customer Revenue Credits			442&555	Retail	-	-	(4,214,090)	-	-
729		Securitization Servicing & Administration Fees			421	G&I Plt	-	-	(204,418)	(17,182)	-
730		Shared Services Revenue			418	Retail	-	-	(1,717,601)	-	-
731											
732				Total Revenue Credits			-	-	(56,157,274)	(9,731,124)	-
733											
734				Total Revenue Requirements Before Revenue Tax			63,374,696	16,332,639	1,128,197,953	153,979,848	(0)
735											
736				Revenue Tax Factor (I&S Fee) '(Revenue Tax Rate/(1-Revenue Tax Rate))			0.508573%	0.508573%	0.508573%	0.508573%	0.508573%
737				Revenue Tax			322,307	83,063	5,737,710	783,100	(0)
738											
739	NON-FUEL REVENUE REQUIREMENT						22,678,239	16,415,702	906,253,900	154,762,948	(0)
740	FUEL REVENUE REQUIREMENT						41,018,763	-	227,681,763	-	-
741	**TOTAL REVENUE REQUIREMENT**						**63,697,002**	**16,415,702**	**1,133,935,663**	**154,762,948**	**(0)**
742											
743	Weighted Cost of Capital										
744		Long Term Debt					2.07%	2.07%	2.07%	2.07%	2.07%
745		Preferred Stock					0.01%	0.01%	0.01%	0.01%	0.01%
746		Common Stock					4.82%	4.82%	4.82%	4.82%	4.82%
747				Total Weighted Cost of Capital			6.90%	6.90%	6.90%	6.90%	6.90%
748											
749				Federal Income Tax Rate			21.00%	21.00%	21.00%	21.00%	21.00%
750											
751				Effective State Income Tax Rate			5.57%	5.57%	5.57%	5.57%	5.57%
752											
753				I&S Fee Rate			0.508573%	0.508573%	0.508573%	0.508573%	0.508573%

	A	B	C	D	E	F	K	L	M	N	O
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		PNM Renewable	Grid Mod	Total PNM Retail	FERC Transmission	Excluded
3					Account	Allocator	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction
754											
755	**Key Allocators**										
756											
757				Sales (MWh)			-	-	-	-	-
758				Allocator		Sales	0.00%	0.00%	0.00%	0.00%	0.00%
759											
760	Wage and Salary Ratios					Ratios					
761				Production Other Prod O&M		18.93%	276,846	0	0	0	0
762						Prod W&S	2.65%	0.00%	0.00%	0.00%	0.00%
763				Transmission Trans O&M		15.88%	0	0	0	4,864,271	0
764						Trans W&S	0.00%	0.00%	0.00%	55.47%	0.00%
765				Distribution Dist O&M		33.28%	0	0	0	0	0
766						Dist W&S	0.00%	0.00%	0.00%	0.00%	0.00%
767											
768				Total PTD		68.09%	276,846	0	0	4,864,271	0
769				Allocator			0.74%	0.00%	0.00%	12.94%	0.00%
770											
771				Customer Accounting CA O&M		21.21%	-	-	-	-	-
772				Cust Service & Information CS&I O&M		2.86%	-	-	-	-	-
773				Sales Sales O&M		7.85%	-	-	-	-	-
774				Total PTDCAS		100.00%	276,846	-	-	4,864,271	-
775				Allocator		PTDCAS	0.50%	0.00%	0.00%	8.81%	0.00%
776											
777				Administrative and General			-	-	-	-	-
778											
779				Total Wages and Salaries			276,846	-	-	4,864,271	-
780				Allocator		Total W&S	0.50%	0.00%	0.00%	8.81%	0.00%
781							-	-	-	4,864,271	-
782	Net Plant In Service Ratios					Total W&S excluding Riders	0.00%	0.00%	0.00%	8.86%	0.00%
783											
784				Total Production Plant			-	-		-	-
785				Allocator		Prod Plt	0.00%	0.00%		0.00%	0.00%
786											
787				Total Transmission Plant			-	-		1,030,874,331	-
788				Allocator		Trans Plt	0.00%	0.00%	0.00%	64.52%	0.00%
789											
790				Total Distribution Plant						-	-
791				Allocator		Dist Plt	0.00%	0.00%	0.00%	0.00%	0.00%
792											
793				Total General & Intangible Plant			-	-		18,223,735	-
794				Allocator		G&I Plt	0.00%	0.00%		7.75%	0.00%
795											

	A	B	C	D	E	F	K	L	M	N	O
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		PNM Renewable	Grid Mod	Total PNM Retail	FERC Transmission	Excluded
3					Account	Allocator	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction	Jurisdiction
796			Total Net Plant				-	-	-	1,049,098,066	-
797			Allocator			Total Net Plt	0.00%	0.00%		23.97%	0.00%
798											
799			Total ADIT				(45,383,076)	-		(107,354,564)	(0)
800			Allocator			ADIT	6.14%	0.00%		14.52%	0.00%
801											
802			Total Rate Base				94,456,279	33,596,305		937,267,271	(0)
803			Allocator			Rate Base	2.32%	0.82%		22.99%	0.00%
804											
805			Generation Demand allocator				-	-	-	-	-
806						Gen Dmd	0.00%	0.00%	0.00%	0.00%	0.00%
807											
808			Energy allocator				-	-	-	-	-
809						Energy	0.00%	0.00%	0.00%	0.00%	0.00%
810											
811			Generation and Transmission Demand			Gen/Trans Dmd	0.00%	0.00%	0.00%	37.17%	0.00%
812											
813							-	-	-	1,991	-
814			Transmission Demand			Trans Dmd	0.00%	0.00%		55.47%	0.00%
815											
816							-	-	-	1,619	-
817			Transmission Demand without Network			Trans Dmd wo NITS	0.00%	0.00%		50.33%	0.00%
818											
819											
820	Other Allocators										
821											
822			Excluded Costs			Excluded	0.00%	0.00%	0.00%	0.00%	100.00%
823											
824			Direct Assignment to NEC			NEC	0.00%	0.00%	0.00%	0.00%	0.00%
825											
826			Allocation to FERC Customers			FERC	0.00%	0.00%	0.00%	100.00%	0.00%
827											
828			Direct Assignment to Retail			Retail	0.00%	0.00%	0.00%	0.00%	0.00%
829											
830			Allocation to Palo Verde			PV	0.00%	0.00%	0.00%	0.00%	0.00%
831											
832			Allocation to Grid Mod			Grid Mod	0.00%	100.00%	0.00%	0.00%	0.00%
833											
834			Direct Assignment to Renewables			Renewables	100.00%	0.00%	0.00%	0.00%	0.00%

	A	B	C	D	E	F	P	Q	R	S	T	U
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**											
2	**Test Period Ending June 30, 2026**				FERC			As Filed	Adjustment 1	Adjustment 2	Adjustment 3	Adjustment 4
3					Account	Allocator			ROE @ 9.45%	Equity 51%	FCPP Depreciation	EDFIT Amort
4	**Rate Base**											
5												
6	**Net Plant**											
7												
8	Net Production Plant											
9												
10		Steam Production Net Plant			101/106	Gen Dmd		230,775,053	-	-	10,199,269	-
11			Total Steam Production Net Plant					230,775,053	-	-	10,199,269	-
12												
13		Nuclear Production Net Plant - Palo Verde			101/106	Gen Dmd		347,311,437	-	-	-	-
14		Nuclear Production Net Plant - Acq Adj (Drexel)			114	Gen Dmd		-	-	-	-	-
15		Nuclear Production Net Plant - Acq Adj (First Chicago)			114	Gen Dmd		16,779,747	-	-	-	-
16			Total Nuclear Production Net Plant					364,091,185	-	-	-	-
17												
18		Other Production Plant - Gas & 40 MW Solar			101/106	Gen Dmd		377,586,968	-	-	-	-
19		Other Production Plant - Renewable			101/106	Renewables		-	-	-	-	-
20			Total Other Production Net Plant					377,586,968	-	-	-	-
21												
22		Total Net Production Plant						972,453,206	-	-	10,199,269	-
23												
24	Net Plant Battery Storage											
25												
26		Transmission Sited Batteries			101/106	Retail		20,184,418	-	-	-	-
27		Distribution Sited Batteries			101/106	Retail		26,727,983	-	-	-	-
28			Total Battery Storage Net Plant					46,912,401	-	-	-	-
29												
30	Net Transmission Plant											
31												
32		Step-Up Transformers & Generation Interconnections			101/106	Gen Dmd		4,119,928	-	-	-	-
33			Total Transmission Station Equipment - Step-up Xfmr and Aux					4,119,928				
34												
35		Transmission System Net Plant - Allocated			101/106	Trans Dmd		556,621,001	-	-	-	-
36		Transmission System Net Plant - FERC Incremental Rates			101/106	FERC		-	-	-	-	-
37		Transmission System Net Plant - Dedicated Retail			101/106	Retail		6,005,891	-	-	-	-
38		Transmission System Net Plant - Acq Adj (EIP)			114	Trans Dmd		35,123	-	-	-	-
39			Total Transmission System Net Plant					562,662,016	-	-	-	-
40												
41		Total Net Transmission Plant						566,781,944				

	A	B	C	D	E	F	P	Q	R	S	T	U
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**											
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3					Account	Allocator			ROE @ 9.45%	Equity 51%	FCPP Depreciation	EDFIT Amort
42												
43	Net Distribution Plant											
44												
45				Distribution Substations Net Plant - PNM	101/106	Retail		199,695,244	-	-	-	-
46				Distribution Substations Net Plant - Renewables	101/106	Renewables		-	-	-	-	-
47				Distribution Substations Net Plant - Grid Mod	101/106	Grid Mod		-	-	-	-	-
48				Total Distribution Substations Net Plant				199,695,244	-	-	-	-
49												
50				Primary Distribution System Net Plant - PNM	101/106	Retail		788,963,636	-	-	-	-
51				Primary Distribution System Net Plant - Renewables	101/106	Renewables		-	-	-	-	-
52				Primary Distribution System Net Plant - Grid Mod	101/106	Grid Mod		-	-	-	-	-
53				Total Primary Distribution Net Plant				788,963,636	-	-	-	-
54												
55				Secondary Distribution System Net Plant - PNM	101/106	Retail		340,199,544	-	-	-	-
56				Secondary Distribution System Net Plant - Renewables	101/106	Renewables		-	-	-	-	-
57				Secondary Distribution System Net Plant - Grid Mod	101/106	Grid Mod		-	-	-	-	-
58				Total Secondary Distribution Net Plant				340,199,544	-	-	-	-
59												
60				Services Net Plant - PNM	101/106	Retail		123,529,928	-	-	-	-
61												
62				Meters Net Plant - PNM	101/106	Retail		47,907,691	-	-	-	-
63				Meters Net Plant - Grid Mod	101/106	Grid Mod		-	-	-	-	-
64				Total Meters Net Plant				47,907,691	-	-	-	-
65												
66				Private Lighting - 371	101/106	Retail		1,163,014	-	-	-	-
67				Street Lighting - 373	101/106	Retail		13,591,316	-	-	-	-
68				Total Lighting Net Plant				14,754,330	-	-	-	-
69												
70				Total Net Plant Distribution Plant				1,515,050,373				
71												
72	Net Plant General & Intangible Plant											
73												
74				General & Intangible Net Plant	101/106	Total W&S excluding Riders		115,531,045	-	-	-	-
75				Renewables General & Intangible Net Plant	101/106	Renewables		-	-	-	-	-
76				Grid Mod General & Intangible Net Plant	101/106	Grid Mod		-	-	-	-	-
77				Production Related (Shared Services)	101/106	Prod W&S		15,193,897	-	-	-	-
78				Transmission Related (Shared Services)	101/106	Trans W&S		5,617,766	-	-	-	-
79				Distribution/Customer Related (Shared Services)	101/106	Retail		80,471,663	-	-	-	-
80				Total Net Plant General & Intangible Plant - PNM				216,814,370	-	-	-	-
81												
82				Total Net Plant				3,318,012,295	-	-	10,199,269	-

	A	B	C	D	E	F	P	Q	R	S	T	U
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**											
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3					Account	Allocator			ROE @ 9.45%	Equity 51%	FCPP Depreciation	EDFIT Amort
83												
84	**Accumulated Deferred Income Taxes**											
85		Federal Tax Credit Carryforward			190	Retail		19,358,228	-	-	-	-
86		Federal Tax Credit Carryforward - Renewables			190	Renewables		-	-	-	-	-
87		Net Operating Loss (NOL)			190	Total Net Plt		2,100,187	-	-	1,547	-
88		Incentive Pay Plans			190	Total W&S		-	-	-	-	-
89		Regulatory Assets - Coal Mine Decommissioning			190	Retail		-	-	-	-	-
90		Regulatory Liabilities - Renewable Rider			190	Renewables		-	-	-	-	-
91		Income Tax Regulatory Liability			190	ADIT		45,802,148	-	-	4,716	(505,148)
92		Income Tax Regulatory Asset			283	ADIT		(52,430,182)	-	-	(5,399)	-
93		Lease Liability			190	Excluded		-	-	-	-	-
94		Deferred Credits - Coal Mine Decommissioning			190	Retail		-	-	-	-	-
95		Regulatory Assets - ETA Carrying Charges			283	Retail		(0)	-	-	-	-
96		Regulatory Assets - ETA Job Training & Severance			283	Retail		-	-	-	-	-
97		Regulatory Assets - ETA Payments to State Agencies			283	Retail		0	-	-	-	-
98		Regulatory Assets - ETA SJGS Plant Decommissioning			283	Retail		(667,624)	-	-	-	-
99		Regulatory Assets - ETA SJGS upfront Financing Cost			283	Retail		0	-	-	-	-
100		Regulatory Assets - ETA Westmoreland Coal Mine Sev			283	Retail		0	-	-	-	-
101		Deferred Credits - Joint Use			190	Retail		181,010	-	-	-	-
102		Deferred Credits - Pathnet			190	Retail		1,349,331	-	-	-	-
103		Deferred Credits - PVNGS Dry Casks			190	Retail		-	-	-	-	-
104		Other Deferred Credits			190	Retail		-	-	-	-	-
105		Other Liabilities - ETA Job Training and Severance			190	Retail		-	-	-	-	-
106		Other Liabilities - Navajo Workforce Training			190	Retail		-	-	-	-	-
107		Other Liabilities			190	Total W&S		-	-	-	-	-
108		Injury and Damages			283	Total W&S		1,324,629	-	-	-	-
109		Plant - AFUDC			283	Total Net Plt		(20,795,547)	-	-	(15,320)	-
110		Plant - Capitalized Interest			283	Total Net Plt		4,219,181	-	-	3,108	-
111		Decommissioning and Reclamation Trusts			283	Retail		-	-	-	-	-
112		ASC 740-10 (FIN 48) Reclassifications			283	Total Net Plt		-	-	-	-	-
113		PVNGS Licensing			283	Retail		41,710	-	-	-	-
114		Plant - 263A Adjustment			283	Total Net Plt		(17,962,398)	-	-	(13,233)	-
115		Deferred State Taxes			283	Total Net Plt		-	-	-	-	-
116		Plant - CIAC			283	Total Net Plt		9,315,874	-	-	6,863	-
117		Plant - Depreciation Nuclear Fuel			282	Gen Dmd		9,663,055	-	-	-	-
118		Plant - Removal Cost			282	Total Net Plt		(5,645,399)	-	-	(4,159)	-
119		Plant - Repairs			282	Total Net Plt		(51,586,852)	-	-	(38,005)	-
120		Plant - Section 174 Deduction			282	Total Net Plt		(676,697)	-	-	(499)	-
121		Plant - Asset Retirement Obligation			282	Retail		7,857,390	-	-	-	-
122		Plant - Pollution Control Property			282	Gen Dmd		(2,154,701)	-	-	-	-
123		Plant - Liberalized Depreciation: Production			282	Gen Dmd		(169,234,057)	-	-	-	-
124		Plant - Liberalized Depreciation: Transmission			282	Trans Dmd		(65,432,118)	-	-	-	-
125		Plant - Liberalized Depreciation: Distribution			282	Retail		(154,067,714)	-	-	-	-
126		Plant - Liberalized Depreciation: General and Intangible			282	Total W&S		(16,349,418)	-	-	-	-
127		Plant - Liberalized Depreciation: Renewables			282	Renewables		-	-	-	-	-

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128		Plant - Four Corners Imprudence			282	Gen Dmd		-	-	-	-	-
129		Regulatory Assets - SJGS Stranded Costs Units 2&3			282	Retail		(19,264,979)	-	-	-	-
130		Pension			283	Total W&S		(33,589,376)	-	-	-	-
131		Retiree Medical			283	Total W&S		-	-	-	-	-
132		Lease Asset			283	Excluded		-	-	-	-	-
133		Loss on Reacquired Debt			283	Total Net Plt		(786,924)	-	-	(580)	-
134		Other Comprehensive Income (OCI)			283	Excluded		-	-	-	-	-
135		Deferred Credits - SO2 Allowance			283	Retail		10,507	-	-	-	-
136		Deferred Debits - Rate Case Expense			283	Retail		(847,737)	-	-	-	-
137		Deferred Debits - Decoupling			283	Excluded		-	-	-	-	-
138		Deferred Debits - Grid Modernization			283	grid mod		-	-	-	-	-
139		Deferred Debits - RR Underground Rider			283	Retail		-	-	-	-	-
140		Prepaid Expenses			283	Total Net Plt		(1,253,830)	-	-	(924)	-
141		Regulatory Assets - COVID-19 Costs			283	Retail		(370,501)	-	-	-	-
142		Regulatory assets - FAC			283	Retail		-	-	-	-	-
143		Regulatory Assets - EIM Costs			283	Retail		(2,903,476)	-	-	-	-
144		Regulatory Assets - Energy Efficiency			283	Excluded		-	-	-	-	-
145		Regulatory Assets - ETA			283	Retail		-	-	-	-	-
146		Regulatory Assets - Sky Blue Under Recovery			283	Renewables		-	-	-	-	-
147		Regulatory Assets - Renewable Energy			283	Renewables		-	-	-	-	-
148		Regulatory Assets - Renewable Energy Credits			283	Renewables		-	-	-	-	-
149		Regulatory Assets - SJGS External Legal Fees			283	Retail		(115,954)	-	-	-	-
150		Regulatory Assets - SJGS Replacement Resources			283	Retail		(1,947,453)	-	-	-	-
151		Regulatory Assets - SJGS Undepreciated Investment			283	Retail		0	-	-	-	-
152		Regulatory Assets - SJGS Underground Coal Mine			283	Retail		(0)	-	-	-	-
153		Regulatory Assets - Solar Direct Regulatory Assets			283	Retail		-	-	-	-	-
154		Regulatory Assets - Transportation Electrification			283	Retail		-	-	-	-	-
155		Regulatory Assets - WCC Transaction Costs			283	Retail		-	-	-	-	-
156		Regulatory Liabilities - Energy Efficiency			283	Excluded		-	-	-	-	-
157		Regulatory Liabilities - FAC			283	Retail		-	-	-	-	-
158		Regulatory Assets - PCB Refinancing Hedge			283	Total Net Plt		(1,383,722)	-	-	(1,019)	-
159		Prepaid Expenses: Production			283	Gen Dmd		(393)	-	-	-	-
160		Prepaid Expenses: Transmission			283	Trans Plt		(2,016)	-	-	-	-
161		Prepaid Expenses: Transmission (incremental FERC Rates)			283	FERC		-	-	-	-	-
162		Prepaid Expenses: Distribution			283	Retail		(1,729)	-	-	-	-
163		Prepaid Expenses: Renewables			283	Renewables		-	-	-	-	-
164		Regulatory Assets - 2024 Rate Change			283	Retail		(736,301)	-	-	-	-
165		Regulatory Assets - SJGS Obsolete Inventory			283	Retail		(1,473,597)	-	-	-	-
166		Regulatory Liabilities - Earnings Test			283	Retail		-	-	-	-	-
167		Regulatory Assets - PVNGS Undepreciated Investment			283	Retail		(10,596,037)	-	-	-	-

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3					Account	Allocator			ROE @ 9.45%	Equity 51%	FCPP Depreciation	EDFIT Amort
168		Regulatory Assets - ETC Over/Under SPE			283	Retail		-	-	-	-	-
169		Regulatory Assets - PVNGS Replacement Resources			283	Retail		(462,677)	-	-	-	-
170		Regulatory Assets - Rate Rider 12 UG Rate			283	Retail		-	-	-	-	-
171		Regulatory Assets - Renewable Rider Curr Reg			283	Renewables		-	-	-	-	-
172		Regulatory Assets - SJ Energy Transition Property (SPE)			283	Retail		(79,654,063)	-	-	-	-
173		Regulatory Liabilities - Curr Reg Liab-UG Rate Rider 12			283	Retail		-	-	-	-	-
174		Regulatory Liabilities - Energy Transition Cost True Up			283	Retail		305,611	-	-	-	-
175		Regulatory Liabilities - SJGS Retirements Rate Credit			283	Retail		-	-	-	-	-
176		Deferred Debits - WS-Transmission Revenue			283	FERC		-	-	-	-	-
177		Customer Advance			190	Retail		-	-	-	-	-
178		Deferred Credits - ETA			283	Retail		-	-	-	-	-
179		Other Liabilities - ETA Coal Mine Severance			283	Retail		-	-	-	-	-
180		Other Liabilities - ETA State Agency Payments			283	Retail		-	-	-	-	-
181												
182												
183												
184												
185												
186												
187												
188												
189				Total Accumulated Deferred Income Taxes				(610,864,610)	-	-	(62,903)	(505,148)

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3					Account	Allocator			ROE @ 9.45%	Equity 51%	FCPP Depreciation	EDFIT Amort
190												
191	**Regulatory Assets & Liabilities**											
192												
193		Coal Mine Decommissioning			182	Retail		-	-	-	-	-
194		PCB Refinancing Hedge			182	Total Net Plt		5,447,723	-	-	4,013	-
195		Reg Liab Renewables Fed Grant			254	Renewables		-	-	-	-	-
196		Reg Liab Renewables St Credit			254	Renewables		-	-	-	-	-
197		SJGS Coal Agreement Transaction Costs			182	Gen Dmd		-	-	-	-	-
198		SJGS 2&3 50% Undepreciated Investment			182	Gen Dmd		75,846,374	-	-	-	-
199		SJGS County Ordinance Decommission			182	Gen Dmd		-	-	-	-	-
200		Energy Imbalance Market (EIM) One Time Implementation Costs			182	Retail		11,431,010	-	-	-	-
201		SJGS Replacement Resources			182	Gen Dmd		7,667,139	-	-	-	-
202		SJGS External Legal Expenses			182	Gen Dmd		456,510	-	-	-	-
203		SJGS Obsolete Inventory			182	Gen Dmd		5,801,562	-	-	-	-
204		COVID Regulatory Asset and Liability			182	Retail		1,561,547	-	-	-	-
205		Sky Blue Under Recovery			182	Retail		-	-	-	-	-
206		Solar Direct			182	Retail		-	-	-	-	-
207		Transportation Electrification Program (TEP)			182	Retail		-	-	-	-	-
208		SO2 Allowance Credit			182	Retail		0	-	-	-	-
209		PVNGS Unit 1 - 104MW Undepreciated Investment Pre - lease renewal			182	Gen Dmd		38,948,435	-	-	-	-
210		PVNGS Unit 1 - 104MW Undepreciated Investment Post - lease renewal			182	Gen Dmd		-	-	-	-	-
211		PVNGS Unit 2 - 10MW Undepreciated Investment Pre - lease renewal			182	Gen Dmd		2,642,134	-	-	-	-
212		PVNGS Unit 2 - 10MW Undepreciated Investment Post - lease renewal			182	Gen Dmd		-	-	-	-	-
213		PVNGS Costs to Obtain Replacement Resources			182	Gen Dmd		1,821,562	-	-	-	-
214		PVNGS True-up for SRP Transaction Proceeds			182	Gen Dmd		126,114	-	-	-	-
215		2024 Rate Change Expenses			182	Retail		2,898,823	-	-	-	-
216		Energy Transition Cost True-up			182	Gen Dmd		(1,203,193)	-	-	-	-
217		Excess Deferred Income Tax Regulatory Liability			254	ADIT		(183,580,624)	-	-	(18,904)	1,988,770
218												
219				Total Regulatory Assets & Liabilities				(30,134,886)	-	-	(14,890)	1,988,770

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220												
221	**Other Rate Base Items**											
222												
223		Customer Deposits			235	Retail		(6,221,788)	-	-	-	-
224		RWIP-Production			108	Gen Dmd		-	-	-	-	-
225		RWIP-Transmission			108	Trans Dmd		-	-	-	-	-
226		RWIP-Distribution			108	Retail		-	-	-	-	-
227		CWIP - Production			107	Gen Dmd		-	-	-	-	-
228		CWIP - Transmission			107	Trans Dmd		-	-	-	-	-
229		CWIP - Distribution			107	Retail		-	-	-	-	-
230		CWIP - Renewables			107	Renewables		-	-	-	-	-
231		CWIP - Production Related			107	Gen Dmd		-	-	-	-	-
232		ARO Liability - Production			230	Gen Dmd		(28,866,513)	-	-	-	-
233		ARO Liability - Transmission			230	Trans Dmd		-	-	-	-	-
234		ARO Liability - Distribution			230	Retail		(1,606,816)	-	-	-	-
235		ARO Liability - 65MW SJGS			230	Excluded		-	-	-	-	-
236		Injuries and Damages PNM			228	Total W&S		(2,655,039)	-	-	-	-
237		NQRP - Expense in Excess of Funding				Total W&S		(3,153,768)	-	-	-	-
238		Palo Verde Dry Cask Storage			253	Gen Dmd		-	-	-	-	-
239		FERC Incremental Rates			253	FERC		-	-	-	-	-
240		Pueblos Transmission Rights-of-Way			186	Trans Dmd		51,064,237	-	-	-	-
241		Pueblos Distribution Rights-of-Way			186	Retail		7,967,592	-	-	-	-
242		Prepaid Pension Asset			182/228	Total W&S		132,241,638	-	-	-	-
243		Unamortized Loss on Reacquired Debt			189	Total Net Plt		3,115,587	-	-	2,295	-
244		Tucson Electric Power ROW Payment			253	Trans Dmd		(317,322)	-	-	-	-
245		PV 1&2 Excess Gain Amortization			253	Retail		(22,984)	-	-	-	-
246		Possessory Interest Tax			186	Total W&S		3,050,062	-	-	-	-
247		Pathnet			253	Retail		(5,312,329)	-	-	-	-
248		2025 Rate Change Expenses			186	Retail		3,337,546	-	-	-	-
249												
250				Total Other Rate Base Items				152,620,105	-	-	2,295	-

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3					Account	Allocator			ROE @ 9.45%	Equity 51%	FCPP Depreciation	EDFIT Amort
251												
252	**Working Capital**											
253												
254	Fuel Stock											
255		Production Fuel Stock			151	Energy		915,189	-	-	-	-
256		PV Nuclear Fuel (120.1 - .5)			120	Energy		81,139,432	-	-	-	-
257			Total Fuel Stock					82,054,621	-	-	-	-
258												
259	Materials & Supplies											
260		Production			154	Gen Dmd		27,174,074	-	-	-	-
261		Transmission			154	Trans Plt		2,886,511	-	-	-	-
262		Distribution			154	Retail		25,045,844	-	-	-	-
263			Total Materials & Supplies					55,106,429	-	-	-	-
264												
265	Prepayments											
266		Production			165	Gen Dmd		4,673,109	-	-	-	-
267		Transmission			165	Trans Plt		779,369	-	-	-	-
268		Transmission (Incremental FERC Rates)			165	FERC		-	-	-	-	-
269		Distribution			165	Retail		4,199,418	-	-	-	-
270		Renewables			165	Renewables		-	-	-	-	-
271			Total Prepayments					9,651,896	-	-	-	-
272												
273				Total Cash Working Capital (see Rule 530 schedule E-1)		Retail		6,503,398	-	-	-	-
274												
275			Total Working Capital					153,316,343	-	-	-	-
276												
277			Total Rate Base Adjustments & Working Capital					(335,063,048)	-	-	(75,498)	1,483,623
278												
279			Total Net Original Cost Rate Base					2,982,949,247	-	-	10,123,771	1,483,623

	A	B	C	D	E	F	P	Q	R	S	T	U
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**											
2	**Test Period Ending June 30, 2026**				FERC			As Filed	Adjustment 1	Adjustment 2	Adjustment 3	Adjustment 4
3					Account	Allocator			ROE @ 9.45%	Equity 51%	FCPP Depreciation	EDFIT Amort
280												
281	**Operations and Maintenance Expense**											
282												
283	Production Fuel related expenses											
284												
285	Production - FPPCAC Fuel Related											
286		Steam Generation			501	Direct Assignment		59,159,008	-	-	-	-
287		Steam Fuel Handling and Disposal			501	Direct Assignment		1,978,215	-	-	-	-
288		Nuclear			518	Direct Assignment		15,470,320	-	-	-	-
289		Nuclear Disposal			518	Direct Assignment		866,288	-	-	-	-
290		Gas Generation			547	Direct Assignment		96,037,692	-	-	-	-
291		Wind PPA			555	Direct Assignment			-	-	-	-
292		Geothermal PPA			555	Direct Assignment			-	-	-	-
293		Purchased Power Energy			555	Direct Assignment		110,551,362	-	-	-	-
294		Spinning reserves			555	Direct Assignment		112,483	-	-	-	-
295		Energy Storage Agreement - Demand			555	Direct Assignment		82,142,228	-	-	-	-
296			Total Fuel Costs (before OSS)					366,317,597	-	-	-	-
297												
298		Off-system Sales			447	Direct Assignment		(97,512,369)	-	-	-	-
299		Tri State Hazard Sharing			447	Direct Assignment		-	-	-	-	-
300		EIM Fuel Benefits			447.3	Direct Assignment		-	-	-	-	-
301		Physical Sales of Gas (under FAC hedge plan)			447.7	Direct Assignment		-	-	-	-	-
302			Total Other Fuel					(97,512,369)	-	-	-	-
303												
304			Total Fuel (net OSS)					268,805,228	-	-	-	-
305												
306		Production - Non Fuel Items										
307		Gas Plants Fuel Transportation			547	Energy		12,528,671	-	-	-	-
308		Gas PPA - Valencia - Demand			555	Energy		20,963,221	-	-	-	-
309		Energy Storage Agreement - Demand			555	Energy		-	-	-	-	-
310		Purchase Power for Economy Service Customer			555	Energy		-	-	-	-	-
311		Purchased power for Rate 36B				Energy		-	-	-	-	-
312		FPPCAC deferral				Energy		-	-	-	-	-
313		REC Purchases and Renewable Energy Amortization			555	Renewables		-	-	-	-	-
314		City of Gallup - Mandoza Station Charges				Energy		-	-	-	-	-
315		Coal Mine Decommissioning			501.15	Retail		-	-	-	-	-
316		Broker Fees				Gen Dmd		158,441	-	-	-	-
317			Total Non Fuel Items					33,650,333	-	-	-	-
318												
319				Total Fuel Related Expense				302,455,561	-	-	-	-

	A	B	C	D	E	F	P	Q	R	S	T	U
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**											
2	**Test Period Ending June 30, 2026**				FERC			As Filed	Adjustment 1	Adjustment 2	Adjustment 3	Adjustment 4
3					Account	Allocator			ROE @ 9.45%	Equity 51%	FCPP Depreciation	EDFIT Amort
320												
321	O&M											
322	Steam Production											
323		Oper-Sup & Eng-Prod			500	Gen Dmd		5,161,937	-	-	-	-
324		Oper-Steam Expense-Major			502	Gen Dmd		5,211,646	-	-	-	-
325		Steam from Other Sources			503	Gen Dmd		-	-	-	-	-
326		Oper-Electric Exp-Major			505	Gen Dmd		1,440,208	-	-	-	-
327		Oper-Misc Steam Power Exp			506	Gen Dmd		2,099,786	-	-	-	-
328		Oper-Rents-Steam Power			507	Gen Dmd		230,497	-	-	-	-
329		Maint-Sup & Eng-Steam			510	Energy		603,898	-	-	-	-
330		Maint-Structures-Steam			511	Gen Dmd		4,083,313	-	-	-	-
331		Maint-Boiler Plant			512	Energy		6,345,507	-	-	-	-
332		Maint-Electric Plant			513	Energy		1,543,929	-	-	-	-
333		Maint-Gen & Elec Plant			514	Gen Dmd		826,735	-	-	-	-
334												
335	Nuclear Production											
336		Oper-Sup & Eng-Nuclear			517	Gen Dmd		5,906,711	-	-	-	-
337		Oper-Coolants and Water			519	Gen Dmd		4,944,020	-	-	-	-
338		Oper-Steam Expenses-Nuclear			520	Gen Dmd		2,415,166	-	-	-	-
339		Oper-Electric Exp			523	Gen Dmd		3,193,815	-	-	-	-
340		Oper-Misc Nuclear Power, excluding PV 1&2 Decommissioning and CE Credit			524	Gen Dmd		10,702,739	-	-	-	-
341		Oper-Misc Nuclear Power - PV 1&2 Decommissioning and CE Credit			524	Retail		-	-	-	-	-
342		Total Rents - Nuclear, excluding PV 1&2 Prudency Audit and Excess Gain Amortization			525	Gen Dmd		-	-	-	-	-
343		Oper-Rents-Nuclear - PV 1&2 Excess Gain Amortization			525	Retail		(38,554)	-	-	-	-
344		Maint-Sup & Eng-Nuclear			528	Energy		1,252,819	-	-	-	-
345		Maint-Structures-Major			529	Gen Dmd		798,482	-	-	-	-
346		Maint-Reactor Plant			530	Energy		3,054,879	-	-	-	-
347		Maint-Elec Plant			531	Energy		3,671,029	-	-	-	-
348		Maint-Misc Nuclear Plant			532	Gen Dmd		858,927	-	-	-	-
349	Other Production											
350		Oper-Sup & Eng-Other			546	Energy		5,573,377	-	-	-	-
351		Oper-Oth Pwr Gen Exp-Other			549	Energy		124,984	-	-	-	-
352		Oper-Oth Pwr Gen Exp-Other - Renewables			549	Renewables		-	-	-	-	-
353		Maint - Structures			552	Gen Dmd		1,400,652	-	-	-	-
354		Maint-Gen & Elec Plant			553	Energy		12,392,334	-	-	-	-
355		Maint-Gen & Elec Plant - Renewables			553	Renewables		-	-	-	-	-
356		Maint-Gen & Elec Plant			556	Gen Dmd		6,002,894	-	-	-	-
357	Energy Storage Related O&M											
358		Oper-Oth Pwr Gen Exp-Other - Energy Storage Transmission			549	Retail		-	-	-	-	-
359		Oper-Oth Pwr Gen Exp-Other - Energy Storage Distribution			549	Retail		-	-	-	-	-
360		Maint-Gen & Elec Plant-Energy Storage Transmission			553	Retail		-	-	-	-	-
361		Maint-Gen & Elec Plant-Energy Storage Distribution			553	Retail		-	-	-	-	-
362				Total Production O&M				89,801,728	-	-	-	-

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1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**											
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3					Account	Allocator			ROE @ 9.45%	Equity 51%	FCPP Depreciation	EDFIT Amort
363												
364	Transmission O&M (560-574, excluding 565):											
365		Oper-Sup & Eng-ETrans			560	Trans Dmd		1,453,414	-	-	-	-
366		Oper-Load Dispatch-ETrans			561	Trans Dmd		716,013	-	-	-	-
367		Oper-Station Exp-ETrans			562	Trans Dmd		938,578	-	-	-	-
368		Oper-Overhead Lines-ETrans			563	Trans Dmd		34,809	-	-	-	-
369		Oper-Misc Transmission-E			566	Trans Dmd		1,374,607	-	-	-	-
370		Oper-Rents-Transmission-E			567	Trans Dmd		8,646,009	-	-	-	-
371		Maint Sup & Eng-ETrans			568	Trans Dmd		1,217	-	-	-	-
372		Maint-Structures-ETrans			569	Trans Dmd		-	-	-	-	-
373		Maint-Sta Equip-ETrans			570	Trans Dmd		2,333,231	-	-	-	-
374		Maint-Overhead Lns-ETrans			571	Trans Dmd		731,193	-	-	-	-
375		Maint-Under Ground lines-ETrans			572	Trans Dmd		-	-	-	-	-
376		Maint-Misc Trans Plant			573	Trans Dmd		-	-	-	-	-
377		Maint-Trans Plant-NonMaj-E			574	Trans Dmd		2,568	-	-	-	-
378		Incremental Rate - Transmission O&M			560-564,566-574	FERC		-	-	-	-	-
379			Total Transmission O&M, excluding FERC 565					16,231,640	-	-	-	-
380												
381	Transmission O&M by Others (565):											
382		Transmission by Others			565	Gen Dmd		32,013,463	-	-	-	-
383			Total Transmission by Others, FERC 565					32,013,463	-	-	-	-
384												
385			Total Transmission O&M					48,245,103	-	-	-	-

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1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**											
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3					Account	Allocator			ROE @ 9.45%	Equity 51%	FCPP Depreciation	EDFIT Amort
386												
387	Total Dist O&M (580-598)											
388												
389	PNM Street & Private Lighting											
390		Oper-Street Light/Signal-E			585	Retail		38	-	-	-	-
391		Maint-Streetlight/Signal-E			596	Retail		981,229	-	-	-	-
392			Total Street and Private Lighting					981,267	-	-	-	-
393												
394	PNM Meters											
395		Oper-Meter Expense-EDist			586	Retail		3,797,705	-	-	-	-
396		Oper-Meter Expense-Grid Mod			597	Grid Mod		-	-	-	-	-
397		Maint-Meters-EDist			597	Retail		428,051	-	-	-	-
398		Maint-Meters-Grid Mod			597	Grid Mod		-	-	-	-	-
399			Total Meters					4,225,755	-	-	-	-
400												
401	All Other Distribution O&M											
402		Oper-Sup & Eng-EDist			580	Retail		2,385,705	-	-	-	-
403		Oper-Station Exp-EDist			582	Retail		1,104,307	-	-	-	-
404		Oper-Overhead Lines-EDist			583	Retail		3,278,998	-	-	-	-
405		Oper-Undergrd Line-EDist			584	Retail		708,285	-	-	-	-
406		Oper-Misc Dist Exp-EDist			588	Retail		12,240,120	-	-	-	-
407		Oper-Rents-Distribution-E			589	Retail		1,148,392	-	-	-	-
408		Maint-Sup & Eng-EDist			590	Retail		3,600,779	-	-	-	-
409		Maint-Structures-EDist			591	Retail		49,552	-	-	-	-
410		Maint-Station Equip-EDist			592	Retail		1,320,092	-	-	-	-
411		Maint-Overhead Lns-EDist			593	Retail		10,814,869	-	-	-	-
412		Maint-Und Lines-EDist			594	Retail		2,412,820	-	-	-	-
413		Maintenance of Line Transformers			595	Retail		437	-	-	-	-
414		Maint-Misc Dist Plant-E			598	Retail		-	-	-	-	-
415		Other Distribution O&M - Grid Mod			580-598	Grid Mod		-	-	-	-	-
416			Total Other Distribution O&M					39,064,355	-	-	-	-
417												
418			Total Distribution O&M					44,271,376	-	-	-	-

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1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**											
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3					Account	Allocator			ROE @ 9.45%	Equity 51%	FCPP Depreciation	EDFIT Amort
419												
420	Customer Related O&M											
421												
422	PNM Related Customer Accounts Exp											
423		Supervision-Customer Accts			901	Retail		(324,877)	-	-	-	-
424		Meter Reading Expenses			902	Retail		9,952,377	-	-	-	-
425		Customer Record and Collections			903	Retail		13,150,371	-	-	-	-
426		Uncollectible Expenses			904	Retail		3,768,813	-	-	-	-
427		Misc Customer Accts Exp			905	Retail		-	-	-	-	-
428		Cust Service/Inf Expenses			906	Retail		109,690	-	-	-	-
429		Customer Assistance Exps			908	Retail		1,600,974	-	-	-	-
430		Inform/Instruc Advert Exps			909	Retail		-	-	-	-	-
431		Demo & Selling Expenses - Non Production			912	Retail		-	-	-	-	-
432		Demo & Selling Expenses - Production			912	Sales		6,300,759	-	-	-	-
433		Advertising Expense			913	Sales		608,637	-	-	-	-
434		Total Customer Accounting Expenses - Grid Mod			901-905	Grid Mod		-	-	-	-	-
435			Total Customer Related O&M					35,166,744	-	-	-	-
436												
437	Administrative & General Expense											
438												
439		Admin and General Salaries			920	Total W&S excluding Riders		4,588,086	-	-	-	-
440		AG Office Supplies Exp			921	Total W&S excluding Riders		403,530	-	-	-	-
441		A&G Charged to CWIP			922	Total W&S excluding Riders		(13,626,093)	-	-	-	-
442		Production Related - Shared Services			9229	Prod W&S		17,877,857	0	-	-	-
443		Transmission Related - Shared Services			9229	Trans W&S		6,607,776	0	-	-	-
444		Distribution Related - Shared Services			9229	Dist W&S		58,152,533	0	-	-	-
445		Outside Services			923	Total W&S excluding Riders		1,456,338	-	-	-	-
446		Property Insurance			924	Total W&S excluding Riders		2,479,038	-	-	-	-
447		Injuries or Damages-Safety			925	Total W&S excluding Riders		13,570,098	-	-	-	-
448		Empl Pension and Benefits			926	Total W&S excluding Riders		10,594,922	-	-	-	-
449		Regulatory Commission Exp			928	Total W&S excluding Riders		2,420,512	-	-	-	-
450		Regulatory Commission Exp - (Rate Case Expense)			928	Retail		966,274	-	-	-	-
451		Production - Misc AG Expenses			930	Total W&S excluding Riders		8,369,664	-	-	-	-
452		Transmission - Rents-Cust			931	Total W&S excluding Riders		250,177	-	-	-	-
453		Total Gas A&G Maintenance			932	Total W&S excluding Riders		-	-	-	-	-
454		Maint of General Plant			935	Total W&S excluding Riders		2,220,071	-	-	-	-
455		Renewables - A&G (920-935)			920-935	Renewables		-	-	-	-	-
456		Grid Mod - A&G (920-935)			920-935	Grid Mod		-	-	-	-	-
457			Total Administrative & General Expense					116,330,783	0	-	-	-
458												
459				Generic Adjustment		Retail		-	-	-	-	-
460												
461			Total Operations & Maintenance Expense					367,466,068	0	-	-	-
462												

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1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**											
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3					Account	Allocator			ROE @ 9.45%	Equity 51%	FCPP Depreciation	EDFIT Amort
463	**Depreciation and Amortization Expense**											
464												
465	Production Depreciation and Amortization											
466		Steam Production Plant			403	Gen Dmd		30,442,960	-	-	(20,428,320)	-
467		Nuclear Production Net Plant - Palo Verde			403	Gen Dmd		19,878,271	-	-	-	-
468		Nuclear Production Plant - Acq. Adj. (Drexel)			406	Gen Dmd		-	-	-	-	-
469		Nuclear Production Plant - Acq. Adj. (First Chicago)			406	Gen Dmd		832,053	-	-	-	-
470		Other Production Plant - Gas & 40 MW Solar			403	Gen Dmd		20,752,769	-	-	-	-
471		Other Production Plant - Renewable			403	Renewables		-	-	-	-	-
472				Total Production Depreciation and Amortization Expense				71,906,053	-	-	(20,428,320)	-
473												
474	Energy Storage Depreciation and Amortization											
475												
476		Transmission Sited Batteries			403	Retail		338,998	-	-	-	-
477		Distribution Sited Batteries			403	Retail		868,925	-	-	-	-
478				Total Energy Depreciation and Amortization				1,207,924	-	-	-	-
479												
480	Transmission Depreciation and Amortization											
481		Step-Up Transformers & Generation Interconnections			403	Gen Dmd		330,154	-	-	-	-
482		Transmission System Plant - Allocated			403	Trans Dmd		20,372,850	-	-	-	-
483		Transmission System Plant - FERC Incremental Rates			403	FERC		-	-	-	-	-
484		Transmission System Net Plant - Dedicated Retail			403	Retail		693,169	-	-	-	-
485		Transmission System Plant - Acq. Adj. (EIP)			406	Trans Dmd		195,689	-	-	-	-
486				Total Transmission Depreciation and Amortization				21,591,863	-	-	-	-
487												

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3					Account	Allocator			ROE @ 9.45%	Equity 51%	FCPP Depreciation	EDFIT Amort
488	Distribution Depreciation and Amortization											
489		Distribution Substations Net Plant - PNM			403	Retail		7,734,096	-	-	-	-
490		Distribution Substations Net Plant - Renewables			403	Renewables		-	-	-	-	-
491		Distribution Substations Net Plant - Grid Mod			403	Grid Mod		-	-	-	-	-
492		Primary Distribution System Net Plant - PNM			403	Retail		38,186,812	-	-	-	-
493		Primary Distribution System Net Plant - Renewables			403	Renewables		-	-	-	-	-
494		Primary Distribution System Net Plant - Grid Mod			403	Grid Mod		-	-	-	-	-
495		Secondary Distribution System Net Plant - PNM			403	Retail		14,086,170	-	-	-	-
496		Secondary Distribution System Net Plant - Renewables			403	Renewables		-	-	-	-	-
497		Secondary Distribution System Net Plant - Grid Mod			403	Grid Mod		-	-	-	-	-
498		Services Net Plant - PNM			403	Retail		7,982,393	-	-	-	-
499		Meters Net Plant - PNM			403	Retail		2,564,005	-	-	-	-
500		Meters Net Plant - Grid Mod			403	Grid Mod		-	-	-	-	-
501		Private Lighting - 371			403	Retail		213,286	-	-	-	-
502		Street Lighting - 373			403	Retail		783,032	-	-	-	-
503				Total Distribution Depreciation and Amortization				71,549,795	-	-	-	-
504												
505	General Depreciation and Amortization											
506		General & Intangible Net Plant			403	Total W&S excluding Riders		22,482,571	-	-	-	-
507		Renewables General & Intangible Net Plant			403	Renewables		-	-	-	-	-
508		Grid Mod General & Intangible Net Plant			403	Grid Mod		-	-	-	-	-
509		Production Related (Shared Services)			403	Prod W&S		5,057,223	-	-	-	-
510		Transmission Related (Shared Services)			403	Trans W&S		1,788,687	-	-	-	-
511		Distribution/Customer Related (Shared Services)			403	Retail		24,478,747	-	-	-	-
512				Total General Depreciation and Amortization				53,807,228	-	-	-	-
513												
514				Total Depreciation and Amortization Expense				220,062,862	-	-	(20,428,320)	-
515												

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3					Account	Allocator			ROE @ 9.45%	Equity 51%	FCPP Depreciation	EDFIT Amort
516	**General Taxes**											
517												
518	Property Taxes											
519		Production Property Taxes										
520		Steam Production Plant			408	Gen Dmd		2,281,749	-	-	49,868	-
521		Nuclear Production Plant - Palo Verde			408	Gen Dmd		2,936,159	-	-	-	-
522		Other Production Plant - Gas & 40 MW Solar			408	Gen Dmd		3,737,044	-	-	-	-
523		Other Production Plant - Renewable			408	Renewables		-	-	-	-	-
524			Total Production Property Taxes					8,954,952	-	-	49,868	-
525												
526		Energy Storage Property Taxes										
527		Transmission Sited Batteries			408	Retail		-	-	-	-	-
528		Distribution Sited Batteries			408	Retail		262,569	-	-	-	-
529			Total Energy Storage Property Taxes					262,569	-	-	-	-
530												
531		Transmission Property Taxes										
532		Step-Up Transformers - Excluding 65MW SJGS			408	Gen Dmd		41,525	-	-	-	-
533		Transmission System Plant - Allocated			408	Trans Dmd		5,504,371	-	-	-	-
534		Transmission System Plant - FERC Incremental Rates			408	FERC		-	-	-	-	-
535		Transmission System Plant - Dedicated Retail			408	Retail		62,187	-	-	-	-
536			Total Transmission Property Taxes					5,608,082	-	-	-	-
537												
538		Distribution Property Taxes										
539		Distribution Substations Net Plant - PNM			408	Retail		1,982,839	-	-	-	-
540		Distribution Substations Net Plant - Renewables			408	Renewables		-	-	-	-	-
541		Distribution Substations Net Plant - Grid Mod			408	Grid Mod		-	-	-	-	-
542		Primary Distribution System Net Plant - PNM			408	Retail		7,405,025	-	-	-	-
543		Primary Distribution System Net Plant - Renewables			408	Renewables		-	-	-	-	-
544		Primary Distribution System Net Plant - Grid Mod			408	Grid Mod		-	-	-	-	-
545		Secondary Distribution System Net Plant - PNM			408	Retail		3,246,507	-	-	-	-
546		Secondary Distribution System Net Plant - Renewables			408	Renewables		-	-	-	-	-
547		Secondary Distribution System Net Plant - Grid Mod			408	Grid Mod		-	-	-	-	-
548		Services Net Plant - PNM			408	Retail		1,185,617	-	-	-	-
549		Meters Net Plant - PNM			408	Retail		473,458	-	-	-	-
550		Meters Net Plant - Grid Mod			408	Grid Mod		-	-	-	-	-
551		Private Lighting - 371			408	Retail		10,742	-	-	-	-
552		Street Lighting - 373			408	Retail		134,991	-	-	-	-
553			Total Distribution Property Taxes					14,439,179	-	-	-	-
554												

	A	B	C	D	E	F	P	Q	R	S	T	U
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**											
2	**Test Period Ending June 30, 2026**				FERC			As Filed	Adjustment 1	Adjustment 2	Adjustment 3	Adjustment 4
3					Account	Allocator			ROE @ 9.45%	Equity 51%	FCPP Depreciation	EDFIT Amort
555		General Property Taxes										
556		General & Intangible Net Plant			408	Total W&S excluding Riders		1,198,037	-	-	-	-
557		Renewables General & Intangible Net Plant			408	Renewables		-	-	-	-	-
558		Grid Mod General & Intangible Net Plant			408	Grid Mod		-	-	-	-	-
559		Production Related (Shared Services)			408	Prod W&S		161,277	-	-	-	-
560		Transmission Related (Shared Services)			408	Trans W&S		91,441	-	-	-	-
561		Distribution/Customer Related (Shared Services)			408	Retail		831,120	-	-	-	-
562				Total General Property Taxes				2,281,874	-	-	-	-
563												
564				Total Property Taxes				31,546,657	-	-	49,868	-
565												
566	Payroll Taxes											
567		Production Related			408	Prod W&S		1,790,288	0	-	-	-
568		Battery Storage Related			408	Dist W&S		-	-	-	-	-
569		Transmission Related			408	Trans W&S		631,522	0	-	-	-
570		Distribution Related			408	Dist W&S		4,879,005	0	-	-	-
571				Total Payroll Taxes				7,300,814	0	-	-	-
572												
573	Other Taxes											
574		Misc Taxes - Production Related			408	Gen Dmd		1,077	-	-	-	-
575		Misc Taxes - Transmission Related			408	Trans Dmd		433	-	-	-	-
576		Misc Taxes - Distribution Related			408	Retail		12,492	-	-	-	-
577		Regulatory Commission Fees (I&S) PNM			408	Retail		-	-	-	-	-
578		Joint Projects Four Corners			408	Gen Dmd		198,209	-	-	-	-
579		Joint Projects PVNGS			408	Gen Dmd		1,361,393	-	-	-	-
580		Joint Projects Transmission			408	Trans Dmd		27,607	-	-	-	-
581		Native American Taxes - Production			408	Gen Dmd		1,554,300	-	-	-	-
582		Native American Taxes - Transmission			408	Trans Plt		579,172	-	-	-	-
583		Native American Taxes - Dedicated FERC Incremental Rates			408	FERC		-	-	-	-	-
584		Native American Taxes - Distribution			408	Dist Plt		69,497	-	-	-	-
585				Total Other Taxes				3,804,180	-	-	-	-
586												
587				Total General Taxes				42,651,651	0	-	49,868	-

	A	B	C	D	E	F	P	Q	R	S	T	U
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**											
2	**Test Period Ending June 30, 2026**				FERC			As Filed	Adjustment 1	Adjustment 2	Adjustment 3	Adjustment 4
3					Account	Allocator			ROE @ 9.45%	Equity 51%	FCPP Depreciation	EDFIT Amort
588												
589	**Other Allowable Expenses**											
590		Interest on Customer Deposits			431	Retail		220,117	-	-	-	-
591		Amortization Loss on Reacquired Debt			407.3	Rate Base		911,945	-	-	792	31
592		Renewable Grant Amortization			407	Renewables		-	-	-	-	-
593		Accretion ARO - Production Related			411	Gen Dmd		2,887,511	-	-	-	-
594		Accretion ARO - Production Related - (SJGS 65MW)			411	Excluded		-	-	-	-	-
595		Accretion ARO - Distribution Related			411	Retail		108,409	-	-	-	-
596		Western Spirit			407.3	FERC		-	-	-	-	-
597		Amortization of 50% SJGS 2&3 Undepreciated Balance			407.3	Gen Dmd		6,276,936	-	-	-	-
598		Amortization of Eastern Imbalance Market Implementation Regulatory Asset			407.3	Retail		3,758,140	-	-	-	-
599		Amortization of PVNGS Unit 1 Undepreciated Investment Post - lease renewal			407.3	Retail		2,158,805	-	-	-	-
600		Amortization of PVNGS Unit 1 Undepreciated Investment Pre - lease renewal			407.3	Retail		1,877,267	-	-	-	-
601		Amortization of PVNGS Unit 2 Undepreciated Investment Post - lease renewal			407.3	Retail		146,109	-	-	-	-
602		Amortization of PVNGS Unit 2 Undepreciated Investment Pre - lease renewal			407.3	Retail		168,146	-	-	-	-
603		Amortization of PVNGS True-up for SRP Transaction			407.3	Retail		6,974	-	-	-	-
604		Amortization of PVNGS Costs to Obtain Replacement Resources			407.3	Retail		100,964	-	-	-	-
605		Amortization of SJGS Replacement Resources			407.3	Retail		332,751	-	-	-	-
606		Amortization of SJGS Legal Expenses			407.3	Retail		19,812	-	-	-	-
607		Amortization of SJGS Obsolete Inventory			407.3	Retail		251,786	-	-	-	-
608		Amortization of Pathnet			407.3	Trans Dmd		(88,867)	-	-	-	-
609		Amortization of SO2 Allowance Credit			407.3	Retail		-	-	-	-	-
610		Carrying Charges on Advanced Payments Under ETA			407.3	Retail		108,102	-	-	-	-
611		Amortization of COVID Regulatory Asset and Liability			407.3	Retail		1,070,775	-	-	-	-
612		Amortization of SJGS Decommissioning Ordinance Costs			407.3	Retail		1,102,169	-	-	-	-
613		Amortization of Additional Coal Mine Decommissioning			407.3	Retail		732,137	-	-	-	-
614		Amortization of 2025 Rate Case Expenses			407.3	Retail		741,677	-	-	-	-
615		Amortization of Energy Transition Cost True - Up			407.3	Retail		(50,706)	-	-	-	-
616				Total Other Allowable Expenses				22,840,959	-	-	792	31
617												
618												
619				Total Operating Expenses				921,826,769	0	-	(20,377,660)	31
620				(Excl Income & Revenue Related Taxes)								
621												
622		Total Net Original Cost Rate Base						2,982,949,247	-	-	10,123,771	1,483,623
623		Weighted Cost of Capital						7.50%				
624		Return on Rate Base (excluding Debt Return- Reg Asset Adjustment)						223,777,202	(15,660,483)	(2,323,960)	698,436	102,355
625		Debt-Only Return Adjustment						(730,289)	117,594	17,451	-	-
626		Return on Rate Base						223,046,913	(15,542,889)	(2,306,509)	698,436	102,355

	A	B	C	D	E	F	P	Q	R	S	T	U
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**											
2	**Test Period Ending June 30, 2026**				FERC			As Filed	Adjustment 1	Adjustment 2	Adjustment 3	Adjustment 4
3					Account	Allocator			ROE @ 9.45%	Equity 51%	FCPP Depreciation	EDFIT Amort
627												
628	**Federal Income Tax**											
629		Return Adjustments										
630		Interest on Long Term Debt				MDC		(59,790,510)	-	(1,883,516)	(209,314)	(30,675)
631		Debt Return- Reg Asset Adjustment Interest Adjustment						(501,081)	-	14,143	-	-
632		Interest on Long Term Debt						(60,291,592)	-	(1,869,373)	(209,314)	(30,675)
633												
634		Tax/Book Adjustments										
635												
636		Non-deductible Meals				Total Net Plt		-	-	-	-	-
637		Non-deductible Parking				Trans Dmd		55,120	-	-	-	-
638		Palo Verde 1 & 2 Gain Amort Flow Through				FERC		-	-	-	-	-
639		Palo Verde 1 & 2 Prudence Audit Flow Through				Retail		-	-	-	-	-
640		AFUDC Equity Flow Through				Gen Dmd		(18,242,549)	-	-	-	-
641		AFUDC Equity Flow Through - Renewables				Renewables		-	-	-	-	-
642		AFUDC Equity Flow Through - Grid Mod				Grid Mod		-	-	-	-	-
643		Federal Grant Amortization - Renewables				Renewables		-	-	-	-	-
644		Federal Grant Basis Adj - Renewables				Renewables		-	-	-	-	-
645		Gain/Loss Flow Through				Retail		166,269	-	-	-	-
646		ACRS Flow Through				Retail		-	-	-	-	-
647		San Juan ACRS Flow Through				Retail		-	-	-	-	-
648		Four Corners SO2 Reversal Flow Through				Retail		335,543	-	-	-	-
649		SL/GL Depreciation				Retail		-	-	-	-	-
650		Amortization of EIP Prepaid Tax Reversal				Trans Dmd		-	-	-	-	-
651				Total Tax/Book Adjustments				(17,685,617)	-	-	-	-
652												
653				Total Return Adjustments				(77,977,209)	-	(1,869,373)	(209,314)	(30,675)
654												
655				Net Taxable Equity Return				145,069,704	(15,542,889)	(4,175,882)	489,122	71,680

	A	B	C	D	E	F	P	Q	R	S	T	U
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**											
2	**Test Period Ending June 30, 2026**				FERC			As Filed	Adjustment 1	Adjustment 2	Adjustment 3	Adjustment 4
3					Account	Allocator			ROE @ 9.45%	Equity 51%	FCPP Depreciation	EDFIT Amort
656												
657	Federal Tax Adjustments											
658												
659	Net Provision For Deferred Income Tax											
660		Excess Payroll Tax Reversal			410	Total W&S		(5,574)	-	-	-	-
661		Excess Deferred Federal Income Tax Amortization				ADIT		(16,157,886)	-	-	(1,664)	(3,977,540)
662		ARAM Deferred Tax Reversal			410	Total Net Plt		(23,628)	-	-	(17)	-
663				Total Provision For Deferred Income Tax				(16,187,088)	-	-	(1,681)	(3,977,540)
664												
665	Investment Tax Credits											
666		Palo Verde 1&2 Production ITC Amortization			411.4	Gen Dmd		-	-	-	-	-
667		Generation ITC Amortization			411.4	Gen Dmd		(168,991)	-	-	-	-
668		Renewables ITC Amortization			411.4	Renewables		-	-	-	-	-
669		PV Valley Transmission ITC Amortization			411.4	Trans Dmd		-	-	-	-	-
670		Research and Development & Other Credits			410	PV		(1,300,000)	-	-	-	-
671		Other ITC Amortization			411.4	Total Net Plt		-	-	-	-	-
672				Total Investment Tax Credit Amortization & Other Credits				(1,468,991)	-	-	-	-
673												
674				Total Federal Tax Adjustments				(17,656,079)	-	-	(1,681)	(3,977,540)
675												
676				Adjusted Equity Return				127,413,625	(15,542,889)	(4,175,882)	487,440	(3,905,860)
677				Federal Tax Factor (0.21/(1-0.21))				26.5823%				
678				Federal Income Tax				33,869,445	(4,131,654)	(1,110,045)	129,573	(1,038,267)
679				Add:								
680				Total Provision For Deferred Income Tax				(16,187,088)	-	-	(1,681)	(3,977,540)
681				EIP Amortization				-	-	-	-	-
682				Total Investment Tax Credit Amortization & Other Credits				(1,468,991)	-	-	-	-
683												
684				Net Allowable Federal Income Tax				16,213,366	(4,131,654)	(1,110,045)	127,892	(5,015,807)

	A	B	C	D	E	F	P	Q	R	S	T	U
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**											
2	**Test Period Ending June 30, 2026**				FERC			As Filed	Adjustment 1	Adjustment 2	Adjustment 3	Adjustment 4
3					Account	Allocator			ROE @ 9.45%	Equity 51%	FCPP Depreciation	EDFIT Amort
685												
686	**State Income Tax**											
687												
688		Return on Rate Base						223,046,913	(15,542,889)	(2,306,509)	698,436	102,355
689		Less: Return Adjustments							-	-	-	-
690		Interest on Long Term Debt						(60,291,592)	-	(1,869,373)	(209,314)	(30,675)
691		Tax/Book Adjustments						(17,685,617)	-	-	-	-
692		Add: Net Allowable F I T						16,213,366	(4,131,654)	(1,110,045)	127,892	(5,015,807)
693												
694				New Mexico NOL Valuation Allowance	410	Total Net Plt		-	-	-	-	-
695				Amortization of Excess Deferred Taxes		ADIT		-	-	-	-	-
696		State Taxable Income						161,283,070	(19,674,542)	(5,285,927)	617,013	(4,944,127)
697		State Tax Factor						5.90%				
698				State Income Tax				9,515,701	(1,160,798)	(311,870)	36,404	(291,703)
699		Add:		22 MW, Battery project and PV Farm PTC	409	Renewables		-	-	-	-	-
700		Add:		New Mexico NOL Valuation Allowance	410	Total Net Plt		-	-	-	-	-
701				Amortization of Excess Deferred Taxes		ADIT		-	-	-	-	-
702				Net Allowable State Income Tax				9,515,701	(1,160,798)	(311,870)	36,404	(291,703)
703												
704												
705				Return on Rate Base				223,046,913	(15,542,889)	(2,306,509)	698,436	102,355
706												
707				Total Operating Expenses				921,826,769	0	-	(20,377,660)	31
708				(Excluding Income & Rev Related Taxes)								
709												
710				Net Allowable Federal Income Tax				16,213,366	(4,131,654)	(1,110,045)	127,892	(5,015,807)
711												
712				Net Allowable State Income Tax				9,515,701	(1,160,798)	(311,870)	36,404	(291,703)
713												

	A	B	C	D	E	F	P	Q	R	S	T	U
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**											
2	**Test Period Ending June 30, 2026**				FERC			As Filed	Adjustment 1	Adjustment 2	Adjustment 3	Adjustment 4
3					Account	Allocator			ROE @ 9.45%	Equity 51%	FCPP Depreciation	EDFIT Amort
714	**Revenue Credits:**											
715		Sale of SO2 Credits			411	FERC		-	-	-	-	-
716		Rent For Electric Property Transmission			454	Trans Plt		(186,445)	-	-	-	-
717		Rent for Electric Property - Distribution			454	Retail		(3,313,235)	-	-	-	-
718		Late Payment Charges			451	Retail		(1,120,650)	-	-	-	-
719		Misc Service Charge Revenue			451	Retail		(1,818,977)	-	-	-	-
720		Other Retail Revenue - Transmission			456	Trans Dmd		(420,705)	-	-	-	-
721		Other Retail Revenue - Distribution			456	Retail		(1,238,927)	-	-	-	-
722		Generation Ancillary Services Credit Sch 2-5			456100	Gen Dmd		(3,008,078)	-	-	-	-
723		Real Power Losses (Financial)			456100	Gen Dmd		(30,930,741)	-	-	-	-
724		Transmission redispatch contract revenues			456100	Gen Dmd		4,982	-	-	-	-
725		Ancillary Services-Sch 1 and Sch 8 Transmission			456100	Trans Dmd		(3,231,657)	-	-	-	-
726		Short Term Firm Sch 7 Transmission			456100	Trans Dmd wo NITS		(4,736,152)	-	-	-	-
727		Ancillary Services-Sch 1 ST PTP and Transmission Service			456100	Trans Dmd		(20,579)	-	-	-	-
728		Economy Service Customer Revenue Credits			442&555	Retail		(4,214,090)	-	-	-	-
729		Securitization Servicing & Administration Fees			421	G&I Plt		(204,418)	-	-	-	-
730		Shared Services Revenue			418	Retail		(1,717,601)	-	-	-	-
731												
732				Total Revenue Credits				(56,157,274)	-	-	-	-
733												
734				Total Revenue Requirements Before Revenue Tax				1,114,445,474	(20,835,340)	(3,728,423)	(19,514,929)	(5,205,125)
735												
736				Revenue Tax Factor (I&S Fee) '(Revenue Tax Rate/(1-Revenue Tax Rate))				0.508573%				
737				Revenue Tax				5,667,769	(105,963)	(18,962)	(99,248)	(26,472)
738												
739	NON-FUEL REVENUE REQUIREMENT							851,308,015	(20,941,303)	(3,747,385)	(19,614,177)	(5,231,597)
740	FUEL REVENUE REQUIREMENT							268,805,228	-	-	-	-
741	**TOTAL REVENUE REQUIREMENT**							**1,120,113,243**	**(20,941,303)**	**(3,747,385)**	**(19,614,177)**	**(5,231,597)**
742												
743	Weighted Cost of Capital											
744		Long Term Debt										
745		Preferred Stock										
746		Common Stock										
747				Total Weighted Cost of Capital								
748												
749				Federal Income Tax Rate								
750												
751				Effective State Income Tax Rate								
752												
753				I&S Fee Rate								

	A	B	C	D	E	F	P	Q	R	S	T	U
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**											
2	**Test Period Ending June 30, 2026**				FERC			As Filed	Adjustment 1	Adjustment 2	Adjustment 3	Adjustment 4
3					Account	Allocator			ROE @ 9.45%	Equity 51%	FCPP Depreciation	EDFIT Amort
754												
755	**Key Allocators**											
756												
757			Sales (MWh)									
758			Allocator			Sales						
759												
760	Wage and Salary Ratios					Ratios						
761			Production	Other Prod O&M		18.93%						
762						Prod W&S						
763			Transmission	Trans O&M		15.88%						
764						Trans W&S						
765			Distribution	Dist O&M		33.28%						
766						Dist W&S						
767												
768			Total PTD			68.09%						
769			Allocator									
770												
771			Customer Accounting	CA O&M		21.21%						
772			Cust Service & Information	CS&I O&M		2.86%						
773			Sales	Sales O&M		7.85%						
774			Total PTDCAS			100.00%						
775			Allocator			PTDCAS						
776												
777			Administrative and General									
778												
779			Total Wages and Salaries									
780			Allocator			Total W&S						
781												
782	Net Plant In Service Ratios					Total W&S excluding Riders						
783												
784			Total Production Plant									
785			Allocator			Prod Plt						
786												
787			Total Transmission Plant									
788			Allocator			Trans Plt						
789												
790			Total Distribution Plant									
791			Allocator			Dist Plt						
792												
793			Total General & Intangible Plant									
794			Allocator			G&I Plt						
795												

	A	B	C	D	E	F	P	Q	R	S	T	U
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**											
2	**Test Period Ending June 30, 2026**				FERC			As Filed	Adjustment 1	Adjustment 2	Adjustment 3	Adjustment 4
3					Account	Allocator			ROE @ 9.45%	Equity 51%	FCPP Depreciation	EDFIT Amort
796			Total Net Plant									
797			Allocator			Total Net Plt						
798												
799			Total ADIT									
800			Allocator			ADIT						
801												
802			Total Rate Base									
803			Allocator			Rate Base						
804												
805			Generation Demand allocator									
806						Gen Dmd						
807												
808			Energy allocator									
809						Energy						
810												
811			Generation and Transmission Demand			Gen/Trans Dmd						
812												
813												
814			Transmission Demand			Trans Dmd						
815												
816												
817			Transmission Demand without Network			Trans Dmd wo NITS						
818												
819												
820	Other Allocators											
821												
822			Excluded Costs			Excluded						
823												
824			Direct Assignment to NEC			NEC						
825												
826			Allocation to FERC Customers			FERC						
827												
828			Direct Assignment to Retail			Retail						
829												
830			Allocation to Palo Verde			PV						
831												
832			Allocation to Grid Mod			Grid Mod						
833												
834			Direct Assignment to Renewables			Renewables						

	A	B	C	D	E	F	V	W	X	Y	Z
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		Adjustment 5	Adjustment 6	Adjustment 7	Adjustment 8	Adjustment 9
3					Account	Allocator	Debt Only RC Expenses	ESA To Base	Treatment of Incentive Comp	NOL Adjustment	$12.9M Reduction
4	**Rate Base**										
5											
6	**Net Plant**										
7											
8	Net Production Plant										
9											
10		Steam Production Net Plant			101/106	Gen Dmd	-	-	-	-	-
11			Total Steam Production Net Plant				-	-	-	-	-
12											
13		Nuclear Production Net Plant - Palo Verde			101/106	Gen Dmd	-	-	-	-	-
14		Nuclear Production Net Plant - Acq Adj (Drexel)			114	Gen Dmd	-	-	-	-	-
15		Nuclear Production Net Plant - Acq Adj (First Chicago)			114	Gen Dmd	-	-	-	-	-
16			Total Nuclear Production Net Plant				-	-	-	-	-
17											
18		Other Production Plant - Gas & 40 MW Solar			101/106	Gen Dmd	-	-	-	-	-
19		Other Production Plant - Renewable			101/106	Renewables	-	-	-	-	-
20			Total Other Production Net Plant				-	-	-	-	-
21											
22		Total Net Production Plant					-	-	-	-	-
23											
24	Net Plant Battery Storage										
25											
26		Transmission Sited Batteries			101/106	Retail	-	-	-	-	-
27		Distribution Sited Batteries			101/106	Retail	-	-	-	-	-
28			Total Battery Storage Net Plant				-	-	-	-	-
29											
30	Net Transmission Plant										
31											
32		Step-Up Transformers & Generation Interconnections			101/106	Gen Dmd	-	-	-	-	-
33			Total Transmission Station Equipment - Step-up Xfmr and Aux								
34											
35		Transmission System Net Plant - Allocated			101/106	Trans Dmd	-	-	-	-	-
36		Transmission System Net Plant - FERC Incremental Rates			101/106	FERC	-	-	-	-	-
37		Transmission System Net Plant - Dedicated Retail			101/106	Retail	-	-	-	-	-
38		Transmission System Net Plant - Acq Adj (EIP)			114	Trans Dmd	-	-	-	-	-
39			Total Transmission System Net Plant				-	-	-	-	-
40											
41		Total Net Transmission Plant									

	A	B	C	D	E	F	V	W	X	Y	Z
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		Adjustment 5	Adjustment 6	Adjustment 7	Adjustment 8	Adjustment 9
3					Account	Allocator	Debt Only RC Expenses	ESA To Base	Treatment of Incentive Comp	NOL Adjustment	$12.9M Reduction
42											
43	Net Distribution Plant										
44											
45		Distribution Substations Net Plant - PNM			101/106	Retail	-	-	-	-	-
46		Distribution Substations Net Plant - Renewables			101/106	Renewables	-	-	-	-	-
47		Distribution Substations Net Plant - Grid Mod			101/106	Grid Mod	-	-	-	-	-
48			Total Distribution Substations Net Plant				-	-	-	-	-
49											
50		Primary Distribution System Net Plant - PNM			101/106	Retail	-	-	-	-	-
51		Primary Distribution System Net Plant - Renewables			101/106	Renewables	-	-	-	-	-
52		Primary Distribution System Net Plant - Grid Mod			101/106	Grid Mod	-	-	-	-	-
53			Total Primary Distribution Net Plant				-	-	-	-	-
54											
55		Secondary Distribution System Net Plant - PNM			101/106	Retail	-	-	-	-	-
56		Secondary Distribution System Net Plant - Renewables			101/106	Renewables	-	-	-	-	-
57		Secondary Distribution System Net Plant - Grid Mod			101/106	Grid Mod	-	-	-	-	-
58			Total Secondary Distribution Net Plant				-	-	-	-	-
59											
60		Services Net Plant - PNM			101/106	Retail	-	-	-	-	-
61											
62		Meters Net Plant - PNM			101/106	Retail	-	-	-	-	-
63		Meters Net Plant - Grid Mod			101/106	Grid Mod	-	-	-	-	-
64			Total Meters Net Plant				-	-	-	-	-
65											
66		Private Lighting - 371			101/106	Retail	-	-	-	-	-
67		Street Lighting - 373			101/106	Retail	-	-	-	-	-
68			Total Lighting Net Plant				-	-	-	-	-
69											
70		Total Net Plant Distribution Plant									
71											
72	Net Plant General & Intangible Plant										
73											
74		General & Intangible Net Plant			101/106	Total W&S excluding Riders	-	-	-	-	-
75		Renewables General & Intangible Net Plant			101/106	Renewables	-	-	-	-	-
76		Grid Mod General & Intangible Net Plant			101/106	Grid Mod	-	-	-	-	-
77		Production Related (Shared Services)			101/106	Prod W&S	-	-	-	-	-
78		Transmission Related (Shared Services)			101/106	Trans W&S	-	-	-	-	-
79		Distribution/Customer Related (Shared Services)			101/106	Retail	-	-	-	-	-
80			Total Net Plant General & Intangible Plant - PNM				-	-	-	-	-
81											
82			Total Net Plant				-	-	-	-	-

	A	B	C	D	E	F	V	W	X	Y	Z
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		Adjustment 5	Adjustment 6	Adjustment 7	Adjustment 8	Adjustment 9
3					Account	Allocator	Debt Only RC Expenses	ESA To Base	Treatment of Incentive Comp	NOL Adjustment	$12.9M Reduction
83											
84	**Accumulated Deferred Income Taxes**										
85				Federal Tax Credit Carryforward	190	Retail	-	-	-	-	-
86				Federal Tax Credit Carryforward - Renewables	190	Renewables	-	-	-	-	-
87				Net Operating Loss (NOL)	190	Total Net Plt	-	-	-	17,539,268	-
88				Incentive Pay Plans	190	Total W&S	-	-	-	-	-
89				Regulatory Assets - Coal Mine Decommissioning	190	Retail	-	-	-	-	-
90				Regulatory Liabilities - Renewable Rider	190	Renewables	-	-	-	-	-
91				Income Tax Regulatory Liability	190	ADIT	-	-	-	57,283	-
92				Income Tax Regulatory Asset	283	ADIT	-	-	-	(66,303)	-
93				Lease Liability	190	Excluded	-	-	-	-	-
94				Deferred Credits - Coal Mine Decommissioning	190	Retail	-	-	-	-	-
95				Regulatory Assets - ETA Carrying Charges	283	Retail	-	-	-	-	-
96				Regulatory Assets - ETA Job Training & Severance	283	Retail	-	-	-	-	-
97				Regulatory Assets - ETA Payments to State Agencies	283	Retail	-	-	-	-	-
98				Regulatory Assets - ETA SJGS Plant Decommissioning	283	Retail	-	-	-	-	-
99				Regulatory Assets - ETA SJGS upfront Financing Cost	283	Retail	-	-	-	-	-
100				Regulatory Assets - ETA Westmoreland Coal Mine Sev	283	Retail	-	-	-	-	-
101				Deferred Credits - Joint Use	190	Retail	-	-	-	-	-
102				Deferred Credits - Pathnet	190	Retail	-	-	-	-	-
103				Deferred Credits - PVNGS Dry Casks	190	Retail	-	-	-	-	-
104				Other Deferred Credits	190	Retail	-	-	-	-	-
105				Other Liabilities - ETA Job Training and Severance	190	Retail	-	-	-	-	-
106				Other Liabilities - Navajo Workforce Training	190	Retail	-	-	-	-	-
107				Other Liabilities	190	Total W&S	-	-	-	-	-
108				Injury and Damages	283	Total W&S	-	-	-	-	-
109				Plant - AFUDC	283	Total Net Plt	-	-	-	-	-
110				Plant - Capitalized Interest	283	Total Net Plt	-	-	-	-	-
111				Decommissioning and Reclamation Trusts	283	Retail	-	-	-	-	-
112				ASC 740-10 (FIN 48) Reclassifications	283	Total Net Plt	-	-	-	-	-
113				PVNGS Licensing	283	Retail	-	-	-	-	-
114				Plant - 263A Adjustment	283	Total Net Plt	-	-	-	-	-
115				Deferred State Taxes	283	Total Net Plt	-	-	-	-	-
116				Plant - CIAC	283	Total Net Plt	-	-	-	-	-
117				Plant - Depreciation Nuclear Fuel	282	Gen Dmd	-	-	-	-	-
118				Plant - Removal Cost	282	Total Net Plt	-	-	-	-	-
119				Plant - Repairs	282	Total Net Plt	-	-	-	-	-
120				Plant - Section 174 Deduction	282	Total Net Plt	-	-	-	-	-
121				Plant - Asset Retirement Obligation	282	Retail	-	-	-	-	-
122				Plant - Pollution Control Property	282	Gen Dmd	-	-	-	-	-
123				Plant - Liberalized Depreciation: Production	282	Gen Dmd	-	-	-	-	-
124				Plant - Liberalized Depreciation: Transmission	282	Trans Dmd	-	-	-	-	-
125				Plant - Liberalized Depreciation: Distribution	282	Retail	-	-	-	-	-
126				Plant - Liberalized Depreciation: General and Intangible	282	Total W&S	-	-	-	-	-
127				Plant - Liberalized Depreciation: Renewables	282	Renewables	-	-	-	-	-

	A	B	C	D	E	F	V	W	X	Y	Z
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		Adjustment 5	Adjustment 6	Adjustment 7	Adjustment 8	Adjustment 9
3					Account	Allocator	Debt Only RC Expenses	ESA To Base	Treatment of Incentive Comp	NOL Adjustment	$12.9M Reduction
128		Plant - Four Corners Imprudence			282	Gen Dmd	-	-	-	-	-
129		Regulatory Assets - SJGS Stranded Costs Units 2&3			282	Retail	-	-	-	-	-
130		Pension			283	Total W&S	-	-	-	-	-
131		Retiree Medical			283	Total W&S	-	-	-	-	-
132		Lease Asset			283	Excluded	-	-	-	-	-
133		Loss on Reacquired Debt			283	Total Net Plt	-	-	-	-	-
134		Other Comprehensive Income (OCI)			283	Excluded	-	-	-	-	-
135		Deferred Credits - SO2 Allowance			283	Retail	-	-	-	-	-
136		Deferred Debits - Rate Case Expense			283	Retail	-	-	-	-	-
137		Deferred Debits - Decoupling			283	Excluded	-	-	-	-	-
138		Deferred Debits - Grid Modernization			283	grid mod	-	-	-	-	-
139		Deferred Debits - RR Underground Rider			283	Retail	-	-	-	-	-
140		Prepaid Expenses			283	Total Net Plt	-	-	-	-	-
141		Regulatory Assets - COVID-19 Costs			283	Retail	-	-	-	-	-
142		Regulatory assets - FAC			283	Retail	-	-	-	-	-
143		Regulatory Assets - EIM Costs			283	Retail	-	-	-	-	-
144		Regulatory Assets - Energy Efficiency			283	Excluded	-	-	-	-	-
145		Regulatory Assets - ETA			283	Retail	-	-	-	-	-
146		Regulatory Assets - Sky Blue Under Recovery			283	Renewables	-	-	-	-	-
147		Regulatory Assets - Renewable Energy			283	Renewables	-	-	-	-	-
148		Regulatory Assets - Renewable Energy Credits			283	Renewables	-	-	-	-	-
149		Regulatory Assets - SJGS External Legal Fees			283	Retail	-	-	-	-	-
150		Regulatory Assets - SJGS Replacement Resources			283	Retail	-	-	-	-	-
151		Regulatory Assets - SJGS Undepreciated Investment			283	Retail	-	-	-	-	-
152		Regulatory Assets - SJGS Underground Coal Mine			283	Retail	-	-	-	-	-
153		Regulatory Assets - Solar Direct Regulatory Assets			283	Retail	-	-	-	-	-
154		Regulatory Assets - Transportation Electrification			283	Retail	-	-	-	-	-
155		Regulatory Assets - WCC Transaction Costs			283	Retail	-	-	-	-	-
156		Regulatory Liabilities - Energy Efficiency			283	Excluded	-	-	-	-	-
157		Regulatory Liabilities - FAC			283	Retail	-	-	-	-	-
158		Regulatory Assets - PCB Refinancing Hedge			283	Total Net Plt	-	-	-	-	-
159		Prepaid Expenses: Production			283	Gen Dmd	-	-	-	-	-
160		Prepaid Expenses: Transmission			283	Trans Plt	-	-	-	-	-
161		Prepaid Expenses: Transmission (incremental FERC Rates)			283	FERC	-	-	-	-	-
162		Prepaid Expenses: Distribution			283	Retail	-	-	-	-	-
163		Prepaid Expenses: Renewables			283	Renewables	-	-	-	-	-
164		Regulatory Assets - 2024 Rate Change			283	Retail	-	-	-	-	-
165		Regulatory Assets - SJGS Obsolete Inventory			283	Retail	-	-	-	-	-
166		Regulatory Liabilities - Earnings Test			283	Retail	-	-	-	-	-
167		Regulatory Assets - PVNGS Undepreciated Investment			283	Retail	-	-	-	-	-

	A	B	C	D	E	F	V	W	X	Y	Z
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		Adjustment 5	Adjustment 6	Adjustment 7	Adjustment 8	Adjustment 9
3					Account	Allocator	Debt Only RC Expenses	ESA To Base	Treatment of Incentive Comp	NOL Adjustment	$12.9M Reduction
168		Regulatory Assets - ETC Over/Under SPE			283	Retail	-	-	-	-	-
169		Regulatory Assets - PVNGS Replacement Resources			283	Retail	-	-	-	-	-
170		Regulatory Assets - Rate Rider 12 UG Rate			283	Retail	-	-	-	-	-
171		Regulatory Assets - Renewable Rider Curr Reg			283	Renewables	-	-	-	-	-
172		Regulatory Assets - SJ Energy Transition Property (SPE)			283	Retail	-	-	-	-	-
173		Regulatory Liabilities - Curr Reg Liab-UG Rate Rider 12			283	Retail	-	-	-	-	-
174		Regulatory Liabilities - Energy Transition Cost True Up			283	Retail	-	-	-	-	-
175		Regulatory Liabilities - SJGS Retirements Rate Credit			283	Retail	-	-	-	-	-
176		Deferred Debits - WS-Transmission Revenue			283	FERC	-	-	-	-	-
177		Customer Advance			190	Retail	-	-	-	-	-
178		Deferred Credits - ETA			283	Retail	-	-	-	-	-
179		Other Liabilities - ETA Coal Mine Severance			283	Retail	-	-	-	-	-
180		Other Liabilities - ETA State Agency Payments			283	Retail	-	-	-	-	-
181											
182											
183											
184											
185											
186											
187											
188											
189				Total Accumulated Deferred Income Taxes			-	-	-	17,530,248	-

	A	B	C	D	E	F	V	W	X	Y	Z
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		Adjustment 5	Adjustment 6	Adjustment 7	Adjustment 8	Adjustment 9
3					Account	Allocator	Debt Only RC Expenses	ESA To Base	Treatment of Incentive Comp	NOL Adjustment	$12.9M Reduction
190											
191	**Regulatory Assets & Liabilities**										
192											
193				Coal Mine Decommissioning	182	Retail	-	-	-	-	-
194				PCB Refinancing Hedge	182	Total Net Plt	-	-	-	-	-
195				Reg Liab Renewables Fed Grant	254	Renewables	-	-	-	-	-
196				Reg Liab Renewables St Credit	254	Renewables	-	-	-	-	-
197				SJGS Coal Agreement Transaction Costs	182	Gen Dmd	-	-	-	-	-
198				SJGS 2&3 50% Undepreciated Investment	182	Gen Dmd	-	-	-	-	-
199				SJGS County Ordinance Decommission	182	Gen Dmd	-	-	-	-	-
200				Energy Imbalance Market (EIM) One Time Implementation Costs	182	Retail	-	-	-	-	-
201				SJGS Replacement Resources	182	Gen Dmd	-	-	-	-	-
202				SJGS External Legal Expenses	182	Gen Dmd	-	-	-	-	-
203				SJGS Obsolete Inventory	182	Gen Dmd	-	-	-	-	-
204				COVID Regulatory Asset and Liability	182	Retail	-	-	-	-	-
205				Sky Blue Under Recovery	182	Retail	-	-	-	-	-
206				Solar Direct	182	Retail	-	-	-	-	-
207				Transportation Electrification Program (TEP)	182	Retail	-	-	-	-	-
208				SO2 Allowance Credit	182	Retail	-	-	-	-	-
209				PVNGS Unit 1 - 104MW Undepreciated Investment Pre - lease renewal	182	Gen Dmd	-	-	-	-	-
210				PVNGS Unit 1 - 104MW Undepreciated Investment Post - lease renewal	182	Gen Dmd	-	-	-	-	-
211				PVNGS Unit 2 - 10MW Undepreciated Investment Pre - lease renewal	182	Gen Dmd	-	-	-	-	-
212				PVNGS Unit 2 - 10MW Undepreciated Investment Post - lease renewal	182	Gen Dmd	-	-	-	-	-
213				PVNGS Costs to Obtain Replacement Resources	182	Gen Dmd	-	-	-	-	-
214				PVNGS True-up for SRP Transaction Proceeds	182	Gen Dmd	-	-	-	-	-
215				2024 Rate Change Expenses	182	Retail	-	-	-	-	-
216				Energy Transition Cost True-up	182	Gen Dmd	-	-	-	-	-
217				Excess Deferred Income Tax Regulatory Liability	254	ADIT	-	-	-	(229,641)	-
218											
219				Total Regulatory Assets & Liabilities			-	-	-	(229,641)	-

	A	B	C	D	E	F	V	W	X	Y	Z
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		Adjustment 5	Adjustment 6	Adjustment 7	Adjustment 8	Adjustment 9
3					Account	Allocator	Debt Only RC Expenses	ESA To Base	Treatment of Incentive Comp	NOL Adjustment	$12.9M Reduction
220											
221	**Other Rate Base Items**										
222											
223		Customer Deposits			235	Retail	-	-	-	-	-
224		RWIP-Production			108	Gen Dmd	-	-	-	-	-
225		RWIP-Transmission			108	Trans Dmd	-	-	-	-	-
226		RWIP-Distribution			108	Retail	-	-	-	-	-
227		CWIP - Production			107	Gen Dmd	-	-	-	-	-
228		CWIP - Transmission			107	Trans Dmd	-	-	-	-	-
229		CWIP - Distribution			107	Retail	-	-	-	-	-
230		CWIP - Renewables			107	Renewables	-	-	-	-	-
231		CWIP - Production Related			107	Gen Dmd	-	-	-	-	-
232		ARO Liability - Production			230	Gen Dmd	-	-	-	-	-
233		ARO Liability - Transmission			230	Trans Dmd	-	-	-	-	-
234		ARO Liability - Distribution			230	Retail	-	-	-	-	-
235		ARO Liability - 65MW SJGS			230	Excluded	-	-	-	-	-
236		Injuries and Damages PNM			228	Total W&S	-	-	-	-	-
237		NQRP - Expense in Excess of Funding				Total W&S	-	-	-	-	-
238		Palo Verde Dry Cask Storage			253	Gen Dmd	-	-	-	-	-
239		FERC Incremental Rates			253	FERC	-	-	-	-	-
240		Pueblos Transmission Rights-of-Way			186	Trans Dmd	-	-	-	-	-
241		Pueblos Distribution Rights-of-Way			186	Retail	-	-	-	-	-
242		Prepaid Pension Asset			182/228	Total W&S	-	-	-	-	-
243		Unamortized Loss on Reacquired Debt			189	Total Net Plt	-	-	-	-	-
244		Tucson Electric Power ROW Payment			253	Trans Dmd	-	-	-	-	-
245		PV 1&2 Excess Gain Amortization			253	Retail	-	-	-	-	-
246		Possessory Interest Tax			186	Total W&S	-	-	-	-	-
247		Pathnet			253	Retail	-	-	-	-	-
248		2025 Rate Change Expenses			186	Retail	-	-	-	-	-
249											
250				Total Other Rate Base Items			-	-	-	-	-

	A	B	C	D	E	F	V	W	X	Y	Z
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		Adjustment 5	Adjustment 6	Adjustment 7	Adjustment 8	Adjustment 9
3					Account	Allocator	Debt Only RC Expenses	ESA To Base	Treatment of Incentive Comp	NOL Adjustment	$12.9M Reduction
251											
252	**Working Capital**										
253											
254	Fuel Stock										
255		Production Fuel Stock			151	Energy	-	-	-	-	-
256		PV Nuclear Fuel (120.1 - .5)			120	Energy	-	-	-	-	-
257			Total Fuel Stock				-	-	-	-	-
258											
259	Materials & Supplies										
260		Production			154	Gen Dmd	-	-	-	-	-
261		Transmission			154	Trans Plt	-	-	-	-	-
262		Distribution			154	Retail	-	-	-	-	-
263			Total Materials & Supplies				-	-	-	-	-
264											
265	Prepayments										
266		Production			165	Gen Dmd	-	-	-	-	-
267		Transmission			165	Trans Plt	-	-	-	-	-
268		Transmission (Incremental FERC Rates)			165	FERC	-	-	-	-	-
269		Distribution			165	Retail	-	-	-	-	-
270		Renewables			165	Renewables	-	-	-	-	-
271			Total Prepayments				-	-	-	-	-
272											
273				Total Cash Working Capital (see Rule 530 schedule E-1)		Retail	-	-	-	-	-
274											
275			Total Working Capital				-	-	-	-	-
276											
277			Total Rate Base Adjustments & Working Capital				-	-	-	17,300,606	-
278											
279			Total Net Original Cost Rate Base				-	-	-	17,300,606	-

	A	B	C	D	E	F	V	W	X	Y	Z
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		Adjustment 5	Adjustment 6	Adjustment 7	Adjustment 8	Adjustment 9
3					Account	Allocator	Debt Only RC Expenses	ESA To Base	Treatment of Incentive Comp	NOL Adjustment	$12.9M Reduction
280											
281	**Operations and Maintenance Expense**										
282											
283	Production Fuel related expenses										
284											
285	Production - FPPCAC Fuel Related										
286		Steam Generation			501	Direct Assignment	-	-	-	-	-
287		Steam Fuel Handling and Disposal			501	Direct Assignment	-	-	-	-	-
288		Nuclear			518	Direct Assignment	-	-	-	-	-
289		Nuclear Disposal			518	Direct Assignment	-	-	-	-	-
290		Gas Generation			547	Direct Assignment	-	-	-	-	-
291		Wind PPA			555	Direct Assignment	-	-	-	-	-
292		Geothermal PPA			555	Direct Assignment	-	-	-	-	-
293		Purchased Power Energy			555	Direct Assignment	-	-	-	-	-
294		Spinning reserves			555	Direct Assignment	-	-	-	-	-
295		Energy Storage Agreement - Demand			555	Direct Assignment	-	(82,142,228)	-	-	-
296			Total Fuel Costs (before OSS)				-	(82,142,228)	-	-	-
297											
298		Off-system Sales			447	Direct Assignment	-	-	-	-	-
299		Tri State Hazard Sharing			447	Direct Assignment	-	-	-	-	-
300		EIM Fuel Benefits			447.3	Direct Assignment	-	-	-	-	-
301		Physical Sales of Gas (under FAC hedge plan)			447.7	Direct Assignment	-	-	-	-	-
302			Total Other Fuel				-	-	-	-	-
303											
304			Total Fuel (net OSS)				-	(82,142,228)	-	-	-
305											
306		Production - Non Fuel Items									
307		Gas Plants Fuel Transportation			547	Energy	-	-	-	-	-
308		Gas PPA - Valencia - Demand			555	Energy	-	-	-	-	-
309		Energy Storage Agreement - Demand			555	Energy	-	82,142,228	-	-	-
310		Purchase Power for Economy Service Customer			555	Energy	-	-	-	-	-
311		Purchased power for Rate 36B				Energy	-	-	-	-	-
312		FPPCAC deferral				Energy	-	-	-	-	-
313		REC Purchases and Renewable Energy Amortization			555	Renewables	-	-	-	-	-
314		City of Gallup - Mandoza Station Charges				Energy	-	-	-	-	-
315		Coal Mine Decommissioning			501.15	Retail	-	-	-	-	-
316		Broker Fees				Gen Dmd	-	-	-	-	-
317			Total Non Fuel Items				-	82,142,228	-	-	-
318											
319				Total Fuel Related Expense			-	-	-	-	-

	A	B	C	D	E	F	V	W	X	Y	Z
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		Adjustment 5	Adjustment 6	Adjustment 7	Adjustment 8	Adjustment 9
3					Account	Allocator	Debt Only RC Expenses	ESA To Base	Treatment of Incentive Comp	NOL Adjustment	$12.9M Reduction
320											
321	O&M										
322	Steam Production										
323				Oper-Sup & Eng-Prod	500	Gen Dmd	-	-	-	-	-
324				Oper-Steam Expense-Major	502	Gen Dmd	-	-	-	-	-
325				Steam from Other Sources	503	Gen Dmd	-	-	-	-	-
326				Oper-Electric Exp-Major	505	Gen Dmd	-	-	-	-	-
327				Oper-Misc Steam Power Exp	506	Gen Dmd	-	-	-	-	-
328				Oper-Rents-Steam Power	507	Gen Dmd	-	-	-	-	-
329				Maint-Sup & Eng-Steam	510	Energy	-	-	-	-	-
330				Maint-Structures-Steam	511	Gen Dmd	-	-	-	-	-
331				Maint-Boiler Plant	512	Energy	-	-	-	-	-
332				Maint-Electric Plant	513	Energy	-	-	-	-	-
333				Maint-Gen & Elec Plant	514	Gen Dmd	-	-	-	-	-
334											
335	Nuclear Production										
336				Oper-Sup & Eng-Nuclear	517	Gen Dmd	-	-	-	-	-
337				Oper-Coolants and Water	519	Gen Dmd	-	-	-	-	-
338				Oper-Steam Expenses-Nuclear	520	Gen Dmd	-	-	-	-	-
339				Oper-Electric Exp	523	Gen Dmd	-	-	-	-	-
340				Oper-Misc Nuclear Power, excluding PV 1&2 Decommissioning and CE Credit	524	Gen Dmd	-	-	-	-	-
341				Oper-Misc Nuclear Power - PV 1&2 Decommissioning and CE Credit	524	Retail	-	-	-	-	-
342				Total Rents - Nuclear, excluding PV 1&2 Prudency Audit and Excess Gain Amortization	525	Gen Dmd	-	-	-	-	-
343				Oper-Rents-Nuclear - PV 1&2 Excess Gain Amortization	525	Retail	-	-	-	-	-
344				Maint-Sup & Eng-Nuclear	528	Energy	-	-	-	-	-
345				Maint-Structures-Major	529	Gen Dmd	-	-	-	-	-
346				Maint-Reactor Plant	530	Energy	-	-	-	-	-
347				Maint-Elec Plant	531	Energy	-	-	-	-	-
348				Maint-Misc Nuclear Plant	532	Gen Dmd	-	-	-	-	-
349	Other Production										
350				Oper-Sup & Eng-Other	546	Energy	-	-	-	-	-
351				Oper-Oth Pwr Gen Exp-Other	549	Energy	-	-	-	-	-
352				Oper-Oth Pwr Gen Exp-Other - Renewables	549	Renewables	-	-	-	-	-
353				Maint - Structures	552	Gen Dmd	-	-	-	-	-
354				Maint-Gen & Elec Plant	553	Energy	-	-	-	-	-
355				Maint-Gen & Elec Plant - Renewables	553	Renewables	-	-	-	-	-
356				Maint-Gen & Elec Plant	556	Gen Dmd	-	-	-	-	-
357	Energy Storage Related O&M										
358				Oper-Oth Pwr Gen Exp-Other - Energy Storage Transmission	549	Retail	-	-	-	-	-
359				Oper-Oth Pwr Gen Exp-Other - Energy Storage Distribution	549	Retail	-	-	-	-	-
360				Maint-Gen & Elec Plant-Energy Storage Transmission	553	Retail	-	-	-	-	-
361				Maint-Gen & Elec Plant-Energy Storage Distribution	553	Retail	-	-	-	-	-
362				Total Production O&M			-	-	-	-	-

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1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		Adjustment 5	Adjustment 6	Adjustment 7	Adjustment 8	Adjustment 9
3					Account	Allocator	Debt Only RC Expenses	ESA To Base	Treatment of Incentive Comp	NOL Adjustment	$12.9M Reduction
363											
364	Transmission O&M (560-574, excluding 565):										
365		Oper-Sup & Eng-ETrans			560	Trans Dmd	-	-	-	-	-
366		Oper-Load Dispatch-ETrans			561	Trans Dmd	-	-	-	-	-
367		Oper-Station Exp-ETrans			562	Trans Dmd	-	-	-	-	-
368		Oper-Overhead Lines-ETrans			563	Trans Dmd	-	-	-	-	-
369		Oper-Misc Transmission-E			566	Trans Dmd	-	-	-	-	-
370		Oper-Rents-Transmission-E			567	Trans Dmd	-	-	-	-	-
371		Maint Sup & Eng-ETrans			568	Trans Dmd	-	-	-	-	-
372		Maint-Structures-ETrans			569	Trans Dmd	-	-	-	-	-
373		Maint-Sta Equip-ETrans			570	Trans Dmd	-	-	-	-	-
374		Maint-Overhead Lns-ETrans			571	Trans Dmd	-	-	-	-	-
375		Maint-Under Ground lines-ETrans			572	Trans Dmd	-	-	-	-	-
376		Maint-Misc Trans Plant			573	Trans Dmd	-	-	-	-	-
377		Maint-Trans Plant-NonMaj-E			574	Trans Dmd	-	-	-	-	-
378		Incremental Rate - Transmission O&M			560-564,566-574	FERC	-	-	-	-	-
379			Total Transmission O&M, excluding FERC 565				-	-	-	-	-
380											
381	Transmission O&M by Others (565):										
382		Transmission by Others			565	Gen Dmd	-	-	-	-	-
383			Total Transmission by Others, FERC 565				-	-	-	-	-
384											
385			Total Transmission O&M				-	-	-	-	-

	A	B	C	D	E	F	V	W	X	Y	Z
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		Adjustment 5	Adjustment 6	Adjustment 7	Adjustment 8	Adjustment 9
3					Account	Allocator	Debt Only RC Expenses	ESA To Base	Treatment of Incentive Comp	NOL Adjustment	$12.9M Reduction
386											
387	Total Dist O&M (580-598)										
388											
389	PNM Street & Private Lighting										
390		Oper-Street Light/Signal-E			585	Retail	-	-	-	-	-
391		Maint-Streetlight/Signal-E			596	Retail	-	-	-	-	-
392			Total Street and Private Lighting				-	-	-	-	-
393											
394	PNM Meters										
395		Oper-Meter Expense-EDist			586	Retail	-	-	-	-	-
396		Oper-Meter Expense-Grid Mod			597	Grid Mod	-	-	-	-	-
397		Maint-Meters-EDist			597	Retail	-	-	-	-	-
398		Maint-Meters-Grid Mod			597	Grid Mod	-	-	-	-	-
399			Total Meters				-	-	-	-	-
400											
401	All Other Distribution O&M										
402		Oper-Sup & Eng-EDist			580	Retail	-	-	-	-	-
403		Oper-Station Exp-EDist			582	Retail	-	-	-	-	-
404		Oper-Overhead Lines-EDist			583	Retail	-	-	-	-	-
405		Oper-Undergrd Line-EDist			584	Retail	-	-	-	-	-
406		Oper-Misc Dist Exp-EDist			588	Retail	-	-	-	-	-
407		Oper-Rents-Distribution-E			589	Retail	-	-	-	-	-
408		Maint-Sup & Eng-EDist			590	Retail	-	-	-	-	-
409		Maint-Structures-EDist			591	Retail	-	-	-	-	-
410		Maint-Station Equip-EDist			592	Retail	-	-	-	-	-
411		Maint-Overhead Lns-EDist			593	Retail	-	-	-	-	-
412		Maint-Und Lines-EDist			594	Retail	-	-	-	-	-
413		Maintenance of Line Transformers			595	Retail	-	-	-	-	-
414		Maint-Misc Dist Plant-E			598	Retail	-	-	-	-	-
415		Other Distribution O&M - Grid Mod			580-598	Grid Mod	-	-	-	-	-
416			Total Other Distribution O&M				-	-	-	-	-
417											
418			Total Distribution O&M				-	-	-	-	-

	A	B	C	D	E	F	V	W	X	Y	Z
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		Adjustment 5	Adjustment 6	Adjustment 7	Adjustment 8	Adjustment 9
3					Account	Allocator	Debt Only RC Expenses	ESA To Base	Treatment of Incentive Comp	NOL Adjustment	$12.9M Reduction
419											
420	Customer Related O&M										
421											
422	PNM Related Customer Accounts Exp										
423		Supervision-Customer Accts			901	Retail	-	-	-	-	-
424		Meter Reading Expenses			902	Retail	-	-	-	-	-
425		Customer Record and Collections			903	Retail	-	-	-	-	-
426		Uncollectible Expenses			904	Retail	-	-	-	-	-
427		Misc Customer Accts Exp			905	Retail	-	-	-	-	-
428		Cust Service/Inf Expenses			906	Retail	-	-	-	-	-
429		Customer Assistance Exps			908	Retail	-	-	-	-	-
430		Inform/Instruc Advert Exps			909	Retail	-	-	-	-	-
431		Demo & Selling Expenses - Non Production			912	Retail	-	-	-	-	-
432		Demo & Selling Expenses - Production			912	Sales	-	-	-	-	-
433		Advertising Expense			913	Sales	-	-	-	-	-
434			Total Customer Accounting Expenses - Grid Mod		901-905	Grid Mod	-	-	-	-	-
435				Total Customer Related O&M			-	-	-	-	-
436											
437	Administrative & General Expense										
438											
439		Admin and General Salaries			920	Total W&S excluding Riders	-	-	-	-	-
440		AG Office Supplies Exp			921	Total W&S excluding Riders	-	-	-	-	-
441		A&G Charged to CWIP			922	Total W&S excluding Riders	-	-	-	-	-
442		Production Related - Shared Services			9229	Prod W&S	-	-	(1,917,973)	-	-
443		Transmission Related - Shared Services			9229	Trans W&S	-	-	(384,832)	-	-
444		Distribution Related - Shared Services			9229	Dist W&S	-	-	(3,486,242)	-	-
445		Outside Services			923	Total W&S excluding Riders	-	-	-	-	-
446		Property Insurance			924	Total W&S excluding Riders	-	-	-	-	-
447		Injuries or Damages-Safety			925	Total W&S excluding Riders	-	-	-	-	-
448		Empl Pension and Benefits			926	Total W&S excluding Riders	-	-	-	-	-
449		Regulatory Commission Exp			928	Total W&S excluding Riders	-	-	-	-	-
450		Regulatory Commission Exp - (Rate Case Expense)			928	Retail	-	-	-	-	-
451		Production - Misc AG Expenses			930	Total W&S excluding Riders	-	-	-	-	-
452		Transmission - Rents-Cust			931	Total W&S excluding Riders	-	-	-	-	-
453		Total Gas A&G Maintenance			932	Total W&S excluding Riders	-	-	-	-	-
454		Maint of General Plant			935	Total W&S excluding Riders	-	-	-	-	-
455		Renewables - A&G (920-935)			920-935	Renewables	-	-	-	-	-
456		Grid Mod - A&G (920-935)			920-935	Grid Mod	-	-	-	-	-
457			Total Administrative & General Expense				-	-	(5,789,046)	-	-
458											
459				Generic Adjustment		Retail	-	-	-	-	(12,871,317)
460											
461			Total Operations & Maintenance Expense				-	82,142,228	(5,789,046)	-	(12,871,317)
462											

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1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		Adjustment 5	Adjustment 6	Adjustment 7	Adjustment 8	Adjustment 9
3					Account	Allocator	Debt Only RC Expenses	ESA To Base	Treatment of Incentive Comp	NOL Adjustment	$12.9M Reduction
463	**Depreciation and Amortization Expense**										
464											
465	Production Depreciation and Amortization										
466		Steam Production Plant			403	Gen Dmd	-	-	-	-	-
467		Nuclear Production Net Plant - Palo Verde			403	Gen Dmd	-	-	-	-	-
468		Nuclear Production Plant - Acq. Adj. (Drexel)			406	Gen Dmd	-	-	-	-	-
469		Nuclear Production Plant - Acq. Adj. (First Chicago)			406	Gen Dmd	-	-	-	-	-
470		Other Production Plant - Gas & 40 MW Solar			403	Gen Dmd	-	-	-	-	-
471		Other Production Plant - Renewable			403	Renewables	-	-	-	-	-
472			Total Production Depreciation and Amortization Expense				-	-	-	-	-
473											
474	Energy Storage Depreciation and Amortization										
475											
476		Transmission Sited Batteries			403	Retail	-	-	-	-	-
477		Distribution Sited Batteries			403	Retail	-	-	-	-	-
478			Total Energy Depreciation and Amortization				-	-	-	-	-
479											
480	Transmission Depreciation and Amortization										
481		Step-Up Transformers & Generation Interconnections			403	Gen Dmd	-	-	-	-	-
482		Transmission System Plant - Allocated			403	Trans Dmd	-	-	-	-	-
483		Transmission System Plant - FERC Incremental Rates			403	FERC	-	-	-	-	-
484		Transmission System Net Plant - Dedicated Retail			403	Retail	-	-	-	-	-
485		Transmission System Plant - Acq. Adj. (EIP)			406	Trans Dmd	-	-	-	-	-
486			Total Transmission Depreciation and Amortization				-	-	-	-	-
487											

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1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		Adjustment 5	Adjustment 6	Adjustment 7	Adjustment 8	Adjustment 9
3					Account	Allocator	Debt Only RC Expenses	ESA To Base	Treatment of Incentive Comp	NOL Adjustment	$12.9M Reduction
488	Distribution Depreciation and Amortization										
489		Distribution Substations Net Plant - PNM			403	Retail	-	-	-	-	-
490		Distribution Substations Net Plant - Renewables			403	Renewables	-	-	-	-	-
491		Distribution Substations Net Plant - Grid Mod			403	Grid Mod	-	-	-	-	-
492		Primary Distribution System Net Plant - PNM			403	Retail	-	-	-	-	-
493		Primary Distribution System Net Plant - Renewables			403	Renewables	-	-	-	-	-
494		Primary Distribution System Net Plant - Grid Mod			403	Grid Mod	-	-	-	-	-
495		Secondary Distribution System Net Plant - PNM			403	Retail	-	-	-	-	-
496		Secondary Distribution System Net Plant - Renewables			403	Renewables	-	-	-	-	-
497		Secondary Distribution System Net Plant - Grid Mod			403	Grid Mod	-	-	-	-	-
498		Services Net Plant - PNM			403	Retail	-	-	-	-	-
499		Meters Net Plant - PNM			403	Retail	-	-	-	-	-
500		Meters Net Plant - Grid Mod			403	Grid Mod	-	-	-	-	-
501		Private Lighting - 371			403	Retail	-	-	-	-	-
502		Street Lighting - 373			403	Retail	-	-	-	-	-
503			Total Distribution Depreciation and Amortization				-	-	-	-	-
504											
505	General Depreciation and Amortization										
506		General & Intangible Net Plant			403	Total W&S excluding Riders	-	-	-	-	-
507		Renewables General & Intangible Net Plant			403	Renewables	-	-	-	-	-
508		Grid Mod General & Intangible Net Plant			403	Grid Mod	-	-	-	-	-
509		Production Related (Shared Services)			403	Prod W&S	-	-	-	-	-
510		Transmission Related (Shared Services)			403	Trans W&S	-	-	-	-	-
511		Distribution/Customer Related (Shared Services)			403	Retail	-	-	-	-	-
512			Total General Depreciation and Amortization				-	-	-	-	-
513											
514			Total Depreciation and Amortization Expense				-	-	-	-	-
515											

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1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		Adjustment 5	Adjustment 6	Adjustment 7	Adjustment 8	Adjustment 9
3					Account	Allocator	Debt Only RC Expenses	ESA To Base	Treatment of Incentive Comp	NOL Adjustment	$12.9M Reduction
516	**General Taxes**										
517											
518	Property Taxes										
519		Production Property Taxes									
520		Steam Production Plant			408	Gen Dmd	-	-	-	-	-
521		Nuclear Production Plant - Palo Verde			408	Gen Dmd	-	-	-	-	-
522		Other Production Plant - Gas & 40 MW Solar			408	Gen Dmd	-	-	-	-	-
523		Other Production Plant - Renewable			408	Renewables	-	-	-	-	-
524			Total Production Property Taxes				-	-	-	-	-
525											
526		Energy Storage Property Taxes									
527		Transmission Sited Batteries			408	Retail	-	-	-	-	-
528		Distribution Sited Batteries			408	Retail	-	-	-	-	-
529			Total Energy Storage Property Taxes				-	-	-	-	-
530											
531		Transmission Property Taxes									
532		Step-Up Transformers - Excluding 65MW SJGS			408	Gen Dmd	-	-	-	-	-
533		Transmission System Plant - Allocated			408	Trans Dmd	-	-	-	-	-
534		Transmission System Plant - FERC Incremental Rates			408	FERC	-	-	-	-	-
535		Transmission System Plant - Dedicated Retail			408	Retail	-	-	-	-	-
536			Total Transmission Property Taxes				-	-	-	-	-
537											
538		Distribution Property Taxes									
539		Distribution Substations Net Plant - PNM			408	Retail	-	-	-	-	-
540		Distribution Substations Net Plant - Renewables			408	Renewables	-	-	-	-	-
541		Distribution Substations Net Plant - Grid Mod			408	Grid Mod	-	-	-	-	-
542		Primary Distribution System Net Plant - PNM			408	Retail	-	-	-	-	-
543		Primary Distribution System Net Plant - Renewables			408	Renewables	-	-	-	-	-
544		Primary Distribution System Net Plant - Grid Mod			408	Grid Mod	-	-	-	-	-
545		Secondary Distribution System Net Plant - PNM			408	Retail	-	-	-	-	-
546		Secondary Distribution System Net Plant - Renewables			408	Renewables	-	-	-	-	-
547		Secondary Distribution System Net Plant - Grid Mod			408	Grid Mod	-	-	-	-	-
548		Services Net Plant - PNM			408	Retail	-	-	-	-	-
549		Meters Net Plant - PNM			408	Retail	-	-	-	-	-
550		Meters Net Plant - Grid Mod			408	Grid Mod	-	-	-	-	-
551		Private Lighting - 371			408	Retail	-	-	-	-	-
552		Street Lighting - 373			408	Retail	-	-	-	-	-
553			Total Distribution Property Taxes				-	-	-	-	-
554											

	A	B	C	D	E	F	V	W	X	Y	Z
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		Adjustment 5	Adjustment 6	Adjustment 7	Adjustment 8	Adjustment 9
3					Account	Allocator	Debt Only RC Expenses	ESA To Base	Treatment of Incentive Comp	NOL Adjustment	$12.9M Reduction
555		General Property Taxes									
556		General & Intangible Net Plant			408	Total W&S excluding Riders	-	-	-	-	-
557		Renewables General & Intangible Net Plant			408	Renewables	-	-	-	-	-
558		Grid Mod General & Intangible Net Plant			408	Grid Mod	-	-	-	-	-
559		Production Related (Shared Services)			408	Prod W&S	-	-	-	-	-
560		Transmission Related (Shared Services)			408	Trans W&S	-	-	-	-	-
561		Distribution/Customer Related (Shared Services)			408	Retail	-	-	-	-	-
562				Total General Property Taxes			-	-	-	-	-
563											
564				Total Property Taxes			-	-	-	-	-
565											
566	Payroll Taxes										
567		Production Related			408	Prod W&S	-	-	(276,603)	-	-
568		Battery Storage Related			408	Dist W&S	-	-	-	-	-
569		Transmission Related			408	Trans W&S	-	-	(71,497)	-	-
570		Distribution Related			408	Dist W&S	-	-	(70,437)	-	-
571				Total Payroll Taxes			-	-	(418,537)	-	-
572											
573	Other Taxes										
574		Misc Taxes - Production Related			408	Gen Dmd	-	-	-	-	-
575		Misc Taxes - Transmission Related			408	Trans Dmd	-	-	-	-	-
576		Misc Taxes - Distribution Related			408	Retail	-	-	-	-	-
577		Regulatory Commission Fees (I&S) PNM			408	Retail	-	-	-	-	-
578		Joint Projects Four Corners			408	Gen Dmd	-	-	-	-	-
579		Joint Projects PVNGS			408	Gen Dmd	-	-	-	-	-
580		Joint Projects Transmission			408	Trans Dmd	-	-	-	-	-
581		Native American Taxes - Production			408	Gen Dmd	-	-	-	-	-
582		Native American Taxes - Transmission			408	Trans Plt	-	-	-	-	-
583		Native American Taxes - Dedicated FERC Incremental Rates			408	FERC	-	-	-	-	-
584		Native American Taxes - Distribution			408	Dist Plt	-	-	-	-	-
585				Total Other Taxes			-	-	-	-	-
586											
587				Total General Taxes			-	-	(418,537)	-	-

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1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		Adjustment 5	Adjustment 6	Adjustment 7	Adjustment 8	Adjustment 9
3					Account	Allocator	Debt Only RC Expenses	ESA To Base	Treatment of Incentive Comp	NOL Adjustment	$12.9M Reduction
588											
589	**Other Allowable Expenses**										
590		Interest on Customer Deposits			431	Retail	-	-	-	-	-
591		Amortization Loss on Reacquired Debt			407.3	Rate Base	-	-	-	79	-
592		Renewable Grant Amortization			407	Renewables	-	-	-	-	-
593		Accretion ARO - Production Related			411	Gen Dmd	-	-	-	-	-
594		Accretion ARO - Production Related - (SJGS 65MW)			411	Excluded	-	-	-	-	-
595		Accretion ARO - Distribution Related			411	Retail	-	-	-	-	-
596		Western Spirit			407.3	FERC	-	-	-	-	-
597		Amortization of 50% SJGS 2&3 Undepreciated Balance			407.3	Gen Dmd	-	-	-	-	-
598		Amortization of Eastern Imbalance Market Implementation Regulatory Asset			407.3	Retail	-	-	-	-	-
599		Amortization of PVNGS Unit 1 Undepreciated Investment Post - lease renewal			407.3	Retail	-	-	-	-	-
600		Amortization of PVNGS Unit 1 Undepreciated Investment Pre - lease renewal			407.3	Retail	-	-	-	-	-
601		Amortization of PVNGS Unit 2 Undepreciated Investment Post - lease renewal			407.3	Retail	-	-	-	-	-
602		Amortization of PVNGS Unit 2 Undepreciated Investment Pre - lease renewal			407.3	Retail	-	-	-	-	-
603		Amortization of PVNGS True-up for SRP Transaction			407.3	Retail	-	-	-	-	-
604		Amortization of PVNGS Costs to Obtain Replacement Resources			407.3	Retail	-	-	-	-	-
605		Amortization of SJGS Replacement Resources			407.3	Retail	-	-	-	-	-
606		Amortization of SJGS Legal Expenses			407.3	Retail	-	-	-	-	-
607		Amortization of SJGS Obsolete Inventory			407.3	Retail	-	-	-	-	-
608		Amortization of Pathnet			407.3	Trans Dmd	-	-	-	-	-
609		Amortization of SO2 Allowance Credit			407.3	Retail	-	-	-	-	-
610		Carrying Charges on Advanced Payments Under ETA			407.3	Retail	-	-	-	-	-
611		Amortization of COVID Regulatory Asset and Liability			407.3	Retail	-	-	-	-	-
612		Amortization of SJGS Decommissioning Ordinance Costs			407.3	Retail	-	-	-	-	-
613		Amortization of Additional Coal Mine Decommissioning			407.3	Retail	-	-	-	-	-
614		Amortization of 2025 Rate Case Expenses			407.3	Retail	-	-	-	-	-
615		Amortization of Energy Transition Cost True - Up			407.3	Retail	-	-	-	-	-
616			Total Other Allowable Expenses				-	-	-	79	-
617											
618											
619			Total Operating Expenses				-	-	(6,207,583)	79	(12,871,317)
620			(Excl Income & Revenue Related Taxes)								
621											
622		Total Net Original Cost Rate Base					-	-	-	17,300,606	-
623		Weighted Cost of Capital									
624		Return on Rate Base (excluding Debt Return- Reg Asset Adjustment)					-	-	-	1,193,564	-
625		Debt-Only Return Adjustment					(66,166)	-	-	-	-
626		Return on Rate Base					(66,166)	-	-	1,193,564	-

	A	B	C	D	E	F	V	W	X	Y	Z
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		Adjustment 5	Adjustment 6	Adjustment 7	Adjustment 8	Adjustment 9
3					Account	Allocator	Debt Only RC Expenses	ESA To Base	Treatment of Incentive Comp	NOL Adjustment	$12.9M Reduction
627											
628	**Federal Income Tax**										
629		Return Adjustments									
630		Interest on Long Term Debt				MDC	-	-	-	(357,699)	-
631		Debt Return- Reg Asset Adjustment Interest Adjustment					(54,127)	-	-	-	-
632		Interest on Long Term Debt					(54,127)	-	-	(357,699)	-
633											
634		Tax/Book Adjustments									
635											
636		Non-deductible Meals				Total Net Plt	-	-	-	-	-
637		Non-deductible Parking				Trans Dmd	-	-	-	-	-
638		Palo Verde 1 & 2 Gain Amort Flow Through				FERC	-	-	-	-	-
639		Palo Verde 1 & 2 Prudence Audit Flow Through				Retail	-	-	-	-	-
640		AFUDC Equity Flow Through				Gen Dmd	-	-	-	-	-
641		AFUDC Equity Flow Through - Renewables				Renewables	-	-	-	-	-
642		AFUDC Equity Flow Through - Grid Mod				Grid Mod	-	-	-	-	-
643		Federal Grant Amortization - Renewables				Renewables	-	-	-	-	-
644		Federal Grant Basis Adj - Renewables				Renewables	-	-	-	-	-
645		Gain/Loss Flow Through				Retail	-	-	-	-	-
646		ACRS Flow Through				Retail	-	-	-	-	-
647		San Juan ACRS Flow Through				Retail	-	-	-	-	-
648		Four Corners SO2 Reversal Flow Through				Retail	-	-	-	-	-
649		SL/GL Depreciation				Retail	-	-	-	-	-
650		Amortization of EIP Prepaid Tax Reversal				Trans Dmd	-	-	-	-	-
651				Total Tax/Book Adjustments			-	-	-	-	-
652											
653				Total Return Adjustments			(54,127)	-	-	(357,699)	-
654											
655				Net Taxable Equity Return			(120,293)	-	-	835,865	-

	A	B	C	D	E	F	V	W	X	Y	Z
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		Adjustment 5	Adjustment 6	Adjustment 7	Adjustment 8	Adjustment 9
3					Account	Allocator	Debt Only RC Expenses	ESA To Base	Treatment of Incentive Comp	NOL Adjustment	$12.9M Reduction
656											
657	Federal Tax Adjustments										
658											
659	Net Provision For Deferred Income Tax										
660		Excess Payroll Tax Reversal			410	Total W&S	-	-	-	-	-
661		Excess Deferred Federal Income Tax Amortization				ADIT	-	-	-	(25,463)	-
662		ARAM Deferred Tax Reversal			410	Total Net Plt	-	-	-	-	-
663				Total Provision For Deferred Income Tax			-	-	-	(25,463)	-
664											
665	Investment Tax Credits										
666		Palo Verde 1&2 Production ITC Amortization			411.4	Gen Dmd	-	-	-	-	-
667		Generation ITC Amortization			411.4	Gen Dmd	-	-	-	-	-
668		Renewables ITC Amortization			411.4	Renewables	-	-	-	-	-
669		PV Valley Transmission ITC Amortization			411.4	Trans Dmd	-	-	-	-	-
670		Research and Development & Other Credits			410	PV	-	-	-	-	-
671		Other ITC Amortization			411.4	Total Net Plt	-	-	-	-	-
672				Total Investment Tax Credit Amortization & Other Credits			-	-	-	-	-
673											
674				Total Federal Tax Adjustments			-	-	-	(25,463)	-
675											
676				Adjusted Equity Return			(120,293)	-	-	810,402	-
677				Federal Tax Factor (0.21/(1-0.21))							
678				Federal Income Tax			(31,977)	-	-	215,423	-
679				Add:							
680				Total Provision For Deferred Income Tax			-	-	-	(25,463)	-
681				EIP Amortization			-	-	-	-	-
682				Total Investment Tax Credit Amortization & Other Credits			-	-	-	-	-
683											
684				Net Allowable Federal Income Tax			(31,977)	-	-	189,961	-

	A	B	C	D	E	F	V	W	X	Y	Z
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		Adjustment 5	Adjustment 6	Adjustment 7	Adjustment 8	Adjustment 9
3					Account	Allocator	Debt Only RC Expenses	ESA To Base	Treatment of Incentive Comp	NOL Adjustment	$12.9M Reduction
685											
686	**State Income Tax**										
687											
688		Return on Rate Base					(66,166)	-	-	1,193,564	-
689		Less: Return Adjustments					-	-	-	-	-
690		Interest on Long Term Debt					(54,127)	-	-	(357,699)	-
691		Tax/Book Adjustments					-	-	-	-	-
692		Add: Net Allowable F I T					(31,977)	-	-	189,961	-
693											
694				New Mexico NOL Valuation Allowance	410	Total Net Plt	-	-	-	-	-
695				Amortization of Excess Deferred Taxes		ADIT	-	-	-	-	-
696		State Taxable Income					(152,270)	-	-	1,025,825	-
697		State Tax Factor									
698				State Income Tax			(8,984)	-	-	60,524	-
699		Add:		22 MW, Battery project and PV Farm PTC	409	Renewables	-	-	-	-	-
700		Add:		New Mexico NOL Valuation Allowance	410	Total Net Plt	-	-	-	-	-
701				Amortization of Excess Deferred Taxes		ADIT	-	-	-	-	-
702				Net Allowable State Income Tax			(8,984)	-	-	60,524	-
703											
704											
705				Return on Rate Base			(66,166)	-	-	1,193,564	-
706											
707				Total Operating Expenses			-	-	(6,207,583)	79	(12,871,317)
708				(Excluding Income & Rev Related Taxes)							
709											
710				Net Allowable Federal Income Tax			(31,977)	-	-	189,961	-
711											
712				Net Allowable State Income Tax			(8,984)	-	-	60,524	-
713											

	A	B	C	D	E	F	V	W	X	Y	Z
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		Adjustment 5	Adjustment 6	Adjustment 7	Adjustment 8	Adjustment 9
3					Account	Allocator	Debt Only RC Expenses	ESA To Base	Treatment of Incentive Comp	NOL Adjustment	$12.9M Reduction
714	**Revenue Credits:**										
715		Sale of SO2 Credits			411	FERC	-	-	-	-	-
716		Rent For Electric Property Transmission			454	Trans Plt	-	-	-	-	-
717		Rent for Electric Property - Distribution			454	Retail	-	-	-	-	-
718		Late Payment Charges			451	Retail	-	-	-	-	-
719		Misc Service Charge Revenue			451	Retail	-	-	-	-	-
720		Other Retail Revenue - Transmission			456	Trans Dmd	-	-	-	-	-
721		Other Retail Revenue - Distribution			456	Retail	-	-	-	-	-
722		Generation Ancillary Services Credit Sch 2-5			456100	Gen Dmd	-	-	-	-	-
723		Real Power Losses (Financial)			456100	Gen Dmd	-	-	-	-	-
724		Transmission redispatch contract revenues			456100	Gen Dmd	-	-	-	-	-
725		Ancillary Services-Sch 1 and Sch 8 Transmission			456100	Trans Dmd	-	-	-	-	-
726		Short Term Firm Sch 7 Transmission			456100	Trans Dmd wo NITS	-	-	-	-	-
727		Ancillary Services-Sch 1 ST PTP and Transmission Service			456100	Trans Dmd	-	-	-	-	-
728		Economy Service Customer Revenue Credits			442&555	Retail	-	-	-	-	-
729		Securitization Servicing & Administration Fees			421	G&I Plt	-	-	-	-	-
730		Shared Services Revenue			418	Retail	-	-	-	-	-
731											
732				Total Revenue Credits			-	-	-	-	-
733											
734				Total Revenue Requirements Before Revenue Tax			(107,127)	-	(6,207,583)	1,444,127	(12,871,317)
735											
736				Revenue Tax Factor (I&S Fee) '(Revenue Tax Rate/(1-Revenue Tax Rate))							
737				Revenue Tax			(545)	-	(31,570)	7,344	(65,460)
738											
739	NON-FUEL REVENUE REQUIREMENT						(107,672)	82,142,228	(6,239,153)	1,451,472	(12,936,777)
740	FUEL REVENUE REQUIREMENT						-	(82,142,228)	-	-	-
741	**TOTAL REVENUE REQUIREMENT**						**(107,672)**	**-**	**(6,239,153)**	**1,451,472**	**(12,936,777)**
742											
743	Weighted Cost of Capital										
744		Long Term Debt									
745		Preferred Stock									
746		Common Stock									
747				Total Weighted Cost of Capital							
748											
749				Federal Income Tax Rate							
750											
751				Effective State Income Tax Rate							
752											
753				I&S Fee Rate							

	A	B	C	D	E	F	V	W	X	Y	Z
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		Adjustment 5	Adjustment 6	Adjustment 7	Adjustment 8	Adjustment 9
3					Account	Allocator	Debt Only RC Expenses	ESA To Base	Treatment of Incentive Comp	NOL Adjustment	$12.9M Reduction
754											
755	**Key Allocators**										
756											
757				Sales (MWh)							
758				Allocator		Sales					
759											
760	Wage and Salary Ratios					Ratios					
761				Production Other Prod O&M		18.93%					
762						Prod W&S					
763				Transmission Trans O&M		15.88%					
764						Trans W&S					
765				Distribution Dist O&M		33.28%					
766						Dist W&S					
767											
768				Total PTD		68.09%					
769				Allocator							
770											
771				Customer Accounting CA O&M		21.21%					
772				Cust Service & Information CS&I O&M		2.86%					
773				Sales Sales O&M		7.85%					
774				Total PTDCAS		100.00%					
775				Allocator		PTDCAS					
776											
777				Administrative and General							
778											
779				Total Wages and Salaries							
780				Allocator		Total W&S					
781											
782	Net Plant In Service Ratios					Total W&S excluding Riders					
783											
784				Total Production Plant							
785				Allocator		Prod Plt					
786											
787				Total Transmission Plant							
788				Allocator		Trans Plt					
789											
790				Total Distribution Plant							
791				Allocator		Dist Plt					
792											
793				Total General & Intangible Plant							
794				Allocator		G&I Plt					
795											

	A	B	C	D	E	F	V	W	X	Y	Z
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**										
2	**Test Period Ending June 30, 2026**				FERC		Adjustment 5	Adjustment 6	Adjustment 7	Adjustment 8	Adjustment 9
3					Account	Allocator	Debt Only RC Expenses	ESA To Base	Treatment of Incentive Comp	NOL Adjustment	$12.9M Reduction
796				Total Net Plant							
797				Allocator		Total Net Plt					
798											
799				Total ADIT							
800				Allocator		ADIT					
801											
802				Total Rate Base							
803				Allocator		Rate Base					
804											
805				Generation Demand allocator							
806						Gen Dmd					
807											
808				Energy allocator							
809						Energy					
810											
811				Generation and Transmission Demand		Gen/Trans Dmd					
812											
813											
814				Transmission Demand		Trans Dmd					
815											
816											
817				Transmission Demand without Network		Trans Dmd wo NITS					
818											
819											
820	Other Allocators										
821											
822				Excluded Costs		Excluded					
823											
824				Direct Assignment to NEC		NEC					
825											
826				Allocation to FERC Customers		FERC					
827											
828				Direct Assignment to Retail		Retail					
829											
830				Allocation to Palo Verde		PV					
831											
832				Allocation to Grid Mod		Grid Mod					
833											
834				Direct Assignment to Renewables		Renewables					

	A	B	C	D	E	F	G	H
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**							
2	**Base Period Ending December 31, 2023**							
3	**Debt Only Return On Reg Asset Adjustments**							
4								
5		***Adjusted Base Period***				***Test Period***		
6		**Full Return On**	**Debt Only Return On**	**COS Adj**		**Full Return On**	**Debt Only Return On**	**COS Adj**
7	2024 Rate Case Expenses	4,831,371	4,831,371			6,236,369	6,236,369	
8	PVNGS Replacement Resources	2,019,284	2,019,284			1,821,562	1,821,562	
9	SJGS Replacement Resources	8,318,775	8,318,775			7,667,139	7,667,139	
10	SJGS Obsolete Inventory	6,294,642	6,294,642			5,801,562	5,801,562	
11	SJGS External Legal expenses	495,308	495,308			456,510	456,510	
12	EIM Implementation	18,731,021	18,731,021			11,431,010	11,431,010	
13	COVID-19 Regulatory Asset	896,317	896,317			1,561,547	1,561,547	
14	Energy Transition Cost True-up	(1,166,409)	(1,166,409)			(1,203,193)	(1,203,193)	
15	Total Reg Assets Rate Base	40,420,310	40,420,310			33,772,504	33,772,504	
16								
17								
18								
19	Rate Case Expenses	(1,227,168)	(1,227,168)			(1,584,038)	(1,584,038)	
20	PVNGS Replacement Resources	(512,898)	(512,898)			(462,677)	(462,677)	
21	SJGS Replacement Resources	(2,112,969)	(2,112,969)			(1,947,453)	(1,947,453)	
22	SJGS Obsolete Inventory	(1,598,839)	(1,598,839)			(1,473,597)	(1,473,597)	
23	SJGS External Legal expenses	(125,808)	(125,808)			(115,954)	(115,954)	
24	EIM Implementation	(4,757,679)	(4,757,679)			(2,903,476)	(2,903,476)	
25	COVID-19	(227,665)	(227,665)			(396,633)	(396,633)	
26	Energy Transition Cost True-up	296,268	296,268			305,611	305,611	
27	Total Reg Asset ADIT	(10,563,027)	(10,563,027)			(8,883,827)	(8,883,827)	
28								
29	**Rate Base (Retail)**	**29,857,283**	**29,857,283**			**24,888,677**	**24,888,677**	
30								
31	WACC	6.38%	3.47%			6.90%	4.24%	
32								
33	Return On Rate Base (Retail)	1,903,642	1,036,048	(867,594)		1,717,062	1,055,651	(661,411)
34								
35	Interest Adjustment (Retail)	513,631	1,036,048	(522,417)		514,586	1,055,651	(541,065)

	A	B	C	D	E
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**				
2	**Test Change Log**				
3					
4					
5	**Test Period**		**Non-Fuel**	**Fuel**	**Total Retail**
6	**Description**		**Revenue Requirement**	**Revenue Requirement**	**Revenue Requirement**
7	**Preliminary Test Period - PNM Retail**		**851,308,015**	**268,805,228**	**1,120,113,243**
8					
9	**Adjustments:**				
10					
11	**Adjustment to Billing Determinants (not in COS)**				
12					
13	Adjustment 1: Set ROE to 9.45%		(20,941,303)	-	(20,941,303)
14	Adjustment 2: Set Cap Structure to 51% Equity		(3,747,385)	-	(3,747,385)
15	Adjustment 3: Remove Accelerated FCPP Depreciation		(19,614,177)	-	(19,614,177)
16	Adjustment 4: Unprotected EDFIT amort to 4-years (2.5 year remaining)		(5,231,597)	-	(5,231,597)
17	Adjustment 5: Debt Only adjustment on Rate Case Expenses		(107,672)	-	(107,672)
18	Adjustment 6: ESA to Base Rates		82,142,228	(82,142,228)	-
19	Adjustment 7: Treatment of Incentive Comp		(6,239,153)	-	(6,239,153)
20	Adjustment 8: NOL Adjustment		1,451,472	-	1,451,472
21	Adjustment 9: Generic $12.9M Reduction		(12,936,777)	-	(12,936,777)
22					
23					
24					
25					
26					
27					
28					
29			**866,083,651**	**186,663,000**	**1,052,746,651**
30			-	-	-

	A	B	C	D	E	F
1	**Stipulation Exhibit 1 - PNM's Illustrative Cost of Service Study (Errata)**					
2	**Schedule A-5 - Stipulation**					
3	**Summary of Total Capitalization and the Weighted Average Cost of Capital**					
4	**Test Period Ending June 30, 2026**					
5						
6	**Line No.**	**Capital Component**	**Total Capitalization Test Period**	**Percentage of Total Capitalization**	**Capital Component Cost**	**Weighted Average Cost**
7						
8						
9	1	Long Term Debt	2,243,720	48.75%	4.24%	2.07%
10						
11	2	Preferred Stock	11,529	0.25%	4.62%	0.01%
12						
13	3	Common Equity	2,347,644	51.00%	9.45%	4.82%
14						
15	4	Total	4,602,893	100.00%		6.90%
16						
17					Tax Rate	25.40%
18						
19						Tax gross up
20					Debt	2.07%
21					Preferred	0.02%
22					Common	6.46%
23					Total	8.54%
24						
25		**Note**: Amounts may not foot due to rounding				

	A	B	C	D
1				
2	**PNM Table Stipulation 1 (Errata)**			
3	**Summary Comparison of Revenue Requirement**			
4	Line No.	Description		**PNM Retail**
5	1	Non-Fuel Revenue		$ 761,083,651
6	2	Fuel Revenue		186,663,000
7	3	**Total Revenues at existing rates**		$ 947,746,651
8	4			
9	5			
10	6	**Revenue Requirement Requested**		
11	7	Non-Fuel Revenue Requirement		$ 866,083,651
12	8	Fuel Revenue Requirement		186,663,000
13	9	**Total Test Period Revenues per Revenue Requirement**		$ 1,052,746,651
14	10			
15	11	**Deficiency**		
16	12	Non-Fuel Deficiency - As Stipulated		$ 105,000,000
17	13	Fuel Deficiency - As Stipulated		-
18	14	**Rate Deficiency - As Stipulated**		**$ 105,000,000**
19				
20	Note:	Please refer to the testimony of PNM Witness Pitts for total revenues at existing rates.		

STIPULATION EXHIBIT 2

Stipulated Revenue Requirement Increases by Customer Class
Consisting of 1 page

Case No. 24-00089-UT
Stipulation Exhibit 2

Summary Table - Stipulated Phase I and Phase II Increases

	Col A	Col B	Col C	Col D Col B/Col A	Col E	Col F	Col G Col E/Col A	Col H 50% x Col E	Col I Col H/Col A	Col J 50% x Col E	Col K Col J/(Col A+Col H)
					Total Phase I + Phase II			Phase I		Phase II	
Customer Class	Test Period Revenue at Current Rates	Cost-Based Increase/(Decrease)	Cost-Based Allocated Revenue Requirement	Cost-Based % Change	Total Banded Increase	Banded Revenue Requirement	Banded % Change	Effective July 1, 2025	% Change	Effective April 1, 2026	% Change from Phase I
1A/B - Residential	$ 367,955,814	$ 113,858,235	$ 481,814,049	30.94%	$ 73,021,463	$ 440,977,278	19.85%	$ 36,510,732	9.92%	$ 36,510,732	9.03%
2A/B - Small Power	105,207,301	(5,331,415)	99,875,886	-5.07%	7,311,907	112,519,208	6.95%	3,655,954	3.48%	3,655,953.7	3.36%
3B - General Power	106,791,647	10,413,212	117,204,859	9.75%	10,413,212	117,204,859	9.75%	5,206,606	4.88%	5,206,605.9	4.65%
3C - General Power (Low Load Factor)	28,215,676	(5,522,010)	22,693,666	-19.57%	1,960,989	30,176,666	6.95%	980,495	3.48%	980,494.7	3.36%
3D - General Power Government	8,359,051	(150,976)	8,208,074	-1.81%	580,954	8,940,005	6.95%	290,477	3.48%	290,477.0	3.36%
3E - General Power (LLF) Government	1,622,980	(496,828)	1,126,152	-30.61%	112,797	1,735,777	6.95%	56,399	3.48%	56,398.6	3.36%
3F - Non-Residential Charging Stations Pilot	492,613	(277,427)	215,185	-56.32%	34,237	526,849	6.95%	17,118	3.48%	17,118.3	3.36%
4 - Large Power	57,310,829	95,211	57,406,041	0.17%	3,983,103	61,293,932	6.95%	1,991,551	3.48%	1,991,551.3	3.36%
5 - Large Service for Customers >=8,000kW	1,981,778	(1,023,207)	958,571	-51.63%	137,734	2,119,512	6.95%	68,867	3.48%	68,866.8	3.36%
10A/B - Irrigation	1,804,390	277,796	2,082,186	15.40%	277,796	2,082,186	15.40%	138,898	7.70%	138,897.9	7.15%
11 - Water/Sewage Pumping	8,192,657	1,742,753	9,935,411	21.27%	1,625,833	9,818,490	19.85%	812,916	9.92%	812,916.4	9.03%
15 - Universities 115kV	3,361,728	(1,142,549)	2,219,178	-33.99%	233,640	3,595,368	6.95%	116,820	3.48%	116,820.0	3.36%
30 - Manufacturing (30 MW)	35,822,209	(2,663,305)	33,158,904	-7.43%	2,489,644	38,311,853	6.95%	1,244,822	3.48%	1,244,821.8	3.36%
33 - Station Service	230,978	(151,961)	79,017	-65.79%	16,053	247,031	6.95%	8,026	3.48%	8,026.5	3.36%
35 - Large Power >=3,000kW	7,049,919	(211,845)	6,838,075	-3.00%	489,969	7,539,889	6.95%	244,985	3.48%	244,984.7	3.36%
36 - Special Service - Renew Energy Res	20,831,510	(5,615,403)	15,216,107	-26.96%	1,447,790	22,279,300	6.95%	723,895	3.48%	723,895.0	3.36%
6 - Private Lighting	2,315,366	(528,277)	1,787,089	-22.82%	160,918	2,476,284	6.95%	80,459	3.48%	80,459.0	3.36%
20 - Streetlighting	3,537,205	1,727,994	5,265,199	48.85%	701,958	4,239,163	19.85%	350,979	9.92%	350,979.2	9.03%
Total	**$ 761,083,651**	**$ 104,999,997**	**$ 866,083,648**	**13.80%**	**$ 104,999,997**	**$ 866,083,648**	**13.80%**	**$ 52,499,998**	**6.90%**	**$ 52,499,998**	**6.45%**

STIPULATION EXHIBIT 3

Summary of Stipulated Rate Schedules by Class
Consisting of 8 pages

Schedule	Description	Rate schedule component	Current Charge ($)	Phase 1 rate incr. (effective 7/1/2025)	% increase from current rates	Phase 2 rate incr. (effective 4/1/2026)	% increase from Phase 1 rates	Total % increase from current rates
1A	Residential Service							
		Customer Charge	$ 9.95	$ 10.94	**9.93%**	$ 11.93	**9.03%**	**19.85%**
		Energy Charge						
		Block 1 Summer	$ 0.0748255	$ 0.0822519	**9.93%**	$ 0.0896783	**9.03%**	**19.85%**
		Block 2 Summer	$ 0.1240339	$ 0.1363443	**9.93%**	$ 0.1486546	**9.03%**	**19.85%**
		Block 3 Summer	$ 0.1664298	$ 0.1829479	**9.93%**	$ 0.1994661	**9.03%**	**19.85%**
		Block 1 Non-Summer	$ 0.0748255	$ 0.0822519	**9.93%**	$ 0.0896783	**9.03%**	**19.85%**
		Block 2 Non-Summer	$ 0.1070240	$ 0.1176461	**9.92%**	$ 0.1282683	**9.03%**	**19.85%**
		Block 3 Non-Summer	$ 0.1408090	$ 0.1554652	**10.41%**	$ 0.1701214	**9.43%**	**20.82%**
		Whole House EV Rate	$ 0.0315696	$ 0.0445348	**41.07%**	$ 0.0575000	**29.11%**	**82.14%**
1B	Residential Service Time-of-Use							
		Customer Charge	$ 21.14	$ 23.24	**9.93%**	$ 25.34	**9.03%**	**19.85%**
		Meter Charge	$ 5.37	$ 5.90	**9.92%**	$ 6.44	**9.03%**	**19.85%**
		Energy Charge						
		Summer On-Peak	$ 0.1973457	$ 0.2171580	**10.04%**	$ 0.2369704	**9.12%**	**20.08%**
		Summer Off-Peak	$ 0.0633977	$ 0.0697625	**10.04%**	$ 0.0761273	**9.12%**	**20.08%**
		Non-Summer On-Peak	$ 0.1536420	$ 0.1690668	**10.04%**	$ 0.1844915	**9.12%**	**20.08%**
		Non-Summer Off-Peak	$ 0.0633977	$ 0.0697625	**10.04%**	$ 0.0761273	**9.12%**	**20.08%**
2A	Small Power Service							
		Customer Charge	$ 22.08	$ 22.85	**3.48%**	$ 23.61	**3.36%**	**6.95%**
		Energy Charge						
		Summer	$ 0.1094774	$ 0.1133766	**3.56%**	$ 0.1172758	**3.44%**	**7.12%**
		Non-Summer	$ 0.0871961	$ 0.0903017	**3.56%**	$ 0.0934073	**3.44%**	**7.12%**
2B	Small Power Service Time-of-Use							
		Customer Charge	$ 7.55	$ 7.82	**3.52%**	$ 8.08	**3.40%**	**7.04%**
		Meter Charge	$ 8.23	$ 8.51	**3.43%**	$ 8.80	**3.32%**	**6.87%**
		Energy Charge						
		Summer On-Peak	$ 0.2063978	$ 0.2137422	**3.56%**	$ 0.2210865	**3.44%**	**7.12%**
		Summer Off-Peak	$ 0.0594304	$ 0.0615452	**3.56%**	$ 0.0636599	**3.44%**	**7.12%**
		Non-Summer On-Peak	$ 0.1600557	$ 0.1657511	**3.56%**	$ 0.1714464	**3.44%**	**7.12%**
		Non-Summer Off-Peak	$ 0.0594304	$ 0.0615452	**3.56%**	$ 0.0636599	**3.44%**	**7.12%**
3B	General Power Service Time-of-Use							
		Customer Charge	$ 99.73	$ 104.60	**4.87%**	$ 109.46	**4.65%**	**9.75%**
		Demand Charge						
		Primary Summer	$ 29.76	$ 33.27	**11.81%**	$ 36.79	**10.56%**	**23.61%**
		Primary Non-Summer	$ 22.11	$ 24.72	**11.81%**	$ 27.33	**10.56%**	**23.61%**
		Secondary Summer	$ 30.15	$ 33.71	**11.81%**	$ 37.27	**10.56%**	**23.61%**
		Secondary Non-Summer	$ 22.51	$ 25.17	**11.81%**	$ 27.83	**10.56%**	**23.61%**
		Energy Charge						

	Summer On-Peak	$ 0.0180963	$ 0.0127483	**-29.55%**	$ 0.0074003	**-41.95%**	**-59.11%**
	Summer Off-Peak	$ 0.0084248	$ 0.0059350	**-29.55%**	$ 0.0034453	**-41.95%**	**-59.11%**
	Non-Summer On-Peak	$ 0.0149913	$ 0.0105609	**-29.55%**	$ 0.0061305	**-41.95%**	**-59.11%**
	Non-Summer Off-Peak	$ 0.0084248	$ 0.0059350	**-29.55%**	$ 0.0034453	**-41.95%**	**-59.11%**
	Other Charges						
	Billable RkVA Summer	$ 0.27	$ 0.27	**0.00%**	$ 0.27	**0.00%**	**0.00%**
	Billable RkVA Non-Summer	$ 0.27	$ 0.27	**0.00%**	$ 0.27	**0.00%**	**0.00%**
3C	General Power Service (Low Load Factor) Time-of-Use						
	Customer Charge	$ 72.18	$ 74.69	**3.48%**	$ 77.20	**3.36%**	**6.95%**
	Demand Charge						
	Primary Summer	$ 15.52	$ 16.06	**3.48%**	$ 16.60	**3.36%**	**6.95%**
	Primary Non-Summer	$ 11.43	$ 11.82	**3.48%**	$ 12.22	**3.36%**	**6.95%**
	Secondary Summer	$ 16.18	$ 16.75	**3.48%**	$ 17.31	**3.36%**	**6.95%**
	Secondary Non-Summer	$ 12.09	$ 12.51	**3.48%**	$ 12.93	**3.36%**	**6.95%**
	Energy Charge						
	Summer On-Peak	$ 0.0628693	$ 0.0651645	**3.65%**	$ 0.0674597	**3.52%**	**7.30%**
	Summer Off-Peak	$ 0.0283339	$ 0.0293683	**3.65%**	$ 0.0304027	**3.52%**	**7.30%**
	Non-Summer On-Peak	$ 0.0473595	$ 0.0490885	**3.65%**	$ 0.0508175	**3.52%**	**7.30%**
	Non-Summer Off-Peak	$ 0.0283339	$ 0.0293683	**3.65%**	$ 0.0304027	**3.52%**	**7.30%**
	Other Charges						
	Billable RkVA Summer	$ 0.27	$ 0.27	**0.00%**	$ 0.27	**0.00%**	**0.00%**
	Billable RkVA Non-Summer	$ 0.27	$ 0.27	**0.00%**	$ 0.27	**0.00%**	**0.00%**
3D	General Power Service Time-of-Use						
	Customer Charge	$ 99.73	$ 103.20	**3.48%**	$ 106.67	**3.36%**	**6.95%**
	Demand Charge						
	Primary Summer	$ 29.76	$ 30.79	**3.48%**	$ 31.83	**3.36%**	**6.95%**
	Primary Non-Summer	$ 22.11	$ 22.88	**3.48%**	$ 23.65	**3.36%**	**6.95%**
	Secondary Summer	$ 30.15	$ 31.20	**3.48%**	$ 32.25	**3.36%**	**6.95%**
	Secondary Non-Summer	$ 22.51	$ 23.30	**3.48%**	$ 24.08	**3.36%**	**6.95%**
	Energy Charge						
	Summer On-Peak	$ 0.0180963	$ 0.0188423	**4.12%**	$ 0.0195882	**3.96%**	**8.24%**
	Summer Off-Peak	$ 0.0084248	$ 0.0087721	**4.12%**	$ 0.0091194	**3.96%**	**8.24%**
	Non-Summer On-Peak	$ 0.0149913	$ 0.0156092	**4.12%**	$ 0.0162272	**3.96%**	**8.24%**
	Non-Summer Off-Peak	$ 0.0084248	$ 0.0087721	**4.12%**	$ 0.0091194	**3.96%**	**8.24%**
	Other Charges						
	Billable RkVA Summer	$ 0.27	$ 0.27	**0.00%**	$ 0.27	**0.00%**	**0.00%**
	Billable RkVA Non-Summer	$ 0.27	$ 0.27	**0.00%**	$ 0.27	**0.00%**	**0.00%**
3E	General Power Service (Low Load Factor) Time-of-Use						
	Customer Charge	$ 72.18	$ 74.69	**3.48%**	$ 77.20	**3.36%**	**6.95%**
	Demand Charge						
	Primary Summer	$ 15.52	$ 16.06	**3.47%**	$ 16.60	**3.36%**	**6.95%**
	Primary Non-Summer	$ 11.43	$ 11.82	**3.47%**	$ 12.22	**3.36%**	**6.95%**
	Secondary Summer	$ 16.18	$ 16.74	**3.47%**	$ 17.31	**3.36%**	**6.95%**
	Secondary Non-Summer	$ 12.09	$ 12.51	**3.47%**	$ 12.93	**3.36%**	**6.95%**
	Energy Charge						
	Summer On-Peak	$ 0.0628693	$ 0.0651825	**3.68%**	$ 0.0674957	**3.55%**	**7.36%**

		Summer Off-Peak	$ 0.0283339	$ 0.0293764	**3.68%**	$ 0.0304189	**3.55%**	**7.36%**
		Non-Summer On-Peak	$ 0.0473595	$ 0.0491021	**3.68%**	$ 0.0508446	**3.55%**	**7.36%**
		Non-Summer Off-Peak	$ 0.0283339	$ 0.0293764	**3.68%**	$ 0.0304189	**3.55%**	**7.36%**
		Other Charges						
		Billable RkVA Summer	$ 0.27	$ 0.27	**0.00%**	$ 0.27	**0.00%**	**0.00%**
		Billable RkVA Non-Summer	$ 0.27	$ 0.27	**0.00%**	$ 0.27	**0.00%**	**0.00%**
3F	Commercial Charging Station							
		Customer Charge	$ 72.18	$ 74.69	**3.48%**	$ 77.20	**3.36%**	**6.95%**
		Energy Charge						
		Summer On-Peak	$ 0.1865171	$ 0.1931210	**3.54%**	$ 0.1997250	**3.42%**	**7.08%**
		Summer Off-Peak	$ 0.0642196	$ 0.0664934	**3.54%**	$ 0.0687672	**3.42%**	**7.08%**
		Non-Summer On-Peak	$ 0.1380762	$ 0.1429650	**3.54%**	$ 0.1478538	**3.42%**	**7.08%**
		Non-Summer Off-Peak	$ 0.0642196	$ 0.0664934	**3.54%**	$ 0.0687672	**3.42%**	**7.08%**
4B	Large Power Service Time-of-Use							
		Customer Charge	$ 666.65	$ 689.82	**3.48%**	$ 712.98	**3.36%**	**6.95%**
		Demand Charge						
		Primary Summer	$ 28.44	$ 29.42	**3.47%**	$ 30.41	**3.36%**	**6.95%**
		Primary Non-Summer	$ 19.79	$ 20.48	**3.47%**	$ 21.17	**3.36%**	**6.95%**
		Secondary Summer	$ 30.74	$ 31.81	**3.47%**	$ 32.88	**3.36%**	**6.95%**
		Secondary Non-Summer	$ 22.09	$ 22.85	**3.47%**	$ 23.62	**3.36%**	**6.95%**
		Energy Charge						
		Summer On-Peak	$ 0.0203688	$ 0.0211805	**3.98%**	$ 0.0219922	**3.83%**	**7.97%**
		Summer Off-Peak	$ 0.0105786	$ 0.0110001	**3.98%**	$ 0.0114216	**3.83%**	**7.97%**
		Non-Summer On-Peak	$ 0.0159947	$ 0.0166321	**3.98%**	$ 0.0172695	**3.83%**	**7.97%**
		Non-Summer Off-Peak	$ 0.0105786	$ 0.0110001	**3.98%**	$ 0.0114216	**3.83%**	**7.97%**
		Other Charges						
		Billable RkVA Summer	$ 0.27	$ 0.27	**0.00%**	$ 0.27	**0.00%**	**0.00%**
		Billable RkVA Non-Summer	$ 0.27	$ 0.27	**0.00%**	$ 0.27	**0.00%**	**0.00%**
5B	Large Service for Customers >= 8,000 kW min. at 115 kV, 69 kV or 34.5 kV							
		Customer Charge	$ 2,325.12	$ 2,405.92	**3.48%**	$ 2,486.72	**3.36%**	**6.95%**
		Demand Charge						
		Summer	$ 11.19	$ 11.58	**3.47%**	$ 11.97	**3.36%**	**6.95%**
		Non-Summer	$ 6.80	$ 7.03	**3.48%**	$ 7.27	**3.36%**	**6.95%**
		Energy Charge						
		Summer On-Peak	$ 0.0672492	$ 0.0696747	**3.61%**	$ 0.0721001	**3.48%**	**7.21%**
		Summer Off-Peak	$ 0.0298010	$ 0.0308759	**3.61%**	$ 0.0319507	**3.48%**	**7.21%**
		Non-Summer On-Peak	$ 0.0479979	$ 0.0497291	**3.61%**	$ 0.0514602	**3.48%**	**7.21%**
		Non-Summer Off-Peak	$ 0.0298010	$ 0.0308759	**3.61%**	$ 0.0319507	**3.48%**	**7.21%**
		Other Charges						
		Billable RkVA Summer	$ 0.27	$ 0.27	**0.00%**	$ 0.27	**0.00%**	**0.00%**
		Billable RkVA Non-Summer	$ 0.27	$ 0.27	**0.00%**	$ 0.27	**0.00%**	**0.00%**
10A	Irrigation Service							
		Customer Charge	$ 15.14	$ 16.30	**7.70%**	$ 17.47	**7.15%**	**15.40%**
		Energy Charge						
		Summer	$ 0.0803334	$ 0.0865976	**7.80%**	$ 0.0928618	**7.23%**	**15.60%**

	Non-Summer	$ 0.0732115	$ 0.0789204	**7.80%**	$ 0.0846293	**7.23%**	**15.60%**
10B	Irrigation Service Time-of-Use						
	Customer Charge	$ 11.27	$ 12.13	**7.70%**	$ 13.00	**7.15%**	**15.40%**
	Meter Charge	$ 3.87	$ 4.17	**7.70%**	$ 4.47	**7.15%**	**15.40%**
	Energy Charge						
	Summer On-Peak	$ 0.1225840	$ 0.1321390	**7.79%**	$ 0.1416941	**7.23%**	**15.59%**
	Summer Off-Peak	$ 0.0558272	$ 0.0601788	**7.79%**	$ 0.0645303	**7.23%**	**15.59%**
	Non-Summer On-Peak	$ 0.1122023	$ 0.1209480	**7.79%**	$ 0.1296938	**7.23%**	**15.59%**
	Non-Summer Off-Peak	$ 0.0558272	$ 0.0601788	**7.79%**	$ 0.0645303	**7.23%**	**15.59%**
11B	Water and Sewage Pumping Service Time-of-Use						
	Customer Charge	$ 395.99	$ 380.02	**-4.03%**	$ 364.05	**-4.20%**	**-8.07%**
	Energy Charge						
	Summer On-Peak	$ 0.1725843	$ 0.1921836	**11.36%**	$ 0.2117830	**10.20%**	**22.71%**
	Summer Off-Peak	$ 0.0215731	$ 0.0240230	**11.36%**	$ 0.0264729	**10.20%**	**22.71%**
	Non-Summer On-Peak	$ 0.1078652	$ 0.1201147	**11.36%**	$ 0.1323643	**10.20%**	**22.71%**
	Non-Summer Off-Peak	$ 0.0215731	$ 0.0240230	**11.36%**	$ 0.0264729	**10.20%**	**22.71%**
15B	Large Service for Public Universities >= 8,000 kW min. at 115 kV						
	Customer Charge	$ 4,937.47	$ 5,109.05	**3.47%**	$ 5,280.63	**3.36%**	**6.95%**
	Demand Charge						
	Summer	$ 11.77	$ 12.18	**3.48%**	$ 12.59	**3.36%**	**6.95%**
	Non-Summer	$ 7.12	$ 7.37	**3.48%**	$ 7.62	**3.36%**	**6.95%**
	Energy Charge						
	Summer On-Peak	$ 0.0491205	$ 0.0509141	**3.65%**	$ 0.0527077	**3.52%**	**7.30%**
	Summer Off-Peak	$ 0.0196097	$ 0.0203257	**3.65%**	$ 0.0210418	**3.52%**	**7.30%**
	Non-Summer On-Peak	$ 0.0383915	$ 0.0397933	**3.65%**	$ 0.0411952	**3.52%**	**7.30%**
	Non-Summer Off-Peak	$ 0.0196097	$ 0.0203257	**3.65%**	$ 0.0210418	**3.52%**	**7.30%**
	Other Charges						
	Billable RkVA Summer	$ 0.27	$ 0.27	**0.00%**	$ 0.27	**0.00%**	**0.00%**
	Billable RkVA Non-Summer	$ 0.27	$ 0.27	**0.00%**	$ 0.27	**0.00%**	**0.00%**
30B	Large Service for Manufacturing >= 30,000 kW min. at Distribution Voltage						
	Customer Charge	$ 48,167.15	$ 49,840.95	**3.48%**	$ 51,514.76	**3.36%**	**6.95%**
	Demand Charge						
	Summer	$ 27.38	$ 28.33	**3.47%**	$ 29.28	**3.36%**	**6.95%**
	Non-Summer	$ 19.36	$ 20.03	**3.47%**	$ 20.70	**3.36%**	**6.95%**
	Energy Charge						
	Summer On-Peak	$ 0.0152150	$ 0.0158321	**4.06%**	$ 0.0164492	**3.90%**	**8.11%**
	Summer Off-Peak	$ 0.0074235	$ 0.0077245	**4.06%**	$ 0.0080256	**3.90%**	**8.11%**
	Non-Summer On-Peak	$ 0.0117982	$ 0.0122767	**4.06%**	$ 0.0127552	**3.90%**	**8.11%**
	Non-Summer Off-Peak	$ 0.0074235	$ 0.0077245	**4.06%**	$ 0.0080256	**3.90%**	**8.11%**
	Other Charges						
	Billable RkVA Summer	$ 0.27	$ 0.27	**0.00%**	$ 0.27	**0.00%**	**0.00%**
	Billable RkVA Non-Summer	$ 0.27	$ 0.27	**0.00%**	$ 0.27	**0.00%**	**0.00%**
33B	Large Service for Station Power Time-of-Use						
	Customer Charge	$ 431.70	$ 446.70	**3.48%**	$ 461.70	**3.36%**	**6.95%**

		Demand Charge						
		Summer	$ 0.28	$ 1.28	**352.00%**	$ 2.28	**77.88%**	**704.00%**
		Non-Summer	$ 0.20	$ 0.88	**352.00%**	$ 1.57	**77.88%**	**704.00%**
		Energy Charge						
		Summer On-Peak	$ 0.0707748	$ 0.0642855	**-9.17%**	$ 0.0577962	**-10.09%**	**-18.34%**
		Summer Off-Peak	$ 0.0350702	$ 0.0318547	**-9.17%**	$ 0.0286391	**-10.09%**	**-18.34%**
		Non-Summer On-Peak	$ 0.0577940	$ 0.0524949	**-9.17%**	$ 0.0471958	**-10.09%**	**-18.34%**
		Non-Summer Off-Peak	$ 0.0350702	$ 0.0318547	**-9.17%**	$ 0.0286391	**-10.09%**	**-18.34%**
		Other Charges						
		Billable RkVA Summer	$ 0.27	$ 0.27	**0.00%**	$ 0.27	**0.00%**	**0.00%**
		Billable RkVA Non-Summer	$ 0.27	$ 0.27	**0.00%**	$ 0.27	**0.00%**	**0.00%**
35B	Large Power Service >= 3,000 kW Time-of-Use							
		Customer Charge	$ 3,400.29	$ 3,518.45	**3.48%**	$ 3,636.61	**3.36%**	**6.95%**
		Demand Charge						
		Summer	$ 22.91	$ 23.71	**3.47%**	$ 24.50	**3.36%**	**6.95%**
		Non-Summer	$ 14.74	$ 15.25	**3.47%**	$ 15.76	**3.36%**	**6.95%**
		Energy Charge						
		Summer On-Peak	$ 0.0178831	$ 0.0185930	**3.97%**	$ 0.0193029	**3.82%**	**7.94%**
		Summer Off-Peak	$ 0.0092876	$ 0.0096563	**3.97%**	$ 0.0100250	**3.82%**	**7.94%**
		Non-Summer On-Peak	$ 0.0140428	$ 0.0146003	**3.97%**	$ 0.0151577	**3.82%**	**7.94%**
		Non-Summer Off-Peak	$ 0.0092876	$ 0.0096563	**3.97%**	$ 0.0100250	**3.82%**	**7.94%**
		Other Charges						
		Billable RkVA Summer	$ 0.27	$ 0.27	**0.00%**	$ 0.27	**0.00%**	**0.00%**
		Billable RkVA Non-Summer	$ 0.27	$ 0.27	**0.00%**	$ 0.27	**0.00%**	**0.00%**
36B	Special Service Rate							
		Customer Charge	$ 21,857.02	$ 22,616.55	**3.48%**	$ 23,376.08	**3.36%**	**6.95%**
		Transmission Demand Charge	$ 4.53	$ 4.68	**3.48%**	$ 4.84	**3.36%**	**6.95%**
		Contribution to Production Component						
		Energy Related Non-Fuel Charge	$ 0.0242411	$ 0.0253634	**4.63%**	$ 0.0264856	**4.42%**	**9.26%**
6	Private Area Lighting Service							
		Fixture Rate						
		175W MV Lt (73 kWh) - (LA12)	$ 11.63	$ 13.02	**11.93%**	$ 14.41	**10.66%**	**23.87%**
		175W MV Lt (73 kWh) - (LA1A)	$ 11.63	$ 13.02	**11.93%**	$ 14.41	**10.66%**	**23.87%**
		400W MV Lt (162 kWh) - (LAFA)	$ 23.02	$ 26.01	**12.96%**	$ 28.99	**11.47%**	**25.92%**
		400W MH Lt (162 kWh) - (LAMA)	$ 24.67	$ 27.71	**12.33%**	$ 30.75	**10.97%**	**24.65%**
		1,000W MH Lt (380 kWh) - (LANA)	$ 53.31	$ 60.29	**13.08%**	$ 67.26	**11.57%**	**26.16%**
		100W HPS Lt (45 kWh) - (LA32)	$ 9.34	$ 10.27	**9.97%**	$ 11.20	**9.07%**	**19.95%**
		100W HPS Lt (45 kWh) - (LA3A)	$ 9.34	$ 10.27	**9.97%**	$ 11.20	**9.07%**	**19.95%**
		200W HPS Lt (89 kWh) - (LAOA)	$ 15.25	$ 16.98	**11.34%**	$ 18.71	**10.19%**	**22.69%**
		200W HPS Lt (89 kWh) - (LATA)	$ 15.25	$ 16.98	**11.34%**	$ 18.71	**10.19%**	**22.69%**
		400W HPS FL (165 kWh) - (LA42)	$ 25.52	$ 28.63	**12.19%**	$ 31.74	**10.87%**	**24.38%**
		400W HPS FL (165 kWh) (30' Wood Pole) - (LB42)	$ 25.52	$ 28.63	**12.19%**	$ 31.74	**10.87%**	**24.38%**
		400W HPS FL (165 kWh) (35' Wood Pole) - (LC42)	$ 25.52	$ 28.63	**12.19%**	$ 31.74	**10.87%**	**24.38%**
		400W HPS FL (165 kWh) (40' Wood Pole) - (LD42)	$ 25.52	$ 28.63	**12.19%**	$ 31.74	**10.87%**	**24.38%**
		400W HPS Lt (165 kWh) - (LA4A)	$ 25.52	$ 28.63	**12.19%**	$ 31.74	**10.87%**	**24.38%**
		40W LED - Company Owned - (QA12)	$ 11.63	$ 3.38		$ 3.38		**-70.96%**

	40W LED - Company Owned - (QA1A)	$ 11.63	$ 3.38		$ 3.38		-70.96%
	40W LED - Company Owned - (QA32)	$ 9.34	$ 3.38		$ 3.38		-63.84%
	40W LED - Company Owned - (QA3A)	$ 9.34	$ 3.38		$ 3.38		-63.84%
	120W LED - Company Owned - (QAFA)	$ 23.02	$ 10.16		$ 10.16		-55.88%
	120W LED - Company Owned - (QAOA)	$ 15.25	$ 10.16		$ 10.16		-33.40%
	120W LED - Company Owned - (QATA)	$ 15.25	$ 10.16		$ 10.16		-33.40%
	200W LED - Company Owned - (QB42)	$ 25.52	$ 16.91		$ 16.91		-33.72%
	200W LED - Company Owned - (QC42)	$ 25.52	$ 16.91		$ 16.91		-33.72%
	250W LED - Company Owned - (QA42)	$ 25.52	$ 21.16		$ 21.16		-17.08%
	Pole Charge						
	Pole Charge (wood) - (L0LA)	$ 3.06	$ 3.16	3.49%	$ 3.27	3.38%	6.99%
20	Integrated System Streetlighting and Floodlighting Service - New Installation						
	Fixture Charge						
	175W Mercury Vapor and Streetlight - Co Own	$ 13.56	$ 14.91	9.95%	$ 16.25	9.05%	19.90%
	400W Mercury Vapor Streetlight - Co Own	$ 20.58	$ 22.63	9.95%	$ 24.68	9.05%	19.90%
	55W Low Pressure Sodium Street Light - Co Own	$ 12.18	$ 13.39	9.95%	$ 14.60	9.05%	19.90%
	135W Low Pressure Sodium Street Light - Co Own	$ 16.42	$ 18.06	9.95%	$ 19.69	9.05%	19.90%
	70W High Pressure Sodium Street Light - Co Own	$ 10.50	$ 11.54	9.95%	$ 12.59	9.05%	19.90%
	100W High Pressure Sodium Street Light - Co Own	$ 11.52	$ 12.67	9.95%	$ 13.82	9.05%	19.90%
	200W High Pressure Sodium Street Light - Co Own	$ 14.37	$ 15.80	9.95%	$ 17.23	9.05%	19.90%
	250W High Pressure Sodium Street Light - Co Own	$ 16.58	$ 18.23	9.95%	$ 19.88	9.05%	19.90%
	400W High Pressure Sodium Flood Light - Co Own	$ 20.81	$ 22.88	9.95%	$ 24.95	9.05%	19.90%
	400W High Pressure Sodium Street Light - Co Own	$ 20.81	$ 22.88	9.95%	$ 24.95	9.05%	19.90%
	175W Mercury Vapor and Streetlight - Cu Own	$ 5.31	$ 5.84	9.95%	$ 6.37	9.05%	19.90%
	400W Mercury Vapor Streetlight - Cu Own	$ 11.79	$ 12.97	9.95%	$ 14.14	9.05%	19.90%
	55W Low Pressure Sodium Street Light - Cu Own	$ 2.04	$ 2.25	9.95%	$ 2.45	9.05%	19.90%
	135W Low Pressure Sodium Street Light - Cu Own	$ 4.58	$ 5.04	9.95%	$ 5.49	9.05%	19.90%
	70W High Pressure Sodium Street Light - Cu Own	$ 2.25	$ 2.48	9.95%	$ 2.70	9.05%	19.90%
	100W High Pressure Sodium Street Light - Cu Own	$ 3.28	$ 3.61	9.95%	$ 3.93	9.05%	19.90%
	200W High Pressure Sodium Street Light - Cu Own	$ 6.48	$ 7.13	9.95%	$ 7.77	9.05%	19.90%
	250W High Pressure Sodium Street Light - Cu Own	$ 7.79	$ 8.56	9.95%	$ 9.33	9.05%	19.90%
	400W High Pressure Sodium Flood Light - Cu Own	$ 12.01	$ 13.21	9.95%	$ 14.40	9.05%	19.90%
	400W High Pressure Sodium Street Light - Cu Own	$ 12.01	$ 13.21	9.95%	$ 14.40	9.05%	19.90%
	10W LED - Company Owned	$ 0.68	$ 0.75	9.95%	$ 0.82	9.05%	19.90%
	20W LED - Company Owned	$ 1.36	$ 1.50	9.95%	$ 1.63	9.05%	19.90%
	30W LED - Company Owned	$ 2.05	$ 2.26	9.95%	$ 2.46	9.05%	19.90%
	40W LED - Company Owned	$ 2.73	$ 3.00	9.95%	$ 3.28	9.05%	19.90%
	50W LED - Company Owned	$ 3.41	$ 3.75	9.95%	$ 4.09	9.05%	19.90%
	60W LED - Company Owned	$ 4.09	$ 4.50	9.95%	$ 4.91	9.05%	19.90%
	70W LED - Company Owned	$ 4.78	$ 5.26	9.95%	$ 5.74	9.05%	19.90%
	80W LED - Company Owned	$ 5.46	$ 6.01	9.95%	$ 6.55	9.05%	19.90%
	90W LED - Company Owned	$ 6.15	$ 6.76	9.95%	$ 7.37	9.05%	19.90%
	100W LED - Company Owned	$ 6.83	$ 7.51	9.95%	$ 8.18	9.05%	19.90%
	110W LED - Company Owned	$ 7.52	$ 8.26	9.95%	$ 9.01	9.05%	19.90%
	120W LED - Company Owned	$ 8.20	$ 9.01	9.95%	$ 9.83	9.05%	19.90%
	130W LED - Company Owned	$ 8.88	$ 9.76	9.95%	$ 10.64	9.05%	19.90%
	140W LED - Company Owned	$ 9.56	$ 10.51	9.95%	$ 11.46	9.05%	19.90%
	150W LED - Company Owned	$ 10.24	$ 11.26	9.95%	$ 12.28	9.05%	19.90%

160W LED - Company Owned	$ 10.93	$ 12.02	**9.95%**	$ 13.11	**9.05%**	**19.90%**
170W LED - Company Owned	$ 11.61	$ 12.77	**9.95%**	$ 13.92	**9.05%**	**19.90%**
180W LED - Company Owned	$ 12.29	$ 13.51	**9.95%**	$ 14.74	**9.05%**	**19.90%**
190W LED - Company Owned	$ 12.97	$ 14.26	**9.95%**	$ 15.55	**9.05%**	**19.90%**
200W LED - Company Owned	$ 13.66	$ 15.02	**9.95%**	$ 16.38	**9.05%**	**19.90%**
210W LED - Company Owned	$ 14.34	$ 15.77	**9.95%**	$ 17.20	**9.05%**	**19.90%**
220W LED - Company Owned	$ 15.02	$ 16.52	**9.95%**	$ 18.01	**9.05%**	**19.90%**
230W LED - Company Owned	$ 15.70	$ 17.27	**9.95%**	$ 18.83	**9.05%**	**19.90%**
240W LED - Company Owned	$ 16.39	$ 18.03	**9.95%**	$ 19.66	**9.05%**	**19.90%**
250W LED - Company Owned	$ 17.08	$ 18.77	**9.95%**	$ 20.47	**9.05%**	**19.90%**
260W LED - Company Owned	$ 17.76	$ 19.52	**9.95%**	$ 21.29	**9.05%**	**19.90%**
270W LED - Company Owned	$ 18.44	$ 20.27	**9.95%**	$ 22.11	**9.05%**	**19.90%**
280W LED - Company Owned	$ 19.12	$ 21.02	**9.95%**	$ 22.92	**9.05%**	**19.90%**
290W LED - Company Owned	$ 19.81	$ 21.78	**9.95%**	$ 23.75	**9.05%**	**19.90%**
300W LED - Company Owned	$ 20.49	$ 22.53	**9.95%**	$ 24.57	**9.05%**	**19.90%**
310W LED - Company Owned	$ 21.17	$ 23.28	**9.95%**	$ 25.38	**9.05%**	**19.90%**
320W LED - Company Owned	$ 21.85	$ 24.02	**9.95%**	$ 26.20	**9.05%**	**19.90%**
330W LED - Company Owned	$ 22.54	$ 24.78	**9.95%**	$ 27.03	**9.05%**	**19.90%**
340W LED - Company Owned	$ 23.22	$ 25.53	**9.95%**	$ 27.84	**9.05%**	**19.90%**
350W LED - Company Owned	$ 23.90	$ 26.28	**9.95%**	$ 28.66	**9.05%**	**19.90%**
360W LED - Company Owned	$ 24.58	$ 27.03	**9.95%**	$ 29.47	**9.05%**	**19.90%**
370W LED - Company Owned	$ 25.27	$ 27.79	**9.95%**	$ 30.30	**9.05%**	**19.90%**
380W LED - Company Owned	$ 25.95	$ 28.54	**9.95%**	$ 31.12	**9.05%**	**19.90%**
390W LED - Company Owned	$ 26.63	$ 29.28	**9.95%**	$ 31.93	**9.05%**	**19.90%**
400W LED - Company Owned	$ 27.32	$ 30.03	**9.95%**	$ 32.75	**9.05%**	**19.90%**
10W LED - Customer Owned	$ 0.19	$ 0.21	**9.95%**	$ 0.23	**9.05%**	**19.90%**
20W LED - Customer Owned	$ 0.38	$ 0.42	**9.95%**	$ 0.46	**9.05%**	**19.90%**
30W LED - Customer Owned	$ 0.58	$ 0.63	**9.95%**	$ 0.69	**9.05%**	**19.90%**
40W LED - Customer Owned	$ 0.77	$ 0.84	**9.95%**	$ 0.92	**9.05%**	**19.90%**
50W LED - Customer Owned	$ 0.96	$ 1.05	**9.95%**	$ 1.15	**9.05%**	**19.90%**
60W LED - Customer Owned	$ 1.15	$ 1.26	**9.95%**	$ 1.38	**9.05%**	**19.90%**
70W LED - Customer Owned	$ 1.34	$ 1.48	**9.95%**	$ 1.61	**9.05%**	**19.90%**
80W LED - Customer Owned	$ 1.53	$ 1.69	**9.95%**	$ 1.84	**9.05%**	**19.90%**
90W LED - Customer Owned	$ 1.73	$ 1.90	**9.95%**	$ 2.07	**9.05%**	**19.90%**
100W LED - Customer Owned	$ 1.92	$ 2.11	**9.95%**	$ 2.30	**9.05%**	**19.90%**
110W LED - Customer Owned	$ 2.11	$ 2.32	**9.95%**	$ 2.53	**9.05%**	**19.90%**
120W LED - Customer Owned	$ 2.30	$ 2.53	**9.95%**	$ 2.76	**9.05%**	**19.90%**
130W LED - Customer Owned	$ 2.49	$ 2.74	**9.95%**	$ 2.99	**9.05%**	**19.90%**
140W LED - Customer Owned	$ 2.68	$ 2.95	**9.95%**	$ 3.22	**9.05%**	**19.90%**
150W LED - Customer Owned	$ 2.88	$ 3.16	**9.95%**	$ 3.45	**9.05%**	**19.90%**
160W LED - Customer Owned	$ 3.07	$ 3.37	**9.95%**	$ 3.68	**9.05%**	**19.90%**
170W LED - Customer Owned	$ 3.26	$ 3.58	**9.95%**	$ 3.91	**9.05%**	**19.90%**
180W LED - Customer Owned	$ 3.45	$ 3.79	**9.95%**	$ 4.14	**9.05%**	**19.90%**
190W LED - Customer Owned	$ 3.63	$ 4.00	**9.95%**	$ 4.36	**9.05%**	**19.90%**
200W LED - Customer Owned	$ 3.83	$ 4.21	**9.95%**	$ 4.59	**9.05%**	**19.90%**
210W LED - Customer Owned	$ 4.02	$ 4.42	**9.95%**	$ 4.82	**9.05%**	**19.90%**
220W LED - Customer Owned	$ 4.21	$ 4.63	**9.95%**	$ 5.05	**9.05%**	**19.90%**
230W LED - Customer Owned	$ 4.40	$ 4.84	**9.95%**	$ 5.28	**9.05%**	**19.90%**
240W LED - Customer Owned	$ 4.59	$ 5.05	**9.95%**	$ 5.51	**9.05%**	**19.90%**

250W LED - Customer Owned	$ 4.78	$ 5.26	**9.95%**	$ 5.74	**9.05%**	**19.90%**
260W LED - Customer Owned	$ 4.98	$ 5.47	**9.95%**	$ 5.97	**9.05%**	**19.90%**
270W LED - Customer Owned	$ 5.17	$ 5.68	**9.95%**	$ 6.20	**9.05%**	**19.90%**
280W LED - Customer Owned	$ 5.36	$ 5.89	**9.95%**	$ 6.43	**9.05%**	**19.90%**
290W LED - Customer Owned	$ 5.55	$ 6.10	**9.95%**	$ 6.66	**9.05%**	**19.90%**
300W LED - Customer Owned	$ 5.74	$ 6.31	**9.95%**	$ 6.89	**9.05%**	**19.90%**
310W LED - Customer Owned	$ 5.93	$ 6.53	**9.95%**	$ 7.12	**9.05%**	**19.90%**
320W LED - Customer Owned	$ 6.13	$ 6.74	**9.95%**	$ 7.35	**9.05%**	**19.90%**
330W LED - Customer Owned	$ 6.32	$ 6.95	**9.95%**	$ 7.58	**9.05%**	**19.90%**
340W LED - Customer Owned	$ 6.51	$ 7.16	**9.95%**	$ 7.81	**9.05%**	**19.90%**
350W LED - Customer Owned	$ 6.70	$ 7.37	**9.95%**	$ 8.04	**9.05%**	**19.90%**
360W LED - Customer Owned	$ 6.89	$ 7.58	**9.95%**	$ 8.27	**9.05%**	**19.90%**
370W LED - Customer Owned	$ 7.09	$ 7.79	**9.95%**	$ 8.50	**9.05%**	**19.90%**
380W LED - Customer Owned	$ 7.28	$ 8.00	**9.95%**	$ 8.73	**9.05%**	**19.90%**
390W LED - Customer Owned	$ 7.47	$ 8.21	**9.95%**	$ 8.96	**9.05%**	**19.90%**
400W LED - Customer Owned	$ 7.66	$ 8.42	**9.95%**	$ 9.19	**9.05%**	**19.90%**
460W LED - Customer Owned	$ 8.81	$ 9.69	**9.95%**	$ 10.56	**9.05%**	**19.90%**
470W LED - Customer Owned	$ 9.00	$ 9.90	**9.95%**	$ 10.79	**9.05%**	**19.90%**
Metered Lighting Energy Charge						
Company-Owned	$ 0.1860062	$ 0.2046255	**10.01%**	$ 0.2232448	**9.10%**	**20.02%**
Customer-Owned	$ 0.0538669	$ 0.0592271	**9.95%**	$ 0.0645872	**9.05%**	**19.90%**
Pole Charge						
Wood Pole	$ 4.66	$ 5.12	**9.95%**	$ 5.59	**9.05%**	**19.90%**
Non-Wood Pole	$ 9.06	$ 9.96	**9.95%**	$ 10.86	**9.05%**	**19.90%**

STIPULATION EXHIBIT 4

Potential Community Solar Bill Credits
Consisting of 2 pages

Sample PNM Community Solar credit calculations by customer class based on settlement 11-19-2024 Phase 1 Rates

Line			1A/B - Residential	2A/B - Small Power	3B/C/D/E/F - General Power	4 - Large Power	5 - Large Service for Customers >=8,000kW	10A/B - Irrigation	11 - Water/Sewage Pumping	15 - Universities 115kV	30 - Manufacturing (30 MW)	33 - Station Service	35 - Large Power >=3,000kW	36 - Special Service - Renew Energy Res
			A	B	C	D	E	F	G	H	I	J	K	L
1	**Demand Components**[4]		**$288,462,089**	**$84,496,233**	**$137,686,944**	**$53,393,687**	**$1,714,434**	**$1,592,064**	**$7,670,996**	**$2,884,764**	**$31,782,640**	**$183,647**	**$6,281,151**	**$18,208,287**
2	Production		$135,575,129	$35,894,471	$61,679,582	$26,633,862	$1,277,478	$667,289	$2,878,798	$2,195,004	$22,033,750	$139,903	$4,309,289	$0
3	Transmission		$43,451,643	$11,504,129	$19,768,222	$8,752,259	$436,956	$213,865	$971,467	$689,761	$7,491,621	$43,744	$1,465,187	$18,208,287
4	Distribution		$109,435,317	$37,097,633	$56,239,140	$18,007,566	$0	$710,909	$3,820,731	$0	$2,257,268	$0	$506,675	$0
5	**Energy Components**[4]		**$12,817,863**	**$4,954,414**	**$9,012,330**	**$4,599,614**	**$287,919**	**$98,913**	**$734,121**	**$515,580**	**$4,629,846**	**$38,828**	**$875,191**	**$2,930,177**
6	Fuel		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
7	Non-Fuel		$12,817,863	$4,954,414	$9,012,330	$4,599,614	$287,919	$98,913	$734,121	$515,580	$4,629,846	$38,828	$875,191	$2,930,177
8	**Customer Components**[4]		**$103,213,875**	**$19,417,868**	**$5,329,869**	**$1,311,946**	**$48,392**	**$252,351**	**$601,071**	**$78,371**	**$656,337**	**$16,541**	**$138,914**	**$417,983**
9	Services		$15,239,392	$1,893,726	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
10	Meters		$15,802,028	$6,777,441	$2,945,748	$603,344	$7,482	$191,009	$475,538	$5,482	$3,910	$10,579	$14,925	$4,955
11	Meter Reading		$21,358,120	$3,059,816	$229,279	$8,797	$109	$14,867	$6,934	$80	$57	$154	$218	$72
12	Billing & Collection		$31,166,777	$4,106,098	$385,859	$44,187	$144	$19,644	$9,162	$106	$75	$204	$288	$95
13	Service and Information		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
14	Other		$19,647,558	$3,580,787	$1,768,983	$655,617	$40,656	$26,831	$109,437	$72,703	$652,294	$5,604	$123,484	$412,861
15	**Total Company**		**$404,493,827**	**$108,868,515**	**$152,029,143**	**$59,305,246**	**$2,050,744**	**$1,943,328**	**$9,006,188**	**$3,478,716**	**$37,068,822**	**$239,016**	**$7,295,256**	**$21,556,447**
	Excluded Charges													
16	Minimum Monthly Customer Charge		$65,503,372	$15,022,036	$4,965,333	$1,382,339	$28,871	$61,101	$684,035	$61,309	$598,091	$5,360	$147,775	$271,399
17	Minimum Monthly Demand Charge		$0	$0	$60,618,240	$23,608,063	$785,805	$0	$0	$824,632	$7,967,265	$5,914	$2,162,442	$0
18	Energy Components (kWh)		3,244,185,240	965,768,590	1,881,620,770	946,037,310	28,595,990	22,518,980	172,081,786	69,886,280	879,995,270	2,727,450	174,308,550	350,268,360
19	Demand and Energy Rate ($/kWh)	*L15 / L18*	$0.1246827	$0.1127273	$0.0807969	$0.0626881	$0.0717144	$0.0862973	$0.0523367	$0.0497768	$0.0421239	$0.0876334	$0.0418525	$0.0615427
20	Rider 23 Fuel Rate ($/kWh) [1]	*Then current Rider No 23*												
21	Rider 36 Renewable Energy ($/kWh) [2]	*Then Current Rider No 36*												
	Less													
22	Monthly Excluded Charges ($/kWh)	*(L16 + L17) / L18*	$0.0201910	$0.0155545	$0.0348548	$0.0264159	$0.0284892	$0.0027133	$0.0039751	$0.0126769	$0.0097334	$0.0041338	$0.0132536	$0.0007748
23	**Total Aggregate Retail Rate ("TARR") ($/kWh)** [3]	*L19 + L20 + L21 - L22*	$0.1044917	$0.0971728	$0.0459421	$0.0362722	$0.0432252	$0.0835840	$0.0483616	$0.0370999	$0.0323905	$0.0834997	$0.0285989	$0.0607678
	Less													
24	Distribution Cost Component Rate ($/kWh)	*L4 / L18*	$0.0337328	$0.0384125	$0.0298887	$0.0190347	$0.0000000	$0.0315693	$0.0222030	$0.0000000	$0.0025651	$0.0000000	$0.0029068	$0.0000000
25	**Community Solar Bill Credit Rate ($/kWh)**	*L23- L24*	**$0.0707589**	**$0.0587603**	**$0.0160534**	**$0.0172375**	**$0.0432252**	**$0.0520147**	**$0.0261586**	**$0.0370999**	**$0.0298254**	**$0.0834997**	**$0.0256922**	**$0.0607678**
26	**Base Bill Credit Rate ($/kWh)**	*L23 - L24 - L20 - L21*	**$0.0707589**	**$0.0587603**	**$0.0160534**	**$0.0172375**	**$0.0432252**	**$0.0520147**	**$0.0261586**	**$0.0370999**	**$0.0298254**	**$0.0834997**	**$0.0256922**	**$0.0607678**
27	**Fuel and Purchased Power Adjustment Clause**	*L20*												
28	**Renewable Energy Attributes - Reference Rider No. 36**	*L21*												

Notes

1 The Fuel and purchased Power Adjustment Clause rate is tied to Rider No 23. Rider 23 is updated quarterly. If specific values for Fuel and Purchased Power Adjustment Clause were included in Rider 56, PNM would have to update Rider 56 with each Rider No 23 update.

2 The Renewable Energy Attributes are tied to Rider No 36. Rider No. 36 is updated twice annually. If specific values were included in Rider 56, PNM would have to update Rider 56 with each Rider No 36 update.

3 The TARR is updated with final order values in each rate case.
If the specific values for Fuel and Purchased Power Adjustment Clause and Renewable Energy Attributes were included in Rider No 56, the rider would have to be updated 6 times per year. This would create a large regulatory burden.

4 The illustrative demand, energy, and customer components were generated by running the Rate Design Model using the 50% of the banded revenue increase by class agreed upon in the stipulation.

Sample PNM Community Solar credit calculations by customer class based on settlement 11-19-2024, Phase II Rates

Line			1A/B - Residential	2A/B - Small Power	3B/C/D/E/F - General Power	4 - Large Power	5 - Large Service for Customers >=8,000kW	10A/B - Irrigation	11 - Water/Sewage Pumping	15 - Universities 115kV	30 - Manufacturing (30 MW)	33 - Station Service	35 - Large Power >=3,000kW	36 - Special Service - Renew Energy Res
			A	B	C	D	E	F	G	H	I	J	K	L
1	**Demand Components**		**$314,480,020**	**$87,329,649**	**$143,628,964**	**$55,184,140**	**$1,771,924**	**$1,705,822**	**$8,362,872**	**$2,981,499**	**$32,848,408**	**$189,805**	**$6,491,777**	**$18,818,866**
2	Production		$147,803,371	$37,098,122	$64,360,447	$27,526,976	$1,320,316	$714,970	$3,138,448	$2,268,609	$22,772,609	$144,595	$4,453,792	$0
3	Transmission		$47,370,778	$11,889,897	$20,627,435	$9,045,749	$451,608	$229,147	$1,059,087	$712,890	$7,742,838	$45,211	$1,514,319	$18,818,866
4	Distribution		$119,305,871	$38,341,630	$58,641,082	$18,611,415	$0	$761,706	$4,165,337	$0	$2,332,961	$0	$523,666	$0
5	**Energy Components**		**$13,973,974**	**$5,120,551**	**$9,400,859**	**$4,753,853**	**$297,573**	**$105,981**	**$800,334**	**$532,869**	**$4,785,099**	**$40,130**	**$904,539**	**$3,028,434**
6	Fuel		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
7	Non-Fuel		$13,973,974	$5,120,551	$9,400,859	$4,753,853	$297,573	$105,981	$800,334	$532,869	$4,785,099	$40,130	$904,539	$3,028,434
8	**Customer Components**		**$112,523,283**	**$20,069,008**	**$5,554,332**	**$1,355,939**	**$50,014**	**$270,383**	**$655,283**	**$80,999**	**$678,346**	**$17,096**	**$143,572**	**$432,000**
9	Services		$16,613,913	$1,957,228	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
10	Meters		$17,227,297	$7,004,709	$3,068,723	$623,576	$7,733	$204,657	$518,429	$5,666	$4,041	$10,934	$15,425	$5,121
11	Meter Reading		$23,284,522	$3,162,421	$238,851	$9,092	$113	$15,929	$7,559	$83	$59	$159	$225	$75
12	Billing & Collection		$33,977,874	$4,243,788	$402,016	$45,669	$149	$21,048	$9,988	$109	$78	$211	$297	$99
13	Service and Information		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
14	Other		$21,419,676	$3,700,862	$1,844,742	$677,602	$42,019	$28,748	$119,307	$75,141	$674,168	$5,792	$127,625	$426,706
15	**Total Company**		**$440,977,278**	**$112,519,208**	**$158,584,155**	**$61,293,932**	**$2,119,512**	**$2,082,186**	**$9,818,490**	**$3,595,368**	**$38,311,853**	**$247,031**	**$7,539,889**	**$22,279,300**
	Excluded Charges													
16	Minimum Monthly Customer Charge		$71,417,595	$15,526,521	$5,180,185	$1,428,762	$29,841	$65,470	$655,283	$63,368	$618,177	$5,540	$152,738	$280,513
17	Minimum Monthly Demand Charge		$0	$0	$58,129,633	$22,790,037	$637,527	$0	$0	$796,938	$7,696,581	$10,520	$2,089,169	$0
18	Energy Components (kWh)		3,244,185,240	965,768,590	1,881,620,770	946,037,310	28,595,990	22,518,980	172,081,786	69,886,280	879,995,270	2,727,450	174,308,550	350,268,360
19	Demand and Energy Rate ($/kWh)	*L15 / L18*	$0.1359285	$0.1165074	$0.0842806	$0.0647902	$0.0741192	$0.0924636	$0.0570571	$0.0514460	$0.0435364	$0.0905721	$0.0432560	$0.0636064
20	Rider 23 Fuel Rate ($/kWh) [1]	*Then current Rider No 23*												
21	Rider 36 Renewable Energy ($/kWh) [2]	*Then Current Rider No 36*												
	Less													
22	Monthly Excluded Charges ($/kWh)	*(L16 + L17) / L18*	$0.0220140	$0.0160769	$0.0336464	$0.0256003	$0.0233378	$0.0029073	$0.0038080	$0.0123101	$0.0094486	$0.0058884	$0.0128617	$0.0008009
23	**Total Aggregate Retail Rate ("TARR") ($/kWh)** [3]	*L19 + L20 + L21 - L22*	$0.1139145	$0.1004306	$0.0506342	$0.0391899	$0.0507814	$0.0895563	$0.0532491	$0.0391359	$0.0340878	$0.0846836	$0.0303943	$0.0628055
	Less													
24	Distribution Cost Component Rate ($/kWh)	*L4 / L18*	$0.0367753	$0.0397006	$0.0311652	$0.0196730	$0.0000000	$0.0338251	$0.0242056	$0.0000000	$0.0026511	$0.0000000	$0.0030042	$0.0000000
25	**Community Solar Bill Credit Rate ($/kWh)**	*L23- L24*	**$0.0771392**	**$0.0607299**	**$0.0194690**	**$0.0195169**	**$0.0507814**	**$0.0557312**	**$0.0290436**	**$0.0391359**	**$0.0314367**	**$0.0846836**	**$0.0273900**	**$0.0628055**
26	**Base Bill Credit Rate ($/kWh)**	*L23 - L24 - L20 - L21*	**$0.0771392**	**$0.0607299**	**$0.0194690**	**$0.0195169**	**$0.0507814**	**$0.0557312**	**$0.0290436**	**$0.0391359**	**$0.0314367**	**$0.0846836**	**$0.0273900**	**$0.0628055**
27	**Fuel and Purchased Power Adjustment Clause**	*L20*												
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If the specific values for Fuel and Purchased Power Adjustment Clause and Renewable Energy Attributes were included in Rider No 56, the rider would have to be updated 6 times per year. This would create a large regulatory burden.

BEEFORE 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**

CERTIFICATE OF SERVICE

I CERTIFY that on the date here indicated, I sent via email a true and correct copy of the foregoing ***Final Order*** to the parties listed below.

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DATED this 16th day of May, 2025.

NEW MEXICO PUBLIC REGULATION COMMISSION

/s/ LaurieAnn Santillanes, electronically signed
LaurieAnn Santillanes, Paralegal