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. 667	)	**Docket No. 26-0000XXX**
PUBLIC SERVICE COMPANY OF NEW MEXICO,	)	
Applicant.	)	

DIRECT TESTIMONY

OF

LARRY T. MORRIS

November 24, 2026

NMPRC DOCKET NO. 26-0000XXX
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PUBLIC SERVICE COMPANY OF NEW MEXICO

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Affirmation

DIRECT TESTIMONY OF
LARRY T. MORRIS
NMPRC DOCKET NO. 26-0000XXX

I. INTRODUCTION AND PURPOSE

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

A. My name is Larry T. Morris. I am the Director of Tax for PNMR Services Company, the service company for TXNM Energy, Inc. ("TXNM")[1] and its subsidiaries. My business address is 414 Silver SW, Albuquerque, NM 87102. A description of my position and background is included in PNM Exhibit LTM-1. This exhibit also includes a list of cases in which I have provided testimony at the New Mexico Public Regulation Commission ("Commission" or "NMPRC"). My testimony is filed on behalf of Public Service Company of New Mexico ("PNM" or "Company"), a subsidiary of TXNM.

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

A. My direct testimony addresses the following:

i. I discuss the stand-alone method of accounting for income taxes used in this rate case.

ii. I discuss the normalized income tax accounting methods used by PNM, as required by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 740 ("ASC 740").

iii. I discuss the income tax depreciation normalization requirements of the Internal Revenue Service ("IRS").

[1] Effective as of August 2, 2024, PNM Resources, Inc. changed its name to TXNM Energy, Inc. References in this testimony to "TXNM" include actions taken prior to the name change.

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

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

vi. I discuss the Inflation Reduction Act of 2022 (the "IRA"), which was enacted August 16, 2022, and the IRA's impacts on this rate case.

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

A. I am sponsoring the following Rule 530 Schedules:

1.	H-9	Federal and State Income Taxes
2.	H-10	Reconciliation of Net Income per Books to Net Income for Income Tax Purposes
3.	H-11	Income Tax Effect as Result of Applicant Joining in a Consolidated Federal Income Tax Return
4.	H-12	Accumulated Tax Deferrals
5.	H-13	Investment Tax Credits

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

A. My testimony is directly related to the computations of Accumulated Deferred Income Taxes ("ADIT") and income tax expense that are used in the cost-of-service studies contained in PNM Exhibit RNG-3, presented by PNM witness Reina N. Gutierrez.

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

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

A. Rule 530 Schedule H-9 shows the calculation of federal and state income tax expense for the Base Period, Adjusted Base Period, and the Test Period.[2] The calculation of income tax expense in Rule 530 Schedule H-9 is used in the determination of the revenue requirement for the Test Period, just as it has been in PNM's prior rate cases. PNM Exhibit LTM-3 provides the calculations of the income tax expense included in Rule 530 Schedule H-9.

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

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

[2] The Base Period in this case is July 1, 2025, through June 30, 2026. As described by PNM witness Gutierrez, certain adjustments are made to develop an Adjusted Base Period. The Test Period is October 1, 2027, through September 30, 2028. Linkage data captures the period between the Base Period and Test Period, July 1, 2026, through September 30, 2027.

Rule 530 Schedule H-12 provides details of the ADIT activity and balances for the 12 months ended June 30, 2026, as well as ADIT balances for the Adjusted Base Period, linkage data, and the Test Period. The ADIT accounts included in rate base are those that relate to underlying assets or liabilities included in rate base. ADIT accounts that relate to assets and liabilities excluded from rate base are also excluded from rate base. PNM Exhibit LTM-2 provides the calculations of the ADIT included in Rule 530 Schedule H-12.

Rule 530 Schedule H-13 provides details of the accumulated deferred Investment Tax Credit ("ITC") for the Base Period, Adjusted Base Period, linkage data, and Test Period. PNM Exhibit LTM-4 provides the calculations of the ITC amortization included in Rule 530 Schedule H-13.

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

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

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

III. STAND-ALONE TAX CALCULATION

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

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

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

A. There are no effects on PNM resulting from its inclusion in the consolidated income tax returns filed by TXNM. A pro-forma stand-alone income tax return is prepared for each of the affiliated companies, including PNM. These returns are, in turn, included in the TXNM consolidated income tax return, which is filed with the IRS.

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

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

[3] Effective as of August 2, 2024, PNM Resources, Inc. changed its name to TXNM Energy, Inc. References in this testimony to "TXNM" include actions taken prior to the name change.

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

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

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

A. Yes. The Final Order in NMPRC Case No. 3137 requires that:

> PNM's payment to the holding company for income tax shall be limited to PNM's share of the current income tax liability of the consolidated corporation.

The ITAP ensures that PNM pays no more (or no less) than its stand-alone share of the consolidated tax liability. The stand-alone income tax calculation was used by PNM in its filings in NMPRC Case No. 3137 for both the original cost of service and the illustrative cost of service filed in support of the stipulation in that case. It is the only method that ensures that PNM will always pay its share of tax expense, or be paid for its share of tax benefit, and no more. Any type of consolidated tax adjustment, which artificially shifts tax attributes from one affiliated entity to

another, will, if consistently applied, cause PNM to pay either more or less than its share of the consolidated tax liability. This, by definition, would result in a cross-subsidization among entities.

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

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

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

IV. ACCOUNTING FOR INCOME TAXES

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

A. PNM uses the normalization method. In NMPRC Case No. 2567, PNM proposed full tax normalization (for state as well as federal tax purposes) for its electric operations for all new temporary differences. The normalization methodology was approved in that case and has been consistently applied by PNM in every subsequent rate proceeding, including this one.

Q. Please explain normalization and flow-through accounting methods.

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

The flow-through method, on the other hand, treats temporary differences not as a mere deferral of an incurred tax liability, but as a permanent reduction in the income tax expense for the period. This mischaracterization, or "flow-through" of the temporary difference, would result in cross-subsidization of tax expense between customers in different periods, depending on when temporary differences originate and reverse. For these reasons, PNM uses the normalization rather than the flow-through method.

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

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

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

A. Yes, it can. Certain temporary book/tax differences increase, rather than decrease, taxable income. One example is interest expense on capital projects that is required to be capitalized and depreciated for tax purposes but is deducted when incurred for book purposes. In this case, the cash tax payable actually exceeds the tax expense recorded for book purposes. However, this excess tax will be returned to the Company over time as the underlying asset is depreciated. In such a case, an

ADIT asset, or prepaid tax, rather than a liability, would be created. The theory and treatment are the same, however, for both ADIT assets and liabilities – their inclusion in rate base accounts for the difference between recoverable income tax expense and cash taxes paid. Another example is net operating loss carryforwards, which result in a deferred tax asset that increases rate base.

Q. Please explain the term "permanent difference" as it relates to the recording of income taxes.

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

An example of a permanent difference is the non-deductibility of certain expenses for parking facilities in which employees can park for free. For book purposes, 100 percent of the expenses related to the parking lot or structure are generally deductible. For tax purposes, however, the expenses allocable to employee parking are generally not deductible. The difference between the book deductibility and the tax deductibility is absolute and permanent, and not merely timing of the deduction. Therefore, tax expense must be increased by the tax on the non-deductible expenses.

Q. Please explain the term "temporary difference" as it relates to the recording of income taxes.

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

The use of accelerated depreciation for tax purposes is an example of an accounting method that gives rise to a temporary difference between book income and taxable income. Although total depreciation on a given asset can only equal the asset's cost and can only be taken over the life of the asset, the timing of the depreciation deduction will differ when different depreciation methods are allowed for book and tax purposes. For example, accelerated depreciation may be used for tax purposes while the straight-line method is used for calculating book depreciation expense. As a result, taxable income will be less than book income in the early years of the life of the asset, because the depreciation deduction for tax purposes is accelerated, or "front loaded." Correspondingly, taxable income will be greater than book income in later years, when the straight-line book method results in a higher depreciation deduction than that used for tax purposes. Over the life of the asset, the cumulative amounts deducted for depreciation will be the same for book and tax purposes, and the total income tax expense will be the same for both.

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

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

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

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

The flow-through method simply adjusts the total tax expense in any given year by the cash tax-savings or expense resulting from the temporary differences, both originating and reversing, in that year. In other words, taxable income for book and tax purposes would both reflect the current taxable income as reported on the tax return. In the accelerated tax depreciation example, use of the flow-through method will result in the current generation of customers being subsidized by later

generations, because the current generation would receive all of the accelerated benefits rather than spreading the depreciation benefits ratably to all generations of customers who are also paying for the related assets.

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

V. DEPRECIATION NORMALIZATION REQUIREMENTS

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

A. Yes. The Internal Revenue Code ("IRC" or the "Tax Code") § 168 mandates that, in determining rates using a cost-of-service methodology, regulated utilities must

use the normalization method, and not the flow-through method, to calculate the tax expense related to depreciation-related temporary differences. Additionally, the temporary difference resulting from contributions in aid of construction ("CIAC") is specifically required to be normalized under IRS Notice 87-82, as discussed in IRS Private Letter Rulings[4] ("PLRs") 9035056 and 200933023. Similarly, NOLs are specifically required to be normalized, to the extent that they are created by accelerated tax depreciation.

Q. What is the penalty for violating IRS normalization requirements?

A. A normalization violation will result in the loss of the ability to use accelerated tax depreciation on all public utility property held by the utility. This would cause a substantial increase in rates, as customers would no longer enjoy the rate base reduction from depreciation-related ADIT liabilities.

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

A. Yes, but not by the IRS. Under Generally Accepted Accounting Principles ("GAAP"), both regulated and unregulated companies are required to normalize all temporary book/tax differences. ASC 740 addresses the inter-period allocation of income tax expense. GAAP generally, and ASC 740 specifically, require the

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

"normalization" of income taxes, and that deferred income taxes resulting from temporary book/tax differences be accounted for using the liability, or "ADIT", method for financial statement purposes to appropriately match tax expense effects with the underlying book accounting in the same period. As required by GAAP, on January 1, 1990, PNM adopted Statement of Financial Accounting Standards ("SFAS") 96 (the predecessor to SFAS 109 and, ultimately, ASC 740) and has consistently followed its normalization standards in all subsequent accounting periods.

VI. NOL ADIT NORMALIZATION REQUIREMENTS

Q. Has PNM included a NOL carryforward ADIT asset in rate base in the Base Period, Adjusted Base Period, linkage data, and Test Period?

A. Yes, the NOL carryforward ADIT asset is included in rate base.

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

A. Yes. Treasury Regulation § 1.167(l)-1(h)(1)(iii)[5] specifically addresses this situation as follows:

> *If, however, in respect of any taxable year the use of a method of depreciation other than a subsection (l) method for purposes of determining the taxpayer's reasonable allowance under section 167(a) results in a net operating loss carryover (as determined under section 172) to a year succeeding such taxable year which would not have arisen (or an increase in such carryover which would not have arisen) had the taxpayer*

[5] 26 C.F.R. § 1.167(l)-1(h)(1)(iii).

> *determined his reasonable allowance under section 167(a) using a subsection (l) method, then the amount and time of the deferral of tax liability shall be taken into account in such appropriate time and manner as is satisfactory to the district director.*

PLR 8818040, and more recently, PLRs 201436037, 201436038, 201438003, 201519021, 201534001, 201548017 and 201709008 (included as PNM Exhibits LTM-5 through LTM-12) clarify that a tax calculation with and without accelerated depreciation is utilized to determine the amount of the NOL carryforward ADIT required to be normalized. To the extent that accelerated depreciation creates a NOL carryforward, the NOL carryforward ADIT asset must be included in rate base. Excluding this NOL carryforward ADIT asset would be a normalization violation.

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

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

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

A. Yes, it is. This treatment assures that PNM's customers receive the benefit of the actual deferred tax payments, no more and no less. Including only the ADIT

liability from accelerated tax depreciation, including bonus depreciation, and not also the offsetting NOL carryforward ADIT asset, would bring about a result as though the Company had realized the entire benefit of the bonus depreciation in the years in which it was earned. In reality, a substantial portion of that benefit must be deferred to be realized in future years. The reason ADIT liabilities are included as a reduction to rate base is to compensate customers for the cash benefit, or cost-free capital, that the utility has received due to the temporary acceleration of certain expenses for tax purposes. If the NOL carryforward ADIT asset was not included as an addition to rate base, this cash-savings benefit would be greatly overstated, and customers would benefit from savings not yet realized by the utility.

In Kern River Gas Transmission Company, Federal Energy Regulatory Commission ("FERC") Docket No. RP04-274-000, a situation almost identical to PNM's was litigated. In that case, the FERC addressed both ADIT assets generally and NOL carryforward ADIT assets specifically. It concluded:

> *229. There is a second type of timing difference that can have the opposite effect. It is possible that some accounting entries will decrease expenses or increase income for IRS purposes faster than would be the case for accounting purposes. In this case the cash flow from the tax allowance embedded in the regulated entity's rates is less than the income tax payments that are generated by the higher income. When the regulated entity pays for an expense earlier than would be under the Commission's regulatory accounting system, it is in essence committing more funds to the business. The difference is therefore capitalized and added to the rate base. The difference in the timing that results is capitalized and added to the rate base to allow a somewhat higher return on the additional funds that have been committed to the enterprise. As the accounting entries for these expenses are entered (usually allowance of funds used during construction), the difference in timing is reversed, the short term addition to the rate base*

> *decreases, and return drops. This timing difference is reflected as an ADIT debit, or regulatory asset, in Account No. 190.*
>
> *230. In the instant case the NOL was properly included in Account No. 190. The large depreciation deduction for the "bonus" depreciation was properly reflected as a credit in Account No. 282 and served to reduce rate base to reflect the difference in timing previously described. However, the impact of this deduction was so great that it exceeded the taxable cash that would have been generated under the straight line [sic] regulatory method. Thus, Kern River was not able to use the full extent of the deduction in the first year it was available. However, as discussed, the full accelerated depreciation amount is included in the credit ADIT in Account No. 282. Without a corresponding debit in Account No. 190, Kern River's rate base would be reduced even though it did not achieve the tax savings, and additional cash flow, that a credit entry in Account No. 282 is intended to offset. Therefore, the NOL is carried forward as a regulatory asset in future years and is reduced as the tax savings actually accrue to Kern River. Offsetting the NOL against the total ADIT reduction in the first year assures that the rate base is reduced only as the company actually obtains the additional cash flows, and hence the return, that the ADIT tax methodology captures for the ratepayer.*[6]

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

VII. FUTURE TEST PERIOD NORMALIZATION REQUIREMENTS

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

A. Yes. Treasury Regulations issued under IRC § 167 govern the determination of the amount of ADIT allowable as a rate base reduction in a future test period. Specifically, Treasury Regulation § 1.167(l)-1[7] mandates special "proration rules"

[6] *Kern River Gas Transmission Co.*, 117 FERC ¶ 61,077, at PP 229–230 (2006).
[7] 26 C.F.R. § 1.167(l)-1.

when a future test period is used in determining rates, and the newly determined rates are expected to be in effect for all or a portion of that test period.

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

A. No. The proration rules only apply to depreciation-related ADIT. Other ADIT balances are not pro-rated.

Q. Please discuss these future test period normalization requirements.

A. In this filing, the Test Period is the 12 months ending September 30, 2028. Collection of the new rates is expected to start on October 1, 2027. Therefore, the new rates are expected to be in place for the entirety of the Test Period. As a result, October 2027 through September 2028 utility plant ADIT additions must be pro-rated. The Test Period utility plant ADIT additions are pro-rated, using a ratio in which the numerator is the number of days remaining in the Test Period, and the denominator is the number of days during which the new rates are expected to be in effect in the Test Period. Because PNM closes its books on a monthly basis, the proration is also done on a monthly basis. As a result, October 2027 ADIT additions are pro-rated using a ratio of 336/366; November 2027 ADIT additions are pro-rated by 307/366; and so on until September 2028 additions are pro-rated by 1/366.

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

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

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

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

VIII. BASE PERIOD ADJUSTMENTS

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

A. The period used was July 1, 2025, through June 30, 2026.

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

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

- Model-Driven Calculations – ADIT balances that relate to regulatory assets and liabilities and other rate base items were trued-up to equal the balance of the

underlying account multiplied by the combined federal and state tax rate at which ADIT is calculated.

- ADIT balances for accelerated depreciation and NOL carryforwards are adjusted to reflect the corporate allocation adjustment to G&I plant.
- ADIT balances on certain regulatory assets and liabilities are adjusted to synchronize with the adjustments to the underlying regulatory assets and liabilities shown on PNM Exhibit RNG-3 COS BASE ADJ.
- ADIT balances on certain other rate base items are adjusted to synchronize with the adjustments to the underlying assets and liabilities shown on PNM Exhibit RNG-3 COS BASE ADJ.
- ADIT balances on items for which the underlying asset or liability is not in rate base are adjusted to zero.

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

A. No adjustments were made in determining Adjusted Base Period income tax expense.

IX. TEST PERIOD ADJUSTMENTS

Q. Are the ADIT, ITC, and income tax expense calculations in the cost-of-service model "fully functional," as described in the future test year rule?

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

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

A. The incremental ADIT included in the Test Period is calculated at the applicable combined federal and state income tax rate in effect for the linkage data and the Test Period. The combined rate is 25.40 percent, which is derived from a 21 percent federal income tax rate and a 5.9 percent[8] state income tax rate. The changes in ADIT are calculated by applying the applicable tax rates to the changes in the

[8] 25.40% is computed as follows:

(1)	Statutory federal tax rate		21.00%
(2)	NM statutory tax rate (NMSA 1978, § 7-2A-5 (2024))		5.90%
(3)	NM tax rate adjusted for NM tax benefit	(5.9%/(1+5.9%)) =	5.570%
(4)	Tax effected federal tax rate		19.83%
Combined federal and New Mexico income tax rate (sum of 3 and 4 above)			25.40%

underlying book/tax differences on rate base accounts, such as plant-in-service, regulatory assets or liabilities, or other rate base items. Additionally, certain ADIT accounts are adjusted for "tax-only" differences,[9] including repair deductions, NOL carryforwards, the Tax Reform Act of 1986 ("TRA") Average Rate Assumption Method ("ARAM") reversals, the Tax Cuts and Jobs Act ("TCJA") 2017 excess ADIT reversals and reversals of prior equity AFUDC amounts. The linkage data and Test Period adjustments are discussed in more detail below.

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

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

- The IRS-required proration of depreciation-related ADIT discussed in Section VII of this testimony. These adjustments are embedded in the monthly Test Period balances;
- ADIT balances on certain regulatory assets and liabilities are adjusted to reflect linkage data and Test Period changes to the underlying assets and liabilities;
- ADIT balances on certain other rate base items are adjusted to reflect linkage data and Test Period changes to the underlying assets and liabilities;
- Depreciation ADIT has been updated to reflect both the depreciation ADIT on linkage data and Test Period plant additions, as well as ongoing linkage data

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

and Test Period ADIT changes on assets in service at the end of the Base Period. Depreciation ADIT has also been adjusted to reflect the effects of linkage data and Test Period reversals of TRA 1986 ARAM and excess payroll tax reversals, and reversals of prior AFUDC equity amounts;

- The ADIT related to the income tax regulatory liability has been adjusted to reflect the TCJA 2017 excess ADIT reversals;
- The NOL carryforward ADIT has been adjusted to reflect changes to the NOL carryforward based on the expected activity in the Test Period;
- Debt AFUDC ADIT has been adjusted to reflect debt AFUDC accrued in the linkage data and Test Period; and
- Palo Verde Nuclear Generating Station ("Palo Verde") licensing ADIT, a tax-only amortization, is adjusted for amortization in the linkage data and Test Periods.

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

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

A. The income tax expense included in the Test Period is calculated at the applicable federal and state income tax rates expected to be in effect for the Test Period. The income tax expense is calculated by applying the applicable tax rates to the pre-tax income calculated in the cost of service, adjusted for the applicable permanent book/tax differences and applicable income tax credits. The Test Period adjustments are discussed in more detail below.

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

A. The income tax expense calculation in the Test Period has been adjusted to reflect the expected Test Period activity. The changes are shown on Rule 530 Schedules H-9 and H-10.

X. FEDERAL INCOME TAX RATE CHANGE AND EXCESS DEFERRED TAXES

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

A. In December 2017, the TCJA was enacted. Among other provisions, the TCJA included a reduction to the federal income tax rate, from 35 percent to 21 percent, effective January 1, 2018.

The effects of the TCJA rate change were included in the cost-of-service calculations for PNM's rates in Case No. 16-00276-UT (the "2016 Rate Case"). This tax rate change resulted in excess deferred income taxes that are being returned to customers over time.

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

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

(1) Regulated excess ADIT that is depreciation-related; and

(2) Regulated excess ADIT that is not depreciation-related.

In summary, the TCJA includes normalization requirements regarding the return of regulated excess ADIT that is depreciation-related. Specifically, the depreciation-related excess ADIT, known as "protected" excess ADIT, may be returned no more rapidly than under the Average Rate Assumption Method ("ARAM").

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

A. PNM is not proposing to make changes to the existing amortization of unprotected excess ADIT in this case.

Q. What is the end of the amortization period of the unprotected excess ADIT?

A. Unprotected excess ADIT will be fully amortized as of December 2027 at which point the benefit will have been fully passed on to customers. Refer to PNM witness Gutierrez for the revenue requirement impact.

XI. INFLATION REDUCTION ACT OF 2022 AND INVESTMENT TAX CREDITS

Q. Are all the potential impacts of the IRA currently known?

A. Although the IRA has been enacted, Treasury Regulations and other guidance have still not been provided for certain IRA provisions. Notably, guidance for the IRA's production credit for nuclear facilities is not complete. Accordingly, the book and

tax implications and ratemaking impacts of that IRA provision cannot be fully known yet. Therefore, no production credit for nuclear facilities is included in the linkage data or the Test Period.

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

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

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

A. While the Company expects a benefit from the production credit for nuclear facilities, the definition of gross receipts for purposes of computing the credit is not clearly defined in statute. The resulting effect is that the benefit cannot reasonably be estimated at this time.

Q. Considering the nuclear production credit is effective for 2027, how is PNM proposing to pass this benefit to customers if it cannot reasonably be estimated at this time?

A. PNM proposes to provide the benefit to customers by passing the credit through a future filing of a tax credits rider for the full amount of the credit earned to date when IRS guidance allowing the credit to be reasonably estimated is released.

Q. How does PNM propose to treat ITC associated with the Sandia BESS, Sunbelt BESS, Sunbelt Solar, and the Distribution Phase II BESS[10] to ensure these ITC benefits are passed on to customers?

A. As a result of tax law changes in the IRA, it is now possible for entities to sell tax credits. This creates an opportunity for PNM to sell credits generated by the Sandia BESS, Sunbelt BESS, Sunbelt Solar, and Distribution Phase II BESS, potentially allowing PNM to provide ITC benefits to customers more rapidly than would otherwise be allowable under normal ratemaking. PNM has modeled the monetization of these ITCs in regulatory liabilities in the Test Period that will then be passed on to customers. The regulatory liability will amortize as a reduction to tax expense. The regulatory liabilities and the tax expense reduction are included in the Test Period revenue requirement contained in PNM Exhibit RNG-3, presented by PNM witness Gutierrez. See PNM Table LTM-1 below.

PNM Table LTM-1

ITC	Earned Amount	Discount/Fee Reduction	Monetized Amount	Timing of Earning	Timing of Monetization
Sandia BESS	32,071,923	87%	27,902,573	26-Nov	26-Dec
Sunbelt BESS	39,638,054	87%	34,485,107	28-May	28-Jun
Sunbelt Solar	51,131,651	87%	44,484,537	28-May	28-Jun
Distribution Phase 2 BESS	27,099,468	87%	23,576,537	27-Nov	27-Dec

[10] "Distribution Phase II BESS" refers to the five 6 MW distribution-sited BESS for which a CCN was authorized in Case No. 25-00055-UT.

Q. Please explain the treatment of the ITC associated with the Sandia BESS.

A. In Case No. 24-00089-UT, PNM agreed to establish a regulatory liability associated with the ITC generated by the Sandia BESS. [11] Consistent with that commitment, PNM has estimated the qualified investment associated with the Sandia BESS, reduced that amount for costs that do not qualify for the ITC, and applied the applicable 30 percent credit rate.

PNM then applied an 87 percent monetization assumption to estimate the net proceeds expected from transferring the credit to a third party. The 87 percent assumption reflects the anticipated discount to the face value of the credit and estimated transaction-related costs.

The resulting estimated proceeds are reflected as a regulatory liability for the benefit of customers. PNM witness Gutierrez presents the regulatory-liability balance, proposed amortization, and resulting reduction to Test Period income-tax expense. PNM Exhibit LTM-4 and the supporting workpapers present the calculation of the Sandia BESS ITC and the estimated amount to be monetized.

Q. How has PNM estimated the earned ITCs and the monetized amount to be passed on to customers?

[11] Case No. 24-00089-UT, *Final Order Approving Unopposed Comprehensive Stipulation*, at Exhibit B, p. 6, ¶ 9(g) (May 15, 2025).

A. PNM estimated the earned ITCs based on estimated qualifying investments and applicable tax credit rates for each eligible project. Similar to treatment of ITCs associated with the Sandia BESS, to estimate the amount ultimately passed on to customers, PNM applied an 87 percent monetization assumption, which, as noted above, reflects the expected discount to the face value of the credits and transaction-related fees associated with selling the credits. The resulting net proceeds represent the estimated value PNM expects to realize from the sale and pass on to customers through the regulatory liabilities reflected in the Test Period.

PNM Exhibit LTM-4 and the supporting workpapers present the calculation of the Sandia BESS ITC, Sunbelt Solar and BESS ITC, and Distribution Phase 2 BESS ITC and the estimated amount to be monetized and passed to customers.

Q. Is PNM applying the same approach to the other ITCs identified in PNM Table LTM-1?

A. Yes. PNM applied the same 87 percent monetization assumption to the Sunbelt BESS, Sunbelt Solar, and Distribution Phase II BESS ITCs. The resulting estimated proceeds are reflected as a regulatory liability for the benefit of customers. PNM witness Gutierrez presents the regulatory-liability balance, proposed amortization, and resulting reduction to Test Period income-tax expense. PNM Exhibit LTM-4 and the supporting workpapers present the calculation of the ITCs and the estimated amount to be monetized.

Q. How did PNM decide to earn the Sunbelt Solar as an ITC rather than a production tax credit ("PTC")?

A. PNM has elected to claim ITC rather than PTC for Sunbelt Solar because the ITC provides a stronger cost-benefit than the PTC; it generates a larger, more immediate benefit that can be monetized and passed on to customers sooner. PNM estimates Sunbelt Solar will realize net monetization ITC proceeds of approximately $44.5 million, while the net present value of the PTC net monetization proceeds is estimated at approximately $34.9 million. From a cost-benefit perspective, the ITC provides an upfront benefit based on the project's eligible investment, while the PTC benefit is realized over time and depends on future energy production. Claiming the ITC reduces timing and production risk and accelerates the value customers receive, making it the more beneficial alternative.

Q. How does PNM selling ITCs benefit customers compared to applying the ITCs to directly reduce the Company's taxes payable?

A. Because PNM is currently in a net operating loss ("NOL") position, the Company does not have any current taxes payable that can be offset with the tax credits the Company has accumulated. As a result, PNM and its customers would normally be required to wait until the Company utilized its NOL and generated enough taxable income to create a tax liability that could be offset by credits in order to utilize the credits. However, given the expected continued investments in plant assets that generate accelerated depreciation deductions, the Company could be in a NOL

position for several years and could continue to be unable to utilize the credits earned.

Q. Describe how the sale of tax credits to an external party or parties could benefit the Company and its customers.

A. Under Section 6418 transferability rules, businesses such as PNM that generate Section 48E credits but do not have enough tax liability to use them can sell the credits to corporate buyers who wish to use the credits to offset their tax liabilities or to fund their quarterly estimated tax payments. Transferability allows PNM to sell such credits directly for cash. Because the cash inflow is tax-free, it represents a low-cost source of capital that reduces the Company's overall revenue requirement, providing a benefit to customers. Due to the Company's investment-grade credit rating, the Company would expect to receive favorable pricing for credits sold.

Q. Are there costs associated with selling tax credits?

A. Yes. As with most transactions, the sale of tax credits involves expenses and fees. Such fees may include the following:

- Consulting on eligibility and compliance with IRA requirements;
- Evaluating the tax credit qualifying property and tax credit calculation;
- Documenting and conducting prevailing wage and apprenticeship due diligence;
- Evaluating beginning of construction and placed-in-service due diligence;

- Evaluating and establishing compliance with Prohibited Foreign Entity requirements and related due diligence and other advisement necessary for tax credit transfer and proper reporting of monetization;
- Legal Expenses for drafting, reviewing, and negotiating documents necessary for the monetization of tax credits. These include the tax credit transfer agreement, purchase agreement, representations and elections, indemnification provisions, and other related closing documents;
- Financial advisor or brokerage fees for identifying potential tax credit purchasers, facilitating negotiations, and coordinating the transfer of the tax credits.

These costs are typical for transactions such as this.

XII. CONCLUSION

Q. Do you have any concluding observations?

A. Yes. Consistent with prior rate case filings before the Commission, ADIT and income tax expense should be calculated on a fully normalized, stand-alone basis

All IRS normalization requirements should be strictly followed, including, but not limited to, those relating to accelerated tax depreciation, NOLs, CIAC, ITCs, and future test periods. This case, as filed, meets these requirements and fairly and accurately calculates both ADIT and income tax expense in the Base, Adjusted Base, and Test Periods.

Additionally, tax effects resulting from the IRA should be passed to customers appropriately and in a timely manner.

Q. Does this conclude your testimony?

A. Yes.

GCG#536204

PNM Exhibit LTM – 1

Statement of Qualifications

Is contained in the following 1 page.

LARRY T. MORRIS, CPA

EDUCATIONAL AND PROFESSIONAL SUMMARY

Employment:

PNMR Services Company:
Director of Tax, 2017-Present
Senior Manager, Tax, 2007-2017

Standard Insurance Company:
Senior Tax Analyst, 2005-2006

Meyners + Company, LLC:
Tax Manager, 2001-2004

Hoffman, Stewart & Schmidt, PC:
Senior Tax Accountant, 1999-2000

Meyners + Company, LLC:
Tax Accountant/Senior Tax Accountant, 1996-1999

Education:

Bachelor of Business Administration, Accounting:
University of New Mexico, 1996

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

Certifications:

Certified Public Accountant
New Mexico, 1999-Present
Oregon (Inactive), 1999-Present

Affiliations:

American Institute of CPAs
Member, 1999-Present
Tax Section, 2017-Present

Edison Electric Institute
Tax Committee, 2017-Present

PNM Exhibit LTM – 2

ADIT Accumulated Deferred Income Tax

Is contained in the following 36 pages.

	A	B	E	H	K
1	**Public Service Company of New Mexico**				
2	**NMPRC Case No. 26-XXXXX-UT**				
3	**PNM Exhibit LTM-2**				
4	**ADIT-1 Schedule H-12**				
5	Hyperlink to Lead Sheet	**30-Jun-25**	**31-Jul-25**	**31-Aug-25**	**30-Sep-25**
6		**Balance**	**Balance**	**Balance**	**Balance**
7					
8	**Accumulated Deferred Income Taxes**				
9					
10	Federal Tax Credit Carryforward	20,385,086	20,482,247	20,577,317	20,641,068
11	Federal Tax Credit Carryforward - Renewables	69,083,272	69,083,272	69,083,272	69,083,272
12	Net Operating Loss (NOL)	29,657,601	23,483,621	17,095,090	11,718,226
13	Incentive Pay Plans	3,715,566	3,715,566	3,715,566	3,905,168
14	Regulatory Assets - Coal Mine Decommissioning	-	-	-	-
15	Regulatory Liabilities - Renewable Rider	1,601,282	1,882,149	2,206,007	2,697,488
16	Income Tax Regulatory Liability	58,627,826	58,177,025	57,613,645	57,042,404
17	Income Tax Regulatory Asset	(65,756,446)	(65,713,593)	(65,669,740)	(65,641,034)
18	Investment Tax Credit 2024	7,393,757	7,393,757	7,393,757	7,393,757
19	Investment Tax Credit - Sandia	-	-	-	-
20	Investment Tax Credit - Sunbelt	-	-	-	-
21	Investment Tax Credit - Distribution Battery Phase 2	-	-	-	-
22	Lease Liability	71,582,279	71,582,279	71,582,279	71,582,279
23	Deferred Credits - Coal Mine Decommissioning	21,272,510	20,946,154	20,691,950	20,104,103
24	Regulatory Assets - ETA Carrying Charges	-	-	-	-
25	Regulatory Assets - ETA Job Training & Severance	-	-	-	-
26	Regulatory Assets - ETA Payments to State Agencies	-	-	-	-
27	Regulatory Assets - ETA SJGS Plant Decommissioning	-	-	-	-
28	Regulatory Assets - ETA SJGS upfront Financing Cost	-	-	-	-
29	Regulatory Assets - ETA Westmoreland Coal Mine Sev	-	-	-	-
30	Deferred Credits - Joint Use	8,299	8,299	8,299	8,299
31	Deferred Credits - Pathnet	1,431,706	1,431,706	1,431,706	1,431,706
32	Deferred Credits - PVNGS Dry Casks	3,698,871	3,753,786	3,817,649	3,886,824
33	Other Deferred Credits	2,772,071	2,820,264	2,869,115	2,984,459
34	Other Liabilities - ETA Job Training and Severance	18,584	18,584	18,584	18,584
35	Other Liabilities - Navajo Workforce Training	25,400	25,400	25,400	25,400
36	Other Liabilities	1,517,763	1,539,432	1,570,407	1,586,300
37	Blackstone Transaction Costs	16	126,852	188,753	235,128
38	Injury and Damages	914,143	939,819	977,529	925,480
39	Plant - AFUDC	(32,081,857)	(32,348,685)	(32,946,736)	(33,628,574)
40	Plant - Capitalized Interest	11,405,613	11,649,783	11,893,953	12,138,124
41	Decommissioning and Reclamation Trusts	(92,343,246)	(93,332,600)	(94,321,953)	(95,311,307)
42	ASC 740-10 (FIN 48) Reclassifications	63,805	63,805	63,805	63,805
43	Estimated Tax Rate Adjustment	(8,219,899)	(3,525,110)	1,587,470	3,451,607
44	PVNGS Licensing	30,368	30,368	30,368	30,368
45	Plant - 263A Adjustment	(59,213,228)	(60,674,545)	(62,135,862)	(63,597,178)
46	Deferred State Taxes	3,946,510	3,946,510	3,946,510	3,946,510
47	Plant - CIAC	20,008,613	20,439,014	20,869,415	21,299,816
48	Plant - Depreciation Nuclear Fuel	7,314,454	7,275,634	7,236,813	7,197,993
49	Plant - Removal Cost	(6,554,623)	(6,439,195)	(6,323,767)	(6,208,339)
50	Plant - Repairs	(93,776,371)	(94,756,541)	(95,736,712)	(96,716,882)
51	Plant - Section 174 Deduction	5,536,775	5,805,841	6,074,907	6,343,973
52	Plant - Asset Retirement Obligation	91,486,675	91,451,759	91,416,843	91,381,927
53	Plant - Pollution Control Property	(2,154,701)	(2,154,701)	(2,154,701)	(2,154,701)
54	Plant - Liberalized Depreciation: Production	(121,172,671)	(121,443,857)	(121,251,440)	(120,771,752)
55	Plant - Liberalized Depreciation: Transmission	(153,625,984)	(153,158,144)	(153,361,687)	(153,213,895)
56	Plant - Liberalized Depreciation: Distribution	(141,060,141)	(142,321,858)	(143,342,520)	(145,146,369)
57	Plant - Liberalized Depreciation: General and Intangible	(10,690,094)	(10,608,964)	(10,564,284)	(10,364,708)
58	Plant - Liberalized Depreciation: Grid Mod	(1,857,935)	(1,874,553)	(1,887,997)	(1,911,756)
59	Plant - Liberalized Depreciation: Renewables	(48,257,380)	(48,360,448)	(48,463,517)	(48,566,585)

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6		**Balance**	**Balance**	**Balance**	**Balance**
7					
8	**Accumulated Deferred Income Taxes**				
60	Plant - Four Corners Imprudence	-	-	-	-
61	Regulatory Assets - SJGS Stranded Costs Units 2&3	(20,062,387)	(19,929,523)	(19,796,660)	(19,663,797)
62	Pension	(62,415,849)	(62,397,031)	(62,378,214)	(62,359,396)
63	Retiree Medical	(9,574,951)	(9,643,811)	(9,712,672)	(9,781,532)
64	Lease Asset	(72,386,872)	(72,386,872)	(72,386,872)	(72,386,872)
65	Loss on Reacquired Debt	(1,091,349)	(1,083,071)	(1,074,792)	(1,066,514)
66	Other Comprehensive Income (OCI)	25,843,094	25,726,794	25,610,494	25,527,518
67	Deferred Credits - SO2 Allowance	-	-	-	-
68	Deferred Debits - Rate Case Expense	(580,164)	(580,164)	(580,164)	(580,164)
69	Deferred Debits - Decoupling	-	-	-	-
70	Deferred Debits - Grid Modernization	(519,105)	(612,905)	(664,466)	(808,719)
71	Deferred Debits - RR Underground Rider	-	-	-	-
72	Energy Storage Agreement	-	-	(47,187)	205,406
73	Energy Transition Charges	1,203,752	1,131,889	1,101,642	1,056,999
74	Prepaid Expenses	(1,005,533)	(875,176)	(733,581)	(594,979)
75	Regulatory Assets - 2024 COVID Bad Debt	-	-	-	-
76	Regulatory Assets - COVID-19 Costs	(669,202)	(660,052)	(623,453)	(600,579)
77	Regulatory Assets - Community Solar	(388,556)	(427,333)	(451,513)	(466,403)
78	Regulatory assets - FAC	(5,571,874)	(6,646,536)	(8,902,813)	(6,597,305)
79	Regulatory Assets - EDAM Costs	-	-	-	-
80	Regulatory Assets - EIM Costs	(3,380,800)	(3,301,252)	(3,221,704)	(3,142,156)
81	Regulatory Assets - Energy Efficiency	15,856	(145,177)	679,155	(348,143)
82	Regulatory Assets - ETA	-	-	-	-
83	Regulatory Assets - FERC 893 Cyber	-	-	-	-
84	Regulatory Assets - IRP	-	-	-	-
85	Regulatory Assets - Sky Blue Under Recovery	-	-	-	-
86	Regulatory Assets - Renewable Energy	(93,106)	(86,836)	(76,837)	(69,353)
87	Regulatory Assets - Renewable Energy Credits	-	-	-	-
88	Regulatory Assets - SJGS External Legal Fees	(118,358)	(117,939)	(117,520)	(117,101)
89	Regulatory Assets - SJGS Final ETA Depcom	(237,965)	(253,803)	(269,055)	(284,562)
90	Regulatory Assets - SJGS Final ETA Mine Rec	(6,384,598)	(6,416,422)	(6,449,622)	(6,526,152)
91	Regulatory Assets - SJGS Replacement Resources	(1,989,679)	(1,982,636)	(1,975,593)	(1,968,550)
92	Regulatory Assets - SJGS Undepreciated Investment	-	-	-	-
93	Regulatory Assets - SJGS Underground Coal Mine	-	-	-	-
94	Regulatory Assets - Solar Direct Regulatory Assets	22,426	23,833	24,536	25,239
95	Regulatory Assets - TOD Rate Pilot Program	(280,892)	(280,892)	(280,892)	(340,582)
96	Regulatory Assets - Transportation Electrification	(1,623,679)	(1,845,877)	(1,943,774)	(1,962,482)
97	Regulatory Assets - WCC Transaction Costs	-	-	-	-
98	Regulatory Liabilities - Energy Efficiency	919,303	935,160	789,982	1,479,829
99	Regulatory Liabilities - FAC	-	-	-	-
100	Regulatory Assets - PCB Refinancing Hedge	(1,928,498)	(1,910,623)	(1,892,749)	(1,874,875)
101	Prepaid Expenses: Production	(646,004)	(569,461)	(474,251)	(385,805)
102	Prepaid Expenses: Transmission	(3,741,907)	(3,444,231)	(3,015,885)	(2,628,338)
103	Prepaid Expenses: Transmission (incremental FERC Rates)	-	-	-	-
104	Prepaid Expenses: Distribution	(187,432)	(175,403)	(151,458)	(134,135)
105	Prepaid Expenses: Renewables	-	-	-	-
106	Regulatory Assets - 2024 Rate Change	(869,254)	(848,801)	(828,348)	(807,895)
107	Regulatory Assets - 2025 Rate Change	-	(503,872)	(495,332)	(486,792)
108	Regulatory Assets - SJGS Obsolete Inventory	(1,505,591)	(1,500,262)	(1,494,932)	(1,489,603)
109	Regulatory Liabilities - Earnings Test	-	-	-	-
110	Regulatory Assets - PVNGS Lease costs	-	-	-	-

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6		**Balance**	**Balance**	**Balance**	**Balance**
7					
8	**Accumulated Deferred Income Taxes**				
111	Regulatory Assets - PVNGS Undepreciated Investment	(20,524,263)	(20,432,017)	(20,339,772)	(20,247,527)
112	Regulatory Assets - ETC Over/Under SPE	-	-	-	-
113	Regulatory Assets - PVNGS Replacement Resources	(488,126)	(485,932)	(483,738)	(481,544)
114	Regulatory Assets - Rate Rider 12 UG Rate	(671,345)	(625,892)	(580,452)	(534,874)
115	Regulatory Assets - Renewable Rider Curr Reg	-	-	-	-
116	Regulatory Assets - SJ Energy Transition Property (SPE)	(84,495,472)	(84,349,522)	(84,201,482)	(84,051,350)
117	Regulatory Liabilities - Curr Reg Liab-UG Rate Rider 12	-	-	-	-
118	Regulatory Liabilities - ITC Sandia	-	-	-	-
119	Regulatory Liabilities - ITC Sunbelt	-	-	-	-
120	Regulatory Liabilities - ITC - Distribution Battery Phase 2	-	-	-	-
121	Regulatory Liabilities - Energy Transition Cost True Up	308,669	308,512	307,398	306,285
122	Regulatory Liabilities - SJGS Retirements Rate Credit	20,129	20,296	20,256	19,792
123	Regulatory Liabilities - PVNGS Lease Costs	3,310,100	2,872,660	2,430,713	1,991,589
124	Deferred Debits - WS-Transmission Revenue	(8,132,577)	(8,132,577)	(8,132,577)	(8,132,577)
125	Customer Advance	-	-	-	-
126	Deferred Credits - ETA	-	-	-	-
127	Other Liabilities - ETA Coal Mine Severance	-	-	-	-
128	Other Liabilities - ETA State Agency Payments	-	-	-	-
129	SJGS County Ordinance Decommission	-	-	-	-
130					
131					
132	**Total Accumulated Deferred Income Taxes**	(683,187,789)	(690,272,626)	(696,988,692)	(702,417,010)
133					
134	General Ledger ADIT Balance	(683,187,789)	(690,272,627)	(696,988,692)	(702,417,010)
135					
136	Difference (Rounding)	0	0	0	0

	A	N	Q	T	W
1	**Public Service Company of New Mexico**				
2	**NMPRC Case No. 26-XXXXX-UT**				
3	**PNM Exhibit LTM-2**				
4	**ADIT-1 Schedule H-12**				
5	Hyperlink to Lead Sheet	**31-Oct-25**	**30-Nov-25**	**31-Dec-25**	**31-Jan-26**
6		**Balance**	**Balance**	**Balance**	**Balance**
7					
8	**Accumulated Deferred Income Taxes**				
9					
10	Federal Tax Credit Carryforward	20,731,066	20,980,118	21,244,328	21,244,328
11	Federal Tax Credit Carryforward - Renewables	69,083,272	69,083,272	69,276,999	69,276,999
12	Net Operating Loss (NOL)	16,112,206	25,876,726	36,237,810	35,566,727
13	Incentive Pay Plans	3,905,168	4,043,058	2,772,539	2,772,539
14	Regulatory Assets - Coal Mine Decommissioning	-	-	-	-
15	Regulatory Liabilities - Renewable Rider	2,594,441	2,363,316	2,007,317	2,007,317
16	Income Tax Regulatory Liability	56,383,297	55,781,918	54,549,446	54,549,446
17	Income Tax Regulatory Asset	(65,609,183)	(65,575,571)	(65,683,148)	(65,683,148)
18	Investment Tax Credit 2024	7,393,757	7,393,757	7,393,757	7,393,757
19	Investment Tax Credit - Sandia	-	-	-	-
20	Investment Tax Credit - Sunbelt	-	-	-	-
21	Investment Tax Credit - Distribution Battery Phase 2	-	-	-	-
22	Lease Liability	71,582,279	71,582,279	83,925,072	83,925,072
23	Deferred Credits - Coal Mine Decommissioning	19,723,282	19,494,679	19,284,557	19,284,557
24	Regulatory Assets - ETA Carrying Charges	-	-	-	-
25	Regulatory Assets - ETA Job Training & Severance	-	-	-	-
26	Regulatory Assets - ETA Payments to State Agencies	-	-	-	-
27	Regulatory Assets - ETA SJGS Plant Decommissioning	-	-	-	-
28	Regulatory Assets - ETA SJGS upfront Financing Cost	-	-	-	-
29	Regulatory Assets - ETA Westmoreland Coal Mine Sev	-	-	-	-
30	Deferred Credits - Joint Use	8,299	8,299	11,140	11,140
31	Deferred Credits - Pathnet	1,431,706	1,431,706	1,408,444	1,408,444
32	Deferred Credits - PVNGS Dry Casks	3,906,805	3,864,531	3,925,165	3,925,165
33	Other Deferred Credits	3,046,815	3,110,510	3,018,373	3,018,373
34	Other Liabilities - ETA Job Training and Severance	18,584	19,252	19,252	19,252
35	Other Liabilities - Navajo Workforce Training	25,400	25,400	25,400	25,400
36	Other Liabilities	1,659,412	1,680,324	1,455,054	1,455,054
37	Blackstone Transaction Costs	363,503	375,469	406,942	406,942
38	Injury and Damages	934,151	954,809	958,715	958,715
39	Plant - AFUDC	(34,261,258)	(34,741,363)	(35,359,802)	(35,359,802)
40	Plant - Capitalized Interest	12,382,294	14,007,541	15,480,950	15,480,950
41	Decommissioning and Reclamation Trusts	(96,999,662)	(97,695,108)	(96,795,583)	(96,795,583)
42	ASC 740-10 (FIN 48) Reclassifications	63,805	63,805	62,829	62,829
43	Estimated Tax Rate Adjustment	1,101,652	(906,538)	-	-
44	PVNGS Licensing	30,368	30,368	16,871	16,871
45	Plant - 263A Adjustment	(65,058,495)	(73,356,179)	(72,479,493)	(72,479,493)
46	Deferred State Taxes	3,946,510	3,946,510	3,272,378	3,272,378
47	Plant - CIAC	21,730,217	21,943,209	23,405,524	23,405,524
48	Plant - Depreciation Nuclear Fuel	7,159,172	6,900,624	8,150,938	8,150,938
49	Plant - Removal Cost	(6,092,911)	(5,977,483)	(5,322,916)	(5,322,916)
50	Plant - Repairs	(97,697,052)	(108,708,424)	(135,687,055)	(135,687,055)
51	Plant - Section 174 Deduction	6,613,039	7,099,124	6,386,287	6,386,287
52	Plant - Asset Retirement Obligation	91,347,011	97,455,819	105,024,699	105,024,699
53	Plant - Pollution Control Property	(2,154,701)	(2,154,701)	(2,154,701)	(2,154,701)
54	Plant - Liberalized Depreciation: Production	(117,771,794)	(117,200,373)	(116,689,765)	(116,780,863)
55	Plant - Liberalized Depreciation: Transmission	(158,481,591)	(157,998,415)	(154,963,433)	(155,311,106)
56	Plant - Liberalized Depreciation: Distribution	(144,099,291)	(144,910,619)	(150,513,230)	(151,958,000)
57	Plant - Liberalized Depreciation: General and Intangible	(10,158,391)	(10,100,748)	(10,099,192)	(10,103,869)
58	Plant - Liberalized Depreciation: Grid Mod	(1,897,964)	(1,908,651)	(1,982,444)	(2,001,473)
59	Plant - Liberalized Depreciation: Renewables	(48,669,654)	(48,772,722)	(50,795,694)	(48,888,447)

	A	N	Q	T	W
1	**Public Service Company of New Mexico**				
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3	**PNM Exhibit LTM-2**				
4	**ADIT-1 Schedule H-12**				
5	Hyperlink to Lead Sheet	**31-Oct-25**	**30-Nov-25**	**31-Dec-25**	**31-Jan-26**
6		**Balance**	**Balance**	**Balance**	**Balance**
7					
8	**Accumulated Deferred Income Taxes**				
60	Plant - Four Corners Imprudence	-	-	-	-
61	Regulatory Assets - SJGS Stranded Costs Units 2&3	(19,530,933)	(19,398,070)	(19,265,207)	(19,265,207)
62	Pension	(62,340,579)	(62,321,761)	(46,646,981)	(46,646,981)
63	Retiree Medical	(9,850,392)	(9,919,252)	(10,229,228)	(10,229,228)
64	Lease Asset	(72,386,872)	(72,386,872)	(84,635,812)	(84,635,812)
65	Loss on Reacquired Debt	(1,058,236)	(1,049,957)	(1,041,679)	(1,041,679)
66	Other Comprehensive Income (OCI)	25,411,219	25,294,919	9,557,567	9,441,757
67	Deferred Credits - SO2 Allowance	-	0	-	-
68	Deferred Debits - Rate Case Expense	(580,164)	(580,164)	(93,145)	(93,145)
69	Deferred Debits - Decoupling	-	-	-	-
70	Deferred Debits - Grid Modernization	(924,749)	(1,060,854)	(1,438,157)	(1,438,157)
71	Deferred Debits - RR Underground Rider	-	-	-	-
72	Energy Storage Agreement	473,677	628,504	395,286	395,286
73	Energy Transition Charges	983,432	808,720	764,296	764,296
74	Prepaid Expenses	(711,283)	(572,984)	(974,949)	(974,949)
75	Regulatory Assets - 2024 COVID Bad Debt	-	-	-	-
76	Regulatory Assets - COVID-19 Costs	(577,705)	(554,831)	(531,957)	(531,957)
77	Regulatory Assets - Community Solar	(481,116)	(504,312)	(531,871)	(531,871)
78	Regulatory assets - FAC	(4,157,439)	(2,548,642)	(517,852)	(517,852)
79	Regulatory Assets - EDAM Costs	-	(26,403)	(90,242)	(90,242)
80	Regulatory Assets - EIM Costs	(3,062,607)	(2,983,059)	(2,903,511)	(2,903,511)
81	Regulatory Assets - Energy Efficiency	121,276	185,357	-	-
82	Regulatory Assets - ETA	-	-	-	-
83	Regulatory Assets - FERC 893 Cyber	-	-	-	-
84	Regulatory Assets - IRP	-	-	-	-
85	Regulatory Assets - Sky Blue Under Recovery	-	-	-	-
86	Regulatory Assets - Renewable Energy	(59,519)	(50,145)	(40,294)	(40,294)
87	Regulatory Assets - Renewable Energy Credits	-	-	-	-
88	Regulatory Assets - SJGS External Legal Fees	(116,682)	(116,263)	(115,844)	(115,844)
89	Regulatory Assets - SJGS Final ETA Depcom	(300,984)	(316,993)	(332,722)	(332,722)
90	Regulatory Assets - SJGS Final ETA Mine Rec	(6,569,452)	(6,616,011)	(6,636,299)	(6,636,299)
91	Regulatory Assets - SJGS Replacement Resources	(1,961,507)	(1,954,464)	(1,947,420)	(1,947,420)
92	Regulatory Assets - SJGS Undepreciated Investment	-	-	-	-
93	Regulatory Assets - SJGS Underground Coal Mine	-	-	-	-
94	Regulatory Assets - Solar Direct Regulatory Assets	25,942	26,646	24,865	24,865
95	Regulatory Assets - TOD Rate Pilot Program	(340,582)	(340,582)	(484,816)	(484,816)
96	Regulatory Assets - Transportation Electrification	(2,039,964)	(2,273,234)	(2,951,469)	(2,951,469)
97	Regulatory Assets - WCC Transaction Costs	-	-	-	-
98	Regulatory Liabilities - Energy Efficiency	1,131,686	1,252,962	232,551	232,551
99	Regulatory Liabilities - FAC	-	-	-	-
100	Regulatory Assets - PCB Refinancing Hedge	(1,857,001)	(1,839,126)	(1,821,252)	(1,821,252)
101	Prepaid Expenses: Production	(672,958)	(586,616)	(494,959)	(494,959)
102	Prepaid Expenses: Transmission	(2,398,443)	(1,973,410)	(1,546,059)	(1,546,059)
103	Prepaid Expenses: Transmission (incremental FERC Rates)	-	-	-	-
104	Prepaid Expenses: Distribution	(150,422)	(165,871)	(127,886)	(127,886)
105	Prepaid Expenses: Renewables	-	-	-	-
106	Regulatory Assets - 2024 Rate Change	(787,442)	(766,989)	(746,536)	(746,536)
107	Regulatory Assets - 2025 Rate Change	(478,252)	(469,712)	(461,171)	(461,171)
108	Regulatory Assets - SJGS Obsolete Inventory	(1,484,273)	(1,478,944)	(1,473,614)	(1,473,614)
109	Regulatory Liabilities - Earnings Test	-	-	-	-
110	Regulatory Assets - PVNGS Lease costs	-	-	-	-

This schedule sponsored by PNM witness Morris

	A	N	Q	T	W
1	**Public Service Company of New Mexico**				
2	**NMPRC Case No. 26-XXXXX-UT**				
3	**PNM Exhibit LTM-2**				
4	**ADIT-1 Schedule H-12**				
5	Hyperlink to Lead Sheet	**31-Oct-25**	**30-Nov-25**	**31-Dec-25**	**31-Jan-26**
6		**Balance**	**Balance**	**Balance**	**Balance**
7					
8	**Accumulated Deferred Income Taxes**				
111	Regulatory Assets - PVNGS Undepreciated Investment	(20,155,281)	(20,063,036)	(19,970,791)	(19,970,791)
112	Regulatory Assets - ETC Over/Under SPE	-	-	-	-
113	Regulatory Assets - PVNGS Replacement Resources	(479,351)	(477,157)	(474,963)	(474,963)
114	Regulatory Assets - Rate Rider 12 UG Rate	(489,370)	(443,644)	(397,983)	(397,983)
115	Regulatory Assets - Renewable Rider Curr Reg	-	-	-	-
116	Regulatory Assets - SJ Energy Transition Property (SPE)	(83,901,218)	(83,751,086)	(83,600,954)	(83,600,954)
117	Regulatory Liabilities - Curr Reg Liab-UG Rate Rider 12	-	-	-	-
118	Regulatory Liabilities - ITC Sandia	-	-	-	-
119	Regulatory Liabilities - ITC Sunbelt	-	-	-	-
120	Regulatory Liabilities - ITC - Distribution Battery Phase 2	-	-	-	-
121	Regulatory Liabilities - Energy Transition Cost True Up	305,171	304,057	90,306	90,306
122	Regulatory Liabilities - SJGS Retirements Rate Credit	19,771	19,851	19,861	19,861
123	Regulatory Liabilities - PVNGS Lease Costs	1,580,607	1,189,681	794,276	794,276
124	Deferred Debits - WS-Transmission Revenue	(8,132,577)	(8,132,577)	(10,593,325)	(10,593,325)
125	Customer Advance	-	-	-	-
126	Deferred Credits - ETA	-	-	-	-
127	Other Liabilities - ETA Coal Mine Severance	-	-	-	-
128	Other Liabilities - ETA State Agency Payments	-	-	-	-
129	SJGS County Ordinance Decommission	-	-	-	-
130					
131					
132	**Total Accumulated Deferred Income Taxes**	(703,659,009)	(706,502,794)	(720,045,609)	(720,832,503)
133					
134	General Ledger ADIT Balance	(703,659,009)	(706,502,794)	(720,045,610)	(720,832,503)
135					
136	Difference (Rounding)	0	0	0	0

	A	Z	AC	AF	AI
1	**Public Service Company of New Mexico**				
2	**NMPRC Case No. 26-XXXXX-UT**				
3	**PNM Exhibit LTM-2**				
4	**ADIT-1 Schedule H-12**				
5	Hyperlink to Lead Sheet	**28-Feb-26**	**31-Mar-26**	**30-Apr-26**	**31-May-26**
6		**Balance**	**Balance**	**Balance**	**Balance**
7					
8	**Accumulated Deferred Income Taxes**				
9					
10	Federal Tax Credit Carryforward	21,244,328	21,493,397	21,597,670	21,683,978
11	Federal Tax Credit Carryforward - Renewables	69,276,999	69,276,999	69,276,999	69,276,999
12	Net Operating Loss (NOL)	36,281,114	45,599,530	52,958,160	55,299,282
13	Incentive Pay Plans	2,772,539	2,979,466	2,979,466	3,035,675
14	Regulatory Assets - Coal Mine Decommissioning	-	-	-	-
15	Regulatory Liabilities - Renewable Rider	2,007,317	1,665,534	1,583,119	1,657,763
16	Income Tax Regulatory Liability	54,549,446	52,818,731	52,342,697	51,791,070
17	Income Tax Regulatory Asset	(65,683,148)	(65,606,522)	(65,574,202)	(65,545,998)
18	Investment Tax Credit 2024	7,393,757	7,393,757	7,393,757	7,393,757
19	Investment Tax Credit - Sandia	-	-	-	-
20	Investment Tax Credit - Sunbelt	-	-	-	-
21	Investment Tax Credit - Distribution Battery Phase 2	-	-	-	-
22	Lease Liability	83,925,072	69,317,289	67,546,784	67,333,406
23	Deferred Credits - Coal Mine Decommissioning	19,284,557	18,496,710	18,114,451	17,855,305
24	Regulatory Assets - ETA Carrying Charges	-	-	-	-
25	Regulatory Assets - ETA Job Training & Severance	-	-	-	-
26	Regulatory Assets - ETA Payments to State Agencies	-	-	-	-
27	Regulatory Assets - ETA SJGS Plant Decommissioning	-	-	-	-
28	Regulatory Assets - ETA SJGS upfront Financing Cost	-	-	-	-
29	Regulatory Assets - ETA Westmoreland Coal Mine Sev	-	-	-	-
30	Deferred Credits - Joint Use	11,140	11,140	11,140	11,140
31	Deferred Credits - Pathnet	1,408,444	1,408,444	1,408,444	1,408,444
32	Deferred Credits - PVNGS Dry Casks	3,925,165	4,026,283	4,068,513	4,099,598
33	Other Deferred Credits	3,018,373	2,940,508	2,871,959	2,803,065
34	Other Liabilities - ETA Job Training and Severance	19,252	19,252	19,252	19,252
35	Other Liabilities - Navajo Workforce Training	25,400	25,400	25,400	25,400
36	Other Liabilities	1,455,054	1,192,513	1,337,125	1,444,164
37	Blackstone Transaction Costs	406,942	663,468	746,991	801,082
38	Injury and Damages	958,715	968,173	1,008,015	1,042,024
39	Plant - AFUDC	(35,359,802)	(37,425,588)	(37,901,793)	(38,569,567)
40	Plant - Capitalized Interest	15,480,950	16,544,199	16,898,615	17,253,031
41	Decommissioning and Reclamation Trusts	(96,795,583)	(95,310,541)	(94,815,527)	(94,320,513)
42	ASC 740-10 (FIN 48) Reclassifications	62,829	62,829	62,829	62,829
43	Estimated Tax Rate Adjustment	-	(9,365,868)	(12,655,422)	(14,371,311)
44	PVNGS Licensing	16,871	16,871	16,871	16,871
45	Plant - 263A Adjustment	(72,479,493)	(76,278,943)	(77,545,426)	(78,811,909)
46	Deferred State Taxes	3,272,378	3,272,378	3,272,378	3,272,378
47	Plant - CIAC	23,405,524	24,954,705	25,471,099	25,987,493
48	Plant - Depreciation Nuclear Fuel	8,150,938	8,356,760	8,425,367	8,493,975
49	Plant - Removal Cost	(5,322,916)	(4,884,607)	(4,738,504)	(4,592,402)
50	Plant - Repairs	(135,687,055)	(145,127,181)	(148,273,890)	(151,420,599)
51	Plant - Section 174 Deduction	6,386,287	6,948,009	7,135,250	7,322,491
52	Plant - Asset Retirement Obligation	105,024,699	106,802,751	107,395,435	107,988,119
53	Plant - Pollution Control Property	(2,154,701)	(2,154,701)	(2,154,701)	(2,154,701)
54	Plant - Liberalized Depreciation: Production	(117,006,740)	(116,803,939)	(116,481,046)	(116,385,599)
55	Plant - Liberalized Depreciation: Transmission	(154,565,667)	(154,415,750)	(153,963,435)	(153,662,951)
56	Plant - Liberalized Depreciation: Distribution	(152,084,454)	(153,120,939)	(154,226,096)	(154,952,771)
57	Plant - Liberalized Depreciation: General and Intangible	(10,399,497)	(10,655,217)	(10,564,548)	(10,478,069)
58	Plant - Liberalized Depreciation: Grid Mod	(2,003,139)	(2,016,790)	(2,031,347)	(2,040,918)
59	Plant - Liberalized Depreciation: Renewables	(48,984,262)	(49,080,077)	(49,175,892)	(49,271,707)

	A	Z	AC	AF	AI
1	**Public Service Company of New Mexico**				
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5	Hyperlink to Lead Sheet	**28-Feb-26**	**31-Mar-26**	**30-Apr-26**	**31-May-26**
6		**Balance**	**Balance**	**Balance**	**Balance**
7					
8	**Accumulated Deferred Income Taxes**				
60	Plant - Four Corners Imprudence	-	-	-	-
61	Regulatory Assets - SJGS Stranded Costs Units 2&3	(19,265,207)	(18,866,616)	(18,733,753)	(18,600,890)
62	Pension	(46,646,981)	(46,408,351)	(46,328,807)	(46,249,263)
63	Retiree Medical	(10,229,228)	(10,496,088)	(10,585,041)	(10,673,994)
64	Lease Asset	(84,635,812)	(70,028,029)	(69,387,613)	(69,019,719)
65	Loss on Reacquired Debt	(1,041,679)	(1,016,844)	(1,008,565)	(1,000,287)
66	Other Comprehensive Income (OCI)	9,390,374	9,378,163	9,328,177	9,278,190
67	Deferred Credits - SO2 Allowance	-	-	-	-
68	Deferred Debits - Rate Case Expense	(93,145)	(93,145)	(93,145)	(93,145)
69	Deferred Debits - Decoupling	-	-	-	-
70	Deferred Debits - Grid Modernization	(1,438,157)	(2,011,641)	(2,677,000)	(2,776,960)
71	Deferred Debits - RR Underground Rider	-	-	-	-
72	Energy Storage Agreement	395,286	2,335,762	2,230,948	2,136,405
73	Energy Transition Charges	764,296	621,828	559,003	520,326
74	Prepaid Expenses	(974,949)	(616,211)	(1,361,622)	(1,192,190)
75	Regulatory Assets - 2024 COVID Bad Debt	-	-	-	-
76	Regulatory Assets - COVID-19 Costs	(531,957)	(463,334)	(440,460)	(417,586)
77	Regulatory Assets - Community Solar	(531,871)	(685,554)	(761,586)	(839,090)
78	Regulatory assets - FAC	(517,852)	1,637,403	283,738	284,935
79	Regulatory Assets - EDAM Costs	(90,242)	(153,730)	(189,936)	(189,936)
80	Regulatory Assets - EIM Costs	(2,903,511)	(2,664,866)	(2,585,318)	(2,505,770)
81	Regulatory Assets - Energy Efficiency	-	239,116	(269,749)	(250,251)
82	Regulatory Assets - ETA	-	-	-	-
83	Regulatory Assets - FERC 893 Cyber	-	-	-	-
84	Regulatory Assets - IRP	-	-	-	(42,510)
85	Regulatory Assets - Sky Blue Under Recovery	-	-	-	-
86	Regulatory Assets - Renewable Energy	(40,294)	(38,233)	(42,301)	(44,404)
87	Regulatory Assets - Renewable Energy Credits	-	-	-	(78,530)
88	Regulatory Assets - SJGS External Legal Fees	(115,844)	(114,587)	(114,168)	(113,749)
89	Regulatory Assets - SJGS Final ETA Depcom	(332,722)	(631,483)	(638,712)	(653,514)
90	Regulatory Assets - SJGS Final ETA Mine Rec	(6,636,299)	(6,712,651)	(6,752,321)	(6,792,660)
91	Regulatory Assets - SJGS Replacement Resources	(1,947,420)	(1,926,291)	(1,919,248)	(1,912,205)
92	Regulatory Assets - SJGS Undepreciated Investment	-	-	-	-
93	Regulatory Assets - SJGS Underground Coal Mine	-	-	-	-
94	Regulatory Assets - Solar Direct Regulatory Assets	24,865	24,865	24,865	24,865
95	Regulatory Assets - TOD Rate Pilot Program	(484,816)	(596,512)	(635,304)	(674,095)
96	Regulatory Assets - Transportation Electrification	(2,951,469)	(2,646,888)	(2,658,224)	(2,811,931)
97	Regulatory Assets - WCC Transaction Costs	-	-	-	-
98	Regulatory Liabilities - Energy Efficiency	232,551	254,915	623,083	482,387
99	Regulatory Liabilities - FAC	-	-	1,637,403	1,677,003
100	Regulatory Assets - PCB Refinancing Hedge	(1,821,252)	(1,767,629)	(1,749,755)	(1,731,880)
101	Prepaid Expenses: Production	(494,959)	(418,536)	(336,464)	(369,858)
102	Prepaid Expenses: Transmission	(1,546,059)	(331,102)	(329,721)	(176,823)
103	Prepaid Expenses: Transmission (incremental FERC Rates)	-	-	-	-
104	Prepaid Expenses: Distribution	(127,886)	(104,524)	(117,433)	(114,669)
105	Prepaid Expenses: Renewables	-	-	-	-
106	Regulatory Assets - 2024 Rate Change	(746,536)	(685,177)	(664,724)	(644,271)
107	Regulatory Assets - 2025 Rate Change	(461,171)	(435,551)	(427,011)	(418,470)
108	Regulatory Assets - SJGS Obsolete Inventory	(1,473,614)	(1,457,626)	(1,452,296)	(1,446,966)
109	Regulatory Liabilities - Earnings Test	-	-	-	-
110	Regulatory Assets - PVNGS Lease costs	-	-	(10,475)	(7,337)

	A	Z	AC	AF	AI
1	**Public Service Company of New Mexico**				
2	**NMPRC Case No. 26-XXXXX-UT**				
3	**PNM Exhibit LTM-2**				
4	**ADIT-1 Schedule H-12**				
5	Hyperlink to Lead Sheet	**28-Feb-26**	**31-Mar-26**	**30-Apr-26**	**31-May-26**
6		**Balance**	**Balance**	**Balance**	**Balance**
7					
8	**Accumulated Deferred Income Taxes**				
111	Regulatory Assets - PVNGS Undepreciated Investment	(19,970,791)	(19,694,055)	(19,601,810)	(19,509,565)
112	Regulatory Assets - ETC Over/Under SPE	-	-	-	-
113	Regulatory Assets - PVNGS Replacement Resources	(474,963)	(468,381)	(466,188)	(463,994)
114	Regulatory Assets - Rate Rider 12 UG Rate	(397,983)	(260,572)	(214,844)	(168,936)
115	Regulatory Assets - Renewable Rider Curr Reg	-	(608,965)	(1,065,371)	(1,576,355)
116	Regulatory Assets - SJ Energy Transition Property (SPE)	(83,600,954)	(83,144,107)	(82,989,674)	(82,835,242)
117	Regulatory Liabilities - Curr Reg Liab-UG Rate Rider 12	-	-	-	-
118	Regulatory Liabilities - ITC Sandia	-	-	-	-
119	Regulatory Liabilities - ITC Sunbelt	-	-	-	-
120	Regulatory Liabilities - ITC - Distribution Battery Phase 2	-	-	-	-
121	Regulatory Liabilities - Energy Transition Cost True Up	90,306	299,602	298,488	297,375
122	Regulatory Liabilities - SJGS Retirements Rate Credit	19,861	18,264	18,266	25,325
123	Regulatory Liabilities - PVNGS Lease Costs	794,276	(16,677)	(0)	(0)
124	Deferred Debits - WS-Transmission Revenue	(10,593,325)	(10,593,325)	(10,593,325)	(10,593,325)
125	Customer Advance	-	-	-	-
126	Deferred Credits - ETA	-	-	-	-
127	Other Liabilities - ETA Coal Mine Severance	-	-	-	-
128	Other Liabilities - ETA State Agency Payments	-	-	-	-
129	SJGS County Ordinance Decommission	-	-	-	-
130					
131					
132	**Total Accumulated Deferred Income Taxes**	(720,169,499)	(726,338,929)	(728,332,032)	(731,463,979)
133					
134	General Ledger ADIT Balance	(720,169,499)	(726,338,929)	(728,332,033)	(731,463,979)
135					
136	Difference (Rounding)	0	0	0	0

	A	AL	AM	AN	AO
1	**Public Service Company of New Mexico**				
2	**NMPRC Case No. 26-XXXXX-UT**				
3	**PNM Exhibit LTM-2**				
4	**ADIT-1 Schedule H-12**		**Model**	**Unadjusted**	**Base**
5	Hyperlink to Lead Sheet	**30-Jun-26**	**Driven**	**Base Period**	**Period**
6		**Balance**	**Calculations**	**Balance**	**Adjustments**
7					
8	**Accumulated Deferred Income Taxes**				
9					
10	Federal Tax Credit Carryforward	21,743,653	-	21,743,653	-
11	Federal Tax Credit Carryforward - Renewables	69,276,999	-	69,276,999	(69,276,999)
12	Net Operating Loss (NOL)	52,410,431	-	52,410,431	1,004,907
13	Incentive Pay Plans	2,713,620	-	2,713,620	(2,713,620)
14	Regulatory Assets - Coal Mine Decommissioning	-	-	-	-
15	Regulatory Liabilities - Renewable Rider	1,653,877	-	1,653,877	(1,653,877)
16	Income Tax Regulatory Liability	51,232,450	-	51,232,450	(1,114,188)
17	Income Tax Regulatory Asset	(65,518,006)	-	(65,518,006)	-
18	Investment Tax Credit 2024	7,393,757	-	7,393,757	-
19	Investment Tax Credit - Sandia	-	-	-	-
20	Investment Tax Credit - Sunbelt	-	-	-	-
21	Investment Tax Credit - Distribution Battery Phase 2	-	-	-	-
22	Lease Liability	67,294,550	-	67,294,550	(67,294,550)
23	Deferred Credits - Coal Mine Decommissioning	17,578,714	-	17,578,714	(17,578,714)
24	Regulatory Assets - ETA Carrying Charges	-	-	-	-
25	Regulatory Assets - ETA Job Training & Severance	-	-	-	-
26	Regulatory Assets - ETA Payments to State Agencies	-	-	-	-
27	Regulatory Assets - ETA SJGS Plant Decommissioning	-	-	-	-
28	Regulatory Assets - ETA SJGS upfront Financing Cost	-	-	-	-
29	Regulatory Assets - ETA Westmoreland Coal Mine Sev	-	-	-	-
30	Deferred Credits - Joint Use	11,140	148,575	159,715	-
31	Deferred Credits - Pathnet	1,408,444	(9,896)	1,398,548	-
32	Deferred Credits - PVNGS Dry Casks	4,158,800	-	4,158,800	(4,158,800)
33	Other Deferred Credits	2,843,364	-	2,843,364	(2,843,364)
34	Other Liabilities - ETA Job Training and Severance	19,252	-	19,252	(19,252)
35	Other Liabilities - Navajo Workforce Training	25,400	-	25,400	(25,400)
36	Other Liabilities	1,494,411	-	1,494,411	(1,494,411)
37	Blackstone Transaction Costs	934,297	-	934,297	(934,297)
38	Injury and Damages	1,129,544	928,637	2,058,181	-
39	Plant - AFUDC	(39,194,820)	-	(39,194,820)	-
40	Plant - Capitalized Interest	17,607,447	-	17,607,447	-
41	Decommissioning and Reclamation Trusts	(101,807,112)	-	(101,807,112)	101,807,112
42	ASC 740-10 (FIN 48) Reclassifications	62,829	-	62,829	(62,829)
43	Estimated Tax Rate Adjustment	(8,829,313)	-	(8,829,313)	8,829,313
44	PVNGS Licensing	16,871	-	16,871	-
45	Plant - 263A Adjustment	(80,078,392)	-	(80,078,392)	-
46	Deferred State Taxes	3,272,378	-	3,272,378	(3,272,378)
47	Plant - CIAC	26,503,887	-	26,503,887	-
48	Plant - Depreciation Nuclear Fuel	8,562,582	-	8,562,582	-
49	Plant - Removal Cost	(4,446,299)	-	(4,446,299)	-
50	Plant - Repairs	(154,567,308)	-	(154,567,308)	-
51	Plant - Section 174 Deduction	7,509,732	-	7,509,732	-
52	Plant - Asset Retirement Obligation	108,580,803	(47,129,483)	61,451,319	(51,869,271)
53	Plant - Pollution Control Property	(2,154,701)	-	(2,154,701)	-
54	Plant - Liberalized Depreciation: Production	(113,158,705)	-	(113,158,705)	(47,621,553)
55	Plant - Liberalized Depreciation: Transmission	(149,462,221)	-	(149,462,221)	(587,254)
56	Plant - Liberalized Depreciation: Distribution	(152,065,044)	-	(152,065,044)	(3,742,315)
57	Plant - Liberalized Depreciation: General and Intangible	(21,085,291)	-	(21,085,291)	-
58	Plant - Liberalized Depreciation: Grid Mod	(2,002,883)	-	(2,002,883)	-
59	Plant - Liberalized Depreciation: Renewables	(49,367,522)	-	(49,367,522)	-

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	A	AL	AM	AN	AO
1	**Public Service Company of New Mexico**				
2	**NMPRC Case No. 26-XXXXX-UT**				
3	**PNM Exhibit LTM-2**				
4	**ADIT-1 Schedule H-12**		**Model**	**Unadjusted**	**Base**
5	Hyperlink to Lead Sheet	**30-Jun-26**	**Driven**	**Base Period**	**Period**
6		**Balance**	**Calculations**	**Balance**	**Adjustments**
7					
8	**Accumulated Deferred Income Taxes**				
60	Plant - Four Corners Imprudence	-	-	-	-
61	Regulatory Assets - SJGS Stranded Costs Units 2&3	(18,468,026)	218	(18,467,808)	-
62	Pension	(46,169,720)	8,227,066	(37,942,654)	-
63	Retiree Medical	(10,762,947)	-	(10,762,947)	10,762,947
64	Lease Asset	(68,829,053)	-	(68,829,053)	68,829,053
65	Loss on Reacquired Debt	(992,009)	656	(991,352)	-
66	Other Comprehensive Income (OCI)	9,238,342	-	9,238,342	(9,238,342)
67	Deferred Credits - SO2 Allowance	-	-	-	-
68	Deferred Debits - Rate Case Expense	(93,145)	93,145	-	-
69	Deferred Debits - Decoupling	-	-	-	-
70	Deferred Debits - Grid Modernization	(2,703,330)	-	(2,703,330)	2,703,330
71	Deferred Debits - RR Underground Rider	-	-	-	-
72	Energy Storage Agreement	1,883,635	(22)	1,883,613	-
73	Energy Transition Charges	476,924	-	476,924	(476,924)
74	Prepaid Expenses	(1,168,330)	-	(1,168,330)	-
75	Regulatory Assets - 2024 COVID Bad Debt	-	-	-	-
76	Regulatory Assets - COVID-19 Costs	(394,712)	5	(394,707)	-
77	Regulatory Assets - Community Solar	(902,762)	6	(902,756)	-
78	Regulatory assets - FAC	362,784	-	362,784	(362,784)
79	Regulatory Assets - EDAM Costs	(189,936)	2	(189,934)	-
80	Regulatory Assets - EIM Costs	(2,426,221)	29	(2,426,193)	-
81	Regulatory Assets - Energy Efficiency	207,598	2	207,600	(336,651)
82	Regulatory Assets - ETA	-	-	-	-
83	Regulatory Assets - FERC 893 Cyber	-	-	-	-
84	Regulatory Assets - IRP	(45,484)	1	(45,483)	-
85	Regulatory Assets - Sky Blue Under Recovery	-	-	-	-
86	Regulatory Assets - Renewable Energy	(46,844)	2,992,501	2,945,656	-
87	Regulatory Assets - Renewable Energy Credits	(78,530)	-	(78,530)	-
88	Regulatory Assets - SJGS External Legal Fees	(113,330)	1	(113,329)	-
89	Regulatory Assets - SJGS Final ETA Depcom	(666,609)	666,609	-	-
90	Regulatory Assets - SJGS Final ETA Mine Rec	(6,798,660)	6,798,660	-	-
91	Regulatory Assets - SJGS Replacement Resources	(1,905,162)	23	(1,905,139)	-
92	Regulatory Assets - SJGS Undepreciated Investment	-	-	-	-
93	Regulatory Assets - SJGS Underground Coal Mine	-	-	-	-
94	Regulatory Assets - Solar Direct Regulatory Assets	24,865	-	24,865	(24,865)
95	Regulatory Assets - TOD Rate Pilot Program	(784,807)	9	(784,797)	-
96	Regulatory Assets - Transportation Electrification	(2,695,209)	-	(2,695,209)	2,695,209
97	Regulatory Assets - WCC Transaction Costs	-	-	-	-
98	Regulatory Liabilities - Energy Efficiency	365,992	-	365,992	(365,992)
99	Regulatory Liabilities - FAC	2,837,168	-	2,837,168	(2,837,168)
100	Regulatory Assets - PCB Refinancing Hedge	(1,714,006)	20	(1,713,986)	-
101	Prepaid Expenses: Production	(445,840)	-	(445,840)	-
102	Prepaid Expenses: Transmission	(1,849,743)	-	(1,849,743)	-
103	Prepaid Expenses: Transmission (incremental FERC Rates)	-	-	-	-
104	Prepaid Expenses: Distribution	(135,016)	-	(135,016)	-
105	Prepaid Expenses: Renewables	-	-	-	-
106	Regulatory Assets - 2024 Rate Change	(623,818)	7	(623,811)	-
107	Regulatory Assets - 2025 Rate Change	(409,930)	5	(409,925)	-
108	Regulatory Assets - SJGS Obsolete Inventory	(1,441,637)	17	(1,441,620)	-
109	Regulatory Liabilities - Earnings Test	-	-	-	-
110	Regulatory Assets - PVNGS Lease costs	(5,072)	0	(5,072)	-

	A	AL	AM	AN	AO
1	**Public Service Company of New Mexico**				
2	**NMPRC Case No. 26-XXXXX-UT**				
3	**PNM Exhibit LTM-2**				
4	**ADIT-1 Schedule H-12**		**Model**	**Unadjusted**	**Base**
5	Hyperlink to Lead Sheet	**30-Jun-26**	**Driven**	**Base Period**	**Period**
6		**Balance**	**Calculations**	**Balance**	**Adjustments**
7					
8	**Accumulated Deferred Income Taxes**				
111	Regulatory Assets - PVNGS Undepreciated Investment	(19,417,319)	9,115,220	(10,302,100)	-
112	Regulatory Assets - ETC Over/Under SPE	-	-	-	-
113	Regulatory Assets - PVNGS Replacement Resources	(461,800)	5	(461,794)	-
114	Regulatory Assets - Rate Rider 12 UG Rate	(122,923)	122,923	-	-
115	Regulatory Assets - Renewable Rider Curr Reg	(1,892,423)	1,892,423	-	-
116	Regulatory Assets - SJ Energy Transition Property (SPE)	(82,680,809)	-	(82,680,809)	-
117	Regulatory Liabilities - Curr Reg Liab-UG Rate Rider 12	-	-	-	-
118	Regulatory Liabilities - ITC Sandia	-	-	-	-
119	Regulatory Liabilities - ITC Sunbelt	-	-	-	-
120	Regulatory Liabilities - ITC - Distribution Battery Phase 2	-	-	-	-
121	Regulatory Liabilities - Energy Transition Cost True Up	296,261	(4)	296,257	-
122	Regulatory Liabilities - SJGS Retirements Rate Credit	23,805	(0)	23,805	-
123	Regulatory Liabilities - PVNGS Lease Costs	(0)	0	-	-
124	Deferred Debits - WS-Transmission Revenue	(10,593,325)	-	(10,593,325)	10,593,325
125	Customer Advance	-	-	-	-
126	Deferred Credits - ETA	-	-	-	-
127	Other Liabilities - ETA Coal Mine Severance	-	-	-	-
128	Other Liabilities - ETA State Agency Payments	-	-	-	-
129	SJGS County Ordinance Decommission	-	-	-	-
130					
131					
132	**Total Accumulated Deferred Income Taxes**	(740,609,497)	(16,152,641)	(756,762,139)	(82,680,602)
133					
134	General Ledger ADIT Balance	(740,609,497)			
135					
136	Difference (Rounding)	0			

This schedule sponsored by PNM witness Morris

	A	AP	AR	AT	AV
1	**Public Service Company of New Mexico**				
2	**NMPRC Case No. 26-XXXXX-UT**				
3	**PNM Exhibit LTM-2**				
4	**ADIT-1 Schedule H-12**	**Adjusted**			
5	Hyperlink to Lead Sheet	**Base**	**31-Jul-26**	**31-Aug-26**	**30-Sep-26**
6		**Period**	**Balance**	**Balance**	**Balance**
7					
8	**Accumulated Deferred Income Taxes**				
9					
10	Federal Tax Credit Carryforward	21,743,653	21,743,653	21,743,653	21,743,653
11	Federal Tax Credit Carryforward - Renewables	-	-	-	-
12	Net Operating Loss (NOL)	53,415,338	53,415,338	53,415,338	53,415,338
13	Incentive Pay Plans	-	-	-	-
14	Regulatory Assets - Coal Mine Decommissioning	-	-	-	-
15	Regulatory Liabilities - Renewable Rider	-	-	-	-
16	Income Tax Regulatory Liability	50,118,263	52,074,023	54,029,784	55,985,545
17	Income Tax Regulatory Asset	(65,518,006)	(65,518,006)	(65,518,006)	(65,518,006)
18	Investment Tax Credit 2024	7,393,757	7,393,757	7,393,757	7,393,757
19	Investment Tax Credit - Sandia	-	-	-	-
20	Investment Tax Credit - Sunbelt	-	-	-	-
21	Investment Tax Credit - Distribution Battery Phase 2	-	-	-	-
22	Lease Liability	-	-	-	-
23	Deferred Credits - Coal Mine Decommissioning	-	-	-	-
24	Regulatory Assets - ETA Carrying Charges	-	-	-	-
25	Regulatory Assets - ETA Job Training & Severance	-	-	-	-
26	Regulatory Assets - ETA Payments to State Agencies	-	-	-	-
27	Regulatory Assets - ETA SJGS Plant Decommissioning	-	-	-	-
28	Regulatory Assets - ETA SJGS upfront Financing Cost	-	-	-	-
29	Regulatory Assets - ETA Westmoreland Coal Mine Sev	-	-	-	-
30	Deferred Credits - Joint Use	159,715	156,166	152,616	149,067
31	Deferred Credits - Pathnet	1,398,548	1,396,747	1,394,946	1,393,144
32	Deferred Credits - PVNGS Dry Casks	-	-	-	-
33	Other Deferred Credits	-	-	-	-
34	Other Liabilities - ETA Job Training and Severance	-	-	-	-
35	Other Liabilities - Navajo Workforce Training	-	-	-	-
36	Other Liabilities	-	-	-	-
37	Blackstone Transaction Costs	-	-	-	-
38	Injury and Damages	2,058,181	2,058,181	2,058,181	2,058,181
39	Plant - AFUDC	(39,194,820)	(39,414,297)	(39,648,098)	(39,895,796)
40	Plant - Capitalized Interest	17,607,447	17,607,447	17,607,447	17,607,447
41	Decommissioning and Reclamation Trusts	-	-	-	-
42	ASC 740-10 (FIN 48) Reclassifications	-	-	-	-
43	Estimated Tax Rate Adjustment	-	-	-	-
44	PVNGS Licensing	16,871	14,621	12,372	10,123
45	Plant - 263A Adjustment	(80,078,392)	(80,078,392)	(80,078,392)	(80,078,392)
46	Deferred State Taxes	-	-	-	-
47	Plant - CIAC	26,503,887	26,503,887	26,503,887	26,503,887
48	Plant - Depreciation Nuclear Fuel	8,562,582	8,644,640	8,398,082	8,576,545
49	Plant - Removal Cost	(4,446,299)	(4,446,299)	(4,446,299)	(4,446,299)
50	Plant - Repairs	(154,567,308)	(156,384,096)	(157,615,538)	(158,916,730)
51	Plant - Section 174 Deduction	7,509,732	7,509,732	7,509,732	7,509,732
52	Plant - Asset Retirement Obligation	9,582,049	9,627,985	9,674,162	9,720,581
53	Plant - Pollution Control Property	(2,154,701)	(2,154,701)	(2,154,701)	(2,154,701)
54	Plant - Liberalized Depreciation: Production	(160,780,259)	(159,565,735)	(158,289,293)	(157,616,185)
55	Plant - Liberalized Depreciation: Transmission	(150,049,475)	(149,538,522)	(148,463,631)	(147,487,376)
56	Plant - Liberalized Depreciation: Distribution	(155,807,359)	(157,332,463)	(159,942,827)	(161,611,489)
57	Plant - Liberalized Depreciation: General and Intangible	(21,085,291)	(20,769,311)	(19,966,027)	(19,321,792)
58	Plant - Liberalized Depreciation: Grid Mod	(2,002,883)	(2,071,837)	(2,485,878)	(2,672,502)
59	Plant - Liberalized Depreciation: Renewables	(49,367,522)	(49,190,174)	(49,013,929)	(48,899,978)

	A	AP	AR	AT	AV
1	**Public Service Company of New Mexico**				
2	**NMPRC Case No. 26-XXXXX-UT**				
3	**PNM Exhibit LTM-2**				
4	**ADIT-1 Schedule H-12**	**Adjusted**			
5	Hyperlink to Lead Sheet	**Base**	**31-Jul-26**	**31-Aug-26**	**30-Sep-26**
6		**Period**	**Balance**	**Balance**	**Balance**
7					
8	**Accumulated Deferred Income Taxes**				
60	Plant - Four Corners Imprudence	-	-	-	-
61	Regulatory Assets - SJGS Stranded Costs Units 2&3	(18,467,808)	(18,334,946)	(18,202,084)	(18,069,223)
62	Pension	(37,942,654)	(37,910,214)	(37,877,774)	(37,845,334)
63	Retiree Medical	-	-	-	-
64	Lease Asset	-	-	-	-
65	Loss on Reacquired Debt	(991,352)	(983,546)	(975,411)	(967,118)
66	Other Comprehensive Income (OCI)	-	-	-	-
67	Deferred Credits - SO2 Allowance	-	-	-	-
68	Deferred Debits - Rate Case Expense	-	-	-	-
69	Deferred Debits - Decoupling	-	-	-	-
70	Deferred Debits - Grid Modernization	-	-	-	-
71	Deferred Debits - RR Underground Rider	-	-	-	-
72	Energy Storage Agreement	1,883,613	901,864	(85,389)	(998,957)
73	Energy Transition Charges	-	-	-	-
74	Prepaid Expenses	(1,168,330)	(1,168,330)	(1,168,330)	(1,168,330)
75	Regulatory Assets - 2024 COVID Bad Debt	-	-	-	-
76	Regulatory Assets - COVID-19 Costs	(394,707)	(371,833)	(348,960)	(326,086)
77	Regulatory Assets - Community Solar	(902,756)	(902,756)	(902,756)	(902,756)
78	Regulatory assets - FAC	0	0	0	0
79	Regulatory Assets - EDAM Costs	(189,934)	(212,228)	(234,522)	(256,816)
80	Regulatory Assets - EIM Costs	(2,426,193)	(2,346,645)	(2,267,098)	(2,187,551)
81	Regulatory Assets - Energy Efficiency	(129,051)	(129,051)	(129,051)	(129,051)
82	Regulatory Assets - ETA	-	-	-	-
83	Regulatory Assets - FERC 893 Cyber	-	-	-	-
84	Regulatory Assets - IRP	(45,483)	(45,483)	(45,483)	(45,483)
85	Regulatory Assets - Sky Blue Under Recovery	-	-	-	-
86	Regulatory Assets - Renewable Energy	2,945,656	2,921,389	2,897,123	2,872,856
87	Regulatory Assets - Renewable Energy Credits	(78,530)	(78,530)	(78,530)	(78,530)
88	Regulatory Assets - SJGS External Legal Fees	(113,329)	(112,910)	(112,491)	(112,072)
89	Regulatory Assets - SJGS Final ETA Depcom	-	-	-	-
90	Regulatory Assets - SJGS Final ETA Mine Rec	-	-	-	-
91	Regulatory Assets - SJGS Replacement Resources	(1,905,139)	(1,898,096)	(1,891,053)	(1,884,010)
92	Regulatory Assets - SJGS Undepreciated Investment	-	-	-	-
93	Regulatory Assets - SJGS Underground Coal Mine	-	-	-	-
94	Regulatory Assets - Solar Direct Regulatory Assets	-	-	-	-
95	Regulatory Assets - TOD Rate Pilot Program	(784,797)	(784,797)	(784,797)	(784,797)
96	Regulatory Assets - Transportation Electrification	-	-	-	-
97	Regulatory Assets - WCC Transaction Costs	-	-	-	-
98	Regulatory Liabilities - Energy Efficiency	-	-	-	-
99	Regulatory Liabilities - FAC	-	-	-	-
100	Regulatory Assets - PCB Refinancing Hedge	(1,713,986)	(1,696,112)	(1,678,238)	(1,660,363)
101	Prepaid Expenses: Production	(445,840)	(445,840)	(445,840)	(445,840)
102	Prepaid Expenses: Transmission	(1,849,743)	(1,849,743)	(1,849,743)	(1,849,743)
103	Prepaid Expenses: Transmission (incremental FERC Rates)	-	-	-	-
104	Prepaid Expenses: Distribution	(135,016)	(135,016)	(135,016)	(135,016)
105	Prepaid Expenses: Renewables	-	-	-	-
106	Regulatory Assets - 2024 Rate Change	(623,811)	(603,358)	(582,905)	(562,452)
107	Regulatory Assets - 2025 Rate Change	(409,925)	(401,385)	(392,845)	(384,305)
108	Regulatory Assets - SJGS Obsolete Inventory	(1,441,620)	(1,436,290)	(1,430,961)	(1,425,632)
109	Regulatory Liabilities - Earnings Test	-	-	-	-
110	Regulatory Assets - PVNGS Lease costs	(5,072)	(5,072)	(5,072)	(5,072)

	A	AP	AR	AT	AV
1	**Public Service Company of New Mexico**				
2	**NMPRC Case No. 26-XXXXX-UT**				
3	**PNM Exhibit LTM-2**				
4	**ADIT-1 Schedule H-12**	**Adjusted**			
5	Hyperlink to Lead Sheet	**Base**	**31-Jul-26**	**31-Aug-26**	**30-Sep-26**
6		**Period**	**Balance**	**Balance**	**Balance**
7					
8	**Accumulated Deferred Income Taxes**				
111	Regulatory Assets - PVNGS Undepreciated Investment	(10,302,100)	(10,253,158)	(10,204,216)	(10,155,274)
112	Regulatory Assets - ETC Over/Under SPE	-	-	-	-
113	Regulatory Assets - PVNGS Replacement Resources	(461,794)	(459,601)	(457,407)	(455,213)
114	Regulatory Assets - Rate Rider 12 UG Rate	-	-	-	-
115	Regulatory Assets - Renewable Rider Curr Reg	-	-	-	-
116	Regulatory Assets - SJ Energy Transition Property (SPE)	(82,680,809)	(82,407,394)	(82,133,978)	(81,860,563)
117	Regulatory Liabilities - Curr Reg Liab-UG Rate Rider 12	-	-	-	-
118	Regulatory Liabilities - ITC Sandia	-	-	-	-
119	Regulatory Liabilities - ITC Sunbelt	-	-	-	-
120	Regulatory Liabilities - ITC - Distribution Battery Phase 2	-	-	-	-
121	Regulatory Liabilities - Energy Transition Cost True Up	296,257	295,144	294,030	292,916
122	Regulatory Liabilities - SJGS Retirements Rate Credit	23,805	23,805	23,805	23,805
123	Regulatory Liabilities - PVNGS Lease Costs	-	-	-	-
124	Deferred Debits - WS-Transmission Revenue	-	-	-	-
125	Customer Advance	-	-	-	-
126	Deferred Credits - ETA	-	-	-	-
127	Other Liabilities - ETA Coal Mine Severance	-	-	-	-
128	Other Liabilities - ETA State Agency Payments	-	-	-	-
129	SJGS County Ordinance Decommission	-	-	-	-
130					
131					
132	**Total Accumulated Deferred Income Taxes**	(839,442,741)	(839,147,789)	(838,933,652)	(838,058,256)
133					
134	General Ledger ADIT Balance				
135					
136	Difference (Rounding)		-	-	-

	A	AX	AZ	BB	BD
1	**Public Service Company of New Mexico**				
2	**NMPRC Case No. 26-XXXXX-UT**				
3	**PNM Exhibit LTM-2**				
4	**ADIT-1 Schedule H-12**				
5	Hyperlink to Lead Sheet	**31-Oct-26**	**30-Nov-26**	**31-Dec-26**	**31-Jan-27**
6		**Balance**	**Balance**	**Balance**	**Balance**
7					
8	**Accumulated Deferred Income Taxes**				
9					
10	Federal Tax Credit Carryforward	21,743,653	21,743,653	21,743,653	21,743,653
11	Federal Tax Credit Carryforward - Renewables	-	-	-	-
12	Net Operating Loss (NOL)	53,415,338	53,415,338	53,415,338	53,415,338
13	Incentive Pay Plans	-	-	-	-
14	Regulatory Assets - Coal Mine Decommissioning	-	-	-	-
15	Regulatory Liabilities - Renewable Rider	-	-	-	-
16	Income Tax Regulatory Liability	57,941,306	59,897,067	61,852,827	63,802,967
17	Income Tax Regulatory Asset	(65,518,006)	(65,518,006)	(65,518,006)	(65,518,006)
18	Investment Tax Credit 2024	7,393,757	7,393,757	7,393,757	7,393,757
19	Investment Tax Credit - Sandia	-	32,071,923	-	-
20	Investment Tax Credit - Sunbelt	-	-	-	-
21	Investment Tax Credit - Distribution Battery Phase 2	-	-	-	-
22	Lease Liability	-	-	-	-
23	Deferred Credits - Coal Mine Decommissioning	-	-	-	-
24	Regulatory Assets - ETA Carrying Charges	-	-	-	-
25	Regulatory Assets - ETA Job Training & Severance	-	-	-	-
26	Regulatory Assets - ETA Payments to State Agencies	-	-	-	-
27	Regulatory Assets - ETA SJGS Plant Decommissioning	-	-	-	-
28	Regulatory Assets - ETA SJGS upfront Financing Cost	-	-	-	-
29	Regulatory Assets - ETA Westmoreland Coal Mine Sev	-	-	-	-
30	Deferred Credits - Joint Use	145,518	141,969	138,419	134,870
31	Deferred Credits - Pathnet	1,391,343	1,389,542	1,387,741	1,385,940
32	Deferred Credits - PVNGS Dry Casks	-	-	-	-
33	Other Deferred Credits	-	-	-	-
34	Other Liabilities - ETA Job Training and Severance	-	-	-	-
35	Other Liabilities - Navajo Workforce Training	-	-	-	-
36	Other Liabilities	-	-	-	-
37	Blackstone Transaction Costs	-	-	-	-
38	Injury and Damages	2,058,181	2,058,181	2,058,181	2,058,181
39	Plant - AFUDC	(40,162,171)	(40,445,315)	(40,756,452)	(41,057,609)
40	Plant - Capitalized Interest	17,607,447	17,607,447	17,607,447	17,607,447
41	Decommissioning and Reclamation Trusts	-	-	-	-
42	ASC 740-10 (FIN 48) Reclassifications	-	-	-	-
43	Estimated Tax Rate Adjustment	-	-	-	-
44	PVNGS Licensing	7,873	5,624	3,374	3,093
45	Plant - 263A Adjustment	(80,078,392)	(80,078,392)	(80,078,392)	(80,078,392)
46	Deferred State Taxes	-	-	-	-
47	Plant - CIAC	26,503,887	26,503,887	26,503,887	26,503,887
48	Plant - Depreciation Nuclear Fuel	8,429,731	8,980,280	8,716,149	8,686,371
49	Plant - Removal Cost	(4,446,299)	(4,446,299)	(4,446,299)	(4,446,299)
50	Plant - Repairs	(160,778,159)	(161,523,283)	(167,145,999)	(168,585,120)
51	Plant - Section 174 Deduction	7,509,732	7,509,732	7,509,732	7,509,732
52	Plant - Asset Retirement Obligation	9,767,242	9,814,147	9,861,298	9,906,772
53	Plant - Pollution Control Property	(2,154,701)	(2,154,701)	(2,154,701)	(2,154,701)
54	Plant - Liberalized Depreciation: Production	(156,463,025)	(155,975,374)	(154,795,934)	(153,791,197)
55	Plant - Liberalized Depreciation: Transmission	(147,357,171)	(147,017,206)	(147,500,162)	(147,678,763)
56	Plant - Liberalized Depreciation: Distribution	(163,024,218)	(164,080,719)	(163,973,674)	(164,918,760)
57	Plant - Liberalized Depreciation: General and Intangible	(18,587,766)	(17,712,880)	(17,844,756)	(17,231,125)
58	Plant - Liberalized Depreciation: Grid Mod	(3,306,905)	(3,363,235)	(3,269,305)	(4,806,243)
59	Plant - Liberalized Depreciation: Renewables	(48,743,805)	(48,619,104)	(48,443,083)	(48,261,281)

	A	AX	AZ	BB	BD
1	**Public Service Company of New Mexico**				
2	**NMPRC Case No. 26-XXXXX-UT**				
3	**PNM Exhibit LTM-2**				
4	**ADIT-1 Schedule H-12**				
5	Hyperlink to Lead Sheet	**31-Oct-26**	**30-Nov-26**	**31-Dec-26**	**31-Jan-27**
6		**Balance**	**Balance**	**Balance**	**Balance**
7					
8	**Accumulated Deferred Income Taxes**				
60	Plant - Four Corners Imprudence	-	-	-	-
61	Regulatory Assets - SJGS Stranded Costs Units 2&3	(17,936,361)	(17,803,499)	(17,670,637)	(17,537,775)
62	Pension	(37,812,894)	(37,780,454)	(38,635,484)	(38,544,816)
63	Retiree Medical	-	-	-	-
64	Lease Asset	-	-	-	-
65	Loss on Reacquired Debt	(958,825)	(950,533)	(942,240)	(933,947)
66	Other Comprehensive Income (OCI)	-	-	-	-
67	Deferred Credits - SO2 Allowance	-	-	-	-
68	Deferred Debits - Rate Case Expense	-	-	-	-
69	Deferred Debits - Decoupling	-	-	-	-
70	Deferred Debits - Grid Modernization	-	-	-	-
71	Deferred Debits - RR Underground Rider	-	-	-	-
72	Energy Storage Agreement	(1,901,358)	(2,502,975)	(3,111,234)	(3,677,384)
73	Energy Transition Charges	-	-	-	-
74	Prepaid Expenses	(1,168,330)	(1,168,330)	(1,168,330)	(1,168,330)
75	Regulatory Assets - 2024 COVID Bad Debt	-	-	-	-
76	Regulatory Assets - COVID-19 Costs	(303,212)	(280,338)	(257,464)	(234,590)
77	Regulatory Assets - Community Solar	(902,756)	(902,756)	(902,756)	(902,756)
78	Regulatory assets - FAC	0	0	0	0
79	Regulatory Assets - EDAM Costs	(279,110)	(301,404)	(323,698)	(375,174)
80	Regulatory Assets - EIM Costs	(2,108,004)	(2,028,456)	(1,948,909)	(1,869,362)
81	Regulatory Assets - Energy Efficiency	(129,051)	(129,051)	(129,051)	(129,051)
82	Regulatory Assets - ETA	-	-	-	-
83	Regulatory Assets - FERC 893 Cyber	-	-	-	-
84	Regulatory Assets - IRP	(45,483)	(45,483)	(45,483)	(45,483)
85	Regulatory Assets - Sky Blue Under Recovery	-	-	-	-
86	Regulatory Assets - Renewable Energy	2,848,589	2,824,322	2,800,055	2,775,789
87	Regulatory Assets - Renewable Energy Credits	(78,530)	(78,530)	(78,530)	(78,530)
88	Regulatory Assets - SJGS External Legal Fees	(111,653)	(111,234)	(110,815)	(110,396)
89	Regulatory Assets - SJGS Final ETA Depcom	-	-	-	-
90	Regulatory Assets - SJGS Final ETA Mine Rec	-	-	-	-
91	Regulatory Assets - SJGS Replacement Resources	(1,876,967)	(1,869,924)	(1,862,881)	(1,855,838)
92	Regulatory Assets - SJGS Undepreciated Investment	-	-	-	-
93	Regulatory Assets - SJGS Underground Coal Mine	-	-	-	-
94	Regulatory Assets - Solar Direct Regulatory Assets	-	-	-	-
95	Regulatory Assets - TOD Rate Pilot Program	(784,797)	(784,797)	(784,797)	(784,797)
96	Regulatory Assets - Transportation Electrification	-	-	-	-
97	Regulatory Assets - WCC Transaction Costs	-	-	-	-
98	Regulatory Liabilities - Energy Efficiency	-	-	-	-
99	Regulatory Liabilities - FAC	-	-	-	-
100	Regulatory Assets - PCB Refinancing Hedge	(1,642,489)	(1,624,615)	(1,606,741)	(1,588,867)
101	Prepaid Expenses: Production	(445,840)	(445,840)	(445,840)	(445,840)
102	Prepaid Expenses: Transmission	(1,849,743)	(1,849,743)	(1,849,743)	(1,849,743)
103	Prepaid Expenses: Transmission (incremental FERC Rates)	-	-	-	-
104	Prepaid Expenses: Distribution	(135,016)	(135,016)	(135,016)	(135,016)
105	Prepaid Expenses: Renewables	-	-	-	-
106	Regulatory Assets - 2024 Rate Change	(541,999)	(521,547)	(501,094)	(480,641)
107	Regulatory Assets - 2025 Rate Change	(375,765)	(367,225)	(358,685)	(350,144)
108	Regulatory Assets - SJGS Obsolete Inventory	(1,420,302)	(1,414,973)	(1,409,643)	(1,404,314)
109	Regulatory Liabilities - Earnings Test	-	-	-	-
110	Regulatory Assets - PVNGS Lease costs	(5,072)	(5,072)	(5,072)	(5,072)

	A	AX	AZ	BB	BD
1	**Public Service Company of New Mexico**				
2	**NMPRC Case No. 26-XXXXX-UT**				
3	**PNM Exhibit LTM-2**				
4	**ADIT-1 Schedule H-12**				
5	Hyperlink to Lead Sheet	**31-Oct-26**	**30-Nov-26**	**31-Dec-26**	**31-Jan-27**
6		**Balance**	**Balance**	**Balance**	**Balance**
7					
8	**Accumulated Deferred Income Taxes**				
111	Regulatory Assets - PVNGS Undepreciated Investment	(10,106,332)	(10,057,390)	(10,008,448)	(9,959,506)
112	Regulatory Assets - ETC Over/Under SPE	-	-	-	-
113	Regulatory Assets - PVNGS Replacement Resources	(453,019)	(450,825)	(448,632)	(446,438)
114	Regulatory Assets - Rate Rider 12 UG Rate	-	-	-	-
115	Regulatory Assets - Renewable Rider Curr Reg	-	-	-	-
116	Regulatory Assets - SJ Energy Transition Property (SPE)	(81,587,147)	(81,313,732)	(81,040,317)	(80,766,901)
117	Regulatory Liabilities - Curr Reg Liab-UG Rate Rider 12	-	-	-	-
118	Regulatory Liabilities - ITC Sandia	-	-	7,087,254	7,087,254
119	Regulatory Liabilities - ITC Sunbelt	-	-	-	-
120	Regulatory Liabilities - ITC - Distribution Battery Phase 2	-	-	-	-
121	Regulatory Liabilities - Energy Transition Cost True Up	291,802	290,689	289,575	288,461
122	Regulatory Liabilities - SJGS Retirements Rate Credit	23,805	23,805	23,805	23,805
123	Regulatory Liabilities - PVNGS Lease Costs	-	-	-	-
124	Deferred Debits - WS-Transmission Revenue	-	-	-	-
125	Customer Advance	-	-	-	-
126	Deferred Credits - ETA	-	-	-	-
127	Other Liabilities - ETA Coal Mine Severance	-	-	-	-
128	Other Liabilities - ETA State Agency Payments	-	-	-	-
129	SJGS County Ordinance Decommission	-	-	-	-
130					
131					
132	**Total Accumulated Deferred Income Taxes**	(838,501,471)	(804,186,893)	(833,315,809)	(833,880,890)
133					
134	General Ledger ADIT Balance				
135					
136	Difference (Rounding)	-	-	-	-

	A	BF	BH	BJ	BL
1	**Public Service Company of New Mexico**				
2	**NMPRC Case No. 26-XXXXX-UT**				
3	**PNM Exhibit LTM-2**				
4	**ADIT-1 Schedule H-12**				
5	Hyperlink to Lead Sheet	**28-Feb-27**	**31-Mar-27**	**30-Apr-27**	**31-May-27**
6		**Balance**	**Balance**	**Balance**	**Balance**
7					
8	**Accumulated Deferred Income Taxes**				
9					
10	Federal Tax Credit Carryforward	21,743,653	21,743,653	21,743,653	21,743,653
11	Federal Tax Credit Carryforward - Renewables	-	-	-	-
12	Net Operating Loss (NOL)	53,415,338	53,415,338	53,415,338	53,415,338
13	Incentive Pay Plans	-	-	-	-
14	Regulatory Assets - Coal Mine Decommissioning	-	-	-	-
15	Regulatory Liabilities - Renewable Rider	-	-	-	-
16	Income Tax Regulatory Liability	65,753,106	67,703,245	69,653,384	71,603,523
17	Income Tax Regulatory Asset	(65,518,006)	(65,518,006)	(65,518,006)	(65,518,006)
18	Investment Tax Credit 2024	7,393,757	7,393,757	7,393,757	7,393,757
19	Investment Tax Credit - Sandia	-	-	-	-
20	Investment Tax Credit - Sunbelt	-	-	-	-
21	Investment Tax Credit - Distribution Battery Phase 2	-	-	-	-
22	Lease Liability	-	-	-	-
23	Deferred Credits - Coal Mine Decommissioning	-	-	-	-
24	Regulatory Assets - ETA Carrying Charges	-	-	-	-
25	Regulatory Assets - ETA Job Training & Severance	-	-	-	-
26	Regulatory Assets - ETA Payments to State Agencies	-	-	-	-
27	Regulatory Assets - ETA SJGS Plant Decommissioning	-	-	-	-
28	Regulatory Assets - ETA SJGS upfront Financing Cost	-	-	-	-
29	Regulatory Assets - ETA Westmoreland Coal Mine Sev	-	-	-	-
30	Deferred Credits - Joint Use	131,321	127,772	124,223	120,673
31	Deferred Credits - Pathnet	1,384,139	1,382,338	1,380,536	1,378,735
32	Deferred Credits - PVNGS Dry Casks	-	-	-	-
33	Other Deferred Credits	-	-	-	-
34	Other Liabilities - ETA Job Training and Severance	-	-	-	-
35	Other Liabilities - Navajo Workforce Training	-	-	-	-
36	Other Liabilities	-	-	-	-
37	Blackstone Transaction Costs	-	-	-	-
38	Injury and Damages	2,058,181	2,058,181	2,058,181	2,058,181
39	Plant - AFUDC	(41,409,801)	(41,800,027)	(42,217,450)	(42,598,160)
40	Plant - Capitalized Interest	17,607,447	17,607,447	17,607,447	17,607,447
41	Decommissioning and Reclamation Trusts	-	-	-	-
42	ASC 740-10 (FIN 48) Reclassifications	-	-	-	-
43	Estimated Tax Rate Adjustment	-	-	-	-
44	PVNGS Licensing	2,812	2,531	2,249	1,968
45	Plant - 263A Adjustment	(80,078,392)	(80,078,392)	(80,078,392)	(80,078,392)
46	Deferred State Taxes	-	-	-	-
47	Plant - CIAC	26,503,887	26,503,887	26,503,887	26,503,887
48	Plant - Depreciation Nuclear Fuel	8,716,342	9,002,759	7,077,031	9,648,566
49	Plant - Removal Cost	(4,446,299)	(4,446,299)	(4,446,299)	(4,446,299)
50	Plant - Repairs	(170,105,245)	(171,379,008)	(176,670,603)	(179,689,976)
51	Plant - Section 174 Deduction	7,509,732	7,509,732	7,509,732	7,509,732
52	Plant - Asset Retirement Obligation	9,952,486	9,998,439	10,044,635	10,091,074
53	Plant - Pollution Control Property	(2,154,701)	(2,154,701)	(2,154,701)	(2,154,701)
54	Plant - Liberalized Depreciation: Production	(152,924,605)	(152,364,932)	(151,304,820)	(150,121,040)
55	Plant - Liberalized Depreciation: Transmission	(147,070,643)	(146,740,404)	(146,033,425)	(148,429,681)
56	Plant - Liberalized Depreciation: Distribution	(167,428,870)	(169,209,717)	(168,776,275)	(168,726,714)
57	Plant - Liberalized Depreciation: General and Intangible	(16,688,634)	(16,083,395)	(15,516,764)	(14,970,777)
58	Plant - Liberalized Depreciation: Grid Mod	(5,375,264)	(6,067,550)	(9,767,499)	(10,015,741)
59	Plant - Liberalized Depreciation: Renewables	(48,079,687)	(47,900,368)	(47,733,327)	(47,553,437)

	A	BF	BH	BJ	BL
1	**Public Service Company of New Mexico**				
2	**NMPRC Case No. 26-XXXXX-UT**				
3	**PNM Exhibit LTM-2**				
4	**ADIT-1 Schedule H-12**				
5	Hyperlink to Lead Sheet	**28-Feb-27**	**31-Mar-27**	**30-Apr-27**	**31-May-27**
6		**Balance**	**Balance**	**Balance**	**Balance**
7					
8	**Accumulated Deferred Income Taxes**				
60	Plant - Four Corners Imprudence	-	-	-	-
61	Regulatory Assets - SJGS Stranded Costs Units 2&3	(17,404,914)	(17,272,052)	(17,139,190)	(17,006,328)
62	Pension	(38,454,147)	(38,363,478)	(38,272,810)	(38,182,141)
63	Retiree Medical	-	-	-	-
64	Lease Asset	-	-	-	-
65	Loss on Reacquired Debt	(925,654)	(917,361)	(909,068)	(900,775)
66	Other Comprehensive Income (OCI)	-	-	-	-
67	Deferred Credits - SO2 Allowance	-	-	-	-
68	Deferred Debits - Rate Case Expense	-	-	-	-
69	Deferred Debits - Decoupling	-	-	-	-
70	Deferred Debits - Grid Modernization	-	-	-	-
71	Deferred Debits - RR Underground Rider	-	-	-	-
72	Energy Storage Agreement	(4,031,759)	(4,605,536)	(5,075,654)	(5,647,786)
73	Energy Transition Charges	-	-	-	-
74	Prepaid Expenses	(1,168,330)	(1,168,330)	(1,168,330)	(1,168,330)
75	Regulatory Assets - 2024 COVID Bad Debt	-	-	-	-
76	Regulatory Assets - COVID-19 Costs	(211,716)	(188,842)	(165,969)	(143,095)
77	Regulatory Assets - Community Solar	(902,756)	(902,756)	(902,756)	(902,756)
78	Regulatory assets - FAC	0	0	0	0
79	Regulatory Assets - EDAM Costs	(426,649)	(478,125)	(529,601)	(581,077)
80	Regulatory Assets - EIM Costs	(1,789,814)	(1,710,267)	(1,630,720)	(1,551,172)
81	Regulatory Assets - Energy Efficiency	(129,051)	(129,051)	(129,051)	(129,051)
82	Regulatory Assets - ETA	-	-	-	-
83	Regulatory Assets - FERC 893 Cyber	-	-	-	-
84	Regulatory Assets - IRP	(45,483)	(45,483)	(45,483)	(45,483)
85	Regulatory Assets - Sky Blue Under Recovery	-	-	-	-
86	Regulatory Assets - Renewable Energy	2,751,522	2,727,255	2,702,988	2,678,721
87	Regulatory Assets - Renewable Energy Credits	(78,530)	(78,530)	(78,530)	(78,530)
88	Regulatory Assets - SJGS External Legal Fees	(109,977)	(109,558)	(109,139)	(108,720)
89	Regulatory Assets - SJGS Final ETA Depcom	-	-	-	-
90	Regulatory Assets - SJGS Final ETA Mine Rec	-	-	-	-
91	Regulatory Assets - SJGS Replacement Resources	(1,848,795)	(1,841,752)	(1,834,709)	(1,827,666)
92	Regulatory Assets - SJGS Undepreciated Investment	-	-	-	-
93	Regulatory Assets - SJGS Underground Coal Mine	-	-	-	-
94	Regulatory Assets - Solar Direct Regulatory Assets	-	-	-	-
95	Regulatory Assets - TOD Rate Pilot Program	(784,797)	(784,797)	(784,797)	(784,797)
96	Regulatory Assets - Transportation Electrification	-	-	-	-
97	Regulatory Assets - WCC Transaction Costs	-	-	-	-
98	Regulatory Liabilities - Energy Efficiency	-	-	-	-
99	Regulatory Liabilities - FAC	-	-	-	-
100	Regulatory Assets - PCB Refinancing Hedge	(1,570,993)	(1,553,119)	(1,535,245)	(1,517,371)
101	Prepaid Expenses: Production	(445,840)	(445,840)	(445,840)	(445,840)
102	Prepaid Expenses: Transmission	(1,849,743)	(1,849,743)	(1,849,743)	(1,849,743)
103	Prepaid Expenses: Transmission (incremental FERC Rates)	-	-	-	-
104	Prepaid Expenses: Distribution	(135,016)	(135,016)	(135,016)	(135,016)
105	Prepaid Expenses: Renewables	-	-	-	-
106	Regulatory Assets - 2024 Rate Change	(460,188)	(439,735)	(419,283)	(398,830)
107	Regulatory Assets - 2025 Rate Change	(341,604)	(333,064)	(324,524)	(315,984)
108	Regulatory Assets - SJGS Obsolete Inventory	(1,398,984)	(1,393,655)	(1,388,325)	(1,382,996)
109	Regulatory Liabilities - Earnings Test	-	-	-	-
110	Regulatory Assets - PVNGS Lease costs	(5,072)	(5,072)	(5,072)	(5,072)

	A	BF	BH	BJ	BL
1	**Public Service Company of New Mexico**				
2	**NMPRC Case No. 26-XXXXX-UT**				
3	**PNM Exhibit LTM-2**				
4	**ADIT-1 Schedule H-12**				
5	Hyperlink to Lead Sheet	**28-Feb-27**	**31-Mar-27**	**30-Apr-27**	**31-May-27**
6		**Balance**	**Balance**	**Balance**	**Balance**
7					
8	**Accumulated Deferred Income Taxes**				
111	Regulatory Assets - PVNGS Undepreciated Investment	(9,910,564)	(9,861,622)	(9,812,680)	(9,763,738)
112	Regulatory Assets - ETC Over/Under SPE	-	-	-	-
113	Regulatory Assets - PVNGS Replacement Resources	(444,244)	(442,050)	(439,856)	(437,663)
114	Regulatory Assets - Rate Rider 12 UG Rate	-	-	-	-
115	Regulatory Assets - Renewable Rider Curr Reg	-	-	-	-
116	Regulatory Assets - SJ Energy Transition Property (SPE)	(80,493,486)	(80,220,071)	(79,946,655)	(79,673,240)
117	Regulatory Liabilities - Curr Reg Liab-UG Rate Rider 12	-	-	-	-
118	Regulatory Liabilities - ITC Sandia	7,087,254	7,087,254	7,087,254	7,087,254
119	Regulatory Liabilities - ITC Sunbelt	-	-	-	-
120	Regulatory Liabilities - ITC - Distribution Battery Phase 2	-	-	-	-
121	Regulatory Liabilities - Energy Transition Cost True Up	287,347	286,234	285,120	284,006
122	Regulatory Liabilities - SJGS Retirements Rate Credit	23,805	23,805	23,805	23,805
123	Regulatory Liabilities - PVNGS Lease Costs	-	-	-	-
124	Deferred Debits - WS-Transmission Revenue	-	-	-	-
125	Customer Advance	-	-	-	-
126	Deferred Credits - ETA	-	-	-	-
127	Other Liabilities - ETA Coal Mine Severance	-	-	-	-
128	Other Liabilities - ETA State Agency Payments	-	-	-	-
129	SJGS County Ordinance Decommission	-	-	-	-
130					
131					
132	**Total Accumulated Deferred Income Taxes**	(834,326,128)	(834,444,079)	(840,682,388)	(840,135,804)
133					
134	General Ledger ADIT Balance				
135					
136	Difference (Rounding)	-	-	-	-

	A	BN	BP	BR	BT
1	**Public Service Company of New Mexico**				
2	**NMPRC Case No. 26-XXXXX-UT**				
3	**PNM Exhibit LTM-2**				
4	**ADIT-1 Schedule H-12**				
5	Hyperlink to Lead Sheet	**30-Jun-27**	**31-Jul-27**	**31-Aug-27**	**30-Sep-27**
6		**Balance**	**Balance**	**Balance**	**Balance**
7					
8	**Accumulated Deferred Income Taxes**				
9					
10	Federal Tax Credit Carryforward	21,743,653	21,743,653	21,743,653	21,743,653
11	Federal Tax Credit Carryforward - Renewables	-	-	-	-
12	Net Operating Loss (NOL)	53,415,338	53,415,338	53,415,338	53,415,338
13	Incentive Pay Plans	-	-	-	-
14	Regulatory Assets - Coal Mine Decommissioning	-	-	-	-
15	Regulatory Liabilities - Renewable Rider	-	-	-	-
16	Income Tax Regulatory Liability	73,553,662	75,503,801	77,453,941	79,404,080
17	Income Tax Regulatory Asset	(65,518,006)	(65,518,006)	(65,518,006)	(65,518,006)
18	Investment Tax Credit 2024	7,393,757	7,393,757	7,393,757	7,393,757
19	Investment Tax Credit - Sandia	-	-	-	-
20	Investment Tax Credit - Sunbelt	-	-	-	-
21	Investment Tax Credit - Distribution Battery Phase 2	-	-	-	-
22	Lease Liability	-	-	-	-
23	Deferred Credits - Coal Mine Decommissioning	-	-	-	-
24	Regulatory Assets - ETA Carrying Charges	-	-	-	-
25	Regulatory Assets - ETA Job Training & Severance	-	-	-	-
26	Regulatory Assets - ETA Payments to State Agencies	-	-	-	-
27	Regulatory Assets - ETA SJGS Plant Decommissioning	-	-	-	-
28	Regulatory Assets - ETA SJGS upfront Financing Cost	-	-	-	-
29	Regulatory Assets - ETA Westmoreland Coal Mine Sev	-	-	-	-
30	Deferred Credits - Joint Use	117,124	113,575	110,026	106,477
31	Deferred Credits - Pathnet	1,376,934	1,375,133	1,373,332	1,371,531
32	Deferred Credits - PVNGS Dry Casks	-	-	-	-
33	Other Deferred Credits	-	-	-	-
34	Other Liabilities - ETA Job Training and Severance	-	-	-	-
35	Other Liabilities - Navajo Workforce Training	-	-	-	-
36	Other Liabilities	-	-	-	-
37	Blackstone Transaction Costs	-	-	-	-
38	Injury and Damages	2,058,181	2,058,181	2,058,181	2,058,181
39	Plant - AFUDC	(42,991,743)	(43,407,644)	(43,845,652)	(44,311,810)
40	Plant - Capitalized Interest	17,607,447	17,607,447	17,607,447	17,607,447
41	Decommissioning and Reclamation Trusts	-	-	-	-
42	ASC 740-10 (FIN 48) Reclassifications	-	-	-	-
43	Estimated Tax Rate Adjustment	-	-	-	-
44	PVNGS Licensing	1,687	1,406	1,125	844
45	Plant - 263A Adjustment	(80,078,392)	(80,078,392)	(80,078,392)	(80,078,392)
46	Deferred State Taxes	-	-	-	-
47	Plant - CIAC	26,503,887	26,503,887	26,503,887	26,503,887
48	Plant - Depreciation Nuclear Fuel	9,682,299	9,414,480	9,148,682	9,338,742
49	Plant - Removal Cost	(4,446,299)	(4,446,299)	(4,446,299)	(4,446,299)
50	Plant - Repairs	(181,441,630)	(183,044,132)	(183,611,058)	(196,666,260)
51	Plant - Section 174 Deduction	7,509,732	7,509,732	7,509,732	7,509,732
52	Plant - Asset Retirement Obligation	10,137,757	10,184,686	10,231,863	10,279,288
53	Plant - Pollution Control Property	(2,154,701)	(2,154,701)	(2,154,701)	(2,154,701)
54	Plant - Liberalized Depreciation: Production	(149,410,455)	(148,685,969)	(147,825,171)	(150,014,399)
55	Plant - Liberalized Depreciation: Transmission	(147,561,615)	(148,475,396)	(147,235,082)	(146,363,934)
56	Plant - Liberalized Depreciation: Distribution	(171,264,366)	(172,111,272)	(174,233,181)	(172,567,434)
57	Plant - Liberalized Depreciation: General and Intangible	(14,274,756)	(13,660,875)	(12,967,180)	(12,302,903)
58	Plant - Liberalized Depreciation: Grid Mod	(10,578,721)	(10,977,487)	(12,416,320)	(14,179,704)
59	Plant - Liberalized Depreciation: Renewables	(47,373,962)	(47,192,648)	(47,006,247)	(46,828,494)

	A	BN	BP	BR	BT
1	**Public Service Company of New Mexico**				
2	**NMPRC Case No. 26-XXXXX-UT**				
3	**PNM Exhibit LTM-2**				
4	**ADIT-1 Schedule H-12**				
5	Hyperlink to Lead Sheet	**30-Jun-27**	**31-Jul-27**	**31-Aug-27**	**30-Sep-27**
6		**Balance**	**Balance**	**Balance**	**Balance**
7					
8	**Accumulated Deferred Income Taxes**				
60	Plant - Four Corners Imprudence	-	-	-	-
61	Regulatory Assets - SJGS Stranded Costs Units 2&3	(16,873,466)	(16,740,605)	(16,607,743)	(16,474,881)
62	Pension	(38,091,472)	(38,000,804)	(37,910,135)	(37,819,467)
63	Retiree Medical	-	-	-	-
64	Lease Asset	-	-	-	-
65	Loss on Reacquired Debt	(892,483)	(884,190)	(875,897)	(867,604)
66	Other Comprehensive Income (OCI)	-	-	-	-
67	Deferred Credits - SO2 Allowance	-	-	-	-
68	Deferred Debits - Rate Case Expense	-	-	-	(1,050,798)
69	Deferred Debits - Decoupling	-	-	-	-
70	Deferred Debits - Grid Modernization	-	-	-	-
71	Deferred Debits - RR Underground Rider	-	-	-	-
72	Energy Storage Agreement	(6,144,206)	(6,713,225)	(7,287,747)	(7,788,584)
73	Energy Transition Charges	-	-	-	-
74	Prepaid Expenses	(1,168,330)	(1,168,330)	(1,168,330)	(1,168,330)
75	Regulatory Assets - 2024 COVID Bad Debt	-	-	-	-
76	Regulatory Assets - COVID-19 Costs	(120,221)	(120,221)	(120,221)	(120,221)
77	Regulatory Assets - Community Solar	(902,756)	(902,756)	(902,756)	(902,756)
78	Regulatory assets - FAC	0	0	0	0
79	Regulatory Assets - EDAM Costs	(632,553)	(684,029)	(735,505)	(786,981)
80	Regulatory Assets - EIM Costs	(1,471,625)	(1,392,078)	(1,312,530)	(1,232,983)
81	Regulatory Assets - Energy Efficiency	(129,051)	(129,051)	(129,051)	(129,051)
82	Regulatory Assets - ETA	-	-	-	-
83	Regulatory Assets - FERC 893 Cyber	-	-	-	-
84	Regulatory Assets - IRP	(45,483)	(45,483)	(45,483)	(45,483)
85	Regulatory Assets - Sky Blue Under Recovery	-	-	-	-
86	Regulatory Assets - Renewable Energy	2,654,454	2,630,188	2,605,921	2,581,654
87	Regulatory Assets - Renewable Energy Credits	(78,530)	(78,530)	(78,530)	(78,530)
88	Regulatory Assets - SJGS External Legal Fees	(108,301)	(107,882)	(107,463)	(107,044)
89	Regulatory Assets - SJGS Final ETA Depcom	-	-	-	-
90	Regulatory Assets - SJGS Final ETA Mine Rec	-	-	-	-
91	Regulatory Assets - SJGS Replacement Resources	(1,820,623)	(1,813,580)	(1,806,537)	(1,799,494)
92	Regulatory Assets - SJGS Undepreciated Investment	-	-	-	-
93	Regulatory Assets - SJGS Underground Coal Mine	-	-	-	-
94	Regulatory Assets - Solar Direct Regulatory Assets	-	-	-	-
95	Regulatory Assets - TOD Rate Pilot Program	(784,797)	(784,797)	(784,797)	(784,797)
96	Regulatory Assets - Transportation Electrification	-	-	-	-
97	Regulatory Assets - WCC Transaction Costs	-	-	-	-
98	Regulatory Liabilities - Energy Efficiency	-	-	-	-
99	Regulatory Liabilities - FAC	-	-	-	-
100	Regulatory Assets - PCB Refinancing Hedge	(1,499,497)	(1,481,622)	(1,463,748)	(1,445,874)
101	Prepaid Expenses: Production	(445,840)	(445,840)	(445,840)	(445,840)
102	Prepaid Expenses: Transmission	(1,849,743)	(1,849,743)	(1,849,743)	(1,849,743)
103	Prepaid Expenses: Transmission (incremental FERC Rates)	-	-	-	-
104	Prepaid Expenses: Distribution	(135,016)	(135,016)	(135,016)	(135,016)
105	Prepaid Expenses: Renewables	-	-	-	-
106	Regulatory Assets - 2024 Rate Change	(378,377)	(357,924)	(337,471)	(317,019)
107	Regulatory Assets - 2025 Rate Change	(307,444)	(298,904)	(290,364)	(281,824)
108	Regulatory Assets - SJGS Obsolete Inventory	(1,377,666)	(1,372,337)	(1,367,007)	(1,361,678)
109	Regulatory Liabilities - Earnings Test	-	-	-	-
110	Regulatory Assets - PVNGS Lease costs	(5,072)	(5,072)	(5,072)	(5,072)

	A	BN	BP	BR	BT
1	**Public Service Company of New Mexico**				
2	**NMPRC Case No. 26-XXXXX-UT**				
3	**PNM Exhibit LTM-2**				
4	**ADIT-1 Schedule H-12**				
5	Hyperlink to Lead Sheet	**30-Jun-27**	**31-Jul-27**	**31-Aug-27**	**30-Sep-27**
6		**Balance**	**Balance**	**Balance**	**Balance**
7					
8	**Accumulated Deferred Income Taxes**				
111	Regulatory Assets - PVNGS Undepreciated Investment	(9,714,796)	(9,665,855)	(9,616,913)	(9,567,971)
112	Regulatory Assets - ETC Over/Under SPE	-	-	-	-
113	Regulatory Assets - PVNGS Replacement Resources	(435,469)	(433,275)	(431,081)	(428,888)
114	Regulatory Assets - Rate Rider 12 UG Rate	-	-	-	-
115	Regulatory Assets - Renewable Rider Curr Reg	-	-	-	-
116	Regulatory Assets - SJ Energy Transition Property (SPE)	(79,399,824)	(79,126,409)	(78,852,994)	(78,579,578)
117	Regulatory Liabilities - Curr Reg Liab-UG Rate Rider 12	-	-	-	-
118	Regulatory Liabilities - ITC Sandia	7,087,254	7,087,254	7,087,254	7,087,254
119	Regulatory Liabilities - ITC Sunbelt	-	-	-	-
120	Regulatory Liabilities - ITC - Distribution Battery Phase 2	-	-	-	-
121	Regulatory Liabilities - Energy Transition Cost True Up	282,892	281,779	280,665	279,551
122	Regulatory Liabilities - SJGS Retirements Rate Credit	23,805	23,805	23,805	23,805
123	Regulatory Liabilities - PVNGS Lease Costs	-	-	-	-
124	Deferred Debits - WS-Transmission Revenue	-	-	-	-
125	Customer Advance	-	-	-	-
126	Deferred Credits - ETA	-	-	-	-
127	Other Liabilities - ETA Coal Mine Severance	-	-	-	-
128	Other Liabilities - ETA State Agency Payments	-	-	-	-
129	SJGS County Ordinance Decommission	-	-	-	-
130					
131					
132	**Total Accumulated Deferred Income Taxes**	(840,757,425)	(841,642,278)	(841,456,657)	(854,302,623)
133					
134	General Ledger ADIT Balance				
135					
136	Difference (Rounding)	-	-	-	-

	A	BV	BX	BZ	CB
1	**Public Service Company of New Mexico**				
2	**NMPRC Case No. 26-XXXXX-UT**				
3	**PNM Exhibit LTM-2**				
4	**ADIT-1 Schedule H-12**				
5	Hyperlink to Lead Sheet	**31-Oct-27**	**30-Nov-27**	**31-Dec-27**	**31-Jan-28**
6		**Balance**	**Balance**	**Balance**	**Balance**
7					
8	**Accumulated Deferred Income Taxes**				
9					
10	Federal Tax Credit Carryforward	21,743,653	21,743,653	21,743,653	21,743,653
11	Federal Tax Credit Carryforward - Renewables	-	-	-	-
12	Net Operating Loss (NOL)	53,415,338	53,415,338	53,415,338	53,415,338
13	Incentive Pay Plans	-	-	-	-
14	Regulatory Assets - Coal Mine Decommissioning	-	-	-	-
15	Regulatory Liabilities - Renewable Rider	-	-	-	-
16	Income Tax Regulatory Liability	81,354,219	83,304,358	85,254,497	87,204,636
17	Income Tax Regulatory Asset	(65,518,006)	(65,518,006)	(65,518,006)	(65,518,006)
18	Investment Tax Credit 2024	7,393,757	7,393,757	7,393,757	7,393,757
19	Investment Tax Credit - Sandia	-	-	-	-
20	Investment Tax Credit - Sunbelt	-	-	-	-
21	Investment Tax Credit - Distribution Battery Phase 2	-	27,099,468	-	-
22	Lease Liability	-	-	-	-
23	Deferred Credits - Coal Mine Decommissioning	-	-	-	-
24	Regulatory Assets - ETA Carrying Charges	-	-	-	-
25	Regulatory Assets - ETA Job Training & Severance	-	-	-	-
26	Regulatory Assets - ETA Payments to State Agencies	-	-	-	-
27	Regulatory Assets - ETA SJGS Plant Decommissioning	-	-	-	-
28	Regulatory Assets - ETA SJGS upfront Financing Cost	-	-	-	-
29	Regulatory Assets - ETA Westmoreland Coal Mine Sev	-	-	-	-
30	Deferred Credits - Joint Use	102,927	99,378	95,829	92,280
31	Deferred Credits - Pathnet	1,369,729	1,367,928	1,366,127	1,364,326
32	Deferred Credits - PVNGS Dry Casks	-	-	-	-
33	Other Deferred Credits	-	-	-	-
34	Other Liabilities - ETA Job Training and Severance	-	-	-	-
35	Other Liabilities - Navajo Workforce Training	-	-	-	-
36	Other Liabilities	-	-	-	-
37	Blackstone Transaction Costs	-	-	-	-
38	Injury and Damages	2,058,181	2,058,181	2,058,181	2,058,181
39	Plant - AFUDC	(44,647,789)	(44,995,458)	(45,369,816)	(45,674,509)
40	Plant - Capitalized Interest	17,607,447	17,607,447	17,607,447	17,607,447
41	Decommissioning and Reclamation Trusts	-	-	-	-
42	ASC 740-10 (FIN 48) Reclassifications	-	-	-	-
43	Estimated Tax Rate Adjustment	-	-	-	-
44	PVNGS Licensing	562	281	0	0
45	Plant - 263A Adjustment	(80,078,392)	(80,078,392)	(80,078,392)	(80,078,392)
46	Deferred State Taxes	-	-	-	-
47	Plant - CIAC	26,503,887	26,503,887	26,503,887	26,503,887
48	Plant - Depreciation Nuclear Fuel	6,652,204	8,945,055	8,889,234	8,974,613
49	Plant - Removal Cost	(4,446,299)	(4,446,299)	(4,446,299)	(4,446,299)
50	Plant - Repairs	(197,533,666)	(198,882,674)	(205,897,502)	(207,106,773)
51	Plant - Section 174 Deduction	7,509,732	7,509,732	7,509,732	7,509,732
52	Plant - Asset Retirement Obligation	10,326,963	10,374,889	10,423,068	10,469,742
53	Plant - Pollution Control Property	(2,154,701)	(2,154,701)	(2,154,701)	(2,154,701)
54	Plant - Liberalized Depreciation: Production	(149,079,686)	(148,398,019)	(148,192,368)	(147,320,908)
55	Plant - Liberalized Depreciation: Transmission	(145,105,448)	(143,840,213)	(144,217,523)	(144,486,876)
56	Plant - Liberalized Depreciation: Distribution	(175,088,638)	(174,597,595)	(175,478,511)	(176,842,115)
57	Plant - Liberalized Depreciation: General and Intangible	(11,297,329)	(13,300,741)	(12,324,774)	(11,339,301)
58	Plant - Liberalized Depreciation: Grid Mod	(14,909,297)	(15,250,536)	(15,234,691)	(17,011,860)
59	Plant - Liberalized Depreciation: Renewables	(46,800,359)	(46,841,383)	(46,654,347)	(46,461,759)

	A	BV	BX	BZ	CB
1	**Public Service Company of New Mexico**				
2	**NMPRC Case No. 26-XXXXX-UT**				
3	**PNM Exhibit LTM-2**				
4	**ADIT-1 Schedule H-12**				
5	Hyperlink to Lead Sheet	**31-Oct-27**	**30-Nov-27**	**31-Dec-27**	**31-Jan-28**
6		**Balance**	**Balance**	**Balance**	**Balance**
7					
8	**Accumulated Deferred Income Taxes**				
60	Plant - Four Corners Imprudence	-	-	-	-
61	Regulatory Assets - SJGS Stranded Costs Units 2&3	(16,342,019)	(16,209,157)	(16,076,295)	(15,943,434)
62	Pension	(37,728,798)	(37,638,129)	(37,547,461)	(37,418,429)
63	Retiree Medical	-	-	-	-
64	Lease Asset	-	-	-	-
65	Loss on Reacquired Debt	(859,311)	(851,018)	(842,725)	(834,432)
66	Other Comprehensive Income (OCI)	-	-	-	-
67	Deferred Credits - SO2 Allowance	-	-	-	-
68	Deferred Debits - Rate Case Expense	(1,033,285)	(1,015,771)	(998,258)	(980,745)
69	Deferred Debits - Decoupling	-	-	-	-
70	Deferred Debits - Grid Modernization	-	-	-	-
71	Deferred Debits - RR Underground Rider	-	-	-	-
72	Energy Storage Agreement	(7,756,132)	(7,723,680)	(7,691,227)	(7,658,775)
73	Energy Transition Charges	-	-	-	-
74	Prepaid Expenses	(1,168,330)	(1,168,330)	(1,168,330)	(1,168,330)
75	Regulatory Assets - 2024 COVID Bad Debt	-	-	-	-
76	Regulatory Assets - COVID-19 Costs	(115,212)	(110,202)	(105,193)	(100,184)
77	Regulatory Assets - Community Solar	(889,634)	(876,512)	(863,389)	(850,267)
78	Regulatory assets - FAC	0	0	0	0
79	Regulatory Assets - EDAM Costs	(773,865)	(760,748)	(747,632)	(734,516)
80	Regulatory Assets - EIM Costs	(1,153,436)	(1,073,889)	(994,341)	(914,794)
81	Regulatory Assets - Energy Efficiency	(126,900)	(124,749)	(122,599)	(120,448)
82	Regulatory Assets - ETA	-	-	-	-
83	Regulatory Assets - FERC 893 Cyber	-	-	-	-
84	Regulatory Assets - IRP	(44,725)	(43,967)	(43,209)	(42,451)
85	Regulatory Assets - Sky Blue Under Recovery	-	-	-	-
86	Regulatory Assets - Renewable Energy	2,557,387	2,533,120	2,508,854	2,484,587
87	Regulatory Assets - Renewable Energy Credits	(78,530)	(78,530)	(78,530)	(78,530)
88	Regulatory Assets - SJGS External Legal Fees	(106,625)	(106,206)	(105,787)	(105,369)
89	Regulatory Assets - SJGS Final ETA Depcom	-	-	-	-
90	Regulatory Assets - SJGS Final ETA Mine Rec	-	-	-	-
91	Regulatory Assets - SJGS Replacement Resources	(1,792,451)	(1,785,408)	(1,778,365)	(1,771,322)
92	Regulatory Assets - SJGS Undepreciated Investment	-	-	-	-
93	Regulatory Assets - SJGS Underground Coal Mine	-	-	-	-
94	Regulatory Assets - Solar Direct Regulatory Assets	-	-	-	-
95	Regulatory Assets - TOD Rate Pilot Program	(771,717)	(758,637)	(745,558)	(732,478)
96	Regulatory Assets - Transportation Electrification	-	-	-	-
97	Regulatory Assets - WCC Transaction Costs	-	-	-	-
98	Regulatory Liabilities - Energy Efficiency	-	-	-	-
99	Regulatory Liabilities - FAC	-	-	-	-
100	Regulatory Assets - PCB Refinancing Hedge	(1,428,000)	(1,410,126)	(1,392,252)	(1,374,378)
101	Prepaid Expenses: Production	(445,840)	(445,840)	(445,840)	(445,840)
102	Prepaid Expenses: Transmission	(1,849,743)	(1,849,743)	(1,849,743)	(1,849,743)
103	Prepaid Expenses: Transmission (incremental FERC Rates)	-	-	-	-
104	Prepaid Expenses: Distribution	(135,016)	(135,016)	(135,016)	(135,016)
105	Prepaid Expenses: Renewables	-	-	-	-
106	Regulatory Assets - 2024 Rate Change	(296,566)	(276,113)	(255,660)	(235,207)
107	Regulatory Assets - 2025 Rate Change	(273,283)	(264,743)	(256,203)	(247,663)
108	Regulatory Assets - SJGS Obsolete Inventory	(1,356,348)	(1,351,019)	(1,345,690)	(1,340,360)
109	Regulatory Liabilities - Earnings Test	-	-	-	-
110	Regulatory Assets - PVNGS Lease costs	(4,649)	(4,227)	(3,804)	(3,381)

This schedule sponsored by PNM witness Morris

	A	BV	BX	BZ	CB
1	**Public Service Company of New Mexico**				
2	**NMPRC Case No. 26-XXXXX-UT**				
3	**PNM Exhibit LTM-2**				
4	**ADIT-1 Schedule H-12**				
5	Hyperlink to Lead Sheet	**31-Oct-27**	**30-Nov-27**	**31-Dec-27**	**31-Jan-28**
6		**Balance**	**Balance**	**Balance**	**Balance**
7					
8	**Accumulated Deferred Income Taxes**				
111	Regulatory Assets - PVNGS Undepreciated Investment	(9,519,029)	(9,470,087)	(9,421,145)	(9,372,203)
112	Regulatory Assets - ETC Over/Under SPE	-	-	-	-
113	Regulatory Assets - PVNGS Replacement Resources	(426,694)	(424,500)	(422,306)	(420,112)
114	Regulatory Assets - Rate Rider 12 UG Rate	-	-	-	-
115	Regulatory Assets - Renewable Rider Curr Reg	-	-	-	-
116	Regulatory Assets - SJ Energy Transition Property (SPE)	(78,306,163)	(78,032,748)	(77,759,332)	(77,485,917)
117	Regulatory Liabilities - Curr Reg Liab-UG Rate Rider 12	-	-	-	-
118	Regulatory Liabilities - ITC Sandia	6,969,133	6,851,012	6,732,891	6,614,770
119	Regulatory Liabilities - ITC Sunbelt	-	-	-	-
120	Regulatory Liabilities - ITC - Distribution Battery Phase 2	-	-	5,988,441	5,888,633
121	Regulatory Liabilities - Energy Transition Cost True Up	278,437	277,324	276,210	275,096
122	Regulatory Liabilities - SJGS Retirements Rate Credit	21,821	19,837	17,854	15,870
123	Regulatory Liabilities - PVNGS Lease Costs	-	-	-	-
124	Deferred Debits - WS-Transmission Revenue	-	-	-	-
125	Customer Advance	-	-	-	-
126	Deferred Credits - ETA	-	-	-	-
127	Other Liabilities - ETA Coal Mine Severance	-	-	-	-
128	Other Liabilities - ETA State Agency Payments	-	-	-	-
129	SJGS County Ordinance Decommission	-	-	-	-
130					
131					
132	**Total Accumulated Deferred Income Taxes**	(855,576,533)	(825,188,467)	(850,977,821)	(851,189,273)
133					
134	General Ledger ADIT Balance				
135					
136	Difference (Rounding)	-	-	-	-

	A	CD	CF	CH	CJ
1	**Public Service Company of New Mexico**				
2	**NMPRC Case No. 26-XXXXX-UT**				
3	**PNM Exhibit LTM-2**				
4	**ADIT-1 Schedule H-12**				
5	Hyperlink to Lead Sheet	**29-Feb-28**	**31-Mar-28**	**30-Apr-28**	**31-May-28**
6		**Balance**	**Balance**	**Balance**	**Balance**
7					
8	**Accumulated Deferred Income Taxes**				
9					
10	Federal Tax Credit Carryforward	21,743,653	21,743,653	21,743,653	21,743,653
11	Federal Tax Credit Carryforward - Renewables	-	-	-	-
12	Net Operating Loss (NOL)	53,415,338	53,415,338	53,415,338	53,415,338
13	Incentive Pay Plans	-	-	-	-
14	Regulatory Assets - Coal Mine Decommissioning	-	-	-	-
15	Regulatory Liabilities - Renewable Rider	-	-	-	-
16	Income Tax Regulatory Liability	87,840,356	88,476,076	89,111,796	89,747,515
17	Income Tax Regulatory Asset	(65,518,006)	(65,518,006)	(65,518,006)	(65,518,006)
18	Investment Tax Credit 2024	7,393,757	7,393,757	7,393,757	7,393,757
19	Investment Tax Credit - Sandia	-	-	-	-
20	Investment Tax Credit - Sunbelt	-	-	-	90,769,705
21	Investment Tax Credit - Distribution Battery Phase 2	-	-	-	-
22	Lease Liability	-	-	-	-
23	Deferred Credits - Coal Mine Decommissioning	-	-	-	-
24	Regulatory Assets - ETA Carrying Charges	-	-	-	-
25	Regulatory Assets - ETA Job Training & Severance	-	-	-	-
26	Regulatory Assets - ETA Payments to State Agencies	-	-	-	-
27	Regulatory Assets - ETA SJGS Plant Decommissioning	-	-	-	-
28	Regulatory Assets - ETA SJGS upfront Financing Cost	-	-	-	-
29	Regulatory Assets - ETA Westmoreland Coal Mine Sev	-	-	-	-
30	Deferred Credits - Joint Use	88,730	85,181	81,632	78,083
31	Deferred Credits - Pathnet	1,362,525	1,360,724	1,358,923	1,357,121
32	Deferred Credits - PVNGS Dry Casks	-	-	-	-
33	Other Deferred Credits	-	-	-	-
34	Other Liabilities - ETA Job Training and Severance	-	-	-	-
35	Other Liabilities - Navajo Workforce Training	-	-	-	-
36	Other Liabilities	-	-	-	-
37	Blackstone Transaction Costs	-	-	-	-
38	Injury and Damages	2,058,181	2,058,181	2,058,181	2,058,181
39	Plant - AFUDC	(46,009,371)	(46,374,096)	(46,771,420)	(47,184,215)
40	Plant - Capitalized Interest	17,607,447	17,607,447	17,607,447	17,607,447
41	Decommissioning and Reclamation Trusts	-	-	-	-
42	ASC 740-10 (FIN 48) Reclassifications	-	-	-	-
43	Estimated Tax Rate Adjustment	-	-	-	-
44	PVNGS Licensing	0	0	0	0
45	Plant - 263A Adjustment	(80,078,392)	(80,078,392)	(80,078,392)	(80,078,392)
46	Deferred State Taxes	-	-	-	-
47	Plant - CIAC	26,503,887	26,503,887	26,503,887	26,503,887
48	Plant - Depreciation Nuclear Fuel	9,749,214	10,343,996	9,696,130	10,246,267
49	Plant - Removal Cost	(4,446,299)	(4,446,299)	(4,446,299)	(4,446,299)
50	Plant - Repairs	(207,861,085)	(208,933,252)	(211,363,300)	(212,532,664)
51	Plant - Section 174 Deduction	7,509,732	7,509,732	7,509,732	7,509,732
52	Plant - Asset Retirement Obligation	10,516,664	10,563,835	10,611,256	10,658,928
53	Plant - Pollution Control Property	(2,154,701)	(2,154,701)	(2,154,701)	(2,154,701)
54	Plant - Liberalized Depreciation: Production	(146,021,368)	(145,933,085)	(146,164,931)	(145,483,178)
55	Plant - Liberalized Depreciation: Transmission	(146,782,582)	(145,773,956)	(145,714,981)	(149,138,545)
56	Plant - Liberalized Depreciation: Distribution	(176,528,025)	(178,822,503)	(180,730,384)	(180,166,720)
57	Plant - Liberalized Depreciation: General and Intangible	(11,201,338)	(10,319,885)	(9,390,521)	(8,440,000)
58	Plant - Liberalized Depreciation: Grid Mod	(18,012,425)	(19,223,705)	(19,582,192)	(19,789,001)
59	Plant - Liberalized Depreciation: Renewables	(46,269,756)	(46,077,606)	(45,892,388)	(45,750,941)

	A	CD	CF	CH	CJ
1	**Public Service Company of New Mexico**				
2	**NMPRC Case No. 26-XXXXX-UT**				
3	**PNM Exhibit LTM-2**				
4	**ADIT-1 Schedule H-12**				
5	Hyperlink to Lead Sheet	**29-Feb-28**	**31-Mar-28**	**30-Apr-28**	**31-May-28**
6		**Balance**	**Balance**	**Balance**	**Balance**
7					
8	**Accumulated Deferred Income Taxes**				
60	Plant - Four Corners Imprudence	-	-	-	-
61	Regulatory Assets - SJGS Stranded Costs Units 2&3	(15,810,572)	(15,677,710)	(15,544,848)	(15,411,986)
62	Pension	(37,327,340)	(37,236,250)	(37,145,161)	(37,054,071)
63	Retiree Medical	-	-	-	-
64	Lease Asset	-	-	-	-
65	Loss on Reacquired Debt	(826,140)	(817,847)	(809,554)	(801,261)
66	Other Comprehensive Income (OCI)	-	-	-	-
67	Deferred Credits - SO2 Allowance	-	-	-	-
68	Deferred Debits - Rate Case Expense	(963,232)	(945,718)	(928,205)	(910,692)
69	Deferred Debits - Decoupling	-	-	-	-
70	Deferred Debits - Grid Modernization	-	-	-	-
71	Deferred Debits - RR Underground Rider	-	-	-	-
72	Energy Storage Agreement	(7,626,322)	(7,593,870)	(7,561,417)	(7,528,965)
73	Energy Transition Charges	-	-	-	-
74	Prepaid Expenses	(1,168,330)	(1,168,330)	(1,168,330)	(1,168,330)
75	Regulatory Assets - 2024 COVID Bad Debt	-	-	-	-
76	Regulatory Assets - COVID-19 Costs	(95,175)	(90,166)	(85,156)	(80,147)
77	Regulatory Assets - Community Solar	(837,145)	(824,022)	(810,900)	(797,778)
78	Regulatory assets - FAC	0	0	0	0
79	Regulatory Assets - EDAM Costs	(721,399)	(708,283)	(695,166)	(682,050)
80	Regulatory Assets - EIM Costs	(835,247)	(755,699)	(676,152)	(596,605)
81	Regulatory Assets - Energy Efficiency	(118,297)	(116,146)	(113,995)	(111,844)
82	Regulatory Assets - ETA	-	-	-	-
83	Regulatory Assets - FERC 893 Cyber	-	-	-	-
84	Regulatory Assets - IRP	(41,693)	(40,935)	(40,177)	(39,419)
85	Regulatory Assets - Sky Blue Under Recovery	-	-	-	-
86	Regulatory Assets - Renewable Energy	2,460,320	2,436,053	2,411,786	2,387,520
87	Regulatory Assets - Renewable Energy Credits	(78,530)	(78,530)	(78,530)	(78,530)
88	Regulatory Assets - SJGS External Legal Fees	(104,950)	(104,531)	(104,112)	(103,693)
89	Regulatory Assets - SJGS Final ETA Depcom	-	-	-	-
90	Regulatory Assets - SJGS Final ETA Mine Rec	-	-	-	-
91	Regulatory Assets - SJGS Replacement Resources	(1,764,279)	(1,757,236)	(1,750,193)	(1,743,150)
92	Regulatory Assets - SJGS Undepreciated Investment	-	-	-	-
93	Regulatory Assets - SJGS Underground Coal Mine	-	-	-	-
94	Regulatory Assets - Solar Direct Regulatory Assets	-	-	-	-
95	Regulatory Assets - TOD Rate Pilot Program	(719,398)	(706,318)	(693,238)	(680,158)
96	Regulatory Assets - Transportation Electrification	-	-	-	-
97	Regulatory Assets - WCC Transaction Costs	-	-	-	-
98	Regulatory Liabilities - Energy Efficiency	-	-	-	-
99	Regulatory Liabilities - FAC	-	-	-	-
100	Regulatory Assets - PCB Refinancing Hedge	(1,356,504)	(1,338,630)	(1,320,756)	(1,302,881)
101	Prepaid Expenses: Production	(445,840)	(445,840)	(445,840)	(445,840)
102	Prepaid Expenses: Transmission	(1,849,743)	(1,849,743)	(1,849,743)	(1,849,743)
103	Prepaid Expenses: Transmission (incremental FERC Rates)	-	-	-	-
104	Prepaid Expenses: Distribution	(135,016)	(135,016)	(135,016)	(135,016)
105	Prepaid Expenses: Renewables	-	-	-	-
106	Regulatory Assets - 2024 Rate Change	(214,754)	(194,302)	(173,849)	(153,396)
107	Regulatory Assets - 2025 Rate Change	(239,123)	(230,583)	(222,043)	(213,503)
108	Regulatory Assets - SJGS Obsolete Inventory	(1,335,031)	(1,329,701)	(1,324,372)	(1,319,042)
109	Regulatory Liabilities - Earnings Test	-	-	-	-
110	Regulatory Assets - PVNGS Lease costs	(2,959)	(2,536)	(2,113)	(1,691)

	A	CD	CF	CH	CJ
1	**Public Service Company of New Mexico**				
2	**NMPRC Case No. 26-XXXXX-UT**				
3	**PNM Exhibit LTM-2**				
4	**ADIT-1 Schedule H-12**				
5	Hyperlink to Lead Sheet	**29-Feb-28**	**31-Mar-28**	**30-Apr-28**	**31-May-28**
6		**Balance**	**Balance**	**Balance**	**Balance**
7					
8	**Accumulated Deferred Income Taxes**				
111	Regulatory Assets - PVNGS Undepreciated Investment	(9,323,261)	(9,274,319)	(9,225,377)	(9,176,435)
112	Regulatory Assets - ETC Over/Under SPE	-	-	-	-
113	Regulatory Assets - PVNGS Replacement Resources	(417,919)	(415,725)	(413,531)	(411,337)
114	Regulatory Assets - Rate Rider 12 UG Rate	-	-	-	-
115	Regulatory Assets - Renewable Rider Curr Reg	-	-	-	-
116	Regulatory Assets - SJ Energy Transition Property (SPE)	(77,212,502)	(76,939,086)	(76,665,671)	(76,392,255)
117	Regulatory Liabilities - Curr Reg Liab-UG Rate Rider 12	-	-	-	-
118	Regulatory Liabilities - ITC Sandia	6,496,649	6,378,528	6,260,407	6,142,286
119	Regulatory Liabilities - ITC Sunbelt	-	-	-	-
120	Regulatory Liabilities - ITC - Distribution Battery Phase 2	5,788,826	5,689,018	5,589,211	5,489,404
121	Regulatory Liabilities - Energy Transition Cost True Up	273,982	272,869	271,755	270,641
122	Regulatory Liabilities - SJGS Retirements Rate Credit	13,886	11,902	9,919	7,935
123	Regulatory Liabilities - PVNGS Lease Costs	-	-	-	-
124	Deferred Debits - WS-Transmission Revenue	-	-	-	-
125	Customer Advance	-	-	-	-
126	Deferred Credits - ETA	-	-	-	-
127	Other Liabilities - ETA Coal Mine Severance	-	-	-	-
128	Other Liabilities - ETA State Agency Payments	-	-	-	-
129	SJGS County Ordinance Decommission	-	-	-	-
130					
131					
132	**Total Accumulated Deferred Income Taxes**	(851,630,897)	(852,582,378)	(856,156,151)	(766,485,080)
133					
134	General Ledger ADIT Balance				
135					
136	Difference (Rounding)	-	-	-	-

	A	CL	CN	CP	CR
1	**Public Service Company of New Mexico**				
2	**NMPRC Case No. 26-XXXXX-UT**				
3	**PNM Exhibit LTM-2**				
4	**ADIT-1 Schedule H-12**				
5	Hyperlink to Lead Sheet	**30-Jun-28**	**31-Jul-28**	**31-Aug-28**	**30-Sep-28**
6		**Balance**	**Balance**	**Balance**	**Balance**
7					
8	**Accumulated Deferred Income Taxes**				
9					
10	Federal Tax Credit Carryforward	21,743,653	21,743,653	21,743,653	21,743,653
11	Federal Tax Credit Carryforward - Renewables	-	-	-	-
12	Net Operating Loss (NOL)	53,415,338	53,415,338	53,415,338	53,415,338
13	Incentive Pay Plans	-	-	-	-
14	Regulatory Assets - Coal Mine Decommissioning	-	-	-	-
15	Regulatory Liabilities - Renewable Rider	-	-	-	-
16	Income Tax Regulatory Liability	90,383,235	91,018,955	91,654,675	92,290,395
17	Income Tax Regulatory Asset	(65,518,006)	(65,518,006)	(65,518,006)	(65,518,006)
18	Investment Tax Credit 2024	7,393,757	7,393,757	7,393,757	7,393,757
19	Investment Tax Credit - Sandia	-	-	-	-
20	Investment Tax Credit - Sunbelt	-	-	-	-
21	Investment Tax Credit - Distribution Battery Phase 2	-	-	-	-
22	Lease Liability	-	-	-	-
23	Deferred Credits - Coal Mine Decommissioning	-	-	-	-
24	Regulatory Assets - ETA Carrying Charges	-	-	-	-
25	Regulatory Assets - ETA Job Training & Severance	-	-	-	-
26	Regulatory Assets - ETA Payments to State Agencies	-	-	-	-
27	Regulatory Assets - ETA SJGS Plant Decommissioning	-	-	-	-
28	Regulatory Assets - ETA SJGS upfront Financing Cost	-	-	-	-
29	Regulatory Assets - ETA Westmoreland Coal Mine Sev	-	-	-	-
30	Deferred Credits - Joint Use	74,534	70,984	67,435	63,886
31	Deferred Credits - Pathnet	1,355,320	1,353,519	1,351,718	1,349,917
32	Deferred Credits - PVNGS Dry Casks	-	-	-	-
33	Other Deferred Credits	-	-	-	-
34	Other Liabilities - ETA Job Training and Severance	-	-	-	-
35	Other Liabilities - Navajo Workforce Training	-	-	-	-
36	Other Liabilities	-	-	-	-
37	Blackstone Transaction Costs	-	-	-	-
38	Injury and Damages	2,058,181	2,058,181	2,058,181	2,058,181
39	Plant - AFUDC	(47,600,842)	(47,986,929)	(48,397,325)	(48,784,275)
40	Plant - Capitalized Interest	17,607,447	17,607,447	17,607,447	17,607,447
41	Decommissioning and Reclamation Trusts	-	-	-	-
42	ASC 740-10 (FIN 48) Reclassifications	-	-	-	-
43	Estimated Tax Rate Adjustment	-	-	-	-
44	PVNGS Licensing	0	0	0	0
45	Plant - 263A Adjustment	(80,078,392)	(80,078,392)	(80,078,392)	(80,078,392)
46	Deferred State Taxes	-	-	-	-
47	Plant - CIAC	26,503,887	26,503,887	26,503,887	26,503,887
48	Plant - Depreciation Nuclear Fuel	10,187,815	9,908,071	9,628,621	9,771,091
49	Plant - Removal Cost	(4,446,299)	(4,446,299)	(4,446,299)	(4,446,299)
50	Plant - Repairs	(218,018,080)	(219,094,589)	(220,993,742)	(224,817,670)
51	Plant - Section 174 Deduction	7,509,732	7,509,732	7,509,732	7,509,732
52	Plant - Asset Retirement Obligation	10,706,853	10,755,033	10,803,468	10,852,161
53	Plant - Pollution Control Property	(2,154,701)	(2,154,701)	(2,154,701)	(2,154,701)
54	Plant - Liberalized Depreciation: Production	(144,291,768)	(143,321,353)	(142,217,270)	(140,967,815)
55	Plant - Liberalized Depreciation: Transmission	(154,284,866)	(153,581,114)	(157,216,942)	(158,832,184)
56	Plant - Liberalized Depreciation: Distribution	(178,772,012)	(182,291,495)	(182,159,446)	(184,008,072)
57	Plant - Liberalized Depreciation: General and Intangible	(7,472,895)	(6,561,963)	(5,705,396)	(4,960,806)
58	Plant - Liberalized Depreciation: Grid Mod	(19,637,471)	(20,086,297)	(19,859,029)	(19,667,038)
59	Plant - Liberalized Depreciation: Renewables	(45,562,152)	(45,369,463)	(45,181,643)	(45,181,643)

	A	CL	CN	CP	CR
1	**Public Service Company of New Mexico**				
2	**NMPRC Case No. 26-XXXXX-UT**				
3	**PNM Exhibit LTM-2**				
4	**ADIT-1 Schedule H-12**				
5	Hyperlink to Lead Sheet	**30-Jun-28**	**31-Jul-28**	**31-Aug-28**	**30-Sep-28**
6		**Balance**	**Balance**	**Balance**	**Balance**
7					
8	**Accumulated Deferred Income Taxes**				
60	Plant - Four Corners Imprudence	-	-	-	-
61	Regulatory Assets - SJGS Stranded Costs Units 2&3	(15,279,125)	(15,146,263)	(15,013,401)	(14,880,539)
62	Pension	(36,962,982)	(36,871,892)	(36,780,803)	(36,689,713)
63	Retiree Medical	-	-	-	-
64	Lease Asset	-	-	-	-
65	Loss on Reacquired Debt	(792,968)	(784,675)	(776,382)	(768,089)
66	Other Comprehensive Income (OCI)	-	-	-	-
67	Deferred Credits - SO2 Allowance	-	-	-	-
68	Deferred Debits - Rate Case Expense	(893,178)	(875,665)	(858,152)	(840,638)
69	Deferred Debits - Decoupling	-	-	-	-
70	Deferred Debits - Grid Modernization	-	-	-	-
71	Deferred Debits - RR Underground Rider	-	-	-	-
72	Energy Storage Agreement	(7,496,513)	(7,464,060)	(7,431,608)	(7,399,155)
73	Energy Transition Charges	-	-	-	-
74	Prepaid Expenses	(1,168,330)	(1,168,330)	(1,168,330)	(1,168,330)
75	Regulatory Assets - 2024 COVID Bad Debt	-	-	-	-
76	Regulatory Assets - COVID-19 Costs	(75,138)	(70,129)	(65,120)	(60,110)
77	Regulatory Assets - Community Solar	(784,655)	(771,533)	(758,411)	(745,288)
78	Regulatory assets - FAC	0	0	0	0
79	Regulatory Assets - EDAM Costs	(668,934)	(655,817)	(642,701)	(629,585)
80	Regulatory Assets - EIM Costs	(517,057)	(437,510)	(357,963)	(278,416)
81	Regulatory Assets - Energy Efficiency	(109,693)	(107,543)	(105,392)	(103,241)
82	Regulatory Assets - ETA	-	-	-	-
83	Regulatory Assets - FERC 893 Cyber	-	-	-	-
84	Regulatory Assets - IRP	(38,661)	(37,903)	(37,145)	(36,387)
85	Regulatory Assets - Sky Blue Under Recovery	-	-	-	-
86	Regulatory Assets - Renewable Energy	2,363,253	2,338,986	2,314,719	2,290,452
87	Regulatory Assets - Renewable Energy Credits	(78,530)	(78,530)	(78,530)	(78,530)
88	Regulatory Assets - SJGS External Legal Fees	(103,274)	(102,855)	(102,436)	(102,017)
89	Regulatory Assets - SJGS Final ETA Depcom	-	-	-	-
90	Regulatory Assets - SJGS Final ETA Mine Rec	-	-	-	-
91	Regulatory Assets - SJGS Replacement Resources	(1,736,107)	(1,729,064)	(1,722,021)	(1,714,978)
92	Regulatory Assets - SJGS Undepreciated Investment	-	-	-	-
93	Regulatory Assets - SJGS Underground Coal Mine	-	-	-	-
94	Regulatory Assets - Solar Direct Regulatory Assets	-	-	-	-
95	Regulatory Assets - TOD Rate Pilot Program	(667,078)	(653,998)	(640,918)	(627,838)
96	Regulatory Assets - Transportation Electrification	-	-	-	-
97	Regulatory Assets - WCC Transaction Costs	-	-	-	-
98	Regulatory Liabilities - Energy Efficiency	-	-	-	-
99	Regulatory Liabilities - FAC	-	-	-	-
100	Regulatory Assets - PCB Refinancing Hedge	(1,285,007)	(1,267,133)	(1,249,259)	(1,231,385)
101	Prepaid Expenses: Production	(445,840)	(445,840)	(445,840)	(445,840)
102	Prepaid Expenses: Transmission	(1,849,743)	(1,849,743)	(1,849,743)	(1,849,743)
103	Prepaid Expenses: Transmission (incremental FERC Rates)	-	-	-	-
104	Prepaid Expenses: Distribution	(135,016)	(135,016)	(135,016)	(135,016)
105	Prepaid Expenses: Renewables	-	-	-	-
106	Regulatory Assets - 2024 Rate Change	(132,943)	(112,490)	(92,038)	(71,585)
107	Regulatory Assets - 2025 Rate Change	(204,963)	(196,422)	(187,882)	(179,342)
108	Regulatory Assets - SJGS Obsolete Inventory	(1,313,713)	(1,308,383)	(1,303,054)	(1,297,724)
109	Regulatory Liabilities - Earnings Test	-	-	-	-
110	Regulatory Assets - PVNGS Lease costs	(1,268)	(845)	(423)	-

	A	CL	CN	CP	CR
1	**Public Service Company of New Mexico**				
2	**NMPRC Case No. 26-XXXXX-UT**				
3	**PNM Exhibit LTM-2**				
4	**ADIT-1 Schedule H-12**				
5	Hyperlink to Lead Sheet	**30-Jun-28**	**31-Jul-28**	**31-Aug-28**	**30-Sep-28**
6		**Balance**	**Balance**	**Balance**	**Balance**
7					
8	**Accumulated Deferred Income Taxes**				
111	Regulatory Assets - PVNGS Undepreciated Investment	(9,127,493)	(9,078,551)	(9,029,610)	(8,980,668)
112	Regulatory Assets - ETC Over/Under SPE	-	-	-	-
113	Regulatory Assets - PVNGS Replacement Resources	(409,143)	(406,950)	(404,756)	(402,562)
114	Regulatory Assets - Rate Rider 12 UG Rate	-	-	-	-
115	Regulatory Assets - Renewable Rider Curr Reg	-	-	-	-
116	Regulatory Assets - SJ Energy Transition Property (SPE)	(76,118,840)	(75,845,425)	(75,572,009)	(75,298,594)
117	Regulatory Liabilities - Curr Reg Liab-UG Rate Rider 12	-	-	-	-
118	Regulatory Liabilities - ITC Sandia	6,024,166	5,906,045	5,787,924	5,669,803
119	Regulatory Liabilities - ITC Sunbelt	20,058,289	19,723,985	19,389,680	19,055,375
120	Regulatory Liabilities - ITC - Distribution Battery Phase 2	5,389,596	5,289,789	5,189,982	5,090,174
121	Regulatory Liabilities - Energy Transition Cost True Up	269,527	268,414	267,300	266,186
122	Regulatory Liabilities - SJGS Retirements Rate Credit	5,951	3,967	1,984	(0)
123	Regulatory Liabilities - PVNGS Lease Costs	-	-	-	-
124	Deferred Debits - WS-Transmission Revenue	-	-	-	-
125	Customer Advance	-	-	-	-
126	Deferred Credits - ETA	-	-	-	-
127	Other Liabilities - ETA Coal Mine Severance	-	-	-	-
128	Other Liabilities - ETA State Agency Payments	-	-	-	-
129	SJGS County Ordinance Decommission	-	-	-	-
130					
131					
132	**Total Accumulated Deferred Income Taxes**	(843,183,140)	(845,223,425)	(848,047,631)	(852,500,778)
133					
134	General Ledger ADIT Balance				
135					
136	Difference (Rounding)	-	-	-	-

	A	CS	CT	CU	CV
1	**Public Service Company of New Mexico**				
2	**NMPRC Case No. 26-XXXXX-UT**				
3	**PNM Exhibit LTM-2**				
4	**ADIT-1 Schedule H-12**				
5	Hyperlink to Lead Sheet	**Test Period**	**Adjusted**		
6		**Adjustments**	**Test Period**	**Reference**	
7					
8	**Accumulated Deferred Income Taxes**				
9					
10	Federal Tax Credit Carryforward	-	21,743,653	PNM Exhibit RNG-3 COS Test, Line	84
11	Federal Tax Credit Carryforward - Renewables	-	-		
12	Net Operating Loss (NOL)	-	53,415,338	PNM Exhibit RNG-3 COS Test, Line	85
13	Incentive Pay Plans	-	-		
14	Regulatory Assets - Coal Mine Decommissioning	-	-		
15	Regulatory Liabilities - Renewable Rider	-	-		
16	Income Tax Regulatory Liability	(4,825,411)	87,464,984	PNM Exhibit RNG-3 COS Test, Line	86
17	Income Tax Regulatory Asset	-	(65,518,006)	PNM Exhibit RNG-3 COS Test, Line	87
18	Investment Tax Credit 2024	-	7,393,757	PNM Exhibit RNG-3 COS Test, Line	88
19	Investment Tax Credit - Sandia	-	-		
20	Investment Tax Credit - Sunbelt	6,982,285	6,982,285	PNM Exhibit RNG-3 COS Test, Line	89
21	Investment Tax Credit - Distribution Battery Phase 2	2,084,574	2,084,574	PNM Exhibit RNG-3 COS Test, Line	90
22	Lease Liability	-	-		
23	Deferred Credits - Coal Mine Decommissioning	-	-		
24	Regulatory Assets - ETA Carrying Charges	-	-		
25	Regulatory Assets - ETA Job Training & Severance	-	-		
26	Regulatory Assets - ETA Payments to State Agencies	-	-		
27	Regulatory Assets - ETA SJGS Plant Decommissioning	-	-		
28	Regulatory Assets - ETA SJGS upfront Financing Cost	-	-		
29	Regulatory Assets - ETA Westmoreland Coal Mine Sev	-	-		
30	Deferred Credits - Joint Use	21,295	85,181	PNM Exhibit RNG-3 COS Test, Line	91
31	Deferred Credits - Pathnet	10,807	1,360,724	PNM Exhibit RNG-3 COS Test, Line	92
32	Deferred Credits - PVNGS Dry Casks	-	-		
33	Other Deferred Credits	-	-		
34	Other Liabilities - ETA Job Training and Severance	-	-		
35	Other Liabilities - Navajo Workforce Training	-	-		
36	Other Liabilities	-	-		
37	Blackstone Transaction Costs	-	-		
38	Injury and Damages	-	2,058,181	PNM Exhibit RNG-3 COS Test, Line	93
39	Plant - AFUDC	2,501,197	(46,283,078)	PNM Exhibit RNG-3 COS Test, Line	94
40	Plant - Capitalized Interest	-	17,607,447	PNM Exhibit RNG-3 COS Test, Line	95
41	Decommissioning and Reclamation Trusts	-	-		
42	ASC 740-10 (FIN 48) Reclassifications	-	-		
43	Estimated Tax Rate Adjustment	-	-		
44	PVNGS Licensing	-	0	PNM Exhibit RNG-3 COS Test, Line	96
45	Plant - 263A Adjustment	-	(80,078,392)	PNM Exhibit RNG-3 COS Test, Line	97
46	Deferred State Taxes	-	-		
47	Plant - CIAC	-	26,503,887	PNM Exhibit RNG-3 COS Test, Line	98
48	Plant - Depreciation Nuclear Fuel	(395,904)	9,375,187	PNM Exhibit RNG-3 COS Test, Line	99
49	Plant - Removal Cost	-	(4,446,299)	PNM Exhibit RNG-3 COS Test, Line	100
50	Plant - Repairs	16,042,662	(208,775,007)	PNM Exhibit RNG-3 COS Test, Line	101
51	Plant - Section 174 Deduction	-	7,509,732	PNM Exhibit RNG-3 COS Test, Line	102
52	Plant - Asset Retirement Obligation	(287,381)	10,564,781	PNM Exhibit RNG-3 COS Test, Line	103
53	Plant - Pollution Control Property	-	(2,154,701)	PNM Exhibit RNG-3 COS Test, Line	104
54	Plant - Liberalized Depreciation: Production	(5,395,624)	(146,363,439)	PNM Exhibit RNG-3 COS Test, Line	105
55	Plant - Liberalized Depreciation: Transmission	10,774,199	(148,057,985)	PNM Exhibit RNG-3 COS Test, Line	106
56	Plant - Liberalized Depreciation: Distribution	6,147,415	(177,860,657)	PNM Exhibit RNG-3 COS Test, Line	107
57	Plant - Liberalized Depreciation: General and Intangible	(4,993,433)	(9,954,239)	PNM Exhibit RNG-3 COS Test, Line	108
58	Plant - Liberalized Depreciation: Grid Mod	1,931,763	(17,735,275)	PNM Exhibit RNG-3 COS Test, Line	109
59	Plant - Liberalized Depreciation: Renewables	(956,618)	(46,138,261)	PNM Exhibit RNG-3 COS Test, Line	110

	A	CS	CT	CU	CV
1	**Public Service Company of New Mexico**				
2	**NMPRC Case No. 26-XXXXX-UT**				
3	**PNM Exhibit LTM-2**				
4	**ADIT-1 Schedule H-12**				
5	Hyperlink to Lead Sheet	**Test Period**	**Adjusted**		
6		**Adjustments**	**Test Period**	**Reference**	
7					
8	**Accumulated Deferred Income Taxes**				
60	Plant - Four Corners Imprudence	-	-		
61	Regulatory Assets - SJGS Stranded Costs Units 2&3	(797,171)	(15,677,710)	PNM Exhibit RNG-3 COS Test, Line	111
62	Pension	(558,017)	(37,247,731)	PNM Exhibit RNG-3 COS Test, Line	112
63	Retiree Medical	-	-		
64	Lease Asset	-	-		
65	Loss on Reacquired Debt	(49,757)	(817,847)	PNM Exhibit RNG-3 COS Test, Line	113
66	Other Comprehensive Income (OCI)	-	-		
67	Deferred Credits - SO2 Allowance	-	-		
68	Deferred Debits - Rate Case Expense	(105,080)	(945,718)	PNM Exhibit RNG-3 COS Test, Line	114
69	Deferred Debits - Decoupling	-	-		
70	Deferred Debits - Grid Modernization	-	-		
71	Deferred Debits - RR Underground Rider	-	-		
72	Energy Storage Agreement	(194,715)	(7,593,870)	PNM Exhibit RNG-3 COS Test, Line	115
73	Energy Transition Charges	-	-		
74	Prepaid Expenses	-	(1,168,330)	PNM Exhibit RNG-3 COS Test, Line	116
75	Regulatory Assets - 2024 COVID Bad Debt	-	-		
76	Regulatory Assets - COVID-19 Costs	(30,055)	(90,166)	PNM Exhibit RNG-3 COS Test, Line	117
77	Regulatory Assets - Community Solar	(78,734)	(824,022)	PNM Exhibit RNG-3 COS Test, Line	118
78	Regulatory assets - FAC	-	0	PNM Exhibit RNG-3 COS Test, Line	119
79	Regulatory Assets - EDAM Costs	(78,698)	(708,283)	PNM Exhibit RNG-3 COS Test, Line	120
80	Regulatory Assets - EIM Costs	(477,284)	(755,699)	PNM Exhibit RNG-3 COS Test, Line	121
81	Regulatory Assets - Energy Efficiency	(12,905)	(116,146)	PNM Exhibit RNG-3 COS Test, Line	122
82	Regulatory Assets - ETA	-	-		
83	Regulatory Assets - FERC 893 Cyber	-	-		
84	Regulatory Assets - IRP	(4,548)	(40,935)	PNM Exhibit RNG-3 COS Test, Line	123
85	Regulatory Assets - Sky Blue Under Recovery	-	-		
86	Regulatory Assets - Renewable Energy	145,601	2,436,053	PNM Exhibit RNG-3 COS Test, Line	124
87	Regulatory Assets - Renewable Energy Credits	-	(78,530)	PNM Exhibit RNG-3 COS Test, Line	125
88	Regulatory Assets - SJGS External Legal Fees	(2,514)	(104,531)	PNM Exhibit RNG-3 COS Test, Line	126
89	Regulatory Assets - SJGS Final ETA Depcom	-	-		
90	Regulatory Assets - SJGS Final ETA Mine Rec	-	-		
91	Regulatory Assets - SJGS Replacement Resources	(42,258)	(1,757,236)	PNM Exhibit RNG-3 COS Test, Line	127
92	Regulatory Assets - SJGS Undepreciated Investment	-	-		
93	Regulatory Assets - SJGS Underground Coal Mine	-	-		
94	Regulatory Assets - Solar Direct Regulatory Assets	-	-		
95	Regulatory Assets - TOD Rate Pilot Program	(78,480)	(706,318)	PNM Exhibit RNG-3 COS Test, Line	128
96	Regulatory Assets - Transportation Electrification	-	-		
97	Regulatory Assets - WCC Transaction Costs	-	-		
98	Regulatory Liabilities - Energy Efficiency	-	-		
99	Regulatory Liabilities - FAC	-	-		
100	Regulatory Assets - PCB Refinancing Hedge	(107,245)	(1,338,630)	PNM Exhibit RNG-3 COS Test, Line	129
101	Prepaid Expenses: Production	-	(445,840)	PNM Exhibit RNG-3 COS Test, Line	130
102	Prepaid Expenses: Transmission	-	(1,849,743)	PNM Exhibit RNG-3 COS Test, Line	131
103	Prepaid Expenses: Transmission (incremental FERC Rates)	-	-		
104	Prepaid Expenses: Distribution	-	(135,016)	PNM Exhibit RNG-3 COS Test, Line	132
105	Prepaid Expenses: Renewables	-	-		
106	Regulatory Assets - 2024 Rate Change	(122,717)	(194,302)	PNM Exhibit RNG-3 COS Test, Line	133
107	Regulatory Assets - 2025 Rate Change	(51,241)	(230,583)	PNM Exhibit RNG-3 COS Test, Line	134
108	Regulatory Assets - SJGS Obsolete Inventory	(31,977)	(1,329,701)	PNM Exhibit RNG-3 COS Test, Line	135
109	Regulatory Liabilities - Earnings Test	-	-		
110	Regulatory Assets - PVNGS Lease costs	(2,536)	(2,536)	PNM Exhibit RNG-3 COS Test, Line	136

This schedule sponsored by PNM witness Morris

	A	CS	CT	CU	CV
1	**Public Service Company of New Mexico**				
2	**NMPRC Case No. 26-XXXXX-UT**				
3	**PNM Exhibit LTM-2**				
4	**ADIT-1 Schedule H-12**				
5	Hyperlink to Lead Sheet	**Test Period**	**Adjusted**		
6		**Adjustments**	**Test Period**	**Reference**	
7					
8	**Accumulated Deferred Income Taxes**				
111	Regulatory Assets - PVNGS Undepreciated Investment	(293,652)	(9,274,319)	PNM Exhibit RNG-3 COS Test, Line	137
112	Regulatory Assets - ETC Over/Under SPE	-	-		
113	Regulatory Assets - PVNGS Replacement Resources	(13,163)	(415,725)	PNM Exhibit RNG-3 COS Test, Line	138
114	Regulatory Assets - Rate Rider 12 UG Rate	-	-		
115	Regulatory Assets - Renewable Rider Curr Reg	-	-		
116	Regulatory Assets - SJ Energy Transition Property (SPE)	(1,640,492)	(76,939,086)	PNM Exhibit RNG-3 COS Test, Line	139
117	Regulatory Liabilities - Curr Reg Liab-UG Rate Rider 12	-	-		
118	Regulatory Liabilities - ITC Sandia	708,725	6,378,528	PNM Exhibit RNG-3 COS Test, Line	140
119	Regulatory Liabilities - ITC Sunbelt	(13,037,888)	6,017,487	PNM Exhibit RNG-3 COS Test, Line	141
120	Regulatory Liabilities - ITC - Distribution Battery Phase 2	(829,169)	4,261,006	PNM Exhibit RNG-3 COS Test, Line	142
121	Regulatory Liabilities - Energy Transition Cost True Up	6,682	272,869	PNM Exhibit RNG-3 COS Test, Line	143
122	Regulatory Liabilities - SJGS Retirements Rate Credit	11,902	11,902	PNM Exhibit RNG-3 COS Test, Line	144
123	Regulatory Liabilities - PVNGS Lease Costs	-	-		
124	Deferred Debits - WS-Transmission Revenue	-	-		
125	Customer Advance	-	-		
126	Deferred Credits - ETA	-	-		
127	Other Liabilities - ETA Coal Mine Severance	-	-		
128	Other Liabilities - ETA State Agency Payments	-	-		
129	SJGS County Ordinance Decommission	-	-		
130					
131					
132	**Total Accumulated Deferred Income Taxes**	11,874,446	(840,626,333)		
133					
134	General Ledger ADIT Balance				
135					
136	Difference (Rounding)	-	-		

PNM Exhibit LTM – 3

ITE Income Tax Expense

Is contained in the following 67 pages.

	A	B	C	D	E
1	**Public Service Company of New Mexico**				
2	**NMPRC Case No. 26-xxxxx-UT**				
3	**PNM Exhibit LTM-3**				
4	**ITE - Lead Sheet**			***Provides Information To***	***Requires Information From***
5					
6	***Tab Reference***	***Description***	***Purpose***	***Tab name***	***Tab name***
7	ITE-1	Schedule H-9 Base & Test Period	Schedule H-9 Base & Test Period	None	ITE-4
8	ITE-2	Schedule H-10 Base & Test Period	Schedule H-10 Base & Test Period	None	ITE-4
9	ITE-3	Reconciliations	Reconciles taxable income and income tax expense for base and test period between schedule H-9, H-10, and the cost of service	None	ITE-1, ITE-2, ITE-4
10	ITE-4	Base & Test Period Calculations	Calculates the Base & Test Period income tax expense, income tax components, taxable income for ratemaking purposes and current taxable income	ITE-1, ITE-2	ITE-5, ITE-6, ITE-7,ITE-9, ITE-10, ITE-11, ITE-12, ITE-13, ITE-14, ITE-15, ITE-16, ITE-17, ITE-18, ITE-19
11	ITE-5	07/25-06/26 Tax Accrual balances	Determines taxable income and income tax components for the 12 months ended 6/30/26 based on the actual results.	ITE-4	None
12	ITE-6	07/25-12/25 Tax Accrual balances	Determines taxable income and income tax components for the six months ended 12/31/25 based on the actual results.	ITE-4	ITE-8
13	ITE-7	01/26-06/26 Tax Accrual balances	Determines taxable income and income tax components for the six months ended 6/30/26 based on the actual results.	ITE-4	ITE-9
14	ITE-8.1	07/26-06/27 Effective Tax Rate Calculation	Taxable income and income tax component estimates used for the Effective Tax Rate calculation as of 6/30/27 as required by GAAP for interim reporting periods	ITE-1	None
15	ITE-8.2	10/26-09/27 Effective Tax Rate Calculation	Taxable income and income tax component estimates used for the Effective Tax Rate calculation as of 9/30/27 as required by GAAP for interim reporting periods	ITE-2	None
16	ITE-9	10/27-09/28 Effective Tax Rate Calculation	Taxable income and income tax component estimates used for the Effective Tax Rate calculation as of 9/30/28 as required by GAAP for interim reporting periods	ITE-3	None
17	ITE-10	Solar property placed in service in 2011	Determines the portion of AFUDC and Depreciation book/tax differences to be allocated to renewables for assets placed in service in 2011	ITE-4	None
18	ITE-11	Solar property placed in service in 2013	Determines the portion of AFUDC and Depreciation book/tax differences to be allocated to renewables for assets placed in service in 2013	ITE-4	None
19	ITE-12	Solar property placed in service in 2014	Determines the portion of AFUDC and Depreciation book/tax differences to be allocated to renewables for assets placed in service in 2014	ITE-4	None
20	ITE-13	Solar property placed in service in 2019	Determines the portion of AFUDC and Depreciation book/tax differences to be allocated to renewables for assets placed in service in 2019	ITE-4	None
21	ITE-14	Depreciation Flow-Through reversal	Determines the amount of depreciation temporary difference reversals that are to be flowed through to customers	ITE-4	None
22	ITE-15	TRA 1986 Excess ADIT reversal	Determines the reversal of the excess deferred income taxes to be credited to customers	ITE-4	None
23	ITE-16	AFUDC	Determines the AFUDC book/tax differences	ITE-4	None
24	ITE-17	Employee Parking expenses	Determines the nondeductible portion of employee parking expenses	ITE-4	None
25	ITE-18	Production Tax Credits	Determines the renewable production tax credits for the test period	ITE-4	None
26	ITE-19	Investment Tax Credits	Determines the investment tax credit amortization	ITE-4	None
27	ITE-20	TCJA 2017 Excess ADIT Reversal	Determines the reversal of the excess deferred income taxes to be credited to customers	ITE-4	None

This schedule sponsored by PNM witness Morris

	A	B	C	D	E	F	G	H	I
1	**Public Service Company of New Mexico**								
2	**NMPRC Case No. 26-xxxxx-UT**								
3	**PNM Exhibit LTM-3**								
4	**ITE-1 Schedule H-9 Information**								
5	Hyperlink to Lead Sheet								
6									
7									
8									
9	**Description**	**Unadjusted Base Period**	**Base Period Adjustments**	**Adjusted Base Period**	**Adjusted Base to Test Period Variance**	**Test Period**	**Variance Percentage**	**Refer to Notes**	**Reference**
10									
11	Federal Income Tax								
12	Revenues	1,613,549,863	(291,571,392)	1,321,978,471	275,923,664	1,597,902,135			PNM Exhibit RNG-3 COS Test, Line 725
13									
14	Less Expenses:								
15	Interest Expense	96,913,048	(7,417,154)	89,495,894	37,805,527	127,301,421			PNM Exhibit RNG-3 COS Test, Line 674
16	Operating Expenses, Revenue Credits & Revenue Tax	1,229,087,433	(259,190,979)	969,896,454	178,893,142	1,148,789,596			PNM Exhibit RNG-3 COS Test, Line 691,716,721
17	Total Expenses	1,326,000,481	(266,608,133)	1,059,392,348	216,698,669	1,276,091,017			
18									
19	Pre-Tax Income	287,549,382	(24,963,259)	262,586,123	59,224,995	321,811,118			
20									
21	Federal Tax Adjustments								
22									
23	Non-Deductible Meals	-	-	-	-	-	0.00%		PNM Exhibit RNG-3 COS Test, Line 624
24	Non-Deductible Parking	330,465	-	330,465	-	330,465	0.00%		PNM Exhibit RNG-3 COS Test, Line 625
25	PVNGS Gain Amortization	(39,828)	-	(39,828)	-	(39,828)	0.00%		PNM Exhibit RNG-3 COS Test, Line 626
26	AFUDC - Equity	(10,614,782)	-	(10,614,782)	(16,149,751)	(26,764,533)	152.14%	A	PNM Exhibit RNG-3 COS Test, Line 627
27	AFUDC - Equity - Renewables	(41,892)	-	(41,892)	8,768	(33,124)	-20.93%	B	PNM Exhibit RNG-3 COS Test, Line 628
28	AFUDC - Equity - Grid Mod	(79,282)	-	(79,282)	-	(79,282)	0.00%		PNM Exhibit RNG-3 COS Test, Line 629
29	Depreciation Flow Through	2,819,235	-	2,819,235	26,618	2,845,854	0.94%		PNM Exhibit RNG-3 COS Test, Line 630
30	Gain or Loss Flow Through	891,582	-	891,582	0	891,582	0.00%		PNM Exhibit RNG-3 COS Test, Line 631
31	Federal Grant Amortization - Renewables	(962,888)	-	(962,888)	-	(962,888)	0.00%		PNM Exhibit RNG-3 COS Test, Line 632
32	Federal Grant Basis Adj. - Renewables	481,444	-	481,444	-	481,444	0.00%		PNM Exhibit RNG-3 COS Test, Line 633
33	State Income Tax	(15,618,199)	1,390,776	(14,227,423)	(2,401,820)	(16,629,242)	16.88%	C	PNM Exhibit RNG-3 COS Test, Line 686
34	Total Federal Tax Adjustments	(22,834,143)	1,390,776	(21,443,367)	(18,516,185)	(39,959,552)			
35									
36	Taxable Income	264,715,239	(23,572,482)	241,142,756	40,708,810	281,851,566			
37									
38	Federal Tax Rate	21.00%	21.00%	21.00%		21.00%			
39									
40	Federal Income Tax	55,590,200	(4,950,221)	50,639,979	8,548,850	59,188,829			PNM Exhibit RNG-3 COS Test, Line 662
41									
42	Adjustments to Tax:								
43	TRA 1986 Excess Payroll Tax Reversal	(6,146)	-	(6,146)	0	(6,146)	0.00%		PNM Exhibit RNG-3 COS Test, Line 644
44	TRA 1986 Excess ADFIT Reversal - Protected (ARAM)	(44,888)	-	(44,888)	(1,364)	(46,252)	3.04%		
45	TCJA 2017 Excess ADFIT Reversal - Protected (ARAM)	(7,849,272)	-	(7,849,272)	198,674	(7,650,598)	-2.53%		PNM Exhibit RNG-3 COS Test, Line 645
46	TCJA 2017 Excess ADFIT Reversal - Unprotected	(15,685,191)	-	(15,685,191)	11,763,893	(3,921,298)	-75.00%	D	
47	NM 2017 Excess ADSIT Reversal - Unprotected	0	-	0	0	0	0.00%		
48	ITC Amortization - Generation	(169,377)	-	(169,377)	(13,043,253)	(13,212,630)	7700.72%	E	PNM Exhibit RNG-3 COS Test, Line 651
49	ITC Amortization - Renewable	0	-	0	0	0	0.00%		PNM Exhibit RNG-3 COS Test, Line 652
50	R & D Credit	(1,538,462)	-	(1,538,462)	0	(1,538,462)	0.00%		PNM Exhibit RNG-3 COS Test, Line 654
51	UTP (FIN 48) - Credits	0	-	0	0	0	0.00%		
52	Total Adjustments to Taxes	(25,293,335)	0	(25,293,335)	(1,082,049)	(26,375,385)			
53									
54	**Net Allowable Federal Income Tax**	**30,296,865**	**(4,950,221)**	**25,346,643**	**7,466,801**	**32,813,444**			PNM Exhibit RNG-3 COS Test, Line 668
55									

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	A	B	C	D	E	F	G	H	I
1	**Public Service Company of New Mexico**								
2	**NMPRC Case No. 26-xxxxx-UT**								
3	**PNM Exhibit LTM-3**								
4	**ITE-1 Schedule H-9 Information**								
5	Hyperlink to Lead Sheet								
6									
7									
8									
9	**Description**	**Unadjusted Base Period**	**Base Period Adjustments**	**Adjusted Base Period**	**Adjusted Base to Test Period Variance**	**Test Period**	**Variance Percentage**	**Refer to Notes**	**Reference**
56									
57	State Income Tax								
58	Pre-Tax Income	287,549,382	(24,963,259)	262,586,123	59,224,995	321,811,118			
59	Permanent and Flow-Through Differences	(7,215,944)	0	(7,215,944)	(16,114,365)	(23,330,309)			See References for Lines 23-32, above
60									
61	State Taxable Income	280,333,438	(24,963,259)	255,370,179	43,110,630	298,480,809			
62									
63	Effective State Tax Rate (Rate/(1+Rate))	5.57%		5.57%		5.57%			
64									
65	State Income Tax	15,618,199	(1,390,776)	14,227,423	2,401,820	16,629,242			PNM Exhibit RNG-3 COS Test, Line 682
66									
67	Adjustments to Tax:								
68	New Mexico NOL Valuation Allowance	0	0	0	0	0	0.00%		PNM Exhibit RNG-3 COS Test, Line 678
69	Amortization of Excess Deferred State Taxes	0	0	0	0	0	0.00%		PNM Exhibit RNG-3 COS Test, Line 679
70							0.00%		
71	**Net Allowable State Income Tax**	**15,618,199**	**(1,390,776)**	**14,227,423**	**2,401,820**	**16,629,242**			PNM Exhibit RNG-3 COS Test, Line 686
72									
73		Notes:							
74		Note A - Variance due to projection of Test Period AFUDC equity							
75		Note B - Variance due to projection of Test Period AFUDC equity renewables							
76		Note C - Variance due to change in Federal pretax income							
77		Note D - Variance due to accelerated amortization of unprotected TCJA 2017 ADFIT							
78		Note E - Variance due to amortization of higher tax credit amounts							

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	A	B	C	D	E	F	G	H
1	**Public Service Company of New Mexico**							
2	**NMPRC Case No. 26-xxxxx-UT**							
3	**PNM Exhibit LTM-3**							
4	**ITE-2 Schedule H-10 Information**							
5	Hyperlink to Lead Sheet							
6								
7								
8								
9	**Description**	**Unadjusted Base Period**	**Base Period Adjustments**	**Adjusted Base Period**	**Adjusted Base to Test Period Variance**	**Test Period**	**Variance Percentage**	**Reference**
10								
11	**Net Income**	241,634,318	(18,622,261)	223,012,057	49,356,374	272,368,431		
12								
13	**Permanent and Flow-Through Differences:**							
14	Federal Income Tax	30,296,865	(4,950,221)	25,346,644	7,466,801	32,813,444	29.46%	PNM Exhibit RNG-3 COS Test, Line 694
15	Non-Deductible Meals	-	-	-	-	-	0.00%	PNM Exhibit RNG-3 COS Test, Line 624
16	Non-Deductible Parking	330,465	-	330,465	-	330,465	0.00%	PNM Exhibit RNG-3 COS Test, Line 625
17	PVNGS Gain Amortization	(39,828)	-	(39,828)	-	(39,828)	0.00%	PNM Exhibit RNG-3 COS Test, Line 626
18	AFUDC - Equity	(10,614,782)	-	(10,614,782)	(16,149,751)	(26,764,533)	152.14%	PNM Exhibit RNG-3 COS Test, Line 627
19	AFUDC - Equity - Renewables	(41,892)	-	(41,892)	8,768	(33,124)	-20.93%	PNM Exhibit RNG-3 COS Test, Line 628
20	AFUDC - Equity - Grid Mod	(79,282)	-	(79,282)	-	(79,282)	0.00%	PNM Exhibit RNG-3 COS Test, Line 629
21	Depreciation Flow Through	2,819,235	-	2,819,235	26,618	2,845,854	0.94%	PNM Exhibit RNG-3 COS Test, Line 630
22	Gain or Loss Flow Through	891,582	-	891,582	0	891,582	0.00%	PNM Exhibit RNG-3 COS Test, Line 631
23	Federal Grant Amortization - Renewables	(962,888)	-	(962,888)	-	(962,888)	0.00%	PNM Exhibit RNG-3 COS Test, Line 632
24	Federal Grant Basis Adj. - Renewables	481,444	-	481,444	-	481,444	0.00%	PNM Exhibit RNG-3 COS Test, Line 633
25		-	-	-	-	-		
26		-	-	-	-	-		
27		-	-	-	-	-		
28	**Total Permanent and Flow-Through Differences**	**23,080,921**	**(4,950,221)**	**18,130,699**	**(8,647,564)**	**9,483,135**		
29								
30	**Taxable Income for Ratemaking Purposes**	**264,715,239**	**(23,572,482)**	**241,142,756**	**40,708,810**	**281,851,566**		
31								
32	**Temporary Differences:**							
33	Pension - Non-Qualified	(444,899)	-	(444,899)	444,899	-	-	
34	Pension - Qualified	64,405,281	-	64,405,281	(64,405,281)	-	-	
35	Other Post Employment Benefits	(4,677,094)	-	(4,677,094)	4,677,094	-	-	
36	Loss on Reacquired Debt	391,099	-	391,099	-	391,099	-	
37	Other - PVNGS Licensing	(53,136)	-	(53,136)	-	(53,136)	-	
38	Coal Mine Decommissioning	-	-	-	-	-	-	
39	Prepaid Expenses	7,704,820	-	7,704,820	-	7,704,820	0	
40	PVNGS Dry Casks	1,810,719	-	1,810,719	-	1,810,719	-	
41	Rate Case Expenses	1,917,376	-	1,917,376	-	1,917,376	-	
42	Section 263A Deduction	(55,230,830)	-	(55,230,830)	(19,372,341)	(74,603,171)	-	
43	AFUDC Debt	(13,774,475)	-	(13,774,475)	(3,956,739)	(17,731,214)	-	
44	PVNGS Construction Credits	-	-	-	-	-	-	
45	Liberalized Depreciation - Nuclear Fuel	5,778,891	-	5,778,891	(1,872,759)	3,906,131	-	
46	Liberalized Depreciation	(1,665,005)	-	(1,665,005)	-	(1,665,005)	-	
47	Gain or Loss on Asset Retirements	-	-	-	-	-	-	

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	A	B	C	D	E	F	G	H
5	Hyperlink to Lead Sheet							
6								
7								
8								
9	**Description**	**Unadjusted Base Period**	**Base Period Adjustments**	**Adjusted Base Period**	**Adjusted Base to Test Period Variance**	**Test Period**	**Variance Percentage**	**Reference**
48	Asset Retirement Obligations	8,300,390	-	8,300,390	1,145,518	9,445,907	-	
49	Plant Repairs Deduction	(199,839,118)	-	(199,839,118)	31,169,779	(168,669,338)	-	
50	Section 174 Deduction	6,913,059	-	6,913,059	4,116,502	11,029,562	-	
51	Tax Capitalized Interest	20,097,368	-	20,097,368	1,571,384	21,668,752	-	
52	COVID-19 Costs	1,673,810	-	1,673,810	-	1,673,810	-	
53	EIM Costs	3,758,140	-	3,758,140	-	3,758,140	(0)	
54	SJGS Decommissioning	-	-	-	-	-	-	
55	Solar Direct Costs	-	-	-	-	-	-	
56	Transportation Electrification	-	-	-	-	-	-	
57	WCC Transaction Costs	-	-	-	-	-	-	
58	Energy Efficiency	(2,686,440)	-	(2,686,440)	-	(2,686,440)	-	
59	Injuries and Damages	848,026	-	848,026	-	848,026	0	
60	PVNGS Decommissioning	110,633	-	110,633	-	110,633	-	
61	PVNGS Decommissioning Unit 1	4,036,072	-	4,036,072	-	4,036,072	-	
62	PVNGS Decommissioning Unit2	314,932	-	314,932	-	314,932	-	
63	Other Deferred Credits	(267,680)	-	(267,680)	-	(267,680)	-	
64	Other Liabilities	130,146	-	130,146	-	130,146	-	
65	Capitalized Interest - Book	(1,118,231)	-	(1,118,231)	(133,373)	(1,251,604)	-	
66	CIAC	26,427,575	-	26,427,575	3,991,008	30,418,583	-	
67	IRP 2026	(179,069)	-	(179,069)	-	(179,069)	-	
68	COVID Bad Debt 2024	(593,155)	-	(593,155)	-	(593,155)	-	
69	Community Solar	(2,024,408)	-	(2,024,408)	-	(2,024,408)	-	
70	Rate Case Expenses 2024	966,274	-	966,274	-	966,274	-	
71	Rate Case Expenses 2025	(1,613,879)	-	(1,613,879)	-	(1,613,879)	-	
72	EDAM	(747,771)	-	(747,771)	-	(747,771)	-	
73	FPPCAC	-	-	-	-	-	-	
74	Grid Modernization 2025	-	-	-	-	-	-	
75	Grid Modernization 2026	-	-	-	-	-	-	
76	PVNGS Lease Costs	(13,051,702)	-	(13,051,702)	-	(13,051,702)	-	
77	Rate Rider 12 UG	2,159,118	-	2,159,118	-	2,159,118	-	
78	TOD Program	(1,983,894)	-	(1,983,894)	-	(1,983,894)	-	
79	Renewable Energy	(310,614)	-	(310,614)	-	(310,614)	-	
80	Renewable Rider	(7,705,125)	-	(7,705,125)	-	(7,705,125)	-	
81	SJ Energy Transition Property (SPE)	7,144,256	-	7,144,256	-	7,144,256	-	
82	SJGS External Legal Fees	19,793	-	19,793	-	19,793	-	
83	SJGS ETA Decom	(1,687,556)	-	(1,687,556)	-	(1,687,556)	-	
84	SJGS Final ETA Mine Reclamation	(1,630,148)	-	(1,630,148)	-	(1,630,148)	-	
85	SJGS Obsolete Inventory	251,786	-	251,786	-	251,786	-	
86	SJGS Replacement Resources	332,742	-	332,742	-	332,742	-	
87	SJGS Stranded Costs	6,276,936	-	6,276,936	-	6,276,936	-	
88	SJGS Undepreciated Investment	-	-	-	-	-	-	
89	SJGS Underground Coal Mine	-	-	-	-	-	-	

	A	B	C	D	E	F	G	H
5	Hyperlink to Lead Sheet							
6								
7								
8								
9	**Description**	**Unadjusted Base Period**	**Base Period Adjustments**	**Adjusted Base Period**	**Adjusted Base to Test Period Variance**	**Test Period**	**Variance Percentage**	**Reference**
90	Energy Storage Agreement	7,415,798	-	7,415,798	-	7,415,798	-	
91	Energy Transition Charges	-	-	-	-	-	-	
92	SJGS Retirement Rate Credits	14,474	-	14,474	-	14,474	-	
93	Gain/Loss on Asset Disposition	(45,304,806)	-	(45,304,806)	20,258,663	(25,046,143)	-	
94	Demolition Costs	285,804	-	285,804	(285,804)	-	-	
95	PCB Refinancing Hedge	844,446	-	844,446	-	844,446	-	
96	Deductible State Income Tax Expense	-	-	-	-	-	-	
97	Net Operating Loss Carryforward	-	24,963,259	(79,110,907)	79,110,907	-	-	
98	Book State Income Tax Expense	15,618,199	(1,390,776)	14,227,423	2,401,820	16,629,242	-	
99		-	-	-	-	-	-	
100								
101	Total Temporary Differences	(160,641,073)	23,572,482	(241,142,756)	58,861,276	(182,281,480)		
102								
103	Taxable Income Reportable on Tax Return	104,074,166	-	-	99,570,086	99,570,086		
104								
105		Notes:						
106		Base period data is historical information from the Company's Book Balance Amounts.						
107		See Schedule H-9 for Variance Explanations.						
108		Temporary Book/Tax Differences are informational only and do not affect total income tax expense.						
109		Provides data to PNM Exhibit RNG-3 COS Base Adj, COS Test						

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	A	B	C	D
1	**Public Service Company of New Mexico**			
2	**NMPRC Case No. 26-xxxxx-UT**			
3	**PNM Exhibit LTM-3**			
4	**ITE-3 Reconciliations**			
5	Hyperlink to Lead Sheet			
6				
7		**Undadjusted Base Period**	**Adjusted Base Period**	**Test Period**
8				
9	Taxable Income per H10	264,715,239	241,142,756	281,851,566
10	Taxable Income per H9	264,715,239	241,142,756	281,851,566
11	Difference	-	-	-
12				
13				
14	Federal Income Tax at 21% of H10 taxable income	55,590,200	50,639,979	59,188,829
15	Federal Income Tax before credits & Adj per H9	55,590,200	50,639,979	59,188,829
16	Difference	-	-	-
17				
18				
19	Taxable income for book purposes per Base and Test Period calcs	234,418,374	215,796,112	249,038,122
20	Difference to H10	(30,296,865)	(25,346,644)	(32,813,444)
21	Federal Income Tax (non-deductible) per H10	30,296,865	25,346,644	32,813,444
22	Unexplained difference	(0)	(0)	-
23				
24				
25	Federal Income Tax per H9	30,296,865	25,346,643	32,813,444
26	Federal Income Tax per cost of service	30,296,865	25,346,644	32,813,444
27	Difference	-	(1)	0
28				
29				
30	State Income Tax per H9	15,618,199	14,227,423	16,629,242
31	State Income Tax per cost of service	15,618,199	14,227,423	16,629,242
32	Difference	-	-	-

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	A	B	C	D	E	F
1	**Public Service Company of New Mexico**					
2	**NMPRC Case No. 26-xxxxx-UT**					
3	**PNM Exhibit LTM-3**					
4	**ITE-4 Base and Test Period Calculations**		i	in cost of service		
5	Hyperlink to Lead Sheet		rr	renewables		
6			x	excluded from cost of service		
7			z	zero balance reclassed		
8						
9						
10	**Description**	**H- 9, H-10 classification**		**Books & Records**	**Adjustments**	**Excluded**
11						
12	**Pre Tax Income**		i	89,026,486	152,607,832	
13						
14	**Permanent and Flow-Through Differences**					
15						
16	Dividends Received Deduction		x	(1,272,310)		1,272,310
17	Fines and Penalties		x	(211,114)		211,114
18	Meals and Entertainment	Non-Deductible Meals	x	253,287		(253,287)
19	Municipal Interest - New Mexico		x	(15,422)		15,422
20	Municipal Interest - Non New Mexico		x	(1,177,567)		1,177,567
21	Non-Deductible Parking	Non-Deductible Parking	i	330,465		-
22	Officer Compensation		x	5,082,916		(5,082,916)
23	Palo Verde Amortization	PVNGS Gain Amortization	i	(39,828)		-
24	Plant - Grant Amortization	Federal Grant Amortization - Renewables	rr	(962,888)		-
25	Regulatory Disallowance Perm		x	-		-
26	Compensation - Valuation Allowance		x	(1,506,140)		1,506,140
27	Transaction Costs		x	-		-
28	Plant - AFUDC - Equity - Renewables	AFUDC - Equity - Renewables	rr	-	(41,892)	-
29	Plant - AFUDC - Equity - Grid Mod	AFUDC - Equity - Grid Mod	i	-	(79,282)	-
30	Plant - AFUDC Equity	AFUDC - Equity	i	(10,614,782)		-
31	Plant - Depreciation Flow Through - ACRS	Depreciation Flow Through	i	2,698,061	(214,359)	-
32	Plant - Depreciation Flow Through - S02 ACRS	Depreciation Flow Through	i	-	335,533	-
33	Plant - Depreciation Flow Through - Grant	Federal Grant Basis Adj. - Renewables	rr	481,444		-
34	Plant - Gain/Loss Flow Through	Gain or Loss Flow Through	i	509,264	382,318	-
35						-
36	**Taxable Income for Book Purposes**			**82,581,875**	**152,990,150**	**(1,153,651)**
37				-		
38	**Temporary Differences**					
39						
40	Benefits - Pension Non- Qualified	Pension - Non-Qualified	i	(444,899)		-
41	Benefits - Pension Qualified	Pension - Qualified	i	64,405,281		-
42	Benefits - Retiree Medical	Other Post Employment Benefits	i	(4,677,094)		-
43	Compensation - Incentive Pay		x	(4,142,729)		4,142,729
44	Lease Asset		x	14,006,998		(14,006,998)
45	Lease Liability		x	(16,880,622)		16,880,622
46	Loss on Reacquired Debt	Loss on Reacquired Debt	i	391,099		-
47	Other - PVNGS Licensing	Other - PVNGS Licensing	i	(53,136)		-

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	A	B	C	D	E	F
1	**Public Service Company of New Mexico**					
2	**NMPRC Case No. 26-xxxxx-UT**					
3	**PNM Exhibit LTM-3**					
4	**ITE-4 Base and Test Period Calculations**		i	in cost of service		
5	Hyperlink to Lead Sheet		rr	renewables		
6			x	excluded from cost of service		
7			z	zero balance reclassed		
8						
9						
10	**Description**	**H- 9, H-10 classification**		**Books & Records**	**Adjustments**	**Excluded**
48	Other Deferred Credits - Coal Mine Decommissioning	Coal Mine Decommissioning	x	(14,542,331)		14,542,331
49	Other Deferred Credits - Environmental		x	(72,535)		72,535
50	Other Deferred Credits - Environmental Liability		x	(1,017,600)		1,017,600
51	Other Deferred Credits - Joint Use		x	11,184		(11,184)
52	Other Deferred Credits - Pathnet	Prepaid Expenses	i	(91,581)		-
53	Other Deferred Credits - Prepaid Rent	Prepaid Expenses	i	(6,765)		-
54	Other Deferred Credits - PVNGS Dry Casks	PVNGS Dry Casks	i	1,810,719		-
55	Other Deferred Credits - Right of Way Reserve		x	1,600,755		(1,600,755)
56	Other Deferred Credits - ROW Reserve		x	44,503		(44,503)
57	Other Deferred Credits - S02 Allowance Credit		x	-		-
58	Other Deferred Credits - SJGS Groundwater Reserve		x	-		-
59	Other Deferred Credits - TEP Right of Way	Other Deferred Credits	i	(167,680)		-
60	Other Deferred Credits -Navajo Workforce Training	Other Deferred Credits	i	(100,000)		-
61	Other Deferred Debits - Community Solar Admin Charges	Other Deferred Credits	i	-		-
62	Other Deferred Debits - Grid Mod Application & Legal Fees		x	-		-
63	Other Deferred Debits - Grid Mod Phase 1A		x	-		-
64	Other Deferred Debits - Rate Case Expense	Rate Case Expenses	i	1,917,376		-
65	Other Deferred Debits - RR Underground Rider		x	-		-
66	Other Deferred Debits - WS-Transmission Revenue		x	(9,687,866)		9,687,866
67	Other Liabilities - Deferred Wages		x	12,656		(12,656)
68	Other Liabilities - ETA Job Training & Severance		x	-		-
69	Other Liabilities - Extended Leave	Other Liabilities	i	(45,444)		-
70	Other Liabilities - Holiday	Other Liabilities	i	19,961		-
71	Other Liabilities - Illness	Other Liabilities	i	11,489		-
72	Other Liabilities - Vacation	Other Liabilities	i	144,140		-
73	Plant - 263A Adjustment	Section 263A Deduction	i	(55,230,830)		-
74	Plant - AFUDC Debt	AFUDC Debt	i	(13,774,475)		-
75	Plant - Book Amort of Nuclear Fuel	Liberalized Depreciation - Nuclear Fuel	i	12,800,567		-
76	Plant - Capitalized Interest	Capitalized Interest - Book	i	(1,118,231)		-
77	Plant - CIAC	CIAC	i	26,427,575		-
78	Plant - Demolition Cost	Demolition Costs	i	285,804		-
79	Plant - Depreciation Nuclear Fuel	Liberalized Depreciation - Nuclear Fuel	i	(7,021,676)		-
80	Plant - Excess Tax Depreciation	Liberalized Depreciation	i	(1,665,005)		-
81	Plant - Four Corners WO		x	(18,534)		18,534
82	Plant - G/L on Asset Disposition	Gain/Loss on Asset Disposition	i	(45,304,806)		-
83	Plant - PVNGS 2023 U1 Lease Abandonment		x	-		-
84	Plant - Removal Cost	Asset Retirement Obligations	i	8,300,390		-

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4	**ITE-4 Base and Test Period Calculations**		i	in cost of service		
5	Hyperlink to Lead Sheet		rr	renewables		
6			x	excluded from cost of service		
7			z	zero balance reclassed		
8						
9						
10	**Description**	**H- 9, H-10 classification**		**Books & Records**	**Adjustments**	**Excluded**
85	Plant - Repairs	Plant Repairs Deduction	i	(199,839,118)		-
86	Plant - Section 174 Deduction	Section 174 Deduction	i	6,913,059		-
87	Plant - Tax Capitalized Interest	Tax Capitalized Interest	i	20,097,368		-
88	Plant- ARO		x	8,916,846		(8,916,846)
89	Prepaids - General	Prepaid Expenses	i	(876,055)		-
90	Prepaids - Insurance	Prepaid Expenses	i	5,689,576		-
91	Prepaids - PNMR Prem Insurance	Prepaid Expenses	i	2,858,825		-
92	Regulatory Assets - 2026 IRP Costs	IRP 2026	i	(179,069)		-
93	Prepaids - Taxes and Fees	Prepaid Expenses	i	130,820		-
94	Regulatory Assets - 2024 RateChange COVID bad debt	COVID Bad Debt 2024	i	(593,155)		-
95	Regulatory Assets - Comm Solar Startup Cost	Community Solar	i	(409,371)		-
96	Regulatory Assets - COVID-19 Costs	COVID-19 costs	i	1,917,471		-
97	Regulatory Assets - 2024 Rate Change	Rate Case Expenses 2024	i	966,274		-
98	Regulatory Assets - 2025 Rate Change Costs	Rate Case Expenses 2025	i	(1,613,879)		-
99	Regulatory Assets - Comm Solar Admin Costs	Community Solar	i	(454,379)		-
100	Regulatory Assets - Community Solar Bill Credits	Community Solar	i	(1,160,659)		-
101	Regulatory Assets - EDAM Integration Costs	EDAM	i	(747,771)		-
102	Regulatory Assets - Energy Efficiency	Energy Efficiency	x	330,669		(330,669)
103	Regulatory Assets - Energy Efficiency M&V Costs	Energy Efficiency	i	(508,075)		-
104	Regulatory Assets - Energy Efficiency Prog Costs	Energy Efficiency	x	932,286		(932,286)
105	Regulatory Assets - Coal Mine Decommissioning	Coal Mine Decommissioning	i	-		-
106	Regulatory Assets - Current Fuel Clause	FPPCAC	x	1,535,896		(1,535,896)
107	Regulatory Assets - EIM Costs	EIM Costs	i	3,758,140		-
108	Regulatory Assets - ETA Carrying Charges		x	-		-
109	Regulatory Assets - ETA Job Training & Severance		x	-		-
110	Regulatory Assets - ETA Payments to State Agencies		x	-		-
111	Regulatory Assets - ETA SJGS upfront Financing Cost		x	-		-
112	Regulatory Assets - ETA Westmoreland Coal Mine Sev		x	-		-
113	Regulatory Assets - ETC Over/Under (SPE)		x	-		-
114	Regulatory assets - FAC	FPPCAC	x	21,828,624		(21,828,624)
115	Regulatory Assets - Grid Mod Program 2025	Grid Modernization 2025	x	(3,176,216)		3,176,216
116	Regulatory Assets - Grid Mod Program 2026	Grid Modernization 2026	x	(5,422,994)		5,422,994
117	Regulatory Assets - PVNGS Lease costs	PVNGS Lease Costs	i	(19,968)		-
118	Regulatory Assets - PCB Refinancing Hedge	PCB Refinancing Hedge	i	844,446		-
119	Regulatory Assets - PVNGS Replacement Resources	PVNGS Decommissioning	i	103,644		-

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10	**Description**	**H- 9, H-10 classification**		**Books & Records**	**Adjustments**	**Excluded**
120	Regulatory Assets - PVNGS SRP Over-Under	PVNGS Decommissioning	i	6,989		-
121	Regulatory Assets - PVNGS Unit 1 Undepr Invest	PVNGS Decommissioning Unit 1	i	2,158,805		-
122	Regulatory Assets - PVNGS Unit 1 Undpr Invst Post	PVNGS Decommissioning Unit 1	i	1,877,267		-
123	Regulatory Assets - PVNGS Unit 2 Undepr Invest	PVNGS Decommissioning Unit2	i	146,423		-
124	Regulatory Assets - PVNGS Unit 2 Undpr Invst Post	PVNGS Decommissioning Unit2	i	168,509		-
125	Regulatory Assets - Rate Rider 12 UG Rate	Rate Rider 12 UG	i	2,159,118		-
126	Regulatory Assets - TOD Rate Pilot Program	TOD Program	i	(1,983,894)		-
127	Regulatory Assets - Renewable Energy	Renewable Energy	rr	182,129		-
128	Regulatory Assets - Renewable Energy Credits	Renewable Energy	rr	(309,168)		-
129	Regulatory Assets - Renewable Rider Curr Reg	Renewable Rider	rr	(7,450,396)		-
130	Regulatory Assets - SJ Energy Transition Property (SPE)	SJ Energy Transition Property (SPE)	i	7,144,256		-
131	Regulatory Assets - SJGS External Legal Fees	SJGS External Legal Fees	i	19,793		-
132	Regulatory Assets - SJGS Final ETA Decom	SJGS ETA Decom	i	(1,687,556)		-
133	Regulatory Assets - SJGS Final ETA Mine Rec	SJGS Final ETA Mine Reclamation	i	(1,630,148)		-
134	Regulatory Assets - SJGS Obsolete Inventory	SJGS Obsolete Inventory	i	251,786		-
135	Regulatory Assets - SJGS Replacement Resources	SJGS Replacement Resources	i	332,742		-
136	Regulatory Assets - SJGS Stranded Costs	SJGS Stranded Costs	i	6,276,936		-
137	Regulatory Assets - SJGS Undepreciated Investment	SJGS Undepreciated Investment	x	-		-
138	Regulatory Assets - SJGS Underground Coal Mine	SJGS Underground Coal Mine	i	-		-
139	Regulatory Assets - Solar Direct Regulatory Assets		x	9,604		(9,604)
140	Regulatory Assets - Transportation Electrification		x	(4,218,573)		4,218,573
141	Regulatory Liabilities - COVID-19 Cost savings	COVID-19 costs	i	(243,660)		-
142	Regulatory Liabilities - Earnings Test Regulatory Liab		x	-		-
143	Regulatory Liabilities - Energy Efficiency	Energy Efficiency	i	(2,178,365)		-
144	Regulatory Liabilities - FAC		x	11,169,819		(11,169,819)
145	Regulatory Liabilities - Energy Transition Cost True Up		x	(48,852)		48,852
146	Regulatory Liabilities - ESA Deferral	Energy Storage Agreement	i	7,415,798		-
147	Regulatory Liabilities - ETC Over/Under (SPE)	Energy Transition Charges	x	(2,861,490)		2,861,490
148	Regulatory Liabilities - PVNGS Lease Costs	PVNGS Lease Costs	i	-		-
149	Regulatory Liabilities - PVNGS Lease Costs-Curr	PVNGS Lease Costs	i	(13,031,734)		-
150	Regulatory Liabilities - Renewable Rider	Renewable Rider	rr	(254,729)		-
151	Regulatory Liabilities - Renewable State Credit	Renewable Energy	rr	(183,576)		-
152	Regulatory Liabilities - SJGS Retirement Rate Credits	SJGS Retirement Rate Credits	i	14,474		-
153	Self Insurance - Auto	Injuries and Damages	i	29,984		-
154	Self Insurance - General Liability	Injuries and Damages	i	(43,733)		-
155	Self Insurance - IBNR Public Liability	Injuries and Damages	i	919,509		-
156	Self Insurance - IBNR Workers Compensation	Injuries and Damages	i	45,596		-

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10	**Description**	**H- 9, H-10 classification**		**Books & Records**	**Adjustments**	**Excluded**
157	Self Insurance - Workers Compensation	Injuries and Damages	i	(103,330)		-
158	Transaction Costs - Blackstone	Blackstone Transaction Costs	x	3,678,227		(3,678,227)
159	Stock Compensation		x	(74,525)		74,525
160	Trusts - PVNGS Decommissioning - NQ		x	(36,835,245)		36,835,245
161	Trusts - PVNGS Decommissioning - Qualified		x	(1,300,000)		1,300,000
162	Trusts - PVNGS Decommissioning Interest		x	33,908,664		(33,908,664)
163	Trusts - SJGS Reclamation - NQ		x	(1,914,660)		1,914,660
164	Trusts - SJGS Reclamation Interest		x	1,058,075		(1,058,075)
165	Trusts - SJGS Decommissioning - NQ		x	300,659		(300,659)
166	Net Operating Loss Carryforward		i	-		-
167	Current NM State Income Tax	State Income Tax	i	(5,291,184)		-
168	NM State Income Tax - PTCs	State Income Tax	i	-		-
169						-
170						-
171						-
172						-
173						
174	**Current Federal Taxable Income**			**(101,837,889)**	**152,990,150**	**1,715,657**
175				-		
176	**Tax Adjustments and Credits**					
177						
178	TRA 1986 Excess Payroll Tax Reversal		i	(6,146)	-	-
179	TRA 1986 Excess ADFIT Reversal - Protected (ARAM)		i	(44,888)		-
180	TCJA 2017 Excess ADFIT Reversal - Protected (ARAM)		i	(7,849,272)	-	-
181	TCJA 2017 Excess ADFIT Reversal - Unprotected		i	(15,685,191)		-
182	NM 2017 Excess ADSIT Reversal - Unprotected		i	-		-
183	ITC Amortization - Generation		i	(169,377)		-

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8						
9						
10	**Description**	**H- 9, H-10 classification**		**Books & Records**	**Adjustments**	**Excluded**
184	ITC Amortization - Renewable		rr	-		-
185	R & D Credit		i	(1,538,462)		-
186	NMPTC - Renewable		rr	-	-	-
187	UTP (FIN 48) - Credits		x	538,462		(538,462)
188						
189	**Total Tax Adjustments**			**(24,754,874)**	**-**	**(538,462)**
190				-		
191						
192	From PNM Exhibit RNG-3					
193	Revenues per cost of service model					
194						
195	Interest expense per cost of service					
196	Other expenses per cost of service					
197	Revenue credits per cost of service					
198	Revenue taxes per cost of service					
199	Federal Income Tax per cost of service	Federal Income Tax				
200	State Income Tax per cost of service	Book State Income Tax Expense				
201						
202	Net Income (equity return)	**Net Income**				
203						
204	Return on rate base					
205						
206	Return on rate base per cost of service					
207	Difference					

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9						
10	**Description**	**Unadjusted Base Period**	**Adjustments**	**Adjusted Base Period**	**Adjusted Base to Test Period Variance**	**Test Period**
11						
12	**Pre Tax Income**	241,634,318	(20,951,805)	220,682,513	51,685,918	272,368,431
13						
14	**Permanent and Flow-Through Differences**					
15						
16	Dividends Received Deduction	-	-	-	-	-
17	Fines and Penalties	-	-	-	-	-
18	Meals and Entertainment	-	-	-	-	-
19	Municipal Interest - New Mexico	-	-	-	-	-
20	Municipal Interest - Non New Mexico	-	-	-	-	-
21	Non-Deductible Parking	330,465	-	330,465	-	330,465
22	Officer Compensation	-	-	-	-	-
23	Palo Verde Amortization	(39,828)	-	(39,828)	-	(39,828)
24	Plant - Grant Amortization	(962,888)	-	(962,888)	-	(962,888)
25	Regulatory Disallowance Perm	-	-	-	-	-
26	Compensation - Valuation Allowance	-	-	-	-	-
27	Transaction Costs	-	-	-	-	-
28	Plant - AFUDC - Equity - Renewables	(41,892)	-	(41,892)	8,768	(33,124)
29	Plant - AFUDC - Equity - Grid Mod	(79,282)	-	(79,282)	-	(79,282)
30	Plant - AFUDC Equity	(10,614,782)	-	(10,614,782)	(16,149,751)	(26,764,533)
31	Plant - Depreciation Flow Through - ACRS	2,483,703	-	2,483,703	26,618	2,510,321
32	Plant - Depreciation Flow Through - S02 ACRS	335,533	-	335,533	-	335,533
33	Plant - Depreciation Flow Through - Grant	481,444	-	481,444	-	481,444
34	Plant - Gain/Loss Flow Through	891,582		891,582	0	891,582
35		-		-	-	
36	**Taxable Income for Book Purposes**	**234,418,374**	**(20,951,805)**	**213,466,568**	**35,571,553**	**249,038,122**
37						
38	**Temporary Differences**					
39						
40	Benefits - Pension Non- Qualified	(444,899)		(444,899)	444,899	-
41	Benefits - Pension Qualified	64,405,281		64,405,281	(64,405,281)	-
42	Benefits - Retiree Medical	(4,677,094)		(4,677,094)	4,677,094	-
43	Compensation - Incentive Pay	-		-	-	-
44	Lease Asset	-		-	-	-
45	Lease Liability	-		-	-	-
46	Loss on Reacquired Debt	391,099		391,099	-	391,099
47	Other - PVNGS Licensing	(53,136)		(53,136)	-	(53,136)

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9						
10	**Description**	**Unadjusted Base Period**	**Adjustments**	**Adjusted Base Period**	**Adjusted Base to Test Period Variance**	**Test Period**
48	Other Deferred Credits - Coal Mine Decommissioning	-		-	-	-
49	Other Deferred Credits - Environmental	-		-	-	-
50	Other Deferred Credits - Environmental Liability	-		-	-	-
51	Other Deferred Credits - Joint Use	-		-	-	-
52	Other Deferred Credits - Pathnet	(91,581)		(91,581)	-	(91,581)
53	Other Deferred Credits - Prepaid Rent	(6,765)		(6,765)	-	(6,765)
54	Other Deferred Credits - PVNGS Dry Casks	1,810,719		1,810,719	-	1,810,719
55	Other Deferred Credits - Right of Way Reserve	-		-	-	-
56	Other Deferred Credits - ROW Reserve	-		-	-	-
57	Other Deferred Credits - S02 Allowance Credit	-		-	-	-
58	Other Deferred Credits - SJGS Groundwater Reserve	-		-	-	-
59	Other Deferred Credits - TEP Right of Way	(167,680)		(167,680)	-	(167,680)
60	Other Deferred Credits -Navajo Workforce Training	(100,000)		(100,000)	-	(100,000)
61	Other Deferred Debits - Community Solar Admin Charges	-		-	-	-
62	Other Deferred Debits - Grid Mod Application & Legal Fees	-		-	-	-
63	Other Deferred Debits - Grid Mod Phase 1A	-		-	-	-
64	Other Deferred Debits - Rate Case Expense	1,917,376		1,917,376	-	1,917,376
65	Other Deferred Debits - RR Underground Rider	-		-	-	-
66	Other Deferred Debits - WS-Transmission Revenue	-		-	-	-
67	Other Liabilities - Deferred Wages	-		-	-	-
68	Other Liabilities - ETA Job Training & Severance	-		-	-	-
69	Other Liabilities - Extended Leave	(45,444)		(45,444)	-	(45,444)
70	Other Liabilities - Holiday	19,961		19,961	-	19,961
71	Other Liabilities - Illness	11,489		11,489	-	11,489
72	Other Liabilities - Vacation	144,140		144,140	-	144,140
73	Plant - 263A Adjustment	(55,230,830)		(55,230,830)	(19,372,341)	(74,603,171)
74	Plant - AFUDC Debt	(13,774,475)		(13,774,475)	(3,956,739)	(17,731,214)
75	Plant - Book Amort of Nuclear Fuel	12,800,567		12,800,567	5,076,923	17,877,490
76	Plant - Capitalized Interest	(1,118,231)		(1,118,231)	(133,373)	(1,251,604)
77	Plant - CIAC	26,427,575		26,427,575	3,991,008	30,418,583
78	Plant - Demolition Cost	285,804		285,804	(285,804)	-
79	Plant - Depreciation Nuclear Fuel	(7,021,676)		(7,021,676)	(6,949,683)	(13,971,359)
80	Plant - Excess Tax Depreciation	(1,665,005)		(1,665,005)	-	(1,665,005)
81	Plant - Four Corners WO	-		-	-	-
82	Plant - G/L on Asset Disposition	(45,304,806)		(45,304,806)	20,258,663	(25,046,143)
83	Plant - PVNGS 2023 U1 Lease Abandonment	-		-	-	-
84	Plant - Removal Cost	8,300,390		8,300,390	1,145,518	9,445,907

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10	**Description**	**Unadjusted Base Period**	**Adjustments**	**Adjusted Base Period**	**Adjusted Base to Test Period Variance**	**Test Period**
85	Plant - Repairs	(199,839,118)		(199,839,118)	31,169,779	(168,669,338)
86	Plant - Section 174 Deduction	6,913,059		6,913,059	4,116,502	11,029,562
87	Plant - Tax Capitalized Interest	20,097,368		20,097,368	1,571,384	21,668,752
88	Plant- ARO	-		-	-	-
89	Prepaids - General	(876,055)		(876,055)	-	(876,055)
90	Prepaids - Insurance	5,689,576		5,689,576	-	5,689,576
91	Prepaids - PNMR Prem Insurance	2,858,825		2,858,825	-	2,858,825
92	Regulatory Assets - 2026 IRP Costs	(179,069)		(179,069)	-	(179,069)
93	Prepaids - Taxes and Fees	130,820		130,820	-	130,820
94	Regulatory Assets - 2024 RateChange COVID bad debt	(593,155)		(593,155)	-	(593,155)
95	Regulatory Assets - Comm Solar Startup Cost	(409,371)		(409,371)	-	(409,371)
96	Regulatory Assets - COVID-19 Costs	1,917,471		1,917,471	-	1,917,471
97	Regulatory Assets - 2024 Rate Change	966,274		966,274	-	966,274
98	Regulatory Assets - 2025 Rate Change Costs	(1,613,879)		(1,613,879)	-	(1,613,879)
99	Regulatory Assets - Comm Solar Admin Costs	(454,379)		(454,379)	-	(454,379)
100	Regulatory Assets - Community Solar Bill Credits	(1,160,659)		(1,160,659)	-	(1,160,659)
101	Regulatory Assets - EDAM Integration Costs	(747,771)		(747,771)	-	(747,771)
102	Regulatory Assets - Energy Efficiency	-		-	-	-
103	Regulatory Assets - Energy Efficiency M&V Costs	(508,075)		(508,075)	-	(508,075)
104	Regulatory Assets - Energy Efficiency Prog Costs	-		-	-	-
105	Regulatory Assets - Coal Mine Decommissioning	-		-	-	-
106	Regulatory Assets - Current Fuel Clause	-		-	-	-
107	Regulatory Assets - EIM Costs	3,758,140		3,758,140	-	3,758,140
108	Regulatory Assets - ETA Carrying Charges	-		-	-	-
109	Regulatory Assets - ETA Job Training & Severance	-		-	-	-
110	Regulatory Assets - ETA Payments to State Agencies	-		-	-	-
111	Regulatory Assets - ETA SJGS upfront Financing Cost	-		-	-	-
112	Regulatory Assets - ETA Westmoreland Coal Mine Sev	-		-	-	-
113	Regulatory Assets - ETC Over/Under (SPE)	-		-	-	-
114	Regulatory assets - FAC	-		-	-	-
115	Regulatory Assets - Grid Mod Program 2025	-		-	-	
116	Regulatory Assets - Grid Mod Program 2026	-		-	-	
117	Regulatory Assets - PVNGS Lease costs	(19,968)		(19,968)	-	(19,968)
118	Regulatory Assets - PCB Refinancing Hedge	844,446		844,446	-	844,446
119	Regulatory Assets - PVNGS Replacement Resources	103,644		103,644	-	103,644

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10	**Description**	**Unadjusted Base Period**	**Adjustments**	**Adjusted Base Period**	**Adjusted Base to Test Period Variance**	**Test Period**
120	Regulatory Assets - PVNGS SRP Over-Under	6,989		6,989	-	6,989
121	Regulatory Assets - PVNGS Unit 1 Undepr Invest	2,158,805		2,158,805	-	2,158,805
122	Regulatory Assets - PVNGS Unit 1 Undpr Invst Post	1,877,267		1,877,267	-	1,877,267
123	Regulatory Assets - PVNGS Unit 2 Undepr Invest	146,423		146,423	-	146,423
124	Regulatory Assets - PVNGS Unit 2 Undpr Invst Post	168,509		168,509	-	168,509
125	Regulatory Assets - Rate Rider 12 UG Rate	2,159,118		2,159,118	-	2,159,118
126	Regulatory Assets - TOD Rate Pilot Program	(1,983,894)		(1,983,894)	-	(1,983,894)
127	Regulatory Assets - Renewable Energy	182,129		182,129	-	182,129
128	Regulatory Assets - Renewable Energy Credits	(309,168)		(309,168)	-	(309,168)
129	Regulatory Assets - Renewable Rider Curr Reg	(7,450,396)		(7,450,396)	-	(7,450,396)
130	Regulatory Assets - SJ Energy Transition Property (SPE)	7,144,256		7,144,256	-	7,144,256
131	Regulatory Assets - SJGS External Legal Fees	19,793		19,793	-	19,793
132	Regulatory Assets - SJGS Final ETA Decom	(1,687,556)		(1,687,556)	-	(1,687,556)
133	Regulatory Assets - SJGS Final ETA Mine Rec	(1,630,148)		(1,630,148)	-	(1,630,148)
134	Regulatory Assets - SJGS Obsolete Inventory	251,786		251,786	-	251,786
135	Regulatory Assets - SJGS Replacement Resources	332,742		332,742	-	332,742
136	Regulatory Assets - SJGS Stranded Costs	6,276,936		6,276,936	-	6,276,936
137	Regulatory Assets - SJGS Undepreciated Investment	-		-	-	-
138	Regulatory Assets - SJGS Underground Coal Mine	-		-	-	-
139	Regulatory Assets - Solar Direct Regulatory Assets	-		-	-	-
140	Regulatory Assets - Transportation Electrification	-		-	-	-
141	Regulatory Liabilities - COVID-19 Cost savings	(243,660)		(243,660)	-	(243,660)
142	Regulatory Liabilities - Earnings Test Regulatory Liab	-		-	-	-
143	Regulatory Liabilities - Energy Efficiency	(2,178,365)		(2,178,365)	-	(2,178,365)
144	Regulatory Liabilities - FAC	-		-	-	-
145	Regulatory Liabilities - Energy Transition Cost True Up	-		-	-	-
146	Regulatory Liabilities - ESA Deferral	7,415,798		7,415,798	-	7,415,798
147	Regulatory Liabilities - ETC Over/Under (SPE)	-		-	-	
148	Regulatory Liabilities - PVNGS Lease Costs	-		-	-	-
149	Regulatory Liabilities - PVNGS Lease Costs-Curr	(13,031,734)		(13,031,734)	-	(13,031,734)
150	Regulatory Liabilities - Renewable Rider	(254,729)		(254,729)	-	(254,729)
151	Regulatory Liabilities - Renewable State Credit	(183,576)		(183,576)	-	(183,576)
152	Regulatory Liabilities - SJGS Retirement Rate Credits	14,474		14,474	-	14,474
153	Self Insurance - Auto	29,984		29,984	-	29,984
154	Self Insurance - General Liability	(43,733)		(43,733)	-	(43,733)
155	Self Insurance - IBNR Public Liability	919,509		919,509	-	919,509
156	Self Insurance - IBNR Workers Compensation	45,596		45,596	-	45,596

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3	**PNM Exhibit LTM-3**					
4	**ITE-4 Base and Test Period Calculations**					
5	Hyperlink to Lead Sheet					
6						
7						
8						
9						
10	**Description**	**Unadjusted Base Period**	**Adjustments**	**Adjusted Base Period**	**Adjusted Base to Test Period Variance**	**Test Period**
157	Self Insurance - Workers Compensation	(103,330)		(103,330)	-	(103,330)
158	Transaction Costs - Blackstone	-		-	-	-
159	Stock Compensation	-		-	-	-
160	Trusts - PVNGS Decommissioning - NQ	-		-	-	-
161	Trusts - PVNGS Decommissioning - Qualified	-		-	-	-
162	Trusts - PVNGS Decommissioning Interest	-		-	-	-
163	Trusts - SJGS Reclamation - NQ	-		-	-	-
164	Trusts - SJGS Reclamation Interest	-		-	-	-
165	Trusts - SJGS Decommissioning - NQ	-		-	-	-
166	Net Operating Loss Carryforward	-		-	-	-
167	Current NM State Income Tax	(5,291,184)		(5,291,184)	-	(5,291,184)
168	NM State Income Tax - PTCs	-		-	-	-
169		-		-	-	-
170		-		-	-	-
171		-		-	-	-
172		-		-	-	-
173						
174	**Current Federal Taxable Income**	**52,867,918**	**(20,951,805)**	**31,916,113**	**12,920,103**	**44,836,215**
175						
176	**Tax Adjustments and Credits**					
177						
178	TRA 1986 Excess Payroll Tax Reversal	(6,146)	-	(6,146)	-	(6,146)
179	TRA 1986 Excess ADFIT Reversal - Protected (ARAM)	(44,888)	-	(44,888)	(1,364)	(46,252)
180	TCJA 2017 Excess ADFIT Reversal - Protected (ARAM)	(7,849,272)	-	(7,849,272)	198,674	(7,650,598)
181	TCJA 2017 Excess ADFIT Reversal - Unprotected	(15,685,191)	-	(15,685,191)	11,763,893	(3,921,298)
182	NM 2017 Excess ADSIT Reversal - Unprotected	-	-	-	-	-
183	ITC Amortization - Generation	(169,377)	-	(169,377)	(13,043,253)	(13,212,630)

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10	**Description**	**Unadjusted Base Period**	**Adjustments**	**Adjusted Base Period**	**Adjusted Base to Test Period Variance**	**Test Period**
184	ITC Amortization - Renewable	-	-	-	-	-
185	R & D Credit	(1,538,462)	-	(1,538,462)	-	(1,538,462)
186	NMPTC - Renewable	-	-	-	-	-
187	UTP (FIN 48) - Credits	-	-	-	-	-
188						
189	**Total Tax Adjustments**	**(25,293,335)**	**-**	**(25,293,335)**	**(1,082,049)**	**(26,375,385)**
190						
191						
192	From PNM Exhibit RNG-3					
193	Revenues per cost of service model	1,613,549,863	(291,571,392)	1,321,978,471	275,923,664	1,597,902,135
194						
195	Interest expense per cost of service	96,913,048	(7,417,154)	89,495,894	37,805,527	127,301,421
196	Other expenses per cost of service	1,265,782,307	(270,103,432)	995,678,876	173,186,448	1,168,865,323
197	Revenue credits per cost of service	(46,158,980)	12,622,633	(33,536,347)	4,088,293	(29,448,053)
198	Revenue taxes per cost of service	9,464,106	(1,710,181)	7,753,925	1,618,401	9,372,326
199	Federal Income Tax per cost of service	30,296,865	(4,950,221)	25,346,644	7,466,801	32,813,444
200	State Income Tax per cost of service	15,618,199	(1,390,776)	14,227,423	2,401,820	16,629,242
201						
202	Net Income (equity return)	241,634,318	(18,622,261)	223,012,057	49,356,374	272,368,431
203						
204	Return on rate base	338,547,366	(26,039,415)	312,507,951	87,161,901	399,669,852
205						
206	Return on rate base per cost of service	338,547,366	(26,039,415)	312,507,951	87,161,901	399,669,852
207	Difference	-	(0)	-	0	-

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9			**1**	**2**	**3**	**J and 6**			
10	**Description**		**Electric**	**Transmission**	**Bulk**	**Corporate Incl Co 6**	**Combined**	**Adj.s**	**PNM**
11									
12	**2025/2026 Pre Tax Income**	**Actual**	839,526,408	(14,954,461)	(612,228,290)	(123,317,171)	89,026,486		89,026,486
13									
14	**Permanent and Flow-Through Differences**								
15									
16	Dividends Received Deduction		-	-	(1,272,310)	-	(1,272,310)		(1,272,310)
17	Fines and Penalties		14	-	116,904	(328,031)	(211,114)		(211,114)
18	Meals and Entertainment		193,268	67,200	(11,185)	4,004	253,287		253,287
19	Municipal Interest - New Mexico		-	-	(15,422)	-	(15,422)		(15,422)
20	Municipal Interest - Non New Mexico		-	-	(1,177,567)	-	(1,177,567)		(1,177,567)
21	Non-Deductible Parking		118,437	-	212,029	-	330,465		330,465
22	Officer Compensation		-	-	-	5,082,916	5,082,916		5,082,916
23	Palo Verde Amortization		-	-	(39,828)	-	(39,828)		(39,828)
24	Plant - Grant Amortization		-	-	(962,888)	-	(962,888)		(962,888)
25	Regulatory Disallowance Perm		-	-	-	-	-		-
26	Compensation - Valuation Allowance		(922,323)	(280,228)	(303,589)	-	(1,506,140)		(1,506,140)
27	Transaction Costs		-	-	-	-	-		-
28	Plant - AFUDC - Equity - Renewables		-	-	-	-	-		-
29	Plant - AFUDC Equity		(3,483,346)	(2,758,083)	(4,373,352)	-	(10,614,782)		(10,614,782)
30	Plant - Depreciation Flow Through		675,829	936,739	1,085,493	-	2,698,061		2,698,061
31	Plant - Depreciation Flow Through - Grant		-	-	481,444	-	481,444		481,444
32	Plant - G/L on Asset Disposition Flow Through		74,653	167,245	267,366	-	509,264		509,264
33									
34	**Taxable Income for Book Purposes**		**836,182,940**	**(16,821,588)**	**(618,221,196)**	**(118,558,282)**	**82,581,875**	**-**	**82,581,875**
35									
36	**Temporary Differences**								
37									
38	Benefits - Pension Non- Qualified		-	-	-	(444,899)	(444,899)		(444,899)
39	Benefits - Pension Qualified		-	-	-	64,405,281	64,405,281		64,405,281
40	Benefits - Retiree Medical		-	-	-	(4,677,094)	(4,677,094)		(4,677,094)
41	Compensation - Incentive Pay		(2,523,862)	(838,436)	(780,431)	-	(4,142,729)		(4,142,729)
42	Lease Asset		(2,347,286)	9,189,164	7,165,120	-	14,006,998		14,006,998
43	Lease Liability		2,453,851	(12,169,353)	(7,165,120)	-	(16,880,622)		(16,880,622)
44	Loss on Reacquired Debt		-	-	-	391,099	391,099		391,099
45	Other - PVNGS Licensing		-	-	(53,136)	-	(53,136)		(53,136)
46	Other Deferred Credits - Coal Mine Decommissioning		-	-	(14,542,331)	-	(14,542,331)		(14,542,331)
47	Other Deferred Credits - Environmental		(72,535)	-	-	-	(72,535)		(72,535)
48	Other Deferred Credits - Environmental Liability		-	-	(1,017,600)	-	(1,017,600)		(1,017,600)
49	Other Deferred Credits - Joint Use		11,184	-	-	-	11,184		11,184
50	Other Deferred Credits - Pathnet		-	(91,581)	-	-	(91,581)		(91,581)
51	Other Deferred Credits - Prepaid Rent		-	(6,765)	-	-	(6,765)		(6,765)

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10	**Description**		**Electric**	**Transmission**	**Bulk**	**Corporate Incl Co 6**	**Combined**	**Adj.s**	**PNM**
52	Other Deferred Credits - PVNGS Dry Casks		-	-	1,810,719	-	1,810,719		1,810,719
53	Other Deferred Credits - Right of Way Reserve		-	1,600,755	-	-	1,600,755		1,600,755
54	Other Deferred Credits - ROW Reserve		44,503	-	-	-	44,503		44,503
55	Other Deferred Credits - S02 Allowance Credit		-	-	-	-	-		-
56	Other Deferred Credits - SJGS Groundwater Reserve		-	-	-	-	-		-
57	Other Deferred Credits - TEP Right of Way		-	(167,680)	-	-	(167,680)		(167,680)
58	Other Deferred Credits -Navajo Workforce Training		-	-	(100,000)	-	(100,000)		(100,000)
59	Other Deferred Debits - Community Solar Admin Charges		-	-	-	-	-		-
60	Other Deferred Debits - Grid Mod Application & Legal Fees		-	-	-	-	-		-
61	Other Deferred Debits - Grid Mod Phase 1A		-	-	-	-	-		-
62	Other Deferred Debits - Rate Case Expense		1,917,376	-	-	-	1,917,376		1,917,376
63	Other Deferred Debits - RR Underground Rider		-	-	-	-	-		-
64	Other Deferred Debits - WS-Transmission Revenue		-	(9,687,866)	-	-	(9,687,866)		(9,687,866)
65	Other Liabilities - Deferred Wages		-	-	12,656	-	12,656		12,656
66	Other Liabilities - ETA Job Training & Severance		-	-	-	-	-		-
67	Other Liabilities - Extended Leave		(36,447)	-	(10,313)	1,316	(45,444)		(45,444)
68	Other Liabilities - Holiday		(10,162)	21,355	6,522	2,246	19,961		19,961
69	Other Liabilities - Illness		20,203	-	(6,837)	(1,877)	11,489		11,489
70	Other Liabilities - Vacation		110,056	175,296	(184,924)	43,711	144,140		144,140
71	Plant - 263A Adjustment		(35,181,295)	(9,010,062)	(11,039,473)	-	(55,230,830)		(55,230,830)
72	Plant - AFUDC Debt		(4,527,045)	(2,732,562)	(6,514,868)	-	(13,774,475)		(13,774,475)
73	Plant - Book Amort of Nuclear Fuel		-	-	12,800,567	-	12,800,567		12,800,567
74	Plant - Capitalized Interest		(691,770)	(57,525)	(368,936)	-	(1,118,231)		(1,118,231)
75	Plant - CIAC		22,651,303	3,776,273	-	-	26,427,575		26,427,575
76	Plant - Demolition Cost		-	-	285,804	-	285,804		285,804
77	Plant - Depreciation Nuclear Fuel		-	-	(7,021,676)	-	(7,021,676)		(7,021,676)
78	Plant - Excess Tax Depreciation		4,049,085	(26,755,479)	21,041,388	-	(1,665,005)		(1,665,005)
79	Plant - Four Corners WO		-	-	(18,534)	-	(18,534)		(18,534)
80	Plant - G/L on Asset Disposition		(24,823,011)	(11,431,643)	(9,050,152)	-	(45,304,806)		(45,304,806)
81	Plant - PVNGS 2023 U1 Lease Abandonment		-	-	-	-	-		-
82	Plant - Removal Cost		(299,416)	7,926,427	673,379	-	8,300,390		8,300,390
83	Plant - Repairs		(137,374,205)	(24,581,166)	(37,883,747)	-	(199,839,118)		(199,839,118)
84	Plant - Section 174 Deduction		(1,093,711)	8,439,804	(433,034)	-	6,913,059		6,913,059
85	Plant - Tax Capitalized Interest		9,119,406	8,233,378	2,744,585	-	20,097,368		20,097,368
86	Plant- ARO		(852,428)	-	9,769,274	-	8,916,846		8,916,846
87	Prepaids - General		3,760	(828,197)	-	(51,619)	(876,055)		(876,055)
88	Prepaids - Insurance		4,601,435	56,452	773,607	258,082	5,689,576		5,689,576
89	Prepaids - PNMR Prem Insurance		2,844,184	-	14,433	208	2,858,825		2,858,825
90	Regulatory Assets - 2026 IRP Costs		-	-	(179,069)	-	(179,069)		(179,069)
91	Prepaids - Taxes and Fees		-	130,820	-	-	130,820		130,820

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10	**Description**		**Electric**	**Transmission**	**Bulk**	**Corporate Incl Co 6**	**Combined**	**Adj.s**	**PNM**
92	Regulatory Assets - 2024 RateChange COVID bad debt		(593,155)	-	-	-	(593,155)		(593,155)
93	Regulatory Assets - Comm Solar Startup Cost		(409,371)	-	-	-	(409,371)		(409,371)
94	Regulatory Assets - COVID-19 Costs		1,917,471	-	-	-	1,917,471		1,917,471
95	Regulatory Assets - 2024 Rate Change		966,274	-	-	-	966,274		966,274
96	Regulatory Assets - 2025 Rate Change Costs		(1,613,879)	-	-	-	(1,613,879)		(1,613,879)
97	Regulatory Assets - Comm Solar Admin Costs		(454,379)	-	-	-	(454,379)		(454,379)
98	Regulatory Assets - Community Solar Bill Credits		(1,160,659)	-	-	-	(1,160,659)		(1,160,659)
99	Regulatory Assets - EDAM Integration Costs		(229,241)	-	(518,530)	-	(747,771)		(747,771)
100	Regulatory Assets - Energy Efficiency		330,669	-	-	-	330,669		330,669
101	Regulatory Assets - Energy Efficiency M&V Costs		(508,075)	-	-	-	(508,075)		(508,075)
102	Regulatory Assets - Energy Efficiency Prog Costs		932,286	-	-	-	932,286		932,286
103	Regulatory Assets - Coal Mine Decommissioning		-	-	-	-	-		-
104	Regulatory Assets - Current Fuel Clause		-	-	1,535,896	-	1,535,896		1,535,896
105	Regulatory Assets - EIM Costs		-	-	3,758,140	-	3,758,140		3,758,140
106	Regulatory Assets - ETA Carrying Charges		-	-	-	-	-		-
107	Regulatory Assets - ETA Job Training & Severance		-	-	-	-	-		-
108	Regulatory Assets - ETA Payments to State Agencies		-	-	-	-	-		-
109	Regulatory Assets - ETA SJGS upfront Financing Cost		-	-	-	-	-		-
110	Regulatory Assets - ETA Westmoreland Coal Mine Sev		-	-	-	-	-		-
111	Regulatory Assets - ETC Over/Under (SPE)		-	-	-	-	-		-
112	Regulatory assets - FAC		21,828,624	-	-	-	21,828,624		21,828,624
113	Regulatory Assets - Grid Mod Program 2025		(3,176,216)	-	-	-	(3,176,216)		(3,176,216)
114	Regulatory Assets - Grid Mod Program 2026		(5,422,994)	-	-	-	(5,422,994)		(5,422,994)
115	Regulatory Assets - PVNGS Lease costs		(19,968)	-	-	-	(19,968)		(19,968)
116	Regulatory Assets - PCB Refinancing Hedge		-	-	-	844,446	844,446		844,446
117	Regulatory Assets - PVNGS Replacement Resources		103,644	-	-	-	103,644		103,644
118	Regulatory Assets - PVNGS SRP Over-Under		-	-	6,989	-	6,989		6,989
119	Regulatory Assets - PVNGS Unit 1 Undepr Invest		-	-	2,158,805	-	2,158,805		2,158,805
120	Regulatory Assets - PVNGS Unit 1 Undpr Invst Post		-	-	1,877,267	-	1,877,267		1,877,267
121	Regulatory Assets - PVNGS Unit 2 Undepr Invest		-	-	146,423	-	146,423		146,423
122	Regulatory Assets - PVNGS Unit 2 Undpr Invst Post		-	-	168,509	-	168,509		168,509
123	Regulatory Assets - Rate Rider 12 UG Rate		2,159,118	-	-	-	2,159,118		2,159,118
124	Regulatory Assets - TOD Rate Pilot Program		(1,983,894)	-	-	-	(1,983,894)		(1,983,894)
125	Regulatory Assets - Renewable Energy		-	-	182,129	-	182,129		182,129
126	Regulatory Assets - Renewable Energy Credits		-	-	(309,168)	-	(309,168)		(309,168)
127	Regulatory Assets - Renewable Rider Curr Reg		-	-	(7,450,396)	-	(7,450,396)		(7,450,396)
128	Regulatory Assets - SJ Energy Transition Property (SPE)		-	-	7,144,256	-	7,144,256		7,144,256
129	Regulatory Assets - SJGS External Legal Fees		-	-	19,793	-	19,793		19,793
130	Regulatory Assets - SJGS Final ETA Decom		-	-	(1,687,556)	-	(1,687,556)		(1,687,556)
131	Regulatory Assets - SJGS Final ETA Mine Rec		-	-	(1,630,148)	-	(1,630,148)		(1,630,148)

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10	**Description**		**Electric**	**Transmission**	**Bulk**	**Corporate Incl Co 6**	**Combined**	**Adj.s**	**PNM**
132	Regulatory Assets - SJGS Obsolete Inventory		-	-	251,786	-	251,786		251,786
133	Regulatory Assets - SJGS Replacement Resources		-	-	332,742	-	332,742		332,742
134	Regulatory Assets - SJGS Stranded Costs		-	-	6,276,936	-	6,276,936		6,276,936
135	Regulatory Assets - SJGS Undepreciated Investment		-	-	-	-	-		-
136	Regulatory Assets - SJGS Underground Coal Mine		-	-	-	-	-		-
137	Regulatory Assets - Solar Direct Regulatory Assets		-	-	9,604	-	9,604		9,604
138	Regulatory Assets - Transportation Electrification		(4,218,573)	-	-	-	(4,218,573)		(4,218,573)
139	Regulatory Liabilities - COVID-19 Cost savings		(243,660)	-	-	-	(243,660)		(243,660)
140	Regulatory Liabilities - Earnings Test Regulatory Liab		-	-	-	-	-		-
141	Regulatory Liabilities - Energy Efficiency		(2,178,365)	-	-	-	(2,178,365)		(2,178,365)
142	Regulatory Liabilities - FAC		11,169,819	-	-	-	11,169,819		11,169,819
143	Regulatory Liabilities - Energy Transition Cost True Up		-	-	(48,852)	-	(48,852)		(48,852)
144	Regulatory Liabilities - ESA Deferral		-	-	7,415,798	-	7,415,798		7,415,798
145	Regulatory Liabilities - ETC Over/Under (SPE)		-	-	(2,861,490)	-	(2,861,490)		(2,861,490)
146	Regulatory Liabilities - PVNGS Lease Costs		-	-	-	-	-		-
147	Regulatory Liabilities - PVNGS Lease Costs-Curr		(13,031,734)	-	-	-	(13,031,734)		(13,031,734)
148	Regulatory Liabilities - Renewable Rider		-	-	(254,729)	-	(254,729)		(254,729)
149	Regulatory Liabilities - Renewable State Credit		-	-	(183,576)	-	(183,576)		(183,576)
150	Regulatory Liabilities - SJGS Retirement Rate Credits		14,474	-	-	-	14,474		14,474
151	Self Insurance - Auto		27,731	58	1,098	1,098	29,984		29,984
152	Self Insurance - General Liability		16,503	(58)	(59,081)	(1,098)	(43,733)		(43,733)
153	Self Insurance - IBNR Public Liability		721,430	18,099	162,493	17,488	919,509		919,509
154	Self Insurance - IBNR Workers Compensation		47,557	1,245	(4,609)	1,403	45,596		45,596
155	Self Insurance - Workers Compensation		(60,414)	-	(15,737)	(27,179)	(103,330)		(103,330)
156	Transaction Costs - Blackstone		-	-	-	3,678,227	3,678,227		3,678,227
157	Stock Compensation		(90,234)	9,967	5,742	-	(74,525)		(74,525)
158	Trusts - PVNGS Decommissioning - NQ		-	-	(36,835,245)	-	(36,835,245)		(36,835,245)
159	Trusts - PVNGS Decommissioning - Qualified		-	-	(1,300,000)	-	(1,300,000)		(1,300,000)
160	Trusts - PVNGS Decommissioning Interest		-	-	33,908,664	-	33,908,664		33,908,664
161	Trusts - SJGS Reclamation - NQ		-	-	(1,914,660)	-	(1,914,660)		(1,914,660)
162	Trusts - SJGS Reclamation Interest		-	-	1,058,075	-	1,058,075		1,058,075
163	Trusts - SJGS Decommissioning - NQ		-	-	300,659	-	300,659		300,659
164	Net Operating Loss Carryforward		-	-	-	-	-		-
165	Current NM State Income Tax		37,877,641	(4,195,915)	(35,958,568)	(3,014,342)	(5,291,184)		(5,291,184)
166	NM State Income Tax - PTCs		-	-	-	-	-		-
167									
168	**Current Federal Taxable Income**		**716,894,545**	**(79,796,783)**	**(681,803,864)**	**(57,131,786)**	**(101,837,889)**	**-**	**(101,837,889)**
169									

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4	**ITE-5 07/01/25-06/30/26 Income Tax Accrual**								
5	Hyperlink to Lead Sheet								
6	**Source: Company records**								
7									
8									
9			**1**	**2**	**3**	**J and 6**			
10	**Description**		**Electric**	**Transmission**	**Bulk**	**Corporate Incl Co 6**	**Combined**	**Adj.s**	**PNM**
170	**Tax Adjustments and Credits**								
171									
172	TRA 1986 Excess Payroll Tax Reversal		(235)	(235)	(2,823)	(2,853)	(6,146)		(6,146)
173	TRA 1986 Excess ADFIT Reversal - Protected (ARAM)		(27,181)	355	(18,063)	-	(44,888)		(44,888)
174	TCJA 2017 Excess ADFIT Reversal - Protected (ARAM)		-	-	-	(7,849,272)	(7,849,272)		(7,849,272)
175	TCJA 2017 Excess ADFIT Reversal - Unprotected		-	-	-	(15,685,191)	(15,685,191)		(15,685,191)
176	NM 2017 Excess ADSIT Reversal - Unprotected		-	-	-	-	-		-
177	ITC Amortization - Generation		-	-	(169,377)	-	(169,377)		(169,377)
178	ITC Amortization - Renewable		-	-	-	-	-		-
179	R & D Credit		-	-	(1,538,462)	-	(1,538,462)		(1,538,462)
180	NMPTC - Renewable		-	-	-	-	-		-
181	FIN 48		-	-	538,462	-	538,462		538,462
182									
183	**Total Tax Adjustments**		**(27,415)**	**120**	**(1,190,262)**	**(23,537,316)**	**(24,754,874)**	**-**	**(24,754,874)**
184									

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10	**Description**		**Electric**	**Transmission**	**Bulk**	**Corporate Incl Co 6**	**Combined**	**Adj.s**	**PNM**
11									
12	**2025 Pre Tax Income**	**Actual**	447,815,435	(5,543,439)	(324,492,885)	(62,558,797)	55,220,314		55,220,314
13									
14	**Permanent and Flow-Through Differences**								
15									
16	Dividends Received Deduction		-	-	(772,986)	-	(772,986)		(772,986)
17	Fines and Penalties		14	-	116,904	(351,969)	(235,051)		(235,051)
18	Meals and Entertainment		103,992	1,771	(23,668)	4,004	86,099		86,099
19	Municipal Interest - New Mexico		-	-	(15,422)	-	(15,422)		(15,422)
20	Municipal Interest - Non New Mexico		-	-	(673,629)	-	(673,629)		(673,629)
21	Non-Deductible Parking		67,422	-	112,164	-	179,586		179,586
22	Officer Compensation		-	-	-	4,496,668	4,496,668		4,496,668
23	Palo Verde Amortization		-	-	(21,064)	-	(21,064)		(21,064)
24	Plant - Grant Amortization		-	-	(509,255)	-	(509,255)		(509,255)
25	Regulatory Disallowance Perm		-	-	-	-	-		-
26	Compensation - Valuation Allowance		(332,560)	(53,224)	(27,704)	-	(413,488)		(413,488)
27	Transaction Costs		-	-	-	-	-		-
28	Plant - AFUDC - Equity - Renewables		-	-	-	-	-		-
29	Plant - AFUDC Equity		277,293	(2,758,083)	(1,996,656)	-	(4,477,447)		(4,477,447)
30	Plant - Depreciation Flow Through		(217,222)	936,739	69,053	-	788,569		788,569
31	Plant - Depreciation Flow Through - Grant		-	-	481,444	-	481,444		481,444
32	Plant - G/L on Asset Disposition Flow Through		74,653	167,245	267,366	-	509,264		509,264
33									
34	**Taxable Income for Book Purposes**		**447,789,026**	**(7,248,991)**	**(327,486,340)**	**(58,410,094)**	**54,643,601**	**-**	**54,643,601**
35									
36	**Temporary Differences**								
37									
38	Benefits - Pension Non- Qualified		-	-	-	(223,779)	(223,779)		(223,779)
39	Benefits - Pension Qualified		-	-	-	62,305,200	62,305,200		62,305,200
40	Benefits - Retiree Medical		-	-	-	(2,575,863)	(2,575,863)		(2,575,863)
41	Compensation - Incentive Pay		(2,523,862)	(838,436)	(780,431)	-	(4,142,729)		(4,142,729)
42	Lease Asset		(3,788,567)	6,064,685	(50,499,721)	-	(48,223,603)		(48,223,603)
43	Lease Liability		3,851,486	(5,758,109)	50,499,721	-	48,593,098		48,593,098
44	Loss on Reacquired Debt		-	-	-	195,549	195,549		195,549
45	Other - PVNGS Licensing		-	-	(53,136)	-	(53,136)		(53,136)
46	Other Deferred Credits - Coal Mine Decommissioning		-	-	(7,826,495)	-	(7,826,495)		(7,826,495)
47	Other Deferred Credits - Environmental		(17,420)	-	-	-	(17,420)		(17,420)
48	Other Deferred Credits - Environmental Liability		-	-	-	-	-		-
49	Other Deferred Credits - Joint Use		11,184	-	-	-	11,184		11,184
50	Other Deferred Credits - Pathnet		-	(91,581)	-	-	(91,581)		(91,581)
51	Other Deferred Credits - Prepaid Rent		-	(6,765)	-	-	(6,765)		(6,765)

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10	**Description**		**Electric**	**Transmission**	**Bulk**	**Corporate Incl Co 6**	**Combined**	**Adj.s**	**PNM**
52	Other Deferred Credits - PVNGS Dry Casks		-	-	890,910	-	890,910		890,910
53	Other Deferred Credits - Right of Way Reserve		-	1,239,294	-	-	1,239,294		1,239,294
54	Other Deferred Credits - ROW Reserve		22,251	-	-	-	22,251		22,251
55	Other Deferred Credits - S02 Allowance Credit		-	-	-	-	-		-
56	Other Deferred Credits - SJGS Groundwater Reserve		-	-	-	-	-		-
57	Other Deferred Credits - TEP Right of Way		-	(167,680)	-	-	(167,680)		(167,680)
58	Other Deferred Credits -Navajo Workforce Training		-	-	(100,000)	-	(100,000)		(100,000)
59	Other Deferred Debits - Community Solar Admin Charges		-	-	-	-	-		-
60	Other Deferred Debits - Grid Mod Application & Legal Fees		-	-	-	-	-		-
61	Other Deferred Debits - Grid Mod Phase 1A		-	-	-	-	-		-
62	Other Deferred Debits - Rate Case Expense		1,917,376	-	-	-	1,917,376		1,917,376
63	Other Deferred Debits - RR Underground Rider		-	-	-	-	-		-
64	Other Deferred Debits - WS-Transmission Revenue		-	(9,687,866)	-	-	(9,687,866)		(9,687,866)
65	Other Liabilities - Deferred Wages		-	-	458,143	-	458,143		458,143
66	Other Liabilities - ETA Job Training & Severance		-	-	-	-	-		-
67	Other Liabilities - Extended Leave		(36,447)	-	(10,313)	1,316	(45,444)		(45,444)
68	Other Liabilities - Holiday		(1,823)	26,743	(34,163)	(6,930)	(16,174)		(16,174)
69	Other Liabilities - Illness		32,077	-	(6,837)	(1,877)	23,363		23,363
70	Other Liabilities - Vacation		(272,511)	7,298	(241,714)	74,894	(432,033)		(432,033)
71	Plant - 263A Adjustment		(18,458,112)	(909,490)	(5,946,656)	-	(25,314,259)		(25,314,259)
72	Plant - AFUDC Debt		(2,361,421)	(1,718,095)	(2,823,664)	-	(6,903,180)		(6,903,180)
73	Plant - Book Amort of Nuclear Fuel		-	-	5,383,318	-	5,383,318		5,383,318
74	Plant - Capitalized Interest		(400,579)	(31,279)	(368,936)	-	(800,794)		(800,794)
75	Plant - CIAC		12,374,237	1,855,200	-	-	14,229,438		14,229,438
76	Plant - Demolition Cost		-	-	285,804	-	285,804		285,804
77	Plant - Depreciation Nuclear Fuel		-	-	(1,225,055)	-	(1,225,055)		(1,225,055)
78	Plant - Excess Tax Depreciation		2,044,703	(29,303,162)	19,457,756	-	(7,800,703)		(7,800,703)
79	Plant - Four Corners WO		-	-	(18,534)	-	(18,534)		(18,534)
80	Plant - G/L on Asset Disposition		(14,688,951)	(9,243,063)	(6,977,710)	-	(30,909,724)		(30,909,724)
81	Plant - PVNGS 2023 U1 Lease Abandonment		-	-	-	-	-		-
82	Plant - Removal Cost		(1,049,380)	5,225,183	673,379	-	4,849,182		4,849,182
83	Plant - Repairs		(85,044,027)	(16,383,286)	(24,080,980)	-	(125,508,293)		(125,508,293)
84	Plant - Section 174 Deduction		(2,030,003)	4,904,728	(384,623)	-	2,490,102		2,490,102
85	Plant - Tax Capitalized Interest		5,312,070	4,558,765	1,537,161	-	11,407,996		11,407,996
86	Plant- ARO		(587,962)	-	6,411,995	-	5,824,033		5,824,033
87	Prepaids - General		109,328	366,877	-	(1,880)	474,326		474,326
88	Prepaids - Insurance		5,651,243	(400,258)	568,388	236,625	6,055,999		6,055,999
89	Prepaids - PNMR Prem Insurance		2,884,398	-	26,272	(2)	2,910,668		2,910,668
90	Regulatory Assets - 2026 IRP Costs		-	-	-	-	-		-
91	Prepaids - Taxes and Fees		-	153,788	-	-	153,788		153,788

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10	**Description**		**Electric**	**Transmission**	**Bulk**	**Corporate Incl Co 6**	**Combined**	**Adj.s**	**PNM**
92	Regulatory Assets - 2024 RateChange COVID bad debt		(1,133,483)	-	-	-	(1,133,483)		(1,133,483)
93	Regulatory Assets - Comm Solar Startup Cost		(435,737)	-	-	-	(435,737)		(435,737)
94	Regulatory Assets - COVID-19 Costs		1,917,471	-	-	-	1,917,471		1,917,471
95	Regulatory Assets - 2024 Rate Change		483,137	-	-	-	483,137		483,137
96	Regulatory Assets - 2025 Rate Change Costs		(1,815,614)	-	-	-	(1,815,614)		(1,815,614)
97	Regulatory Assets - Comm Solar Admin Costs		(64,764)	-	-	-	(64,764)		(64,764)
98	Regulatory Assets - Community Solar Bill Credits		(63,724)	-	-	-	(63,724)		(63,724)
99	Regulatory Assets - EDAM Integration Costs		(229,241)	-	(126,036)	-	(355,278)		(355,278)
100	Regulatory Assets - Energy Efficiency		283,082	-	-	-	283,082		283,082
101	Regulatory Assets - Energy Efficiency M&V Costs		-	-	-	-	-		-
102	Regulatory Assets - Energy Efficiency Prog Costs		(345,508)	-	-	-	(345,508)		(345,508)
103	Regulatory Assets - Coal Mine Decommissioning		-	-	-	-	-		-
104	Regulatory Assets - Current Fuel Clause		-	-	(2,664,035)	-	(2,664,035)		(2,664,035)
105	Regulatory Assets - EIM Costs		-	-	1,879,070	-	1,879,070		1,879,070
106	Regulatory Assets - ETA Carrying Charges		-	-	-	-	-		-
107	Regulatory Assets - ETA Job Training & Severance		-	-	-	-	-		-
108	Regulatory Assets - ETA Payments to State Agencies		-	-	-	-	-		-
109	Regulatory Assets - ETA SJGS upfront Financing Cost		-	-	-	-	-		-
110	Regulatory Assets - ETA Westmoreland Coal Mine Sev		-	-	-	-	-		-
111	Regulatory Assets - ETC Over/Under (SPE)		-	-	-	-	-		-
112	Regulatory assets - FAC		22,561,525	-	-	-	22,561,525		22,561,525
113	Regulatory Assets - Grid Mod Program 2025		(3,618,270)	-	-	-	(3,618,270)		(3,618,270)
114	Regulatory Assets - Grid Mod Program 2026		-	-	-	-	-		-
115	Regulatory Assets - PVNGS Lease costs		-	-	-	-	-		-
116	Regulatory Assets - PCB Refinancing Hedge		-	-	-	422,223	422,223		422,223
117	Regulatory Assets - PVNGS Replacement Resources		51,822	-	-	-	51,822		51,822
118	Regulatory Assets - PVNGS SRP Over-Under		-	-	3,494	-	3,494		3,494
119	Regulatory Assets - PVNGS Unit 1 Undepr Invest		-	-	1,079,402	-	1,079,402		1,079,402
120	Regulatory Assets - PVNGS Unit 1 Undpr Invst Post		-	-	938,633	-	938,633		938,633
121	Regulatory Assets - PVNGS Unit 2 Undepr Invest		-	-	73,212	-	73,212		73,212
122	Regulatory Assets - PVNGS Unit 2 Undpr Invst Post		-	-	84,254	-	84,254		84,254
123	Regulatory Assets - Rate Rider 12 UG Rate		1,076,219	-	-	-	1,076,219		1,076,219
124	Regulatory Assets - TOD Rate Pilot Program		(802,844)	-	-	-	(802,844)		(802,844)
125	Regulatory Assets - Renewable Energy		-	-	207,917	-	207,917		207,917
126	Regulatory Assets - Renewable Energy Credits		-	-	-	-	-		-
127	Regulatory Assets - Renewable Rider Curr Reg		-	-	-	-	-		-
128	Regulatory Assets - SJ Energy Transition Property (SPE)		-	-	3,521,682	-	3,521,682		3,521,682
129	Regulatory Assets - SJGS External Legal Fees		-	-	9,897	-	9,897		9,897
130	Regulatory Assets - SJGS Final ETA Decom		-	-	(373,056)	-	(373,056)		(373,056)

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10	**Description**		**Electric**	**Transmission**	**Bulk**	**Corporate Incl Co 6**	**Combined**	**Adj.s**	**PNM**
131	Regulatory Assets - SJGS Final ETA Mine Rec		-	-	(990,936)	-	(990,936)		(990,936)
132	Regulatory Assets - SJGS Obsolete Inventory		-	-	125,893	-	125,893		125,893
133	Regulatory Assets - SJGS Replacement Resources		-	-	166,371	-	166,371		166,371
134	Regulatory Assets - SJGS Stranded Costs		-	-	3,138,468	-	3,138,468		3,138,468
135	Regulatory Assets - SJGS Undepreciated Investment		-	-	-	-	-		-
136	Regulatory Assets - SJGS Underground Coal Mine		-	-	-	-	-		-
137	Regulatory Assets - Solar Direct Regulatory Assets		-	-	9,604	-	9,604		9,604
138	Regulatory Assets - Transportation Electrification		(5,227,456)	-	-	-	(5,227,456)		(5,227,456)
139	Regulatory Liabilities - COVID-19 Cost savings		(243,660)	-	-	-	(243,660)		(243,660)
140	Regulatory Liabilities - Earnings Test Regulatory Liab		-	-	-	-	-		-
141	Regulatory Liabilities - Energy Efficiency		(2,703,720)	-	-	-	(2,703,720)		(2,703,720)
142	Regulatory Liabilities - FAC		-	-	-	-	-		-
143	Regulatory Liabilities - Energy Transition Cost True Up		-	-	(859,689)	-	(859,689)		(859,689)
144	Regulatory Liabilities - ESA Deferral		-	-	1,556,225	-	1,556,225		1,556,225
145	Regulatory Liabilities - ETC Over/Under (SPE)		-	-	(1,730,119)	-	(1,730,119)		(1,730,119)
146	Regulatory Liabilities - PVNGS Lease Costs		-	-	-	-	-		-
147	Regulatory Liabilities - PVNGS Lease Costs-Curr		(9,904,700)	-	-	-	(9,904,700)		(9,904,700)
148	Regulatory Liabilities - Renewable Rider		-	-	1,044,966	-	1,044,966		1,044,966
149	Regulatory Liabilities - Renewable State Credit		-	-	(91,788)	-	(91,788)		(91,788)
150	Regulatory Liabilities - SJGS Retirement Rate Credits		(1,055)	-	-	-	(1,055)		(1,055)
151	Self Insurance - Auto		-	-	-	-	-		-
152	Self Insurance - General Liability		7,160	-	(61,526)	-	(54,366)		(54,366)
153	Self Insurance - IBNR Public Liability		249,943	7,014	45,886	28,924	331,767		331,767
154	Self Insurance - IBNR Workers Compensation		(35,680)	1,225	2,909	4,271	(27,275)		(27,275)
155	Self Insurance - Workers Compensation		(48,885)	-	(10,974)	(14,788)	(74,647)		(74,647)
156	Transaction Costs - Blackstone		-	-	-	1,602,050	1,602,050		1,602,050
157	Stock Compensation		34,968	58,158	64,310	-	157,436		157,436
158	Trusts - PVNGS Decommissioning - NQ		-	-	(18,029,159)	-	(18,029,159)		(18,029,159)
159	Trusts - PVNGS Decommissioning - Qualified		-	-	(650,000)	-	(650,000)		(650,000)
160	Trusts - PVNGS Decommissioning Interest		-	-	23,001,234	-	23,001,234		23,001,234
161	Trusts - SJGS Reclamation - NQ		-	-	(1,183,354)	-	(1,183,354)		(1,183,354)
162	Trusts - SJGS Reclamation Interest		-	-	824,844	-	824,844		824,844
163	Trusts - SJGS Decommissioning - NQ		-	-	76,694	-	76,694		76,694
164	Net Operating Loss Carryforward		-	-	-	-	-		-
165	Current NM State Income Tax		19,552,198	(3,192,949)	(18,471,500)	202,516	(1,909,735)		(1,909,735)
166	NM State Income Tax - PTCs			-	-	-	-		-
167									
168	**Current Federal Taxable Income**		**370,281,500**	**(60,512,051)**	**(350,059,671)**	**3,838,356**	**(36,451,866)**	**-**	**(36,451,866)**
169									

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2	**NMPRC Case No. 26-xxxxx-UT**								
3	**PNM Exhibit LTM-3**								
4	**ITE-5 07/01/25-12/31/25 Income Tax Accrual**								
5	Hyperlink to Lead Sheet								
6	**Source: Company records**								
7									
8									
9			**1**	**2**	**3**	**J and 6**			
10	**Description**		**Electric**	**Transmission**	**Bulk**	**Corporate Incl Co 6**	**Combined**	**Adj.s**	**PNM**
170	**Tax Adjustments and Credits**								
171									
172	TRA 1986 Excess Payroll Tax Reversal		(235)	(235)	(2,823)	(2,853)	(6,146)		(6,146)
173	TRA 1986 Excess ADFIT Reversal - Protected (ARAM)		(23,714)	355	(20,165)	-	(43,524)		(43,524)
174	TCJA 2017 Excess ADFIT Reversal - Protected (ARAM)		-	-	-	(7,914,605)	(7,914,605)		(7,914,605)
175	TCJA 2017 Excess ADFIT Reversal - Unprotected		-	-	-	(15,685,191)	(15,685,191)		(15,685,191)
176	NM 2017 Excess ADSIT Reversal - Unprotected		-	-	-	-	-		-
177	ITC Amortization - Generation		-	-	(169,438)	-	(169,438)		(169,438)
178	ITC Amortization - Renewable		-	-	-	-	-		-
179	R & D Credit		-	-	(1,538,462)	-	(1,538,462)		(1,538,462)
180	NMPTC - Renewable		-	-	-	-	-		-
181	FIN 48			-	538,462	-	538,462		538,462
182									
183	**Total Tax Adjustments**		**(23,949)**	**120**	**(1,192,426)**	**(23,602,649)**	**(24,818,904)**	**-**	**(24,818,904)**
184									

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9			**1**	**2**	**3**	**J and 6**			
10	**Description**		**Electric**	**Transmission**	**Bulk**	**Corporate Incl Co 6**	**Combined**	**Adj.s**	**PNM**
11									
12	**2026 Pre Tax Income**	**Actual**	391,710,973	(9,411,022)	(287,735,405)	(60,758,374)	33,806,172		33,806,172
13									
14	**Permanent and Flow-Through Differences**								
15									
16	Dividends Received Deduction		-	-	(499,325)	-	(499,325)		(499,325)
17	Fines and Penalties		-	-	-	23,938	23,938		23,938
18	Meals and Entertainment		89,276	65,429	12,483	-	167,188		167,188
19	Municipal Interest - New Mexico		-	-	-	-	-		-
20	Municipal Interest - Non New Mexico		-	-	(503,937)	-	(503,937)		(503,937)
21	Non-Deductible Parking		51,015	-	99,865	-	150,880		150,880
22	Officer Compensation		-	-	-	586,248	586,248		586,248
23	Palo Verde Amortization		-	-	(19,887)	-	(19,887)		(19,887)
24	Plant - Grant Amortization		-	-	(480,794)	-	(480,794)		(480,794)
25	Regulatory Disallowance Perm		-	-	-	-	-		-
26	Compensation - Valuation Allowance		(589,763)	(227,004)	(275,885)	-	(1,092,652)		(1,092,652)
27	Transaction Costs		-	-	-	-	-		-
28	Plant - AFUDC - Equity - Renewables		-	-	-	-	-		-
29	Plant - AFUDC Equity		(3,760,639)	-	(2,376,696)	-	(6,137,334)		(6,137,334)
30	Plant - Depreciation Flow Through		893,052	-	1,016,441	-	1,909,492		1,909,492
31	Plant - Depreciation Flow Through - Grant		-	-	-	-	-		-
32	Plant - G/L on Asset Disposition Flow Through		-	-	-	-	-		-
33									
34	**Taxable Income for Book Purposes**		**388,393,914**	**(9,572,597)**	**(290,763,140)**	**(60,148,188)**	**27,909,989**	**-**	**27,909,989**
35									
36	**Temporary Differences**								
37									
38	Benefits - Pension Non- Qualified		-	-	-	(221,119)	(221,119)		(221,119)
39	Benefits - Pension Qualified		-	-	-	2,100,081	2,100,081		2,100,081
40	Benefits - Retiree Medical		-	-	-	(2,101,231)	(2,101,231)		(2,101,231)
41	Compensation - Incentive Pay		-	-	-	-	-		-
42	Lease Asset		1,441,281	3,124,479	57,664,841	-	62,230,601		62,230,601
43	Lease Liability		(1,397,636)	(6,411,244)	(57,664,841)	-	(65,473,720)		(65,473,720)
44	Loss on Reacquired Debt		-	-	-	195,549	195,549		195,549
45	Other - PVNGS Licensing		-	-	-	-	-		-
46	Other Deferred Credits - Coal Mine Decommissioning		-	-	(6,715,836)	-	(6,715,836)		(6,715,836)
47	Other Deferred Credits - Environmental		(55,114)	-	-	-	(55,114)		(55,114)
48	Other Deferred Credits - Environmental Liability		-	-	(1,017,600)	-	(1,017,600)		(1,017,600)
49	Other Deferred Credits - Joint Use		-	-	-	-	-		-
50	Other Deferred Credits - Pathnet		-	-	-	-	-		-
51	Other Deferred Credits - Prepaid Rent		-	-	-	-	-		-

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10	**Description**		**Electric**	**Transmission**	**Bulk**	**Corporate Incl Co 6**	**Combined**	**Adj.s**	**PNM**
52	Other Deferred Credits - PVNGS Dry Casks		-	-	919,810	-	919,810		919,810
53	Other Deferred Credits - Right of Way Reserve		-	361,461	-	-	361,461		361,461
54	Other Deferred Credits - ROW Reserve		22,251	-	-	-	22,251		22,251
55	Other Deferred Credits - S02 Allowance Credit		-	-	-	-	-		-
56	Other Deferred Credits - SJGS Groundwater Reserve		-	-	-	-	-		-
57	Other Deferred Credits - TEP Right of Way		-	-	-	-	-		-
58	Other Deferred Credits -Navajo Workforce Training		-	-	-	-	-		-
59	Other Deferred Debits - Community Solar Admin Charges		-	-	-	-	-		-
60	Other Deferred Debits - Grid Mod Application & Legal Fees		-	-	-	-	-		-
61	Other Deferred Debits - Grid Mod Phase 1A		-	-	-	-	-		-
62	Other Deferred Debits - Rate Case Expense		-	-	-	-	-		-
63	Other Deferred Debits - RR Underground Rider		-	-	-	-	-		-
64	Other Deferred Debits - WS-Transmission Revenue		-	-	-	-	-		-
65	Other Liabilities - Deferred Wages		-	-	(445,487)	-	(445,487)		(445,487)
66	Other Liabilities - ETA Job Training & Severance		-	-	-	-	-		-
67	Other Liabilities - Extended Leave		-	-	-	-	-		-
68	Other Liabilities - Holiday		(8,339)	(5,388)	40,685	9,176	36,134		36,134
69	Other Liabilities - Illness		(11,874)	-	-	-	(11,874)		(11,874)
70	Other Liabilities - Vacation		382,567	167,998	56,790	(31,183)	576,173		576,173
71	Plant - 263A Adjustment		(16,723,183)	(8,100,572)	(5,092,817)	-	(29,916,571)		(29,916,571)
72	Plant - AFUDC Debt		(2,165,624)	(1,014,467)	(3,691,204)	-	(6,871,295)		(6,871,295)
73	Plant - Book Amort of Nuclear Fuel		-	-	7,417,249	-	7,417,249		7,417,249
74	Plant - Capitalized Interest		(291,191)	(26,246)	-	-	(317,437)		(317,437)
75	Plant - CIAC		10,277,065	1,921,072	-	-	12,198,137		12,198,137
76	Plant - Demolition Cost		-	-	-	-	-		-
77	Plant - Depreciation Nuclear Fuel		-	-	(5,796,622)	-	(5,796,622)		(5,796,622)
78	Plant - Excess Tax Depreciation		2,004,383	2,547,683	1,583,633	-	6,135,698		6,135,698
79	Plant - Four Corners WO		-	-	-	-	-		-
80	Plant - G/L on Asset Disposition		(10,134,060)	(2,188,580)	(2,072,442)	-	(14,395,082)		(14,395,082)
81	Plant - PVNGS 2023 U1 Lease Abandonment		-	-	-	-	-		-
82	Plant - Removal Cost		749,964	2,701,244	-	-	3,451,208		3,451,208
83	Plant - Repairs		(52,330,178)	(8,197,880)	(13,802,767)	-	(74,330,825)		(74,330,825)
84	Plant - Section 174 Deduction		936,292	3,535,077	(48,411)	-	4,422,958		4,422,958
85	Plant - Tax Capitalized Interest		3,807,337	3,674,612	1,207,424	-	8,689,373		8,689,373
86	Plant- ARO		(264,466)	-	3,357,279	-	3,092,813		3,092,813
87	Prepaids - General		(105,568)	(1,195,074)	-	(49,739)	(1,350,381)		(1,350,381)
88	Prepaids - Insurance		(1,049,808)	456,710	205,218	21,457	(366,423)		(366,423)
89	Prepaids - PNMR Prem Insurance		(40,214)	-	(11,839)	210	(51,843)		(51,843)
90	Regulatory Assets - 2026 IRP Costs		-	-	(179,069)	-	(179,069)		(179,069)
91	Prepaids - Taxes and Fees		-	(22,968)	-	-	(22,968)		(22,968)

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10	**Description**		**Electric**	**Transmission**	**Bulk**	**Corporate Incl Co 6**	**Combined**	**Adj.s**	**PNM**
92	Regulatory Assets - 2024 RateChange COVID bad debt		540,328	-	-	-	540,328		540,328
93	Regulatory Assets - Comm Solar Startup Cost		26,366	-	-	-	26,366		26,366
94	Regulatory Assets - COVID-19 Costs		-	-	-	-	-		-
95	Regulatory Assets - 2024 Rate Change		483,137	-	-	-	483,137		483,137
96	Regulatory Assets - 2025 Rate Change Costs		201,735	-	-	-	201,735		201,735
97	Regulatory Assets - Comm Solar Admin Costs		(389,615)	-	-	-	(389,615)		(389,615)
98	Regulatory Assets - Community Solar Bill Credits		(1,096,935)	-	-	-	(1,096,935)		(1,096,935)
99	Regulatory Assets - EDAM Integration Costs		-	-	(392,494)	-	(392,494)		(392,494)
100	Regulatory Assets - Energy Efficiency		47,587	-	-	-	47,587		47,587
101	Regulatory Assets - Energy Efficiency M&V Costs		(508,075)	-	-	-	(508,075)		(508,075)
102	Regulatory Assets - Energy Efficiency Prog Costs		1,277,794	-	-	-	1,277,794		1,277,794
103	Regulatory Assets - Coal Mine Decommissioning		-	-	-	-	-		-
104	Regulatory Assets - Current Fuel Clause		-	-	4,199,931	-	4,199,931		4,199,931
105	Regulatory Assets - EIM Costs		-	-	1,879,070	-	1,879,070		1,879,070
106	Regulatory Assets - ETA Carrying Charges		-	-	-	-	-		-
107	Regulatory Assets - ETA Job Training & Severance		-	-	-	-	-		-
108	Regulatory Assets - ETA Payments to State Agencies		-	-	-	-	-		-
109	Regulatory Assets - ETA SJGS upfront Financing Cost		-	-	-	-	-		-
110	Regulatory Assets - ETA Westmoreland Coal Mine Sev		-	-	-	-	-		-
111	Regulatory Assets - ETC Over/Under (SPE)		-	-	-	-	-		-
112	Regulatory assets - FAC		(732,901)	-	-	-	(732,901)		(732,901)
113	Regulatory Assets - Grid Mod Program 2025		442,054	-	-	-	442,054		442,054
114	Regulatory Assets - Grid Mod Program 2026		(5,422,994)	-	-	-	(5,422,994)		(5,422,994)
115	Regulatory Assets - PVNGS Lease costs		(19,968)	-	-	-	(19,968)		(19,968)
116	Regulatory Assets - PCB Refinancing Hedge		-	-	-	422,223	422,223		422,223
117	Regulatory Assets - PVNGS Replacement Resources		51,822	-	-	-	51,822		51,822
118	Regulatory Assets - PVNGS SRP Over-Under		-	-	3,494	-	3,494		3,494
119	Regulatory Assets - PVNGS Unit 1 Undepr Invest		-	-	1,079,402	-	1,079,402		1,079,402
120	Regulatory Assets - PVNGS Unit 1 Undpr Invst Post		-	-	938,633	-	938,633		938,633
121	Regulatory Assets - PVNGS Unit 2 Undepr Invest		-	-	73,212	-	73,212		73,212
122	Regulatory Assets - PVNGS Unit 2 Undpr Invst Post		-	-	84,254	-	84,254		84,254
123	Regulatory Assets - Rate Rider 12 UG Rate		1,082,899	-	-	-	1,082,899		1,082,899
124	Regulatory Assets - TOD Rate Pilot Program		(1,181,050)	-	-	-	(1,181,050)		(1,181,050)
125	Regulatory Assets - Renewable Energy		-	-	(25,788)	-	(25,788)		(25,788)
126	Regulatory Assets - Renewable Energy Credits		-	-	(309,168)	-	(309,168)		(309,168)
127	Regulatory Assets - Renewable Rider Curr Reg		-	-	(7,450,396)	-	(7,450,396)		(7,450,396)
128	Regulatory Assets - SJ Energy Transition Property (SPE)		-	-	3,622,574	-	3,622,574		3,622,574
129	Regulatory Assets - SJGS External Legal Fees		-	-	9,897	-	9,897		9,897
130	Regulatory Assets - SJGS Final ETA Decom		-	-	(1,314,501)	-	(1,314,501)		(1,314,501)

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10	**Description**		**Electric**	**Transmission**	**Bulk**	**Corporate Incl Co 6**	**Combined**	**Adj.s**	**PNM**
131	Regulatory Assets - SJGS Final ETA Mine Rec		-	-	(639,212)	-	(639,212)		(639,212)
132	Regulatory Assets - SJGS Obsolete Inventory		-	-	125,893	-	125,893		125,893
133	Regulatory Assets - SJGS Replacement Resources		-	-	166,371	-	166,371		166,371
134	Regulatory Assets - SJGS Stranded Costs		-	-	3,138,468	-	3,138,468		3,138,468
135	Regulatory Assets - SJGS Undepreciated Investment		-	-	-	-	-		-
136	Regulatory Assets - SJGS Underground Coal Mine		-	-	-	-	-		-
137	Regulatory Assets - Solar Direct Regulatory Assets		-	-	-	-	-		-
138	Regulatory Assets - Transportation Electrification		1,008,883	-	-	-	1,008,883		1,008,883
139	Regulatory Liabilities - COVID-19 Cost savings		-	-	-	-	-		-
140	Regulatory Liabilities - Earnings Test Regulatory Liab		-	-	-	-	-		-
141	Regulatory Liabilities - Energy Efficiency		525,355	-	-	-	525,355		525,355
142	Regulatory Liabilities - FAC		11,169,819	-	-	-	11,169,819		11,169,819
143	Regulatory Liabilities - Energy Transition Cost True Up		-	-	810,836	-	810,836		810,836
144	Regulatory Liabilities - ESA Deferral		-	-	5,859,573	-	5,859,573		5,859,573
145	Regulatory Liabilities - ETC Over/Under (SPE)		-	-	(1,131,371)	-	(1,131,371)		(1,131,371)
146	Regulatory Liabilities - PVNGS Lease Costs		-	-	-	-	-		-
147	Regulatory Liabilities - PVNGS Lease Costs-Curr		(3,127,035)	-	-	-	(3,127,035)		(3,127,035)
148	Regulatory Liabilities - Renewable Rider		-	-	(1,299,694)	-	(1,299,694)		(1,299,694)
149	Regulatory Liabilities - Renewable State Credit		-	-	(91,788)	-	(91,788)		(91,788)
150	Regulatory Liabilities - SJGS Retirement Rate Credits		15,529	-	-	-	15,529		15,529
151	Self Insurance - Auto		27,731	58	1,098	1,098	29,984		29,984
152	Self Insurance - General Liability		9,343	(58)	2,445	(1,098)	10,633		10,633
153	Self Insurance - IBNR Public Liability		471,487	11,085	116,607	(11,436)	587,742		587,742
154	Self Insurance - IBNR Workers Compensation		83,237	20	(7,518)	(2,868)	72,871		72,871
155	Self Insurance - Workers Compensation		(11,529)	-	(4,763)	(12,391)	(28,683)		(28,683)
156	Transaction Costs - Blackstone		-	-	-	2,076,177	2,076,177		2,076,177
157	Stock Compensation		(125,202)	(48,191)	(58,568)	-	(231,961)		(231,961)
158	Trusts - PVNGS Decommissioning - NQ		-	-	(18,806,086)	-	(18,806,086)		(18,806,086)
159	Trusts - PVNGS Decommissioning - Qualified		-	-	(650,000)	-	(650,000)		(650,000)
160	Trusts - PVNGS Decommissioning Interest		-	-	10,907,431	-	10,907,431		10,907,431
161	Trusts - SJGS Reclamation - NQ		-	-	(731,306)	-	(731,306)		(731,306)
162	Trusts - SJGS Reclamation Interest		-	-	233,231	-	233,231		233,231
163	Trusts - SJGS Decommissioning - NQ		-	-	223,965	-	223,965		223,965
164	Net Operating Loss Carryforward		-	-	-	-	-		-
165	Current NM State Income Tax		18,325,443	(1,002,966)	(17,487,068)	(3,216,858)	(3,381,449)		(3,381,449)
166	NM State Income Tax - PTCs			-	-	-	-		-
167									
168	**Current Federal Taxable Income**		**346,613,045**	**(19,284,732)**	**(331,772,478)**	**(60,970,142)**	**(65,414,307)**	**-**	**(65,414,307)**
169									

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170	**Tax Adjustments and Credits**								
171									
172	TRA 1986 Excess Payroll Tax Reversal		(235)	(235)	(2,823)	(2,853)	(6,146)		(6,146)
173	TRA 1986 Excess ADFIT Reversal - Protected (ARAM)		(30,647)	355	(15,960)	-	(46,252)		(46,252)
174	TCJA 2017 Excess ADFIT Reversal - Protected (ARAM)		-	-	-	(7,783,939)	(7,783,939)		(7,783,939)
175	TCJA 2017 Excess ADFIT Reversal - Unprotected		-	-	-	(15,685,191)	(15,685,191)		(15,685,191)
176	NM 2017 Excess ADSIT Reversal - Unprotected		-	-	-	-	-		-
177	ITC Amortization - Generation		-	-	(169,316)	-	(169,316)		(169,316)
178	ITC Amortization - Renewable		-	-	-	-	-		-
179	R & D Credit		-	-	(1,538,462)	-	(1,538,462)		(1,538,462)
180	NMPTC - Renewable		-	-	-	-	-		-
181	FIN 48			-	538,462	-	538,462		538,462
182									
183	**Total Tax Adjustments**		**(30,882)**	**120**	**(1,188,099)**	**(23,471,983)**	**(24,690,844)**	**-**	**(24,690,844)**
184									

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9			**1**	**2**	**3**	**J**			
10	**Description**		**Electric**	**Transmission**	**Bulk**	**Corporate Incl Co 6**	**Combined**	**Adj.s**	**PNM**
11									
12	**0726-0627 Pre Tax Income**	**Projected**	1,048,733,336	2,957,383	(629,456,746)	(63,802,083)	358,431,890		358,431,890
13									
14	**Permanent and Flow-Through Differences**								
15									
16	Dividends Received Deduction		-	-	(1,000,675)	-	(1,000,675)		(1,000,675)
17	Fines and Penalties		-	-	-	51,062	51,062		51,062
18	Meals and Entertainment		1,134,695	3,200	(681,052)	(69,032)	387,812		387,812
19	Municipal Interest - New Mexico		-	-	(15,422)	-	(15,422)		(15,422)
20	Municipal Interest - Non New Mexico		-	-	(1,009,920)	-	(1,009,920)		(1,009,920)
21	Non-Deductible Parking		826,591	-	(496,125)	-	330,465		330,465
22	Officer Compensation		-	-	-	2,458,882	2,458,882		2,458,882
23	Palo Verde Amortization		-	-	(39,828)	-	(39,828)		(39,828)
24	Plant - Grant Amortization		-	-	(962,888)	-	(962,888)		(962,888)
25	Regulatory Disallowance Perm		-	-	-	-	-		-
26	Compensation - Valuation Allowance		(3,740,910)	(10,549)	2,245,319	-	(1,506,140)		(1,506,140)
27	Transaction Costs		-	-	-	-	-		-
28	Plant - AFUDC - Equity - Renewables		-	-	(33,124)	-	(33,124)		(33,124)
29	Plant - AFUDC - Equity - Grid mod				(79,282)		(79,282)		(79,282)
30	Plant - AFUDC Equity		(66,477,024)	(187,462)	39,899,953	-	(26,764,533)		(26,764,533)
31	Plant - Depreciation Flow Through		7,068,455	19,933	(4,242,534)	-	2,845,854		2,845,854
32	Plant - Depreciation Flow Through - Grant		-	-	481,444	-	481,444		481,444
33	Plant - G/L on Asset Disposition Flow Through		2,214,488	6,245	(1,329,151)	-	891,582		891,582
34									
35	**Taxable Income for Book Purposes**		**989,759,632**	**2,788,749**	**(596,720,031)**	**(61,361,171)**	**334,467,179**	**-**	**334,467,179**
36									
37	**Temporary Differences**								
38									
39	Benefits - Pension Non- Qualified		-	-	-	(444,899)	(444,899)		(444,899)
40	Benefits - Pension Qualified		-	-	-	64,405,281	64,405,281		64,405,281
41	Benefits - Retiree Medical		-	-	-	(4,677,094)	(4,677,094)		(4,677,094)
42	Compensation - Incentive Pay		(10,289,598)	(29,016)	6,175,886	-	(4,142,729)		(4,142,729)
43	Lease Asset		34,790,202	98,107	(20,881,312)		14,006,998		14,006,998
44	Lease Liability		(41,927,633)	(118,234)	25,165,245	-	(16,880,622)		(16,880,622)
45	Loss on Reacquired Debt		-	-	-	391,099	391,099		391,099
46	Other - PVNGS Licensing		-	-	(53,136)	-	(53,136)		(53,136)
47	Other Deferred Credits - Coal Mine Decommissioning		-	-	(14,542,331)	-	(14,542,331)		(14,542,331)
48	Other Deferred Credits - Environmental		(72,535)	-	-	-	(72,535)		(72,535)
49	Other Deferred Credits - Environmental Liability		-	-	(1,017,600)	-	(1,017,600)		(1,017,600)
50	Other Deferred Credits - Joint Use		11,184	-	-	-	11,184		11,184
51	Other Deferred Credits - Pathnet		-	(91,581)	-	-	(91,581)		(91,581)

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10	**Description**		**Electric**	**Transmission**	**Bulk**	**Corporate Incl Co 6**	**Combined**	**Adj.s**	**PNM**
52	Other Deferred Credits - Prepaid Rent		-	(6,765)	-	-	(6,765)		(6,765)
53	Other Deferred Credits - PVNGS Dry Casks		-	-	1,810,719	-	1,810,719		1,810,719
54	Other Deferred Credits - Right of Way Reserve		-	1,600,755	-	-	1,600,755		1,600,755
55	Other Deferred Credits - ROW Reserve		44,503	-	-	-	44,503		44,503
56	Other Deferred Credits - S02 Allowance Credit		-	-	-	-	-		-
57	Other Deferred Credits - SJGS Groundwater Reserve		-	-	-	-	-		-
58	Other Deferred Credits - TEP Right of Way		-	(167,680)	-	-	(167,680)		(167,680)
59	Other Deferred Credits - Navajo Workforce Training		-	-	(100,000)	-	(100,000)		(100,000)
60	Other Deferred Debits - Community Solar Admin Charges						-		-
61	Other Deferred Debits - Grid Mod Application & Legal Fees						-		-
62	Other Deferred Debits - Grid Mod Phase 1A						-		-
63	Other Deferred Debits - Rate Case Expense		4,795,917	-	(2,878,541)	-	1,917,376		1,917,376
64	Other Deferred Debits - RR Underground Rider		-	-	-	-	-		-
65	Other Deferred Debits - WS-Transmission Revenue			(9,687,866)			(9,687,866)		(9,687,866)
66	Other Liabilities - Deferred Wages		-	-	12,656	-	12,656		12,656
67	Other Liabilities - ETA Job Training & Severance		-	-	-	-	-		-
68	Other Liabilities - Extended Leave		(134,069)	-	80,469	8,156	(45,444)		(45,444)
69	Other Liabilities - Holiday		58,403	165	(35,054)	(3,553)	19,961		19,961
70	Other Liabilities - Illness		33,896	-	(20,345)	(2,062)	11,489		11,489
71	Other Liabilities - Vacation		421,738	1,189	(253,130)	(25,657)	144,140		144,140
72	Plant - 263A Adjustment		-	-	(63,762,082)	-	(63,762,082)		(63,762,082)
73	Plant - AFUDC Debt		(38,431,817)	(108,376)	23,067,033	-	(15,473,160)		(15,473,160)
74	Plant - Book Amort of Nuclear Fuel		-	-	16,958,531	-	16,958,531		16,958,531
75	Plant - Capitalized Interest		(3,115,131)	(8,785)	1,869,723	-	(1,254,193)		(1,254,193)
76	Plant - CIAC		25,925,146	73,108	-	-	25,998,254		25,998,254
77	Plant - Demolition Cost		-	-	-	-	-		-
78	Plant - Depreciation Nuclear Fuel		-	-	(13,253,187)	-	(13,253,187)		(13,253,187)
79	Plant - Excess Tax Depreciation		(4,135,496)	(11,662)	2,482,152	-	(1,665,005)		(1,665,005)
80	Plant - Four Corners WO		-	-	(18,534)	-	(18,534)		(18,534)
81	Plant - G/L on Asset Disposition		(49,067,144)	(138,367)	29,450,428	-	(19,755,084)		(19,755,084)
82	Plant - PVNGS 2023 U1 Lease Abandonment						-		-
83	Plant - Removal Cost		20,888,402	58,904	(12,537,358)	-	8,409,948		8,409,948
84	Plant - Repairs		(341,434,390)	(962,830)	204,931,199	-	(137,466,021)		(137,466,021)
85	Plant - Section 174 Deduction		-	-	9,426,782	-	9,426,782		9,426,782
86	Plant - Tax Capitalized Interest		45,999,275	129,716	(27,609,072)	-	18,519,919		18,519,919
87	Plant - ARO		(852,428)	-	9,769,274	-	8,916,846		8,916,846
88	Prepaids - General		(2,563,244)	(7,228)	1,538,476	155,941	(876,055)		(876,055)
89	Prepaids - Insurance		16,647,089	46,944	(9,991,694)	(1,012,764)	5,689,576		5,689,576
90	Prepaids - PNMR Prem Insurance		8,434,205	-	(5,062,266)	(513,114)	2,858,825		2,858,825
91	Regulatory Assets - 2026 IRP Costs				(179,069)		(179,069)		(179,069)

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10	**Description**		**Electric**	**Transmission**	**Bulk**	**Corporate Incl Co 6**	**Combined**	**Adj.s**	**PNM**
92	Prepaids - Taxes and Fees		-	130,820	-	-	130,820		130,820
93	Regulatory Assets - 2024 RateChange COVID bad debt		(593,155)				(593,155)		(593,155)
94	Regulatory Assets - Comm Solar Startup Cost		(409,371)				(409,371)		(409,371)
95	Regulatory Assets - COVID-19 Costs		1,917,471	-	-	-	1,917,471		1,917,471
96	Regulatory Assets - 2024 Rate Change		966,274				966,274		966,274
97	Regulatory Assets - 2025 Rate Change Costs		(1,613,879)				(1,613,879)		(1,613,879)
98	Regulatory Assets - Comm Solar Admin Costs		(454,379)				(454,379)		(454,379)
99	Regulatory Assets - Community Solar Bill Credits		(1,160,659)				(1,160,659)		(1,160,659)
100	Regulatory Assets - EDAM Integration Costs		(1,870,395)		1,122,623		(747,771)		(747,771)
101	Regulatory Assets - Energy Efficiency		330,669				330,669		330,669
102	Regulatory Assets - Energy Efficiency M&V Costs		(508,075)				(508,075)		(508,075)
103	Regulatory Assets - Energy Efficiency Prog Costs		932,286				932,286		932,286
104	Regulatory Assets - Coal Mine Decommissioning		-	-	-	-	-		-
105	Regulatory Assets - Current Fuel Clause		-	-	1,535,896	-	1,535,896		1,535,896
106	Regulatory Assets - EIM Costs		-	-	3,758,140	-	3,758,140		3,758,140
107	Regulatory Assets - ETA Carrying Charges		-	-	-	-	-		-
108	Regulatory Assets - ETA Job Training & Severance		-	-	-	-	-		-
109	Regulatory Assets - ETA Payments to State Agencies		-	-	-	-	-		-
110	Regulatory Assets - ETA SJGS upfront Financing Cost		-	-	-	-	-		-
111	Regulatory Assets - ETA Westmoreland Coal Mine Sev		-	-	-	-	-		-
112	Regulatory Assets - ETC Over/Under (SPE)		-	-	-	-	-		-
113	Regulatory assets - FAC		21,828,624	-	-	-	21,828,624		21,828,624
114	Regulatory Assets - Grid Mod Program 2025		(3,176,216)				(3,176,216)		(3,176,216)
115	Regulatory Assets - Grid Mod Program 2026		(5,422,994)				(5,422,994)		(5,422,994)
116	Regulatory Assets - PVNGS Lease costs		(19,968)				(19,968)		(19,968)
117	Regulatory Assets - PCB Refinancing Hedge		-	-	-	844,446	844,446		844,446
118	Regulatory Assets - PVNGS Replacement Resources		103,644				103,644		103,644
119	Regulatory Assets - PVNGS SRP Over-Under				6,989		6,989		6,989
120	Regulatory Assets - PVNGS Unit 1 Undepr Invest				2,158,805		2,158,805		2,158,805
121	Regulatory Assets - PVNGS Unit 1 Undpr Invst Post				1,877,267		1,877,267		1,877,267
122	Regulatory Assets - PVNGS Unit 2 Undepr Invest				146,423		146,423		146,423
123	Regulatory Assets - PVNGS Unit 2 Undpr Invst Post				168,509		168,509		168,509
124	Regulatory Assets - Rate Rider 12 UG Rate		2,159,118				2,159,118		2,159,118
125	Regulatory Assets - TOD Rate Pilot Program		(1,983,894)				(1,983,894)		(1,983,894)
126	Regulatory Assets - Renewable Energy		-	-	182,129	-	182,129		182,129
127	Regulatory Assets - Renewable Energy Credits		-	-	(309,168)	-	(309,168)		(309,168)
128	Regulatory Assets - Renewable Rider Curr Reg				(7,450,396)		(7,450,396)		(7,450,396)
129	Regulatory Assets - SJ Energy Transition Property (SPE)				7,144,256		7,144,256		7,144,256
130	Regulatory Assets - SJGS External Legal Fees		-	-	19,793	-	19,793		19,793

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10	**Description**		**Electric**	**Transmission**	**Bulk**	**Corporate Incl Co 6**	**Combined**	**Adj.s**	**PNM**
131	Regulatory Assets - SJGS Final ETA Decom				(1,687,556)		(1,687,556)		(1,687,556)
132	Regulatory Assets - SJGS Final ETA Mine Rec				(1,630,148)		(1,630,148)		(1,630,148)
133	Regulatory Assets - SJGS Obsolete Inventory				251,786		251,786		251,786
134	Regulatory Assets - SJGS Replacement Resources		-	-	332,742	-	332,742		332,742
135	Regulatory Assets - SJGS Stranded Costs		-	-	6,276,936	-	6,276,936		6,276,936
136	Regulatory Assets - SJGS Undepreciated Investment						-		-
137	Regulatory Assets - SJGS Underground Coal Mine		-	-	-	-	-		-
138	Regulatory Assets - Solar Direct Regulatory Assets		-	-	9,604	-	9,604		9,604
139	Regulatory Assets - Transportation Electrification		(4,218,573)	-	-	-	(4,218,573)		(4,218,573)
140	Regulatory Liabilities - COVID-19 Cost savings		(243,660)	-	-	-	(243,660)		(243,660)
141	Regulatory Liabilities - Earnings Test Regulatory Liab								
142	Regulatory Liabilities - Energy Efficiency		(2,178,365)	-	-	-	(2,178,365)		(2,178,365)
143	Regulatory Liabilities - FAC		11,169,819	-	-	-	11,169,819		11,169,819
144	Regulatory Liabilities - Energy Transition Cost True Up				(48,852)		(48,852)		(48,852)
145	Regulatory Liabilities - ESA Deferral				7,415,798		7,415,798		7,415,798
146	Regulatory Liabilities - ETC Over/Under (SPE)				(2,861,490)		(2,861,490)		(2,861,490)
147	Regulatory Liabilities - PVNGS Lease Costs						-		-
148	Regulatory Liabilities - PVNGS Lease Costs-Curr		(13,031,734)				(13,031,734)		(13,031,734)
149	Regulatory Liabilities - Renewable Rider		-	-	(254,729)	-	(254,729)	-	(254,729)
150	Regulatory Liabilities - Renewable State Credit		-	-	(183,576)	-	(183,576)	-	(183,576)
151	Regulatory Liabilities - SJGS Retirement Rate Credits		14,474				14,474	-	14,474
152	Self Insurance - Auto		87,731	247	(52,657)	(5,337)	29,984	-	29,984
153	Self Insurance - General Liability		(127,959)	(361)	76,802	7,785	(43,733)	-	(43,733)
154	Self Insurance - IBNR Public Liability		2,690,386	7,587	(1,614,788)	(163,676)	919,509	-	919,509
155	Self Insurance - IBNR Workers Compensation		133,409	376	(80,073)	(8,116)	45,596	-	45,596
156	Self Insurance - Workers Compensation		(304,848)	-	182,972	18,546	(103,330)	-	(103,330)
157	Transaction Costs - Blackstone					3,678,227	3,678,227	-	3,678,227
158	Stock Compensation		(185,103)	(522)	111,100		(74,525)	-	(74,525)
159	Trusts - PVNGS Decommissioning - NQ		-	-	(36,835,245)	-	(36,835,245)	-	(36,835,245)
160	Trusts - PVNGS Decommissioning - Qualified		-	-	(1,300,000)	-	(1,300,000)	-	(1,300,000)
161	Trusts - PVNGS Decommissioning Interest		-	-	33,908,664	-	33,908,664	-	33,908,664
162	Trusts - SJGS Reclamation - NQ		-	-	(1,914,660)	-	(1,914,660)	-	(1,914,660)
163	Trusts - SJGS Reclamation Interest		-	-	1,058,075	-	1,058,075	-	1,058,075
164	Trusts - SJGS Decommissioning - NQ				300,659		300,659	-	300,659
165	Net Operating Loss Carryforward		-	-	-	-	-	-	-
166	Current NM State Income Tax		(15,481,438)	(43,657)	9,292,062	941,849	(5,291,184)	-	(5,291,184)
167	NM State Income Tax - PTCs						-	-	-
168									
169	**Current Federal Taxable Income**		**645,135,346**	**(6,446,262)**	**(415,061,474)**	**2,233,885**	**225,861,494**	**-**	**225,861,494**
170									

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10	**Description**		**Electric**	**Transmission**	**Bulk**	**Corporate Incl Co 6**	**Combined**	**Adj.s**	**PNM**
171	**Tax Adjustments and Credits**								
172									
173	TRA 1986 Excess Payroll Tax Reversal		(470)	(2,853)	(2,823)	-	(6,146)	-	(6,146)
174	TRA 1986 Excess ADFIT Reversal - Protected (ARAM)		(114,879)	(324)	68,951	-	(46,252)	-	(46,252)
175	TCJA 2017 Excess ADFIT Reversal - Protected (ARAM)		-	-	-	(7,650,598)	(7,650,598)	-	(7,650,598)
176	TCJA 2017 Excess ADFIT Reversal - Unprotected		-	-	-	(3,921,298)	(3,921,298)	-	(3,921,298)
177	NM 2017 Excess ADSIT Reversal - Unprotected		-	-	-	-	-	-	-
178	ITC Amortization - Generation		-	-	(13,212,630)	-	(13,212,630)	-	(13,212,630)
179	ITC Amortization - Renewable		-	-	-	-	-	-	-
180	R & D Credit		-	-	(1,538,462)	-	(1,538,462)	-	(1,538,462)
181	NMPTC - Renewable		-	-	-	-	-	-	-
182	FIN 48		-	-	538,462	-	538,462	-	538,462
183									
184	**Total Tax Adjustments**		**(115,349)**	**(3,177)**	**(14,146,501)**	**(11,571,896)**	**(25,836,923)**	**-**	**(25,836,923)**

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10	**Description**		**Electric**	**Transmission**	**Bulk**	**Corporate Incl Co 6**	**Combined**	**Adj.s**	**PNM**
11									
12	**1026-0927 Pre Tax Income**	**Projected**	1,060,419,774	3,928,327	(664,326,554)	(32,323,264)	367,698,283		367,698,283
13									
14	**Permanent and Flow-Through Differences**								
15									
16	Dividends Received Deduction		-	-	(1,000,338)	-	(1,000,338)		(1,000,338)
17	Fines and Penalties		-	-	-	50,531	50,531		50,531
18	Meals and Entertainment		1,236,939	4,582	(774,911)	(37,704)	428,906		428,906
19	Municipal Interest - New Mexico		-	-	(15,422)	-	(15,422)		(15,422)
20	Municipal Interest - Non New Mexico		-	-	(1,009,579)	-	(1,009,579)		(1,009,579)
21	Non-Deductible Parking		884,721	-	(554,256)	-	330,465		330,465
22	Officer Compensation		-	-	-	3,050,048	3,050,048		3,050,048
23	Palo Verde Amortization		-	-	(39,828)	-	(39,828)		(39,828)
24	Plant - Grant Amortization		-	-	(962,888)	-	(962,888)		(962,888)
25	Regulatory Disallowance Perm		-	-	-	-	-		-
26	Compensation - Valuation Allowance		(3,992,637)	(14,791)	2,501,287	-	(1,506,140)		(1,506,140)
27	Transaction Costs		-	-	-	-	-		-
28	Plant - AFUDC - Equity - Renewables		-	-	(33,124)	-	(33,124)		(33,124)
29	Plant - AFUDC - Equity - Grid mod				(79,282)		(79,282)		(79,282)
30	Plant - AFUDC Equity		(70,950,278)	(262,835)	44,448,580	-	(26,764,533)		(26,764,533)
31	Plant - Depreciation Flow Through		7,544,093	27,947	(4,726,186)	-	2,845,854		2,845,854
32	Plant - Depreciation Flow Through - Grant		-	-	481,444	-	481,444		481,444
33	Plant - G/L on Asset Disposition Flow Through		2,363,502	8,756	(1,480,675)	-	891,582		891,582
34									
35	**Taxable Income for Book Purposes**		**997,506,114**	**3,691,986**	**(627,571,731)**	**(29,260,389)**	**344,365,980**	**-**	**344,365,980**
36									
37	**Temporary Differences**								
38									
39	Benefits - Pension Non- Qualified		-	-	-	(444,899)	(444,899)		(444,899)
40	Benefits - Pension Qualified		-	-	-	64,405,281	64,405,281		64,405,281
41	Benefits - Retiree Medical		-	-	-	(4,677,094)	(4,677,094)		(4,677,094)
42	Compensation - Incentive Pay		(10,981,988)	(40,683)	6,879,942	-	(4,142,729)		(4,142,729)
43	Lease Asset		37,131,243	137,553	(23,261,798)		14,006,998		14,006,998
44	Lease Liability		(44,748,953)	(165,773)	28,034,104	-	(16,880,622)		(16,880,622)
45	Loss on Reacquired Debt		-	-	-	391,099	391,099		391,099
46	Other - PVNGS Licensing		-	-	(53,136)	-	(53,136)		(53,136)
47	Other Deferred Credits - Coal Mine Decommissioning		-	-	(14,542,331)	-	(14,542,331)		(14,542,331)
48	Other Deferred Credits - Environmental		(72,535)	-	-	-	(72,535)		(72,535)
49	Other Deferred Credits - Environmental Liability		-	-	(1,017,600)	-	(1,017,600)		(1,017,600)
50	Other Deferred Credits - Joint Use		11,184	-	-	-	11,184		11,184
51	Other Deferred Credits - Pathnet		-	(91,581)	-	-	(91,581)		(91,581)

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8									
9			**1**	**2**	**3**	**J**			
10	**Description**		**Electric**	**Transmission**	**Bulk**	**Corporate Incl Co 6**	**Combined**	**Adj.s**	**PNM**
52	Other Deferred Credits - Prepaid Rent		-	(6,765)	-	-	(6,765)		(6,765)
53	Other Deferred Credits - PVNGS Dry Casks		-	-	1,810,719	-	1,810,719		1,810,719
54	Other Deferred Credits - Right of Way Reserve		-	1,600,755	-	-	1,600,755		1,600,755
55	Other Deferred Credits - ROW Reserve		44,503	-	-	-	44,503		44,503
56	Other Deferred Credits - S02 Allowance Credit		-	-	-	-	-		-
57	Other Deferred Credits - SJGS Groundwater Reserve		-	-	-	-	-		-
58	Other Deferred Credits - TEP Right of Way		-	(167,680)	-	-	(167,680)		(167,680)
59	Other Deferred Credits - Navajo Workforce Training		-	-	(100,000)	-	(100,000)		(100,000)
60	Other Deferred Debits - Community Solar Admin Charges						-		-
61	Other Deferred Debits - Grid Mod Application & Legal Fees						-		-
62	Other Deferred Debits - Grid Mod Phase 1A						-		-
63	Other Deferred Debits - Rate Case Expense		5,133,193	-	(3,215,818)	-	1,917,376		1,917,376
64	Other Deferred Debits - RR Underground Rider		-	-	-	-	-		-
65	Other Deferred Debits - WS-Transmission Revenue			(9,687,866)			(9,687,866)		(9,687,866)
66	Other Liabilities - Deferred Wages		-	-	12,656	-	12,656		12,656
67	Other Liabilities - ETA Job Training & Severance		-	-	-	-	-		-
68	Other Liabilities - Extended Leave		(132,472)	-	82,990	4,038	(45,444)		(45,444)
69	Other Liabilities - Holiday		57,565	213	(36,063)	(1,755)	19,961		19,961
70	Other Liabilities - Illness		33,492	-	(20,982)	(1,021)	11,489		11,489
71	Other Liabilities - Vacation		415,690	1,540	(260,420)	(12,671)	144,140		144,140
72	Plant - 263A Adjustment		-	-	(69,792,743)	-	(69,792,743)		(69,792,743)
73	Plant - AFUDC Debt		(45,992,367)	(170,379)	28,813,072	-	(17,349,675)		(17,349,675)
74	Plant - Book Amort of Nuclear Fuel		-	-	18,020,547	-	18,020,547		18,020,547
75	Plant - Capitalized Interest		(3,348,452)	(12,404)	2,097,722	-	(1,263,135)		(1,263,135)
76	Plant - CIAC		28,352,156	105,031	-	-	28,457,187		28,457,187
77	Plant - Demolition Cost		-	-	-	-	-		-
78	Plant - Depreciation Nuclear Fuel		-	-	(14,083,159)	-	(14,083,159)		(14,083,159)
79	Plant - Excess Tax Depreciation		(4,413,774)	(16,351)	2,765,119	-	(1,665,005)		(1,665,005)
80	Plant - Four Corners WO		-	-	(18,534)	-	(18,534)		(18,534)
81	Plant - G/L on Asset Disposition		(61,619,689)	(228,270)	38,603,199	-	(23,244,760)		(23,244,760)
82	Plant - PVNGS 2023 U1 Lease Abandonment						-		-
83	Plant - Removal Cost		23,871,886	88,433	(14,955,141)	-	9,005,178		9,005,178
84	Plant - Repairs		(409,424,803)	(1,516,715)	256,494,432	-	(154,447,085)		(154,447,085)
85	Plant - Section 174 Deduction		-	-	10,318,373	-	10,318,373		10,318,373
86	Plant - Tax Capitalized Interest		53,737,976	199,072	(33,665,502)	-	20,271,546		20,271,546
87	Plant - ARO		(852,428)	-	9,769,274	-	8,916,846		8,916,846
88	Prepaids - General		(2,526,491)	(9,359)	1,582,784	77,011	(876,055)		(876,055)
89	Prepaids - Insurance		16,408,395	60,785	(10,279,450)	(500,154)	5,689,576		5,689,576
90	Prepaids - PNMR Prem Insurance		8,333,713	-	(5,220,864)	(254,025)	2,858,825		2,858,825
91	Regulatory Assets - 2026 IRP Costs				(179,069)		(179,069)		(179,069)

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10	**Description**		**Electric**	**Transmission**	**Bulk**	**Corporate Incl Co 6**	**Combined**	**Adj.s**	**PNM**
92	Prepaids - Taxes and Fees		-	130,820	-	-	130,820		130,820
93	Regulatory Assets - 2024 RateChange COVID bad debt		(593,155)				(593,155)		(593,155)
94	Regulatory Assets - Comm Solar Startup Cost		(409,371)				(409,371)		(409,371)
95	Regulatory Assets - COVID-19 Costs		1,917,471	-	-	-	1,917,471		1,917,471
96	Regulatory Assets - 2024 Rate Change		966,274				966,274		966,274
97	Regulatory Assets - 2025 Rate Change Costs		(1,613,879)				(1,613,879)		(1,613,879)
98	Regulatory Assets - Comm Solar Admin Costs		(454,379)				(454,379)		(454,379)
99	Regulatory Assets - Community Solar Bill Credits		(1,160,659)				(1,160,659)		(1,160,659)
100	Regulatory Assets - EDAM Integration Costs		(2,001,932)		1,254,160		(747,771)		(747,771)
101	Regulatory Assets - Energy Efficiency		330,669				330,669		330,669
102	Regulatory Assets - Energy Efficiency M&V Costs		(508,075)				(508,075)		(508,075)
103	Regulatory Assets - Energy Efficiency Prog Costs		932,286				932,286		932,286
104	Regulatory Assets - Coal Mine Decommissioning		-	-	-	-	-		-
105	Regulatory Assets - Current Fuel Clause		-	-	1,535,896	-	1,535,896		1,535,896
106	Regulatory Assets - EIM Costs		-	-	3,758,140	-	3,758,140		3,758,140
107	Regulatory Assets - ETA Carrying Charges		-	-	-	-	-		-
108	Regulatory Assets - ETA Job Training & Severance		-	-	-	-	-		-
109	Regulatory Assets - ETA Payments to State Agencies		-	-	-	-	-		-
110	Regulatory Assets - ETA SJGS upfront Financing Cost		-	-	-	-	-		-
111	Regulatory Assets - ETA Westmoreland Coal Mine Sev		-	-	-	-	-		-
112	Regulatory Assets - ETC Over/Under (SPE)		-	-	-	-	-		-
113	Regulatory assets - FAC		21,828,624	-	-	-	21,828,624		21,828,624
114	Regulatory Assets - Grid Mod Program 2025		(3,176,216)				(3,176,216)		(3,176,216)
115	Regulatory Assets - Grid Mod Program 2026		(5,422,994)				(5,422,994)		(5,422,994)
116	Regulatory Assets - PVNGS Lease costs		(19,968)				(19,968)		(19,968)
117	Regulatory Assets - PCB Refinancing Hedge		-	-	-	844,446	844,446		844,446
118	Regulatory Assets - PVNGS Replacement Resources		103,644				103,644		103,644
119	Regulatory Assets - PVNGS SRP Over-Under				6,989		6,989		6,989
120	Regulatory Assets - PVNGS Unit 1 Undepr Invest				2,158,805		2,158,805		2,158,805
121	Regulatory Assets - PVNGS Unit 1 Undpr Invst Post				1,877,267		1,877,267		1,877,267
122	Regulatory Assets - PVNGS Unit 2 Undepr Invest				146,423		146,423		146,423
123	Regulatory Assets - PVNGS Unit 2 Undpr Invst Post				168,509		168,509		168,509
124	Regulatory Assets - Rate Rider 12 UG Rate		2,159,118				2,159,118		2,159,118
125	Regulatory Assets - TOD Rate Pilot Program		(1,983,894)				(1,983,894)		(1,983,894)
126	Regulatory Assets - Renewable Energy		-	-	182,129	-	182,129		182,129
127	Regulatory Assets - Renewable Energy Credits		-	-	(309,168)	-	(309,168)		(309,168)
128	Regulatory Assets - Renewable Rider Curr Reg				(7,450,396)		(7,450,396)		(7,450,396)
129	Regulatory Assets - SJ Energy Transition Property (SPE)				7,144,256		7,144,256		7,144,256
130	Regulatory Assets - SJGS External Legal Fees		-	-	19,793	-	19,793		19,793
131	Regulatory Assets - SJGS Final ETA Decom				(1,687,556)		(1,687,556)		(1,687,556)

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10	**Description**		**Electric**	**Transmission**	**Bulk**	**Corporate Incl Co 6**	**Combined**	**Adj.s**	**PNM**
132	Regulatory Assets - SJGS Final ETA Mine Rec				(1,630,148)		(1,630,148)		(1,630,148)
133	Regulatory Assets - SJGS Obsolete Inventory				251,786		251,786		251,786
134	Regulatory Assets - SJGS Replacement Resources		-	-	332,742	-	332,742		332,742
135	Regulatory Assets - SJGS Stranded Costs		-	-	6,276,936	-	6,276,936		6,276,936
136	Regulatory Assets - SJGS Undepreciated Investment						-		-
137	Regulatory Assets - SJGS Underground Coal Mine		-	-	-	-	-		-
138	Regulatory Assets - Solar Direct Regulatory Assets		-	-	9,604	-	9,604		9,604
139	Regulatory Assets - Transportation Electrification		(4,218,573)	-	-	-	(4,218,573)		(4,218,573)
140	Regulatory Liabilities - COVID-19 Cost savings		(243,660)	-	-	-	(243,660)		(243,660)
141	Regulatory Liabilities - Earnings Test Regulatory Liab								
142	Regulatory Liabilities - Energy Efficiency		(2,178,365)	-	-	-	(2,178,365)		(2,178,365)
143	Regulatory Liabilities - FAC		11,169,819	-	-	-	11,169,819		11,169,819
144	Regulatory Liabilities - Energy Transition Cost True Up				(48,852)		(48,852)		(48,852)
145	Regulatory Liabilities - ESA Deferral				7,415,798		7,415,798		7,415,798
146	Regulatory Liabilities - ETC Over/Under (SPE)				(2,861,490)		(2,861,490)		(2,861,490)
147	Regulatory Liabilities - PVNGS Lease Costs						-		-
148	Regulatory Liabilities - PVNGS Lease Costs-Curr		(13,031,734)				(13,031,734)		(13,031,734)
149	Regulatory Liabilities - Renewable Rider		-	-	(254,729)	-	(254,729)	-	(254,729)
150	Regulatory Liabilities - Renewable State Credit		-	-	(183,576)	-	(183,576)	-	(183,576)
151	Regulatory Liabilities - SJGS Retirement Rate Credits		14,474				14,474	-	14,474
152	Self Insurance - Auto		86,473	320	(54,173)	(2,636)	29,984	-	29,984
153	Self Insurance - General Liability		(126,124)	(467)	79,014	3,844	(43,733)	-	(43,733)
154	Self Insurance - IBNR Public Liability		2,651,810	9,824	(1,661,293)	(80,831)	919,509	-	919,509
155	Self Insurance - IBNR Workers Compensation		131,496	487	(82,379)	(4,008)	45,596	-	45,596
156	Self Insurance - Workers Compensation		(301,216)	-	188,704	9,182	(103,330)	-	(103,330)
157	Transaction Costs - Blackstone					3,678,227	3,678,227	-	3,678,227
158	Stock Compensation		(197,559)	(732)	123,766		(74,525)	-	(74,525)
159	Trusts - PVNGS Decommissioning - NQ		-	-	(36,835,245)	-	(36,835,245)	-	(36,835,245)
160	Trusts - PVNGS Decommissioning - Qualified		-	-	(1,300,000)	-	(1,300,000)	-	(1,300,000)
161	Trusts - PVNGS Decommissioning Interest		-	-	33,908,664	-	33,908,664	-	33,908,664
162	Trusts - SJGS Reclamation - NQ		-	-	(1,914,660)	-	(1,914,660)	-	(1,914,660)
163	Trusts - SJGS Reclamation Interest		-	-	1,058,075	-	1,058,075	-	1,058,075
164	Trusts - SJGS Decommissioning - NQ				300,659		300,659	-	300,659
165	Net Operating Loss Carryforward		-	-	-	-	-	-	-
166	Current NM State Income Tax		(15,259,457)	(56,529)	9,559,669	465,132	(5,291,184)	-	(5,291,184)
167	NM State Income Tax - PTCs						-	-	-
168									
169	**Current Federal Taxable Income**		**576,314,108**	**(6,144,734)**	**(391,505,288)**	**34,638,777**	**213,302,864**	**-**	**213,302,864**
170									

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10	**Description**		**Electric**	**Transmission**	**Bulk**	**Corporate Incl Co 6**	**Combined**	**Adj.s**	**PNM**
171	**Tax Adjustments and Credits**								
172									
173	TRA 1986 Excess Payroll Tax Reversal		(470)	(2,853)	(2,823)	-	(6,146)	-	(6,146)
174	TRA 1986 Excess ADFIT Reversal - Protected (ARAM)		(122,610)	(454)	76,812	-	(46,252)	-	(46,252)
175	TCJA 2017 Excess ADFIT Reversal - Protected (ARAM)		-	-	-	(7,650,598)	(7,650,598)	-	(7,650,598)
176	TCJA 2017 Excess ADFIT Reversal - Unprotected		-	-	-	(3,921,298)	(3,921,298)	-	(3,921,298)
177	NM 2017 Excess ADSIT Reversal - Unprotected		-	-	-	-	-	-	-
178	ITC Amortization - Generation		-	-	(13,212,630)	-	(13,212,630)	-	(13,212,630)
179	ITC Amortization - Renewable		-	-	-	-	-	-	-
180	R & D Credit		-	-	(1,538,462)	-	(1,538,462)	-	(1,538,462)
181	NMPTC - Renewable		-	-	-	-	-	-	-
182	FIN 48		-	-	538,462	-	538,462	-	538,462
183									
184	**Total Tax Adjustments**		**(123,080)**	**(3,307)**	**(14,138,641)**	**(11,571,896)**	**(25,836,923)**	**-**	**(25,836,923)**

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9			**1**	**2**	**3**	**J**			
10	**Description**		**Electric**	**Transmission**	**Bulk**	**Corporate Incl Co 6**	**Combined**	**Adj.s**	**PNM**
11									
12	**1027-0928 Pre Tax Income**	**Projected**	1,220,669,664	17,940,366	(816,568,792)	(844,445)	421,196,793		421,196,793
13									
14	**Permanent and Flow-Through Differences**								
15									
16	Dividends Received Deduction		-	-	(1,000,000)	-	(1,000,000)		(1,000,000)
17	Fines and Penalties		-	-	-	50,000	50,000		50,000
18	Meals and Entertainment		1,362,106	20,019	(911,183)	(942)	470,000		470,000
19	Municipal Interest - New Mexico		-	-	(15,422)	-	(15,422)		(15,422)
20	Municipal Interest - Non New Mexico		-	-	(1,009,238)	-	(1,009,238)		(1,009,238)
21	Non-Deductible Parking		998,239	-	(667,773)	-	330,465		330,465
22	Officer Compensation		-	-	-	3,777,759	3,777,759		3,777,759
23	Palo Verde Amortization		-	-	(39,828)	-	(39,828)		(39,828)
24	Plant - Grant Amortization		-	-	(962,888)	-	(962,888)		(962,888)
25	Regulatory Disallowance Perm		-	-	-	-	-		-
26	Compensation - Valuation Allowance		(4,356,208)	(64,024)	2,914,092	-	(1,506,140)		(1,506,140)
27	Transaction Costs		-	-	-	-	-		-
28	Plant - AFUDC - Equity - Renewables		-	-	(33,124)	-	(33,124)		(33,124)
29	Plant - AFUDC - Equity - Grid mod				(79,282)		(79,282)		(79,282)
30	Plant - AFUDC Equity		(77,411,045)	(1,137,722)	51,784,234	-	(26,764,533)		(26,764,533)
31	Plant - Depreciation Flow Through		8,231,062	120,973	(5,506,181)	-	2,845,854		2,845,854
32	Plant - Depreciation Flow Through - Grant		-	-	481,444	-	481,444		481,444
33	Plant - G/L on Asset Disposition Flow Through		2,578,724	37,900	(1,725,041)	-	891,582		891,582
34									
35	**Taxable Income for Book Purposes**		**1,152,072,541**	**16,917,512**	**(773,338,982)**	**2,982,371**	**398,633,442**	**-**	**398,633,442**
36									
37	**Temporary Differences**								
38									
39	Benefits - Pension Non- Qualified		-	-	-	(444,899)	(444,899)		(444,899)
40	Benefits - Pension Qualified		-	-	-	64,405,281	64,405,281		64,405,281
41	Benefits - Retiree Medical		-	-	-	(4,677,094)	(4,677,094)		(4,677,094)
42	Compensation - Incentive Pay		(11,982,013)	(176,101)	8,015,386	-	(4,142,729)		(4,142,729)
43	Lease Asset		40,512,432	595,417	(27,100,852)		14,006,998		14,006,998
44	Lease Liability		(48,823,815)	(717,571)	32,660,764	-	(16,880,622)		(16,880,622)
45	Loss on Reacquired Debt		-	-	-	391,099	391,099		391,099
46	Other - PVNGS Licensing		-	-	(53,136)	-	(53,136)		(53,136)
47	Other Deferred Credits - Coal Mine Decommissioning		-	-	(14,542,331)	-	(14,542,331)		(14,542,331)
48	Other Deferred Credits - Environmental		(72,535)	-	-	-	(72,535)		(72,535)
49	Other Deferred Credits - Environmental Liability		-	-	(1,017,600)	-	(1,017,600)		(1,017,600)
50	Other Deferred Credits - Joint Use		11,184	-	-	-	11,184		11,184
51	Other Deferred Credits - Pathnet		-	(91,581)	-	-	(91,581)		(91,581)

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8									
9			**1**	**2**	**3**	**J**			
10	**Description**		**Electric**	**Transmission**	**Bulk**	**Corporate Incl Co 6**	**Combined**	**Adj.s**	**PNM**
52	Other Deferred Credits - Prepaid Rent		-	(6,765)	-	-	(6,765)		(6,765)
53	Other Deferred Credits - PVNGS Dry Casks		-	-	1,810,719	-	1,810,719		1,810,719
54	Other Deferred Credits - Right of Way Reserve		-	1,600,755	-	-	1,600,755		1,600,755
55	Other Deferred Credits - ROW Reserve		44,503	-	-	-	44,503		44,503
56	Other Deferred Credits - S02 Allowance Credit		-	-	-	-	-		-
57	Other Deferred Credits - SJGS Groundwater Reserve		-	-	-	-	-		-
58	Other Deferred Credits - TEP Right of Way		-	(167,680)	-	-	(167,680)		(167,680)
59	Other Deferred Credits - Navajo Workforce Training		-	-	(100,000)	-	(100,000)		(100,000)
60	Other Deferred Debits - Community Solar Admin Charges						-		-
61	Other Deferred Debits - Grid Mod Application & Legal Fees						-		-
62	Other Deferred Debits - Grid Mod Phase 1A						-		-
63	Other Deferred Debits - Rate Case Expense		5,791,827	-	(3,874,451)	-	1,917,376		1,917,376
64	Other Deferred Debits - RR Underground Rider		-	-	-	-	-		-
65	Other Deferred Debits - WS-Transmission Revenue			(9,687,866)			(9,687,866)		(9,687,866)
66	Other Liabilities - Deferred Wages		-	-	12,656	-	12,656		12,656
67	Other Liabilities - ETA Job Training & Severance		-	-	-	-	-		-
68	Other Liabilities - Extended Leave		(137,559)	-	92,021	95	(45,444)		(45,444)
69	Other Liabilities - Holiday		57,848	850	(38,697)	(40)	19,961		19,961
70	Other Liabilities - Illness		34,778	-	(23,265)	(24)	11,489		11,489
71	Other Liabilities - Vacation		417,731	6,139	(279,442)	(289)	144,140		144,140
72	Plant - 263A Adjustment		-	-	(74,603,171)	-	(74,603,171)		(74,603,171)
73	Plant - AFUDC Debt		(51,283,981)	(753,728)	34,306,496	-	(17,731,214)		(17,731,214)
74	Plant - Book Amort of Nuclear Fuel		-	-	17,877,490	-	17,877,490		17,877,490
75	Plant - Capitalized Interest		(3,620,014)	(53,204)	2,421,614	-	(1,251,604)		(1,251,604)
76	Plant - CIAC		29,977,992	440,591	-	-	30,418,583		30,418,583
77	Plant - Demolition Cost		-	-	-	-	-		-
78	Plant - Depreciation Nuclear Fuel		-	-	(13,971,359)	-	(13,971,359)		(13,971,359)
79	Plant - Excess Tax Depreciation		(4,815,694)	(70,777)	3,221,466	-	(1,665,005)		(1,665,005)
80	Plant - Four Corners WO		-	-	(18,534)	-	(18,534)		(18,534)
81	Plant - G/L on Asset Disposition		(72,440,947)	(1,064,675)	48,459,480	-	(25,046,143)		(25,046,143)
82	Plant - PVNGS 2023 U1 Lease Abandonment						-		-
83	Plant - Removal Cost		27,320,393	401,532	(18,276,018)	-	9,445,907		9,445,907
84	Plant - Repairs		(487,842,244)	(7,169,891)	326,342,797	-	(168,669,338)		(168,669,338)
85	Plant - Section 174 Deduction		-	-	11,029,562	-	11,029,562		11,029,562
86	Plant - Tax Capitalized Interest		62,672,520	921,107	(41,924,876)	-	21,668,752		21,668,752
87	Plant - ARO		(852,428)	-	9,769,274	-	8,916,846		8,916,846
88	Prepaids - General		(2,538,895)	(37,315)	1,698,397	1,756	(876,055)		(876,055)
89	Prepaids - Insurance		16,488,949	242,341	(11,030,307)	(11,407)	5,689,576		5,689,576
90	Prepaids - PNMR Prem Insurance		8,653,751	-	(5,788,940)	(5,987)	2,858,825		2,858,825
91	Regulatory Assets - 2026 IRP Costs				(179,069)		(179,069)		(179,069)
92	Prepaids - Taxes and Fees		-	130,820	-	-	130,820		130,820

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10	**Description**		**Electric**	**Transmission**	**Bulk**	**Corporate Incl Co 6**	**Combined**	**Adj.s**	**PNM**
93	Regulatory Assets - 2024 RateChange COVID bad debt		(593,155)				(593,155)		(593,155)
94	Regulatory Assets - Comm Solar Startup Cost		(409,371)				(409,371)		(409,371)
95	Regulatory Assets - COVID-19 Costs		1,917,471	-	-	-	1,917,471		1,917,471
96	Regulatory Assets - 2024 Rate Change		966,274				966,274		966,274
97	Regulatory Assets - 2025 Rate Change Costs		(1,613,879)				(1,613,879)		(1,613,879)
98	Regulatory Assets - Comm Solar Admin Costs		(454,379)				(454,379)		(454,379)
99	Regulatory Assets - Community Solar Bill Credits		(1,160,659)				(1,160,659)		(1,160,659)
100	Regulatory Assets - EDAM Integration Costs		(2,258,797)		1,511,026		(747,771)		(747,771)
101	Regulatory Assets - Energy Efficiency		330,669				330,669		330,669
102	Regulatory Assets - Energy Efficiency M&V Costs		(508,075)				(508,075)		(508,075)
103	Regulatory Assets - Energy Efficiency Prog Costs		932,286				932,286		932,286
104	Regulatory Assets - Coal Mine Decommissioning		-	-	-	-	-		-
105	Regulatory Assets - Current Fuel Clause		-	-	1,535,896	-	1,535,896		1,535,896
106	Regulatory Assets - EIM Costs		-	-	3,758,140	-	3,758,140		3,758,140
107	Regulatory Assets - ETA Carrying Charges		-	-	-	-	-		-
108	Regulatory Assets - ETA Job Training & Severance		-	-	-	-	-		-
109	Regulatory Assets - ETA Payments to State Agencies		-	-	-	-	-		-
110	Regulatory Assets - ETA SJGS upfront Financing Cost		-	-	-	-	-		-
111	Regulatory Assets - ETA Westmoreland Coal Mine Sev		-	-	-	-	-		-
112	Regulatory Assets - ETC Over/Under (SPE)		-	-	-	-	-		-
113	Regulatory assets - FAC		21,828,624	-	-	-	21,828,624		21,828,624
114	Regulatory Assets - Grid Mod Program 2025		(3,176,216)				(3,176,216)		(3,176,216)
115	Regulatory Assets - Grid Mod Program 2026		(5,422,994)				(5,422,994)		(5,422,994)
116	Regulatory Assets - PVNGS Lease costs		(19,968)				(19,968)		(19,968)
117	Regulatory Assets - PCB Refinancing Hedge		-	-	-	844,446	844,446		844,446
118	Regulatory Assets - PVNGS Replacement Resources		103,644				103,644		103,644
119	Regulatory Assets - PVNGS SRP Over-Under				6,989		6,989		6,989
120	Regulatory Assets - PVNGS Unit 1 Undepr Invest				2,158,805		2,158,805		2,158,805
121	Regulatory Assets - PVNGS Unit 1 Undpr Invst Post				1,877,267		1,877,267		1,877,267
122	Regulatory Assets - PVNGS Unit 2 Undepr Invest				146,423		146,423		146,423
123	Regulatory Assets - PVNGS Unit 2 Undpr Invst Post				168,509		168,509		168,509
124	Regulatory Assets - Rate Rider 12 UG Rate		2,159,118				2,159,118		2,159,118
125	Regulatory Assets - TOD Rate Pilot Program		(1,983,894)				(1,983,894)		(1,983,894)
126	Regulatory Assets - Renewable Energy		-	-	182,129	-	182,129		182,129
127	Regulatory Assets - Renewable Energy Credits		-	-	(309,168)	-	(309,168)		(309,168)
128	Regulatory Assets - Renewable Rider Curr Reg				(7,450,396)		(7,450,396)		(7,450,396)
129	Regulatory Assets - SJ Energy Transition Property (SPE)				7,144,256		7,144,256		7,144,256
130	Regulatory Assets - SJGS External Legal Fees		-	-	19,793	-	19,793		19,793
131	Regulatory Assets - SJGS Final ETA Decom				(1,687,556)		(1,687,556)		(1,687,556)
132	Regulatory Assets - SJGS Final ETA Mine Rec				(1,630,148)		(1,630,148)		(1,630,148)
133	Regulatory Assets - SJGS Obsolete Inventory				251,786		251,786		251,786

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10	**Description**		**Electric**	**Transmission**	**Bulk**	**Corporate Incl Co 6**	**Combined**	**Adj.s**	**PNM**
134	Regulatory Assets - SJGS Replacement Resources		-	-	332,742	-	332,742		332,742
135	Regulatory Assets - SJGS Stranded Costs		-	-	6,276,936	-	6,276,936		6,276,936
136	Regulatory Assets - SJGS Undepreciated Investment						-		-
137	Regulatory Assets - SJGS Underground Coal Mine		-	-	-	-	-		-
138	Regulatory Assets - Solar Direct Regulatory Assets		-	-	9,604	-	9,604		9,604
139	Regulatory Assets - Transportation Electrification		(4,218,573)	-	-	-	(4,218,573)		(4,218,573)
140	Regulatory Liabilities - COVID-19 Cost savings		(243,660)	-	-	-	(243,660)		(243,660)
141	Regulatory Liabilities - Earnings Test Regulatory Liab								
142	Regulatory Liabilities - Energy Efficiency		(2,178,365)	-	-	-	(2,178,365)		(2,178,365)
143	Regulatory Liabilities - FAC		11,169,819	-	-	-	11,169,819		11,169,819
144	Regulatory Liabilities - Energy Transition Cost True Up				(48,852)		(48,852)		(48,852)
145	Regulatory Liabilities - ESA Deferral				7,415,798		7,415,798		7,415,798
146	Regulatory Liabilities - ETC Over/Under (SPE)				(2,861,490)		(2,861,490)		(2,861,490)
147	Regulatory Liabilities - PVNGS Lease Costs						-		-
148	Regulatory Liabilities - PVNGS Lease Costs-Curr		(13,031,734)				(13,031,734)		(13,031,734)
149	Regulatory Liabilities - Renewable Rider		-	-	(254,729)	-	(254,729)	-	(254,729)
150	Regulatory Liabilities - Renewable State Credit		-	-	(183,576)	-	(183,576)	-	(183,576)
151	Regulatory Liabilities - SJGS Retirement Rate Credits		14,474				14,474	-	14,474
152	Self Insurance - Auto		86,897	1,277	(58,130)	(60)	29,984	-	29,984
153	Self Insurance - General Liability		(126,743)	(1,863)	84,785	88	(43,733)	-	(43,733)
154	Self Insurance - IBNR Public Liability		2,664,828	39,165	(1,782,641)	(1,843)	919,509	-	919,509
155	Self Insurance - IBNR Workers Compensation		132,142	1,942	(88,396)	(91)	45,596	-	45,596
156	Self Insurance - Workers Compensation		(312,783)	-	209,237	216	(103,330)	-	(103,330)
157	Transaction Costs - Blackstone					3,678,227	3,678,227	-	3,678,227
158	Stock Compensation		(215,549)	(3,168)	144,192		(74,525)	-	(74,525)
159	Trusts - PVNGS Decommissioning - NQ		-	-	(36,835,245)	-	(36,835,245)	-	(36,835,245)
160	Trusts - PVNGS Decommissioning - Qualified		-	-	(1,300,000)	-	(1,300,000)	-	(1,300,000)
161	Trusts - PVNGS Decommissioning Interest		-	-	33,908,664	-	33,908,664	-	33,908,664
162	Trusts - SJGS Reclamation - NQ		-	-	(1,914,660)	-	(1,914,660)	-	(1,914,660)
163	Trusts - SJGS Reclamation Interest		-	-	1,058,075	-	1,058,075	-	1,058,075
164	Trusts - SJGS Decommissioning - NQ				300,659		300,659	-	300,659
165	Net Operating Loss Carryforward		-	-	-	-	-	-	-
166	Current NM State Income Tax		(15,334,370)	(225,372)	10,257,950	10,608	(5,291,184)	-	(5,291,184)
167	NM State Income Tax - PTCs						-	-	-
168									
169	**Current Federal Taxable Income**		**648,689,407**	**1,071,894**	**(466,088,237)**	**67,172,453**	**250,845,516**	**-**	**250,845,516**
170									

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10	**Description**		**Electric**	**Transmission**	**Bulk**	**Corporate Incl Co 6**	**Combined**	**Adj.s**	**PNM**
171	**Tax Adjustments and Credits**								
172									
173	TRA 1986 Excess Payroll Tax Reversal		(470)	(2,853)	(2,823)	-	(6,146)	-	(6,146)
174	TRA 1986 Excess ADFIT Reversal - Protected (ARAM)		(133,775)	(1,966)	89,489	-	(46,252)	-	(46,252)
175	TCJA 2017 Excess ADFIT Reversal - Protected (ARAM)		-	-	-	(7,650,598)	(7,650,598)	-	(7,650,598)
176	TCJA 2017 Excess ADFIT Reversal - Unprotected		-	-	-	(3,921,298)	(3,921,298)	-	(3,921,298)
177	NM 2017 Excess ADSIT Reversal - Unprotected		-	-	-	-	-	-	-
178	ITC Amortization - Generation		-	-	(13,212,630)	-	(13,212,630)	-	(13,212,630)
179	ITC Amortization - Renewable		-	-	-	-	-	-	-
180	R & D Credit		-	-	(1,538,462)	-	(1,538,462)	-	(1,538,462)
181	NMPTC - Renewable		-	-	-	-	-	-	-
182	FIN 48		-	-	538,462	-	538,462	-	538,462
183									
184	**Total Tax Adjustments**		**(134,245)**	**(4,819)**	**(14,125,964)**	**(11,571,896)**	**(25,836,923)**	**-**	**(25,836,923)**

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1	**Public Service Company of New Mexico**													
2	**NMPRC Case No. 26-xxxxx-UT**													
3	**PNM Exhibit LTM-3**													
4	**ITE-10 2011 Solar Additions Cost of Service Data**													
5	Hyperlink to Lead Sheet													
6	**Source: Company records**													
7														
8														
9		**2025**						**2026**						
10		July	August	September	October	November	December	January	February	March	April	May	June	Revenue Requirement
11	Tax/Book Adjustments													
12	AFUDC Equity	19	19	19	19	19	19	19	19	19	19	19	19	227
13	Flow Thru Item - ITC - 22 MW Solar	38,929	38,929	38,929	38,929	38,929	38,929	38,929	38,929	38,929	38,929	38,929	38,929	467,148
14	Flow Thru Item - ITC - Energy Storage													-
15	Total Permanent Tax/Book Differences	38,948	38,948	38,948	38,948	38,948	38,948	38,948	38,948	38,948	38,948	38,948	38,948	467,375
16	Depreciation	194,985	194,985	194,985	194,985	194,985	194,985	185,811	185,811	185,811	185,811	185,811	185,811	2,284,781
17	AFUDC Debt	654	654	654	654	654	654	654	654	654	654	654	654	7,850
18	New Mexico Advanced Energy Credit	(15,298)	(15,298)	(15,298)	(15,298)	(15,298)	(15,298)	(15,298)	(15,298)	(15,298)	(15,298)	(15,298)	(15,298)	(183,576)
19	Deferred State Income Tax	(10,047)	(10,047)	(10,047)	(10,047)	(10,047)	(10,047)	(9,536)	(9,536)	(9,536)	(9,536)	(9,536)	(9,536)	(117,502)
20	Total Temporary Tax/Book Differences	170,294	170,294	170,294	170,294	170,294	170,294	161,631	161,631	161,631	161,631	161,631	161,631	1,991,553
21														

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1	**Public Service Company of New Mexico**																	
2	**NMPRC Case No. 26-xxxxx-UT**																	
3	**PNM Exhibit LTM-3**																	
4	**ITE-11 2013 Solar Additions Cost of Service Data**																	
5	Hyperlink to Lead Sheet																	
6	**Source: Company records**																	
7																		
8																		
9						**2025**						**2026**						
10						July	August	September	October	November	December	January	February	March	April	May	June	Revenue Requirement
11	Tax/Book Adjustments																	
12		Flow Thru Item - ITC				-	-	-	-	-	-	-	-	-	-	-	-	-
13		AFUDC Equity				989	989	989	989	989	989	989	989	989	989	989	989	11,873
14		Investment Tax Credits				-	-	-	-	-	-	-	-	-	-	-	-	-
15			Total Permanent Differences			989	989	989	989	989	989	989	989	989	989	989	989	11,873
16		Depreciation & AFUDC Debt				102,831	102,831	102,831	102,831	102,831	102,831	104,833	104,833	104,833	104,833	104,833	104,833	1,245,988
17		Deferred State Income Tax				(5,729)	(5,729)	(5,729)	(5,729)	(5,729)	(5,729)	(5,841)	(5,841)	(5,841)	(5,841)	(5,841)	(5,841)	(69,418)
18			Total Temporary Tax/Book Differences			97,102	97,102	97,102	97,102	97,102	97,102	98,993	98,993	98,993	98,993	98,993	98,993	1,176,570

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1	**Public Service Company of New Mexico**																	
2	**NMPRC Case No. 26-xxxxx-UT**																	
3	**PNM Exhibit LTM-3**																	
4	**ITE-12 2014 Solar Additions Cost of Service Data**																	
5	Hyperlink to Lead Sheet																	
6	**Source: Company records**																	
7																		
8																		
9						**2025**						**2026**						
10						July	August	September	October	November	December	January	February	March	April	May	June	Revenue Requirement
11	Tax/Book Adjustments																	
12		Flow Thru Item - ITC				-	-	-	-	-	-	-	-	-	-	-	-	-
13		AFUDC Equity				1,031	1,031	1,031	1,031	1,031	1,031	1,031	1,031	1,031	1,031	1,031	1,031	12,370
14		Investment Tax Credits				-	-	-	-	-	-	-	-	-	-	-	-	-
15			Total Permanent Differences			1,031	1,031	1,031	1,031	1,031	1,031	1,031	1,031	1,031	1,031	1,031	1,031	12,370
16		Depreciation & AFUDC Debt				106,655	106,655	106,655	106,655	106,655	106,655	106,655	106,655	106,655	106,655	106,655	106,655	1,279,865
17		Deferred State Income Tax				(5,942)	(5,942)	(5,942)	(5,942)	(5,942)	(5,942)	(5,942)	(5,942)	(5,942)	(5,942)	(5,942)	(5,942)	(71,305)
18			Total Temporary Tax/Book Differences			100,713	100,713	100,713	100,713	100,713	100,713	100,713	100,713	100,713	100,713	100,713	100,713	1,208,560

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	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
1	**Public Service Company of New Mexico**																	
2	**NMPRC Case No. 26-xxxxx-UT**																	
3	**PNM Exhibit LTM-3**																	
4	**ITE-13 2019 Solar Additions Cost of Service Data**																	
5	Hyperlink to Lead Sheet																	
6	**Source: Company records**																	
7																		
8																		
9						**2025**						**2026**						
10						July	August	September	October	November	December	January	February	March	April	May	June	Revenue Requirement
11	Tax/Book Adjustments																	
12		Flow Thru Item - ITC				-	-	-	-	-	-	-	-	-	-	-	-	-
13		AFUDC Equity				1,452	1,452	1,452	1,452	1,452	1,452	1,452	1,452	1,452	1,452	1,452	1,452	17,421
14		Investment Tax Credits				-	-	-	-	-	-	-	-	-	-	-	-	-
15			Total Permanent Differences			1,452	1,452	1,452	1,452	1,452	1,452	1,452	1,452	1,452	1,452	1,452	1,452	17,421
16		Depreciation & AFUDC Debt				106,655	106,655	106,655	106,655	106,655	106,655	148,797	148,797	148,797	148,797	148,797	148,797	1,532,717
17		Deferred State Income Tax				(5,942)	(5,942)	(5,942)	(5,942)	(5,942)	(5,942)	(8,290)	(8,290)	(8,290)	(8,290)	(8,290)	(8,290)	(85,392)
18			Total Temporary Tax/Book Differences			100,713	100,713	100,713	100,713	100,713	100,713	140,507	140,507	140,507	140,507	140,507	140,507	1,447,324

This schedule sponsored by PNM witness Morris

	A	B	C	D	E	F	G
1	**Public Service Company of New Mexico**						
2	**NMPRC Case No. 26-xxxxx-UT**						
3	**PNM Exhibit LTM-3**						
4	**ITE-14 Depreciation Prior Flow-Through Reversals**						
5	Hyperlink to Lead Sheet						
6	**Source: Company records**						
7							
8							
9							
10							
11							
12			**2025**	**2026**	**2027**	**2028**	
13							
14	pre-acrs	282005	-	-	-	-	
15	SJ4	282013	-	-	-	-	
16	acrs	282003	2,531,153	2,838,870	3,435,404	3,993,934	
17	SO2	281000	335,533	335,533	335,533	335,533	
18							
19	**Total**		**2,866,686**	**3,174,403**	**3,770,937**	**4,329,467**	
20	Tax Rate		25.40%	25.40%	25.40%	25.40%	
21	ADIT		728,138	806,298	957,818	1,099,685	

This schedule sponsored by PNM witness Morris

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

This schedule sponsored by PNM witness Morris

	A	B	C	D	E	F	G	H	I
1	**Public Service Company of New Mexico**								
2	**NMPRC Case No. 26-xxxxx-UT**								
3	**PNM Exhibit LTM-3**								
4	**ITE-15 1986 TRA ARAM Excess Deferred Income Tax Reversal**								
5	Hyperlink to Lead Sheet								
6	**Source: Company records**								
40	ARAM amort		82.68%						
41									
42	**Year**	**Prod**	**T&D**	**General**	**Total ARAM**	**w/ P/R**	**SJ U23 W/D**	**Total**	
43									
44	2016 (3 Qtr)	168,668	31,195	38,599	238,461	256,795		256,795	
45									
46	Bal 9/30/16	1,159,570	162,957	499,537	1,822,064	1,956,827	(410,723)	1,546,104	
47									
48									
49	2016 (1 Qtr)	15,041	10,398	12,866	38,306	44,417		44,417	
50	2017	60,165	41,593	51,465	153,223	177,669		177,669	
51	2018	60,165	41,593	51,465	153,223	177,669	(25,257)	152,412	
52	2019	60,165	41,593	51,465	153,223	177,669	(25,257)	152,412	
53	2020	60,165	41,593	51,465	153,223	159,369	(22,837)	136,532	
54	2021	33,091	(1,256)	24,615	56,450	62,595	(12,926)	49,670	
55	2022	33,091	(1,256)	24,615	56,450	62,595	(12,926)	49,670	
56	2023	33,091	(1,256)	24,615	56,450	62,595	(12,926)	49,670	
57	2024	33,091	(1,256)	24,615	56,450	62,595	(12,926)	49,670	
58	2025	33,091	(1,256)	24,615	56,450	62,595	(12,926)	49,670	
59	2026	26,458	(1,256)	31,548	56,750	62,896	(10,498)	52,398	
60	2027	26,458	(1,256)	31,548	56,750	62,896	(10,498)	52,398	
61	2028	26,458	(1,256)	31,548	56,750	62,896	(10,498)	52,398	
62	2029	26,458	(1,256)	31,548	56,750	56,750	(9,685)	47,065	
63	2030	26,458	(1,256)	31,548	56,750	56,750	(9,685)	47,065	
64	2031	26,375	(251)	-	26,124	26,124	(9,655)	16,469	
65	2032	26,375	(251)	-	26,124	26,124	(9,655)	16,469	
66	2033	26,375	(251)	-	26,124	26,124	(9,655)	16,469	
67	2034	26,375	(251)	-	26,124	26,124	(9,655)	16,469	
68	2035	26,375	(251)	-	26,124	26,124	(9,655)	16,469	
69	2036	26,347			26,347	26,347	(9,645)	16,702	
70	2037	26,347			26,347	26,347	(9,645)	16,702	
71	2038	26,347			26,347	26,347	(9,645)	16,702	
72	2039	26,347			26,347	26,347	(9,645)	16,702	
73	2040	26,347			26,347	26,347	(9,645)	16,702	
74	2041	26,347			26,347	26,347	(9,645)	16,702	
75	2042	26,347			26,347	26,347	(9,645)	16,702	
76	2043	26,347			26,347	26,347	(9,645)	16,702	
77	2044	26,347			26,347	26,347	(9,645)	16,702	
78	2045	26,347			26,347	26,347	(9,645)	16,702	
79	2046	26,347			26,347	26,347	(9,645)	16,702	
80	2047	26,347			26,347	26,347	(9,645)	16,702	
81	2048	26,347			26,347	26,347	(9,645)	16,702	
82	2049	26,347			26,347	26,347	(9,645)	16,702	
83	2050	26,347			26,347	26,347	(9,645)	16,702	
84	2051	26,347			26,347	26,347	(9,645)	16,702	
85	2052	26,347			26,347	26,347	(9,645)	16,702	
86	2053	26,347			26,347	26,347	(9,645)	16,702	
87									
88	Total	1,159,570	162,957	499,537	1,822,064	1,956,827	(410,722)	1,546,104	
89		-	-	-	-	-	1	1	

This schedule sponsored by PNM witness Morris

	J	K	L	M	N	O	P	Q	R	S	T
1	Public Service Company of New Mexico										
2	NMPRC Case No. 26-xxxxx-UT										
3	PNM Exhibit LTM-3										
4	ITE-15 1986 TRA ARAM Excess Deferred Income Tax Reversal										
5	Hyperlink to Lead Sheet										
6	Source: Company records										
7											
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9				**This page intentionally left blank**							
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	J	K	L	M	N	O	P	Q	R	S	T
1	Public Service Company of New Mexico										
2	NMPRC Case No. 26-xxxxx-UT										
3	PNM Exhibit LTM-3										
4	ITE-15 1986 TRA ARAM Excess Deferred Income Tax Reversal										
5	Hyperlink to Lead Sheet										
6	Source: Company records										
40											
41											
42											
43											
44											
45											
46											
47		2015 unextended	2015 Extended	2016-20 unextended	2016-20 Extended	2021-25 unextended	2021-25 Extended	2026-30 unextended	2026-30 Extended	2031-35 unextended	2031-35 Extended
48											
49	2016 (1 Qtr)			9,738	5,304						
50	2017			38,951	21,215						
51	2018			38,951	21,215						
52	2019			38,951	21,215						
53	2020			38,951	21,215						
54	2021				21,215	6,892	4,985				
55	2022				21,215	6,892	4,985				
56	2023				21,215	6,892	4,985				
57	2024				21,215	6,892	4,985				
58	2025				21,215	6,892	4,985				
59	2026				21,215		4,985	140	119		
60	2027				21,215		4,985	140	119		
61	2028				21,215		4,985	140	119		
62	2029				21,215		4,985	140	119		
63	2030				21,215		4,985	140	119		
64	2031				21,215		4,985		119	28	29
65	2032				21,215		4,985		119	28	29
66	2033				21,215		4,985		119	28	29
67	2034				21,215		4,985		119	28	29
68	2035				21,215		4,985		119	28	29
69	2036				21,215		4,985		119		29
70	2037				21,215		4,985		119		29
71	2038				21,215		4,985		119		29
72	2039				21,215		4,985		119		29
73	2040				21,215		4,985		119		29
74	2041				21,215		4,985		119		29
75	2042				21,215		4,985		119		29
76	2043				21,215		4,985		119		29
77	2044				21,215		4,985		119		29
78	2045				21,215		4,985		119		29
79	2046				21,215		4,985		119		29
80	2047				21,215		4,985		119		29
81	2048				21,215		4,985		119		29
82	2049				21,215		4,985		119		29
83	2050				21,215		4,985		119		29
84	2051				21,215		4,985		119		29
85	2052				21,215		4,985		119		29
86	2053				21,215		4,985		119		29
87											
88		-	-	165,542	790,241	34,458	164,489	699	3,334	140	667
89					(0)		-		-		-

This schedule sponsored by PNM witness Morris

	A	B	C	D	E	F	G	H	I	J
1	**Public Service Company of New Mexico**									
2	**NMPRC Case No. 26-xxxxx-UT**									
3	**PNM Exhibit LTM-3**									
4	**ITE-16 AFUDC**									
5	Hyperlink to Lead Sheet									
6	**Source: Company records**									
7										
8	**Base Period**									
9	**Account**	**Month Number**	**Amount**		**Account**	**Month Number**	**Amount**			
10	419100	202507	(728,855)		432000	202507	(1,436,931)			
11	419100	202508	(685,532)		432000	202508	(908,824)			
12	419100	202509	(1,477,004)		432000	202509	(1,749,132)			
13	419100	202510	(1,129,345)		432000	202510	(1,393,878)			
14	419100	202511	(689,289)		432000	202511	(1,230,744)			
15	419100	202512	(1,901,746)		432000	202512	(183,672)			
16	419100	202601	(782,709)		432000	202601	(1,114,871)			
17	419100	202602	(705,766)		432000	202602	(1,092,680)			
18	419100	202603	(880,813)		432000	202603	(1,180,225)			
19	419100	202604	(1,131,028)		432000	202604	(1,051,853)			
20	419100	202605	(1,056,132)		432000	202605	(1,159,851)			
21	419100	202606	(1,005,892)		432000	202606	(1,271,814)			
22										
23										
24	Total		(12,174,112)		Total		(13,774,475)			
25	Adjustments		-							
26	Total accrued in base period		(12,174,112)				(13,774,475)			
27										
28										
29	**Test Period**		202710	202711	202712	202801	202802	202803	202804	202805
30										
31	AFUDC Equity									
32	Electric		(438,111)	(462,610)	(492,146)	(367,621)	(407,528)	(463,470)	(493,803)	(520,029)
33	Transmission		(963,584)	(1,013,699)	(1,118,080)	(1,166,364)	(1,294,678)	(1,379,194)	(1,513,065)	(1,598,720)
34	Bulk Power		(387,779)	(375,425)	(383,653)	(358,600)	(377,774)	(422,805)	(461,090)	(445,303)
35	Total AFUDC Equity		(1,789,473)	(1,851,734)	(1,993,879)	(1,892,584)	(2,079,979)	(2,265,469)	(2,467,959)	(2,564,052)
36										
37	AFUDC Debt									
38	Electric		(323,846)	(341,955)	(363,787)	(233,009)	(258,304)	(293,762)	(312,988)	(329,611)
39	Transmission		(712,268)	(749,312)	(826,470)	(739,278)	(820,607)	(874,176)	(959,028)	(1,013,318)
40	Bulk Power		(286,641)	(277,509)	(283,591)	(227,292)	(239,445)	(267,987)	(292,253)	(282,247)
41	Total AFUDC Debt		(1,322,754)	(1,368,776)	(1,473,848)	(1,199,579)	(1,318,356)	(1,435,925)	(1,564,269)	(1,625,176)

This schedule sponsored by PNM witness Morris

	A	K	L	M	N	O
1	**Public Service Company of New Me**					
2	**NMPRC Case No. 26-xxxxx-UT**					
3	**PNM Exhibit LTM-3**					
4	**ITE-16 AFUDC**					
5	Hyperlink to Lead Sheet					
6	**Source: Company records**					
7						
8	**Base Period**					
9	**Account**					
10	419100					
11	419100					
12	419100					
13	419100					
14	419100					
15	419100					
16	419100					
17	419100					
18	419100					
19	419100					
20	419100					
21	419100					
22						
23						
24	Total					
25	Adjustments					
26	Total accrued in base period					
27						
28						Total
29	**Test Period**	202806	202807	202808	202809	Test Period
30						
31	AFUDC Equity					
32	Electric	(566,469)	(610,272)	(645,635)	(630,938)	(6,098,632)
33	Transmission	(1,578,975)	(1,334,221)	(1,439,676)	(1,296,111)	(15,696,367)
34	Bulk Power	(442,409)	(453,665)	(463,845)	(476,468)	(5,048,816)
35	Total AFUDC Equity	(2,587,853)	(2,398,159)	(2,549,157)	(2,403,517)	(26,843,815)
36						-
37	AFUDC Debt					-
38	Electric	(359,046)	(386,809)	(409,223)	(399,908)	(4,012,249)
39	Transmission	(1,000,804)	(845,671)	(912,512)	(821,515)	(10,274,959)
40	Bulk Power	(280,412)	(287,547)	(294,000)	(302,000)	(3,320,924)
41	Total AFUDC Debt	(1,640,262)	(1,520,028)	(1,615,735)	(1,523,424)	(17,608,132)

This schedule sponsored by PNM witness Morris

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
1	**Public Service Company of New Mexico**																
2	**NMPRC Case No. 26-xxxxx-UT**																
3	**PNM Exhibit LTM-3**																
4	**ITE-17 Employee Parking Expense**																
5	Hyperlink to Lead Sheet																
6	**Source: Company records**																
7																	
8																	
9	**Company**	**Loc Ref**	**Address**	**Parking Type**	**Employee Spaces**	**Customer Spaces**	**Total Spaces**	**Parking Space**	**Parking Sq Ft**	**Acreage**	**Total Sq Ft**	**Parking as % of Total Land**	**Appraised Land Value**	**Improvements Value**	**Land as % of Total Value**	**Parking as % of Total Value**	**Total Property Tax Expense**
10	Company 1	30	Santa Fe Service Center 4565 State Rd 14 Santa Fe, NM 87508	Paved	100	10	110	325	35,750	22.37	974,437	3.67%	516,718	5,461,710	8.64%	0.32%	57,311
11	Company 1	31	Alamogordo Office 650 Fairgrounds Rd. Alamogordo, NM 88310	Paved	25	16	41	325	13,325	81.07	3,531,409	0.38%	133,250	7,059,280	1.85%	0.01%	79,477
12	Company 3	32	Aztec 2401-A Aztec NE Albuquerque, NM 87107	Paved	316	0	316	325	102,700	9.85	428,979	23.94%	30,170	16,345,326	0.18%	0.04%	251,795
13	Company 1	33	Edith Service Center 4201 Edith NE Albuquerque, NM 87107	Paved	227	0	227	325	73,775	19.10	831,865	8.87%	124,291	10,721,760	1.15%	0.10%	153,269
14	Company 3	34	Reeves Generating Station 4400 Paseo Del Norte NE Albuquerque, NM 87113	Paved	27	0	27	325	8,775	80.00	3,484,756	0.25%	608,474	3,497,669	14.82%	0.04%	63,137
15	Company 1	35	BAYARD, NM Leased 800 Central Ave.	leased	1	-							-	-			-
16	Company 3	36	Belen Office 19377 N. Hwy 85 Belen, NM 87002	Paved	6	0	6	325	1,950	0.51	22,128	8.81%	145,819	549,775	20.96%	1.85%	10,328
17	Company 1	37	Deming 420 S. Gold Ave. Deming, NM 88030	Paved	12	0	12	325	3,900	78.07	3,400,686	0.11%	250,430	1,124,893	18.21%	0.02%	12,931
18	Company 1	38	Lordsburg 210 E. 5th St. Lordsburg, NM 88045	Paved	1	5	6	325	1,950	26.00	1,132,560	0.17%	7,500	42,481	15.01%	0.03%	427

This schedule sponsored by PNM witness Morris

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
1	**Public Service Company of New Mexico**																
2	**NMPRC Case No. 26-xxxxx-UT**																
3	**PNM Exhibit LTM-3**																
4	**ITE-17 Employee Parking Expense**																
5	Hyperlink to Lead Sheet																
6	**Source: Company records**																
7																	
8																	
9	**Company**	**Loc Ref**	**Address**	**Parking Type**	**Employee Spaces**	**Customer Spaces**	**Total Spaces**	**Parking Space**	**Parking Sq Ft**	**Acreage**	**Total Sq Ft**	**Parking as % of Total Land**	**Appraised Land Value**	**Improvements Value**	**Land as % of Total Value**	**Parking as % of Total Value**	**Total Property Tax Expense**
19	Company 1	39	Ruidoso Area Office & Construction Center 1100 Mechem Dr. Ruidoso, NM 88345	Paved	25	6	31	325	10,075	4.63	201,596	5.00%	611,351	2,126,717	22.33%	1.12%	27,614
20	Company 3	40	Afton Generating Station 10100 West Afton Rd. #5 La Mesa, NM 88044	Paved	19	0	19	325	6,175	32.06	1,396,621	0.44%	-	19,984,554	0.00%	0.00%	211,437
21	Company 1	41	Las Vegas 420 Railroad Las Vegas, NM 87701	Paved	20	10	30	325	9,750	114.96	5,007,570	0.19%	26,363	1,405,145	1.84%	0.00%	17,497
22	Company 3	42	Clovis Blackwater Station dirt lot - no cost Off Hwy 60 West of Clovis Clovis, NM 88415	Dirt									-	0			-
23	Company 2	43	Clayton STREET PARKING ONLY 5 Main St Clayton, NM 88415	Paved									-	1,319			13
24	Company 3	44	ALB Power Operations - Rio Bravo Generating Station 701 Electric Ave SE Albuquerque, NM 87105	Paved	78	0	78	325	25,350	14.49	630,967	4.02%	753,876	4,642,237	13.97%	0.56%	76,254
25	Company 3	45	San Juan 6800 County Road Waterflow, NM 87421	Paved	215	0	215	325	69,875	1,278.38	55,686,133	0.13%	552,351	-	100.00%	0.13%	4,626
26	Company 1	47	Silver City Mtn Region Office 3815 North Swan Street Silver City, NM 88061	Paved	34	26		325		2.57	111,993		33,483	3,259,459			31,606
27	Company 3	51	ALB Power Operations 701 Electric Ave SE Albuquerque, NM 87105	Paved	0	0	-	325	-	14.49	630,967	0.00%	-	10,310,225	0.00%	0.00%	145,697
28																	
29	**Total**																

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	A	B	C	R	S	T	U	V	W	X	Y	Z	AA	AB	AC	AD
1	**Public Service Company of New Mexico**															
2	**NMPRC Case No. 26-xxxxx-UT**															
3	**PNM Exhibit LTM-3**															
4	**ITE-17 Employee Parking Expense**															
5	Hyperlink to Lead Sheet															
6	**Source: Company records**															
7																
8																
9	**Company**	**Loc Ref**	**Address**	**Total Insurance Expense**	**Total Facility Expense (to be allocated)**	**Allocated Facility Expense**	**Total Parking Security Expense (parking ONLY)**	**Total Parking Maintenance Expense - detail review**	**Adjustments**	**Total Parking Expense**	**Non-DeductibleExpense Ratio**	**2025 PNM Non-Deductible Parking Expense**	**San Juan Retirement**	**Base Period**	**Adjustments**	**Test Period**
10	Company 1	30	Santa Fe Service Center 4565 State Rd 14 Santa Fe, NM 87508	127,994	185,305	588	-	-		588	0.91	534		534		534
11	Company 1	31	Alamogordo Office 650 Fairgrounds Rd. Alamogordo, NM 88310	153,987	233,465	16	-			16	0.61	10		10		10
12	Company 3	32	Aztec 2401-A Aztec NE Albuquerque, NM 87107	8,154	259,949	115	33,758.85	-		33,874	1.00	33,874		33,874		33,874
13	Company 1	33	Edith Service Center 4201 Edith NE Albuquerque, NM 87107	232,207	385,476	392	101,276.55	-		101,668	1.00	101,668		101,668		101,668
14	Company 3	34	Reeves Generating Station 4400 Paseo Del Norte NE Albuquerque, NM 87113	168,108	231,246	86	-			86	1.00	86		86		86
15	Company 1	35	BAYARD, NM Leased 800 Central Ave.		-	-	-			-	-	-		-		-
16	Company 3	36	Belen Office 19377 N. Hwy 85 Belen, NM 87002	47,667	57,995	1,071	-			1,071	1.00	1,071		1,071		1,071
17	Company 1	37	Deming 420 S. Gold Ave. Deming, NM 88030	29,445	42,376	9	-			9	1.00	9		9		9
18	Company 1	38	Lordsburg 210 E. 5th St. Lordsburg, NM 88045	62,578	63,005	16	-			16	0.17	3		3		3

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	A	B	C	R	S	T	U	V	W	X	Y	Z	AA	AB	AC	AD
1	**Public Service Company of New Mexico**															
2	**NMPRC Case No. 26-xxxxx-UT**															
3	**PNM Exhibit LTM-3**															
4	**ITE-17 Employee Parking Expense**															
5	Hyperlink to Lead Sheet															
6	**Source: Company records**															
7																
8																
9	**Company**	**Loc Ref**	**Address**	**Total Insurance Expense**	**Total Facility Expense (to be allocated)**	**Allocated Facility Expense**	**Total Parking Security Expense (parking ONLY)**	**Total Parking Maintenance Expense - detail review**	**Adjustments**	**Total Parking Expense**	**Non-DeductibleExpense Ratio**	**2025 PNM Non-Deductible Parking Expense**	**San Juan Retirement**	**Base Period**	**Adjustments**	**Test Period**
19	Company 1	39	Ruidoso Area Office & Construction Center 1100 Mechem Dr. Ruidoso, NM 88345	58,620	86,235	962	-			962	0.81	776		776		776
20	Company 3	40	Afton Generating Station 10100 West Afton Rd. #5 La Mesa, NM 88044	279,080	490,517	-	-			-	1.00	-		-		-
21	Company 1	41	Las Vegas 420 Railroad Las Vegas, NM 87701	30,648	48,145	2	-			2	0.67	1		1		1
22	Company 3	42	Clovis Blackwater Station dirt lot - no cost Off Hwy 60 West of Clovis Clovis, NM 88415		-	-	-			-	-	-		-		-
23	Company 2	43	Clayton STREET PARKING ONLY 5 Main St Clayton, NM 88415		13	-	-	-		-	-	-		-		-
24	Company 3	44	ALB Power Operations - Rio Bravo Generating Station 701 Electric Ave SE Albuquerque, NM 87105	107,406	183,660	1,031	135,566			136,597	1.00	136,597		136,597		136,597
25	Company 3	45	San Juan 6800 County Road Waterflow, NM 87421	-	4,626	6	-		-	6	1.00	6	(6)	-		-
26	Company 1	47	Silver City Mtn Region Office 3815 North Swan Street Silver City, NM 88061	70,500			-									
27	Company 3	51	ALB Power Operations 701 Electric Ave SE Albuquerque, NM 87105		145,697	-	-			-	-	-		-		-
28																
29	**Total**											**274,635**	**(6)**	**274,630**	**-**	**274,630**

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	A	B	C
1	**Public Service Company of New Mexico**		
2	**NMPRC Case No. 26-xxxxx-UT**		
3	**PNM Exhibit LTM-3**		
4	**ITE-18 Production Tax Credits**		
5	Hyperlink to Lead Sheet		
6	**Source: Company records**		
7			
8			
9			
10			**NM PTC Claimed**
11			
12		**2011**	$ 483,300
13		**2012**	$ 644,400
14		**2013**	$ 805,500
15		**2014**	$ 966,600
16		**2015**	$ 1,127,700
17		**2016**	$ 1,288,800
18		**2017**	$ 1,127,700
19		**2018**	$ 966,600
20		**2019**	$ 805,500
21		**2020**	$ 644,400
22	**Final Year of Original Allotment**	**2021**	$ 263,974
23		**2022**	$ -
24	**New Allotment PTC's**	**2023**	$ 3,894,984
25		**2024**	$ -
26		**2025**	$ -
27		**2026**	$ -
28		**2027**	$ -
29		**2028**	0

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	A	B	C	D	E	F	G	H	I	J	K
1	**Public Service Company of New Mexico**										
2	**NMPRC Case No. 26-xxxxx-UT**										
3	**PNM Exhibit LTM-3**										
4	**ITE-19 Investment Tax Credit Amortization**										
5	Hyperlink to Lead Sheet										
6	**Source: Company records**							**BASE**	**LINKAGE**	**LINKAGE**	**TEST**
7			**2021**	**2022**	**2023**	**2024**	**2025**	**7/25-6/26**	**7/26-6/27**	**10/26-9/27**	**10/27-9/28**
8											
9											
10	PROD		87,629	87,579	86,284	84,923	84,769	84,708	84,484	84,403	84,252
11	T & D		0	0	0	0	0	0	0	0	0
12	GENERATION - Sandia		0	0	0	0	0	0	0	0	5,580,515
13	GENERATION - Sunbelt		0	0	0	0	0	0	0	0	3,948,482
14	GENERATION - Distribution BESS Phase 2		0	0	0	0	0	0	0	0	3,536,481
15	SO2		0	0	0	0	0	0	0	0	0
16	NUCLEAR		106,438	106,438	106,438	106,438	106,438	106,438	106,438	106,438	106,438
17	LESS: WRITE-OFF 50% OF SJ UNITS 2&3 AS OF 12/2017		(21,769)	(21,769)	(21,769)	(21,769)	(21,769)	(21,769)	(21,769)	(21,769)	(21,769)
18	**C/Y AMORT**		**172,298**	**172,248**	**170,953**	**169,592**	**169,438**	**169,377**	**169,153**	**169,072**	**13,234,399**
19											
20											
21											
22	PRODUCTION		3,258,105	3,171,821	3,085,537	3,000,614	2,915,845	2,831,138	2,746,653	2,662,250	2,577,998
23	T & D		(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
24	GENERATION - Sandia		0	0	0	0	0	0	0	0	(5,580,515)
25	GENERATION - Sunbelt		0	0	0	0	0	0	0	0	(3,948,482)
26	GENERATION - Distribution BESS Phase 2		0	0	0	0	0	0	0	0	(3,536,481)
27	SO2		0	0	0	0	0	0	0	0	0
28	NUCLEAR		2,554,515	2,448,077	2,341,639	2,235,201	2,128,763	2,022,324	1,915,886	1,809,448	1,703,010
29	GENERAL		(91,008)	(91,008)	(91,008)	(91,008)	(91,008)	(91,008)	(69,239)	(47,470)	(25,701)
30	LESS: WRITE-OFF 50% OF SJ UNITS 2&3 AS OF 12/2017		(674,838)	(653,069)	(631,300)	(609,531)	(587,762)	(565,993)	(544,224)	(522,455)	(500,686)
31	**ENDING BASIS**		**5,046,774**	**4,875,821**	**4,704,868**	**4,535,276**	**4,365,838**	**4,196,461**	**4,049,077**	**3,901,774**	**(9,310,856)**

	A	B	C	D	E	F	G	H
1	**Public Service Company of New Mexico**							
2	**NMPRC Case No. 26-xxxxx-UT**							
3	**PNM Exhibit LTM-3**							
4	**ITE-20 TCJA ARAM Excess Deferred Income Tax Reversal**							
5	Hyperlink to Lead Sheet							
6	**Source: Company records**							
7								
8		**Public Service Company of New Mexico**						
9		**TCJA EDFIT Reversal**						
10								**EDIT**
11		**Original Amortization**	**FIT Protected**	**FIT Unprotected**	**FIT Total**	**SIT Unprotected**	**Total FIT and SIT**	**Balance**
12		Balance 12/31/2017	(202,680,874)	(91,942,132)	(294,623,006)	(20,400,298)	(315,023,304)	(335,423,602)
13		Amort 2018	8,134,807	4,065,450	12,200,257	6,233,424	18,433,681	(310,756,496)
14		Amort 2019	8,216,284	4,435,036	12,651,320	6,800,099	19,451,420	(284,504,977)
15		Amort 2020	8,086,481	5,175,221	13,261,702	6,800,099	20,061,801	(257,643,076)
16		Amort 2021	8,086,898	5,175,221	13,262,119	566,675	13,828,794	(243,247,608)
17		Amort 2022	8,088,799	5,175,221	13,264,020		13,264,020	(229,983,588)
18		Amort 2023	8,411,187	5,175,221	13,586,408		13,586,408	(216,397,180)
19		Amort 2024	8,209,486	15,685,191	23,894,676		23,894,676	(192,502,504)
20		Amort 2025	7,914,605	15,685,191	23,599,796		23,599,796	(168,902,708)
21		Amort 2026	7,783,939	15,685,191	23,469,130		23,469,130	(145,433,578)
22		Amort 2027	7,716,479	15,685,191	23,401,670		23,401,670	(122,031,908)
23		Amort 2028	7,628,638		7,628,638		7,628,638	(114,403,271)
24		Amort 2029	7,614,895		7,614,895		7,614,895	(106,788,376)
25		Amort 2030	7,769,240		7,769,240		7,769,240	(99,019,136)
26		Amort 2031 and after	99,019,136	(0)	99,019,136	0	99,019,136	-
27								
28								
29		**New Amortization of Unprotected Excess ADIT per Rate Case No. 24-00089-UT:**						
30		Balance of Unprotected at 6/30/2026:		(23,527,786)				
31		7/31/2026		1,307,099	(22,220,687)			
32		8/31/2026		1,307,099	(20,913,587)			
33		9/30/2026		1,307,099	(19,606,488)			
34		10/31/2026		1,307,099	(18,299,389)			
35		11/30/2026		1,307,099	(16,992,290)			
36		12/31/2026		1,307,099	(15,685,190)			
37		1/31/2027		1,307,099	(14,378,091)			
38		2/28/2027		1,307,099	(13,070,992)			
39		3/31/2027		1,307,099	(11,763,893)			
40		4/30/2027		1,307,099	(10,456,794)			
41		5/31/2027		1,307,099	(9,149,694)			
42		6/30/2027		1,307,099	(7,842,595)			
43		7/31/2027		1,307,099	(6,535,496)			
44		8/31/2027		1,307,099	(5,228,397)			
45		9/30/2027		1,307,099	(3,921,298)			
46		10/31/2027		1,307,099	(2,614,198)			
47		11/30/2027		1,307,099	(1,307,099)			
48		12/31/2027		1,307,099	(0)			
49								
50		Ending Balance		(0)				

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PNM Exhibit LTM – 4

ITC Investment Tax Credits

Is contained in the following 60 pages.

	A	B	C	D	E
1	**Public Service Company of New Mexico**				
2	**NMPRC Case No. 26-00XXX-UT**				
3	**PNM Exhibit LTM-4**				
4	**ITC-Lead Sheet**				
5					
6					
7				***Provides Information To***	***Requires Information From***
8	***Tab Reference***	***Description***	***Purpose***	***Tab name***	***Tab name***
9	ITC-1	Schedule H-13 Information	Schedule H-13 Information	None	ITC-2, ITC-3, ITC-5
10	ITC-2	ITC Summary	Provides a summary of ITC for Base and Test Periods	ITC-1	ITC-3, ITC-4, ITC-6
11	ITC-3	ITC Amortization Schedule	Provides ITC amortization calculations	ITC-2	ITC-2
12	ITC-4	ITC on SJGS Unit 4	Provides ITC summary for SJGS Unit 4	ITC-2	None
13	ITC-5	ITC on Renewables	Provides ITC amortization calculations for renewables	ITC-1	None
14	ITC-6	ITC writeoff of 50% of San Juan Units 2 & 3	Provides ITC amortization calculations for San Juan Units 2 & 3 writeoff	ITC-2	None
15	ITC-7	ITC Monetization Amortization	Provides projected ITC monetization amortization for Sandia Battery, Sunbelt Solar and Battery, and Distribution Battery Phase 2	ITC-2	ITC-8, ITC-9, ITC-10
16	ITC-8	ITC Sandia Battery Calculation and Monetization	Provides projected credit and monetization calculations for the Sandia Battery ITC	ITC-7	None
17	ITC-9	ITC Sunbelt Calculation and Monetization	Provides projected credit and monetization calculations for the Sunbelt Solar and Battery ITC	ITC-7	None
18	ITC-10	ITC Distribution Battery Phase 2 Calculation and Monetization	Provides projected credit and monetization calculations for the Distribution Phase 2 ITC	ITC-7	None

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	A	B	C	D	E	F	G	H	I	J
1	**Public Service Company of New Mexico**									
2	**NMPRC Case No. 26-00XXX-UT**									
3	**PNM Exhibit LTM-4**									
4	**ITC-1: Schedule H-13 Information**									
5										
6	**Base Period Ending 6/30/2026**									
7	**Test Period Ending 9/30/2028**									
8										
9	**Description**	**Unadjusted Base Period**	**Base Period Adjustments**	**Adjusted Base Period**	**Linkage Jul-2026-Jun-2027**	**Linkage Oct-2026-Sep-2027**	**Test Period Oct-2027-Sep-2028**	**Adjusted Base and Test Period Variance**	**Variance Percentage**	**Reference**
10										
11	**Pre-1987 ITC**									
12										
13	Balance at beginning of period	4,452,133		4,452,133	4,282,756	4,113,603	3,944,682	(507,451)		
14	Earned			-						
15	Utilized									
16	Amortized	(169,377)	-	(169,377)	(169,153)	(168,921)	(168,898)	479		
17	Adjustments			-						
18	Reclasses		-	-						
19	**Balance at end of period**	**4,282,756**	**-**	**4,282,756**	**4,113,603**	**3,944,682**	**3,775,784**	**(506,972)**		
20										
21	**ITC on Renewables**									
22										
23	Balance at beginning of period	68,656,715		68,656,715	76,050,472	76,050,472	103,953,045	35,296,330		
24	Earned	7,393,757		7,393,757		27,902,573	78,969,643	71,575,886		
25	Utilized							-		
26	Amortized		-				(13,043,732)	(13,043,732)	7700.73%	PNM Exhibit RNG-3 COS Test, Line 651
27	Adjustments			-				-		
28	Reclasses	-	-	-				-		
29	**Balance at end of period**	**76,050,472**	**-**	**76,050,472**	**76,050,472**	**103,953,045**	**169,878,957**	**93,828,485**		

This schedule is sponsored by PNM witness Morris

	A	B	C	D	E	P	Q	R
1	**Public Service Company of New Mexico**							
2	**NMPRC Case No. 26-00XXX-UT**							
3	**PNM Exhibit LTM-4**							
4	**ITC-2: ITC Summary**							
5	**Hyperlink to Lead Sheet**							
6	Source: Company Records							
7								
8	ITC AMORTIZATION SUMMARY							
9	2001-2053	**2000**		**2001**	**2002**	**2013**	**2014**	**2015**
10	Prior to PV & SJ life extensions on 09/30/16							
11	TOTAL AMORTIZATION			3,232,346	3,224,176	2,356,048	2,328,480	1,505,572
12	ANAHEIM SALE EFFECT			(114,701)	(114,701)	(102,729)	(102,729)	(102,729)
13	UAMPS SALE EFFECT			(80,291)	(80,291)	(71,910)	(71,910)	(71,910)
14	**C/Y AMORTIZATION**			**3,037,353**	**3,029,184**	**2,181,408**	**2,153,840**	**1,330,932**
15								
16	PRODUCTION			841,912	833,742	619,132	619,132	619,132
17	TRANSMISSION & DISTRIBUTION			809,736	809,736	405,304	377,736	267,696
18	SO2			228,734	228,734	-	-	-
19	NUCLEAR			1,156,972	1,156,972	1,156,972	1,156,972	444,104
20	**C/Y AMORTIZATION**			**3,037,353**	**3,029,184**	**2,181,408**	**2,153,840**	**1,330,932**
21								
22								
23	BASIS	49,578,847		46,346,501	43,122,325	12,146,401	9,817,921	8,312,348
24	ANAHEIN SALE	114,701		114,701	114,701	102,729	102,729	102,729
25	ANAHEIM DELETION	(2,403,709)		(2,289,007)	(2,174,306)	(924,563)	(821,833)	(719,104)
26	UAMP SALE	80,291		80,291	80,291	71,910	71,910	71,910
27	UAMP DELETION	(1,682,596)		(1,602,305)	(1,522,014)	(647,194)	(575,283)	(503,373)
28	SDCW ADJUSTMENT	613,609		613,609	613,609	613,609	613,609	613,609
29	**ENDING BASIS**	**46,301,144**		**43,263,791**	**40,234,607**	**11,362,893**	**9,209,053**	**7,878,120**
30								
31	PRODUCTION	15,166,714		14,324,803	13,491,060	5,521,470	4,902,338	4,283,206
32	TRANSMISSION & DISTRIBUTION	9,887,222		9,077,486	8,267,750	778,524	400,788	133,091
33	SO2	1,143,668		914,935	686,201	-	-	-
34	NUCLEAR	20,194,548		19,037,576	17,880,603	5,153,907	3,996,935	3,552,831
35	GENERAL	(91,008)		(91,008)	(91,008)	(91,008)	(91,008)	(91,008)
36	**ENDING BASIS**	**46,301,144**		**43,263,791**	**40,234,607**	**11,362,893**	**9,209,053**	**7,878,120**
37								
38								
39	**ELECTRIC UNAMORTIZED ITC**			**43,263,791**	**40,234,607**	**11,362,893**	**9,209,053**	**7,878,120**
40								
41								
42	**TOTAL UNAMORTIZED ITC**			**43,263,791**	**40,234,607**	**11,362,893**	**9,209,053**	**7,878,120**

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	A	B	C	D	E	P	Q	R
1	**Public Service Company of New Mexico**							
2	**NMPRC Case No. 26-00XXX-UT**							
3	**PNM Exhibit LTM-4**							
4	**ITC-2: ITC Summary**							
5	**Hyperlink to Lead Sheet**							
6	Source: Company Records							
7								
8	ITC AMORTIZATION SUMMARY							
9	2001-2053	**2000**		**2001**	**2002**	**2013**	**2014**	**2015**
43								
44								
45	New AmortIzaton with life extensions on 9/30/16							
46								
47	PRODUCTION						619,132	619,132
48	TRANSMISSION & DISTRIBUTION						377,736	267,696
49	SO2						-	-
50	NUCLEAR						1,156,972	444,104
51	**C/Y AMORTIZATION**			-	-	-	**2,153,840**	**1,330,932**
52								
53	Less Write-off of 50% of SJ units 2&3 as of 12/31/17							783,683
54								
55	**ITC BALANCE WITH LIFE EXTENSIONS AND SJ UNITS 2 & 3 WRITE-OFFS**						**9,209,053**	**7,094,438**
56								
57	ITC SANDIA							
58	ITC SUNBELT							
59	ITC DISTRIBUTION PHASE 2							
60								
61	**ITC MONETIZATION AMORTIZATION**							

This schedule is sponsored by PNM witness Morris

	A	S	T	U	V	W	X
1	**Public Service Company of New Mexico**						
2	**NMPRC Case No. 26-00XXX-UT**						
3	**PNM Exhibit LTM-4**						
4	**ITC-2: ITC Summary**						
5	**Hyperlink to Lead Sheet**						
6	Source: Company Records						
7							
8	ITC AMORTIZATION SUMMARY						
9	2001-2053	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
10	Prior to PV & SJ life extensions on 09/30/16						
11	TOTAL AMORTIZATION	1,352,921	1,255,921	1,231,433	1,229,560	838,919	809,158
12	ANAHEIM SALE EFFECT	(102,729)	(102,729)	(102,729)	(102,729)	(102,729)	(102,729)
13	UAMPS SALE EFFECT	(71,910)	(71,910)	(71,910)	(71,910)	(71,910)	(71,910)
14	**C/Y AMORTIZATION**	**1,178,282**	**1,081,282**	**1,056,794**	**1,054,920**	**664,279**	**634,518**
15							
16	PRODUCTION	619,132	619,132	612,690	610,817	220,175	190,414
17	TRANSMISSION & DISTRIBUTION	115,046	18,046	-	-	-	-
18	SO2	-	-	-	-	-	-
19	NUCLEAR	444,104	444,104	444,104	444,104	444,104	444,104
20	**C/Y AMORTIZATION**	**1,178,282**	**1,081,282**	**1,056,794**	**1,054,920**	**664,279**	**634,518**
21							
22							
23	BASIS	6,959,427	5,703,506	4,472,072	3,242,512	2,403,593	1,594,436
24	ANAHEIN SALE	102,729	102,729	102,729	102,729	102,729	102,729
25	ANAHEIM DELETION	(616,375)	(513,646)	(410,916)	(308,187)	(205,458)	(102,729)
26	UAMP SALE	71,910	71,910	71,910	71,910	71,910	71,910
27	UAMP DELETION	(431,462)	(359,552)	(287,641)	(215,731)	(143,820)	(71,910)
28	SDCW ADJUSTMENT	613,609	613,609	613,609	613,609	613,609	613,609
29	**ENDING BASIS**	**6,699,838**	**5,618,557**	**4,561,763**	**3,506,843**	**2,842,564**	**2,208,046**
30							
31	PRODUCTION	3,664,074	3,044,942	2,432,252	1,821,435	1,601,260	1,410,846
32	TRANSMISSION & DISTRIBUTION	18,046	(0)	(0)	(0)	(0)	(0)
33	SO2	-	-	-	-	-	-
34	NUCLEAR	3,108,727	2,664,623	2,220,519	1,776,415	1,332,312	888,208
35	GENERAL	(91,008)	(91,008)	(91,008)	(91,008)	(91,008)	(91,008)
36	**ENDING BASIS**	**6,699,838**	**5,618,557**	**4,561,763**	**3,506,843**	**2,842,564**	**2,208,046**
37							
38							
39	**ELECTRIC UNAMORTIZED ITC**	**6,699,838**	**5,618,557**	**4,561,763**	**3,506,843**	**2,842,564**	**2,208,046**
40							
41							
42	**TOTAL UNAMORTIZED ITC**	**6,699,838**	**5,618,557**	**4,561,763**	**3,506,843**	**2,842,564**	**2,208,046**

This schedule is sponsored by PNM witness Morris

	A	S	T	U	V	W	X
1	**Public Service Company of New Mexico**						
2	**NMPRC Case No. 26-00XXX-UT**						
3	**PNM Exhibit LTM-4**						
4	**ITC-2: ITC Summary**						
5	**Hyperlink to Lead Sheet**						
6	Source: Company Records						
7							
8	ITC AMORTIZATION SUMMARY						
9	2001-2053	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
43							
44							
45	New AmortIzaton with life extensions on 9/30/16						
46							
47	PRODUCTION	487,255	91,623	91,563	91,545	87,906	87,629
48	TRANSMISSION & DISTRIBUTION	115,046	18,046	-	-	-	-
49	SO2	-	-	-	-	-	-
50	NUCLEAR	359,687	106,438	106,438	106,438	106,438	106,438
51	**C/Y AMORTIZATION**	**961,988**	**216,107**	**198,001**	**197,984**	**194,345**	**194,067**
52							
53	Less Write-off of 50% of SJ units 2&3 as of 12/31/17			(21,769)	(21,769)	(21,769)	(21,769)
54							
55	**ITC BALANCE WITH LIFE EXTENSIONS AND SJ UNITS 2 & 3 WRIT**	**6,132,450**	**5,916,343**	**5,740,111**	**5,563,896**	**5,391,321**	**5,219,022**
56							
57	ITC SANDIA						
58	ITC SUNBELT						
59	ITC DISTRIBUTION PHASE 2						
60							
61	**ITC MONETIZATION AMORTIZATION**						

This schedule is sponsored by PNM witness Morris

	A	Y	Z	AA	AB	AC	AD
1	**Public Service Company of New Mexico**						
2	**NMPRC Case No. 26-00XXX-UT**						
3	**PNM Exhibit LTM-4**						
4	**ITC-2: ITC Summary**						
5	**Hyperlink to Lead Sheet**						
6	Source: Company Records						
7							
8	ITC AMORTIZATION SUMMARY						
9	2001-2053	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
10	Prior to PV & SJ life extensions on 09/30/16						
11	TOTAL AMORTIZATION	803,764	664,741	74,491	57,978	44,876	9,989
12	ANAHEIM SALE EFFECT	-	-	-	-	-	-
13	UAMPS SALE EFFECT	-	-	-	-	-	-
14	**C/Y AMORTIZATION**	**803,764**	**664,741**	**74,491**	**57,978**	**44,876**	**9,989**
15							
16	PRODUCTION	359,660	220,637	74,491	57,978	44,876	9,989
17	TRANSMISSION & DISTRIBUTION	-	-	-	-	-	-
18	SO2	-	-	-	-	-	-
19	NUCLEAR	444,104	444,104	-	-	-	-
20	**C/Y AMORTIZATION**	**803,764**	**664,741**	**74,491**	**57,978**	**44,876**	**9,989**
21							
22							
23	BASIS	790,672	125,931	51,440	(6,539)	(51,415)	(61,403)
24	ANAHEIN SALE	-	-	-	-	-	-
25	ANAHEIM DELETION	0	0	0	0	0	0
26	UAMP SALE	-	-	-	-	-	-
27	UAMP DELETION	1	1	1	1	1	1
28	SDCW ADJUSTMENT	613,609	613,609	613,609	613,609	613,609	613,609
29	**ENDING BASIS**	**1,404,282**	**739,541**	**665,050**	**607,072**	**562,196**	**552,207**
30							
31	PRODUCTION	1,051,186	830,549	756,058	698,080	653,204	643,215
32	TRANSMISSION & DISTRIBUTION	(0)	(0)	(0)	(0)	(0)	(0)
33	SO2	-	-	-	-	-	-
34	NUCLEAR	444,104	0	0	0	0	0
35	GENERAL	(91,008)	(91,008)	(91,008)	(91,008)	(91,008)	(91,008)
36	**ENDING BASIS**	**1,404,282**	**739,541**	**665,050**	**607,072**	**562,196**	**552,207**
37							
38							
39	**ELECTRIC UNAMORTIZED ITC**	**1,404,282**	**739,541**	**665,050**	**607,072**	**562,196**	**552,207**
40							
41							
42	**TOTAL UNAMORTIZED ITC**	**1,404,282**	**739,541**	**665,050**	**607,072**	**562,196**	**552,207**

This schedule is sponsored by PNM witness Morris

	A	Y	Z	AA	AB	AC	AD
1	**Public Service Company of New Mexico**						
2	**NMPRC Case No. 26-00XXX-UT**						
3	**PNM Exhibit LTM-4**						
4	**ITC-2: ITC Summary**						
5	**Hyperlink to Lead Sheet**						
6	Source: Company Records						
7							
8	ITC AMORTIZATION SUMMARY						
9	2001-2053	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
43							
44							
45	New AmortIzaton with life extensions on 9/30/16						
46							
47	PRODUCTION	87,579	86,284	84,923	84,769	84,647	84,322
48	TRANSMISSION & DISTRIBUTION	-	-	-	-	-	-
49	SO2	-	-	-	-	-	-
50	NUCLEAR	106,438	106,438	106,438	106,438	106,438	106,438
51	**C/Y AMORTIZATION**	**194,017**	**192,722**	**191,361**	**191,207**	**191,085**	**190,760**
52							
53	Less Write-off of 50% of SJ units 2&3 as of 12/31/17	(21,769)	(21,769)	(21,769)	(21,769)	(21,769)	(21,769)
54							
55	**ITC BALANCE WITH LIFE EXTENSIONS AND SJ UNITS 2 & 3 WRIT**	**5,046,774**	**4,875,821**	**4,706,229**	**4,536,791**	**4,367,475**	**4,198,484**
56							
57	ITC SANDIA						1,395,129
58	ITC SUNBELT						
59	ITC DISTRIBUTION PHASE 2						
60							
61	**ITC MONETIZATION AMORTIZATION**						**1,395,129**

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	A	AE	AF	AG	AH	AI	AJ
1	**Public Service Company of New Mexico**						
2	**NMPRC Case No. 26-00XXX-UT**						
3	**PNM Exhibit LTM-4**						
4	**ITC-2: ITC Summary**						
5	**Hyperlink to Lead Sheet**						
6	Source: Company Records						
7							
8	ITC AMORTIZATION SUMMARY						
9	2001-2053	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**
10	Prior to PV & SJ life extensions on 09/30/16						
11	TOTAL AMORTIZATION	-	-				
12	ANAHEIM SALE EFFECT	-	-				
13	UAMPS SALE EFFECT	-	-				
14	**C/Y AMORTIZATION**	**-**	**-**				
15							
16	PRODUCTION	-	-				
17	TRANSMISSION & DISTRIBUTION	-	-				
18	SO2	-	-				
19	NUCLEAR	-	-				
20	**C/Y AMORTIZATION**	**-**	**-**				
21							
22							
23	BASIS	(61,403)	(61,403)				
24	ANAHEIN SALE	-	-				
25	ANAHEIM DELETION	0	0				
26	UAMP SALE	-	-				
27	UAMP DELETION	1	1				
28	SDCW ADJUSTMENT	613,609	613,609				
29	**ENDING BASIS**	**552,207**	**552,207**				
30							
31	PRODUCTION	643,215	643,215				
32	TRANSMISSION & DISTRIBUTION	(0)	(0)				
33	SO2	-	-				
34	NUCLEAR	0	0				
35	GENERAL	(91,008)	(91,008)				
36	**ENDING BASIS**	**552,207**	**552,207**				
37							
38							
39	**ELECTRIC UNAMORTIZED ITC**	**552,207**	**552,207**				
40							
41							
42	**TOTAL UNAMORTIZED ITC**	**552,207**	**552,207**				

This schedule is sponsored by PNM witness Morris

	A	AE	AF	AG	AH	AI	AJ
1	**Public Service Company of New Mexico**						
2	**NMPRC Case No. 26-00XXX-UT**						
3	**PNM Exhibit LTM-4**						
4	**ITC-2: ITC Summary**						
5	**Hyperlink to Lead Sheet**						
6	Source: Company Records						
7							
8	ITC AMORTIZATION SUMMARY						
9	2001-2053	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**
43							
44							
45	New AmortIzaton with life extensions on 9/30/16						
46							
47	PRODUCTION	84,229	84,229	84,229	84,229	84,229	84,229
48	TRANSMISSION & DISTRIBUTION	-	-	-	-	-	-
49	SO2	-	-	-	-	-	-
50	NUCLEAR	106,438	106,438	106,438	106,438	106,438	106,438
51	**C/Y AMORTIZATION**	**190,667**	**190,667**	**190,667**	**190,667**	**190,667**	**190,667**
52							
53	Less Write-off of 50% of SJ units 2&3 as of 12/31/17	(21,769)	(21,769)	(21,769)	(21,769)	(21,769)	(21,769)
54							
55	**ITC BALANCE WITH LIFE EXTENSIONS AND SJ UNITS 2 & 3 WRIT**	**4,029,587**	**3,860,689**	**3,691,791**	**3,522,893**	**3,353,995**	**3,185,097**
56							
57	ITC SANDIA	5,580,515	5,580,515	5,580,515	5,580,515	4,185,386	
58	ITC SUNBELT	7,896,964	15,793,929	15,793,929	15,793,929	15,793,929	7,896,964
59	ITC DISTRIBUTION PHASE 2	4,715,307	4,715,307	4,715,307	4,715,307	4,715,307	
60							
61	**ITC MONETIZATION AMORTIZATION**	**18,192,786**	**26,089,751**	**26,089,751**	**26,089,751**	**24,694,622**	**7,896,964**

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	A	AK	AL	AM	AN	AO	AP
1	**Public Service Company of New Mexico**						
2	**NMPRC Case No. 26-00XXX-UT**						
3	**PNM Exhibit LTM-4**						
4	**ITC-2: ITC Summary**						
5	**Hyperlink to Lead Sheet**						
6	Source: Company Records						
7							
8	ITC AMORTIZATION SUMMARY						
9	2001-2053	**2034**	**2035**	**2036**	**2037**	**2038**	**2039**
10	Prior to PV & SJ life extensions on 09/30/16						
11	TOTAL AMORTIZATION						
12	ANAHEIM SALE EFFECT						
13	UAMPS SALE EFFECT						
14	**C/Y AMORTIZATION**						
15							
16	PRODUCTION						
17	TRANSMISSION & DISTRIBUTION						
18	SO2						
19	NUCLEAR						
20	**C/Y AMORTIZATION**						
21							
22							
23	BASIS						
24	ANAHEIN SALE						
25	ANAHEIM DELETION						
26	UAMP SALE						
27	UAMP DELETION						
28	SDCW ADJUSTMENT						
29	**ENDING BASIS**						
30							
31	PRODUCTION						
32	TRANSMISSION & DISTRIBUTION						
33	SO2						
34	NUCLEAR						
35	GENERAL						
36	**ENDING BASIS**						
37							
38							
39	**ELECTRIC UNAMORTIZED ITC**						
40							
41							
42	**TOTAL UNAMORTIZED ITC**						

This schedule is sponsored by PNM witness Morris

	A	AK	AL	AM	AN	AO	AP
1	**Public Service Company of New Mexico**						
2	**NMPRC Case No. 26-00XXX-UT**						
3	**PNM Exhibit LTM-4**						
4	**ITC-2: ITC Summary**						
5	**Hyperlink to Lead Sheet**						
6	Source: Company Records						
7							
8	ITC AMORTIZATION SUMMARY						
9	2001-2053	**2034**	**2035**	**2036**	**2037**	**2038**	**2039**
43							
44							
45	New AmortIzaton with life extensions on 9/30/16						
46							
47	PRODUCTION	84,229	84,229	84,229	84,229	84,229	84,229
48	TRANSMISSION & DISTRIBUTION	-	-	-	-	-	-
49	SO2	-	-	-	-	-	-
50	NUCLEAR	106,438	106,438	106,438	106,438	106,438	106,438
51	**C/Y AMORTIZATION**	**190,667**	**190,667**	**190,667**	**190,667**	**190,667**	**190,667**
52							
53	Less Write-off of 50% of SJ units 2&3 as of 12/31/17	(21,769)	(21,769)	(21,769)	(21,769)	(21,769)	(21,769)
54							
55	**ITC BALANCE WITH LIFE EXTENSIONS AND SJ UNITS 2 & 3 WRIT**	**3,016,199**	**2,847,302**	**2,678,404**	**2,509,506**	**2,340,608**	**2,171,710**
56							
57	ITC SANDIA						
58	ITC SUNBELT						
59	ITC DISTRIBUTION PHASE 2						
60							
61	**ITC MONETIZATION AMORTIZATION**						

This schedule is sponsored by PNM witness Morris

	A	AQ	AR	AS	AT	AU	AV
1	**Public Service Company of New Mexico**						
2	**NMPRC Case No. 26-00XXX-UT**						
3	**PNM Exhibit LTM-4**						
4	**ITC-2: ITC Summary**						
5	**Hyperlink to Lead Sheet**						
6	Source: Company Records						
7							
8	ITC AMORTIZATION SUMMARY						
9	2001-2053	**2040**	**2041**	**2042**	**2043**	**2044**	**2045**
10	Prior to PV & SJ life extensions on 09/30/16						
11	TOTAL AMORTIZATION						
12	ANAHEIM SALE EFFECT						
13	UAMPS SALE EFFECT						
14	**C/Y AMORTIZATION**						
15							
16	PRODUCTION						
17	TRANSMISSION & DISTRIBUTION						
18	SO2						
19	NUCLEAR						
20	**C/Y AMORTIZATION**						
21							
22							
23	BASIS						
24	ANAHEIN SALE						
25	ANAHEIM DELETION						
26	UAMP SALE						
27	UAMP DELETION						
28	SDCW ADJUSTMENT						
29	**ENDING BASIS**						
30							
31	PRODUCTION						
32	TRANSMISSION & DISTRIBUTION						
33	SO2						
34	NUCLEAR						
35	GENERAL						
36	**ENDING BASIS**						
37							
38							
39	**ELECTRIC UNAMORTIZED ITC**						
40							
41							
42	**TOTAL UNAMORTIZED ITC**						

This schedule is sponsored by PNM witness Morris

	A	AQ	AR	AS	AT	AU	AV
1	**Public Service Company of New Mexico**						
2	**NMPRC Case No. 26-00XXX-UT**						
3	**PNM Exhibit LTM-4**						
4	**ITC-2: ITC Summary**						
5	**Hyperlink to Lead Sheet**						
6	Source: Company Records						
7							
8	ITC AMORTIZATION SUMMARY						
9	2001-2053	**2040**	**2041**	**2042**	**2043**	**2044**	**2045**
43							
44							
45	New AmortIzaton with life extensions on 9/30/16						
46							
47	PRODUCTION	84,229	84,229	84,229	84,229	84,229	84,229
48	TRANSMISSION & DISTRIBUTION	-	-	-	-	-	-
49	SO2	-	-	-	-	-	-
50	NUCLEAR	106,438	106,438	106,438	106,438	106,438	106,438
51	**C/Y AMORTIZATION**	**190,667**	**190,667**	**190,667**	**190,667**	**190,667**	**190,667**
52							
53	Less Write-off of 50% of SJ units 2&3 as of 12/31/17	(21,769)	(21,769)	(21,769)	(21,769)	(21,769)	(21,769)
54							
55	**ITC BALANCE WITH LIFE EXTENSIONS AND SJ UNITS 2 & 3 WRIT**	**2,002,812**	**1,833,914**	**1,665,017**	**1,496,119**	**1,327,221**	**1,158,323**
56							
57	ITC SANDIA						
58	ITC SUNBELT						
59	ITC DISTRIBUTION PHASE 2						
60							
61	**ITC MONETIZATION AMORTIZATION**						

This schedule is sponsored by PNM witness Morris

	A	AW	AX	AY	AZ	BA	BB
1	**Public Service Company of New Mexico**						
2	**NMPRC Case No. 26-00XXX-UT**						
3	**PNM Exhibit LTM-4**						
4	**ITC-2: ITC Summary**						
5	**Hyperlink to Lead Sheet**						
6	Source: Company Records						
7							
8	ITC AMORTIZATION SUMMARY						
9	2001-2053	**2046**	**2047**	**2048**	**2049**	**2050**	**2051**
10	Prior to PV & SJ life extensions on 09/30/16						
11	TOTAL AMORTIZATION						
12	ANAHEIM SALE EFFECT						
13	UAMPS SALE EFFECT						
14	**C/Y AMORTIZATION**						
15							
16	PRODUCTION						
17	TRANSMISSION & DISTRIBUTION						
18	SO2						
19	NUCLEAR						
20	**C/Y AMORTIZATION**						
21							
22							
23	BASIS						
24	ANAHEIN SALE						
25	ANAHEIM DELETION						
26	UAMP SALE						
27	UAMP DELETION						
28	SDCW ADJUSTMENT						
29	**ENDING BASIS**						
30							
31	PRODUCTION						
32	TRANSMISSION & DISTRIBUTION						
33	SO2						
34	NUCLEAR						
35	GENERAL						
36	**ENDING BASIS**						
37							
38							
39	**ELECTRIC UNAMORTIZED ITC**						
40							
41							
42	**TOTAL UNAMORTIZED ITC**						

This schedule is sponsored by PNM witness Morris

	A	AW	AX	AY	AZ	BA	BB
1	**Public Service Company of New Mexico**						
2	**NMPRC Case No. 26-00XXX-UT**						
3	**PNM Exhibit LTM-4**						
4	**ITC-2: ITC Summary**						
5	**Hyperlink to Lead Sheet**						
6	Source: Company Records						
7							
8	ITC AMORTIZATION SUMMARY						
9	2001-2053	**2046**	**2047**	**2048**	**2049**	**2050**	**2051**
43							
44							
45	New AmortIzaton with life extensions on 9/30/16						
46							
47	PRODUCTION	84,229	84,229	84,229	84,229	84,229	84,229
48	TRANSMISSION & DISTRIBUTION	-	-	-	-	-	-
49	SO2	-	-	-	-	-	-
50	NUCLEAR	106,438	-	-	-	-	-
51	**C/Y AMORTIZATION**	**190,667**	**84,229**	**84,229**	**84,229**	**84,229**	**84,229**
52							
53	Less Write-off of 50% of SJ units 2&3 as of 12/31/17	(21,769)	(21,769)	(21,769)	(21,769)	(21,769)	(21,769)
54							
55	**ITC BALANCE WITH LIFE EXTENSIONS AND SJ UNITS 2 & 3 WRIT**	**989,425**	**926,965**	**864,506**	**802,046**	**739,586**	**677,127**
56							
57	ITC SANDIA						
58	ITC SUNBELT						
59	ITC DISTRIBUTION PHASE 2						
60							
61	**ITC MONETIZATION AMORTIZATION**						

This schedule is sponsored by PNM witness Morris

	A	BC	BD
1	**Public Service Company of New Mexico**		
2	**NMPRC Case No. 26-00XXX-UT**		
3	**PNM Exhibit LTM-4**		
4	**ITC-2: ITC Summary**		
5	**Hyperlink to Lead Sheet**		
6	Source: Company Records		
7			
8	ITC AMORTIZATION SUMMARY		
9	2001-2053	**2052**	**2053**
10	Prior to PV & SJ life extensions on 09/30/16		
11	TOTAL AMORTIZATION		
12	ANAHEIM SALE EFFECT		
13	UAMPS SALE EFFECT		
14	**C/Y AMORTIZATION**		
15			
16	PRODUCTION		
17	TRANSMISSION & DISTRIBUTION		
18	SO2		
19	NUCLEAR		
20	**C/Y AMORTIZATION**		
21			
22			
23	BASIS		
24	ANAHEIN SALE		
25	ANAHEIM DELETION		
26	UAMP SALE		
27	UAMP DELETION		
28	SDCW ADJUSTMENT		
29	**ENDING BASIS**		
30			
31	PRODUCTION		
32	TRANSMISSION & DISTRIBUTION		
33	SO2		
34	NUCLEAR		
35	GENERAL		
36	**ENDING BASIS**		
37			
38			
39	**ELECTRIC UNAMORTIZED ITC**		
40			
41			
42	**TOTAL UNAMORTIZED ITC**		

This schedule is sponsored by PNM witness Morris

	A	BC	BD
1	**Public Service Company of New Mexico**		
2	**NMPRC Case No. 26-00XXX-UT**		
3	**PNM Exhibit LTM-4**		
4	**ITC-2: ITC Summary**		
5	**Hyperlink to Lead Sheet**		
6	Source: Company Records		
7			
8	ITC AMORTIZATION SUMMARY		
9	2001-2053	**2052**	**2053**
43			
44			
45	New AmortIzaton with life extensions on 9/30/16		
46			
47	PRODUCTION	84,229	84,229
48	TRANSMISSION & DISTRIBUTION	-	-
49	SO2	-	-
50	NUCLEAR	-	-
51	**C/Y AMORTIZATION**	**84,229**	**84,229**
52			
53	Less Write-off of 50% of SJ units 2&3 as of 12/31/17	(21,769)	(21,769)
54			
55	**ITC BALANCE WITH LIFE EXTENSIONS AND SJ UNITS 2 & 3 WRIT**	**614,667**	**552,207**
56			
57	ITC SANDIA		
58	ITC SUNBELT		
59	ITC DISTRIBUTION PHASE 2		
60			
61	**ITC MONETIZATION AMORTIZATION**		

This schedule is sponsored by PNM witness Morris

	A	AA	AB	AC	AD	AE	AF
1	**Public Service Company of New Mexico**						
2	**NMPRC Case No. 26-00XXX-UT**						
3	**PNM Exhibit LTM-4**						
4	**ITC-3: ITC Amortization**						
5	Hyperlink to Lead Sheet						
6	**Source: Company Records**						
7							
8	**Vintage**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
9							
10	1962	-	-	-	-	-	-
11	1963	-	-	-	-	-	-
12	1964	-	-	-	-	-	-
13	1965	-	-	-	-	-	-
14	1966	-	-	-	-	-	-
15	1967	-	-	-	-	-	-
16	1968	-	-	-	-	-	-
17	1969	-	-	-	-	-	-
18	1970	-	-	-	-	-	-
19	1971	-	-	-	-	-	-
20	1972	-	-	-	-	-	-
21							
22	subtotal 3%	-	-	-	-	-	-
23							
24	1973	-	-	-	-	-	-
25	1974	-	-	-	-	-	-
26							
27	subtotal 4%	-	-	-	-	-	-
28							
29	1975	-	-	-	-	-	-
30	1976	-	-	-	-	-	-
31							
32	subtotal 10%	-	-	-	-	-	-
33							
34	total pre 1977	-	-	-	-	-	-
35							
36	1977						
37	production	-	-	-	-	-	-
38	trans & dist	-	-	-	-	-	-
39							
40	total 1977	-	-	-	-	-	-
41							
42	1978						
43	production	-	-	-	-	-	-
44	trans & dist	-	-	-	-	-	-
45							
46	total 1978	-	-	-	-	-	-

	A	AA	AB	AC	AD	AE	AF
1	**Public Service Company of New Mexico**						
2	**NMPRC Case No. 26-00XXX-UT**						
3	**PNM Exhibit LTM-4**						
4	**ITC-3: ITC Amortization**						
5	Hyperlink to Lead Sheet						
6	**Source: Company Records**						
7							
8	**Vintage**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
47							
48	1979						
49	production	-	-	-	-	-	-
50	trans & dist	-	-	-	-	-	-
51							
52	total 1979	-	-	-	-	-	-
53							
54	1980						
55	production	-	-	-	-	-	-
56	trans & dist	-	-	-	-	-	-
57							
58	total 1980	-	-	-	-	-	-
59							
60	1981						
61	production	5,394	-	-	-	-	-
62	trans & dist	-	-	-	-	-	-
63							
64	total 1981	5,394	-	-	-	-	-
65							
66	1982						
67	production	139,023	139,023	-	-	-	-
68	trans & dist	-	-	-	-	-	-
69							
70	total 1982	139,023	139,023	-	-	-	-
71							
72	1983						
73	production	146,147	146,147	146,147	-	-	-
74	trans & dist	-	-	-	-	-	-
75							
76	total 1983	146,147	146,147	146,147	-	-	-
77							
78	1984						
79	production	16,512	16,512	16,512	16,512	-	-
80	trans & dist	-	-	-	-	-	-
81							
82	total 1984	16,512	16,512	16,512	16,512	-	-
83							
84	1985						
85	production	13,102	13,102	13,102	13,102	13,102	-
86	trans & dist	-	-	-	-	-	-
87	SO2	-	-	-	-	-	-
88							
89	total 1985	13,102	13,102	13,102	13,102	13,102	-

	A	AA	AB	AC	AD	AE	AF
1	**Public Service Company of New Mexico**						
2	**NMPRC Case No. 26-00XXX-UT**						
3	**PNM Exhibit LTM-4**						
4	**ITC-3: ITC Amortization**						
5	Hyperlink to Lead Sheet						
6	**Source: Company Records**						
7							
8	**Vintage**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
90							
91	1986						
92	production	34,887	34,887	34,887	34,887	34,887	34,887
93	trans & dist	-	-	-	-	-	-
94							
95	total 1986	34,887	34,887	34,887	34,887	34,887	34,887
96							
97	1987						
98	qpe's	-	-	-	-	-	-
99	production	9,989	9,989	9,989	9,989	9,989	9,989
100	trans & dist	-	-	-	-	-	-
101	89 1139 c/b	-	-	-	-	-	-
102							
103	total 1987	9,989	9,989	9,989	9,989	9,989	9,989
104							
105	palo verde						
106	unit 1	444,104	444,104	444,104	-	-	-
107	unit 2	-	-	-	-	-	-
108	unit 3	-	-	-	-	-	-
109	lessor unit 2	-	-	-	-	-	-
110	transmission	-	-	-	-	-	-
111	sec 48(d)(5)	-	-	-	-	-	-
112							
113	total PV	444,104	444,104	444,104	-	-	-
114							
115							
116	Extended lifes per Lynn						
117	PV	2,021	2,022	2,023	2,024	2,025	2,026
118	SJ						
119		106,438	106,438	106,438	106,438	106,438	106,438
120		-	-	-	-	-	-
121		-	-	-	-	-	-
122		-	-	-	-	-	-
123		-	-	-	-	-	-
124		-	-	-	-	-	-
125		106,438	106,438	106,438	106,438	106,438	106,438
126							
127	**EXTEND ALL PV TO 2046**	**(337,666)**	**(337,666)**	**(337,666)**	**106,438**	**106,438**	**106,438**

	A	AA	AB	AC	AD	AE	AF
1	**Public Service Company of New Mexico**						
2	**NMPRC Case No. 26-00XXX-UT**						
3	**PNM Exhibit LTM-4**						
4	**ITC-3: ITC Amortization**						
5	Hyperlink to Lead Sheet						
6	**Source: Company Records**						
7							
8	**Vintage**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
128							
129							
130							
131							
132							
133	All non-nuclear generation	190,414	359,660	220,637	74,491	57,978	44,876
134							
135							
136							
137							
138	Total remaining non-nuclear generation 2016						
139	SJ % of pre 87 non-nuclear generation costs						
140	Total to be extended						
141	Add ana/uamps						
142							
143							
144	**year**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
145							
146	amort above	365,054	359,660	220,637	74,491	57,978	44,876
147	amnan/uamps	(174,640)	-	-	-	-	-
148	of amort above	(361,653)	(356,310)	(218,582)	(73,797)	(57,438)	(44,458)
149	years	108,842	108,842	108,842	108,842	108,842	108,842
150	remove 100% ana/uamp	174,640	-	-	-	-	-
151	years	(24,614)	(24,614)	(24,614)	(24,614)	(24,614)	(24,614)
152							
153	**New amortization**	**87,629**	**87,579**	**86,284**	**84,923**	**84,769**	**84,647**
154	Difference	(102,785)	(272,081)	(134,353)	10,432	26,790	39,771

	A	AG	AH	AI	AJ	AK	AL
1	**Public Service Company of New Mexico**						
2	**NMPRC Case No. 26-00XXX-UT**						
3	**PNM Exhibit LTM-4**						
4	**ITC-3: ITC Amortization**						
5	Hyperlink to Lead Sheet						
6	**Source: Company Records**						
7							
8	**Vintage**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**
9							
10	1962	-	-	-			
11	1963	-	-	-			
12	1964	-	-	-			
13	1965	-	-	-			
14	1966	-	-	-			
15	1967	-	-	-			
16	1968	-	-	-			
17	1969	-	-	-			
18	1970	-	-	-			
19	1971	-	-	-			
20	1972	-	-	-			
21							
22	subtotal 3%	-	-	-			
23							
24	1973	-	-	-			
25	1974	-	-	-			
26							
27	subtotal 4%	-	-	-			
28							
29	1975	-	-	-			
30	1976	-	-	-			
31							
32	subtotal 10%	-	-	-			
33							
34	total pre 1977	-	-	-			
35							
36	1977						
37	production	-	-	-			
38	trans & dist	-	-	-			
39							
40	total 1977	-	-	-			
41							
42	1978						
43	production	-	-	-			
44	trans & dist	-	-	-			
45							
46	total 1978	-	-	-			

	A	AG	AH	AI	AJ	AK	AL
1	**Public Service Company of New Mexico**						
2	**NMPRC Case No. 26-00XXX-UT**						
3	**PNM Exhibit LTM-4**						
4	**ITC-3: ITC Amortization**						
5	Hyperlink to Lead Sheet						
6	**Source: Company Records**						
7							
8	**Vintage**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**
47							
48	1979						
49	production	-	-	-			
50	trans & dist	-	-	-			
51							
52	total 1979	-	-	-			
53							
54	1980						
55	production	-	-	-			
56	trans & dist	-	-	-			
57							
58	total 1980	-	-	-			
59							
60	1981						
61	production	-	-	-			
62	trans & dist	-	-	-			
63							
64	total 1981	-	-	-			
65							
66	1982						
67	production	-	-	-			
68	trans & dist	-	-	-			
69							
70	total 1982	-	-	-			
71							
72	1983						
73	production	-	-	-			
74	trans & dist	-	-	-			
75							
76	total 1983	-	-	-			
77							
78	1984						
79	production	-	-	-			
80	trans & dist	-	-	-			
81							
82	total 1984	-	-	-			
83							
84	1985						
85	production	-	-	-			
86	trans & dist	-	-	-			
87	SO2	-	-	-			
88							
89	total 1985	-	-	-			

This schedule is sponsored by PNM witness Morris

	A	AG	AH	AI	AJ	AK	AL
1	**Public Service Company of New Mexico**						
2	**NMPRC Case No. 26-00XXX-UT**						
3	**PNM Exhibit LTM-4**						
4	**ITC-3: ITC Amortization**						
5	Hyperlink to Lead Sheet						
6	**Source: Company Records**						
7							
8	**Vintage**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**
90							
91	1986						
92	production	-	-	-			
93	trans & dist	-	-	-			
94							
95	total 1986	-	-	-			
96							
97	1987						
98	qpe's	-	-	-			
99	production	9,989	-	-			
100	trans & dist	-	-	-			
101	89 1139 c/b	-	-	-			
102							
103	total 1987	9,989	-	-			
104							
105	palo verde						
106	unit 1	-	-	-			
107	unit 2	-	-	-			
108	unit 3	-	-	-			
109	lessor unit 2	-	-	-			
110	transmission	-	-	-			
111	sec 48(d)(5)	-	-	-			
112							
113	total PV	-	-	-			
114							
115							
116	Extended lifes per Lynn						
117	PV	2,027	2,028	2,029	2,030	2,031	2,032
118	SJ						
119		106,438	106,438	106,438	106,438	106,438	106,438
120		-	-	-	-	-	-
121		-	-	-	-	-	-
122		-	-	-	-	-	-
123		-	-	-	-	-	-
124		-	-	-	-	-	-
125		106,438	106,438	106,438	106,438	106,438	106,438
126							
127	**EXTEND ALL PV TO 2046**	**106,438**	**106,438**	**106,438**	**106,438**	**106,438**	**106,438**

This schedule is sponsored by PNM witness Morris

	A	AG	AH	AI	AJ	AK	AL
1	**Public Service Company of New Mexico**						
2	**NMPRC Case No. 26-00XXX-UT**						
3	**PNM Exhibit LTM-4**						
4	**ITC-3: ITC Amortization**						
5	Hyperlink to Lead Sheet						
6	**Source: Company Records**						
7							
8	**Vintage**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**
128							
129							
130							
131							
132							
133	All non-nuclear generation	9,989	-	-			
134							
135							
136							
137							
138	Total remaining non-nuclear generation 2016						
139	SJ % of pre 87 non-nuclear generation costs						
140	Total to be extended						
141	Add ana/uamps						
142							
143							
144	**year**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**
145							
146	amort above	9,989	-	-	-	-	-
147	amnan/uamps	-	-	-	-	-	-
148	of amort above	(9,895)	-	-	-	-	-
149	years	108,842	108,842	108,842	108,842	108,842	108,842
150	remove 100% ana/uamp	-	-	-	-	-	-
151	years	(24,614)	(24,614)	(24,614)	(24,614)	(24,614)	(24,614)
152							
153	**New amortization**	**84,322**	**84,229**	**84,229**	**84,229**	**84,229**	**84,229**
154	Difference	74,333	84,229	84,229	84,229	84,229	84,229

	A	AM	AN	AO	AP	AQ	AR
1	**Public Service Company of New Mexico**						
2	**NMPRC Case No. 26-00XXX-UT**						
3	**PNM Exhibit LTM-4**						
4	**ITC-3: ITC Amortization**						
5	Hyperlink to Lead Sheet						
6	**Source: Company Records**						
7							
8	**Vintage**	**2033**	**2034**	**2035**	**2036**	**2037**	**2038**
9							
10	1962						
11	1963						
12	1964						
13	1965						
14	1966						
15	1967						
16	1968						
17	1969						
18	1970						
19	1971						
20	1972						
21							
22	subtotal 3%						
23							
24	1973						
25	1974						
26							
27	subtotal 4%						
28							
29	1975						
30	1976						
31							
32	subtotal 10%						
33							
34	total pre 1977						
35							
36	1977						
37	production						
38	trans & dist						
39							
40	total 1977						
41							
42	1978						
43	production						
44	trans & dist						
45							
46	total 1978						

	A	AM	AN	AO	AP	AQ	AR
1	**Public Service Company of New Mexico**						
2	**NMPRC Case No. 26-00XXX-UT**						
3	**PNM Exhibit LTM-4**						
4	**ITC-3: ITC Amortization**						
5	Hyperlink to Lead Sheet						
6	**Source: Company Records**						
7							
8	**Vintage**	**2033**	**2034**	**2035**	**2036**	**2037**	**2038**
47							
48	1979						
49	production						
50	trans & dist						
51							
52	total 1979						
53							
54	1980						
55	production						
56	trans & dist						
57							
58	total 1980						
59							
60	1981						
61	production						
62	trans & dist						
63							
64	total 1981						
65							
66	1982						
67	production						
68	trans & dist						
69							
70	total 1982						
71							
72	1983						
73	production						
74	trans & dist						
75							
76	total 1983						
77							
78	1984						
79	production						
80	trans & dist						
81							
82	total 1984						
83							
84	1985						
85	production						
86	trans & dist						
87	SO2						
88							
89	total 1985						

	A	AM	AN	AO	AP	AQ	AR
1	**Public Service Company of New Mexico**						
2	**NMPRC Case No. 26-00XXX-UT**						
3	**PNM Exhibit LTM-4**						
4	**ITC-3: ITC Amortization**						
5	Hyperlink to Lead Sheet						
6	**Source: Company Records**						
7							
8	**Vintage**	**2033**	**2034**	**2035**	**2036**	**2037**	**2038**
90							
91	1986						
92	production						
93	trans & dist						
94							
95	total 1986						
96							
97	1987						
98	qpe's						
99	production						
100	trans & dist						
101	89 1139 c/b						
102							
103	total 1987						
104							
105	palo verde						
106	unit 1						
107	unit 2						
108	unit 3						
109	lessor unit 2						
110	transmission						
111	sec 48(d)(5)						
112							
113	total PV						
114							
115							
116	Extended lifes per Lynn						
117	PV	2,033	2,034	2,035	2,036	2,037	2,038
118	SJ						
119		106,438	106,438	106,438	106,438	106,438	106,438
120		-	-	-	-	-	-
121		-	-	-	-	-	-
122		-	-	-	-	-	-
123		-	-	-	-	-	-
124		-	-	-	-	-	-
125		106,438	106,438	106,438	106,438	106,438	106,438
126							
127	**EXTEND ALL PV TO 2046**	**106,438**	**106,438**	**106,438**	**106,438**	**106,438**	**106,438**

	A	AM	AN	AO	AP	AQ	AR
1	**Public Service Company of New Mexico**						
2	**NMPRC Case No. 26-00XXX-UT**						
3	**PNM Exhibit LTM-4**						
4	**ITC-3: ITC Amortization**						
5	Hyperlink to Lead Sheet						
6	**Source: Company Records**						
7							
8	**Vintage**	**2033**	**2034**	**2035**	**2036**	**2037**	**2038**
128							
129							
130							
131							
132							
133	All non-nuclear generation						
134							
135							
136							
137							
138	Total remaining non-nuclear generation 2016						
139	SJ % of pre 87 non-nuclear generation costs						
140	Total to be extended						
141	Add ana/uamps						
142							
143							
144	**year**	**2033**	**2034**	**2035**	**2036**	**2037**	**2038**
145							
146	amort above	-	-	-	-	-	-
147	amnan/uamps	-	-	-	-	-	-
148	of amort above	-	-	-	-	-	-
149	years	108,842	108,842	108,842	108,842	108,842	108,842
150	remove 100% ana/uamp	-	-	-	-	-	-
151	years	(24,614)	(24,614)	(24,614)	(24,614)	(24,614)	(24,614)
152							
153	**New amortization**	**84,229**	**84,229**	**84,229**	**84,229**	**84,229**	**84,229**
154	Difference	84,229	84,229	84,229	84,229	84,229	84,229

	A	AS	AT	AU	AV	AW	AX
1	**Public Service Company of New Mexico**						
2	**NMPRC Case No. 26-00XXX-UT**						
3	**PNM Exhibit LTM-4**						
4	**ITC-3: ITC Amortization**						
5	Hyperlink to Lead Sheet						
6	**Source: Company Records**						
7							
8	**Vintage**	**2039**	**2040**	**2041**	**2042**	**2043**	**2044**
9							
10	1962						
11	1963						
12	1964						
13	1965						
14	1966						
15	1967						
16	1968						
17	1969						
18	1970						
19	1971						
20	1972						
21							
22	subtotal 3%						
23							
24	1973						
25	1974						
26							
27	subtotal 4%						
28							
29	1975						
30	1976						
31							
32	subtotal 10%						
33							
34	total pre 1977						
35							
36	1977						
37	production						
38	trans & dist						
39							
40	total 1977						
41							
42	1978						
43	production						
44	trans & dist						
45							
46	total 1978						

	A	AS	AT	AU	AV	AW	AX
1	**Public Service Company of New Mexico**						
2	**NMPRC Case No. 26-00XXX-UT**						
3	**PNM Exhibit LTM-4**						
4	**ITC-3: ITC Amortization**						
5	Hyperlink to Lead Sheet						
6	**Source: Company Records**						
7							
8	**Vintage**	**2039**	**2040**	**2041**	**2042**	**2043**	**2044**
47							
48	1979						
49	production						
50	trans & dist						
51							
52	total 1979						
53							
54	1980						
55	production						
56	trans & dist						
57							
58	total 1980						
59							
60	1981						
61	production						
62	trans & dist						
63							
64	total 1981						
65							
66	1982						
67	production						
68	trans & dist						
69							
70	total 1982						
71							
72	1983						
73	production						
74	trans & dist						
75							
76	total 1983						
77							
78	1984						
79	production						
80	trans & dist						
81							
82	total 1984						
83							
84	1985						
85	production						
86	trans & dist						
87	SO2						
88							
89	total 1985						

This schedule is sponsored by PNM witness Morris

	A	AS	AT	AU	AV	AW	AX
1	**Public Service Company of New Mexico**						
2	**NMPRC Case No. 26-00XXX-UT**						
3	**PNM Exhibit LTM-4**						
4	**ITC-3: ITC Amortization**						
5	Hyperlink to Lead Sheet						
6	**Source: Company Records**						
7							
8	**Vintage**	**2039**	**2040**	**2041**	**2042**	**2043**	**2044**
90							
91	1986						
92	production						
93	trans & dist						
94							
95	total 1986						
96							
97	1987						
98	qpe's						
99	production						
100	trans & dist						
101	89 1139 c/b						
102							
103	total 1987						
104							
105	palo verde						
106	unit 1						
107	unit 2						
108	unit 3						
109	lessor unit 2						
110	transmission						
111	sec 48(d)(5)						
112							
113	total PV						
114							
115							
116	Extended lifes per Lynn						
117	PV	2,039	2,040	2,041	2,042	2,043	2,044
118	SJ						
119		106,438	106,438	106,438	106,438	106,438	106,438
120		-	-	-	-	-	-
121		-	-	-	-	-	-
122		-	-	-	-	-	-
123		-	-	-	-	-	-
124		-	-	-	-	-	-
125		106,438	106,438	106,438	106,438	106,438	106,438
126							
127	**EXTEND ALL PV TO 2046**	**106,438**	**106,438**	**106,438**	**106,438**	**106,438**	**106,438**

	A	AS	AT	AU	AV	AW	AX
1	**Public Service Company of New Mexico**						
2	**NMPRC Case No. 26-00XXX-UT**						
3	**PNM Exhibit LTM-4**						
4	**ITC-3: ITC Amortization**						
5	Hyperlink to Lead Sheet						
6	**Source: Company Records**						
7							
8	**Vintage**	**2039**	**2040**	**2041**	**2042**	**2043**	**2044**
128							
129							
130							
131							
132							
133	All non-nuclear generation						
134							
135							
136							
137							
138	Total remaining non-nuclear generation 2016						
139	SJ % of pre 87 non-nuclear generation costs						
140	Total to be extended						
141	Add ana/uamps						
142							
143							
144	**year**	**2039**	**2040**	**2041**	**2042**	**2043**	**2044**
145							
146	amort above	-	-	-	-	-	-
147	amnan/uamps	-	-	-	-	-	-
148	of amort above	-	-	-	-	-	-
149	years	108,842	108,842	108,842	108,842	108,842	108,842
150	remove 100% ana/uamp	-	-	-	-	-	-
151	years	(24,614)	(24,614)	(24,614)	(24,614)	(24,614)	(24,614)
152							
153	**New amortization**	**84,229**	**84,229**	**84,229**	**84,229**	**84,229**	**84,229**
154	Difference	84,229	84,229	84,229	84,229	84,229	84,229

	A	AY	AZ	BA	BB	BC	BD
1	**Public Service Company of New Mexico**						
2	**NMPRC Case No. 26-00XXX-UT**						
3	**PNM Exhibit LTM-4**						
4	**ITC-3: ITC Amortization**						
5	Hyperlink to Lead Sheet						
6	**Source: Company Records**						
7							
8	**Vintage**	**2045**	**2046**	**2047**	**2048**	**2049**	**2050**
9							
10	1962						
11	1963						
12	1964		This Page intentionally left blank				
13	1965						
14	1966						
15	1967						
16	1968						
17	1969						
18	1970						
19	1971						
20	1972						
21							
22	subtotal 3%						
23							
24	1973						
25	1974						
26							
27	subtotal 4%						
28							
29	1975						
30	1976						
31							
32	subtotal 10%						
33							
34	total pre 1977						
35							
36	1977						
37	production						
38	trans & dist						
39							
40	total 1977						
41							
42	1978						
43	production						
44	trans & dist						
45							
46	total 1978						

	A	AY	AZ	BA	BB	BC	BD
1	**Public Service Company of New Mexico**						
2	**NMPRC Case No. 26-00XXX-UT**						
3	**PNM Exhibit LTM-4**						
4	**ITC-3: ITC Amortization**						
5	Hyperlink to Lead Sheet						
6	**Source: Company Records**						
7							
8	**Vintage**	**2045**	**2046**	**2047**	**2048**	**2049**	**2050**
47							
48	1979						
49	production						
50	trans & dist						
51							
52	total 1979						
53							
54	1980						
55	production						
56	trans & dist						
57							
58	total 1980						
59							
60	1981						
61	production						
62	trans & dist						
63			This Page intentionally left blank				
64	total 1981						
65							
66	1982						
67	production						
68	trans & dist						
69							
70	total 1982						
71							
72	1983						
73	production						
74	trans & dist						
75							
76	total 1983						
77							
78	1984						
79	production						
80	trans & dist						
81							
82	total 1984						
83							
84	1985						
85	production						
86	trans & dist						
87	SO2						
88							
89	total 1985						

	A	AY	AZ	BA	BB	BC	BD
1	**Public Service Company of New Mexico**						
2	**NMPRC Case No. 26-00XXX-UT**						
3	**PNM Exhibit LTM-4**						
4	**ITC-3: ITC Amortization**						
5	Hyperlink to Lead Sheet						
6	**Source: Company Records**						
7							
8	**Vintage**	**2045**	**2046**	**2047**	**2048**	**2049**	**2050**
90							
91	1986						
92	production						
93	trans & dist						
94							
95	total 1986						
96							
97	1987						
98	qpe's						
99	production						
100	trans & dist						
101	89 1139 c/b						
102							
103	total 1987						
104							
105	palo verde						
106	unit 1						
107	unit 2						
108	unit 3						
109	lessor unit 2						
110	transmission						
111	sec 48(d)(5)						
112							
113	total PV						
114							
115							
116	Extended lifes per Lynn						
117	PV	2,045	2,046				
118	SJ						
119		106,438	106,438				
120		-	-				
121		-	-				
122		-	-				
123		-	-				
124		-	-				
125		106,438	106,438				
126							
127	**EXTEND ALL PV TO 2046**	**106,438**	**106,438**				

This schedule is sponsored by PNM witness Morris

	A	AY	AZ	BA	BB	BC	BD
1	**Public Service Company of New Mexico**						
2	**NMPRC Case No. 26-00XXX-UT**						
3	**PNM Exhibit LTM-4**						
4	**ITC-3: ITC Amortization**						
5	Hyperlink to Lead Sheet						
6	**Source: Company Records**						
7							
8	**Vintage**	**2045**	**2046**	**2047**	**2048**	**2049**	**2050**
128							
129							
130							
131							
132							
133	All non-nuclear generation						
134							
135							
136							
137							
138	Total remaining non-nuclear generation 2016						
139	SJ % of pre 87 non-nuclear generation costs						
140	Total to be extended						
141	Add ana/uamps						
142							
143							
144	**year**	**2045**	**2046**	**2047**	**2048**	**2049**	**2050**
145							
146	amort above	-	-	-	-	-	-
147	amnan/uamps	-	-	-	-	-	-
148	of amort above	-	-	-	-	-	-
149	years	108,842	108,842	108,842	108,842	108,842	108,842
150	remove 100% ana/uamp	-	-	-	-	-	-
151	years	(24,614)	(24,614)	(24,614)	(24,614)	(24,614)	(24,614)
152							
153	**New amortization**	**84,229**	**84,229**	**84,229**	**84,229**	**84,229**	**84,229**
154	Difference	84,229	84,229	84,229	84,229	84,229	84,229

	A	BE	BF	BG
1	**Public Service Company of New Mexico**			
2	**NMPRC Case No. 26-00XXX-UT**			
3	**PNM Exhibit LTM-4**			
4	**ITC-3: ITC Amortization**			
5	Hyperlink to Lead Sheet			
6	**Source: Company Records**			
7				
8	**Vintage**	**2051**	**2052**	**2053**
9				
10	1962			
11	1963			
12	1964			
13	1965			
14	1966			
15	1967			
16	1968			
17	1969			
18	1970			
19	1971			
20	1972			
21				
22	subtotal 3%			
23				
24	1973			
25	1974			
26				
27	subtotal 4%			
28				
29	1975			
30	1976			
31				
32	subtotal 10%			
33				
34	total pre 1977			
35				
36	1977			
37	production			
38	trans & dist			
39				
40	total 1977			
41				
42	1978			
43	production			
44	trans & dist			
45				
46	total 1978			

	A	BE	BF	BG
1	**Public Service Company of New Mexico**			
2	**NMPRC Case No. 26-00XXX-UT**			
3	**PNM Exhibit LTM-4**			
4	**ITC-3: ITC Amortization**			
5	Hyperlink to Lead Sheet			
6	**Source: Company Records**			
7				
8	**Vintage**	**2051**	**2052**	**2053**
47				
48	1979			
49	production			
50	trans & dist			
51				
52	total 1979			
53				
54	1980			
55	production			
56	trans & dist			
57				
58	total 1980			
59				
60	1981			
61	production			
62	trans & dist			
63				
64	total 1981			
65				
66	1982			
67	production			
68	trans & dist			
69				
70	total 1982			
71				
72	1983			
73	production			
74	trans & dist			
75				
76	total 1983			
77				
78	1984			
79	production			
80	trans & dist			
81				
82	total 1984			
83				
84	1985			
85	production			
86	trans & dist			
87	SO2			
88				
89	total 1985			

This schedule is sponsored by PNM witness Morris

	A	BE	BF	BG
1	**Public Service Company of New Mexico**			
2	**NMPRC Case No. 26-00XXX-UT**			
3	**PNM Exhibit LTM-4**			
4	**ITC-3: ITC Amortization**			
5	Hyperlink to Lead Sheet			
6	**Source: Company Records**			
7				
8	**Vintage**	**2051**	**2052**	**2053**
90				
91	1986			
92	production			
93	trans & dist			
94				
95	total 1986			
96				
97	1987			
98	qpe's			
99	production			
100	trans & dist			
101	89 1139 c/b			
102				
103	total 1987			
104				
105	palo verde			
106	unit 1			
107	unit 2			
108	unit 3			
109	lessor unit 2			
110	transmission			
111	sec 48(d)(5)			
112				
113	total PV			
114				
115				
116	Extended lifes per Lynn			
117	PV			
118	SJ			
119				
120				
121				
122				
123				
124				
125				
126				
127	**EXTEND ALL PV TO 2046**			

This schedule is sponsored by PNM witness Morris

	A	BE	BF	BG
1	**Public Service Company of New Mexico**			
2	**NMPRC Case No. 26-00XXX-UT**			
3	**PNM Exhibit LTM-4**			
4	**ITC-3: ITC Amortization**			
5	Hyperlink to Lead Sheet			
6	**Source: Company Records**			
7				
8	**Vintage**	**2051**	**2052**	**2053**
128				
129				
130				
131				
132				
133	All non-nuclear generation			
134				
135				
136				
137				
138	Total remaining non-nuclear generation 2016			
139	SJ % of pre 87 non-nuclear generation costs			
140	Total to be extended			
141	Add ana/uamps			
142				
143				
144	**year**	**2051**	**2052**	**2053**
145				
146	amort above	-	-	-
147	amnan/uamps	-	-	-
148	of amort above	-	-	-
149	years	108,842	108,842	108,842
150	remove 100% ana/uamp	-	-	-
151	years	(24,614)	(24,614)	(24,614)
152				
153	**New amortization**	**84,229**	**84,229**	**84,229**
154	Difference	84,229	84,229	84,229

	A	B	C	D
1	**Public Service Company of New Mexico**			
2	**NMPRC Case No. 26-00XXX-UT**			
3	**PNM Exhibit LTM-4**			
4	**ITC-4: SJGS Unit 4 ITC**			
5	Hyperlink to Lead Sheet			
6	**Source: Company Records**			
7				
8	**SAN JUAN UNIT 4 AMORTIZATION**			
9	**REFLECTS ANAHEIM & UAMPS SALES**	**277**	**118/277**	**50**
10		**TOTAL**	**TOTAL**	**LESS**
11		**SAN JUAN 4**	**FORMERLY EXCLUDED**	**ANAHEIM**
12				
13	1979	-	-	
14	1980	-	-	
15	1981	-	-	
16	1982	(608,989)	(259,425)	
17	1983	(913,486)	(389,138)	
18	1984	(913,486)	(389,138)	
19	1985	(913,486)	(389,138)	
20	1986	(913,486)	(389,138)	
21	1987	(913,486)	(389,138)	
22	1988	(967,333)	(412,077)	
23	1989	(967,333)	(412,077)	
24	1990	(967,333)	(412,077)	
25	1991	(967,333)	(412,077)	
26	1992	(967,333)	(412,077)	
27	1993	(967,333)	(412,077)	72,754
28	1994	(967,333)	(412,077)	174,609
29	1995	(967,333)	(412,077)	174,609
30	1996	(635,446)	(270,695)	114,701
31	1997	(635,446)	(270,695)	114,701
32	1998	(635,446)	(270,695)	114,701
33	1999	(635,446)	(270,695)	114,701
34	2000	(635,446)	(270,695)	114,701
35	2001	(635,446)	(270,695)	114,701
36	2002	(635,446)	(270,695)	114,701
37	2003	(635,446)	(270,695)	114,701
38	2004	(635,446)	(270,695)	114,701
39	2005	(635,446)	(270,695)	114,701
40	2006	(635,446)	(270,695)	114,701
41	2007	(635,445)	(270,695)	114,701
42	2008	(635,445)	(270,695)	114,701
43	2009	(635,445)	(270,695)	114,701
44	2010	(635,445)	(270,695)	114,701
45	2011	(635,445)	(270,695)	114,701
46	2012	(569,121)	(242,441)	102,729
47	2013	(569,120)	(242,441)	102,729
48	2014	(569,120)	(242,441)	102,729
49	2015	(569,120)	(242,441)	102,729
50	2016	(569,120)	(242,441)	102,729
51	2017	(569,120)	(242,441)	102,729
52	2018	(569,120)	(242,441)	102,729
53	2019	(569,120)	(242,441)	102,729
54	2020	(569,120)	(242,441)	102,729
55	2021	(569,120)	(242,441)	102,729
56	2022	-	-	-
57				
58	Total	**(28,773,415)**	**(12,257,267)**	**3,284,486**
59				
60	Note: the San Juan Unit 4 ITC is fully amortized			

This schedule is sponsored by PNM witness Morris

	A	E	F	G
1	**Public Service Company of New Mexico**			
2	**NMPRC Case No. 26-00XXX-UT**			
3	**PNM Exhibit LTM-4**			
4	**ITC-4: SJGS Unit 4 ITC**			
5	Hyperlink to Lead Sheet			
6	**Source: Company Records**			
7				
8	**SAN JUAN UNIT 4 AMORTIZATION**			
9	**REFLECTS ANAHEIM & UAMPS SALES**	**35**	**33**	**BOY**
10		**LESS**	**NET**	**TOTAL EXCLUDED**
11		**UAMPS**	**EXCLUDED**	**ACCUMULATED**
12				
13	1979		-	
14	1980		-	
15	1981		-	
16	1982		(259,425)	-
17	1983		(389,138)	(259,425)
18	1984		(389,138)	(648,563)
19	1985		(389,138)	(1,037,702)
20	1986		(389,138)	(1,426,840)
21	1987		(389,138)	(1,815,979)
22	1988		(412,077)	(2,205,117)
23	1989		(412,077)	(2,617,194)
24	1990		(412,077)	(3,029,271)
25	1991		(412,077)	(3,441,348)
26	1992		(412,077)	(3,853,425)
27	1993		(339,323)	(4,265,501)
28	1994	71,299	(166,169)	(4,677,578)
29	1995	122,226	(115,242)	(5,089,655)
30	1996	80,291	(75,703)	(5,501,732)
31	1997	80,291	(75,703)	(5,772,428)
32	1998	80,291	(75,703)	(6,043,123)
33	1999	80,291	(75,703)	(6,313,818)
34	2000	80,291	(75,703)	(6,584,514)
35	2001	80,291	(75,703)	(6,855,209)
36	2002	80,291	(75,703)	(7,125,905)
37	2003	80,291	(75,703)	(7,396,600)
38	2004	80,291	(75,703)	(7,667,295)
39	2005	80,291	(75,703)	(7,937,991)
40	2006	80,291	(75,703)	(8,208,686)
41	2007	80,291	(75,703)	(8,479,382)
42	2008	80,291	(75,703)	(8,750,077)
43	2009	80,291	(75,703)	(9,020,772)
44	2010	80,291	(75,703)	(9,291,467)
45	2011	80,291	(75,703)	(9,562,162)
46	2012	71,911	(67,801)	(9,832,857)
47	2013	71,910	(67,801)	(10,075,298)
48	2014	71,910	(67,801)	(10,317,739)
49	2015	71,910	(67,801)	(10,560,180)
50	2016	71,910	(67,801)	(10,802,621)
51	2017	71,910	(67,801)	(11,045,062)
52	2018	71,910	(67,801)	(11,287,503)
53	2019	71,910	(67,801)	(11,529,944)
54	2020	71,910	(67,801)	(11,772,385)
55	2021	71,910	(67,801)	(12,014,826)
56	2022	-	-	(12,257,267)
57				
58	Total	**2,197,286**	**(6,775,495)**	
59				
60	Note: the San Juan Unit 4 ITC is fully amortized			

This schedule is sponsored by PNM witness Morris

	A	H	I	J
1	**Public Service Company of New Mexico**			
2	**NMPRC Case No. 26-00XXX-UT**			
3	**PNM Exhibit LTM-4**			
4	**ITC-4: SJGS Unit 4 ITC**			
5	Hyperlink to Lead Sheet			
6	**Source: Company Records**			
7				
8	**SAN JUAN UNIT 4 AMORTIZATION**			
9	**REFLECTS ANAHEIM & UAMPS SALES**	**BOY ANAHEIM**	**BOY UAMPS**	
10		**REDUCTION IN**	**REDUCTION IN**	
11		**UMAMORTIZED**	**UMAMORTIZED**	
12				
13	1979			-
14	1980			-
15	1981			-
16	1982			-
17	1983			(259,425)
18	1984			(648,563)
19	1985			(1,037,702)
20	1986			(1,426,840)
21	1987			(1,815,979)
22	1988			(2,205,117)
23	1989			(2,617,194)
24	1990			(3,029,271)
25	1991			(3,441,348)
26	1992			(3,853,425)
27	1993	(3,284,486)		(7,549,987)
28	1994	(3,211,732)	(2,197,285)	(10,086,595)
29	1995	(3,037,123)	(2,125,986)	(10,252,764)
30	1996	(2,862,514)	(2,003,760)	(10,368,006)
31	1997	(2,747,813)	(1,923,469)	(10,443,709)
32	1998	(2,633,111)	(1,843,178)	(10,519,412)
33	1999	(2,518,410)	(1,762,887)	(10,595,115)
34	2000	(2,403,709)	(1,682,596)	(10,670,818)
35	2001	(2,289,007)	(1,602,305)	(10,746,521)
36	2002	(2,174,306)	(1,522,014)	(10,822,224)
37	2003	(2,059,604)	(1,441,723)	(10,897,927)
38	2004	(1,944,903)	(1,361,432)	(10,973,630)
39	2005	(1,830,201)	(1,281,141)	(11,049,333)
40	2006	(1,715,500)	(1,200,850)	(11,125,036)
41	2007	(1,600,798)	(1,120,559)	(11,200,739)
42	2008	(1,486,097)	(1,040,268)	(11,276,442)
43	2009	(1,371,396)	(959,977)	(11,352,144)
44	2010	(1,256,695)	(879,686)	(11,427,847)
45	2011	(1,141,993)	(799,395)	(11,503,550)
46	2012	(1,027,292)	(719,104)	(11,579,253)
47	2013	(924,563)	(647,194)	(11,647,054)
48	2014	(821,833)	(575,283)	(11,714,856)
49	2015	(719,104)	(503,373)	(11,782,657)
50	2016	(616,375)	(431,462)	(11,850,458)
51	2017	(513,646)	(359,552)	(11,918,259)
52	2018	(410,916)	(287,641)	(11,986,061)
53	2019	(308,187)	(215,731)	(12,053,862)
54	2020	(205,458)	(143,820)	(12,121,663)
55	2021	(102,729)	(71,910)	(12,189,465)
56	2022	0	1	(12,257,266)
57				
58	Total	**(5,193,757)**	**(3,635,630)**	
59				
60	Note: the San Juan Unit 4 ITC is fully amortized			

This schedule is sponsored by PNM witness Morris

	A	B	C	D	E	F	G	H
1	**Public Service Company of New Mexico**							
2	**NMPRC Case No. 26-00XXX-UT**							
3	**PNM Exhibit LTM-4**							
4	**ITC-5: Renewable ITC**							
5	Hyperlink to Lead Sheet							
6	**Source: Company Records**							
7		**BALANCE**						
8		**FORM 1**	**Deferred**	**AMORT**	**ADJUSTMENT**	**NET AMORT**	**BALANCE**	**Deferred**
9		**12-31-2013**	**2014**	**2014**	**2014**	**2014**	**12-31-2014**	**2015**
10	ELECTRIC							
11	3%	-		-		-	-	
12	4%	-		-		-	-	
13	8%	2,215,676		438,451		438,451	1,777,225	
14	10%	9,147,216		1,715,390		1,715,390	7,431,826	
15	30%	14,491,968	13,099,828	10,638		10,638	27,581,158	21,923,826
16	**TOTAL ELECTRIC**	**25,854,860**	**13,099,828**	**2,164,479**	**0**	**2,164,479**	**36,790,209**	**21,923,826**
17								
18								
19								
20								
21								
22								
23	**Unamortized ITC**	**Return**	**In service**	**Claimed**	**2012**	**2013**	**2014**	**2015**
24	DOE Battery	2011	12/31/2011	724,203	713,401	702,600	691,798	680,997
25	True up 2011			(16,240)	(16,076)	(15,912)	(15,749)	(15,585)
26	**Total**			**707,963**	**697,325**	**686,688**	**676,050**	**665,412**
27								
28	**Amortization**	**Life**	**Amort**	**Utilized**	**2012**	**2013**	**2014**	**2015**
29	DOE Battery 2011 utilized 2011	10	900	107,115	10,802	10,802	10,802	10,802
30	DOE Battery 2011 utilized 2016	5	4,972	293,360	-	-	-	-
31	DOE Battery 2011 est. utilized	5	5,186	305,990				
32	True up 2011	10	(14)	(1,624)	(164)	(164)	(164)	(164)
33	**Total**			**704,841**	**10,638**	**10,638**	**10,638**	**10,638**
34	**Balance**			**704,841**	**694,203**	**683,566**	**672,928**	**662,290**
35	**Carried forward**			**3,122**				

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	A	I	J	K	L	M	N	O	P
1	**Public Service Company of New M**								
2	**NMPRC Case No. 26-00XXX-UT**								
3	**PNM Exhibit LTM-4**								
4	**ITC-5: Renewable ITC**								
5	Hyperlink to Lead Sheet								
6	**Source: Company Records**								
7									
8		**AMORT**	**ADJUSTMENT**	**NET AMORT**	**BALANCE**	**Deferred**	**AMORT**	**ADJUSTMENT**	**NET AMORT**
9		**2015**	**2015**	**2015**	**12/31/2015**	**2016**	**2016**	**2016**	**2016**
10	ELECTRIC								
11	3%	-		-	-		-		-
12	4%	-		-	-		-		-
13	8%	379,013		379,013	1,398,212		-		-
14	10%	1,735,602		1,735,602	5,696,224		-		-
15	30%	10,638		10,638	49,494,346	89,512	10,638		10,638
16	**TOTAL ELECTRIC**	**2,125,253**	**0**	**2,125,253**	**56,588,782**	**89,512**	**10,638**	**0**	**10,638**
17									
18									
19									
20									
21									
22									
23	**Unamortized ITC**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
24	DOE Battery	670,195	599,727	529,260	458,792	388,324	323,714	323,714	323,714
25	True up 2011	(15,421)	(15,257)	(15,094)	(14,930)	(14,766)	(14,602)	(14,602)	(14,602)
26	**Total**	**654,774**	**584,470**	**514,166**	**443,862**	**373,558**	**309,112**	**309,112**	**309,112**
27									
28	**Amortization**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
29	DOE Battery 2011 utilized 2011	10,802	10,802	10,802	10,802	10,802	10,802	-	-
30	DOE Battery 2011 utilized 2016	-	59,666	59,666	59,666	59,666	53,808	-	-
31	DOE Battery 2011 est. utilized								
32	True up 2011	(164)	(164)	(164)	(164)	(164)	(164)		
33	**Total**	**10,638**	**70,304**	**70,304**	**70,304**	**70,304**	**64,446**	**-**	**-**
34	**Balance**	**651,652**	**581,348**	**511,044**	**440,740**	**370,436**	**305,990**	**305,990**	**305,990**
35	**Carried forward**								

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	A	Q	R	S	T	U	V	W	X
1	**Public Service Company of New M**								
2	**NMPRC Case No. 26-00XXX-UT**								
3	**PNM Exhibit LTM-4**								
4	**ITC-5: Renewable ITC**								
5	Hyperlink to Lead Sheet								
6	**Source: Company Records**								
7									
8		**BALANCE**	**Deferred**	**AMORT**	**ADJUSTMENT**	**NET AMORT**	**BALANCE**	**Deferred**	**AMORT**
9		**12/31/2016**	**2017**	**2017**	**2017**	**2017**	**12/31/2017**	**2018**	**2018**
10	ELECTRIC								
11	3%	-		-		-	-		-
12	4%	-		-		-	-		-
13	8%	1,398,212		-		-	1,398,212		-
14	10%	5,696,224		-		-	5,696,224		-
15	30%	49,573,220		70,304		70,304	49,502,916		70,304
16	**TOTAL ELECTRIC**	**56,667,656**	**0**	**70,304**	**0**	**70,304**	**56,597,352**	**0**	**70,304**
17									
18									
19									
20									
21									
22									
23	**Unamortized ITC**	**2024**							
24	DOE Battery	323,714							
25	True up 2011	(14,602)							
26	**Total**	**309,112**							
27									
28	**Amortization**	**2024**							
29	DOE Battery 2011 utilized 2011	-							
30	DOE Battery 2011 utilized 2016	-							
31	DOE Battery 2011 est. utilized	-							
32	True up 2011	-							
33	**Total**	**-**							
34	**Balance**	**305,990**							
35	**Carried forward**								

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	A	Y	Z	AA	AB	AC	AD	AE	AF
1	**Public Service Company of New M**								
2	**NMPRC Case No. 26-00XXX-UT**								
3	**PNM Exhibit LTM-4**								
4	**ITC-5: Renewable ITC**								
5	Hyperlink to Lead Sheet								
6	**Source: Company Records**								
7									
8		**ADJUSTMENT**	**NET AMORT**	**BALANCE**	**Deferred**	**AMORT**	**ADJUSTMENT**	**NET AMORT**	**BALANCE**
9		**2018**	**2018**	**12/31/2018**	**2019**	**2019**	**2019**	**2019**	**12/31/2019**
10	ELECTRIC								
11	3%		-	-		-		-	-
12	4%		-	-		-		-	-
13	8%		-	1,398,212		-		-	1,398,212
14	10%		-	5,696,224		-		-	5,696,224
15	30%		70,304	49,432,612	19,429,157	70,304		70,304	68,791,465
16	**TOTAL ELECTRIC**	**0**	**70,304**	**56,527,048**	**19,429,157**	**70,304**	**0**	**70,304**	**75,885,901**
17									
18									
19									
20									
21									
22									
23	**Unamortized ITC**								
24	DOE Battery								
25	True up 2011								
26	**Total**								
27									
28	**Amortization**								
29	DOE Battery 2011 utilized 2011								
30	DOE Battery 2011 utilized 2016								
31	DOE Battery 2011 est. utilized								
32	True up 2011								
33	**Total**								
34	**Balance**								
35	**Carried forward**								

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	A	AG	AH	AI	AJ	AK	AL	AM	AN	AO	AP
1	**Public Service Company of New M**										
2	**NMPRC Case No. 26-00XXX-UT**										
3	**PNM Exhibit LTM-4**										
4	**ITC-5: Renewable ITC**										
5	Hyperlink to Lead Sheet										
6	**Source: Company Records**										
7											
8		**Deferred**	**AMORT**	**ADJUSTMENT**	**NET AMORT**	**BALANCE**	**Deferred**	**AMORT**	**ADJUSTMENT**	**NET AMORT**	**BALANCE**
9		**2020**	**2020**	**2020**	**2020**	**12/31/2020**	**2021**	**2021**	**2021**	**2021**	**12/31/2021**
10	ELECTRIC										
11	3%		-		-	-		-		-	-
12	4%		-		-	-		-		-	-
13	8%		-		-	1,398,212		-		-	1,398,212
14	10%		-		-	5,696,224		-		-	5,696,224
15	30%		70,304		70,304	68,721,161		64,446		64,446	68,656,715
16	**TOTAL ELECTRIC**	**0**	**70,304**	**0**	**70,304**	**75,815,597**	**0**	**64,446**	**0**	**64,446**	**75,751,151**
17											
18											
19											
20											
21											
22											
23	**Unamortized ITC**										
24	DOE Battery										
25	True up 2011										
26	**Total**										
27											
28	**Amortization**										
29	DOE Battery 2011 utilized 2011										
30	DOE Battery 2011 utilized 2016										
31	DOE Battery 2011 est. utilized										
32	True up 2011										
33	**Total**										
34	**Balance**										
35	**Carried forward**										

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	A	AQ	AR	AS	AT	AU	AV	AW	AX	AY	AZ
1	**Public Service Company of New M**										
2	**NMPRC Case No. 26-00XXX-UT**										
3	**PNM Exhibit LTM-4**										
4	**ITC-5: Renewable ITC**										
5	Hyperlink to Lead Sheet										
6	**Source: Company Records**										
7											
8		**Deferred**	**AMORT**	**ADJUSTMENT**	**NET AMORT**	**BALANCE**	**Deferred**	**AMORT**	**ADJUSTMENT**	**NET AMORT**	**BALANCE**
9		**2022**	**2022**	**2022**	**2022**	**12/31/2022**	**2023**	**2023**	**2023**	**2023**	**12/31/2023**
10	ELECTRIC										
11	3%		-		-	-		-		-	-
12	4%		-		-	-		-		-	-
13	8%		-		-	1,398,212		-		-	1,398,212
14	10%		-		-	5,696,224		-		-	5,696,224
15	30%		-		-	68,656,715		-		-	68,656,715
16	**TOTAL ELECTRIC**	**0**	**0**	**0**	**0**	**75,751,151**	**0**	**0**	**0**	**0**	**75,751,151**
17											
18											
19											
20											
21											
22											
23	**Unamortized ITC**										
24	DOE Battery										
25	True up 2011										
26	**Total**										
27											
28	**Amortization**										
29	DOE Battery 2011 utilized 2011										
30	DOE Battery 2011 utilized 2016										
31	DOE Battery 2011 est. utilized										
32	True up 2011										
33	**Total**										
34	**Balance**										
35	**Carried forward**										

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	A	BA	BB	BC	BD	BE	BF	BG	BH	BI
1	**Public Service Company of New M**									
2	**NMPRC Case No. 26-00XXX-UT**									
3	**PNM Exhibit LTM-4**									
4	**ITC-5: Renewable ITC**									
5	Hyperlink to Lead Sheet									
6	**Source: Company Records**									
7										
8		**Deferred**	**AMORT**	**ADJUSTMENT**	**NET AMORT**	**BALANCE**	**Deferred**	**AMORT**	**ADJUSTMENT**	**NET AMORT**
9		**2024**	**2024**	**2024**	**2024**	**12/31/2024**	**2025**	**2025**	**2025**	**2025**
10	ELECTRIC									
11	3%		-		-	-		-		-
12	4%		-		-	-		-		-
13	8%		-		-	1,398,212		-		-
14	10%		-		-	5,696,224		-		-
15	30%		-		-	68,656,715		-		-
16	**TOTAL ELECTRIC**	**0**	**0**	**0**	**0**	**75,751,151**	-	-	-	-
17										
18										
19										
20										
21										
22										
23	**Unamortized ITC**									
24	DOE Battery									
25	True up 2011									
26	**Total**									
27										
28	**Amortization**									
29	DOE Battery 2011 utilized 2011									
30	DOE Battery 2011 utilized 2016									
31	DOE Battery 2011 est. utilized									
32	True up 2011									
33	**Total**									
34	**Balance**									
35	**Carried forward**									

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	A	BJ	BK	BL	BM	BN	BO	BP	BQ
1	**Public Service Company of New M**								
2	**NMPRC Case No. 26-00XXX-UT**								
3	**PNM Exhibit LTM-4**								
4	**ITC-5: Renewable ITC**								
5	Hyperlink to Lead Sheet								
6	**Source: Company Records**								
7									
8		**BALANCE**	**Deferred**	**AMORT**	**ADJUSTMENT**	**NET AMORT**	**BALANCE**	**Deferred**	**AMORT**
9		**12/31/2025**	**2026**	**2026**	**2026**	**2026**	**12/31/2026**	**2027**	**2027**
10	ELECTRIC								
11	3%	-		-		-	-		-
12	4%	-		-		-	-		-
13	8%	1,398,212.00		-		-	1,398,212.00		-
14	10%	5,696,224.00		-		-	5,696,224.00		-
15	30%	68,656,715.00		-		-	68,656,715.00		-
16	**TOTAL ELECTRIC**	75,751,151.00	-	-	-	-	75,751,151.00	-	-
17									
18									
19									
20									
21									
22									
23	**Unamortized ITC**								
24	DOE Battery								
25	True up 2011								
26	**Total**								
27									
28	**Amortization**								
29	DOE Battery 2011 utilized 2011								
30	DOE Battery 2011 utilized 2016								
31	DOE Battery 2011 est. utilized								
32	True up 2011								
33	**Total**								
34	**Balance**								
35	**Carried forward**								

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	A	BR	BS	BT	BU	BV	BW	BX	BY
1	**Public Service Company of New M**								
2	**NMPRC Case No. 26-00XXX-UT**								
3	**PNM Exhibit LTM-4**								
4	**ITC-5: Renewable ITC**								
5	Hyperlink to Lead Sheet								
6	**Source: Company Records**								
7									
8		**ADJUSTMENT**	**NET AMORT**	**BALANCE**	**Deferred**	**AMORT**	**ADJUSTMENT**	**NET AMORT**	**BALANCE**
9		**2027**	**2027**	**12/31/2027**	**2028**	**2028**	**2028**	**2028**	**12/31/2028**
10	ELECTRIC								
11	3%		-	-		-		-	-
12	4%		-	-		-		-	-
13	8%		-	1,398,212.00		-		-	1,398,212.00
14	10%		-	5,696,224.00		-		-	5,696,224.00
15	30%		-	68,656,715.00		-		-	68,656,715.00
16	**TOTAL ELECTRIC**	-	-	75,751,151.00	-	-	-	-	75,751,151.00
17									
18									
19									
20									
21									
22									
23	**Unamortized ITC**								
24	DOE Battery								
25	True up 2011								
26	**Total**								
27									
28	**Amortization**								
29	DOE Battery 2011 utilized 2011								
30	DOE Battery 2011 utilized 2016								
31	DOE Battery 2011 est. utilized								
32	True up 2011								
33	**Total**								
34	**Balance**								
35	**Carried forward**								

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	A	B	C	D	E	F	G	H	I	J
1	**Public Service Company of New Mexico**									
2	**NMPRC Case No. 26-00XXX-UT**									
3	**PNM Exhibit LTM-4**									
4	**ITC-6: San Juan Unit 2 & 3 writeoff**									
5	Hyperlink to Lead Sheet									
6	**Source: Company Records**									
7										
8			**2014**	**2015**		**2016**	**2017**	**2018**	**2019**	**2020**
9	Vintage	SJ U23 %								
10										
11	1972	0.16%								
12	1973	56.22%								
13	1974	0.00%								
14	1975	0.23%								
15	1976	0.02%								
16	1977	0.14%	**9**	**7**	2	**9**	**9**	**0**	**0**	**0**
17	1978	35.74%	**669**	**502**	167	**669**	**669**	**669**	**0**	**0**
18	1979	83.22%	**325,106**	**243,829**	81,276	**325,106**	**325,106**	**325,106**	**325,106**	**0**
19	1980	0.77%	**229**	**172**	57	**229**	**229**	**229**	**229**	**229**
20	1981	4.19%	**226**	**170**	57	**226**	**226**	**226**	**226**	**226**
21	1982	5.41%	**7,528**	**5,646**	1,882	**7,528**	**7,528**	**7,528**	**7,528**	**7,528**
22	1983	6.49%	**9,481**	**7,111**	2,370	**9,481**	**9,481**	**9,481**	**9,481**	**9,481**
23	1984	7.60%	**1,255**	**942**	314	**1,255**	**1,255**	**1,255**	**1,255**	**1,255**
24	1985	13.18%	**1,726**	**1,295**	432	**1,726**	**1,726**	**1,726**	**1,726**	**1,726**
25	1986	25.52%	**8,905**	**6,678**	2,226	**8,905**	**8,905**	**8,905**	**8,905**	**8,905**
26	1987	13.51%	**1,350**	**1,012**	337	**1,350**	**1,350**	**1,350**	**1,350**	**1,350**
27	Annual estimate SJ Units 2 & 3 ITC									
28	Total estimated Beginning of year SJ Units 2 & 3		**356,485**	**267,363**	**89,121**	**356,485**	**356,485**	**356,475**	**355,806**	**30,700**
29										
30										
31										
32	Recalculated SJ Units 2 & 3 Amortization			267,363	10,884	43,538	43,538	43,538	43,538	43,538
33										
34	Remaining SJ Units 2 & 3 ITC at 12/31/2017							1,567,365		
35		50% Write-off						783,683		

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	A	K	L	M	N	O	P	Q	R
1	**Public Service Company of New Mexico**								
2	**NMPRC Case No. 26-00XXX-UT**								
3	**PNM Exhibit LTM-4**								
4	**ITC-6: San Juan Unit 2 & 3 writeoff**								
5	Hyperlink to Lead Sheet								
6	**Source: Company Records**								
7									
8		**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**
9	Vintage								
10									
11	1972								
12	1973								
13	1974								
14	1975								
15	1976								
16	1977	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
17	1978	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
18	1979	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
19	1980	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
20	1981	**226**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
21	1982	**7,528**	**7,528**	**0**	**0**	**0**	**0**	**0**	**0**
22	1983	**9,481**	**9,481**	**9,481**	**0**	**0**	**0**	**0**	**0**
23	1984	**1,255**	**1,255**	**1,255**	**1,255**	**0**	**0**	**0**	**0**
24	1985	**1,726**	**1,726**	**1,726**	**1,726**	**1,726**	**0**	**0**	**0**
25	1986	**8,905**	**8,905**	**8,905**	**8,905**	**8,905**	**8,905**	**0**	**0**
26	1987	**1,350**	**1,350**	**1,350**	**1,350**	**1,350**	**1,350**	**1,350**	**0**
27	Annual estimate SJ Units 2 & 3 ITC								
28	Total estimated Beginning of year SJ Units 2 & 3	**30,471**	**30,245**	**22,717**	**13,236**	**11,981**	**10,254**	**1,350**	**0**
29									
30									
31									
32	Recalculated SJ Units 2 & 3 Amortization	43,538	43,538	43,538	43,538	43,538	43,538	43,538	43,538
33									
34	Remaining SJ Units 2 & 3 ITC at 12/31/2017								
35									

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	A	B	C	D	E	F	G	H	I	J	K
1	**Public Service Company of New Mexico**										
2	**NMPRC Case No. 26-00XXX-UT**										
3	**PNM Exhibit LTM-4**										
4	**ITC-7: Projected ITC Monetization Amortization**										
5	Hyperlink to Lead Sheet										
6	**Source: Company Records**										
7											
8											
9		**Monetized ITC (Projected)**		**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**
10	**Sandia Battery**	(27,902,573)		-	1,395,129	5,580,515	5,580,515	5,580,515	5,580,515	4,185,386	-
11	**Sunbelt Solar + Battery**	(78,969,643)		-	-	7,896,964	15,793,929	15,793,929	15,793,929	15,793,929	7,896,964
12	**Distribution Battery Phase 2**	(23,576,537)		-	-	4,715,307	4,715,307	4,715,307	4,715,307	4,715,307	-
13											
14											
15											
16	**Amortization Periods: 5 Years, 60 Months**										
17											

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	A	B	C	D	E	F
1	**Public Service Company of New Mexico**					
2	**NMPRC Case No. 26-00XXX-UT**					
3	**PNM Exhibit LTM-4**					
4	**ITC-8: Sandia Battery Projected ITC Calculation & Monetization**					
5	Hyperlink to Lead Sheet					
6	**Source: Company Records**					
7						
8				**Sandia Battery**		
9			**Total Projected Investment**	143,929,172		
10			**Ineligible Costs ***	(37,022,761)		
11			**Qualified Investments**	106,906,411		
12			**ITC Rate**	30%		
13			**ITC Credit Amount**	32,071,923		
14			**ITC Discount/Fee Reduction**	87%		
15			**ITC Monetized Amount**	27,902,573		
16						
17						
18		* Ineligible costs include transmission property, land and				
19		land improvements, interconnection property, and tariff refunds.				
20						

This schedule is sponsored by PNM witness Morris

	A	B	C	D	E	F	G
1	**Public Service Company of New Mexico**						
2	**NMPRC Case No. 26-00XXX-UT**						
3	**PNM Exhibit LTM-4**						
4	**ITC-9: Sunbelt (Solar and Battery) Projected ITC Calculation & Monetization**						
5	Hyperlink to Lead Sheet						
6	**Source: Company Records**						
7							
8				**Sunbelt Solar ****	**Sunbelt Battery *****	**Total Sunbelt Project**	
9		**Total Projected Investment**		140,180,776	86,782,414	226,963,189	
10		**Ineligible Costs ***		(12,351,648)	(7,506,307)	(19,857,954)	
11		**Qualified Investments**		127,829,128	79,276,107	207,105,235	
12			**ITC Rate**	40%	50%		
13		**ITC Credit Amount**		51,131,651	39,638,054	90,769,705	
14		**ITC Discount/Fee Reduction**		87%	87%		
15		**ITC Monetized Amount**		44,484,537	34,485,107	78,969,643	
16							
17							
18		* Ineligible costs include transmission property, land and land improvements,					
19		interconnection property, and tariff refunds.					
20							
21		** Sunbelt Solar is projected to qualify for the 10% Energy Community ITC bonus adder					
22		increasing the ITC rate from 30% to 40%					
23							
24		*** Sunbelt Battery is projected to qualify for the 10% Energy Community ITC bonus adder and					
25		the 10% Domestic Content bonus adder, increasing the ITC rate from 30% to 50%					

This schedule is sponsored by PNM witness Morris

	A	B	C	D	E	F	G	H	I
1	**Public Service Company of New Mexico**								
2	**NMPRC Case No. 26-00XXX-UT**								
3	**PNM Exhibit LTM-4**								
4	**ITC-10: Distribution Battery Phase 2 Projected ITC Calculation & Monetization**								
5	Hyperlink to Lead Sheet								
6	**Source: Company Records**								
7									
8				**Otero Battery ****	**Deming Battery ****	**Meadow Lake Battery**	**Rio Communities Battery**	**San Miguel Battery ****	**Total Distribution Battery Phase 2**
9		**Total Projected Investment**		15,642,153	15,642,153	15,642,153	15,642,153	15,642,153	78,210,763
10		**Ineligible Costs ***		(586,892)	(586,892)	(586,892)	(586,892)	(586,892)	(2,934,462)
11		**Qualified Investments**		15,055,260	15,055,260	15,055,260	15,055,260	15,055,260	75,276,301
12			**ITC Rate**	40%	40%	30%	30%	40%	
13		**ITC Credit Amount**		6,022,104	6,022,104	4,516,578	4,516,578	6,022,104	27,099,468
14		**ITC Discount/Fee Reduction**		87%	87%	87%	87%	87%	
15		**ITC Monetized Amount**		5,239,231	5,239,231	3,929,423	3,929,423	5,239,231	23,576,537
16									
17									
18		* Ineligible costs include transmission property, land and land improvements, interconnection property, and tariff refunds.							
19									
20		** Otero Battery, Deming Battery, and San Miguel Battery are projected to qualify for the 10% Energy Community ITC bonus adder,							
21		increasing the ITC rate from 30% to 40%							
22									

This schedule is sponsored by PNM witness Morris

PNM Exhibit LTM – 5

IRS Private Letter Ruling 8818040

Is contained in the following 3 pages.

Department of the Treasury
Internal Revenue Service
Private Letter Ruling

Private Letter Ruling 8818040

Section 168 -- ACRS Depreciation

UIL Number(s) 0168.08-02

Date: February 9, 1988

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

LEGEND:
Commission = * * *

Dear * * *

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sincerely yours,

James F. Malloy
Director, Corporation
Tax Division

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PNM Exhibit LTM – 6

IRS Private Letter Ruling 201436037

Is contained in the following 7 pages.

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

Number: **201436037**
Release Date: 9/5/2014

Index Number: 167.22-01

Third Party Communication: None
Date of Communication: Not Applicable

Person To Contact:
, ID No.
Telephone Number:

Refer Reply To:
CC:PSI:B06
PLR-148310-13

Date:
May 22, 2014

LEGEND:

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

Dear :

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

The representations set out in your letter follow.

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

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

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

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

Taxpayer requests that we rule as follows:

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

Law and Analysis

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

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

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

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

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

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

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

liability shall be taken into account in such appropriate time and manner as is satisfactory to the district director.

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

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

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

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

of such reserve for deferred taxes for the period used in determining the taxpayer's expense in computing cost of service in such ratemaking. Section 56(a)(1)(D) provides that, with respect to public utility property the Secretary shall prescribe the requirements of a normalization method of accounting for that section.

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

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

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

We rule as follows:

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

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

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

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

Sincerely,

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

cc:

PNM Exhibit LTM – 7

IRS Private Letter Ruling 201436038

Is contained in the following 7 pages.

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

Number: **201436038**
Release Date: 9/5/2014

Index Number: 167.22-01

Third Party Communication: None
Date of Communication: Not Applicable

Person To Contact:
, ID No.
Telephone Number:

Refer Reply To:
CC:PSI:B06
PLR-148311-13

Date:
May 22, 2014

LEGEND:

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

Dear . :

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

The representations set out in your letter follow.

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

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

On Date C, a settlement agreement was filed with Commission B, incorporating the Taxpayer's proposed treatment of the tax consequences of its NOLC. In an order

issued on Date D, Commission B issued an order approving the settlement agreement and also ordered Taxpayer to seek a ruling on the effects of an NOLC on ADIT. Rates went into effect on Date E.

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

Taxpayer requests that we rule as follows:

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

Law and Analysis

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

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

Section 168(i)(9)(B)(i) of the Code provides that one way the requirements of section 168(i)(9)(A) will not be satisfied is if the taxpayer, for ratemaking purposes, uses

a procedure or adjustment which is inconsistent with such requirements. Under section 168(i)(9)(B)(ii), such inconsistent procedures and adjustments include the use of an estimate or projection of the taxpayer's tax expense, depreciation expense, or reserve for deferred taxes under section 168(i)(9)(A)(ii), unless such estimate or projection is also used, for ratemaking purposes, with respect to all three of these items and with respect to the rate base.

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

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

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

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

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

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

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

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

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

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

We rule as follows:

1. Under the circumstances described above, the reduction of Taxpayer's rate base by the full amount of its ADIT account balances offset by a portion of its NOLC-related account balance that is less than the amount attributable to accelerated depreciation computed on a "with or without" basis would be inconsistent with the requirements of § 168(i)(9) and § 1.167(l)-1 of the Income Tax regulations.

2. The imputation of incremental ADIT on account of the reliability plant addition adjustments described above would be inconsistent with the requirements of § 168(i)(9) and § 1.167(l)-1.

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

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

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

Sincerely,

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

cc:

PNM Exhibit LTM – 8

IRS Private Letter Ruling 201438003

Is contained in the following 7 pages.

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

Number: **201438003**
Release Date: 9/19/2014

Index Number: 167.22-01

Third Party Communication: None
Date of Communication: Not Applicable

Person To Contact:
, ID No.

Telephone Number:

Refer Reply To:
CC:PSI:B06
PLR-104157-14

Date:
June 12, 2014

LEGEND:

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

Dear :

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

The representations set out in your letter follow.

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

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

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

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

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

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

In the setting of utility rates in State, a utility's rate base is offset by its ADIT balance. In its rate case filing and throughout the proceeding, Taxpayer maintained that the ADIT balance should be reduced by the amounts that Taxpayer calculates did not

actually defer tax due to the presence of the NOLC, as represented in the deferred tax asset account. Thus, Taxpayer argued that the rate base should be reduced as of the end of Year D by its federal ADIT balance net of the deferred tax asset account attributable to the federal NOLC. It based this position on its determination that this net amount represented the true measure of federal income taxes deferred on account of its claiming accelerated tax depreciation deductions and, consequently, the actual quantity of "cost-free" capital available to it. It also asserted that the failure to reduce its rate base offset by the deferred tax asset attributable to the federal NOLC would be inconsistent with the normalization rules Testimony by another participant in Case argued against Taxpayer's proposed calculation of ADIT.

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

Taxpayer requests that we rule as follows:

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

Law and Analysis

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

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

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

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

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

Section 1.167(l)-1(h)(1)(iii) provides that the amount of federal income tax liability deferred as a result of the use of different depreciation methods for tax and ratemaking purposes is the excess (computed without regard to credits) of the amount the tax liability would have been had the depreciation method for ratemaking purposes been used over the amount of the actual tax liability. This amount shall be taken into account

for the taxable year in which the different methods of depreciation are used. If, however, in respect of any taxable year the use of a method of depreciation other than a subsection (1) method for purposes of determining the taxpayer's reasonable allowance under section 167(a) results in a net operating loss carryover to a year succeeding such taxable year which would not have arisen (or an increase in such carryover which would not have arisen) had the taxpayer determined his reasonable allowance under section 167(a) using a subsection (1) method, then the amount and time of the deferral of tax liability shall be taken into account in such appropriate time and manner as is satisfactory to the district director.

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

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

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

Section 1.167(l)-1(h) requires that a utility must maintain a reserve reflecting the total amount of the deferral of federal income tax liability resulting from the taxpayer's

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

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

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

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

We rule as follows:

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

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

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

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

Sincerely,

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

cc:

PNM Exhibit LTM – 9

IRS Private Letter Ruling 201519021

Is contained in the following 7 pages.

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

Number: **201519021**
Release Date: 5/8/2015

Index Number: 167.22-01

Third Party Communication: None
Date of Communication: Not Applicable

Person To Contact:
, ID No.
Telephone Number:

Refer Reply To:
CC:PSI:B06
PLR-136851-14

Date:
February 04, 2015

LEGEND:

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

Dear :

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

The representations set out in your letter follow.

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

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

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

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

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

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

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

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

Taxpayer requests that we rule as follows:

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

Law and Analysis

Section 168(f)(2) of the Code provides that the depreciation deduction determined under section 168 shall not apply to any public utility property (within the

meaning of section 168(i)(10)) if the taxpayer does not use a normalization method of accounting.

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

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

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

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

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

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

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

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

reserve at the end of the historical portion of the period and a pro rata portion of the amount of any projected increase to be credited or decrease to be charged to the account during the future portion of the period.

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

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

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

method would not provide the same level of certainty and therefore the use of any other methodology is inconsistent with the normalization rules.

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

We rule as follows:

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

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

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

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

Sincerely,

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

PNM Exhibit LTM – 10

IRS Private Letter Ruling 201534001

Is contained in the following 6 pages.

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

Number: **201534001**
Release Date: 8/21/2015

Index Number: 167.22-01

Third Party Communication: None
Date of Communication: Not Applicable

Person To Contact:
, ID No.
Telephone Number:

Refer Reply To:
CC:PSI:B06
PLR-103300-15

Date:
May 13, 2015

LEGEND:

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

Dear :

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

The representations set out in your letter follow.

Taxpayer is the common parent of an affiliated group of corporations and is incorporated under the laws of State A and State B. Taxpayer is engaged primarily in the businesses of regulated natural gas distribution, regulated natural gas transmission, and regulated natural gas storage. Taxpayer's regulated natural gas distribution

business delivers gas to customers in several states, including State A. Taxpayer is subject to, as relevant for this ruling, the regulatory jurisdiction of Commission with respect to terms and conditions of service and as to the rates it may charge for the provision of its gas distribution service in State A. Taxpayer's rates are established on a "rate of return" basis.

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

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

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

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

Taxpayer requests that we rule as follows:

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

Law and Analysis

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

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

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

Former section 167(l) of the Code generally provided that public utilities were entitled to use accelerated methods for depreciation if they used a "normalization method of accounting." A normalization method of accounting was defined in former section 167(l)(3)(G) in a manner consistent with that found in section 168(i)(9)(A). Section 1.167(l)-1(a)(1) of the Income Tax Regulations provides that the normalization requirements for public utility property pertain only to the deferral of federal income tax

liability resulting from the use of an accelerated method of depreciation for computing the allowance for depreciation under section 167 and the use of straight-line depreciation for computing tax expense and depreciation expense for purposes of establishing cost of services and for reflecting operating results in regulated books of account. These regulations do not pertain to other book-tax timing differences with respect to state income taxes, F.I.C.A. taxes, construction costs, or any other taxes and items.

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

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

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

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

the rate of return is based upon the cost of capital, exceeds the amount of such reserve for deferred taxes for the period used in determining the taxpayer's expense in computing cost of service in such ratemaking.

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

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

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

Regarding the second issue, § 1.167(l)-1(h)(1)(iii) makes clear that the effects of an NOLC must be taken into account for normalization purposes. Section 1.167(l)-

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

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

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

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

Sincerely,

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

cc:

PNM Exhibit LTM – 11

IRS Private Letter Ruling 201548017

Is contained in the following 7 pages.

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

Number: **201548017**
Release Date: 11/27/2015

Index Number: 167.22-01

Third Party Communication: None
Date of Communication: Not Applicable

Person To Contact:
, ID No.
Telephone Number:

Refer Reply To:
CC:PSI:B06
PLR-116998-15

Date:
August 19, 2015

LEGEND:

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

Dear :

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

The representations set out in your letter follow.

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

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

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

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

Taxpayer requests that we rule as follows:

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

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

Law and Analysis

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

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

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

Former section 167(l) of the Code generally provided that public utilities were entitled to use accelerated methods for depreciation if they used a "normalization method of accounting." A normalization method of accounting was defined in former section 167(l)(3)(G) in a manner consistent with that found in section 168(i)(9)(A). Section 1.167(1)-1(a)(1) of the Income Tax Regulations provides that the normalization requirements for public utility property pertain only to the deferral of federal income tax liability resulting from the use of an accelerated method of depreciation for computing

the allowance for depreciation under section 167 and the use of straight-line depreciation for computing tax expense and depreciation expense for purposes of establishing cost of services and for reflecting operating results in regulated books of account. These regulations do not pertain to other book-tax timing differences with respect to state income taxes, F.I.C.A. taxes, construction costs, or any other taxes and items.

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

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

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

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

the rate of return is based upon the cost of capital, exceeds the amount of such reserve for deferred taxes for the period used in determining the taxpayer's expense in computing cost of service in such ratemaking.

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

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

Section 1.167(1)-1(h)(1)(iii) makes clear that the effects of an NOLC must be taken into account for normalization purposes. Further, while that section provides no specific mandate on methods, it does provide that the Service has discretion to determine whether a particular method satisfies the normalization requirements. Section 1.167(1)-(h)(6)(i) provides that a taxpayer does not use a normalization method of regulated accounting if, for ratemaking purposes, the amount of the reserve for deferred taxes which is excluded from the base to which the taxpayer's rate of return is applied, or which is treated as no-cost capital in those rate cases in which the rate of return is based upon the cost of capital, exceeds the amount of such reserve for deferred taxes for the period used in determining the taxpayer's expense in computing cost of service in such ratemaking. Because the ADIT account, the reserve account for deferred taxes, reduces rate base, it is clear that the portion of an NOLC that is attributable to accelerated depreciation must be taken into account in calculating the amount of the reserve for deferred taxes (ADIT). Thus, the proposed order by the Utility Law Judge upholding Taxpayer's position that the NOLC-related deferred tax account

must be included in the calculation of Taxpayer's ADIT is in accord with the normalization requirements. The "last dollars deducted" methodology employed by Taxpayer is specifically designed to ensure that the portion of the NOLC attributable to accelerated depreciation is correctly taken into account by maximizing the amount of the NOLC attributable to accelerated depreciation. This methodology provides certainty and prevents the possibility of "flow through" of the benefits of accelerated depreciation to ratepayers. Under these facts, any method other than the "last dollars deducted" method would not provide the same level of certainty and therefore the use of any other methodology is inconsistent with the normalization rules.

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

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

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

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

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

Sincerely,

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

cc:

PNM Exhibit LTM – 12

IRS Private Letter Ruling 201709008

Is contained in the following 7 pages.

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

Number: **201709008**
Release Date: 3/3/2017

Index Number: 167.22-01

Third Party Communication: None
Date of Communication: Not Applicable

Person To Contact:
, ID No.

Telephone Number:

Refer Reply To:
CC:PSI:B06
PLR-119381-16

Date:
December 02, 2016

LEGEND:

Taxpayer	=
Parent	=
State	=
Commission A	=
Commission B	=
Date 1	=
Date 2	=
Date 3	=
Date 4	=
Date 5	=
Case	=
Year 1	=
Year 2	=
Director	=

Dear :

This letter responds to the request, dated June 15, 2016, submitted by Parent on behalf of Taxpayer for a ruling on the application of the normalization rules of the Internal Revenue Code to certain accounting and regulatory procedures, described below.

The representations set out in your letter follow.

Taxpayer is an integrated electric utility headquartered in State. Taxpayer is a wholly owned subsidiary of Parent and is included in Parent's consolidated federal income tax return. Taxpayer employs the accrual method of accounting and reports on a calendar year basis.

Taxpayer's business includes retail electric utility operations regulated within State by Commission A and Taxpayer is subject to the regulatory jurisdiction of Commission B with respect to terms and conditions of its wholesale electric

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

On Date 1, Taxpayer filed a rate case application (Case) with Commission B requesting authorization to change from charging stated rates for wholesale electric transmission service to a formula rate mechanism pursuant to which rates for wholesale transmission service are calculated annually in accordance with an approved formula. The proposed formula consisted of updating cost of service components, including investment in plant and operating expenses, based on information contained in Taxpayer's annual financial report filed with Commission B, as well as including projected transmission capital projects to be placed into service in the following year. The projections included are subject to true-up in the following year's formula rate.

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

In its rate case filing, Taxpayer anticipated that it would claim accelerated depreciation, including "bonus depreciation" on its tax returns to the extent that such depreciation was available. Taxpayer incurred a net operating loss (NOL) in each of Year 1 through Year 2 due to Taxpayer's claiming bonus depreciation, producing a net operating loss carryover (NOLC).

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

In the setting of utility rates by Commission B, a utility's rate base is offset by its ADIT balance. In its rate case filing, Taxpayer maintained that the ADIT balance should be reduced by the amounts that Taxpayer calculates did not actually defer tax due to the presence of the NOLC, as represented in the deferred tax asset account. Thus, Taxpayer argued that the rate base should be reduced by its federal ADIT balance net of the deferred tax asset account attributable to the federal NOLC. It based this position on its determination that this net amount represented the true measure of federal income taxes deferred on account of its claiming accelerated tax depreciation

deductions and, consequently, the actual quantity of "cost-free" capital available to it. It also asserted that the failure to reduce its rate base offset by the deferred tax asset attributable to the federal NOLC would be inconsistent with the normalization rules.

On Date 2, Commission B issued an order accepting Taxpayer's revisions to its rates. On Date 3, new rates went into effect, subject to refund. Several intervenors submitted challenges to the rate case and on Date 4, Taxpayer and those intervenors entered into a Settlement Agreement, which was filed with Commission B. On Date 5, Commission B issued an order accepting the Settlement Agreement, which allows for the inclusion of the ADIT related to the NOLC asset in rate base.

Commission B further stated in the order that it is the intent of Commission B that Taxpayer comply with the normalization method of accounting and tax normalization regulations. The order also requires Taxpayer to seek a private letter ruling (PLR) from the Service regarding Taxpayer's treatment of the ADIT related to the NOLC asset. Commission B also noted that after the Service issues a PLR, Taxpayer shall adjust, to the extent necessary, its ratemaking treatment of the ADIT related to the NOLC asset prospectively from the date of the PLR.

Taxpayer requests that we rule as follows:

1. In order to avoid a violation of the normalization requirements of § 168(i)(9) and Treasury Regulation § 1.167(l)-1, it is necessary to include in rate base the Accumulated Deferred Income Tax (ADIT) asset resulting from the Net Operating Loss Carryforward (NOLC), given the inclusion in rate base of the full amount of the ADIT liability resulting from accelerated tax depreciation.

2. The exclusion from rate base of the entire ADIT asset resulting from the NOLC, or the inclusion in rate base of a portion of that ADIT asset that is less than the amount attributable to accelerated tax depreciation, computed on a "with and without" basis, would violate the normalization requirements of § 168(i)(9) and § 1.167(l)-1.

Law and Analysis

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

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

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

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

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

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

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

shall be taken into account in such appropriate time and manner as is satisfactory to the district director.

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

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

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

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

of such reserve for deferred taxes for the period used in determining the taxpayer's expense in computing cost of service in such ratemaking. Section 56(a)(1)(D) provides that, with respect to public utility property the Secretary shall prescribe the requirements of a normalization method of accounting for that section.

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

Regarding the second issue, § 1.167(l)-1(h)(1)(iii) makes clear that the effects of an NOLC must be taken into account for normalization purposes. Section 1.167(l)-1(h)(1)(iii) provides generally that, if, in respect of any year, the use of other than regulatory depreciation for tax purposes results in an NOLC carryover (or an increase in an NOLC which would not have arisen had the taxpayer claimed only regulatory depreciation for tax purposes), then the amount and time of the deferral of tax liability shall be taken into account in such appropriate time and manner as is satisfactory to the district director. The "with or without" methodology employed by Taxpayer is specifically designed to ensure that the portion of the NOLC attributable to accelerated depreciation is correctly taken into account by maximizing the amount of the NOLC attributable to accelerated depreciation. This methodology provides certainty and prevents the possibility of "flow through" of the benefits of accelerated depreciation to ratepayers. Under these specific facts, any method other than the "with or without" method would not provide the same level of certainty and therefore the use of any other methodology in computing the portion of the ADIT asset attributable to accelerated depreciation is inconsistent with the normalization rules.

We rule as follows:

1. In order to avoid a violation of the normalization requirements of § 168(i)(9) and Treasury Regulation § 1.167(l)-1, it is necessary to include in rate base the Accumulated Deferred Income Tax (ADIT) asset resulting from the Net Operating Loss Carryforward (NOLC), given the inclusion in rate base of the full amount of the ADIT liability resulting from accelerated tax depreciation.

2. The exclusion from rate base of the entire ADIT asset resulting from the NOLC, or the inclusion in rate base of a portion of that ADIT asset that is less than the amount attributable to accelerated tax depreciation, computed on a "with and without" basis, would violate the normalization requirements of § 168(i)(9) and § 1.167(l)-1.

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

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

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

Sincerely,

Patrick S. Kirwan
Chief, Branch 6
Office of the Associate Chief Counsel
(Passthroughs & Special Industries)

cc:

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. 667	)	**Docket No. 26-0000XXX**
PUBLIC SERVICE COMPANY OF NEW MEXICO,	)	
Applicant.	)	

AFFIRMATION

I, Larry T. Morris, submit this unsworn affirmation pursuant to Rule 1.2.2.35(A)(3) and state, upon penalty of perjury under the laws of the State of New Mexico, that I have read the foregoing Direct Testimony and that the statements contained therein are true and correct based on my personal knowledge, information and belief.

Dated: November 24, 2026.

/s/ *Larry T. Morris*
LARRY T. MORRIS

GCG#536039