

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE APPLICATION)
OF PUBLIC SERVICE COMPANY OF NEW)
MEXICO FOR APPROVAL TO ABANDON)
SAN JUAN GENERATING STATION UNITS)
2 AND 3, ISSUANCE OF CERTIFICATES)
OF PUBLIC CONVENIENCE AND)
NECESSITY FOR REPLACEMENT POWER)
RESOURCES, ISSUANCE OF ACCOUNTING)
ORDERS AND DETERMINATION OF)
RELATED RATEMAKING PRINCIPLES AND)
TREATMENT,)
)
PUBLIC SERVICE COMPANY OF NEW)
MEXICO,)
)
Applicant)
_____)

Case No. 13-00_____-UT

DIRECT TESTIMONY

OF

THOMAS G. SATEGNA

December 20, 2013

NMPRC CASE NO. 13-00_____ -UT
INDEX TO THE DIRECT TESTIMONY OF THOMAS G. SATEGNA
WITNESS FOR
PUBLIC SERVICE COMPANY OF NEW MEXICO

I.	INTRODUCTION AND PURPOSE.....	1
II.	SJGS OWNERSHIP EXCHANGE AND RETIREMENT.....	3
III.	PVNGS UNIT 3.....	9
IV.	OTHER ACCOUNTING MATTERS.....	11
V.	CONCLUSIONS	13

PNM Exhibit TGS-1	Educational and Professional Summary
PNM Exhibit TGS-2	Costs Incurred to Comply with Best Available Retrofit Technology Determination for San Juan Generating Station Under the Federal Implementation Plan

AFFIDAVIT

**DIRECT TESTIMONY OF
THOMAS G. SATEGNA
NMPRC CASE NO. 13-00_____ -UT**

I. INTRODUCTION AND PURPOSE

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23

Q. PLEASE STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.

A. My name is Thomas G. Sategna. I am the Vice President and Corporate Controller for PNM Resources, Inc., and its subsidiaries, which includes Public Service Company of New Mexico (“PNM” or the “Company”). My address is 414 Silver Avenue, SW, Albuquerque, New Mexico 87102.

Q. PLEASE DESCRIBE YOUR RESPONSIBILITIES AS VICE PRESIDENT AND CORPORATE CONTROLLER.

A. As Vice President and Corporate Controller I am responsible for all accounting matters as they relate to PNM Resources, Inc., and its subsidiaries.

Q. HAVE YOU PREVIOUSLY TESTIFIED IN UTILITY REGULATION PROCEEDINGS?

A. Yes, I have filed testimony before the New Mexico Public Regulation Commission (“NMPRC” or “Commission”) and its predecessors, the Federal Energy Regulatory Commission (“FERC”) and the Public Utility Commission of Texas. My qualifications and a list of proceedings in which I have filed testimony or testified are included in PNM Exhibit TGS-1.

**DIRECT TESTIMONY OF
THOMAS G. SATEGNA
NMPRC CASE NO. 13-00_____ -UT**

1 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

2 **A.** The purpose of my direct testimony is to support PNM's Application for various
3 approvals which will allow it to comply with environmental requirements for the San
4 Juan Generating Station ("SJGS" or "San Juan") under the Clean Air Act and for
5 determinations of related ratemaking principles and treatment. Approval of the
6 Application will include approval of the retirement of SJGS Units 2 and 3, a Certificate
7 of Public Convenience and Necessity ("CCN") for the exchange of 78 MW of PNM's
8 ownership in SJGS Unit 3 for 78 MW of ownership in SJGS Unit 4, and a CCN for
9 PNM's 134 MW interest in Palo Verde Nuclear Generating Station ("PVNGS") Unit 3
10 to serve New Mexico retail customers at a value for ratemaking purposes of \$335.0
11 million (\$2,500 per kW). In the sections that follow, I will address the following:

- 12 • The accounting treatment for the exchange of 78 MW of ownership in SJGS Units 3
13 for 78 MW of Unit 4;
- 14 • The accounting treatment for the retirement of SJGS Units 2 and 3 and PNM's
15 proposal to recover the undepreciated investment associated with these two units
16 from jurisdictional customers;
- 17 • The accounting order the Company will need to: (1) record the undepreciated
18 investment as a regulatory asset on its balance sheet, and (2) avoid balance sheet
19 write-offs associated with the retirement of SJGS Units 2 and 3;
- 20 • The regulatory history and accounting treatment of PVNGS Unit 3, including
21 its exclusion from jurisdictional rates and ultimate abandonment and
22 decertification by the New Mexico Public Service Commission ("NMPSC")
23 in Case No. 2285;

**DIRECT TESTIMONY OF
THOMAS G. SATEGNA
NMPRC CASE NO. 13-00 _____-UT**

- 1 • The \$181.3 million impairment loss the Company recorded in 1992 related to
2 the exclusion from rates, abandonment and decertification of PVNGS Unit 3;
3 • The accounting treatment for bringing PVNGS Unit 3 into rate base at a fair
4 value for ratemaking purposes as described in the direct testimonies of Mr.
5 Ronald Darnell, Mr. Terry Horn and Mr. John J. Reed; and
6 • The accounting order the Company will need for allowing PNM’s costs of
7 compliance with the Best Available Retrofit Technology (“BART”) determination
8 for SJGS under the August 21, 2011, Federal Implementation Plan (“FIP”) issued
9 by the U.S. Environmental Protection Agency (“EPA”) to be recorded as a
10 regulatory asset for future recovery in a general rate case. A discussion and estimate
11 of the costs to be recovered are included later in my testimony.

12
13 **II. SJGS OWNERSHIP EXCHANGE AND RETIREMENT**

14
15 **Q. WHAT TOPICS WILL YOU ADDRESS IN THIS SECTION OF YOUR**
16 **DIRECT TESTIMONY?**

17 **A.** In this section of my direct testimony, I address the accounting treatment for the
18 exchange of 78 MW of PNM owned capacity in SJGS Unit 3 for 78 MW of capacity
19 in Unit 4 from two California utilities, and the retirement of SJGS Units 2 and 3. I will
20 also address the accounting order needed from the Commission to record the
21 undepreciated investment in SJGS Units 2 and 3 on the Company’s balance sheet as a
22 regulatory asset and avoid any impairment loss associated with the retirement of those
23 units.

**DIRECT TESTIMONY OF
THOMAS G. SATEGNA
NMPRC CASE NO. 13-00_____ -UT**

1 **Q. BEFORE YOU ADDRESS THE ACCOUNTING TREATMENT FOR THE 78**
2 **MW EXCHANGE, ARE THE CURRENT AND PROJECTED VALUES FOR**
3 **SJGS UNITS 3 AND 4 THE SAME?**

4 **A.** No. The value of SJGS Unit 3 on a \$/kW basis on June 30, 2013, and projected at
5 January 1, 2015, are higher than the value of SJGS Unit 4. Mr. Henry Monroy
6 provides the June 30, 2013, and projected January 1, 2015, values for SJGS Units 3 and
7 4 in PNM Exhibit HEM-4.

8
9 **Q. WHEN WILL THIS EXCHANGE TAKE PLACE?**

10 **A.** The timing of the transfer will be determined when the San Juan Plant Participation
11 Agreement (the "SJPPA") is amended and approved by the owners of the SJGS and is
12 contingent upon Commission approval of PNM's Application to this case. For purposes
13 of this filing, the Company has assumed the transfer will take place on January 1, 2015.

14
15 **Q. HOW WILL THE EXCHANGE BE TREATED FOR RATEMAKING**
16 **PURPOSES?**

17 **A.** As discussed in Mr. Monroy's testimony, the Company will value the additional 78
18 MW in Unit 4 at the net book value (original cost less accumulated depreciation) of
19 PNM's ownership in Unit 3 at the date of the exchange. Because the 78 MW of SJGS
20 Unit 3 is presently included in jurisdictional rates, the exchange will not impose
21 additional costs on customers.

22

**DIRECT TESTIMONY OF
THOMAS G. SATEGNA
NMPRC CASE NO. 13-00 _____-UT**

1 **Q. HOW DO THE ACCOUNTING RULES UNDER GENERALLY ACCEPTED**
2 **ACCOUNTING PRINCIPLES (“GAAP”) IMPACT HOW THE COMPANY**
3 **WILL RECORD THE EXCHANGE ON ITS FINANCIAL STATEMENTS?**

4 **A.** Under GAAP, specifically Accounting Standards Codification (“ASC”) 845, the
5 accounting for nonmonetary exchange transactions should be based on the fair value of
6 the assets involved. In applying this concept to ASC 980 (formerly Statement of
7 Financial Accounting Standards (“SFAS”) 71) and the FERC Uniform System of
8 Accounts, 18 CFR Chapter 1, Subchapter C, Part 101, Electric Plant Instructions, it is
9 reasonable to conclude that the fair value of SJGS Unit 4 is equivalent to the net book
10 value of SJGS Unit 3. Therefore, there will be no change in how the plant is valued
11 and reported on the Company’s financial statements as a result of the exchange.

12
13 **Q. BEFORE YOU DESCRIBE THE ACCOUNTING ORDER THE COMPANY IS**
14 **REQUESTING, PLEASE DEFINE UNDEPRECIATED INVESTMENT AS**
15 **THE TERM RELATES TO SJGS UNITS 2 AND 3.**

16 **A.** The term undepreciated investment represents the net book value (original cost less
17 accumulated depreciation) of PNM’s investment in SJGS Units 2 and 3 projected at the
18 time of retirement of the two units on December 31, 2017. Mr. Monroy provides the
19 projected net book value at that date in his direct testimony. The Company is seeking
20 Commission approval to record the actual undepreciated investment as of December
21 31, 2017, as a regulatory asset and to amortize it over a twenty-year time period with a
22 carrying charge equal to the Company’s pre-tax weighted average cost of capital.

23

**DIRECT TESTIMONY OF
THOMAS G. SATEGNA
NMPRC CASE NO. 13-00_____ -UT**

1 **Q. PLEASE DESCRIBE THE ACCOUNTING ORDER THAT THE COMPANY**
2 **IS REQUESTING WITH RESPECT TO UNDEPRECIATED INVESTMENT**
3 **IN SJGS UNITS 2 AND 3.**

4 **A.** The Company is requesting an accounting order that specifically identifies the
5 amount of the regulatory asset to be recorded as the actual undepreciated
6 investment at December 31, 2017. This specific identification is necessary in
7 order for the Company to transfer the amount out of FERC Account 101 (Electric
8 Plant in Service) to FERC Account 182.2 (Unrecovered Plant Costs), which is a
9 regulatory asset account. According to 18 CFR Chapter 1, Subchapter C, Part
10 101, significant unrecovered plant costs resulting from the early retirement of the
11 plant should be recorded as a regulatory asset in FERC Account 182.2 and
12 amortized over a specified period. Without specific authorization from the
13 Commission in its Final Order in this case, the Company would be required to
14 record a write-off when it becomes probable and estimable that: (1) all or part of
15 the undepreciated investment in Units 2 and 3 will not be recovered; or (2) partial
16 or no return on the undepreciated investment in Units 2 and 3 will be provided.
17 Mr. Horn's testimony addresses the significant negative impacts a write off would
18 have on PNM's financial condition. Mr. Darnell and Mr. Ortiz discuss why, from
19 a regulatory policy perspective, providing for recovery of this undepreciated
20 investment is in the public interest.

21
22 **Q. IS THE COMPANY ALSO REQUESTING A CARRYING CHARGE ON**
23 **THE UNDEPRECIATED INVESTMENT?**

**DIRECT TESTIMONY OF
THOMAS G. SATEGNA
NMPRC CASE NO. 13-00 _____-UT**

1 **A.** Yes. Due to the time value of money a fully compensatory carrying charge, or
2 return, is necessary to assure that PNM has an opportunity to recover the full
3 amount of the undepreciated investment. Accordingly, the Company is requesting
4 a carrying charge at its pre-tax weighted average cost of capital on its
5 undepreciated investment. This would be no different from the return the
6 Company is receiving today. As explained by Mr. Horn, the investment in SJGS
7 Units 2 and 3 were financed by a mix of debt and equity. The only difference, as
8 pointed out in Mr. Monroy's testimony, is the twenty year time period the
9 Company is requesting for recovery of its undepreciated investment. Mr.
10 Monroy quantifies the revenue requirement associated with this treatment of the
11 undepreciated investment in his direct testimony.

12

13 **Q. IS THE RECOVERY OF THE UNDEPRECIATED INVESTMENT THE**
14 **RECOVERY OF AN EXPENSE FOR ACCOUNTING PURPOSES?**

15 **A.** Yes. For accounting purposes, the Company will amortize the undepreciated
16 investment over a twenty year period and will record an annual expense of 1/20th
17 of the undepreciated investment in its income statement. In the absence of the
18 accounting order I have described, the undepreciated investment would be written
19 off in one year. Essentially that means that the remaining investment would flow
20 through the income statement as an expense all in one year. However, it would
21 not be reasonable to attempt to recover this large of an expense from customers all
22 in one year. Therefore, PNM is proposing to amortize the undepreciated
23 investment over twenty years.

**DIRECT TESTIMONY OF
THOMAS G. SATEGNA
NMPRC CASE NO. 13-00 _____-UT**

1 **Q. WHY IS PNM PROPOSING TO RECOVER THE UNDEPRECIATED**
2 **INVESTMENT OVER TWENTY YEARS?**

3 **A.** As with other large expense items, it is appropriate to record the expense as a
4 regulatory asset and amortize it over an extended period of time in order to
5 mitigate the impact of the cost on customers. Absent the retirement of SJGS units
6 2 and 3, the remaining depreciable life of the units would have been 36 years
7 (2018 – 2053). However, it would not be reasonable to use this service life for the
8 amortization period of the regulatory asset since the plant will no longer be in
9 service and the longer amortization period would increase the amount of carrying
10 costs that have to be collected from customers. On the other hand, a recovery
11 period of less than twenty years would result in higher annual revenue
12 requirements and rate impacts on customers that could be considered
13 unacceptable. The twenty-year recovery period balances customer and
14 shareholder interests.

15
16 **Q. WHAT WOULD BE THE REQUIRED ACCOUNTING TREATMENT IF**
17 **THE COMPANY WERE DENIED THE OPPORTUNITY TO RECOVER A**
18 **FULL RETURN ON THE UNDEPRECIATED INVESTMENT IN SJGS**
19 **UNIT 2 AND 3?**

20 **A.** ASC 980-360-35-3b (formerly SFAS 90) states that any disallowance of all or
21 part of the costs of the abandoned plant, including a return, shall be recognized as
22 a loss. In the event the Company was allowed a return of, i.e., recovery of the
23 costs through the twenty year amortization, but not a return on its investment, the

**DIRECT TESTIMONY OF
THOMAS G. SATEGNA
NMPRC CASE NO. 13-00 _____-UT**

1 Company would be required to determine the present value of future revenues
2 under that ratemaking treatment, would record that amount in FERC Account
3 182.2 as a regulatory asset, and would record the difference between the amount
4 of the regulatory asset and the undepreciated investment as an impairment loss in
5 FERC Account 435. This accounting treatment recognizes the economic
6 principle of the time value of money. Essentially, if cost recovery is deferred over
7 a period of time, failure to apply a compensatory carrying charge during that
8 period results in an inability to fully recover the amount of the expense and an
9 impairment loss must be recorded. As Mr. Horn indicates, any impairment loss
10 associated with the retirement of SJGS Units 2 and 3 will be viewed unfavorably
11 by credit rating agencies and will have a negative financial impact on PNM.

III. PVNGS UNIT 3

14
15 **Q. WHAT TOPICS WILL YOU ADDRESS IN THIS SECTION OF YOUR
16 DIRECT TESTIMONY?**

17 **A.** In this section of my direct testimony, I will address the regulatory history of PVNGS
18 Unit 3, including its abandonment and decertification by the New Mexico Public
19 Service Commission (“NMPS”) in NMPS Case No. 2285. I will also address the
20 significant write-down of the book value of this facility that the Company was required
21 to take in 1992 following the decertification, and will describe the accounting treatment
22 for including PVNGS Unit 3 in jurisdictional rates at a cost higher than its net book
23 value.

**DIRECT TESTIMONY OF
THOMAS G. SATEGNA
NMPRC CASE NO. 13-00_____ -UT**

1 **Q. PLEASE DESCRIBE THE REGULATORY HISTORY OF PVNGS UNIT 3.**

2 **A.** In anticipation of rapid retail load growth in PNM's service territory, the Company
3 along with several other utilities entered into the Arizona Nuclear Power Project
4 ("ANPP") in 1973 for the purpose of constructing PVNGS. PNM filed a petition
5 for a CCN with the NMPSC in 1975 after the NMPSC determined that a CCN
6 was required, and was granted a CCN for its interest in PVNGS Units 1, 2 and 3
7 in Case No. 1216 on February 8, 1977. Construction of PVNGS Unit 3 was
8 completed in 1988, at which time, due to much slower than anticipated retail load
9 growth, the Company was faced with a significant amount of excess generating
10 capacity. In turn, the NMPSC docketed Case No. 2146, Part II, to address the
11 excess capacity issue. In the Final Order in that case, the Commission
12 permanently excluded PVNGS Unit 3 from PNM's rate base and directed PNM to
13 propose an appropriate disposition of PVNGS Unit 3, in view of the permanent
14 rate base exclusion. In 1990, in Case No. 2285, the NMPSC decertified PVNGS
15 Unit 3, permanently relinquishing all regulatory authority over PNM's interest in
16 that plant.

17

18 **Q. WHAT WAS THE ACCOUNTING IMPACT OF THE COMMISSION'S**
19 **EXCLUSION OF PVNGS UNIT 3 FROM JURISDICTIONAL RATES?**

20 **A.** As a result of PVNGS Unit 3 being decertified and permanently excluded from
21 jurisdictional rates, the Company evaluated options to reduce the amount of, and
22 costs associated with, its excess generating capacity. In 1993, PNM announced
23 its decision to attempt to sell PVNGS Unit 3. That decision triggered a GAAP

**DIRECT TESTIMONY OF
THOMAS G. SATEGNA
NMPRC CASE NO. 13-00_____ -UT**

1 requirement to revalue PVNGS Unit 3 on PNM's balance sheet based on the
2 plant's estimated value in the market place, and resulted in PNM having to record
3 an impairment loss of \$181.3 million. Had PVNGS Unit 3 remained subject to
4 cost of service regulation, no such impairment loss would have been recorded.

5
6 **Q. IF THE COMMISSION RECERTIFIES PVNGS UNIT 3 AS A**
7 **JURISDICTIONAL RESOURCE AT THE VALUE PROPOSED BY MR.**
8 **DARNELL, ARE THERE ANY ACCOUNTING OR REGULATORY**
9 **CONSIDERATIONS THAT NEED TO BE ADDRESSED?**

10 **A.** Yes. The Company would be required, under GAAP and FERC requirements, to
11 record the transaction at fair value, which would require the Company to write-up
12 the value of PVNGS Unit 3 from its projected net book value of \$143,447,783 at
13 December 31, 2017, to the \$335.0 million value discussed in the testimonies of
14 Mr. Darnell and Mr. Reed.

15
16 **IV. OTHER ACCOUNTING MATTERS**

17
18 **Q. ARE THERE ANY OTHER ACCOUNTING MATTERS THAT YOU WISH**
19 **TO DISCUSS?**

20 **A.** Yes. PNM is requesting an accounting order, as part of this Application, authorizing
21 certain costs incurred in compliance with the BART determination for SJGS under the
22 FIP to be recorded as a regulatory asset on the Company's balance sheet for future

**DIRECT TESTIMONY OF
THOMAS G. SATEGNA
NMPRC CASE NO. 13-00_____ -UT**

1 recovery in a general rate case as reasonable and prudent expenses. Mr. Olson
2 discusses these costs in more detail in his direct testimony.

3
4 PNM Exhibit TGS-2 is a summary of the costs incurred by the Company to comply
5 with the FIP requirement as of November 30, 2013.

6
7 **Q. YOU STATE THAT THE COSTS INCLUDED IN PNM EXHIBIT TGS-2 ARE**
8 **THROUGH NOVEMBER 30, 2013. WILL THE COMPANY INCUR ANY**
9 **ADDITIONAL COSTS RELATED TO COMPLIANCE WITH THE FIP?**

10 **A.** No. There will be no additional costs associated with the Company's compliance with
11 the FIP, assuming all regulatory approvals needed to implement the Revised SIP are
12 granted.

13
14 **Q. IF THE COMMISSION AUTHORIZES THE RECOVERY OF THE COSTS**
15 **INCLUDED IN PNM EXHIBIT TGS-2 WHEN WOULD PNM SEEK**
16 **RECOVERY OF THESE COSTS?**

17 **A.** PNM would propose to include recovery of these costs in its next general rate case filing
18 before the NMPRC.

19
20 **Q. HAS THE COMPANY INCURRED ANY LITIGATION RELATED COSTS**
21 **ASSOCIATED WITH THE FIP AND PURSUING DIFFERENT BART**
22 **ALTERNATIVES, OR INCREMENTAL COSTS ASSOCIATED WITH THIS**
23 **FILING? IF SO, IS THE COMPANY REQUESTING APPROVAL FROM**

**DIRECT TESTIMONY OF
THOMAS G. SATEGNA
NMPRC CASE NO. 13-00_____ -UT**

**1 THE COMMISSION FOR RECOVERY OF THESE COSTS IN A FUTURE
2 RATE CASE?**

3 **A.** The Company has incurred litigation related costs associated with the FIP and
4 evaluating and pursuing different BART alternatives. In addition, the Company will
5 incur incremental costs associated with this filing and costs associated with the
6 amendment of the San Juan Project Participation Agreement necessary to facilitate the
7 retirement of SJGS Units 2 and 3 and the 78 MW ownership exchange from Unit 3 to
8 Unit 4. However, the Company is not requesting approval of these costs as part of
9 this filing. The Company will propose recovery of these costs in its next general rate
10 case and will provide justification for approval of these costs in that case.

11

V. CONCLUSIONS

12

13

14 Q. DO YOU HAVE ANY CONCLUDING OBSERVATIONS?

15 **A.** Yes. As discussed in the testimony above, a Commission order authorizing PNM to
16 record the undepreciated investment associated with the retirement of SJGS 2 and 3 as a
17 regulatory asset on its balance sheet with a fully compensatory carrying charge is
18 critically important. Absent such an order, the Company will be faced with significant
19 balance sheet write-offs which would have serious negative consequences for PNM and
20 PNM's customers as discussed by Mr. Horn.

21

22 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

23 **A.** Yes.

GCG#517363

PNM EXHIBIT TGS-1

Consisting of 6 pages

EDUCATIONAL AND PROFESSIONAL SUMMARY

Name: Thomas G. Sategna

Address: Public Service Company of New Mexico
414 Silver Ave., SW
Albuquerque, NM 87102

Position: Vice President and Corporate Controller

Education: B.B.A., Accounting, Eastern New Mexico University, 1976

Employment: Employed by Public Service Company of New Mexico since 1977. Positions held within the Company since employment date have been the following:

Joint Project Accountant
Joint Project Accounting Supervisor
Operations Accounting Supervisor
Financial Accounting Supervisor
Director, Cost of Service
Manager, Cost of Service and Special Projects
Controller, Electric Operations
Assistant Controller
Controller, Electric and Gas Services
Controller, Operational Accounting
Vice President and Corporate Controller

Testimony Filed:

Nature of Proceeding	Regulatory Body	Filed Dates	Docket Number
In the Matter of Application of SDCW for Approval of a Utility Expansion Charge.	NMPUC	12/86	2057
In the Matter of the Effect of the Tax Reform Act of 1986 on Sangre de Cristo Water Company.	NMPUC	01/88	2160
WAPA/PNM Contract for System Interconnections and Transmission Service.	FERC	07/88	ER88-542
El Paso Electric Supplement to Interconnection Agreement.	FERC	07/88	ER88-543
In the Matter of Public Service Company of New Mexico's application for a change in rates pursuant to Advice Notice Nos. 193 and 194.	NMPUC	03/89	2262
APPA/PNM Power Sale Agreement.	FERC	03/91	ER91-340

In the Matter of the Application of Public Service Company of New Mexico for Approval to Sell a 10.04% Undivided Interest in San Juan Generating Station, Unit 4 to the City of Anaheim, CA. and for Related Orders and Approvals.	NMPUC	08/91	2408
In the Matter of Public Service Company of New Mexico Petition for a Declaratory Order Construing the New Mexico Public Utility Commission's Statutes and Tariffs to Resolve a Controversy Between Public Service Company of New Mexico and the City of Albuquerque.	NMPUC	08/91	2409
In the matter of the application of PNM to Sell UW Transmission Line to the City of Farmington and for Related Orders and Approvals.	NMPUC	11/91	2430
Application of PNM for certain approvals relating to its purchase of Burnham Leasing Corporation's beneficial interests in certain Palo Verde Nuclear Generating Station Unit 1 and Unit 2 owner trusts including approval of a general diversification plan.	NMPUC	02/92	2444
In the matter of the application of Public Service Company of New Mexico for continued use of, and certain variances with respect to, its fuel and purchased power cost adjustment clause pursuant to NMPUC Rule 550.	NMPUC	02/93	2492
In the matter of: (1) the application by Public Service Company of New Mexico for abandonment of Prager, Santa Fe, and Person Generating Stations and (2) Public Service Company of New Mexico's Case No.2530 Proposed Electric Depreciation Rates.	NMPUC	07/93	2530
Water Depreciation Study	NMPUC	06/93	2534
In the matter of PNM for approval of the sale of 35MW to UAMPS	NMPUC	11/93	2553
In the matter of Public Service Company of New Mexico's filing for a \$30 Million Reduction Retail Electric Rates.	NMPUC	06/94	2567
In the matter of PNM Gas Services, a Division of Public Service Company of New Mexico, for a revision to its rates, rules, forms, and charges pursuant to advise Notice Nos. 592, 593, and 594.	NMPUC	08/95	2662

In the matter of PNM's request for approval to establish a qualified Nuclear Decommissioning Trust for PNM's interest in the Palo Verde Nuclear Generating Station.	NMPUC	09/95	2674
Notice of Rate Change	FERC	04/96	ER96-1462-000
Tariff Filing	FERC	04/96	ER96-1551-
In the matter of the application of Public Service Company of New Mexico for a variance from the requirements of Rule 450 relating to acquisition of certain Palo Verde Generating Station Unit 1 and Unit 2 and Eastern Interconnection Project Lease Debt or for Alternative Relief.	NMPUC	05/96	2700
Public Service Company of New Mexico's Case-in-Chief	FERC	06/96	ER95-1800-000. et al.
In the matter of PNM's petition for declaratory order concerning its internal restructuring plan.	NMPUC	06/96	2620
In the matter of PNM Gas Services request for purchase of a 130-mile natural gas pipeline from the United States Department of Energy.	NMPUC	08/96	2728
In the matter of the Filing by PNM Electric Services of Advice Notice Nos. 246 and 247.	NMPUC	11/96	2688
In the matter of the Commission's investigation of the rates for gas service of PNM Gas Services, a division of Public Service Company of New Mexico.	NMPUC	10/97	2762
In the matter of the Commission's investigation of the rates for electric service of PNM Electric Services, a division of Public Service Company of New Mexico.	NMPUC	11/97	2761
Application of PNM for authorizations relating to the issuance of senior unsecured notes in connection with the refinancing of certain PVNGS Units 1&2 lease debt and for a variance from the requirements of Rule 450.	NMPUC	06/98	2837
Testimony in support of the Stipulation in the matter of the Commission's investigation of the rates for gas service of PNM Gas Services.	NMPUC	05/98	2762
Application of PNM for authorizations and approvals required in connection with the purchase of certain assets from Tri-State Generation and Transmission Assoc., Inc.	NMPRC	05/99	2989

Testimony in support of the Stipulation in the matter of the Commission's investigation of the rates for electric service of PNM Electric Services, a division of Public Service Company of New Mexico.	NMPRC	06/99	2761
In the matter of PNM's transition plan filed pursuant to the Electric Utility Industry Restructuring Act of 1999 – Part II Authorizations requested in connection with PNM's separation plan.	NMPRC	11/99	3137
In the matter of PNM's transition plan filed pursuant to the Electric Utility Industry Restructuring Act of 1999 – Part II Supplemental Testimony	NMPRC	01/00	3137
In the matter of the application of Public Service Company of New Mexico for approval of an underground system special services rate	NMPRC	03/00	3295
In the matter of PNM's transition plan filed pursuant to the Electric Utility Industry Restructuring Act of 1999 – Part III Transition Plan	NMPRC	05/00	3137
In the matter of PNM's transition plan filed pursuant to the Electric Utility Industry Restructuring Act of 1999 – Part II Second Supplemental Direct Testimony	NMPRC	06/00	3137
In the matter of PNM's transition plan filed pursuant to the Electric Utility Industry Restructuring Act of 1999 – Part II Rebuttal Testimony	NMPRC	07/00	3137
In the matter of PNM's transition plan filed pursuant to the Electric Utility Industry Restructuring Act of 1999 – Part II Additional Testimony - Creation of Holding Company and Revised General Diversification Plan	NMPRC	04/01	3137
In the matter of PNM's transition plan filed pursuant to the Electric Utility Industry Restructuring Act of 1999 – Part II Additional Rebuttal Testimony - Creation of Holding Company and Revised General Diversification Plan	NMPRC	05/01	3137
In the matter of PNM's transition plan filed pursuant to the Electric Utility Industry Restructuring Act of 1999 – Part II Testimony in Support of Merchant Plant	NMPRC	12/01	3137

Application of PNM for approvals relating to its purchase of 100% of the issued and outstanding stock of DCC Project Finance Two, Inc., the owner participant with respect to a 60% undivided interest in the EIP, including approval of a GDP and other required approvals	NMPRC	01/02	3727
In the matter of PNM's transition plan filed pursuant to the Electric Utility Industry Restructuring Act of 1999 – Direct testimony in Support of Stipulation	NMPRC	11/02	3137
In the matter of the petition of PNM for a revision to its (Gas) rates, rules and charges pursuant to advise notice No. 712 and 722	NMPRC	1/03	03-000017-UT
In the matter of regulatory treatment of interconnection costs associated with PNM's renewable energy project with FPL Energy NM Wind, LLC	NMPRC	10/03	03-00315-UT FPLE
In the matter of PNM's Transitional renewable Energy Procurement plan	NMPRC	9/04	04-00311-UT
In the matter of PNM Resources, Inc. and Texas New Mexico Power Co. for approval of acquisition of TNP Enterprises, Inc.	NMPRC	9/04	04-00315-UT
Application of PNM Resources, Inc. and Texas New Mexico Power Company regarding proposed acquisition of stock	PUCT	9/04	30172
In the matter of the petition of PNM for a revision to its (Gas) rates, rules and charges pursuant to advise notice No. 712 and 722	NMPRC	5/06	06-00210-UT
In the matter of the application of PNM for revision of its retail electric rates pursuant to advice notice No. 334	NMPRC	02/07	07-00077-UT
In the matter of the joint motion of PNM and IBEW Local No. 611, for implementation of Emergency Fuel and Purchased Power Cost Adjustment Clause	NMPRC	03/08	08-00092-UT
In the matter of the application of PNM to transfer its gas public utility assets to New Mexico Gas Company	NMPRC	03/08	08-00078-UT
Testimony in the support of the Stipulation for the transfer of PNM's gas utility public assets to New Mexico Gas Company	NMPRC	09/08	08-00078-UT

In the matter of the application of PNM for revision of its retail electric rates pursuant to advice notice No. 352	NMPRC	09/08	08-00273-UT
Testimony in support of Stipulation for the revision of its retail electric rates pursuant to advice notice No. 352	NMPRC	03/09	08-00273-UT
Answering testimony on behalf of PNM in regards to the testimony filed by the California parties.	FERC	09/09	EL02-71-017
Supplemental testimony in the matter of PNM filing of advice notices for revisions to energy efficiency tariff riders pursuant to NMAC 17.7.2.9.K	NMPRC	07/10	10-00127-UT
Adopted certain portions of testimony filed in the direct case and also filed testimony in support of Stipulation. In the matter of the application of Public Service Company of New Mexico for revision of its retail electric rates pursuant to Advice Notice Nos. 397 and 32 (former TNMP Service)	NMPRC	01/11	10-00086-UT

PNM EXHIBIT TGS-2

Consisting of 1 page

Costs Incurred to Comply with Best Available Retrofit Technology Determination for San Juan Generating Station Under the Federal Implementation Plan

SCR Construction Activities:	PNM Share As of November 2013
Outside Services	2,142,153
Labor & Loads	282,713
Insurance	115,937
Employee Expense	52,069
Other	14,943
SJGS Common Total	2,607,815
Outside Services	110,907
Other	1,780
SJGS Unit 1 Total	112,687
Outside Services	122,999
Other	2,545
SJGS Unit 4 Total	125,544
Total SCR Construction Activities	2,846,046

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE APPLICATION)
OF PUBLIC SERVICE COMPANY OF NEW)
MEXICO FOR APPROVAL TO ABANDON)
SAN JUAN GENERATING STATION UNITS)
2 AND 3, ISSUANCE OF CERTIFICATES)
OF PUBLIC CONVENIENCE AND)
NECESSITY FOR REPLACEMENT POWER)
RESOURCES, ISSUANCE OF ACCOUNTING)
ORDERS AND DETERMINATION OF)
RELATED RATEMAKING PRINCIPLES AND)
TREATMENT,)
)
PUBLIC SERVICE COMPANY OF NEW)
MEXICO,)
)
Applicant)
_____)

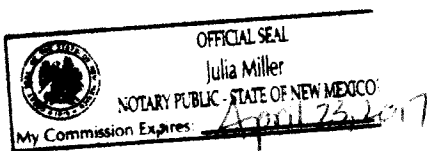
Case No. 13-00 ___-UT

AFFIDAVIT

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

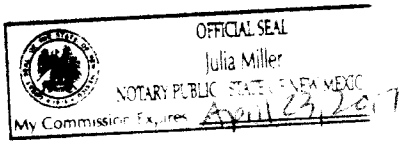
THOMAS G. SATEGNA, Vice President and Corporate Controller for PNM Resources, Inc., upon being duly sworn according to law, under oath, deposes and states: I have read the foregoing **Direct Testimony of Thomas G. Sategna** and it is true and accurate based on my own personal knowledge and belief.


SIGNED this 4th day of December, 2013.



Tom Sategna
THOMAS G. SATEGNA

SUBSCRIBED AND SWORN to before me this 24th day of December, 2013.




NOTARY PUBLIC IN AND FOR
THE STATE OF NEW MEXICO

My Commission Expires:

April 23, 2017