DOCKET NO. 42181

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APPLICATION OF TEXAS-NEW MEXICO POWER COMPANY FOR INTERIM UPDATE OF WHOLESALE TRANSMISSION RATES PURSUANT TO SUBSTANTIVE RULE 25.192(h)	§ § § § § §	**BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS**

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APPLICATION OF TEXAS-NEW MEXICO POWER COMPANY FOR INTERIM UPDATE OF WHOLESALE TRANSMISSION RATES PURSUANT TO SUBSTANTIVE RULE 25.192 (h)(1)	§ § § § § §	**BEFORE THE** **PUBLIC UTILITY COMMISSION** **OF TEXAS**

APPLICATION OF TEXAS-NEW MEXICO POWER COMPANY

TO THE HONORABLE PUBLIC UTILITY COMMISSION:

NOW COMES Texas-New Mexico Power Company ("TNMP" or "Company"), and files this, its Application of Texas-New Mexico Power Company For Interim Update of Wholesale Transmission Rates Pursuant to Substantive Rule 25.192(h) ("Application") and the Filing Requirements for Interim Update of Wholesale Transmission Rates Pursuant to Substantive Rule 25.193(a)(1)[1] (the "Interim TCOS Filing Package"), respectfully showing as follows:

I. TIMELY RELIEF, BACKGROUND AND AUTHORITY

Section 35.004(d) of the Public Regulatory Utility Regulatory Act ("PURA") allows the Commission to approve wholesale rates that may be periodically adjusted to ensure timely recovery of transmission investment. TNMP's existing rates rely on ERCOT`s previous report which set 2012 four coincident peak ("4CP") load in the ERCOT region at 66,014.3759 MW as approved in Docket No. 40946.[2] However, in Docket No. 42062,[3] ERCOT`s 2013 4CP report reduces the load used for billing to 65,120.7095 MW (i.e., a 1.4% reduction in load for billing). Consequently, TNMP's current rates do not afford it the timely recovery contemplated by PURA, TNMP thus

[1] Now P.U.C. SUBST. R. 25.192(h)(1).

[2] *Commission Staff's Application To Set 2013 Wholesale Transmission Service Charges For The Electric Reliability Council Of Texas*, P.U.C. Docket 40946; Order (March 28, 2013)

[3] *Commission Staff's Application To Set 2014 Wholesale Transmission Service Charges For The Electric Reliability Council Of Texas*, P.U.C. Docket 42062.

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requests a procedural schedule that will allow rates to be implemented by the 35th day after the filing of this application as set forth herein.

Specifically, TNMP seeks an interim revision to its previously approved transmission cost of service ("TCOS") and wholesale rate pursuant to, and consistent with, the requirements of Public Utility Commission ("Commission" or "PUC") Substantive Rule 25.192(h)(1). P.U.C. SUBST. R. 25.192(h)(1) permits that each transmission service provider ("TSP") in the ERCOT region may apply to update its transmission rates on an interim basis, not more than twice per calendar year, to reflect changes in its invested capital. Proceedings pursuant to this rule are not intended to determine the reasonableness of the interim costs. Instead, P.U.C. SUBST. R. 25.192(h)(2) requires that any review of whether the interim transmission plant costs are reasonable and necessary will occur at the next complete review of TNMP's transmission cost of service.

II. TNMP's FILING

Together with this Application, TNMP has filed, and incorporates by reference, the Direct Testimony and Exhibits of Jason Peters, Direct Testimony of Evans Spanos, and the Interim TCOS Schedules and Workpapers. As discussed in Section V below, TNMP's form of notice is attached as Attachment A.

III. COSTS INCLUDED IN TNMP's INTERIM TCOS UPDATE

TNMP's Application compares the actual December 31, 2013 transmission net plant balances with the June 30, 2013 net plant balances established in P.U.C. Docket No. 41727.[4] The difference between these two balances provides the increase in the rate base for TNMP in this Application.

IV. RELIEF REQUESTED

The requested increase in total transmission rate base in this filing is $18,179,653 with an increase in total transmission revenue requirement of $2,919,142. TNMP further requests that the Commission approve an interim wholesale transmission rate of

[4] *Application of Texas-New Mexico Power Company for Interim Update of Wholesale Transmission Rates*, Docket No. 41727, Notice of Approval (September 17, 2013).

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$0.650865 /kW, effective as early as February 25, 2014, but no later than 60 days after filing (i.e., March 22, 2014).

V. NOTICE AND PROCESSING

Pursuant to P.U.C. SUBST. R. 25.192(h)(4)(A), within one business day of filing the Application, TNMP will provide written notice in the form attached as Attachment A, to all parties in the last complete review of TNMP's transmission cost of service proceeding,[5] as well as to every distribution service provider listed in the matrix utilized by the Commission in Docket No. 42062[6] which will establish wholesale transmission charges for the year 2014. Upon completion of the notice described above, TNMP will file an affidavit attesting to the provision of such notice within a reasonable time and by such date as may be established by the presiding officer.

TNMP respectfully requests that the Commission docket this Application upon receipt and issue an order establishing the appropriate intervention deadline and requiring Commission Staff to comment on material sufficiency of the Application. P.U.C. SUBST. R. 25.192(h)(4)(A) establishes an intervention deadline of 21-days from the date service is completed, and P.U.C. SUBST. R. 25.192(h)(4)(B) provides the deadline for Commission Staff to file a motion regarding material sufficiency of the Application as no later than 21-days after the application is filed. Additionally, pursuant to P.U.C. SUBST. R. 25.192(h)(4)(C), if no timely requests to intervene are filed, TNMP requests the Commission process this application under the requirements of P.U.C. PROC. R. 22.35, Informal Disposition, whereby an approval must occur 60-days after the date a materially sufficient application is filed. TNMP proposes the following schedule for the Commission's consideration:

Action	**Date**	**No. of Days from Filing**
TNMP Application Filed.	January 21, 2014	
Deadline for Intervention.	February 11, 2014	21 days

[5] *Id.*

[6] *Commission Staff's Application to Set 2014 Wholesale Transmission Service Charges for the Electric Reliability Council of Texas,* P.U.C. Docket 42062.

Deadline for Staff comments on Material Sufficiency.		
Intervenor Comments or Request for a Hearing.	February 11, 2014	21 days
If no hearing requested, deadline for Staff's Final Recommendation.	February 18, 2014	28 days
Deadline for TNMP to request hearing or respond to Intervenor comments and Staff's Recommendation on final disposition; - or - if no disputed issues exist, deadline for parties to file proposed Finding of Facts, Conclusions of Law, and Ordering Paragraphs.	February 21, 2014	31 days
Final Order.	February 25, 2014	35 days

In the alternative, and to the extent that the Commission determines such is necessary, TNMP requests the scheduling of a prehearing conference as soon as possible to address the processing of this docket.

To the extent the relief requested herein is contested in a manner that would prevent the implementation of TNMP's request by February 25, 2014, TNMP respectfully requests an opportunity for hearing, pursuant to P.U.C. PROC. R. 22.125(c), to establish that good cause exists for the Commission to grant TNMP interim relief. In such event, TNMP further requests expedited treatment of this petition to permit the Commission to issue an interim order before the requested effective date, and a final order as expeditiously as possible thereafter.

VI. PRAYER

WHEREFORE, PREMISES CONSIDERED, TNMP respectfully requests that the Commission approve TNMP's Application and order an interim adjustment to TNMP's transmission revenue requirement of $42,384,810, approve an interim wholesale transmission rate of $0.650865 /kW, effective as early as February 25, 2014, but no later than 60-days after filing, (i.e., March 22, 2014) and for such other and further relief to which it may show itself entitled.

Date: 01·21·2014

Respectfully submitted,

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ATTORNEY FOR TEXAS-NEW MEXICO POWER COMPANY

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing notice was served on all affected customers in this proceeding on January 21, 2014 by electronic transmission, facsimile transmission, or first class mail.

Counsel

ATTACHMENT A

NOTICE OF RATE CHANGE REQUEST

On January 21, 2014, Texas-New Mexico Power Company ("TNMP") filed its Application for Interim Update of Wholesale Transmission Rates Pursuant to P.U.C. Substantive Rule 25.192(h)(1) ("Application"). TNMP's Application seeks an interim rate adjustment to the previously approved transmission cost of service and wholesale transmission rate due to transmission investment in excess of the level currently authorized in rates. If approved, the total rate base interim increase will be $18,179,653 with a total revenue requirement interim increase of $2,919,142 and an interim wholesale transmission rate of $0.650865/kW. The proposed interim revenue requirement increase represents an approximate 7.4 percent increase in TNMP's wholesale transmission revenue requirement. TNMP has requested an effective date for the interim wholesale transmission rate of February 25, 2014.

Because the Application requests a revision of TNMP's wholesale transmission rate to reflect changes in its invested capital, affected customers include all distribution service providers who pay wholesale transmission charges pursuant to the Substantive Rules of the Public Utility Commission of Texas.

A complete copy of TNMP's application is available for inspection at TNMP's offices located at 511 E. John Carpenter Freeway, Suite 250, Irving, Texas 75062.

Persons who wish to intervene in, or comment upon, these proceedings should notify the Public Utility Commission of Texas as soon as possible as TNMP has requested in intervention deadline of 21-days after the filing of the application. If TNMP's request is granted, the intervention deadline will be February 11, 2014. A request to intervene or request for further information should be made to the Public Utility of Texas, P.O. Box 13326, Austin, Texas 78711-3326 and reference Docket No. _________. Further information may also be obtained by calling the Public Utility Commission of Texas at (512) 936-7120 or (888) 782-8477. Hearing-and-speech impaired individuals with text telephones (TTY) may contact the Commission at (512) 936-7136.

TEXAS-NEW MEXICO POWER COMPANY

Schedule A (Interim): Summary of Interim Wholesale Transmission Cost of Service

Interim WholesaleTransmission Cost of Service
TEXAS-NEW MEXICO POWER COMPANY
Update Period 07/01/2013 - 12/31/2013

Description	Total Approved per Docket 41727 (1)	Interim Annual Increase (2)	Interim Revenue Requirement (3) = (1) + (2)	Reference Schedule
Operation & Maintenance	6,046,153	N/A	6,046,153	Docket 38480
Depreciation and Amortization	7,837,058	495,198	8,332,256	E-1
Taxes Other Than Income Taxes	3,070,076	177,737	3,247,813	E-2
Federal Income Tax	4,432,626	446,013	4,878,639	E-3
Return on Rate Base	18,073,555	1,800,195	19,873,750	B
Total Revenue Requirement	39,459,468	2,919,142	42,378,611	
Other Expenses	37,172	N/A	37,172	Docket 38480
Other Revenues	(30,973)	N/A	(30,973)	Docket 38480
Total	**39,465,667**	**2,919,142**	**42,384,810**	
ERCOT AVERAGE 4 CP-in kW	66,014,375.9		65,120,709.5	
Wholesale Rate $/kW	$ **0.597834**		$ **0.650865**	

Schedule B (Interim): Summary of Interim Wholesale Transmission Rate Base

Interim WholesaleTransmission Cost of Service
TEXAS-NEW MEXICO POWER COMPANY
Update Period 07/01/2013 - 12/31/2013

Description	Total Approved per Docket 41727 (1)	Balance as of end of update period	Increase in Rate Base & Return (3) = (2) - (1)	Reference Schedules
Direct Assigned:				
FERC Accounts-(350-62)				
Original Plant In Service	274,557,580	293,587,081	19,029,501	B-1
(Accumulated Depreciation)	(68,895,488)	(69,745,336)	(849,848)	B-5
Net Plant In Service	**205,662,092**	**223,841,745**	**18,179,653**	
Allocated Plant Accounts- Net *	6,154,295	6,154,295	N/A	Docket 38480
CWIP *	203,367	203,367	N/A	Docket 38480
Working Capital *	827,598	827,598	N/A	Docket 38480
Plant Held for Future Use *	150,074	150,074	N/A	Docket 38480
Reserve for Insurance *	-	-	N/A	Docket 38480
Other *	(30,477,746)	(30,477,746)	N/A	Docket 38480
Total Rate Base	**182,519,680**	**200,699,333**	**18,179,653**	
Rate of Return *	9.9023%	9.9023%	9.9023%	Docket 38480
Return on Rate Base	**18,073,555**	**19,873,750**	**1,800,195**	

*** Same as the last TCOS**

Interim WholesaleTransmission Cost of Service
TEXAS-NEW MEXICO POWER COMPANY
Update Period 07/01/2013 - 12/31/2013

Account No.	Description	Reference Schedule Workpaper	Balance as of last TCOS per Docket 41727 (1)	Non-Affiliate Additions in period 07/01/2013 - 12/31/2013 (2)	Retirements/Adjustments in period 07/01/2013 - 12/31/2013 (3)	Affiliate Cost Additions in period 07/01/2013 - 12/31/2013 (4)	Balance end of period 07/01/2013 - 12/31/2013 (5) = (1) +...+(4)
Transmission Plant-Gross							
A350.0	Land	WP/ Schedule B-1.1	1,039,436	2,045	-	162	1,041,643
A350.1	Land Rights	WP/ Schedule B-1.1	7,304,085	-	-	-	7,304,085
A352	Structures and Improvements	WP/ Schedule B-1.1	366,501	732,147	-	57,885	1,156,532
A353	Station Equipment	WP/ Schedule B-1 1	91,884,813	8,657,683	960,736	684,489	102,187,721
A354	Towers and Fixtures	WP/ Schedule B-1.1	6,448,132	2,714,928	-	214,646	9,377,707
A355	Poles and Fixtures	WP/ Schedule B-1.1	59,305,451	1,810,723	(348,242)	143,158	60,911,090
A356	O H Conductors & Devices	WP/ Schedule B-1 1	41,733,463	1,533,728	(162,733)	121,259	43,225,717
A357	Undergound Conduit	WP/ Schedule B-1.1	-	-	-	-	-
A358	Underground Conductors	WP/ Schedule B-1.1	-	-	-	-	-
A359	Roads and Trails	WP/ Schedule B-1.1	-	-	-	-	-
A360	Distribution above 60 kv	WP/ Schedule B-1 1	-	-	-	-	-
A361	Distribution above 60 kv	WP/ Schedule B-1.1	-	-	-	-	-
A362	Distribution above 60 kv	WP/ Schedule B-1.1	66,475,699	4,240,240	(2,668,593)	335,240	68,382,585
TOTAL TRANSMISSION PLANT IN SERVICE-GROSS			**274,557,580**	**19,691,494**	**(2,218,832)**	**1,556,838**	**293,587,081**

Interim WholesaleTransmission Cost of Service
TEXAS-NEW MEXICO POWER COMPANY
Affiliate Costs
Update Period 07/01/2013 - 12/31/2013

Account No.	Description	Reference Schedule Workpaper	Total Gross Plant Additions in period 07/01/2013 - 12/31/2013 (1)	Non-Affiliate Additions in period 07/01/2013 - 12/31/2013 (2)	Affiliate Cost - Additions in period 07/01/2013 - 12/31/2013 (3)
Transmission Plant-Gross					
A350.0	Land	Schedule B-1	2,207	2,045	162
A350.1	Land Rights	Schedule B-1	-	-	-
A352	Structures and Improvements	Schedule B-1	790,031	732,147	57,885
A353	Station Equipment	Schedule B-1	9,342,172	8,657,683	684,489
A354	Towers and Fixtures	Schedule B-1	2,929,575	2,714,928	214,646
A355	Poles and Fixtures	Schedule B-1	1,953,882	1,810,723	143,158
A356	O.H. Conductors & Devices	Schedule B-1	1,654,987	1,533,728	121,259
A357	Undergound Conduit	Schedule B-1	-	-	-
A358	Underground Conductors	Schedule B-1	-	-	-
A359	Roads and Trails	Schedule B-1	-	-	-
A360	Distribution above 60 kv	Schedule B-1	-	-	-
A361	Distribution above 60 kv	Schedule B-1	-	-	-
A362	Distribution above 60 kv	Schedule B-1	4,575,479	4,240,240	335,240
TOTAL TRANSMISSION PLANT IN SERVICE-GROSS			**21,248,333**	**19,691,494**	**1,556,838**

Interim WholesaleTransmission Cost of Service
TEXAS-NEW MEXICO POWER COMPANY
Transmission Capital Spending Summary
Update Period 07/01/2013 - 12/31/2013

Time Period	Reference Schedule Workpaper	Shared Services A&G Loads Applied	Total Transmission Capital Costs	Shared Services A&G Load Rate
07/01/2013 - 12/31/2013	WP Schedule B-1.1 2	1,556,838	21,248,333	7.9061%

Interim WholesaleTransmission Cost of Service
TEXAS-NEW MEXICO POWER COMPANY
Affiliate Cost Break-Out
Update Period 07/01/2013 - 12/31/2013

Project #	Project Description/Title	Amount	A&G Load	Total Affiliate Costs
Additions Over $100,000				
NTE02012	NTE Distribution Substation	105,297	9,315	9,315
SOC02012	SOC Distribution Substation	113,172	7,776	7,776
STE03312	Repl GC Trans Brkrs Distr Stations	2,539,390	204,722	204,722
STE03013	Friendswood Bus Upgrade	423,094	29,324	29,324
NTE03413	NTE BREAKER CHANGES	1,103,269	76,468	76,468
STE07712	Caddo to Calpine Relay Changeout	121,092	10,102	10,102
NTX07112	NTX Misc Transmission	136,948	9,230	9,230
STE07412	Rebuild Hastings-FWD 138kV T-Line	139,025	6,504	6,504
CTX07112	CTX Misc Transmission	149,860	8,596	8,596
WTX07112	WTX Misc Transmission	157,758	10,627	10,627
BRA07112	BRA Misc Transmission	176,593	11,347	11,347
BAY07112	BAY Misc Transmission	285,577	22,670	22,670
STE08213	Shell Marathon 69kv Svc TerminalSub	288,813	71,750	71,750
NTE07312	J Cleo Thompson Tap	503,494	37,371	37,371
STE07713	Line G138-S Fiber Replacement	666,197	51,273	51,273
STE07313	Replace 6 OCBs West Columbia Main	764,373	55,218	55,218
STE07213	GALV CO TRAN POLE REPLACE	886,603	63,188	63,188
STE08412	Repl GC Trans Brkrs Trans Stations	1,290,666	90,950	90,950
NTE07413	Barstow Cap Bank	1,691,365	123,738	123,738
STE07613	Tejas Breaker Addition	2,897,810	208,983	208,983
NTE07513	Rebuild Wink with Ring Bus (Trans)	3,124,512	202,544	202,544
STE07513	Rebuild League City-Magnolia Trans	3,212,832	228,846	228,846
	Subtotal - Additions Over $100,000	20,777,740	1,540,546	1,540,546
Additions Under $100,000 and Over $50,000				
NTE03912	Install 10MVAR 69kV Cap Bank Pyote	77,427	592	592
STE02012	STE Distribution Substation	97,694	6,451	6,451
STE03412	Sub Work to Support Texas City OPGW	67,046	(183)	(183)
NTE08412	Upgrade Highlands Substation 3000A	59,717	4,101	4,101
MNL07112	MNL Misc Transmission	73,706	3,752	3,752
STE08212	Texas City OPGW	85,109	756	756
	Subtotal - Additions Under $100,000 and Over $50,000	460,698	15,469	15,469
	Additions Under $50,000	9,895	823	823
	TOTAL ADDITIONS	**21,248,333**	**1,556,838**	**1,556,838**

Interim WholesaleTransmission Cost of Service
TEXAS-NEW MEXICO POWER COMPANY
Gross Plant Additions Listing
Update Period 07/01/2013 - 12/31/2013

Project #	Project Description/Title	Amount	In Service Date	Project Type	ERCOT Input/Review
Additions Over $100,000					
NTE02012	NTE Distribution Substation	105,297	3/27/2013	Capital Maintenance	
SOC02012	SOC Distribution Substation	113,172	9/9/2013	Capital Maintenance	
STE03312	Repl GC Trans Brkrs Distr Stations	2,539,390	12/3/2013	Capital Maintenance	
STE03013	Friendswood Bus Upgrade	423,094	12/17/2013	Single Contingency Overload	Yes
NTE03413	NTE BREAKER CHANGES	1,103,269	12/16/2013	Capital Maintenance	
STE07712	Caddo to Calpine Relay Changeout	121,092	12/19/2013	Capital Maintenance	
NTX07112	NTX Misc Transmission	136,948	7/18/2013	Capital Maintenance	
STE07412	Rebuild Hastings-FWD 138kV T-Line	139,025	12/20/2013	Single Contingency Overload	Yes
CTX07112	CTX Misc Transmission	149,860	9/6/2013	Capital Maintenance	
WTX07112	WTX Misc Transmission	157,758	12/20/2013	Capital Maintenance	
BRA07112	BRA Misc Transmission	176,593	12/31/2013	Capital Maintenance	
BAY07112	BAY Misc Transmission	285,577	12/30/2013	Capital Maintenance	
STE08213	Shell Marathon 69kv Svc TerminalSub	288,813	12/17/2013	Load Growth	
NTE07312	J Cleo Thompson Tap	503,494	11/8/2013	Load Growth	
STE07713	Line G138-S Fiber Replacement	666,197	12/20/2013	Capital Maintenance	
STE07313	Replace 6 OCBs West Columbia Main	764,373	12/19/2013	Capital Maintenance	
STE07213	GALV CO TRAN POLE REPLACE	886,603	12/6/2013	Capital Maintenance	
STE08412	Repl GC Trans Brkrs Trans Stations	1,290,666	12/3/2013	Capital Maintenance	
NTE07413	Barstow Cap Bank	1,691,365	12/6/2013	System Reactive Support	
STE07613	Tejas Breaker Addition	2,897,810	12/2/2013	Capital Maintenance	
NTE07513	Rebuild Wink with Ring Bus (Trans)	3,124,512	12/27/2013	Capital Maintenance	
STE07513	Rebuild League City-Magnolia Trans	3,212,832	9/17/2013	Single Contingency Overload	Yes
	Subtotal - Additions Over $100,000	20,777,740			
Additions Under $100,000 and Over $50,000					
NTE03912	Install 10MVAR 69kV Cap Bank Pyote	77,427	6/17/2013	System Reactive Support	
STE02012	STE Distribution Substation	97,694	5/20/2013	Capital Maintenance	
STE03412	Sub Work to Support Texas City OPGW	67,046	11/14/2012	Communications Upgrade	
NTE08412	Upgrade Highlands Substation 3000A	59,717	10/25/2013	Single Contingency Overload	Yes
MNL07112	MNL Misc Transmission	73,706	12/20/2013	Capital Maintenance	
STE08212	Texas City OPGW	85,109	11/14/2012	Communications Upgrade	
	Subtotal - Additions Under $100,000 and Over $50,000	460,698			
	Additions Under $50,000	9,895			
	TOTAL ADDITIONS	**21,248,333**			

Interim WholesaleTransmission Cost of Service
TEXAS-NEW MEXICO POWER COMPANY
Gross Plant Retirement/Transfers Listing
Update Period 07/01/2013 - 12/31/2013

Project #	Project Description/Title	Amount	Retirement Date
Retirements Over $15,000			
NTE07513	Rebuild Wink with Ring Bus (Trans)	(640,612)	12/27/2013
STE07412	Rebuild Hastings-FWD 138kV T-Line	(237,822)	12/20/2013
STE08412	Repl GC Trans Brkrs Trans Stations	(223,397)	12/3/2013
STE07213	GALV CO TRAN POLE REPLACE	(122,975)	12/6/2013
STE07513	Rebuild League City-Magnolia Trans	(114,858)	9/17/2013
STE07112	STE Misc Transmission	(65,806)	5/17/2013
STE07413	Comanche Capacitor Bank	(51,071)	6/24/2013
STE07712	Caddo to Calpine Relay Changeout	(48,283)	12/19/2013
STE08213	Shell Marathon 69kv Svc TerminalSub	(40,508)	12/17/2013
STE07713	Line G138-S Fiber Replacement	(23,995)	12/20/2013
STE03013	Friendswood Bus Upgrade	(54,668)	12/17/2013
NTE03413	NTE BREAKER CHANGES	(278,241)	12/16/2013
STE03312	Repl GC Trans Brkrs Distr Stations	(424,542)	12/3/2013
	Subtotal - Retirements Over $15,000	(2,326,777)	
	Retirements Under $15,000, Transfers, Adjustments	107,945	
	TOTAL RETIREMENTS/TRANSFERS/ADJUSTMENTS	(2,218,832)	

Interim WholesaleTransmission Cost of Service
TEXAS-NEW MEXICO POWER COMPANY
Construction Report Reconciliation
Update Period 07/01/2013 - 12/31/2013

Month	Project #	Project Name	Final Estimated Project Cost ($) Reported on Construction Report	Final Actual Project Cost ($)	Amount Per Books	Difference
July-13	No closings on report.					
August-13	NTE07712	Bone Spring Tap	$ 800,000.00	$ 928,434.00	$ 928,434.00	$ -
		Project cost includes both Gross Plant Additions and removal cost.				
September-13	No closings on report.					
October-13	STE07412	Upgrade Friendswood to Hastir	$ 7,600,000.00	$ 6,639,325.00	$ 6,639,325.00	$ -
	NTE03912	Pyote Cap Bank	$ 1,500,000.00	$ 1,824,635.00	$ 1,824,633.00	$ (2)
	STE07413	Comanche Cap Bank	$ 1,250,000.00	$ 1,402,742.00	$ 1,388,068.00	$ (14,674)
	STE03512	Heights Cap Bank	$ 705,000.00	$ 1,019,381.00	$ 1,019,381.00	$ -
	STE08512	TC Main Cap Bank	$ 715,000.00	$ 1,261,864.00	$ 1,283,740.00	$ 21,876
		Project cost includes both Gross Plant Additions and removal cost.				
November-13	No closings on report.					
December-13	STE07513	Upgrade League City to Magno	$ 3,900,000.00	$ 3,353,707.00	$ 3,353,707.00	$ -
January-14	NTE07413	Barstow Cap Bank	$ 1,500,000.00	$ 1,785,070.00	$ 1,785,345.00	$ 275
	STE08213	Shell 3MW @ Marathon	$ 1,000,000.00	$ 308,925.00	$ 308,925.00	$ -
	NTE07312	Barilla Draw Tap	$ 425,000.00	$ 511,977.00	$ 512,067.00	$ 90
	STE07613	Tejas Breaker Addition	$ 2,945,497.00	$ 2,990,447.00	$ 2,990,447.00	$ -
		Project cost includes both Gross Plant Additions and removal cost.				

Interim WholesaleTransmission Cost of Service
TEXAS-NEW MEXICO POWER COMPANY
Update Period 07/01/2013 - 12/31/2013

Account No.	Description	Reference Schedule Workpaper	Balance as of last TCOS per Docket 41727 (1)	Depreciation Expense in period 07/01/2013 - 12/31/2013 (2)	Retirements/Adjustments in period 07/01/2013 - 12/31/2013 (3)	Balance end of period 07/01/2013 - 12/31/2013 (4) = (1) + (2) +(3)
Accumulated Depreciation						
Transmission Plant						
A350.0	Land	WP Schedule B-5.1	-	-	-	-
A350.1	Land Rights	WP Schedule B-5.1	(4,747,020)	(35,790)	-	(4,782,810)
A352	Structures and Improvements	WP Schedule B-5.1	(2,277)	(5,290)	-	(7,567)
A353	Station Equipment	WP Schedule B-5.1	(12,699,202)	(1,064,181)	157,875	(13,605,507)
A354	Towers and Fixtures	WP Schedule B-5.1	(2,585,342)	(148,211)	-	(2,733,552)
A355	Poles and Fixtures	WP Schedule B-5.1	(17,291,527)	(970,982)	497,258	(17,765,251)
A356	O.H. Conductors & Devices	WP Schedule B-5.1	(12,683,911)	(558,323)	141,380	(13,100,854)
A357	Undergound Conduit	WP Schedule B-5.1	-	-	-	-
A358	Underground Conductors	WP Schedule B-5.1	-	-	-	-
A359	Roads and Trails	WP Schedule B-5.1	-	-	-	-
A360	Distribution above 60 kv	WP Schedule B-5.1	-	-	-	-
A361	Distribution above 60 kv	WP Schedule B-5.1	-	-	-	-
A362	Distribution above 60 kv	WP Schedule B-5.1	(18,886,209)	(705,281)	1,841,696	(17,749,794)
	TOTAL	Schedule-B	**(68,895,488)**	**(3,488,057)**	**2,638,209**	**(69,745,336)**

Interim WholesaleTransmission Cost of Service
TEXAS-NEW MEXICO POWER COMPANY
Accumulated Depreciation Roll-forward
Update Period 07/01/2013 - 12/31/2013

		Beginning Balance 07/01/2013	Provision	Retirements	Cost of Removal	Salvage and Other Credits	Transfers and Adjustments	Loss/Gain	Ending Balance 12/31/2013
A350.0	Land	-	-	-	-	-	-	-	-
A350.1	Land Rights	4,747,020	35,790	-	-	-	-	-	4,782,810
A352	Structures and Improvements	2,277	5,290	-	-	-	-	-	7,567
A353	Station Equipment	12,699,202	1,064,181	(1,069,683)	(178,347)	-	1,090,155	-	13,605,507
A354	Towers and Fixtures	2,585,342	148,211	-	-	-	-	-	2,733,552
A355	Poles and Fixtures	17,291,527	970,982	(203,183)	(295,953)	-	1,878	-	17,765,251
A356	O.H. Conductors & Devices	12,683,911	558,323	(89,556)	(51,824)	-	-	-	13,100,854
A357	Undergound Conduit	-	-	-	-	-	-	-	-
A358	Underground Conductors	-	-	-	-	-	-	-	-
A359	Roads and Trails	-	-	-	-	-	-	-	-
A360	Distribution above 60 kv	-	-	-	-	-	-	-	-
A361	Distribution above 60 kv	-	-	-	-	-	-	-	-
A362	Distribution above 60 kv	18,886,209	705,281	(764,781)	15,511	2,013	(1,094,439)	-	17,749,794
A363	Distribution above 60 kv	-	-	-	-	-	-	-	-
		68,895,488							**69,745,336**

Interim WholesaleTransmission Cost of Service
TEXAS-NEW MEXICO POWER COMPANY
Change in Depreciation Expense
Update Period 07/01/2013 - 12/31/2013

Account No.	Description	Reference Schedule Workpaper	Depreciation Expense as of last TCOS per Docket 41727 (1)	Gross Plant Balance end of update period (Schedule B-1, Column 9) (2)	Depreciation % used in last TCOS (3)	Depreciation Expense on Balance (4) = (2) * (3)	Increase in Depreciation Expense (5) = (4) - (1)
Depreciation Expense							
Transmission Plant							
A350.0	Land		-	1,041,643	0.00%	-	-
A350.1	Land Rights		71,580	7,304,085	0.98%	71,580	-
A352	Structures and Improvements		10,592	1,156,532	2.89%	33,424	22,832
A353	Station Equipment		2,039,843	102,187,721	2.22%	2,268,567	228,725
A354	Towers and Fixtures		243,095	9,377,707	3.77%	353,540	110,445
A355	Poles and Fixtures		1,939,288	60,911,090	3.27%	1,991,793	52,504
A356	O.H. Conductors & Devices		1,110,110	43,225,717	2.66%	1,149,804	39,694
A357	Undergound Conduit		-	-	0.00%	-	-
A358	Underground Conductors		-	-	0.00%	-	-
A359	Roads and Trails		-	-	0.00%	-	-
A360	Distribution above 60 kv		-	-	1 02%	-	-
A361	Distribution above 60 kv		-	-	2.89%	-	-
A362	Distribution above 60 kv		1,429,228	68,382,585	2.15%	1,470,226	40,998
	TOTAL	Schedule-A	**6,843,735**	**293,587,081**		**7,338,933**	**495,198**

Interim WholesaleTransmission Cost of Service
TEXAS-NEW MEXICO POWER COMPANY
Taxes Other Than Federal Income Taxes
Update Period 07/01/2013 - 12/31/2013

Line No.	Description	Reference Schedule Workpaper	Amount Approved per Docket 41727 (1)	Interim Annual Increase (2)	Federal Income Taxes Balance at 12/31/2013 (3) = (1) + (2)
1	**Taxes Other Than Income Taxes**				
2	**Non-Revenue Related**				
3	Payroll Taxes	Docket 38480	110,535	-	110,535
4	Ad Valorem Taxes	WP Schedule E-2.1	2,681,697	157,848	2,839,545
5					
6	**Revenue Related Taxes**				
7	Sales and Use Tax	Docket 38480	15,342	-	15,342
8	Texas Gross Margin Tax	WP Schedule E-2.2	262,503	19,888	282,391
9					
10	**TOTAL**		**3,070,076**	**177,737**	**3,247,813**

Interim WholesaleTransmission Cost of Service
TEXAS-NEW MEXICO POWER COMPANY
Ad Valorem Taxes
Update Period 07/01/2013 - 12/31/2013

Line No.			
1	**Ad Valorem Taxes**		
2	TCOS Ad Valorem Taxes, Docket No. 41727	2,681,697	
3			
4	Total Ad Valorem Taxes, Twelve Months Ended 12/31/13	8,768,547	WP/Sched E-2.1.1
5			
6	TCOS Direct Assigned Net Plant at 12/31/13	223,841,745	Schedule B
7	Total Direct Assigned Net Plant at 12/31/13	691,225,714	WP/Sched E-2.1.2
8	TCOS Net Plant Factor at 12/31/13	32.38%	
9			
10	Ad Valorem Taxes Functionalized to Transmission Function, 12/31/13	2,839,545	
11			
12	**Change in Ad Valorem Expense**	**157,848**	

Interim WholesaleTransmission Cost of Service
TEXAS-NEW MEXICO POWER COMPANY
Ad Valorem Taxes by Month
Update Period 07/01/2013 - 12/31/2013

Line No.	Account Description	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Total
2	408111 - Taxes - Ad Valorem	755,138	755,138	755,138	755,138	755,138	755,138	755,138	755,138	755,138	755,138	755,138	462,032	8,768,547

Interim WholesaleTransmission Cost of Service
TEXAS-NEW MEXICO POWER COMPANY
Total Direct Assigned Net Plant
Update Period 07/01/2013 - 12/31/2013

Note: TNMP's 12/31/2013 Balance Sheet, showing TNMP's net plant balance at 12/31/2013, will be provided after the filing of TNMP's 2013 Form 10-K.

Interim WholesaleTransmission Cost of Service
TEXAS-NEW MEXICO POWER COMPANY
Texas Gross Margin Tax
Update Period 07/01/2013 - 12/31/2013

Line No.			
1	Total TCOS Revenue Requirement	42,384,810	Schedule A
2	Intercompany allocation	2.380%	Docket No. 42062
3	Less: Intra-Company TCOS Revenue	1,008,875	
4	Total TCOS Revenue for TX Gross Margin Tax	41,375,935	
5	Taxable Revenue Percentage	70.00%	
6	Total TCOS Taxable Revenue	28,963,155	
7	Texas Gross Margin Tax Rate for 2013	0.975%	
8	**Gross Margin Tax Amount**	**282,391**	Schedule E-2

Interim WholesaleTransmission Cost of Service
TEXAS-NEW MEXICO POWER COMPANY
Federal Income Tax
Update Period 07/01/2013 - 12/31/2013

Line No.	Description	Reference Schedule Workpaper	Amount Approved per Docket 41727 (1)	Interim Annual Increase (2)	Federal Income Taxes at 12/31/2013 (3) = (1) + (2)
1	**Federal Income Taxes**				
2					
3	**Return on Rate Base**	Schedule-B	**18,073,555**	**1,800,195**	**19,873,750**
4					
5	**Deductions:**				
6	Synchronized Interest	WP Schedule E-3.1	(9,757,502)	(971,884)	(10,729,386)
7	ITC Amortization	Docket 41727	-	-	-
8	Amortization of Protected Excess DFIT	Docket 41727	(29,889)	-	(29,889)
9	AFUDC Equity	Docket 41727	(2)	-	(2)
10	**Subtotal**		**(9,787,392)**	**(971,884)**	**(10,759,277)**
11					
12	**Additions:**				
13	Depreciation Adjustment	Docket 41727	1,364	-	1,364
14	Meals and Entertainment	Docket 41727	-	-	-
15	Fines and Penalties	Docket 41727	-	-	-
16	**Subtotal**		1,364	-	1,364
17					
18	**Taxable Component of Return**		8,287,527	828,310	9,115,837
19	**Tax Factor**		53.85%	53.85%	53.85%
20					
21	**Federal Income Taxes Before Adjust.**		**4,462,514**	**446,013**	**4,908,528**
22					
23	**Tax Credits**				
24	ITC Amortization	Docket 41727	-	-	-
25	Amortization of Protected Excess DFIT	Docket 41727	(29,889)	-	(29,889)
26	**Subtotal**		**(29,889)**	-	**(29,889)**
27					
28	**TOTAL FEDERAL INCOME TAXES**		**4,432,626**	**446,013**	**4,878,639**

Interim WholesaleTransmission Cost of Service
TEXAS-NEW MEXICO POWER COMPANY
Federal Income Tax - Synchronized Interest
Update Period 07/01/2013 - 12/31/2013

Line No.			
1	**<u>Federal Income Tax - Synchronized Interest</u>**		
2			
3	Increase In Rate Base	Schedule-B	18,179,653
4			
5	Weighted Cost of Debt	WP Schedule E-3.2	5.35%
6			
7	**Incremental Synchronized Interest**		971,884

PUBLIC UTILITY COMMISSION OF TEXAS
TEXAS-NEW MEXICO POWER COMPANY
II-C-2.1 WEIGHTED AVERAGE COST OF CAPITAL - AMENDED
FOR THE TEST YEAR ENDING 12/31/13
DOCKET NO. 38480

Line No.		Reference Schedule	1 Balance	2 Proforma Adjustments	3 Proforma Balance	4 Percent of Total	5 Cost	6 Weighted Cost	7 Pro Forma Percent of Total	8 Cost	9 Pro Forma Weighted Cost
1	Common Equity	10-Q, 3/31/2010, pg 22	452,988,494	(226,664,902)	226,323,592	42 77%	10.13%	4 33%	45 00%	10 13%	4.56%
2	Preferred Stock	II-C-2.2	-	-	-	0.00%	0 00%	0 00%	0.00%	0 00%	0 00%
3	Preferred Trust Securities	II-C-2.3	-	-	-	0.00%	0 00%	0.00%	0 00%	0 00%	0.00%
4	Long-Term Debt	II-C-2.4	302,852,236	-	302,852,236	57.23%	9.72%	5 56%	55.00%	9 72%	5.35%
5	Short-Term Debt	II-C-2.5	17,500,000	(17,500,000)	-	0.00%	1.48%	0 00%	0.00%	1.48%	0.00%
6											
7	**Total**		**773,340,730**		**529,175,828**	**100.00%**		**9.89%**	**100.00%**		**9.9023%**

PUC DOCKET NO. ______

BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS

APPLICATION OF
TEXAS-NEW MEXICO POWER COMPANY
FOR INTERIM UPDATE OF
WHOLESALE TRANSMISSION RATES
PURSUANT TO SUBST. R. 25.192(h)(1)

PREPARED DIRECT TESTIMONY AND EXHIBITS
OF
JASON PETERS

ON BEHALF OF
TEXAS-NEW MEXICO POWER COMPANY

JANUARY 21, 2014

TABLE OF CONTENTS

I. INTRODUCTION AND QUALIFICATIONS

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND PLACE OF EMPLOYMENT.

A. My name is Jason Peters. I serve as Manager of Cost of Service in the Cost of Service and Corporate Budget Department at PNMR Services Company ("PNMR Services"), for Texas-New Mexico Power Company ("TNMP" or "Company") and other wholly owned subsidiaries of PNM Resources, Inc. ("PNM Resources"). My business address is 414 Silver Avenue NW, Albuquerque, New Mexico 87102.

Q. PLEASE DESCRIBE YOUR DUTIES AS THE MANAGER OF COST OF SERVICE.

A. As Manager of Cost of Service, I supervise the regulatory activities of revenue requirement analysts and other personnel in examining and justifying the revenue and profitability requirements of TNMP. I manage the development of regulatory filings involving the analysis and justification for the jurisdictional revenue requirements and the associated accounting treatment for the financial statements of TNMP.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

A. I am testifying on behalf of Texas-New Mexico Power Company.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS ("COMMISSION")?

A. Yes. I filed testimony before the Commission in Docket Nos. 41176 and 41727.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE.

A. I graduated in May 1995 from Gustavus Adolphus College in St. Peter, Minnesota, with a Bachelor of Arts degree in Mathematics. I graduated in December 2004 from the University of New Mexico with a Master of Accounting degree. I began working as an Associate Auditor for KPMG, LLP in March 2005. I became licensed as a Certified Public Accountant in the State of New Mexico in October 2006. I was promoted to Senior Associate Auditor at KPMG, LLP in January 2007. I began working for PNMR Services as Manager, Consolidations in April 2007. I was promoted to Senior Manager, SEC Reporting and GAAP Analysis in May 2008. I transferred to my current position as Manager of Cost of Service in September 2012.

Q. HAVE YOU PREPARED ANY EXHIBITS?

A. Yes. I am sponsoring Exhibits JP-1 – JP-4, which are attached to my testimony. These exhibits were prepared under my direction and control. The information contained in these exhibits is true and correct to the best of my knowledge and belief.

II. PURPOSE OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. The purpose of my testimony is to support the update to wholesale transmission rates for TNMP pursuant to P.U.C. SUBST. R. 25.192(g). I sponsor the Company's schedules and workpapers required by General Instruction No. 2 of the Interim TCOS Filing Package.

III. DESCRIPTION OF TNMP's INTERIM TCOS FILING

Q. PLEASE SUMMARIZE TNMP's INTERIM TCOS FILING.

A. TNMP's interim TCOS filing reflects the additions to, and retirements and transfers from, transmission facilities to TNMP's rate base from the end of TNMP's test year in Docket No. 41727 through December 31, 2013. As required by the Interim TCOS Filing Package, TNMP has included the schedules that provide the increases in rate base and return on rate base; increases in depreciation expense; increases in taxes other than income taxes; and increases in income taxes associated with the increase in return on rate base. The increase in total transmission rate base in this interim filing is $18,179,653 as shown on Schedule B. The increase in total transmission revenue requirement is $2,919,142 as shown on Schedule A. The annual wholesale transmission service rate increases from $0.597834/kW to $0.650865/kW. See Exhibit JP-1 for the development of the interim wholesale transmission service rates.

Q. HAS TNMP LISTED AND DESCRIBED THE TRANSMISSION FACILITY ADDITIONS AND RETIREMENTS INCLUDED IN ITS INTERIM TCOS UPDATE?

A. Yes. A listing and description of transmission projects closed to plant-in-service from July 1, 2013 through December 31, 2013 is included in WP/Schedule B-1.2 and WP/Schedule B-1.3.

Q. HAS TNMP INCLUDED IN THIS FILING A COPY OF THE TCOS SCHEDULES APPROVED IN ITS LAST TCOS PROCEEDING?

A. Yes, TNMP has included a copy of the TCOS Schedules Approved in Docket No. 41727 in Exhibit JP-2. That exhibit contains the approved transmission revenue requirement, the approved transmission rate, and the approved net transmission plant-in-service. The amounts in column (1) of Schedule A and Schedule B of this filing are the amounts from Docket No. 41727 and are also provided in Exhibit JP-2.

IV. DIFFERENCES BETWEEN THE INTERIM TCOS FILING PACKAGE AND P.U.C. SUBST. R. 25.192(G)

Q. DO THE INTERIM TCOS FILING PACKAGE INSTRUCTIONS DIFFER FROM P.U.C. SUBST. R. 25.192(G)?

A. Yes, there are three differences. The Interim TCOS Filing Package does not make allowances for changes in income taxes and for changes in other taxes as a result of changes in rate base additions. P.U.C. SUBST. R. 25.192(g) allows for these adjustments. Also, Schedule E-1 of the Interim TCOS Filing Package determines depreciation expense by using net utility plant instead of gross utility plant. In order to correctly determine depreciation expense, Schedule E-1 was modified in this filing to correctly use gross utility plant in determining depreciation expense. These changes have been accepted by the Commission in previous proceedings (Docket Nos. 29425, 30802, 32462, 33904, 38012, 40674, 41176, and 41727).

V. TNMP COSTS INCLUDED IN TCOS INTERIM UPDATE

Q. WHAT RETURN RATE DID TNMP USE IN THE INTERIM TCOS UPDATE?

A. TNMP used the weighted cost of capital approved in Docket No. 38480. This 9.9023% after tax rate is shown on Schedule B. WP/Schedule E-3.2 provides the calculation for the weighted cost of capital.

Q. HAS TNMP INCLUDED TRANSMISSION UTILITY PLANT RETIREMENTS AND ADJUSTMENTS IN QUANTIFYING NET PLANT ADDITIONS?

A. Yes. Retirements and adjustments are included in Schedule B-1 and are also reflected in Schedule E-1 for determining the depreciation expense update.

Q. HAS TNMP INCLUDED ANY AFFILIATE COSTS IN PLANT ADDITIONS REFLECTED IN SCHEDULE B-1? PLEASE EXPLAIN.

A. Yes, affiliate costs associated with services provided by PNMR Services Company are included in capital costs. These affiliate costs include shared services such as procurement, human resources, administrative, and information technology.

Q. HOW ARE THE PNMR SERVICES' COSTS BILLED TO TNMP?

A. As was the case in Docket No. 41727, these costs are either billed directly to TNMP for specific transmission construction activities or are transmission overheads that are allocated. Level of transmission construction activity is the predominant allocation factor utilized to bill the transmission overheads. These transmission overheads are then cleared to open construction projects based on a percentage of total charges. WP/Schedule B-1.1 1 and WP/Schedule B-1.1 2 provide the calculation for affiliate costs included in the plant additions reflected in Schedule B-1.

Q. PLEASE EXPLAIN WHY INCOME TAXES INCREASE AS A RESULT OF UPDATING THE INTERIM TCOS.

A. The income tax expense increase results from the increase in transmission plant (rate base). The increased rate base provides for an increase in the return on rate base, which increases TNMP's income tax liability. Related to the increase in rate base is the adjustment to interest synchronization in the income tax calculation. The interest synchronization provides the proper tax deduction for interest expense by determining how much interest expense is required to support the rate base. This is calculated by multiplying the rate base by the weighted cost of debt. WP/Schedule E-3.1 provides the calculation for interest synchronization. All other components of the income tax calculation remain unchanged since no other components of rate base change on Schedule B. The company has determined an incremental increase to income taxes of $446,013 as reflected in Schedule E-3.

Q. PLEASE EXPLAIN WHY TAXES OTHER THAN INCOME TAXES INCREASE AS A RESULT OF UPDATING THE INTERIM TCOS.

A. The increase in transmission assets results in an increase in ad valorem taxes and correspondingly, the increase in transmission assets results in increased revenue requirement, which generates an additional liability for the Texas gross margin tax. The Company has determined an incremental increase to ad valorem taxes and Texas gross margin tax of $177,737 as reflected in Schedule E-2.

Q. HOW DOES TNMP CALCULATE THE INCREASE IN PROPERTY TAXES IN THE TCOS INTERIM UPDATE?

A. The property tax attributable to TCOS investment was calculated by functionalizing TNMP's property tax for the twelve months ended December 31, 2013 using a net plant factor. WP/Schedule E-2.1 shows TNMP's property tax assigned to the TCOS function in Docket No. 41727 and the calculation of property tax assigned to the TCOS function for the twelve months ended December 31, 2013. The result is an increase of $157,848 in annual property tax expense, as shown in column (2) of Schedule E-2.

Q. PLEASE EXPLAIN HOW TNMP DETERMINES THE ADJUSTMENT FOR THE TEXAS GROSS MARGIN TAX.

A. This tax is calculated by determining the amount of taxable revenue applicable to the Texas margin tax and multiplying this amount by 0.975%, which results in the gross margin tax as shown on WP/Schedule E-2.2. WP/Schedule E-2 shows TNMP's Texas gross margin tax as calculated in Docket No. 41727 and the amount calculated on WP/Schedule E-2.2. The result is an increase of $19,888 in annual Texas gross margin tax expense, as shown in column (2) of Schedule E-2.

Q. PLEASE EXPLAIN THE UPDATE TO DEPRECIATION EXPENSE IN THIS FILING.

A. The increase to depreciation expense results from the incremental increase in gross transmission utility plant as determined in Schedule B and utilized in Schedule E-1 in calculating the depreciation expense. The depreciation rates used in Schedule E-1 were approved in Docket No. 36025 and were continued in the approval of Docket No. 38480. These rates are applied to the gross plant balance on December, 31, 2013 to determine the depreciation expense requested in this filing. The Company has determined the incremental depreciation expense to be $495,198 as shown on Schedule E-1.

Q. PLEASE EXPLAIN THE QUANTIFICATION OF ACCUMULATED DEPRECIATION AS SHOWN ON SCHEDULE B-5.

A. The incremental increase in accumulated depreciation was determined by calculating the difference in the accumulated depreciation approved in Docket No. 41727 and the adjusted accumulated depreciation on December, 31, 2013, as shown in Schedule B-5 and supporting WP/Schedule B-5.1.

Q. HAS THE COMPANY ADJUSTED THE ACCUMULATED DEPRECIATION SHOWN ON SCHEDULE B-5 FOR RETIREMENTS, COST OF REMOVAL, AND TRANSFERS?

A. Yes. WP/Schedule B-5.1 shows adjustments, retirements, and transfers made for the period July 1, 2013 through December, 31, 2013.

Q. PURSUANT TO TCOS FILING PACKAGE INSTRUCTIONS FOR SCHEDULE B-1, HAS THE COMPANY COMPARED PROJECT COSTS IN THIS FILING WITH THE COMMISSION'S MONTHLY CONSTRUCTION REPORT?

A. Yes. WP/Schedule B-1.4 provides the listing of the projects that are in service and included in this filing along with a brief explanation of the differences in the estimated project cost from the monthly construction report and the amount per books. Some of the projects may continue to receive additional costs related to outstanding invoices that will be included in the next filing.

Q. HOW DID TNMP DETERMINE ITS PROPOSED WHOLESALE NETWORK TRANSMISSION SERVICE RATE?

A. The Company's updated network transmission service rate is determined by dividing the updated December 31, 2013 interim transmission revenue requirement amount of $42,384,810, as calculated on Schedule A, by the 2013 ERCOT Average 4CP of 65,120.7095 MW as provided by P.U.C. Subst. R. 25.192(h)(1). The load figure is consistent with ERCOT's 4CP load pending Commission approval in Docket No. 42062. See Exhibit JP-1 for the development of the transmission rates. I have included an annotated (Exhibit JP-3) and clean copy (Exhibit JP-4) of the updated wholesale rate tariff.

VI. CONCLUSION

Q. WHAT ACTION DO YOU PROPOSE THAT THE COMMISSION TAKE IN THIS PROCEEDING?

A. TNMP is requesting the Commission approve TNMP's interim TCOS adjustment and allow for billings to begin 35 days after the filing of this application.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.

AFFIDAVIT

STATE OF NEW MEXICO §
§
COUNTY OF BERNALILLO §

BEFORE ME, the undersigned authority, on this day personally appeared JASON PETERS, who, upon proving his identity to me and by me being duly sworn, deposes and states the following:

"My name is Jason Peters. I am of legal age, a resident of the State of New Mexico, and have never been convicted of a felony. I certify that the foregoing testimony and exhibit(s), offered by me on behalf of Texas-New Mexico Power Company, are true and correct and based upon my personal knowledge and experience."

Jason Peters
Witness

SWORN TO AND SUBSCRIBED before me, Notary Public, on this 17th day of January, 2014, to certify which witness my hand and seal of office.

OFFICIAL SEAL
Victoria J. Quintana
NOTARY PUBLIC
STATE OF NEW MEXICO
My Commission Expires: 8/17/14

Victoria J Quintana
NOTARY PUBLIC in and for the
State of New Mexico

Printed Name: Victoria J Quintana

Stamp Seal:

My Commission expires: 8/17/14

Development of Interim Transmission Rates

Texas-New Mexico Power Company

Development of Interim Wholesale Transmission Service Rate:

Wholesale Transmission Cost-of-Service	$ 42,384,768	
2013 ERCOT Average 4CPs	65,120,709.5	kW
Annual Wholesale Transmission Service Rate	$0.650865	per kW

2013 Four Coincident Peak Load Calculation (MW) - Attachment A

TDSP Code	Load Entity Name	TDSP DUNS NUMBER	June 6/27/2013 17:00	July 7/31/2013 17:00	August 8/07/2013 16:45	September 9/03/2013 16:45	Average 4CP Load	Load Ratio Share
1	CENTERPOINT ENERGY HOUSTON ELECTRIC LLC (TDSP)	957877905	16,372.382132	16,381.541972	16,776.609116	16,442.797408	16,493.332657	25.32732%
2	ONCOR ELECTRIC DELIVERY COMPANY LLC (TDSP)	1039940674000	23,329.851744	23,604.689960	24,493.043052	22,744.870092	23,543.113712	36.15304%
4	TEXAS-NEW MEXICO POWER CO (TDSP)	007929441	1,564.454800	1,540.030412	1,538.415396	1,557.305256	1,550.051466	2.38027%
5	AEP TEXAS CENTRAL COMPANY (TDSP)	007924772	4,605.955604	4,640.489120	4,774.810704	4,359.618196	4,595.218406	7.05646%
7	AEP TEXAS NORTH COMPANY (TDSP)	007923311	1,095.356336	1,084.109456	1,134.771308	1,040.161464	1,088.599641	1.67166%
18	BANDERA ELECTRIC CO OP INC (TDSP)	0089451494000	128.912668	134.072644	141.422996	123.820864	132.057293	0.20279%
19	BARTLETT ELECTRIC CO OP INC (TDSP)	002781813	43.291168	43.526152	44.820828	41.373816	43.252991	0.06642%
21	BIG COUNTRY ELECTRIC CO OP INC (TDSP)	0058630484000	26.863412	27.946992	29.884472	27.407680	28.025639	0.04304%
22	BLUEBONNET ELECTRIC CO OP INC (TDSP)	0524834354000	407.125308	406.538956	423.578896	400 392228	409.408847	0.62869%
23	BRAZOS ELECTRIC POWER CO OP INC (TDSP)	0037722904000	-	-	0.6459	25.7846	6.607619	0.01015%
25	CENTRAL TEXAS ELECTRIC CO OP INC (TDSP)	0079302744000	113.645676	117.997352	124 675608	106.306560	115.656299	0.17760%
26	CITY OF BASTROP (TDSP)	0851553724000	16.022188	15.889128	16.462128	16.289108	16.165638	0.02482%
27	CITY OF BELLVILLE (TDSP)	0935648704000	13.206524	13.291700	14.455860	13.764056	13.679535	0.02101%
28	CITY OF BOERNE (TDSP)	0052470694000	28.359252	30.002556	31.747568	30.323432	30.108202	0.04623%
29	CITY OF BRENHAM (TDSP)	0741649224000	57.154848	59 029308	62.256720	59.720172	59.540262	0.09143%
30	CITY OF BRIDGEPORT MUN ELEC SYS (TDSP)	0842801714000	13.527212	13.364368	14.267120	12.667540	13.456560	0.02066%
31	CITY OF BURNET (TDSP)	0746121514000	17.293704	17.962488	18.927764	16.751064	17.733755	0.02723%
32	CITY OF CUERO (TDSP)	0526842144000	27.334532	27.876968	29.458780	28.055616	28.181474	0.04328%
33	CITY OF FLATONIA (TDSP)	0626890134000	5 310676	5.380692	5.461852	5.608452	5.440418	0.00835%
34	CITY OF FREDERICKSBURG (TDSP)	0769243074000	31.752212	32.274620	35.389160	31.759116	32.793777	0.05036%
35	CITY OF GEORGETOWN (TDSP)	0895923724000	129.507700	128.495684	135 930708	128.761608	130.673925	0.20066%
36	CITY OF GIDDINGS (TDSP)	0096899514000	13.033448	13.082368	13.701832	13.419908	13.309389	0.02044%
37	CITY OF GOLDTHWAITE (TDSP)	1558252764000	5.329232	5.240836	5.626476	5.052756	5.312325	0.00816%
38	CITY OF GONZALES (TDSP)	0937385404000	18.118416	17.212284	19.762288	18.109880	18.300717	0.02810%
39	CITY OF HALLETTSVILLE (TDSP)	0090811834000	9 102628	9.256152	9 894840	9.630884	9.471126	0.01454%
40	CITY OF HEMPSTEAD (TDSP)	1272175604000	12.202120	13.003856	13.549264	12.400908	12.789037	0.01964%
41	CITY OF LA GRANGE (TDSP)	0607085184000	15.810492	15.880096	16.872196	16.682252	16.311259	0.02505%
42	CITY OF LAMPASAS (TDSP)	0203311204000	22 510592	22 868312	23.512088	19.694224	22.146304	0.03401%
43	CITY OF LEXINGTON (TDSP)	0081817324000	2.813580	2.668584	2.890340	2.739704	2.778052	0.00427%
44	CITY OF LLANO (TDSP)	0916952054000	9.875888	10.281696	10.897256	10.408428	10.365817	0.01592%
45	CITY OF LOCKHART (TDSP)	0746168634000	23.991268	24.145856	25.254352	25.606736	24.749553	0.03801%
46	CITY OF LULING (TDSP)	0105539984000	12 951796	12 946312	13.560956	13.135952	13.148754	0.02019%
47	CITY OF MASON (TDSP)	1561267084000	5.327800	5.564728	6.103548	4.610412	5.401622	0.00829%
48	CITY OF MOULTON (TDSP)	0091871544000	2.251036	2.219220	2.267612	2.287920	2.256447	0.00347%
49	CITY OF SAN MARCOS (TDSP)	0694628694000	112.970988	113.222800	120.342164	122.219236	117.188797	0.17996%
50	CITY OF SAN SABA (TDSP)	0248592254000	8.687456	8.975460	9.446752	7.525948	8.658904	0.01330%
51	CITY OF SANGER	058956020	14.385436	15.366980	15.943200	14.261196	14.989203	0.02302%
52	CITY OF SCHULENBURG (TDSP)	0532950364000	13.460272	13.659200	14.407092	14.207952	13.933629	0.02140%
53	CITY OF SEGUIN (TDSP)	0862819794000	60.148080	61 136220	62.733132	61 757972	61.443851	0.09435%
54	CITY OF SEYMOUR (TDSP)	166319145	7.519660	7.070444	7.808080	6.415496	7.203420	0.01106%
55	CITY OF SHINER (TDSP)	1504533714000	9.626716	9.160356	10.449620	10.214040	9.862683	0.01515%
56	CITY OF SMITHVILLE (TDSP)	0916978134000	10.065392	10.065984	10.548716	10.053284	10.183344	0.01564%
57	CITY OF WAELDER (TDSP)	0541779694000	4.324540	4.424504	4.418964	4.364540	4.383137	0.00673%
58	CITY OF WEIMAR (TDSP)	0214974584000	7.390352	7 619080	8.029772	7.618624	7.664457	0.01177%
59	CITY OF WHITESBORO (TDSP)	134546522	8.745692	9.073056	9.729440	8.458648	9.001709	0.01382%
60	CITY OF YOAKUM (TDSP)	0694557724000	18.642420	19.281676	19 794340	18.775704	19.123535	0.02937%
61	COLEMAN COUNTY ELECTRIC CO OP INC (TDSP)	0079246734000	20.564144	23.911100	25.223612	22.151196	22.962513	0.03526%
62	COMANCHE ELECTRIC CO OP ASSOCIATION (TDSP)	002889210	48.857760	46.694368	49.550236	43.717312	47.204919	0.07249%
63	CONCHO VALLEY ELECTRIC CO OP INC (TDSP)	0038666624000	41.869792	49.664116	56.365736	47 360088	48.814933	0.07496%
64	COOKE COUNTY ELECTRIC CO OP ASSOC INC (TDSP)	008951808	89.173352	87.461000	94.391912	85.199416	89.056420	0.13676%
66	DEEP EAST TEXAS ELECTRIC CO OP INC (TDSP)	047845623	14.150364	14.064220	15.468336	13.983000	14.416480	0.02214%
67	DENTON COUNTY ELEC CO OP DBA COSERVE ELEC (TDSP)	008947913	1,183.562504	1,214.007716	1,255.124208	1,120.279568	1,193.243499	1.83236%
69	FANNIN COUNTY ELECTRIC CO OP INC	0018220894000	35.493608	35.487096	37.752676	33.752864	35.621561	0.05470%
70	FARMERS ELECTRIC CO OP INC DBA FEC ELECTRIC	0098442344000	230.940300	242.000236	247.512080	235.257684	238.927575	0.36690%

71	FAYETTE ELECTRIC CO OP INC (TDSP)	0593309774000	56.785484	55.762600	57.787636	54.741216	56.269234	WP/Exhib[illegible].xlsx 0.08641%
72	FORT BELKNAP ELECTRIC CO OP INC (TDSP)	007935299	22.517292	22.526112	24 135548	21.787760	22.741678	0.03492%
73	GRANBURY MUNICIPAL UTILITIES (TDSP)	0952141694000	20.801668	20.720900	22.483996	20.594968	21.150383	0.03248%
74	GRAYSON COLLIN ELECTRIC CO OP INC (TDSP)	008953812	212.118132	218.056760	227.088228	206.510452	215.943393	0.33160%
75	GUADALUPE VALLEY ELECTRIC CO OP INC (TDSP)	0079305894000	356.743680	364.872732	372.666980	364.054524	364.584479	0.55986%
76	HAMILTON COUNTY ELECTRIC CO OP (BRAZOS) (TDSP)	008949216	17.205308	16.633936	17.823680	16.426936	17.022465	0.02614%
77	HILCO ELECTRIC CO OP INC (TDSP)	008950545	112.304476	112.514080	119.165188	111.637796	113.905385	0.17491%
78	HOUSTON COUNTY ELEC COOP INC (TDSP)	005777206	21.687516	21.578428	23.011188	20.194344	21.617869	0.03320%
79	J A C ELECTRIC CO OP INC (TDSP)	003890795	18.921752	17.369592	20.317360	15.813992	18.105674	0.02780%
80	JASPER NEWTON ELECTRIC CO OP INC (TDSP)	007933518	1 400620	1.369296	1.471680	1 153320	1.348729	0.00207%
81	KERRVILLE PUBLIC UTILITY BOARD (TDSP)	1248248064000	106 669064	112.456332	119.412840	105 757404	111.073910	0.17057%
82	LAMAR COUNTY ELEC COOP DBA LEC (TDSP)	0048060974000	44.636020	45.372508	48.056188	43.749456	45.453543	0.06980%
83	LIGHTHOUSE ELECTRIC CO OP (TDSP)	0028252894000	1.119856	2.994600	3.107208	2.847988	2.517413	0.00387%
85	LYNTEGAR ELECTRIC CO OP INC (TDSP)	0079371474000	28.116988	32.419656	34.521112	31.519696	31.644363	0.04859%
86	MAGIC VALLEY ELECTRIC CO OP INC (TDSP)	008951501	453.072668	455.761104	460.045668	392.744724	440.406041	0.67629%
88	MID SOUTH ELECTRIC CO OP ASSOC	061278594	25.018396	24.529132	26.620236	20.888364	24.264032	0.03726%
89	NAVARRO COUNTY ELECTRIC CO OP INC (TDSP)	006770101	110.195704	110.490624	108.170512	107.593172	109.112503	0.16755%
90	NAVASOTA VALLEY ELECTRIC CO OP INC (TDSP)	046299913	80.063936	83.659308	86.910464	82.021088	83.163699	0.12771%
91	NEW BRAUNFELS UTILITIES (TDSP)	0383461694000	250.679632	241.037256	253.888892	231.337072	244.235713	0.37505%
92	PEDERNALES ELECTRIC CO OP INC (TDSP)	0079241114000	1,194.946808	1,197.169312	1,270.210656	1,173.739156	1,209.016483	1.85658%
94	SAM HOUSTON ELECTRIC CO OP INC (TDSP)	056267867	5.037516	5.078952	5.462876	3.648252	4.806899	0.00738%
95	SAN BERNARD ELECTRIC CO OP (TDSP)	0089453134000	128.930648	134.898128	136.968468	127.727776	132.131255	0.20290%
96	SOUTH PLAINS ELECTRIC CO OP INC (TDSP)	007934185	80.546176	80.308816	80.852456	81.313344	80.755198	0.12401%
97	SOUTHWEST TEXAS ELECTRIC CO OP INC (TDSP)	0084158954000	35.968124	33.580816	37.389416	34.924284	35.465660	0.05446%
99	TRI COUNTY ELECTRIC CO OP INC (TDSP)	008945123	600.602956	611 857944	643.117964	564.439800	605.004666	0.92905%
100	TRINITY VALLEY ELEC CO OP (TDSP)	009844564	165.866724	167.437344	172.845740	162.627152	167.194240	0.25675%
102	UNITED ELECTRIC CO OP SERVICES INC (TDSP)	008945826	399.931448	403 881816	426.995648	381.347552	403.039116	0.61891%
103	WISE ELECTRIC CO OP (TDSP)	041405408	114.061788	115.293216	122.517348	105.508344	114.345174	0.17559%
104	BROWNSVILLE PUBLIC UTILITIES BOARD (TDSP)	6063470374000	279.360912	280.617520	281.350908	246.366792	271.924033	0.41757%
105	BRYAN TEXAS UTILITIES (TDSP)	0793907794000	314.217312	313.052956	322.468040	285.287316	308.756406	0.47413%
107	CHEROKEE COUNTY ELEC CO OP ASSOC (TDSP)	008862625	55.534320	55.422156	59.331264	56.282120	56.642465	0.08698%
108	CITY OF AUSTIN DBA AUSTIN ENERGY (TDSP)	8008717664000	2,475.983808	2,459.234424	2,586.634912	2,535.867360	2,514.430126	3.86118%
109	CITY OF BARTLETT (TDSP)	074618935	2.574664	2.574788	2.779840	2.492644	2.605484	0.00400%
110	CITY OF BOWIE (TDSP)	8094182964000	16.592292	16.306980	18.109840	15.527952	16.634266	0.02554%
111	CITY OF BRADY (TDSP)	070804877	15.487228	15.325128	16.484776	13.865316	15.290612	0.02348%
113	CITY OF COLEMAN (TDSP)	1024920064000	9.311464	9.481100	9.920592	8.792580	9.376434	0.01440%
114	CITY OF COLLEGE STATION (TDSP)	0403303004000	186.057092	185 354772	193.968756	169.138720	183.629835	0.28198%
117	CITY OF GARLAND (TDSP)	6011012564000	446.905312	451.893696	474.248012	438.791368	452.959597	0.69557%
118	CITY OF GOLDSMITH (TDSP)	0888946704000	1.069108	1.104224	0.810468	0.922772	0.976643	0.00150%
119	CITY OF HEARNE MUNICIPAL ELECTRIC SYSTEM (TDSP)	0897458894000	10.301608	10.434504	11.479104	9.717884	10.483275	0.01610%
121	CITY OF ROBSTOWN UTILITY SYSTEM (TDSP)	9387911424000	20.511504	20.299944	21.036844	19.785880	20.408543	0.03134%
122	CPS ENERGY (TDSP)	0079360734000	4,467.124372	4,563.997468	4,796.065084	4,615.108488	4,610.573853	7.08004%
123	DENTON MUNICIPAL ELECTRIC (TDSP)	0713801904000	321.332104	324.560452	345.521820	309.599848	325.253556	0.49946%
125	GEUS (TDSP)	8062449354000	103.363056	107.695588	110.889168	104.097764	106.511394	0.16356%
126	JACKSON ELECTRIC CO OP INC (TDSP)	078423555	60.050716	60.413968	58.689976	57.305920	59.115145	0.09078%
127	KARNES ELECTRIC CO OP INC (TDSP)	006824106	96.789640	100.662112	105.009120	101.169064	100.907484	0.15495%
128	MEDINA ELECTRIC CO OP INC (TDSP) STEC	0081378124000	130.270420	134.295020	141.852020	128.025092	133.610638	0.20517%
131	SAN MIGUEL ELECTRIC CO OP INC (TDSP)	0884848524000	-	-	-	-	0.000000	0.00000%
132	SAN PATRICIO ELECTRIC CO OP (TDSP)	003864907	43.734324	44.406556	45.918124	40 684264	43.685817	0.06708%
133	SHARYLAND UTILITIES LP MCALLEN (TDSP)	105262336	18.963236	19.338128	19.783116	18.110652	19.048783	0.02925%
134	SOUTH TEXAS ELECTRIC CO OP INC (TDSP)	0038663324000	0.1293	0.1283	0.1291	0.1411	0.131961	0.00020%
136	VICTORIA ELECTRIC CO OP INC (TDSP)	008953861	82.402248	85.389812	85.105824	84.887216	84.446275	0.12968%
137	WEATHERFORD MUNICIPAL UTILITY SYSTEM (TDSP)	0817196274000	86.991344	85.541760	94.163964	83.029100	87.431542	0.13426%
138	WHARTON COUNTY ELECTRIC CO OP INC (TDSP)	118487958	38.516000	37.547128	38.438704	38.057520	38.139838	0.05857%
139	RUSK COUNTY ELECTRIC CO OP (TDSP)	009844440	-	-	-	-	0.000000	0.00000%
141	CITY OF GARLAND GBCREEK (TDSP)	6011012564100	-	-	-	-	0.000000	0.00000%
142	HAMILTON COUNTY ELECTRIC CO OP (LCRA) (TDSP)	0089492164100	33.739772	34.276172	35.034156	31.821960	33.718015	0.05178%
145	PEDERNALES ELEC CO OP INC AEP (TDSP)	0079241114100	4.986268	5.207156	5.487608	4.373160	5.013548	0.00770%
146	TAYLOR ELECTRIC CO OP INC ABILENE (TDSP)	0079344254100	60.514744	60.644764	63.028696	57.015080	60.300821	0.09260%

148	RIO GRANDE ELECTRIC CO OP TXU (TDSP)	0027819534100	35.958700	36.653416	38.020236	33 267272	35.974906	WP/Exhib[illegible]sx 0.05524%
153	WESTERN FARMERS ELECTRIC COOPERATIVE (TDSP)	0728624074000	0 889116	0.676800	0 665688	0.619320	0.712731	**0.00109%**
155	HOUSTON COUNTY ELEC COOP INC TXU (TDSP)	0057772064100	7.331668	0.091956	3.814104	3.708320	3.736512	**0.00574%**
158	NUECES ELECTRIC COOP INC PILOT TDSP	0088288574800	72.319768	74.200168	74.374096	68.674944	72.392244	**0.11117%**
168	WOOD COUNTY ELECTRIC COOPERATIVE INC (TDSP)	008952491	0.106256	0 241132	0.228928	0.212488	0.197201	**0.00030%**
171	CHEROKEE COUNTY ELEC CO OP ASSOC (CORAL POWER AS QSE)	0088626254000	0.061300	0.053132	0.049056	0 053120	0.054152	**0.00008%**
172	HEART OF TEXAS ELECTRIC COOPERATIVE INC (DSP)	012074558	87 337576	87.631836	91.128868	85.905120	88.000850	**0.13513%**
176	TRINITY VALLEY ELECTRIC COOPERATIVE INC LPL (TDSP)	0098445644000	6.273196	0.102176	4.063472	3.154624	3.398367	**0.00522%**
177	GRAYSON COLLIN ELECTRIC CO OP INC (AEP AS QSE)	0089538124000	10.789076	12.506104	9.279760	11.482512	11.014363	**0.01691%**
182	LAMAR COUNTY ELEC COOP DBA LEC RC HOUPL (TDSP)	0048060974100	0.004088	0.004088	0.008176	0.081728	0.024520	**0.00004%**
184	SHARYLAND UTILITIES LP BRADY (TDSP)	1052623364200	27.067340	25.759020	24.790896	21.562440	24.794924	**0.03808%**
185	SHARYLAND UTILITIES LP CELESTE (TDSP)	1052623364300	28.824000	27.754564	29.507180	28.673588	28.689833	**0.04406%**
186	SHARYLAND UTILITIES LP STANTON (TDSP)	1052623364400	85 355956	93.5006	93.3985	92.6209	91.219002	**0.14008%**
188	RUSK COUNTY ELECTRIC CO OP MLSES (TDSP)	0098444404100	9.3765	6.2358	13.2187	6.5741	8.851261	**0.01359%**
Total			64,541.6639	65,031.4751	67,335.3018	63,574.3974	65,120.7095	**100.00%**

Note. DC Tie exports and Block Load Transfer exports are excluded from this report

Schedule A (Interim): Summary of Interim Wholesale Transmission Cost of Service

Interim WholesaleTransmission Cost of Service
TEXAS-NEW MEXICO POWER COMPANY
Update Period 07/01/2013 - 12/31/2013

Description	Total Approved per Docket 41727 (1)	Interim Annual Increase (2)	Interim Revenue Requirement (3) = (1) + (2)	Reference Schedule
Operation & Maintenance	6,046,153	N/A	6,046,153	Docket 38480
Depreciation and Amortization	7,837,058	495,198	8,332,256	E-1
Taxes Other Than Income Taxes	3,070,076	177,737	3,247,813	E-2
Federal Income Tax	4,432,626	446,013	4,878,639	E-3
Return on Rate Base	18,073,555	1,800,195	19,873,750	B
Total Revenue Requirement	39,459,468	2,919,142	42,378,611	
Other Expenses	37,172	N/A	37,172	Docket 38480
Other Revenues	(30,973)	N/A	(30,973)	Docket 38480
Total	**39,465,667**	**2,919,142**	**42,384,810**	
ERCOT AVERAGE 4 CP-in kW	66,014,375.9		65,120,709.5	
Wholesale Rate $/kW	**$ 0.597834**		**$ 0.650865**	

Schedule B (Interim): Summary of Interim Wholesale Transmission Rate Base

Interim WholesaleTransmission Cost of Service
TEXAS-NEW MEXICO POWER COMPANY
Update Period 07/01/2013 - 12/31/2013

Description	Total Approved per Docket 41727 (1)	Balance as of end of update period		Increase in Rate Base & Return (3) = (2) - (1)	Reference Schedules
Direct Assigned:					
FERC Accounts-(350-62)					
Original Plant In Service	274,557,580	293,587,081		19,029,501	B-1
(Accumulated Depreciation)	(68,895,488)	(69,745,336)		(849,848)	B-5
Net Plant In Service	**205,662,092**	**223,841,745**		**18,179,653**	
Allocated Plant Accounts- Net *	6,154,295	6,154,295	N/A		Docket 38480
CWIP *	203,367	203,367	N/A		Docket 38480
Working Capital *	827,598	827,598	N/A		Docket 38480
Plant Held for Future Use *	150,074	150,074	N/A		Docket 38480
Reserve for Insurance *	-	-	N/A		Docket 38480
Other *	(30,477,746)	(30,477,746)	N/A		Docket 38480
Total Rate Base	**182,519,680**	**200,699,333**		**18,179,653**	
Rate of Return *	9.9023%	9.9023%		9.9023%	Docket 38480
Return on Rate Base	**18,073,555**	**19,873,750**		**1,800,195**	

*** Same as the last TCOS**

Interim WholesaleTransmission Cost of Service
TEXAS-NEW MEXICO POWER COMPANY
Update Period 07/01/2013 - 12/31/2013

Account No.	Description	Reference Schedule Workpaper	Balance as of last TCOS per Docket 41727 (1)	Non-Affiliate Additions in period 07/01/2013 - 12/31/2013 (2)	Retirements/Adjustments in period 07/01/2013 - 12/31/2013 (3)	Affiliate Cost Additions in period 07/01/2013 - 12/31/2013 (4)	Balance end of period 07/01/2013 - 12/31/2013 (5) = (1) +. .+(4)
Transmission Plant-Gross							
A350.0	Land	WP/ Schedule B-1.1	1,039,436	2,045	-	162	1,041,643
A350.1	Land Rights	WP/ Schedule B-1.1	7,304,085	-	-	-	7,304,085
A352	Structures and Improvements	WP/ Schedule B-1.1	366,501	732,147	-	57,885	1,156,532
A353	Station Equipment	WP/ Schedule B-1.1	91,884,813	8,657,683	960,736	684,489	102,187,721
A354	Towers and Fixtures	WP/ Schedule B-1.1	6,448,132	2,714,928	-	214,646	9,377,707
A355	Poles and Fixtures	WP/ Schedule B-1.1	59,305,451	1,810,723	(348,242)	143,158	60,911,090
A356	O H Conductors & Devices	WP/ Schedule B-1.1	41,733,463	1,533,728	(162,733)	121,259	43,225,717
A357	Undergound Conduit	WP/ Schedule B-1.1	-	-	-	-	-
A358	Underground Conductors	WP/ Schedule B-1.1	-	-	-	-	-
A359	Roads and Trails	WP/ Schedule B-1.1	-	-	-	-	-
A360	Distribution above 60 kv	WP/ Schedule B-1.1	-	-	-	-	-
A361	Distribution above 60 kv	WP/ Schedule B-1.1	-	-	-	-	-
A362	Distribution above 60 kv	WP/ Schedule B-1.1	66,475,699	4,240,240	(2,668,593)	335,240	68,382,585
TOTAL TRANSMISSION PLANT IN SERVICE-GROSS			**274,557,580**	**19,691,494**	**(2,218,832)**	**1,556,838**	**293,587,081**

Interim WholesaleTransmission Cost of Service
TEXAS-NEW MEXICO POWER COMPANY
Affiliate Costs
Update Period 07/01/2013 - 12/31/2013

Account No.	Description	Reference Schedule Workpaper	Total Gross Plant Additions in period 07/01/2013 - 12/31/2013 (1)	Non-Affiliate Additions in period 07/01/2013 - 12/31/2013 (2)	Affiliate Cost - Additions in period 07/01/2013 - 12/31/2013 (3)
Transmission Plant-Gross					
A350.0	Land	Schedule B-1	2,207	2,045	162
A350.1	Land Rights	Schedule B-1	-	-	-
A352	Structures and Improvements	Schedule B-1	790,031	732,147	57,885
A353	Station Equipment	Schedule B-1	9,342,172	8,657,683	684,489
A354	Towers and Fixtures	Schedule B-1	2,929,575	2,714,928	214,646
A355	Poles and Fixtures	Schedule B-1	1,953,882	1,810,723	143,158
A356	O.H. Conductors & Devices	Schedule B-1	1,654,987	1,533,728	121,259
A357	Undergound Conduit	Schedule B-1	-	-	-
A358	Underground Conductors	Schedule B-1	-	-	-
A359	Roads and Trails	Schedule B-1	-	-	-
A360	Distribution above 60 kv	Schedule B-1	-	-	-
A361	Distribution above 60 kv	Schedule B-1	-	-	-
A362	Distribution above 60 kv	Schedule B-1	4,575,479	4,240,240	335,240
TOTAL TRANSMISSION PLANT IN SERVICE-GROSS			**21,248,333**	**19,691,494**	**1,556,838**

Interim WholesaleTransmission Cost of Service
TEXAS-NEW MEXICO POWER COMPANY
Transmission Capital Spending Summary
Update Period 07/01/2013 - 12/31/2013

Time Period	Reference Schedule Workpaper	Shared Services A&G Loads Applied	Total Transmission Capital Costs	Shared Services A&G Load Rate
07/01/2013 - 12/31/2013	WP Schedule B-1.1 2	1,556,838	21,248,333	7.9061%

Interim WholesaleTransmission Cost of Service
TEXAS-NEW MEXICO POWER COMPANY
Affiliate Cost Break-Out
Update Period 07/01/2013 - 12/31/2013

Project #	Project Description/Title	Amount	A&G Load	Total Affiliate Costs
Additions Over $100,000				
NTE02012	NTE Distribution Substation	105,297	9,315	9,315
SOC02012	SOC Distribution Substation	113,172	7,776	7,776
STE03312	Repl GC Trans Brkrs Distr Stations	2,539,390	204,722	204,722
STE03013	Friendswood Bus Upgrade	423,094	29,324	29,324
NTE03413	NTE BREAKER CHANGES	1,103,269	76,468	76,468
STE07712	Caddo to Calpine Relay Changeout	121,092	10,102	10,102
NTX07112	NTX Misc Transmission	136,948	9,230	9,230
STE07412	Rebuild Hastings-FWD 138kV T-Line	139,025	6,504	6,504
CTX07112	CTX Misc Transmission	149,860	8,596	8,596
WTX07112	WTX Misc Transmission	157,758	10,627	10,627
BRA07112	BRA Misc Transmission	176,593	11,347	11,347
BAY07112	BAY Misc Transmission	285,577	22,670	22,670
STE08213	Shell Marathon 69kv Svc TerminalSub	288,813	71,750	71,750
NTE07312	J Cleo Thompson Tap	503,494	37,371	37,371
STE07713	Line G138-S Fiber Replacement	666,197	51,273	51,273
STE07313	Replace 6 OCBs West Columbia Main	764,373	55,218	55,218
STE07213	GALV CO TRAN POLE REPLACE	886,603	63,188	63,188
STE08412	Repl GC Trans Brkrs Trans Stations	1,290,666	90,950	90,950
NTE07413	Barstow Cap Bank	1,691,365	123,738	123,738
STE07613	Tejas Breaker Addition	2,897,810	208,983	208,983
NTE07513	Rebuild Wink with Ring Bus (Trans)	3,124,512	202,544	202,544
STE07513	Rebuild League City-Magnolia Trans	3,212,832	228,846	228,846
	Subtotal - Additions Over $100,000	20,777,740	1,540,546	1,540,546
Additions Under $100,000 and Over $50,000				
NTE03912	Install 10MVAR 69kV Cap Bank Pyote	77,427	592	592
STE02012	STE Distribution Substation	97,694	6,451	6,451
STE03412	Sub Work to Support Texas City OPGW	67,046	(183)	(183)
NTE08412	Upgrade Highlands Substation 3000A	59,717	4,101	4,101
MNL07112	MNL Misc Transmission	73,706	3,752	3,752
STE08212	Texas City OPGW	85,109	756	756
	Subtotal - Additions Under $100,000 and Over $50,000	460,698	15,469	15,469
	Additions Under $50,000	9,895	823	823
	TOTAL ADDITIONS	**21,248,333**	**1,556,838**	**1,556,838**

Interim WholesaleTransmission Cost of Service
TEXAS-NEW MEXICO POWER COMPANY
Gross Plant Additions Listing
Update Period 07/01/2013 - 12/31/2013

Project #	Project Description/Title	Amount	In Service Date	Project Type	ERCOT Input/Review
Additions Over $100,000					
NTE02012	NTE Distribution Substation	105,297	3/27/2013	Capital Maintenance	
SOC02012	SOC Distribution Substation	113,172	9/9/2013	Capital Maintenance	
STE03312	Repl GC Trans Brkrs Distr Stations	2,539,390	12/3/2013	Capital Maintenance	
STE03013	Friendswood Bus Upgrade	423,094	12/17/2013	Single Contingency Overload	Yes
NTE03413	NTE BREAKER CHANGES	1,103,269	12/16/2013	Capital Maintenance	
STE07712	Caddo to Calpine Relay Changeout	121,092	12/19/2013	Capital Maintenance	
NTX07112	NTX Misc Transmission	136,948	7/18/2013	Capital Maintenance	
STE07412	Rebuild Hastings-FWD 138kV T-Line	139,025	12/20/2013	Single Contingency Overload	Yes
CTX07112	CTX Misc Transmission	149,860	9/6/2013	Capital Maintenance	
WTX07112	WTX Misc Transmission	157,758	12/20/2013	Capital Maintenance	
BRA07112	BRA Misc Transmission	176,593	12/31/2013	Capital Maintenance	
BAY07112	BAY Misc Transmission	285,577	12/30/2013	Capital Maintenance	
STE08213	Shell Marathon 69kv Svc TerminalSub	288,813	12/17/2013	Load Growth	
NTE07312	J Cleo Thompson Tap	503,494	11/8/2013	Load Growth	
STE07713	Line G138-S Fiber Replacement	666,197	12/20/2013	Capital Maintenance	
STE07313	Replace 6 OCBs West Columbia Main	764,373	12/19/2013	Capital Maintenance	
STE07213	GALV CO TRAN POLE REPLACE	886,603	12/6/2013	Capital Maintenance	
STE08412	Repl GC Trans Brkrs Trans Stations	1,290,666	12/3/2013	Capital Maintenance	
NTE07413	Barstow Cap Bank	1,691,365	12/6/2013	System Reactive Support	
STE07613	Tejas Breaker Addition	2,897,810	12/2/2013	Capital Maintenance	
NTE07513	Rebuild Wink with Ring Bus (Trans)	3,124,512	12/27/2013	Capital Maintenance	
STE07513	Rebuild League City-Magnolia Trans	3,212,832	9/17/2013	Single Contingency Overload	Yes
	Subtotal - Additions Over $100,000	20,777,740			
Additions Under $100,000 and Over $50,000					
NTE03912	Install 10MVAR 69kV Cap Bank Pyote	77,427	6/17/2013	System Reactive Support	
STE02012	STE Distribution Substation	97,694	5/20/2013	Capital Maintenance	
STE03412	Sub Work to Support Texas City OPGW	67,046	11/14/2012	Communications Upgrade	
NTE08412	Upgrade Highlands Substation 3000A	59,717	10/25/2013	Single Contingency Overload	Yes
MNL07112	MNL Misc Transmission	73,706	12/20/2013	Capital Maintenance	
STE08212	Texas City OPGW	85,109	11/14/2012	Communications Upgrade	
	Subtotal - Additions Under $100,000 and Over $50,000	460,698			
	Additions Under $50,000	9,895			
	TOTAL ADDITIONS	**21,248,333**			

Interim WholesaleTransmission Cost of Service
TEXAS-NEW MEXICO POWER COMPANY
Gross Plant Retirement/Transfers Listing
Update Period 07/01/2013 - 12/31/2013

Project #	Project Description/Title	Amount	Retirement Date
Retirements Over $15,000			
NTE07513	Rebuild Wink with Ring Bus (Trans)	(640,612)	12/27/2013
STE07412	Rebuild Hastings-FWD 138kV T-Line	(237,822)	12/20/2013
STE08412	Repl GC Trans Brkrs Trans Stations	(223,397)	12/3/2013
STE07213	GALV CO TRAN POLE REPLACE	(122,975)	12/6/2013
STE07513	Rebuild League City-Magnolia Trans	(114,858)	9/17/2013
STE07112	STE Misc Transmission	(65,806)	5/17/2013
STE07413	Comanche Capacitor Bank	(51,071)	6/24/2013
STE07712	Caddo to Calpine Relay Changeout	(48,283)	12/19/2013
STE08213	Shell Marathon 69kv Svc TerminalSub	(40,508)	12/17/2013
STE07713	Line G138-S Fiber Replacement	(23,995)	12/20/2013
STE03013	Friendswood Bus Upgrade	(54,668)	12/17/2013
NTE03413	NTE BREAKER CHANGES	(278,241)	12/16/2013
STE03312	Repl GC Trans Brkrs Distr Stations	(424,542)	12/3/2013
	Subtotal - Retirements Over $15,000	(2,326,777)	
	Retirements Under $15,000, Transfers, Adjustments	107,945	
	TOTAL RETIREMENTS/TRANSFERS/ADJUSTMENTS	(2,218,832)	

Interim WholesaleTransmission Cost of Service
TEXAS-NEW MEXICO POWER COMPANY
Construction Report Reconciliation
Update Period 07/01/2013 - 12/31/2013

Month	Project #	Project Name	Final Estimated Project Cost ($) Reported on Construction Report	Final Actual Project Cost ($)	Amount Per Books	Difference
July-13	No closings on report.					
August-13	NTE07712	Bone Spring Tap	$ 800,000.00	$ 928,434.00	$ 928,434.00	$ -
		Project cost includes both Gross Plant Additions and removal cost.				
September-13	No closings on report.					
October-13	STE07412	Upgrade Friendswood to Hastir	$ 7,600,000.00	$ 6,639,325.00	$ 6,639,325.00	$ -
	NTE03912	Pyote Cap Bank	$ 1,500,000.00	$ 1,824,635.00	$ 1,824,633.00	$ (2)
	STE07413	Comanche Cap Bank	$ 1,250,000.00	$ 1,402,742.00	$ 1,388,068.00	$ (14,674)
	STE03512	Heights Cap Bank	$ 705,000.00	$ 1,019,381.00	$ 1,019,381.00	$ -
	STE08512	TC Main Cap Bank	$ 715,000.00	$ 1,261,864.00	$ 1,283,740.00	$ 21,876
		Project cost includes both Gross Plant Additions and removal cost.				
November-13	No closings on report.					
December-13	STE07513	Upgrade League City to Magno	$ 3,900,000.00	$ 3,353,707.00	$ 3,353,707.00	$ -
January-14	NTE07413	Barstow Cap Bank	$ 1,500,000.00	$ 1,785,070.00	$ 1,785,345.00	$ 275
	STE08213	Shell 3MW @ Marathon	$ 1,000,000.00	$ 308,925.00	$ 308,925.00	$ -
	NTE07312	Barilla Draw Tap	$ 425,000.00	$ 511,977.00	$ 512,067.00	$ 90
	STE07613	Tejas Breaker Addition	$ 2,945,497.00	$ 2,990,447.00	$ 2,990,447.00	$ -
		Project cost includes both Gross Plant Additions and removal cost.				