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Item Number: 1

Addendum StartPage: 0

DOCKET NO. _____

APPLICATION OF TEXAS-NEW	§	PUBLIC UTILITY COMMISSION OF TEXAS
MEXICO POWER COMPANY FOR	§	
INTERIM UPDATE OF WHOLESALE	§	
TRANSMISSION RATES PURSUANT	§	
TO 16 TEX. ADMIN. CODE § 25.192(h)	§	

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 PUBLIC UTILITY COMMISSION
 FILING OFFICE

DOCKET NO. _____

APPLICATION OF TEXAS-NEW	§	PUBLIC UTILITY COMMISSION
MEXICO POWER COMPANY FOR	§	
INTERIM UPDATE OF WHOLESALE	§	OF TEXAS
TRANSMISSION RATES PURSUANT	§	
TO 16 TEX. ADMIN. CODE	§	
§ 25.192(h)(1)	§	

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 16 Tex. Admin. Code § 25.192(h) (“Application”) and the Filing Requirements for Interim Update of Wholesale Transmission Rates Pursuant to 16 Tex. Admin. Code § 25.193(a)(1)¹ (the “Interim TCOS Filing Package”), respectfully showing as follows:

I. BACKGROUND AND AUTHORITY

In this application, 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 of Texas (“Commission” or “PUCT”) 16 Tex. Admin. Code § 25.192(h)(1) (“TAC”).

16 TAC § 25.192(h)(1) permits that each 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, 16 TAC § 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.

¹ Now 16 Tex. Admin. Code § 25.192(h)(1).

II. TNMP's FILING

Together with this Application, TNMP has filed, and incorporates by reference, the Direct Testimony and Exhibits of Thomas Baker, the 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 June 30, 2019 transmission net plant balances with the December 31, 2018 net plant balances established in Docket No. 49143.² 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 \$21,901,098 with an increase in total transmission revenue requirement of \$3,288,537. TNMP further requests that the Commission approve an interim wholesale transmission rate of \$1.057953/kW, effective as early as August 27, 2019, but no later than 60 days after filing (i.e., September 21, 2019).

V. NOTICE AND PROCESSING

Pursuant to 16 TAC § 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,³ as well as to every distribution service provider listed in the matrix utilized by the Commission in Docket No. 48928,⁴ which established wholesale transmission charges for the year 2018. Upon completion of the notice described above, TNMP will

² *Application of Texas-New Mexico Power Company for Interim Update of Wholesale Transmission Rates*, Docket No. 49143, Notice of Approval (March 21, 2019).

³ *Id.*

⁴ *Commission Staff's Application to Set 2019 Wholesale Transmission Service Charges for the Electric Reliability Council of Texas*, Docket No. 48928 (April 4, 2019).

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. 16 TAC § 25.192(h)(4)(A) establishes an intervention deadline of 21 days from the date service is completed, and 16 TAC § 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 16 TAC § 25.192(h)(4)(C), if no timely requests to intervene are filed, TNMP requests the Commission process this Application under the requirements of 16 TAC § 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.	July 23, 2019	
Deadline for Intervention. Deadline for Staff comments on Material Sufficiency.	August 13, 2019	21 days
Intervenor Comments or Request for a Hearing.	August 13, 2019	21 days
If no hearing requested, deadline for Staff's Final Recommendation.	August 20, 2019	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.	August 23, 2019	31 days
Final Order.	August 27, 2019	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 August 27, 2019, TNMP respectfully requests an opportunity for hearing, pursuant to 16 TAC § 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 \$3,288,537, approve an interim wholesale transmission rate of \$1.057953/kW, effective as early as August 27, 2019, but no later than 60 days after filing, (i.e., September 21, 2019) and for such other and further relief to which it may show itself entitled.

Date: 7/23/19

Respectfully submitted,



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**ATTORNEY FOR TEXAS-NEW MEXICO
POWER COMPANY**

NOTICE OF RATE CHANGE REQUEST

On July 23, 2019, Texas-New Mexico Power Company (“TNMP”) filed its Application for Interim Update of Wholesale Transmission Rates Pursuant to 16 Tex. Admin. Code § 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 \$21,901,098 with a total revenue requirement interim increase of \$3,288,537 and an interim wholesale transmission rate of \$1.057953/kW. The proposed interim revenue requirement increase represents an approximate 5.0 percent increase in TNMP’s wholesale transmission revenue requirement. TNMP has requested an effective date for the interim wholesale transmission rate of August 27, 2019.

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 577 N. Garden Ridge Blvd., Lewisville, Texas 75067.

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 August 13, 2019. A request to intervene or request for further information should be made to the Public Utility Commission 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 Wholesale Transmission Cost of Service TEXAS-NEW MEXICO POWER COMPANY Update Period 01/01/2019 - 06/30/2019				
Description	Total Approved per Docket 49143 (1)	Interim Annual Increase (2)	Interim Revenue Requirement (3) = (1) + (2)	Reference Schedule
Operation & Maintenance	7,064,252	N/A	7,064,252	Docket 4840 L
Depreciation and Amortization	22,206,955	1,048,707	23,255,662	E-1
Taxes Other Than Income Taxes	6,723,572	259,021	6,982,593	E-2
Federal Income Tax	426,567	252,812	679,379	E-3
Return on Rate Base	33,665,636	1,727,997	35,393,633	B
Total Revenue Requirement	70,086,983	3,288,537	73,375,520	
Other Expenses	280,227	N/A	280,227	Docket 4840 L
Other Revenues	(266,633)	N/A	(266,633)	Docket 4840 L
Total	70,100,577	3,288,537	73,389,114	
ERCOT AVERAGE 4 CP-in kW	69,368,963.5		69,368,963.5	
Wholesale Rate \$/kW	\$ 1.010547		\$ 1.057953	

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

Interim Wholesale Transmission Cost of Service TEXAS-NEW MEXICO POWER COMPANY Update Period 01/01/2019 - 06/30/2019				
Description	Total Approved per Docket 49143 (1)	Balance as of end of update period (2)	Increase in Rate Base & Return (3) = (2) - (1)	Reference Schedules
Direct Assigned:				
FERC Accounts-(350-62)				
Original Plant In Service	598,037,667	626,208,847	28,171,180	B-1
(Accumulated Depreciation)	(94,337,859)	(100,607,941)	(6,270,082)	B-5
Net Plant In Service	503,699,808	525,600,906	21,901,098	
Allocated Plant Accounts- Net	13,985,191	13,985,191	N/A	Docket 48401
CWIP	272,256	272,256	N/A	Docket 48401
Working Capital	(1,008,576)	(1,008,576)	N/A	Docket 48401
Plant Held for Future Use	-	-	N/A	Docket 48401
Reserve for Insurance	-	-	N/A	Docket 48401
Other	(90,261,271)	(90,261,271)	N/A	Docket 48401
Total Rate Base	426,687,407	448,588,506	21,901,098	
Rate of Return	7.8900%	7.8900%	7.8900%	Docket 48401
Return on Rate Base	33,665,636	35,393,633	1,727,997	

Interim Wholesale Transmission Cost of Service TEXAS-NEW MEXICO POWER COMPANY Update Period 01/01/2019 - 06/30/2019							
Account No	Description	Reference Schedule Workpaper	Balance as of last TCOS per Docket 49143 (1)	Non-Affiliate Additions in period 01/01/2019 - 06/30/2019 (2)	Retirements/Adjustments in period 01/01/2019 - 06/30/2019 (3)	Affiliate Cost Additions in period 01/01/2019 - 06/30/2019 (4)	Balance end of period 01/01/2019 - 06/30/2019 (5) = (1) + (4) - (3)
Transmission Plant-Gross							
A350 0	Land	WP/ Schedule B-1 1	6,265,791	(843)	-	(46)	6,264,902
A350 1	Land Rights	WP/ Schedule B-1 1	9,868,564	39,536	(55,794)	2,148	9,854,455
A352	Structures and Improvements	WP/ Schedule B-1 1	5,193,957	(989,458)	-	(53,762)	4,150,736
A353	Station Equipment	WP/ Schedule B-1 1	172,858,711	5,682,733	(8,260)	308,772	178,841,957
A354	Towers and Fixtures	WP/ Schedule B-1 1	11,642,894	134,940	-	7,332	11,785,166
A355	Poles and Fixtures	WP/ Schedule B-1 1	185,343,078	8,474,085	135,577	460,441	194,413,181
A356	O H Conductors & Devices	WP/ Schedule B-1 1	85,845,765	7,850,581	25,394	426,563	94,148,302
A357	Underground 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	121,018,908	6,084,527	(683,892)	330,604	126,750,147
TOTAL TRANSMISSION PLANT IN SERVICE-GROSS			598,037,667	27,276,101	(586,973)	1,482,053	626,208,847

Interim Wholesale Transmission Cost of Service TEXAS-NEW MEXICO POWER COMPANY Affiliate Costs Update Period 01/01/2019 - 06/30/2019					
Account No.	Description	Reference Schedule Worksheet	Total Gross Plant Additions in period 01/01/2019 - 06/30/2019 (1)	Non-Affiliate Additions in period 01/01/2019 - 06/30/2019 (2)	Affiliate Cost - Additions in period 01/01/2019 - 06/30/2019 (3)
Transmission Plant-Gross					
A350 0	Land	Schedule B-1	(889)	(843)	(46)
A350 1	Land Rights	Schedule B-1	41,684	39,536	2,148
A352	Structures and Improvements	Schedule B-1	(1,043,221)	(989,458)	(53,762)
A353	Station Equipment	Schedule B-1	5,991,506	5,682,733	308,772
A354	Towers and Fixtures	Schedule B-1	142,272	134,940	7,332
A355	Poles and Fixtures	Schedule B-1	8,934,526	8,474,085	460,441
A356	O H Conductors & Devices	Schedule B-1	8,277,144	7,850,581	426,563
A357	Underground 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	6,415,131	6,084,527	330,604
TOTAL TRANSMISSION PLANT IN SERVICE-GROSS			28,758,153	27,276,101	1,482,053

Interim Wholesale Transmission Cost of Service TEXAS-NEW MEXICO POWER COMPANY Transmission Capital Spending Summary Update Period 01/01/2019 - 06/30/2019				
Time Period	Reference Schedule Workpaper	Shared Services A&G Loads Applied	Total Direct Transmission Capital Costs	Shared Services A&G Load Rate
01/01/2019 - 06/30/2019	WP Schedule B-1 1 2	1,482,053	27,276,101	5.4335%

Interim Wholesale Transmission Cost of Service
TEXAS-NEW MEXICO POWER COMPANY
Affiliate Cost Break-Out
Update Period 01/01/2019 - 06/30/2019

<u>Project #</u>	<u>Project Description/Title</u>	<u>Amount</u>	<u>A&G Load</u>	<u>Total Affiliate Costs</u>
Additions Over \$100,000				
NTE09118	Line M-69-K Rebuild	7,245,670	243,535	243,535
NTE07819	Caymus 2x20MVAR Cap Bank	3,321,055	159,826	159,826
STE07818	Line G-69 FF Rebuild Grant-Genesis	3,106,599	178,001	178,001
NTE04018	Noble Billy Miner POD	2,576,762	142,598	142,598
NTE04218	Mark West Apollo POD	1,917,942	120,259	120,259
NTE07415	Salt Creek Cryo POD	1,855,949	109,543	109,543
STE07219	Rbld Friendswood-Seminole 138kV Lne	1,470,615	95,336	95,336
NTE07619	Eagle Claw 138kV Conversion	1,038,729	61,358	61,358
NTE07515	Saddleback Sub T-Line Tie	972,651	58,614	58,614
NTE08816	Upgrade Oncor Tap to Lkpnt to 3000A	873,437	59,562	59,562
NTE04318	Tarbush #2 XFMR	724,332	42,306	42,306
NTE08819	Cottonwood 138kV Line Termination	601,100	36,267	36,267
NTE03418	Upgrade Jones Street Sub to 3000A	460,209	39,621	39,621
NTE03218	Upgrade Lakepointe to 3000A	417,833	28,078	28,078
SOC07414	TNP1/Twin Oak Cyber Security	339,836	6,921	6,921
BAY07112	BAY Misc Transmission	339,783	21,144	21,144
NTE07918	AEP Lotebush Sta Cut In	310,808	18,587	18,587
NTE08115	Diamondback Reward POD	235,762	7,901	7,901
NTE02012	NTE Distribution Substation	235,710	14,113	14,113
NTE07319	Rbld IH20 to Pecos Main Dbl Circuit	216,884	12,861	12,861
NTE08315	Oryx Pyote Gemsbok POD	165,217	9,731	9,731
NTE04118	Noble Calamity Jane POD	161,502	8,705	8,705
STE02416	Build Hidden Lakes Substation	114,588	1,722	1,722
Subtotal - Additions Over \$100,000		28,702,973	1,476,591	1,476,591
Additions Under \$100,000 and Over \$50,000				
STE07618	Hidden Lakes to PH Robinson G138-8A	99,233	5,885	5,885
Subtotal - Additions Under \$100,000 and Over \$50,000		99,233	5,885	5,885
Additions Under \$50,000		(44,053)	(423)	(423)
TOTAL ADDITIONS		28,758,153	1,482,053	1,482,053

Interim Wholesale Transmission Cost of Service
 TEXAS-NEW MEXICO POWER COMPANY
 Gross Plant Additions Listing
 Update Period 01/01/2019 - 06/30/2019

<u>Project #</u>	<u>Project Description/Title</u>	<u>Amount</u>	<u>In Service Date</u>	<u>Project Type</u>	<u>ERCOT Input/Review</u>
Additions Over \$100,000					
NTE09118	Line M-69-K Rebuild	7,245,670	3/4/2019	Load Growth	
NTE07819	Caymus 2x20MVAR Cap Bank	3,321,055	5/31/2019	System Reactive Support	
STE07818	Line G-69 FF Rebuild Grant-Genesis	3,106,599	4/11/2019	Single Contingency Overload	
NTE04018	Noble Billy Miner POD	2,576,762	6/4/2019	Load Growth	
NTE04218	Mark West Apollo POD	1,917,942	5/21/2019	Load Growth	
NTE07415	Salt Creek Cryo POD	1,855,949	4/11/2019	Load Growth	
STE07219	Rbld Friendswood-Seminole 138kV Lne	1,470,615	5/21/2019	Single Contingency Overload	
NTE07619	Eagle Claw 138kV Conversion	1,038,729	4/11/2019	Load Growth	
NTE07515	Saddleback Sub T-Line Tie	972,651	6/5/2019	Load Growth	
NTE08816	Upgrade Oncor Tap to Lkptnt to 3000A	873,437	3/8/2019	Single Contingency Overload	
NTE04318	Tarbush #2 XFMR	724,332	4/24/2019	Load Growth	
NTE08819	Cottonwood 138kV Line Termination	601,100	5/29/2019	Load Growth	
NTE03418	Upgrade Jones Street Sub to 3000A	460,209	4/17/2019	Single Contingency Overload	
NTE03218	Upgrade Lakepointe to 3000A	417,833	4/8/2019	Single Contingency Overload	
SOC07414	TNP1/Twin Oak Cyber Security	339,836	9/27/2018	NERC Compliance	
BAY07112	BAY Misc Transmission	339,783	6/18/2019	Capital Maintenance	
NTE07918	AEP Lotebush Sta Cut In	310,808	6/20/2019	Load Growth	
NTE08115	Diamondback Reward POD	235,762	10/8/2018	Load Growth	
NTE02012	NTE Distribution Substation	235,710	1/2/2019	Capital Maintenance	
NTE07319	Rbld IH20 to Pecos Main Dbl Circuit	216,884	12/17/2018	Load Growth	
NTE08315	Oryx Pyote Gemsbok POD	165,217	12/18/2018	Load Growth	
NTE04118	Noble Calamity Jane POD	161,502	6/25/2019	Load Growth	
STE02416	Build Hidden Lakes Substation	114,588	4/24/2019	Load Growth	
Subtotal - Additions Over \$100,000		28,702,973			

Additions Under \$100,000 and Over \$50,000

STE07618	Hidden Lakes to PH Robinson G138-8A	99,233	12/17/2018	Load Growth	
Subtotal - Additions Under \$100,000 and Over \$50,000		99,233			

Additions Under \$50,000

Additions Under \$50,000	(44,053)
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TOTAL ADDITIONS 28,758,153

Interim Wholesale Transmission Cost of Service			
TEXAS-NEW MEXICO POWER COMPANY			
Gross Plant Retirement/Transfers Listing			
Update Period 01/01/2019 - 06/30/2019			
<u>Project #</u>	<u>Project Description/Title</u>	<u>Amount</u>	<u>Retirement Date</u>
Retirements Over \$15,000			
STE03818	Northside Relay and Bus Upgrade	(149,781)	1/1/2019
NTE04118	Noble Calamity Jane	(87,754)	6/1/2019
NTE03218	Upgrade Lakepointe to 3000A	(57,727)	6/1/2019
BAY07112	BAY Misc Transmission	(26,701)	6/1/2019
TXG02218	Distribution Breaker Asset Mgmt	(21,838)	1/1/2019
STE07219	Rbld Friendswood-Seminole 138kV Lne	(18,785)	6/1/2019
NTE08816	Upgrade Oncor Tap to Lkpnt to 3000A	(16,222)	4/1/2019
LVE02012	LVE Distribution Substation	(15,559)	4/1/2019
Subtotal - Retirements Over \$15,000		<u>(394,366)</u>	
Retirements Under \$15,000, Transfers, Adjustments		<u>(192,607)</u>	
TOTAL RETIREMENTS/TRANSFERS/ADJUSTMENTS		<u>(586,973)</u>	

Interim Wholesale Transmission Cost of Service
 TEXAS-NEW MEXICO POWER COMPANY
 Construction Report Reconciliation
 Update Period 01/01/2019 - 06/30/2019

Update Period 01/01/2019 - 06/30/2019

Month	Project #	Project Name		Final Cost	Amount Per Books	Difference	Variance
				Reported on			
				Construction Report			Explanation
January-19							
	NTE08318	Pyote-Wickett Line Rebuild	\$	7,734,663	\$ 7,734,663	\$ 0	
	NTE08218	Worsham-Pyote Line Rebuild	\$	6,902,874	\$ 6,903,518	\$ (644)	(1)
	NTE02818	Pyote Substation	\$	6,191,776	\$ 6,191,776	\$ 0	
	NTE02618	North Pecos County Sub-Tarbush	\$	5,419,709	\$ 5,419,709	\$ 0	
	NTE08718	Pig Creek South to Tarbush	\$	1,888,531	\$ 1,888,531	\$ 0	
February-19							
	No project closings						
March-19							
	NTE08418	Wickett Substation Conversion	\$	7,699,512	\$ 7,699,520	\$ (8)	(1)
	NTE03518	Rattlesnake Substation	\$	6,890,538	\$ 6,890,538	\$ (0)	
	NTE08618	Wickett to Oncor Wolf	\$	4,758,937	\$ 4,758,937	\$ (0)	
	NTE08215	Oryx Scimitar POD Substation build	\$	2,746,630	\$ 2,754,763	\$ (8,133)	(1)
	NTE08918	Diamondback Utah POD	\$	2,072,606	\$ 2,076,243	\$ (3,637)	(1)
	NTE07818	Sanderson Pole Line Heavy Maintenance	\$	1,685,362	\$ 1,685,362	\$ (0)	
	STE07618	Hidden Lakes Transmission Line	\$	1,556,091	\$ 1,556,513	\$ (422)	(1)
April-19							
	NTE08115	Diamondback Reward Substation POD	\$	1,557,830	\$ 1,802,749	\$ (244,919)	(1)
May-19							
	NTE02718	Cottonwood Sub/Sand Lake Substation	\$	6,769,323	\$ 6,754,644	\$ 14,679	(1)
	NTE08315	Oryx Gemsbok POD Substation build	\$	2,872,608	\$ 2,872,608	\$ (0)	
	NTE08516	Oncor Concho Harpoon POI Substation build	\$	2,246,258	\$ 2,246,258	\$ 0	
June-19							
	NTE07319	Rebuild IH20 to Pecos Main Double Circuit	\$	5,900,057	\$ 5,900,057	\$ 0	
July-19							
	STE02416	Hidden Lakes Substation Build	\$	10,187,742	\$ 10,157,500	\$ 30,242	(1)
	NTE04018	Saddleback Substation Build	\$	6,686,706	\$ 6,579,653	\$ 107,053	(1)
	NTE03218	Lakepointe Upgrade to 3000 amps	\$	1,489,506	\$ 1,477,124	\$ 12,382	(1)
	NTE08816	Oncor to Lakepointe Line Upgrade to 3000 amp	\$	1,004,780	\$ 1,004,780	\$ (0)	
	NTE03418	Jones Street Upgrade to 3000 amps	\$	683,932	\$ 688,467	\$ (4,535)	(1)

(1) Additional costs or credits booked to project after report date

Interim Wholesale Transmission Cost of Service TEXAS-NEW MEXICO POWER COMPANY Update Period 01/01/2019 - 06/30/2019						
Account No	Description	Reference Schedule Workpaper	Balance as of last TCOS per Docket 49143 (1)	Depreciation Expense in period 01/01/2019 - 06/30/2019 (2)	Retirements/Adjustments in period 01/01/2019 - 06/30/2019 (3)	Balance end of period 01/01/2019 - 06/30/2019 (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	(5,154,786)	(41,491)	55,794	(5,140,483)
A352	Structures and Improvements	WP Schedule B-5.1	(294,616)	(43,246)	(344)	(338,205)
A353	Station Equipment	WP Schedule B-5.1	(22,086,428)	(2,419,538)	61,364	(24,444,602)
A354	Towers and Fixtures	WP Schedule B-5.1	(3,335,129)	(126,221)	(3,651)	(3,465,002)
A355	Poles and Fixtures	WP Schedule B-5.1	(25,161,101)	(4,305,023)	1,690,365	(27,775,759)
A356	O H Conductors & Devices	WP Schedule B-5.1	(16,210,364)	(1,751,454)	502,519	(17,459,299)
A357	Underground 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	(22,095,435)	(1,301,038)	1,411,882	(21,984,591)
TOTAL		Schedule-B	(94,337,859)	(9,988,010)	3,717,929	(100,607,941)

Interim Wholesale Transmission Cost of Service									
TEXAS-NEW MEXICO POWER COMPANY									
Accumulated Depreciation Roll-forward									
Update Period 01/01/2019 - 06/30/2019									
		Beginning Balance							Ending Balance
		01/01/2019	Provision	Retirements	Cost of Removal	Salvage and Other Credits	Transfers and Adjustments	Loss/Gain	06/30/2019
A350 0	Land	-	-	-	-	-	-	-	-
A350 1	Land Rights	5,154,786	41,491	(55,794)	-	-	-	-	5,140,483
A352	Structures and Improvements	294,616	43,246	-	-	-	344	-	338,205
A353	Station Equipment	22,086,428	2,419,538	(8,260)	(50,392)	-	(2,712)	-	24,444,602
A354	Towers and Fixtures	3,335,129	126,221	-	3,651	-	-	-	3,465,002
A355	Poles and Fixtures	25,161,101	4,305,023	135,577	(1,827,127)	-	1,184	-	27,775,759
A356	O H Conductors & Devices	16,210,364	1,751,454	25,394	(529,097)	-	1,184	-	17,459,299
A357	Underground Conduit	-	-	-	-	-	-	-	-
A358	Underground Conductors	-	-	-	-	-	-	-	-
A359	Roads and Trails	-	-	-	-	-	-	-	-
A360	Distribution above 60 kv	-	-	-	-	-	-	-	-
A361	Distribution above 60 kv	-	-	-	-	-	-	-	-
A362	Distribution above 60 kv	22,095,435	1,301,038	(683,892)	(332,432)	-	(395,558)	-	21,984,591
A363	Distribution above 60 kv	-	-	-	-	-	-	-	-
		94,337,859	9,988,010	(586,974)	(2,735,396)	-	(395,558)	-	100,607,941

Interim Wholesale Transmission Cost of Service
 TEXAS-NEW MEXICO POWER COMPANY
 Change in Depreciation Expense
 Update Period 01/01/2019 - 06/30/2019

Account No	Description	Reference Schedule Workpaper	Depreciation Expense as of last Rate Case per Docket 49143 (1)	Gross Plant Balance end of update period (Schedule B-1, Column (5)) (2)	Depreciation % approved in Docket No 48401 (3)	Depreciation Expense on Balance (4) = (2) * (3)	Increase in Depreciation Expense (5) = (4) - (1)
Depreciation Expense							
Transmission Plant							
A350 0	Land		-	6,264,902	0.00%	-	-
A350 1	Land Rights		80,922	9,854,455	0.82%	80,807	(116)
A352	Structures and Improvements		103,879	4,150,736	2.00%	83,015	(20,864)
A353	Station Equipment		4,546,184	178,841,957	2.63%	4,703,543	157,359
A354	Towers and Fixtures		251,487	11,785,166	2.16%	254,560	3,073
A355	Poles and Fixtures		8,470,179	194,413,181	4.57%	8,884,682	414,504
A356	O H Conductors & Devices		3,468,169	94,148,302	4.04%	3,803,591	335,423
A357	Underground Conduit		-	-	0.00%	-	-
A358	Underground Conductors		-	-	0.00%	-	-
A359	Roads and Trails		-	-	0.00%	-	-
A360	Distribution above 60 kv		-	-	1.39%	-	-
A361	Distribution above 60 kv		-	-	1.90%	-	-
A362	Distribution above 60 kv		3,364,326	126,750,147	2.78%	3,523,654	159,328
	TOTAL	Schedule-A	20,285,145	626,208,847		21,333,852	1,048,707

Interim Wholesale Transmission Cost of Service TEXAS-NEW MEXICO POWER COMPANY Taxes Other Than Federal Income Taxes Update Period 01/01/2019 - 06/30/2019					
Line No.	Description	Reference Schedule Workpaper	Amount Approved per Docket 49143 (1)	Interim Annual Increase (2)	Federal Income Taxes Balance at 06/30/2019 (3) = (1) + (2)
1	<u>Taxes Other Than Income Taxes</u>				
2	<u>Non-Revenue Related</u>				
3	Payroll Taxes	Docket 48401	169,588	-	169,588
4	Ad Valorem Taxes	WP Schedule E-2.1	6,197,023	242,196	6,439,219
5					
6	<u>Revenue Related Taxes</u>				
7	Gross Receipts Tax	Docket 48401	(1,698)	-	(1,698)
8	Sales and Use Tax	Docket 48401	-	-	-
9	Texas Gross Margin Tax	WP Schedule E-2.2	358,658	16,825	375,483
10					
11	TOTAL		6,723,572	259,021	6,982,593

Interim Wholesale Transmission Cost of Service
 TEXAS-NEW MEXICO POWER COMPANY
 Ad Valorem Taxes
 Update Period 01/01/2019 - 06/30/2019

Line
 No.

1	<u>Ad Valorem Taxes</u>	
2	TCOS Ad Valorem Taxes, Docket No. 49143	6,197,023
3		
4	Total Ad Valorem Taxes, Twelve Months Ended 06/30/2019	14,834,950 WP/Sched E-2.1.1
5		
6	TCOS Direct Assigned Net Plant at 06/30/2019	525,600,906 Schedule B
7	Total Direct Assigned Net Plant at 06/30/2019	1,210,901,922 WP/Sched E-2 1.2
8	TCOS Net Plant Factor at 06/30/2019	43.41%
9		
10	Ad Valorem Taxes Functionalized to Transmission Function, 06/30/2019	6,439,219
11		
12	Change in Ad Valorem Expense	<u>242,196</u>

Interim WholesaleTransmission Cost of Service														
TEXAS-NEW MEXICO POWER COMPANY														
Ad Valorem Taxes by Month														
Update Period 01/01/2019 - 06/30/2019														
Line														
No														
1	Account Description	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Total
2	408111 - Taxes - Ad Valorem	1,284,199	1,284,199	1,284,199	1,284,199	1,284,199	252,657	1,406,883	1,406,883	1,406,883	1,406,883	1,406,883	1,126,883	14,834,950

Interim Wholesale Transmission Cost of Service TEXAS-NEW MEXICO POWER COMPANY Total Direct Assigned Net Plant Update Period 01/01/2019 - 06/30/2019
<p>Note: TNMP's 06/30/2019 Balance Sheet, showing TNMP's net plant balance at 06/30/2019, will be provided after the filing of TNMP's 2019 Form 10-K.</p>

Interim Wholesale Transmission Cost of Service			
TEXAS-NEW MEXICO POWER COMPANY			
Texas Gross Margin Tax			
Update Period 01/01/2019 - 06/30/2019			
Line No.			
1	Total TCOS Revenue Requirement	73,389,114	Schedule A
2	Intercompany allocation	2.546%	Docket No. 48928
3	Less: Intra-Company TCOS Revenue	<u>1,868,553</u>	
4	Total TCOS Revenue for TX Gross Margin Tax	71,520,561	
5	Taxable Revenue Percentage	<u>70.00%</u>	
6	Total TCOS Taxable Revenue	50,064,393	
7	Texas Gross Margin Tax Rate for 2019	<u>0.750%</u>	
8	Gross Margin Tax Amount	<u>375,483</u>	Schedule E-2

Interim Wholesale Transmission Cost of Service TEXAS-NEW MEXICO POWER COMPANY Federal Income Tax Update Period 01/01/2019 - 06/30/2019					
Line No	Description	Reference Schedule Workpaper	Amount Approved per Docket 49143 (1)	Interim Annual Increase (2)	Federal Income Taxes at 06/30/2019 (3) = (1) + (2)
1	Federal Income Taxes				
2					
3	Return on Rate Base	Schedule-B	33,665,636	1,727,997	35,393,633
4					
5	Deductions:				
6	Synchronized Interest	WP Schedule E-3 1	(15,136,736)	(776,941)	(15,913,677)
7	ITC Amortization	Docket 48401	-	-	-
8	Amortization of Protected Excess DFIT	Docket 48401	(1,153,969)	-	(1,153,969)
9	AFUDC Equity	Docket 48401	(334,674)	-	(334,674)
10	Amortization of Unprotected Excess DFIT	Docket 48401	(2,344,516)	-	(2,344,516)
11	Subtotal		(18,969,896)	(776,941)	(19,746,837)
12					
13	Additions:				
14	Depreciation Adjustment	Docket 48401	48,333	-	48,333
15	Meals and Entertainment	Docket 48401	21,600	-	21,600
16	Fines and Penalties	Docket 48401	-	-	-
17	Subtotal		69,933	-	69,933
18					
19	Taxable Component of Return		14,765,674	951,055	15,716,729
20	Tax Factor		26.58%	26.58%	26.58%
21					
22	Federal Income Taxes Before Adjust.		3,925,052	252,812	4,177,865
23					
24	Tax Credits				
25	ITC Amortization	Docket 48401	-	-	-
26	Amortization of Protected Excess DFIT	Docket 48401	(1,153,969)	-	(1,153,969)
27	Amortization of Unprotected Excess DFIT	Docket 48401	(2,344,516)	-	(2,344,516)
28	Subtotal		(3,498,486)	-	(3,498,486)
29					
30	TOTAL FEDERAL INCOME TAXES		426,567	252,812	679,379

Interim Wholesale Transmission Cost of Service			
TEXAS-NEW MEXICO POWER COMPANY			
Federal Income Tax - Synchronized Interest			
Update Period 01/01/2019 - 06/30/2019			
Line			
No.			
1	Federal Income Tax - Synchronized Interest		
2			
3	Increase In Rate Base	Schedule-B	21,901,098
4			
5	Weighted Cost of Debt	WP Schedule E-3 2	3.55%
6			
7	Incremental Synchronized Interest		<u>776,941</u>

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 12/31/2017 DOCKET NO. 48401										
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 II-C-2.1	634,404,598	(226,664,902)	407,739,696	47.66%	9.65%	4.60%	45.00%	9.65%	4.34%
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	447,812,107	-	447,812,107	52.34%	6.45%	3.38%	55.00%	6.45%	3.55%
5	Short-Term Debt II-C-2.5	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6										
7	Total	1,082,216,705		\$55,551,803	100.00%		7.98%	100.00%		7.8900%

P.U.C. 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 16 TEX. ADMIN. CODE § 25.192(h)(1)

PREPARED DIRECT TESTIMONY AND EXHIBITS
OF
THOMAS S. BAKER

ON BEHALF OF
TEXAS-NEW MEXICO POWER COMPANY

JULY 23, 2019

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EXHIBIT TSB -1

RESUME OF THOMAS S. BAKER

EXHIBIT TSB -2

DEVELOPMENT OF THE INTERIM WHOLESALE TRANSMISSION SERVICE RATE

EXHIBIT TSB -3

DOCKET 49143 – RATE FILING SCHEDULES

EXHIBIT TSB -4

WHOLESALE RATE TARIFF - ANNOTATED

EXHIBIT TSB -5

WHOLESALE RATE TARIFF - CLEAN

I. INTRODUCTION AND QUALIFICATIONS

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

A. My name is Thomas S. Baker. I am the Manager of Cost of Service for PNMR Services Company, on behalf of Texas-New Mexico Power Company ("TNMP" or "Company"). My address is 414 Silver Avenue, SW, Albuquerque, New Mexico 87102.

Q. PLEASE DESCRIBE YOUR RESPONSIBILITIES AS MANAGER OF COST OF SERVICE.

A. I am responsible for revenue requirement-related work for the regulated subsidiaries of PNM Resources, Inc. ("PNMR"), TNMP and Public Service Company of New Mexico. This responsibility includes preparation of revenue requirement analyses and supporting testimony for regulatory filings.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

A. I am testifying on behalf of TNMP.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE.

A. My educational background and professional experience are summarized in Exhibit_TSB-1, which includes a list of cases in which I have testified.

Q. HAVE YOU PREPARED ANY EXHIBITS?

A. Yes. I am sponsoring Exhibits TSB-1 – TSB-5, 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 16 Tex. Admin. Code § 25.192(g) (TAC). 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.

1 A. TNMP's interim TCOS filing reflects the additions to, and retirements and transfers from,
2 transmission facilities to TNMP's rate base from the end of TNMP's test year in Docket
3 No. 49143¹ through June 30, 2019. As required by the Interim TCOS Filing Package,
4 TNMP has included the schedules that provide the increases in rate base and return on
5 rate base; increases in depreciation expense; increases in taxes other than income taxes;
6 and increases in income taxes associated with the increase in return on rate base. The
7 increase in return on total transmission rate base in this interim filing is \$1,727,997 as
8 shown on Schedule B. The increase in total transmission revenue requirement is
9 \$3,288,537 as shown on Schedule A. The annual wholesale transmission service rate
10 increases from \$1.0105470/kW to \$1.057953/kW. See Exhibit TSB-2 for the development
11 of the interim wholesale transmission service rates.

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

14 A. Yes. A listing and description of transmission projects closed to plant-in-service from
15 January 1, 2019 through June 30, 2019 is included in WP/Schedule B-1.2 and
16 WP/Schedule B-1.3.

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

19 A. Yes, TNMP has included a copy of the TCOS Schedules Approved in Docket No. 49143
20 in Exhibit TSB-3. That exhibit contains the approved transmission revenue requirement,
21 the approved transmission rate, and the approved net transmission plant-in-service. The
22 amounts in column (1) of Schedule A and Schedule B of this filing are the amounts from
23 Docket No. 49143 and are also provided in Exhibit TSB-3.

24 **IV. DIFFERENCES BETWEEN THE INTERIM TCOS FILING PACKAGE AND 16**
25 **TAC § 25.192(g)**

26 **Q. DOES THE INTERIM TCOS FILING PACKAGE INSTRUCTIONS DIFFER FROM 16**
27 **TAC § 25.192(G)?**

28 A. Yes, there are three differences. The Interim TCOS Filing Package does not make
29 allowances for changes in income taxes and for changes in other taxes as a result of
30 changes in rate base additions. 16 TAC § 25.192(g) allows for these adjustments. Also,
31 Schedule E-1 of the Interim TCOS Filing Package determines depreciation expense by

¹ Application of Texas-New Mexico Power Company for Interim Update of Wholesale Transmission Rates Pursuant to Substantive Rule 25.192(h), Docket No. 49143 (March 21, 2019).

1 using net utility plant instead of gross utility plant. In order to correctly determine
2 depreciation expense, Schedule E-1 was modified in this filing to correctly use gross utility
3 plant in determining depreciation expense. These changes have been accepted by the
4 PUCT in previous proceedings (Docket Nos. 29425, 30802, 32462, 33904, 38012, 40674,
5 41176, 41727, 42181, 42691, 44340, 44953, 45559, 46184, 46786, and 49143).

6 **V. TNMP COSTS INCLUDED IN TCOS INTERIM UPDATE**

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

8 A. TNMP used the weighted cost of capital approved in *Application of Texas-New Mexico*
9 *Power Company for Authority to Change Rates*, Docket No. 48401.² This 7.8900% after
10 tax rate is shown on Schedule B. Schedule E-3.2 provides the calculation for the weighted
11 cost of capital.

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

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

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

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

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

22 A. As was the case in Docket No. 49143, these costs are either billed directly to TNMP for
23 specific transmission construction activities or are transmission overheads that are
24 allocated. Level of transmission construction activity is the predominant allocation factor
25 utilized to bill the transmission overheads. These transmission overheads are then
26 cleared to open construction projects based on a percentage of total charges.
27 WP/Schedule B-1.1 1 and WP/Schedule B-1.1 2 provide the calculation for affiliate costs
28 included in the plant additions reflected in Schedule B-1.

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

² *Application of Texas-New Mexico Power Company for Authority to Change Rates*, Docket No. 48401 (December 20, 2018)

1 A. The income tax expense increase results from the increase in transmission plant (rate
2 base). The increased rate base provides for an increase in the return on rate base, which
3 increases TNMP's income tax liability. Related to the increase in rate base is the
4 adjustment to interest synchronization in the income tax calculation. The interest
5 synchronization provides the proper tax deduction for interest expense by determining
6 how much interest expense is required to support the rate base. This is calculated by
7 multiplying the rate base by the weighted cost of debt. WP/Schedule E-3.1 provides the
8 calculation for interest synchronization. All other components of the income tax calculation
9 remain unchanged since no other components of rate base change on Schedule B. The
10 Company has determined an incremental increase to income taxes of \$252,812 as
11 reflected in Schedule E-3.

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

14 A. The increase in transmission assets results in an increase in ad valorem taxes and
15 correspondingly, the increase in transmission assets results in increased revenue
16 requirement, which generates an additional liability for the Texas gross margin tax. The
17 Company has determined an incremental increase to ad valorem taxes and Texas gross
18 margin tax of \$259,021 as reflected in Schedule E-2.

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

21 A. The property tax attributable to TCOS investment was calculated by functionalizing
22 TNMP's property tax for the twelve months ended June 30, 2019 using a net plant factor.
23 WP/Schedule E-2.1 shows TNMP's property tax assigned to the TCOS function in Docket
24 No. 49143 and the calculation of property tax assigned to the TCOS function for the twelve
25 months ended June 30, 2019. The result is an increase of \$242,196 in annual property
26 tax expense, as shown in column (2) of Schedule E-2.

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

29 A. This tax is calculated by determining the amount of taxable revenue applicable to the
30 Texas gross margin tax and multiplying this amount by 0.75%, which results in the gross
31 margin tax as shown on WP/Schedule E-2.2. WP/Schedule E-2 shows TNMP's Texas
32 gross margin tax as calculated in Docket No. 49143 and the amount calculated on

1 WP/Schedule E-2.2. The result is an increase of \$16,825 in annual Texas gross margin
2 tax expense, as shown in column (2) of Schedule E-2.

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

4 A. The increase to depreciation expense results from the incremental increase in gross
5 transmission utility plant as determined in Schedule B and utilized in Schedule E-1 in
6 calculating the depreciation expense. The depreciation rates used in Schedule E-1 were
7 approved in *Application of Texas-New Mexico Power Company for Authority to Change*
8 *Rates*, Docket No. 48401.³ These rates are applied to the gross plant balance at June
9 30, 2019 to determine the depreciation expense requested in this filing. The Company
10 has determined the incremental depreciation expense to be \$1,048,707 as shown on
11 Schedule E-1.

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

14 A. The incremental increase in accumulated depreciation was determined by calculating the
15 difference in the accumulated depreciation approved in Docket No. 49143 and the
16 adjusted accumulated depreciation at June 30, 2019 as shown in Schedule B-5 and
17 supporting WP/Schedule B-5.1.

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

20 A. Yes. WP/Schedule B-5.1 shows adjustments, retirements, and transfers made for the
21 period of January 1, 2019 through June 30, 2019.

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

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

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

³ *Application of Texas-New Mexico Power Company for Authority to Change Rates*, Docket No. 48401 (December 20, 2018)

1 A. The Company's updated network transmission service rate is determined by dividing the
2 updated June 30, 2019 interim transmission revenue requirement amount of \$73,389,114
3 as calculated on Schedule A, by the 2019 ERCOT Average 4CP of 69,368,963.5 kW, as
4 provided by 16 TAC § 25.192(h)(1). The load figure is consistent with ERCOT's 4CP load
5 as approved in *Commission Staff's Application to Set 2019 Wholesale Transmission*
6 *Service Charges for the Electric Reliability Council of Texas*, Docket No. 48928⁴. See
7 Exhibit_TSB-2 for the development of the transmission rates. I have included an
8 annotated (Exhibit TSB-4) and clean copy (Exhibit TSB-5) of the updated wholesale rate
9 tariff.

10 **VI. CONCLUSION**

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

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

15 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

16 A. Yes, it does.

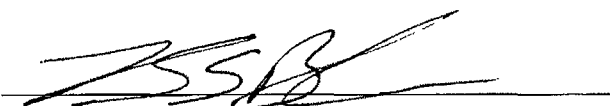
⁴ *Commission Staff's Application to Set 2019 Wholesale Transmission Service Charges for the Electric Reliability Council of Texas*, Docket No. 48928. (April 4, 2019)

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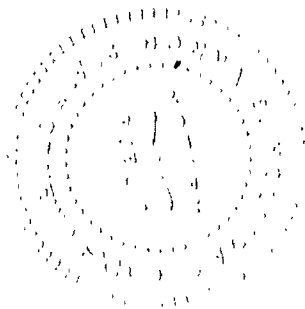
STATE OF NEW MEXICO §
 §
COUNTY OF BERNALILLO §

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

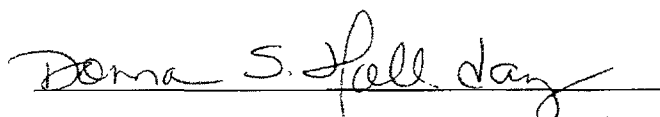
"My name is Thomas S. Baker. I am of legal age, a resident of the State of New Mexico, and have never been convicted of a felony. I certify that the foregoing testimony and exhibit(s), offered by me on behalf of Texas-New Mexico Power Company, are true and correct and based upon my personal knowledge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


Witness

SWORN TO AND SUBSCRIBED before me, Notary Public, on this 23rd day of July, 2019, to certify which witness my hand and seal of office.



Stamp/Seal:


NOTARY PUBLIC in and for the
State of New Mexico

Printed Name: Donna S. Holliday

My Commission expires: 12.21.2020

THOMAS S. BAKER
EDUCATIONAL AND PROFESSIONAL SUMMARY

Name: Thomas S. Baker

Address: PNM Resources Inc.
MS 0915
414 Silver SW
Albuquerque, NM 87102

Position: Manager, Cost of Service

Education: Masters of Accountancy, New Mexico State University, 2014
Bachelor of Accountancy, New Mexico State University, 2011
Certified Public Accountant in the State of New Mexico, July 2016

Employment: Employed by Public Service Company of New Mexico since 2014.
Positions held within the Company include:

Manager, Cost of Service
Project Manager, Cost of Service
Sr. Analyst, Cost of Service
Sr. Analyst, Income Tax

Filed Testimony:

- In the Matter of the Application of Public Service Company of New Mexico for Approval of Renewable Energy Rider No. 36 Pursuant to Advice Notice No. 439 and for Variances from Certain Filing Requirements, NMPRC Case No. 12-00007-UT, filed February 28, 2018 (*PNM's Rider No. 36 Reconciliation for 2017.*)
- In the Matter of the Application of Public Service Company of New Mexico Renewable Energy Act Plan for 2019 and Proposed 2019 Rider Rate Under Rate Rider No. 36, NMPRC Case No. 18-00158-UT, filed June 1, 2018 (*PNM's Renewable Rider Plan for 2019.*)
- In the Matter of the Application of Public Service Company of New Mexico for Approval of Renewable Energy Rider No. 36 Pursuant to Advice Notice No. 439 and for Variances from Certain Filing Requirements, NMPRC Case No. 12-00007-UT, filed February 28, 2019 (*PNM's Rider No. 36 Reconciliation for 2018.*)
- In the Matter of the Application of Public Service Company of New Mexico Renewable Energy Act Plan for 2020 and Proposed 2020 Rider Rate Under Rate Rider No. 36, NMPRC Case No. 19-00159-UT, filed June 1, 2019 (*PNM's Renewable Rider Plan for 2020.*)

Texas-New Mexico Power Company

Development of Interim Wholesale Transmission Service Rate:

Wholesale Transmission Cost-of-Service	\$ 73,389,114
2018 ERCOT Average 4CPs	<u>69,368,963.5 kW</u>
Annual Wholesale Transmission Service Rate	<u><u>\$1.057953 per kW</u></u>

Development of Wholesale Interim Transmission Service Rate for Exports from ERCOT:

Monthly On-Peak Rate for Exports - 1/4 of annual rate	\$0.264488 per kW
Monthly Off-Peak Rate for Exports - 1/12 of annual rate	\$0.088163 per kW
Weekly on-peak rate per kW - (365/12*4=122) 122/7 of annual rate	\$0.060702 per kW
Weekly off-peak rate per kW - 1/52 of annual rate	\$0.020345 per kW
Daily on-peak rate per kW - 1/122 of annual rate	\$0.008672 per kW
Daily off-peak rate per kW - 1/365 of annual rate	\$0.002899 per kW
Hourly on-peak rate per kW - (122*24=2928) 1/2928 of annual rate	\$0.000361 per kW
Hourly off-peak rate per kW - 1/8760 of annual rate	\$0.000121 per kW

2018 Four Coincident Peak Load Calculation (MW)

FINAL

TSBP Code	Load Entity Name	DUNS NUMBER	June 8/27/2018 17:00	July 7/18/2018 17:00	August 8/23/2018 16:45	September 9/19/2018 16:30	Average 4CP Load	Load Ratio Share
5	AEP TEXAS CENTRAL COMPANY (TDSPI)	007924772	4,769 369336	5,003 823904	5,042 198480	4,228 777992	4,761 042428	0.86336%
7	AEP TEXAS NORTH COMPANY (TDSPI)	007923311	1,159 856076	1,240 823384	1,138 020636	1,011 044592	1,137 436172	1.63969%
18	BANDERA ELECTRIC CO OP INC (TDSPI)	0089451494000	144 710440	152 152768	138 079068	109 716744	136 165255	0.19629%
19	BARTLETT ELECTRIC CO OP INC (TDSPI)	002781813	46 490668	50 209944	47 566340	39 334840	45 900448	0.06617%
21	BIG COUNTRY ELECTRIC CO OP INC (TDSPI)	0058630484000	28 379480	31 354724	29 703068	23 703036	28 201897	0.04065%
22	BLUEBONNET ELECTRIC CO OP INC (TDSPI)	0524834354000	445 676692	476 776096	479 991768	406 968196	452 353188	0.65210%
23	BRAZOS ELECTRIC POWER CO OP INC (TDSPI)	0037722904000	0 9292	0 5867	0 9576	13 5445	3 999499	0.00577%
104	BROWNSVILLE PUBLIC UTILITIES BOARD (TDSPI)	6063470374000	257 771300	263 494596	273 566364	244 223384	259 763911	0.37447%
105	BRYAN TEXAS UTILITIES (TDSPI)	0793907794000	320 942500	338 749112	358 557696	344 251296	340 625151	0.49103%
1	CENTERPOINT ENERGY HOUSTON ELECTRIC LLC (TDSPI)	957877905	17,032 223620	17,811 817472	17,547 917316	16,901 570896	17,323 382326	24.97281%
25	CENTRAL TEXAS ELECTRIC CO OP INC (TDSPI)	0079302744000	142 372980	154 824776	142 811604	114 051976	138 515334	0.19968%
107	CHEROKEE COUNTY ELEC CO OP ASSOC (TDSPI)	008862625	64 343664	68 112332	69 685000	61 480800	65 905449	0.09501%
108	CITY OF AUSTIN DBA AUSTIN ENERGY (TDSPI)	8008717664000	2,551 073904	2,648 205204	2,664 072872	2,320 404092	2,545 939018	3.67014%
109	CITY OF BARTLETT (TDSPI)	074618935	2 404408	2 609912	2 567188	2 157676	2 455046	0.00354%
26	CITY OF BASTROP (TDSPI)	0851553724000	16 011528	16 790508	17 241360	14 829464	16 218215	0.02338%
27	CITY OF BELLVILLE (TDSPI)	0935648704000	11 928636	12 935740	13 951532	12 315444	12 782838	0.01843%
28	CITY OF BOERNE (TDSPI)	0052470694000	32 377240	33 236740	32 587040	26 712888	31 728477	0.04574%
110	CITY OF BOWIE (TDSPI)	8094182964000	17 523656	18 184032	16 462608	14 859468	16 757441	0.02416%
111	CITY OF BRADY (TDSPI)	070804877	15 173692	15 855824	14 249120	11 963136	14 310443	0.02063%
29	CITY OF BRENHAM (TDSPI)	0741649224000	54 764484	57 845772	57 357028	55 705620	56 418226	0.08133%
30	CITY OF BRIDGEPORT MUN ELEC SYS (TDSPI)	0842801714000	13 652148	14 555380	13 080436	12 091128	13 344773	0.01924%
31	CITY OF BURNET (TDSPI)	0746121514000	18 556216	19 580492	19 044708	16 816808	18 524556	0.02670%
113	CITY OF COLEMAN (TDSPI)	1024920064000	7 536188	9 078320	5 093304	4 314700	6 505628	0.00938%
114	CITY OF COLLEGE STATION (TDSPI)	0403303040000	186 117340	201 281768	211 052512	193 182024	197 908411	0.28530%
32	CITY OF CUERO (TDSPI)	0526842144000	19 598640	21 040476	22 057412	19 729340	20 603467	0.02970%
115	CITY OF FARMERSVILLE (TDSPI)	1903494984000	7 375388	8 049640	7 339128	6 959020	7 430794	0.01071%
33	CITY OF FLATONIA (TDSPI)	0626890134000	5 442116	5 867084	5 746752	5 042940	5 524723	0.00796%
116	CITY OF FLORESVILLE DBA FLORESVILLE ELEC LIGHT AND PWR (TDSPI)	008948374	80 048704	85 508524	86 205240	70 728344	80 622703	0.11622%
34	CITY OF FREDERICKSBURG (TDSPI)	0769243074000	33 108748	36 101096	34 301592	28 220652	32 933022	0.04748%
117	CITY OF GARLAND (TDSPI)	6011012564000	437 372284	481 754384	424 914500	412 264684	439 076463	0.63206%
35	CITY OF GEORGETOWN (TDSPI)	0895923724000	147 166276	153 336448	149 729124	129 151160	144 845752	0.20880%
36	CITY OF GIDDINGS (TDSPI)	0096899514000	11 870036	12 478772	12 768380	11 171064	12 072063	0.01740%
118	CITY OF GOLDSMITH (TDSPI)	0888946704000	1 501576	1 577852	1 345940	1 020052	1 361355	0.00196%
37	CITY OF GOLDTHWAITE (TDSPI)	1558252764000	5 389012	5 760220	5 136224	4 461056	5 185728	0.00748%
38	CITY OF GONZALES (TDSPI)	0937385404000	16 552072	18 046796	18 273820	16 384128	17 314204	0.02495%
39	CITY OF HALLETTVILLE (TDSPI)	0090811834000	8 378672	9 041052	9 473292	8 281120	8 793534	0.01268%
119	CITY OF HEARNE MUNICIPAL ELECTRIC SYSTEM (TDSPI)	0897458894000	10 347436	10 735264	11 543544	10 455528	10 770443	0.01553%
40	CITY OF HEMPSTEAD (TDSPI)	1272175604000	11 851044	12 169276	12 638272	11 990000	12 162148	0.01753%
41	CITY OF LA GRANGE (TDSPI)	0607085184000	14 346820	15 598680	15 980708	14 272784	15 049748	0.02170%
42	CITY OF LAMPASAS (TDSPI)	0203311204000	23 832496	25 730448	23 535824	21 484712	23 645870	0.03409%
43	CITY OF LEXINGTON (TDSPI)	0081817324000	2 371724	2 587232	2 873704	2 566372	2 599758	0.00375%
44	CITY OF LLANO (TDSPI)	0916952054000	10 557960	11 173272	10 954520	9 150500	10 459063	0.01508%
45	CITY OF LOCKHART (TDSPI)	0746168634000	26 079276	26 694652	27 479800	23 160740	25 853617	0.03727%
46	CITY OF LULING (TDSPI)	0105539984000	12 280580	12 623756	12 767200	10 548064	12 054900	0.01738%
47	CITY OF MASON (TDSPI)	1561267084000	5 611768	6 013244	5 353040	4 492568	5 367655	0.00774%
48	CITY OF MOULTON (TDSPI)	0091871544000	2 059276	2 303248	2 503580	2 035988	2 232273	0.00322%
121	CITY OF ROBSTOWN UTILITY SYSTEM (TDSPI)	9387911424000	19 251568	20 879020	21 450288	18 645588	20 056614	0.02891%
49	CITY OF SAN MARCOS (TDSPI)	0694628694000	124 556724	126 250840	132 440044	116 275332	124 880735	0.18002%
50	CITY OF SAN SABA (TDSPI)	0248592254000	9 065396	9 428544	9 039680	7 646520	8 795035	0.01268%
51	CITY OF SANGER	058956020	15 567528	16 634720	14 873396	13 963828	15 259668	0.02200%
52	CITY OF SCHULENBURG (TDSPI)	0532950364000	13 002880	13 805880	14 093212	12 574488	13 369115	0.01927%
53	CITY OF SEGUIN (TDSPI)	0862819794000	63 045632	65 853232	65 607932	58 330412	63 209302	0.09112%
54	CITY OF SEYMOUR (TDSPI)	166319145	7 213228	7 705788	6 886584	6 147344	6 988236	0.01007%
55	CITY OF SHINER (TDSPI)	1504533714000	9 872380	9 751900	10 470424	9 081704	9 794111	0.01412%
56	CITY OF SMITHVILLE (TDSPI)	0916978134000	9 192788	9 941936	10 078416	8 393808	9 401737	0.01355%
57	CITY OF WAELDER (TDSPI)	0541779694000	4 711908	4 846944	4 658224	4 165484	4 600640	0.00635%
58	CITY OF WEIMAR (TDSPI)	0214974584000	7 560560	7 937900	8 365896	7 370944	7 808825	0.01126%
59	CITY OF WHITESBORO (TDSPI)	134546522	9 169356	10 355928	8 924036	8 345728	9 198762	0.01326%
60	CITY OF YOKUM (TDSPI)	0694557724000	18 485952	19 763800	20 515956	18 389996	19 288926	0.02781%
61	COLEMAN COUNTY ELECTRIC CO OP INC (TDSPI)	0079246734000	23 802992	26 023876	23 124908	19 536984	23 122190	0.03333%
62	COMANCHE ELECTRIC CO OP ASSOCIATION (TDSPI)	002889210	55 911464	59 129168	51 288036	43 232552	52 390480	0.07552%
63	CONCHO VALLEY ELECTRIC CO OP INC (TDSPI)	003866624000	70 438216	75 303340	73 036032	60 943560	69 930287	0.10081%
64	COOKE COUNTY ELECTRIC CO OP ASSOC INC (TDSPI)	008951808	90 550132	96 805808	86 020416	81 597892	88 788562	0.12797%
122	CPS ENERGY (TDSPI)	0079360734000	4,605 346660	4,704 855424	4,732 783596	4,032 722260	4,518 926985	6.51434%
198	DEAF SMITH ELECTRIC COOPERATIVE INC (EDSPI)	0079307464999	-	-	-	-	0 000000	0.00000%
66	DEEP EAST TEXAS ELECTRIC CO OP INC (TDSPI)	047845623	14 807408	15 937528	14 969400	13 939728	14 913516	0.02150%
67	DENTON COUNTY ELEC CO OP DBA COSERVE ELEC (TDSPI)	008947913	1,393 297304	1,585 741148	1,348 546920	1,241 908608	1,392 373495	2.00720%
123	DENTON MUNICIPAL ELECTRIC (TDSPI)	0713801904000	340 983756	372 686448	333 853852	317 098952	341 155752	0.49180%
193	ENTERGY TEXAS INC (EDSPI)	8012610534999	-	-	-	-	0 000000	0.00000%
69	FANNIN COUNTY ELECTRIC CO OP INC	0018220894000	38 564268	44 444872	37 089764	35 902916	39 000455	0.05622%
205	FARMERS ELECTRIC CO OP INC ARGO (TDSPI)	0098442344000	1 3734	1 4841	1 674784	1 897124	1 607338	0.00232%
70	FARMERS ELECTRIC CO OP INC DBA FEC ELECTRIC	0098442344000	270 988976	311 295544	265 917760	256 191124	276 098351	0.39801%
202	FARMERS ELECTRIC CO OP INC NPL (TDSPI)	0098442344100	6 235164	5 055652	3 015428	5 618100	4 981086	0.00718%
207	FARMERS ELECTRIC CO OP INC PRIN RC (TDSPI)	0098442344300	1 3856	1 378072	1 479192	1 013700	1 314139	0.00189%
71	FAYETTE ELECTRIC CO OP INC (TDSPI)	0593309774000	55 822300	61 982800	63 465428	55 223520	59 123512	0.08523%
72	FORT BELKNAP ELECTRIC CO OP INC (TDSPI)	007935299	22 985192	25 952748	22 371168	20 810560	23 029817	0.03320%
125	GEUS (TDSPI)	8062449354000	106 614624	114 044656	102 688556	101 927704	106 318885	0.15327%
73	GRANBURY MUNICIPAL UTILITIES (TDSPI)	0952141694000	20 865376	23 435400	21 311744	19 826192	21 367173	0.03079%
177	GRAYSON COLLIN ELECTRIC CO OP INC (AEP AS QSE)	0089538124000	12 266560	4 036368	9 983512	12 783212	9 767413	0.01408%
74	GRAYSON COLLIN ELECTRIC CO OP INC (TDSPI)	008953812	272 622388	313 137212	257 793896	243 514976	271 767118	0.39177%
196	GREENBELT ELECTRIC COOPERATIVE INC (EDSPI)	009838564999	-	-	-	-	0 000000	0.00000%
75	GUADALUPE VALLEY ELECTRIC CO OP INC (TDSPI)	0079305894000	391 932700	411 181168	417 664548	349 191712	392 497532	0.56581%
76	HAMILTON COUNTY ELECTRIC CO OP (BRAZOS) (TDSPI)	008949216	18 338708	20 263372	17 603580	15 063024	17 817171	0.02568%
142	HAMILTON COUNTY ELECTRIC CO OP (LCRA) (TDSPI)	0089492164100	37 504172	41 598868	36 115292	30 585712	36 451011	0.05255%
172	HEART OF TEXAS ELECTRIC COOPERATIVE INC (DSP)	012074558	94 484024	104 912752	97 703084	85 279932	95 594948	0.13781%
77	HILCO ELECTRIC CO OP INC (TDSPI)	008950545	130 273332	147 463444	130 128284	119 149616	131 753669	0.18993%
78	HOUSTON COUNTY ELEC COOP INC (TDSPI)	005777206	23 045648	24 816068	22 875360	22 145572	23 220662	0.03347%
79	J A C ELECTRIC CO OP INC (TDSPI)	003890795	20 725796	21 709140	19 291824	17 508956	19 808929	0.02856%
126	JACKSON ELECTRIC CO OP INC (TDSPI)	078423555	73 101808	81 984444	82 538360	77 621732	78 811586	0.11361%
80	JASPER NEWTON ELECTRIC CO OP INC (TDSPI)	007933518	1 504264	1 569536	1 320268	1 369840	1 440977	0.00208%
127	KARNES ELECTRIC CO OP INC (TDSPI)	006824106	158 388876	162 719236	166 553504	143 640744	157 825590	0.22752%
81	KERRVILLE PUBLIC UTILITY BOARD (TDSPI)	1248248064000	112 807684	118 783604	110 758872	91 760600	108 527555	0.15645%
82	LAMAR COUNTY ELEC COOP DBA LEC (TDSPI)	0048060974000	50 737096	55 864936	47 578564	42 391524	50 393030	0.07264%

2018 Four Coincident Peak Load Calculation (MW)

FINAL

182	LAMAR COUNTY ELEC COOP DBA LEC RC HOUPL (TDSP)	0048060974100	1 544524	1 072288	0 081500	1 054412	0 938181	0 00135%
83	LIGHTHOUSE ELECTRIC CO OP (TDSP)	0028252894000	3 837788	4 576504	1 528576	1 482444	2 856328	0 00412%
85	LYNTEGAR ELECTRIC CO OP INC (TDSP)	0079371474000	34 366744	35 662720	30 317276	19 779916	30 031664	0 04329%
86	MAGIC VALLEY ELECTRIC CO OP INC (TDSP)	008951501	484 860740	509 817364	535 881768	415 487464	486 511834	0 70134%
128	MEDINA ELECTRIC CO OP INC (TDSP) STEC	0081378124000	211 644096	195 993648	214 410304	175 585564	199 408403	0 28746%
88	MID SOUTH ELECTRIC CO OP ASSOC	061278594	47 195320	48 146696	46 397100	46 575228	47 078586	0 06787%
89	NAVARRO COUNTY ELECTRIC CO OP INC (TDSP)	006770101	92 430132	106 150592	104 886692	103 455352	101 730692	0 14685%
90	NAVASOTA VALLEY ELECTRIC CO OP INC (TDSP)	046298913	73 854712	76 590000	72 755828	68 334928	72 883867	0 10507%
91	NEW BRAUNFELS UTILITIES (TDSP)	0383461694000	291 271892	281 130448	297 243512	258 444816	282 022867	0 40655%
158	NUECES ELECTRIC COOP INC (TDSP)	0088288574800	146 673972	151 049388	158 085332	146 536540	150 586308	0 21708%
2	ONCOR ELECTRIC DELIVERY COMPANY LLC (TDSP)	1039940674000	25 581 443152	27 467 461488	25 016 843160	23 777 856800	25 480 851150	36 70352%
145	PEDERNALES ELEC CO OP INC AEP (TDSP)	0079241114100	5 780444	6 442816	5 350224	4 081796	5 413820	0 00780%
92	PEDERNALES ELECTRIC CO OP INC (TDSP)	0079241114000	1 385 541860	1 475 110204	1 451 071824	1 175 326972	1 371 762715	1 97749%
199	RIO GRANDE ELECTRIC COOPERATIVE INC (TDSP) ZC	0027819534200	63 672660	69 111256	64 917656	56 394208	63 523945	0 09157%
204	RUSK COUNTY ELECTRIC COOPERATIVE INC AEP (EDSP)	0098444404991	10 842556	11 454632	12 881988	11 134480	11 578414	0 01669%
203	RUSK COUNTY ELECTRIC COOPERATIVE INC TSK (EDSP)	0098444404999	-	-	-	-	0 000000	0 000000%
94	SAM HOUSTON ELECTRIC CO OP INC (TDSP)	056267867	5 076156	5 219388	4 761772	4 862832	4 980037	0 00718%
95	SAN BERNARD ELECTRIC CO OP (TDSP)	0089453134000	131 668028	138 421460	144 026136	123 103396	134 304755	0 19361%
131	SAN MIGUEL ELECTRIC CO OP INC (TDSP)	0884848524000	-	-	-	-	0 000000	0 000000%
132	SAN PATRICIO ELECTRIC CO OP (TDSP)	003864907	39 459384	40 688084	43 267852	40 657472	41 018198	0 05913%
96	SOUTH PLAINS ELECTRIC CO OP INC (TDSP)	007934185	86 591112	86 924184	86 654408	79 637688	84 951848	0 12246%
134	SOUTH TEXAS ELECTRIC CO OP INC (TDSP)	0038663324000	0 1281	-	-	0 1503	0 069605	0 00010%
200	SOUTHWEST RURAL ELECTRIC ASSOCIATION INC (EDSP)	0079071734999	-	-	-	-	0 000000	0 000000%
97	SOUTHWEST TEXAS ELECTRIC CO OP INC (TDSP)	0084158954000	46 913600	48 476604	43 904188	40 352004	44 911599	0 06474%
201	SWISHER ELECTRIC COOPERATIVE INC (EDSP)	0098337734999	-	-	-	-	0 000000	0 000000%
146	TAYLOR ELECTRIC CO OP INC ABILENE (TDSP)	0079344254100	66 215788	73 347376	66 740428	55 133384	65 359244	0 09422%
4	TEXAS-NEW MEXICO POWER CO (TDSP)	007929441	1 702 843560	1 878 057292	1 766 456844	1 717 418408	1 768 194026	2 54609%
99	TRI COUNTY ELECTRIC CO OP INC (TDSP)	008945123	692 415796	766 521848	662 385060	597 284880	679 651896	0 97976%
100	TRINITY VALLEY ELEC CO OP (TDSP)	009844564	182 096316	204 866828	182 895872	173 642472	185 875372	0 26795%
176	TRINITY VALLEY ELECTRIC COOPERATIVE INC LPL (TDSP)	009844564000	0 110032	0 106004	0 110020	0 109920	0 108994	0 00016%
102	UNITED ELECTRIC CO OP SERVICES INC (TDSP)	008945826	444 835668	503 407700	446 956800	408 712812	450 978245	0 65012%
136	VICTORIA ELECTRIC CO OP INC (TDSP)	008953861	99 834876	106 794488	110 290440	99 136872	104 014169	0 14994%
137	WEATHERFORD MUNICIPAL UTILITY SYSTEM (TDSP)	0817196274000	94 471256	102 663620	91 110264	83 812280	93 014355	0 13409%
153	WESTERN FARMERS ELECTRIC COOPERATIVE (TDSP)	0728624074000	0 717408	0 754920	0 634220	0 551064	0 664403	0 00096%
138	WHARTON COUNTY ELECTRIC CO OP INC (TDSP)	118487958	35 211212	38 255144	40 270540	37 970696	37 926898	0 05467%
103	WISE ELECTRIC CO OP (TDSP)	041405408	128 980152	138 384640	120 119476	103 645552	122 782455	0 17700%
168	WOOD COUNTY ELECTRIC COOPERATIVE INC (TDSP)	008952491	0 171160	0 114160	0 073348	-	0 089667	0 00013%
Total			69,254 617196	73,538.700008	69,990 013076	64,692 523772	69,368 963513	100.000000%

* Note DC Tie exports, Block Load Transfer exports, and Wholesale Storage Loads are excluded from this report

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

Interim Wholesale Transmission Cost of Service TEXAS-NEW MEXICO POWER COMPANY Update Period 01/01/2018 - 12/31/2018				
Description	Total Approved per Docket 48401 (1)	Interim Annual Increase (2)	Interim Revenue Requirement (3) = (1) + (2)	Reference Schedule
Operation & Maintenance	7,064,252	N/A	7,064,252	Docket 48401
Depreciation and Amortization	18,156,440	4,050,515	22,206,955	E-1
Taxes Other Than Income Taxes	6,613,683	109,888	6,723,572	E-2
Federal Income Tax	(863,641)	1,290,208	426,567	E-3
Return on Rate Base	24,846,935	8,818,702	33,665,636	B
Total Revenue Requirement	55,817,669	14,269,313	70,086,983	
Other Expenses	280,227	N/A	280,227	Docket 48401
Other Revenues	(266,633)	N/A	(266,633)	Docket 48401
Total	55,831,263	14,269,313	70,100,577	
ERCOT AVERAGE 4 CP-in kW	67,273,101.1		69,368,963.5	
Wholesale Rate \$/kW	\$ 0.829920		\$ 1.010547	

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

Interim Wholesale Transmission Cost of Service TEXAS-NEW MEXICO POWER COMPANY Update Period 01/01/2018 - 12/31/2018				
Description	Total Approved per Docket 48401 (1)	Balance as of end of update period (2)	Increase in Rate Base & Return (3) = (2) - (1)	Reference Schedules
Direct Assigned:				
FERC Accounts-(350-62)				
Original Plant In Service	478,244,844	598,037,667	119,792,823	B-1
(Accumulated Depreciation)	(86,315,654)	(94,337,859)	(8,022,205)	B-5
Net Plant In Service	391,929,191	503,699,808	111,770,618	
Allocated Plant Accounts- Net	13,985,191	13,985,191	N/A	Docket 48401
CWIP	272,256	272,256	N/A	Docket 48401
Working Capital	(1,008,576)	(1,008,576)	N/A	Docket 48401
Plant Held for Future Use	-	-	N/A	Docket 48401
Reserve for Insurance	-	-	N/A	Docket 48401
Other	(90,261,271)	(90,261,271)	N/A	Docket 48401
Total Rate Base	314,916,790	426,687,407	111,770,618	
Rate of Return	7.8900%	7.8900%	7.8900%	Docket 48401
Return on Rate Base	24,846,935	33,665,636	8,818,702	

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Schedule B-1

Interim Wholesale Transmission Cost of Service TEXAS-NEW MEXICO POWER COMPANY Update Period 01/01/2018 - 12/31/2018							
Account No	Description	Reference Schedule Workpaper	Balance as of last TCOS per Docket 48401 (1)	Non-Affiliate Additions in period 01/01/2018 - 12/31/2018 (2)	Retirements/Adjustments in period 01/01/2018 - 12/31/2018 (3)	Affiliate Cost Additions in period 01/01/2018 - 12/31/2018 (4)	Balance end of period 01/01/2018 - 12/31/2018 (5) = (1) + (4)
Transmission Plant-Gross							
A350 0	Land	WP/ Schedule B-1 1	4,745,636	1,450,660	-	69,495	6,265,791
A350 1	Land Rights	WP/ Schedule B-1 1	6,874,112	2,857,558	-	136,894	9,868,564
A352	Structures and Improvements	WP/ Schedule B-1 1	4,098,857	1,183,203	(144,786)	56,683	5,193,957
A353	Station Equipment	WP/ Schedule B-1 1	149,005,067	22,831,442	(71,562)	1,093,764	172,858,711
A354	Towers and Fixtures	WP/ Schedule B-1 1	10,798,693	969,083	(171,307)	46,425	11,642,894
A355	Poles and Fixtures	WP/ Schedule B-1 1	139,763,597	44,202,276	(740,352)	2,117,556	185,343,078
A356	O H Conductors & Devices	WP/ Schedule B-1 1	61,759,330	23,413,908	(449,140)	1,121,668	85,845,765
A357	Underground 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	101,199,553	18,717,153	205,537	896,665	121,018,908
TOTAL TRANSMISSION PLANT IN SERVICE-GROSS			478,244,844	115,625,282	(1,371,610)	5,539,150	598,037,667

Interim Wholesale Transmission Cost of Service TEXAS-NEW MEXICO POWER COMPANY Affiliate Costs Update Period 01/01/2018 - 12/31/2018					
Account No	Description	Reference Schedule Worksheet	Total Gross Plant Additions in period 01/01/2018 - 12/31/2018 (1)	Non-Affiliate Additions in period 01/01/2018 - 12/31/2018 (2)	Affiliate Cost - Additions in period 01/01/2018 - 12/31/2018 (3)
Transmission Plant-Gross					
A350 0	Land	Schedule B-1	1,520,155	1,450,660	69,495
A350 1	Land Rights	Schedule B-1	2,994,452	2,857,558	136,894
A352	Structures and Improvements	Schedule B-1	1,239,886	1,183,203	56,683
A353	Station Equipment	Schedule B-1	23,925,206	22,831,442	1,093,764
A354	Towers and Fixtures	Schedule B-1	1,015,508	969,083	46,425
A355	Poles and Fixtures	Schedule B-1	46,319,832	44,202,276	2,117,556
A356	O.H Conductors & Devices	Schedule B-1	24,535,575	23,413,908	1,121,668
A357	Underground 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	19,613,818	18,717,153	896,665
TOTAL TRANSMISSION PLANT IN SERVICE-GROSS			121,164,432	115,625,282	5,539,150

Interim WholesaleTransmission Cost of Service TEXAS-NEW MEXICO POWER COMPANY Transmission Capital Spending Summary Update Period 01/01/2018 - 12/31/2018				
Time Period	Reference Schedule Workpaper	Shared Services A&G Loads Applied	Total Direct Transmission Capital Costs	Shared Services A&G Load Rate
01/01/2018 - 12/31/2018	WP Schedule B-1.1 2	5,539,150	115,625,282	4.7906%

Interim Wholesale Transmission Cost of Service
 TEXAS-NEW MEXICO POWER COMPANY
 Affiliate Cost Break-Out
 Update Period 01/01/2018 - 12/31/2018

Project #	Project Description/Title	Amount	A&G Load	Total Affiliate Costs
Additions Over \$100,000				
NTE09118	Line M-69-K Rebuild	24,509,718	712,564	712,564
STE09617	Rebuild LaMarque-Praxair-Grant-Amoco	14,531,199	151,870	151,870
NTE08418	Wickett 138kV Conversion	7,673,670	426,318	426,318
NTE08318	Pyote-Wickett Line Rebuild & 138kV Conv	7,659,886	452,372	452,372
NTE08218	Worsham-Pyote Line Rebuild & 138kV Conv	6,697,658	416,097	416,097
NTE07319	Rbld IH20 to Pecos Main Dbl Circuit	5,508,311	281,750	281,750
STE02416	Build Hidden Lakes Substation	5,439,115	269,211	269,211
NTE08618	Wickett to Oncor Wolf	4,586,348	283,950	283,950
NTE02818	Pyote 138kV Conversion	3,492,434	199,984	199,984
NTE02718	Cottonwood Sub (Centennial/EE Ptr)	3,043,151	174,264	174,264
NTE08215	Oryx Pecos Scimitar POD	2,727,035	163,925	163,925
NTE03518	Callon Petroleum POD	2,725,707	154,636	154,636
NTE08315	Oryx Pyote Gemsbok POD	2,707,392	151,026	151,026
NTE08516	ONCOR Concho POI	2,292,156	134,573	134,573
NTE08916	IH20 Breaker Addition	2,274,594	134,957	134,957
STE07317	Rebuild Greenbelt to Tejas	2,125,817	117,225	117,225
NTE08918	Diamondback Utah POD	2,049,281	115,060	115,060
NTE08718	Rebuild 69P South of Pig Creek	1,820,152	113,396	113,396
NTE02618	North Pecos County Substation	1,781,889	103,712	103,712
STE07418	Line G-138-AMO-MPL	1,609,814	82,010	82,010
NTE09716	IH20 Ring Bus Conversion & Auto	1,589,651	56,488	56,488
NTE08115	Diamondback Reward POD	1,566,987	99,545	99,545
NTE07818	Sanderson Pole Line Heavy Maint	1,540,503	93,328	93,328
STE07618	Hidden Lakes to PH Robinson G138-8A	1,438,692	67,556	67,556
NTE07612	Westminster T-Line	1,392,880	50,531	50,531
NTE07518	Plains AllAmer Pipeline Ph3 TransPOD	1,231,864	72,733	72,733
TXG08317	NERC CIPv5 Electronic Security	1,149,880	64,956	64,956
NTE03218	Upgrade Lakepointe to 3000A	645,994	51,128	51,128
TXG03117	NERC CIPv5 Electronic Security	537,137	31,098	31,098
CTX07417	Ranger-Thurber Structure Replacemnt	521,742	31,579	31,579
TXG03617	NERC CIPv5 Physical Security	517,174	46,868	46,868
BAY07112	BAY Misc Transmission	318,271	19,263	19,263
TXG07617	Relay Panel Replacements	314,723	23,575	23,575
WTX07112	WTX Misc Transmission	312,699	30,970	30,970
NTE02217	Olney Sub High Side Rebuild	293,132	8,356	8,356
NTE07418	Winkler Co No6 3Way Switch Replace	276,011	17,005	17,005
TXG07317	NERC CIPv5 Physical Security	223,789	7,930	7,930
NTE08417	Collie-Worsham Line Rebuild & 138kV Conv	190,193	-	-
BRA07112	BRA Misc Transmission	181,948	11,794	11,794
STE02012	STE Distribution Substation	152,291	22,112	22,112
TXG07717	Switch Replacements	149,333	4,903	4,903
TXG02718	Substation Animal Mitigation Dist Subs	132,798	7,611	7,611
NTE03718	Auto Transformer LTC Replacement	129,236	5,754	5,754
NTE03418	Upgrade Jones Street Sub to 3000A	126,216	10,832	10,832
TXG07318	Substation Animal Mitigation Trans	123,851	7,507	7,507
NTE02012	NTE Distribution Substation	119,220	9,688	9,688
NTX07112	NTX Misc Transmission	108,853	8,060	8,060
Subtotal - Additions Over \$100,000		120,540,396	5,500,068	5,500,068
Additions Under \$100,000 and Over \$50,000				
STE07112	STE Misc Transmission	95,131	6,760	6,760
STE02215	Construct Mainland Substation	75,881	1,727	1,727
CTX07112	CTX Misc Transmission	67,233	4,607	4,607
TXG02418	Substation Battery Repl Add Dist	66,780	3,880	3,880
NTE03417	Lakepointe 3000A Upgrade	66,335	3,310	3,310
NTE07616	Sanderson Breakered 3-Way Switch	62,551	3,698	3,698
STE07916	Relocate Line17 for CNP Retrieve	58,952	5,218	5,218
SOC02012	SOC Distribution Substation	57,995	5,905	5,905
TXG02317	Power Transformer Asset Mgmt	56,185	982	982
LVE02012	LVE Distribution Substation	51,267	3,118	3,118
Subtotal - Additions Under \$100,000 and Over \$50,000		658,311	39,204	39,204
Additions Under \$50,000		(34,275)	(122)	(122)
TOTAL ADDITIONS		121,164,432	5,539,150	5,539,150

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WP Schedule B-1.2

Interim Wholesale Transmission Cost of Service					
TEXAS-NEW MEXICO POWER COMPANY					
Group Plant Additions Listing					
Update Period 01/01/2018 - 12/31/2018					
Project #	Project Description/Title	Amount	In Service Date	Project Type	ENCOT Input/Review
Additions Over \$100,000					
NTE09118	Line M 69-K Rebuild	24,509,718	12/27/2015	Load Growth	
STEO0617	Rebuild LaMarque-Praeger-Grant Amoco	14,531,199	12/27/2018	Single Contingency Overload	
NTE08418	Wicket 138KV Conversion	7,673,470	7/18/2018	Single Contingency Overload	Yes
NTE08318	Puete Wicket Line Rebuild 138KV Conv	7,459,886	7/30/2018	Single Contingency Overload	Yes
NTE08218	Worham Picket Line Rebuild 138KV Conv	6,697,458	4/18/2018	Single Contingency Overload	Yes
NTE07319	Abid H20 to Pecos Main Del Circuit	5,508,311	12/17/2018	Load Growth	
STEO0416	Build Hidden Lakes Substation	5,459,335	12/18/2018	Load Growth	
NTE08418	Wicket to Oncof Wolf	4,546,348	7/18/2018	Single Contingency Overload	Yes
NTE02818	Puete 138KV Conversion	3,492,434	7/17/2018	Single Contingency Overload	Yes
NTE02718	Cottonwood Sub (Centerline/EE Pst)	3,043,151	8/1/2018	Load Growth	
NTE08215	Ony Pecos Substation POD	2,727,033	11/26/2018	Load Growth	
NTE03318	Calton Petroleum POD	2,725,707	8/1/2018	Load Growth	
NTE08315	Ony Pecos Gembok POD	2,707,392	12/17/2018	Load Growth	
NTE05186	ONCOF Conoco POD	2,292,154	10/24/2018	Load Growth	
NTE08916	H20 Breaker Addition	2,274,594	11/8/2018	Load Growth	
STEO7317	Rebuild Greenbelt to Texas	2,125,817	8/22/2018	Single Contingency Overload	
NTE08916	Diamondback Utah POD	2,045,181	8/9/2018	Load Growth	
NTE08718	Rebuild 69P South of Pg Creek	1,820,152	9/10/2018	Load Growth	
NTE02618	North Pecos County Substation	1,781,449	7/17/2018	Load Growth	
STEO7418	Line G 138 AMO WPL	1,609,814	11/28/2018	Load Growth	
NTE09718	H20 Ring Bus Conversion & Auto	1,589,651	4/18/2018	Single Contingency Overload	Yes
NTE08115	Diamondback Reward POD	1,556,987	10/8/2018	Load Growth	
NTE07818	Sanderson Pole Line Heavy Maint	1,540,503	10/24/2018	Capital Maintenance	
STEO7618	Hidden Lakes to Mt Robinson G138 BA	1,438,692	12/17/2018	Load Growth	
NTE07612	Westminster T Line	1,392,880	11/28/2018	Load Growth	
NTE07518	Plains Allamogosa Phase 3B TransPOD	1,251,864	6/5/2018	Load Growth	
TG000317	NERC CIPs Electronic Security	1,141,980	7/31/2018	NERC Compliance	
NTE03218	Upgrade Lakepointe to 3000A	645,994	12/19/2018	Single Contingency Overload	
TG000117	NERC CIPs Electronic Security	587,437	7/17/2018	NERC Compliance	
CT007417	Ranger Thunder Structure Replacement	523,742	5/30/2018	Capital Maintenance	
TG000617	NERC CIPs Physical Security	517,174	7/17/2018	NERC Compliance	
BA070712	BAY Misc Transmission	318,271	1/18/2018	Capital Maintenance	
TG007617	Relay Panel Replacements	314,723	7/24/2018	Capital Maintenance	
AT070712	WTX Misc Transmission	312,699	12/10/2018	Capital Maintenance	
NTE02217	Ony sub High Side Rebuild	293,132	5/30/2018	Load Growth	
NTE07418	Wicket Go Rod 3 Way Switch Replace	276,211	7/18/2018	Capital Maintenance	
TG007317	NERC CIPs Physical Security	223,769	7/17/2018	NERC Compliance	
NTE08417	Colie Worham Line Rebuild 138KV Conv	190,193	6/22/2017	Single Contingency Overload	Yes
BR070712	BRK Misc Transmission	181,548	8/14/2018	Capital Maintenance	
NTE02017	STE Distribution Substation	152,291	12/7/2018	Capital Maintenance	
TG007717	Switch Replacements	149,333	7/18/2018	Capital Maintenance	
TG002718	Substation Animal Mitigation Dist Subs	132,796	12/27/2018	Capital Maintenance	
NTE03718	Auto Transformer LTC Replacement	129,236	12/20/2018	Capital Maintenance	
NTE09418	Upgrade Jones Street Sub to 3000A	142,216	12/19/2018	Single Contingency Overload	
TG007318	Substation Animal Mitigation Trans	123,851	10/22/2018	Capital Maintenance	
NTE02012	NTE Distribution Substation	119,020	8/27/2018	Capital Maintenance	
NT027112	NTX Misc Transmission	108,453	11/8/2018	Capital Maintenance	
Subtotal - Additions Over \$100,000		130,540,396			
Additions Under \$100,000 and Over \$50,000					
STEO7112	STE Misc Transmission	95,131	1/1/2018	Capital Maintenance	
STEO2215	Construct Mainland Substation	79,881	5/16/2018	Load Growth	
CT007112	CTR Misc Transmission	67,233	4/9/2018	Capital Maintenance	
TG000418	Substation Battery Reel Add Dist	66,780	7/18/2018	Capital Maintenance	
NTE23417	Lakepointe 3000A Upgrade	66,335	12/20/2017	Single Contingency Overload	
NTE07618	Sanderson Breakered 3 Way Switch	62,351	6/4/2018	Capital Maintenance	
STEO7018	Reconnect Line 17 for 2ND Retrieve	48,952	6/5/2018	Relocation of Facilities	
SO020912	SOC Distribution Substation	57,985	9/17/2018	Capital Maintenance	
TG022317	Power Transformer Asset Mgmt	46,185	12/28/2017	Capital Maintenance	
LVE02012	LVE Distribution Substation	51,267	09/13/18	Capital Maintenance	
Subtotal - Additions Under \$100,000 and Over \$50,000		618,311			
Additions Under \$50,000					
Additions Under \$50,000		(14,275)			
TOTAL ADDITIONS		131,164,432			

Interim Wholesale Transmission Cost of Service TEXAS-NEW MEXICO POWER COMPANY Gross Plant Retirement/Transfers Listing Update Period 01/01/2018 - 12/31/2018			
<u>Project #</u>	<u>Project Description/Title</u>	<u>Amount</u>	<u>Retirement Date</u>
Retirements Over \$15,000			
NTE09118	Line M-69-K Rebuild	(802,806)	12/1/2018
TXG07617	Relay Panel Replacements	(185,949)	10/1/2018
STE09617	Rebuild LaMarque-Praxair-Grant-Amoco	(149,773)	12/1/2018
STE07418	Line G-138-AMO-MPL	(146,092)	12/1/2018
NTE08218	Worsham-Pyote Line Rebuild & 138kV Conv	(123,521)	8/1/2018
NTE08318	Pyote-Wickett Line Rebuild & 138kV Conv	(122,889)	11/1/2018
STE07112	STE Misc Transmission	(82,605)	11/1/2018
NTE03418	Upgrade Jones Street Sub to 3000A	(70,329)	12/1/2018
STE02012	STE Distribution Substation	(64,392)	11/1/2018
NTE08618	Wickett to Oncor Wolf	(60,714)	11/1/2018
NTE07319	Rbld IH20 to Pecos Main Dbl Circuit	(59,998)	12/1/2018
NTE03218	Upgrade Lakepointe to 3000A	(52,154)	12/1/2018
STE07317	Rebuild Greenbelt to Tejas	(48,901)	9/1/2018
STE07618	Hidden Lakes to PH Robinson G138-8A	(45,313)	12/1/2018
BAY07112	BAY Misc Transmission	(26,745)	5/1/2018
NTE09716	IH20 Ring Bus Conversion & Auto	(25,077)	9/1/2018
NTE08718	Rebuild 69P South of Pig Creek	(23,056)	10/1/2018
CTX07112	CTX Misc Transmission	(22,481)	6/1/2018
STE07916	Relocate Line 17 for CNP Retrieve	(18,202)	8/1/2018
NTE02012	NTE Distribution Substation	(17,492)	4/1/2018
Subtotal - Retirements Over \$15,000		<u>(2,148,489)</u>	
Retirements Under \$15,000, Transfers, Adjustments		<u>776,882</u>	
TOTAL RETIREMENTS/TRANSFERS/ADJUSTMENTS		<u>(1,371,607)</u>	

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WP Schedule B-1.4

Interim Wholesale Transmission Cost of Service							
TEXAS-NEW MEXICO POWER COMPANY							
Construction Report Reconciliation							
Update Period 01/01/2018 - 12/31/2018							
Month	Project #	Project Name		Final Cost Reported on Construction Report	Amount Per Books	Difference	Variance Explanation
January-18							
	NTE08817	Salt Draw 138kV POD	\$	1,033,335	\$ 1,048,439	\$ (15,104)	(1)
	NTE08017	IR20 to Collie Line Rebuild	\$	1,120,366	\$ 1,112,378	\$ 7,988	(1)
	NTE08117	Collie Tap Conversion from 69kV to 138kV	\$	2,056,956	\$ 2,056,956	\$ 0	
	STE07417	MPL Tank Farm	\$	1,054,089	\$ 1,051,965	\$ 2,124	(1)
	NTE03417	Lakepointe Upgrade	\$	1,921,298	\$ 1,874,795	\$ 46,503	(1)
February-18							
	NTE07612	Westminster Transmission Line	\$	7,342,275	\$ 8,147,052	\$ (804,777)	(2)
	NTE05617	Worsham 138kV Conversion	\$	7,935,746	\$ 7,937,107	\$ (1,361)	(1)
March-18							
	TXG07917	Transmission PT/CT Replacements	\$	197,382	\$ 197,382	\$ (0)	
	STE07517	Grant Ave. Switch Replacement	\$	580,481	\$ 580,481	\$ 0	
April-18							
	STE07717	Amoco Line # Terminal Addition	\$	665,907	\$ 666,413	\$ (506)	(1)
May-18							
	No project closings						
June-18							
	TXG02316	Power Transformer Asset Mgmt. 2016	\$	2,976,172	\$ 2,976,172	\$ 0	
	STE02215	Mainland Substation Construction	\$	6,838,471	\$ 6,838,988	\$ (517)	(1)
July-18							
	No project closings						
August-18							
	No project closings						
September-18							
	No project closings						
October-18							
	STE07317	Rebuild Greenbelt to Texas	\$	2,244,854	\$ 2,244,844	\$ 10	(1)
	STE07916	Retrieve Tie 138-17	\$	43,495	\$ 43,495	\$ (0)	
November-18							
	No project closings						
December-18							
	No project closings						
January-19							
	NTE02718	Cottonwood Sub/Sand Lake Substation	\$	7,016,113	\$ 7,008,661	\$ 7,452	(1)
	NTE02618	North Pecos County Sub-Tarbutash	\$	5,419,709	\$ 5,425,585	\$ (5,876)	(1)
	NTE02818	Poyote Substation	\$	6,181,776	\$ 6,189,281	\$ 7,505	(1)
	NTE02218	Worsham Poyote Line Rebuild	\$	6,902,874	\$ 6,902,476	\$ 398	(1)
	NTE08318	Poyote-Wickett Line Rebuild	\$	7,734,663	\$ 7,736,425	\$ (1,762)	(1)
	NTE08418	Wickett Substation Conversion	\$	7,681,312	\$ 7,673,670	\$ 7,642	(1)
	NTE08718	Pig Creek South to Tarbutash	\$	1,888,531	\$ 1,889,412	\$ (881)	(1)
	NTE08918	Diamondback Utah POD	\$	2,050,800	\$ 2,049,281	\$ 1,519	(1)
	NTE03518	Rattlesnake Substation	\$	6,881,808	\$ 6,889,096	\$ (7,288)	(1)
	NTE08618	Wickett to Oncor Wolf	\$	4,734,049	\$ 4,755,931	\$ (21,882)	(1)
	NTE07818	Sanderson Pole Line Heavy Maintenance	\$	1,685,362	\$ 1,671,941	\$ 13,401	(1)
	NTE08115	Diamondback Reward Substation POD	\$	1,555,916	\$ 1,564,987	\$ (9,071)	(1)
	NTE08516	Oncor Concho Harpoon POI Substation build	\$	2,297,213	\$ 2,292,156	\$ 5,057	(1)

(1) Additional costs or credits booked to project after report date
(2) Court-ordered condemnation payment made after report date

Interim Wholesale Transmission Cost of Service TEXAS-NEW MEXICO POWER COMPANY Update Period 01/01/2018 - 12/31/2018						
Account No	Description	Reference Schedule Workpaper	Balance as of last TCOS per Docket 48401 (1)	Depreciation Expense in period 01/01/2018 - 12/31/2018 (2)	Retirements/Adjustments in period 01/01/2018 - 12/31/2018 (3)	Balance end of period 01/01/2018 - 12/31/2018 (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	(5,071,816)	(82,970)	-	(5,154,786)
A352	Structures and Improvements	WP Schedule B-5.1	(179,274)	(123,769)	8,427	(294,616)
A353	Station Equipment	WP Schedule B-5.1	(19,168,402)	(3,661,854)	743,828	(22,086,428)
A354	Towers and Fixtures	WP Schedule B-5.1	(2,959,970)	(452,340)	77,181	(3,335,129)
A355	Poles and Fixtures	WP Schedule B-5 1	(23,242,464)	(4,822,938)	2,904,301	(25,161,101)
A356	O.H. Conductors & Devices	WP Schedule B-5.1	(15,334,860)	(1,970,628)	1,095,124	(16,210,364)
A357	Underground 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	(20,358,867)	(2,009,477)	272,910	(22,095,435)
TOTAL		Schedule-B	(86,315,654)	(13,123,976)	5,101,771	(94,337,859)

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WP Schedule B-5 1

**Interim Wholesale Transmission Cost of Service
TEXAS-NEW MEXICO POWER COMPANY
Accumulated Depreciation Roll-forward
Update Period 01/01/2018 - 12/31/2018**

		Beginning Balance		Provision	Retirements	Cost of Removal	Salvage and Other Credits	Transfers and Adjustments	Loss/Gain	Ending Balance
		01/01/2018								12/31/2018
A350.0	Land	-	-	-	-	-	-	-	-	-
A350.1	Land Rights	5,071,816	82,970	-	-	-	-	-	-	5,154,786
A352	Structures and Improvements	179,274	123,769	(5,987)	(1,156)	-	-	(1,284)	-	294,616
A353	Station Equipment	19,168,402	3,661,854	(311,872)	(230,037)	-	-	(201,919)	-	22,086,428
A354	Towers and Fixtures	2,959,970	452,340	(18,462)	32,867	-	-	(91,586)	-	3,335,129
A355	Poles and Fixtures	23,242,464	4,822,938	(1,684,597)	(386,544)	-	-	(833,160)	-	25,161,101
A356	O H Conductors & Devices	15,334,860	1,970,628	(460,478)	95,950	-	-	(730,596)	-	16,210,364
A357	Underground Conduit	-	-	-	-	-	-	-	-	-
A358	Underground Conductors	-	-	-	-	-	-	-	-	-
A359	Roads and Trails	-	-	-	-	-	-	-	-	-
A360	Distribution above 60 kv	-	-	-	-	-	-	-	-	-
A361	Distribution above 60 kv	-	-	-	-	-	-	-	-	-
A362	Distribution above 60 kv	20,358,867	2,009,477	(246,242)	(47,428)	-	-	20,760	-	22,095,435
A363	Distribution above 60 kv	-	-	-	-	-	-	-	-	-
		86,315,654	13,123,976	(2,727,638)	(536,348)	-	-	(1,837,785)	-	94,337,859

Interim Wholesale Transmission Cost of Service TEXAS-NEW MEXICO POWER COMPANY Change in Depreciation Expense Update Period 01/01/2018 - 12/31/2018							
Account No	Description	Reference Schedule Workpaper	Depreciation Expense as of last Rate Case per Docket 48401 (1)	Gross Plant Balance end of update period (Schedule B-1, Column (5)) (2)	Depreciation % approved in Docket No 48401 (3)	Depreciation Expense on Balance (4) = (2) * (3)	Increase in Depreciation Expense (5) = (4) - (1)
Depreciation Expense							
Transmission Plant							
A350 0	Land		-	6,265,791	0.00%	-	-
A350 1	Land Rights		64,294	9,868,564	0.82%	80,922	16,628
A352	Structures and Improvements		81,977	5,193,957	2.00%	103,879	21,902
A353	Station Equipment		4,159,486	172,858,711	2.63%	4,546,184	386,698
A354	Towers and Fixtures		233,252	11,642,894	2.16%	251,487	18,235
A355	Poles and Fixtures		6,387,196	185,343,078	4.57%	8,470,179	2,082,982
A356	O H Conductors & Devices		2,495,077	85,845,765	4.04%	3,468,169	973,092
A357	Underground Conduit		-	-	0.00%	-	-
A358	Underground Conductors		-	-	0.00%	-	-
A359	Roads and Trails		-	-	0.00%	-	-
A360	Distribution above 60 kv		-	-	1.39%	-	-
A361	Distribution above 60 kv		-	-	1.90%	-	-
A362	Distribution above 60 kv		2,813,348	121,018,908	2.78%	3,364,326	550,978
	TOTAL	Schedule-A	16,234,630	598,037,667		20,285,145	4,050,515

Interim WholesaleTransmission Cost of Service TEXAS-NEW MEXICO POWER COMPANY Taxes Other Than Federal Income Taxes Update Period 01/01/2018 - 12/31/2018					
Line No.	Description	Reference Schedule Workpaper	Amount Approved per Docket 48401 (1)	Interim Annual Increase (2)	Federal Income Taxes Balance at 12/31/2018 (3) = (1) + (2)
1	<u>Taxes Other Than Income Taxes</u>				
2	Non-Revenue Related				
3	Payroll Taxes	Docket 48401	169,588	-	169,588
4	Ad Valorem Taxes	WP Schedule E-2.1	6,152,679	44,345	6,197,023
5					
6	Revenue Related Taxes				
7	Gross Receipts Tax	Docket 48401	(1,698)	-	(1,698)
8	Sales and Use Tax	Docket 48401	-	-	-
9	Texas Gross Margin Tax	WP Schedule E-2.2	293,114	65,544	358,658
10					
11	TOTAL		6,613,683	109,888	6,723,572

Interim Wholesale Transmission Cost of Service			
TEXAS-NEW MEXICO POWER COMPANY			
Ad Valorem Taxes			
Update Period 01/01/2018 - 12/31/2018			
Line No.			
1	<u>Ad Valorem Taxes</u>		
2	TCOS Ad Valorem Taxes, Docket No. 48401	6,152,679	
3			
4	Total Ad Valorem Taxes, Twelve Months Ended 12/31/2018	14,379,125	WP/Sched E-2.1.1
5			
6	TCOS Direct Assigned Net Plant at 12/31/2018	503,699,808	Schedule B
7	Total Direct Assigned Net Plant at 12/31/2018	1,168,748,618	WP/Sched E-2 1 2
8	TCOS Net Plant Factor at 12/31/2018	43.10%	
9			
10	Ad Valorem Taxes Functionalized to Transmission Function, 12/31/2018	6,197,023	
11			
12	Change in Ad Valorem Expense	<u>44,345</u>	

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WP Schedule E-2 1 1

Interm Wholesale Transmission Cost of Service														
TEXAS-NEW MEXICO POWER COMPANY														
Ad Valorem Taxes by Month														
Update Period 01/01/2018 - 12/31/2018														
Line														
No														
1	Account Description	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Total
2	408111 - Taxes - Ad Valorem	1,284,199	1,284,478	1,284,199	1,284,199	1,284,199	1,284,199	1,284,199	1,284,199	1,284,199	1,284,199	1,284,199	252,657	14,379,125

Interim WholesaleTransmission Cost of Service TEXAS-NEW MEXICO POWER COMPANY Total Direct Assigned Net Plant Update Period 01/01/2018 - 12/31/2018
<p>Note: TNMP's 12/31/2018 Balance Sheet, showing TNMP's net plant balance at 12/31/2018, will be provided after the filing of TNMP's 2018 Form 10-K</p>

Interim Wholesale Transmission Cost of Service			
TEXAS-NEW MEXICO POWER COMPANY			
Texas Gross Margin Tax			
Update Period 01/01/2018 - 12/31/2018			
Line No.			
1	Total TCOS Revenue Requirement	70,100,577	Schedule A
2	Intercompany allocation	2.546%	Docket No. 48928
3	Less: Intra-Company TCOS Revenue	<u>1,784,824</u>	
4	Total TCOS Revenue for TX Gross Margin Tax	68,315,753	
5	Taxable Revenue Percentage	<u>70.00%</u>	
6	Total TCOS Taxable Revenue	47,821,027	
7	Texas Gross Margin Tax Rate for 2018	<u>0.750%</u>	
8	Gross Margin Tax Amount	<u>358,658</u>	Schedule E-2

Interim Wholesale Transmission Cost of Service TEXAS-NEW MEXICO POWER COMPANY Federal Income Tax Update Period 01/01/2018 - 12/31/2018					
Line No	Description	Reference Schedule Workpaper	Amount Approved per Docket 48401 (1)	Interim Annual Increase (2)	Federal Income Taxes at 12/31/2018 (3) = (1) + (2)
1	Federal Income Taxes				
2					
3	Return on Rate Base	Schedule-B	24,846,935	8,818,702	33,665,636
4					
5	Deductions:				
6	Synchronized Interest	WP Schedule E-3 1	(11,171,673)	(3,965,063)	(15,136,736)
7	ITC Amortization	Docket 48401	-	-	-
8	Amortization of Protected Excess DFIT	Docket 48401	(1,153,969)	-	(1,153,969)
9	AFUDC Equity	Docket 48401	(334,674)	-	(334,674)
10	Amortization of Unprotected Excess DFIT	Docket 48401	(2,344,516)	-	(2,344,516)
11	Subtotal		(15,004,833)	(3,965,063)	(18,969,896)
12					
13	Additions:				
14	Depreciation Adjustment	Docket 48401	48,333	-	48,333
15	Meals and Entertainment	Docket 48401	21,600	-	21,600
16	Fines and Penalties	Docket 48401	-	-	-
17	Subtotal		69,933	-	69,933
18					
19	Taxable Component of Return		9,912,035	4,853,639	14,765,674
20	Tax Factor		26.58%	26.58%	26.58%
21					
22	Federal Income Taxes Before Adjust.		2,634,845	1,290,208	3,925,052
23					
24	Tax Credits				
25	ITC Amortization	Docket 48401	-	-	-
26	Amortization of Protected Excess DFIT	Docket 48401	(1,153,969)	-	(1,153,969)
27	Amortization of Unprotected Excess DFIT	Docket 48401	(2,344,516)	-	(2,344,516)
28	Subtotal		(3,498,486)	-	(3,498,486)
29					
30	TOTAL FEDERAL INCOME TAXES		(863,641)	1,290,208	426,567

Interim Wholesale Transmission Cost of Service			
TEXAS-NEW MEXICO POWER COMPANY			
Federal Income Tax - Synchronized Interest			
Update Period 01/01/2018 - 12/31/2018			
Line			
No.			
1	<u>Federal Income Tax - Synchronized Interest</u>		
2			
3	Increase In Rate Base	Schedule-B	111,770,618
4			
5	Weighted Cost of Debt	WP Schedule E-3 2	3.55%
6			
7	Incremental Synchronized Interest		<u>3,965,063</u>

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 12/31/2017 DOCKET NO. 48401											
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	II-C-2.1	634,404,598	(226,664,902)	407,739,696	47.66%	9.65%	4.60%	45.00%	9.65%	4.34%
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	447,812,107	-	447,812,107	52.34%	6.45%	3.38%	55.00%	6.45%	3.55%
5	Short-Term Debt	II-C-2.5	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6											
7	Total		1,082,216,705		855,551,803	100.00%	7.98%	100.00%			7.8900%

Chapter 3: Rate Schedules

Applicable: Entire Certified Service Area

Effective Date: August 27, 2019

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T

3.1 Rate NTS – Network Transmission Service

Application

Applicable to all Transmission Service Customers receiving service over the Company's electric facilities rated at 60 kV and above ("Customers") for delivery of electric power and energy from resources to loads while maintaining reliable operation of the Company's transmission system in accordance with Good Utility Practice and Commission Substantive Rules. This Rate Schedule is not applicable to service offered by the Company under another Rate Schedule.

Type of Service

Three phase, 60 hertz, and at Company's standard transmission voltages.

Monthly Rate

Network Transmission Service Charge = \$1.057953 per kW

I

The amount payable for Network Transmission Service for a month is equal to the product of (a) the sum of one-twelfth of the Network Transmission Service Charge multiplied by (b) the Customer's Utility System Demand. The Customer's "Utility System Demand" is the average of the demand, expressed in kilowatts, of the Customer's retail and wholesale loads for the 15-minute interval that is coincident with the ERCOT system coincident peak demand for the months of June, July, August and September in the preceding calendar year.

Transmission Service Charges for Exports from ERCOT

In accordance with P.U.C. SUBST. R. 25.192(e), Transmission Service Customers, excluding those customers that are eligible for the OklaUnion Exemption, exporting power from ERCOT will be assessed transmission service charges for the use of the ERCOT transmission system, based on the amount of power actually exported and the duration of the transaction, and which shall be

**TEXAS-NEW MEXICO POWER COMPANY
TARIFF FOR TRANSMISSION SERVICE**

**EXHIBIT TSB-4
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Chapter 3: Rate Schedules

Applicable: Entire Certified Service Area

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calculated using the charges set forth below:

Monthly On-Peak Rate for Exports	\$0.264488	per kW	
Monthly Off-Peak Rate for Exports	\$0.088163	per kW	
Weekly on-peak rate per kW	\$0.060702	per kW	
Weekly off-peak rate per kW	\$0.020345	per kW	
Daily on-peak rate per kW	\$0.008672	per kW	
Daily off-peak rate per kW	\$0.002899	per kW	
Hourly on-peak rate per kW	\$0.000361	per kW	
Hourly off-peak rate per kW	\$0.000121	per kW	

Payment

The Company must receive payment by the 35th calendar day after the date of issuance of the bill to Customer, unless the Company and the Customer agree on another mutually acceptable payment due date in the service agreement between the Company and the Customer, in accordance with applicable Commission Substantive Rules. Interest will accrue on any unpaid amount in accordance with applicable Commission Substantive Rules.

Agreements

Customers shall enter into a service agreement with the Company covering the specific terms and conditions of the Network Transmission Service requested.

Chapter 3: Rate Schedules

Applicable: Entire Certified Service Area

Effective Date: August 27, 2019

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3.1 Rate NTS – Network Transmission Service

Application

Applicable to all Transmission Service Customers receiving service over the Company's electric facilities rated at 60 kV and above ("Customers") for delivery of electric power and energy from resources to loads while maintaining reliable operation of the Company's transmission system in accordance with Good Utility Practice and Commission Substantive Rules. This Rate Schedule is not applicable to service offered by the Company under another Rate Schedule.

Type of Service

Three phase, 60 hertz, and at Company's standard transmission voltages.

Monthly Rate

Network Transmission Service Charge = \$1.057953 per kW

The amount payable for Network Transmission Service for a month is equal to the product of (a) the sum of one-twelfth of the Network Transmission Service Charge multiplied by (b) the Customer's Utility System Demand. The Customer's "Utility System Demand" is the average of the demand, expressed in kilowatts, of the Customer's retail and wholesale loads for the 15-minute interval that is coincident with the ERCOT system coincident peak demand for the months of June, July, August and September in the preceding calendar year.

Transmission Service Charges for Exports from ERCOT

In accordance with P.U.C. SUBST. R. 25.192(e), Transmission Service Customers, excluding those customers that are eligible for the OklaUnion Exemption, exporting power from ERCOT will be assessed transmission service charges for the use of the ERCOT transmission system, based on the amount of power actually exported and the duration of the transaction, and which shall be

**TEXAS-NEW MEXICO POWER COMPANY
TARIFF FOR TRANSMISSION SERVICE**

**EXHIBIT TSB-5
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Chapter 3: Rate Schedules

Applicable: Entire Certified Service Area

Effective Date: August 27, 2019

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calculated using the charges set forth below:

Monthly On-Peak Rate for Exports	\$0.264488	per kW
Monthly Off-Peak Rate for Exports	\$0.088163	per kW
Weekly on-peak rate per kW	\$0.060702	per kW
Weekly off-peak rate per kW	\$0.020345	per kW
Daily on-peak rate per kW	\$0.008672	per kW
Daily off-peak rate per kW	\$0.002899	per kW
Hourly on-peak rate per kW	\$0.000361	per kW
Hourly off-peak rate per kW	\$0.000121	per kW

Payment

The Company must receive payment by the 35th calendar day after the date of issuance of the bill to Customer, unless the Company and the Customer agree on another mutually acceptable payment due date in the service agreement between the Company and the Customer, in accordance with applicable Commission Substantive Rules. Interest will accrue on any unpaid amount in accordance with applicable Commission Substantive Rules.

Agreements

Customers shall enter into a service agreement with the Company covering the specific terms and conditions of the Network Transmission Service requested.

P.U.C. 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 16 TEX. ADMIN. CODE § 25.192(h)(1)

PREPARED DIRECT TESTIMONY AND EXHIBITS
OF
EVANS SPANOS

ON BEHALF OF
TEXAS-NEW MEXICO POWER COMPANY

JULY 23, 2019

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II. PURPOSE OF TESTIMONY2

III. DESCRIPTION OF TNMP’s INTERIM TCOS FILING2

IV. CONCLUSION3

EXHIBIT

ES-1 – PROCEEDINGS IN WHICH EVANS SPANOS FILED TESTIMONY

I. INTRODUCTION AND QUALIFICATIONS

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

A. My name is Evans Spanos. I am the Vice-President of Operations for Texas-New Mexico Power Company ("TNMP" or "Company"). My business address is 577 N. Garden Ridge Blvd., Lewisville, Texas 75067.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE.

A. I graduated from the University of New Mexico in 1977 with a Bachelor of Science degree in Electrical Engineering. I began employment with Public Service Company of New Mexico in October 1975 as an Engineering Aide, and subsequently held the positions of Load Management Coordinator (1977-1979) and Senior Rate Engineer (1979-1981). In March 1981, I accepted a position at Central Louisiana Electric Company ("CLECO") as Manager of Rate Research, with responsibility in the areas of Load Research, Cost of Service and Rate Design. I joined Gas Company of New Mexico in 1985 as Planning Manager (1985-1986) and was then appointed Director/General Manager of Rates and Regulatory Affairs (1986-1993). I moved to Gas Operations as Natural Gas Vehicle Coordinator (1993-1996), before joining PNM Resources ("PNMR") as Manager, Corporate Strategy (1996-2005). I accepted a position as ERCOT Business Manager with TNMP after PNMR acquired TNMP in June 2005. I was elected as the Vice-President of Operations in 2012.

I am a registered Professional Engineer, holding New Mexico License No. 12160.

Q. PLEASE DESCRIBE YOUR DUTIES AS THE VICE-PRESIDENT OF OPERATIONS.

A. As Vice-President of Operations I am responsible for operation and maintenance of TNMP's transmission and distribution line assets statewide.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE ANY REGULATORY BODIES?

A. Yes. I have testified before the New Mexico Public Service Commission, Louisiana Public Service Commission, Federal Energy Regulatory Commission and the Public Utility Commission of Texas ("PUCT"). My testimony in these proceedings concerned cost of service, and electric and gas rate design matters. Please see Exhibit ES-1 for a list of proceedings in which I have provided testimony.

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 interim update to wholesale transmission rates for TNMP pursuant to 16 Tex. Admin. Code § 25.192(h) (TAC). My testimony establishes that transmission plant additions included in this filing are complete and are “used and useful” as required by General Instruction No. 2 of the Interim TCOS Filing Package.

III. DESCRIPTION OF TNMP’s INTERIM TCOS FILING**Q. HAS TNMP LISTED AND DESCRIBED THE TRANSMISSION FACILITY ADDITIONS INCLUDED IN ITS INTERIM TCOS UPDATE?**

A. Yes. TNMP witness Thomas S. Baker has included a listing and description of transmission projects closed to plant-in-service from January 1, 2019 through June 30, 2019 in WP/Schedule B-1.2 and WP/Schedule B-1.3. The dollar amounts shown for these projects are those that have been incurred as of June 30, 2019. It is not unusual for costs such as contractor invoices and landscaping charges to be recorded in subsequent time periods. Therefore, it is likely that some of the charges included in the January 1, 2019 through June 30, 2019 period relate to projects actually in service prior to January 1, 2019, and it is also likely that some in-service projects will incur some charges after June 30, 2019 that are not included in this interim TCOS filing.

Q. WHAT ARE THE STANDARDS FOR INCLUSION OF TRANSMISSION PROJECTS IN THE INTERIM TCOS FILING?

A. The Interim TCOS Filing Package, General Instruction No. 2, provides that “only the costs associated with completed (used and useful) transmission additions shall be eligible for recovery through interim rates.”

Q. DOES TNMP’s TRANSMISSION PLANT NET ADDITIONS INCLUDED IN THE INTERIM TCOS FILING MEET THE “USED AND USEFUL” REQUIREMENT OF THE INTERIM TCOS FILING PACKAGE?

A. Yes, the transmission plant net additions included in the Interim TCOS filing are completed and are providing transmission service, which satisfies the “used and useful” requirement.

Q. PURSUANT TO GENERAL INSTRUCTION NO. 2 IN THE INTERIM TCOS FILING PACKAGE, DID TNMP AMEND ITS CERTIFICATE OF CONVENIENCE AND

NECESSITY (“CCN”) TO INCLUDE VARIOUS PROJECTS INCLUDED IN THIS APPLICATION?

A. No, it did not. TNMP routinely amends its CCN for projects requiring CCN amendments; however, CCNs are not required for all projects. During the 6-month period covered by this filing, TNMP did not have any projects that required CCN amendments.

GENERAL INSTRUCTION NO. 2 IN THE INTERIM TCOS FILING PACKAGE REQUIRES A LISTING OF WHICH PROJECTS ARE LOCAL AND WHICH PROJECTS ARE NOT LOCAL. HOW DO YOU INTERPRET THOSE TERMS?

A. All of the projects TNMP has included in this filing are local. These are projects that provide direct interconnection to wholesale or retail customers, or that replace existing equipment. However, some projects address ERCOT regional system needs and are not considered to be local. Large regional projects have been studied in the ERCOT regional transmission planning group (“RPG”) peer review and acceptance process. In addition, regional projects have been considered and recommended by the ERCOT Board of Directors as needed to support the safety and reliability of the ERCOT regional transmission system.

PLEASE IDENTIFY THE PROJECTS INCLUDED IN THIS FILING THAT ARE NOT LOCAL.

A. All of the projects included in this filing are local. None of the projects included in this filing address ERCOT regional system needs.

PURSUANT TO GENERAL INSTRUCTION NO. 2 IN THE INTERIM TCOS FILING PACKAGE, HAS TNMP RECEIVED INPUT FROM ERCOT FOR THE PROJECTS THAT ARE NOT LOCAL?

A. No. None of the projects included in this filing address ERCOT regional system needs.

HAVE INTERCONNECTION AGREEMENTS BEEN EXECUTED AND FILED WITH THE COMMISSION FOR INTERCONNECTION PROJECTS?

A. No. During the 6-month period covered by this filing, TNMP did not execute any new interconnection agreements nor were there any interconnection projects included in this filing.

IV. CONCLUSION

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

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

3 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

4 A. Yes, it does.

AFFIDAVIT

STATE OF TEXAS §
§
COUNTY OF DENTON §

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

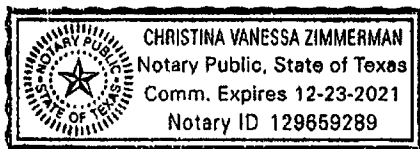
“My name is Evans Spanos. I am of legal age, a resident of the State of Texas, and have never been convicted of a felony. I certify that the foregoing testimony, offered by me on behalf of Texas-New Mexico Power Company, is true and correct and based upon my personal knowledge and experience.”

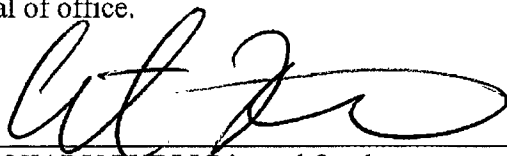


Witness

* * * * *

SWORN TO AND SUBSCRIBED before me, Notary Public, on this 22 day of July 2019, to certify which witness my hand and seal of office.





NOTARY PUBLIC in and for the
State of Texas

Printed Name: Christina Zimmerman

My Commission expires: 12/23/21

Notary ID# 129659289

SEAL:

EXHIBIT ES-1

Docket No.	Year	Case	Company
New Mexico Public Service Commission			
1554	1979	Electric Marginal Cost of Service and Time-of-Day Rate Design	Public Service Company of New Mexico
1575	1980	Electric Lifeline Rates	Public Service Company of New Mexico
2030	1986	Natural Gas Cogeneration Rates	Gas Company of NM
2064	1987	Natural Gas Standby Rates	Gas Company of NM
2068	1987	Unbundled Natural Gas Rates	Gas Company of NM
2147	1987	Natural Gas Rate Case – Rates	Gas Company of NM
2183	1988	Natural Gas Contract Costs	Gas Company of NM
2340	1991	Natural Gas Rate Case – Rates	Gas Company of NM
Louisiana Public Service Commission			
U-15297	1981	Electric Class Cost of Service and Rate Design	Central Louisiana Electric Co.
U-15622	1983	Electric Class Cost of Service and Rate Design	Central Louisiana Electric Co.
U-16510	1985	Electric Class Cost of Service and Rate Design	Central Louisiana Electric Co.
Federal Energy Regulatory Commission			
FERC	1985	Transmission Wheeling Cost of Service and Rate Design	Central Louisiana Electric Co.
Public Utility Commission of Texas			
38012	2010	Interim Transmission Cost of Service	TNMP
40674	2012	Interim Transmission Cost of Service	TNMP
41176	2013	Interim Transmission Cost of Service	TNMP
41727	2013	Interim Transmission Cost of Service	TNMP
42181	2014	Interim Transmission Cost of Service	TNMP
42691	2014	Interim Transmission Cost of Service	TNMP
44340	2015	Interim Transmission Cost of Service	TNMP
44953	2015	Interim Transmission Cost of Service	TNMP
45559	2016	Interim Transmission Cost of Service	TNMP
46184	2016	Interim Transmission Cost of Service	TNMP
46786	2017	Interim Transmission Cost of Service	TNMP
46422	2017	Interim Transmission Cost of Service	TNMP
48001	2018	Interim Transmission Cost of Service	TNMP
48401	2018	Electric General Rate Case	TNMP
49143	2019	Interim Transmission Cost of Service	TNMP