BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF NEW MEXICO FOR REVISION OF ITS RETAIL ELECTRIC RATES PURSUANT TO ADVICE NOTICE NO. 507	)	**Case No. 14-00332-UT**
PUBLIC SERVICE COMPANY OF NEW MEXICO,	)	
Applicant	)	

DIRECT TESTIMONY AND EXHIBITS

OF

DANE A. WATSON

DECEMBER 11, 2014

NMPRC CASE NO. 14-00332-UT
INDEX TO THE DIRECT TESTIMONY OF DANE A. WATSON
WITNESS FOR
PUBLIC SERVICE COMPANY OF NEW MEXICO

Acronym/Defined Term	Meaning
ALG	Average Life Group
CDP	Certified Depreciation Professional
COR	Cost of Removal
EEI	Edison Electric Institute
FERC	Federal Energy Regulatory Administration
IEEE	Institute of Electrical and Electronics Engineers
NMPRC	New Mexico Public Regulation Commission
PNM	Public Service Company of New Mexico
TXU	Texas Utilities

DIRECT TESTIMONY OF
DANE A. WATSON
NMPRC CASE NO. 14-00332-UT

I. INTRODUCTION, QUALIFICATIONS, AND PURPOSE OF TESTIMONY

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

A. My name is Dane A. Watson. My business address is 1410 Avenue K, Suite 1105B, Plano, Texas 75074

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT POSITION?

A. I am the Managing Partner of the Alliance Consulting Group. Alliance Consulting Group provides depreciation consulting and expert services to the utility industry. Alliance Consulting Group has specialized education and expertise in this area and has been serving clients for over 10 years.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THE PROCEEDING?

A. I am testifying on behalf of Public Service Company of New Mexico ("PNM").

Q. HAVE YOU INCLUDED A DESCRIPTION OF YOUR QUALIFICATIONS, DUTIES AND RESPONSIBILITIES?

A. Yes. A description of my qualifications, duties, and responsibilities is included as PNM Exhibit DAW-1.

Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?

A. The purpose of my testimony is to sponsor and present the depreciation study

performed by Alliance Consulting Group for PNM and to support the depreciation rate changes recommended for PNM's electric utility plant accounts based on the results of that depreciation study.

Q. ARE YOU SPONSORING ANY EXHIBITS IN THIS PROCEEDING?

A. Yes. I sponsor PNM Exhibit DAW-2, Public Service Company of New Mexico Electric Utility Plant Depreciation Rate Study at December 31, 2013.

II. SUMMARY OF DEPRECIATION STUDY RESULTS

Q. WHAT RECOMMENATIONS ARE YOU MAKING IN YOUR TESTIMONY?

A. I recommend that the Commission approve the depreciation rates developed for PNM's electric utility plant accounts as set forth in the Depreciation Rate Study, which is included as PNM Exhibit DAW–2. Based on the study year ending December 31, 2013, the recommended depreciation rates will result in an increase in the annual depreciation expense for PNM's electric utility assets of approximately $32.4 million per year. This amount was determined by comparing the depreciation expense calculated by the current depreciation rates and the proposed depreciation rates at December 31, 2013. This comparison is shown in detail in Appendix B of PNM Exhibit DAW-2 and is summarized in Table 1, which is presented later in my testimony.

Q. HOW DOES THE $131.3 MILLION IN ANNUAL DEPRECIATION EXPENSE REFLECTED IN THE DEPRECIATION RATE STUDY RELATE TO WHAT PNM IS PROPOSING WITH RESPECT TO DEPRECIATION AND AMORTIZATION EXPENSE IN THIS RATE CASE?

A. PNM Witness Henry Monroy explains and supports PNM's proposals for depreciation and amortization expense based on PNM's Test Period ending December 31, 2016 in his direct testimony, and specifically requests the NMPRC's approval of the depreciation rates for PNM's electric utility plant accounts as recommended in the Depreciation Rate Study. PNM's proposed annual depreciation expense for the Test Period is calculated using these same recommended depreciation rates, but based on calendar year 2016 plant balances and is provided in Mr. Monroy's testimony and exhibits.

Q. WHAT IS THE GOAL IN PREPARING THE ESTIMATE OF TEST PERIOD PLANT IN SERVICE AND DEPRECIATION RESERVE?

A. The goal in preparing the Test Period amount is to define the level of plant in service, book depreciation reserve, and corresponding annual depreciation rates that will exist per PNM's books and records at the conclusion of the Test Period. The estimates are performed to identify the level of actual activity and resulting balances anticipated to occur from my study date of December 31, 2013 through to the Test Period ending December 31, 2016.

Q. WHAT IS THE PURPOSE OF INCLUDING AN ANNUALIZED DEPRECIATION EXPENSE LEVEL IN PNM EXHIBIT DAW-2 AND TESTIMONY IF THE DEPRECIATION AMOUNT IS NOT USED AS A BASIS FOR REVENUE REQUIREMENTS?

A. The purpose for including an annualized depreciation expense amount is to illustrate the annual dollar impact of the proposed changes to the underlying depreciation parameters (e.g. average service lives and net salvage percent). The annualized depreciation expense provides a direct comparison of the resulting depreciation expense under present and proposed depreciation parameters.

III. PNM'S ELECTRIC DEPRECIATION STUDY

Q. ARE THERE VARIOUS DEPRECIATION RELATED TERMS AND CONCEPTS THAT ARE REFERENCED THROUGHOUT YOUR DIRECT TESTIMONY?

A. Yes. The following is a preliminary and limited glossary of key terms that may be useful. A more detailed discussion of these and other terms and concepts can be found in PNM Exhibit DAW-2.

ASL - ASL refers to Average Service Life. The average service life is the average period of years, from original installation date in which property group investments

(related to property in service) continues to provide service until the property is retired from service.

ARL - ARL refers to Average Remaining Life. The average remaining life of the property group is equal to the average period of years from the age of the property group at the depreciation study date until the maximum life of the property group investment. Said another way, it is the average period of years that current surviving investments in the property group will continue to provide service to PNM's customers.

Iowa Curves - A family of statistical curves (developed during the mid-1930's) that have been used extensively to represent the survival characteristics of utility property. The Iowa family of curves is fitted to raw survivor curves generated from the PNM's data being studied to both smooth and extrapolate PNM data to zero percent surviving as well as to identify historical life indications.

Interim Retirement Curve - An Iowa Curve that is being used to depict the survival characteristic of interim retirements from generation or production type of property. Interim retirements are those components of properties (e.g. generation facilities) such as boiler walls, heating, ventilating, roof coverings, etc. that will not live the full

period of time from original installation until the retirement or major rehabilitation of the facility.

Life Indication - The indication of average service life that is developed from the database of historical retirements from a property group being studied.

Gross Salvage - Gross receipts for the disposal of property retired from service. In some instances the accounting entry from return of assets to stores, or the receipt of insurance reimbursements for damage of PNM's property.

Cost of Removal - The cost expended by PNM to remove or retire property from service. PNM may either physically remove property from its service locations or retire/abandon the property in place. In the case of abandonment, there are costs that are routinely incurred to disconnect the property from PNM's operating system.

Net Salvage - Net Salvage is equal to Gross Salvage less Cost of Removal/Retirement. Positive Net Salvage occurs if Gross Salvage exceeds Cost of Removal/Retirement. Conversely, Negative Net Salvage occurs if Cost of Removal/Retirement exceeds Gross Salvage. Negative Net Salvage is more prevalent in the retirement of utility property because little residual value exists in the property being retired.

Interim Net Salvage – Interim net salvage relates to the interim retirement activity that takes place over the life of the plant. This component is incorporated into the depreciation rate calculations.

Terminal Net Salvage – Terminal net salvage refers to the end of life costs (salvage and removal) associated with generation facilities. For steam and other production facilities it is referred to as dismantlement costs and typically is included into the depreciation rate calculations. For nuclear facilities it is referred to as decommissioning costs and is segregated due to external funding requirements and included for separate recovery.

Database (Service Life and Salvage) - A data file containing PNM's historical accounting activity related to the surviving investments as well as additions, retirements, transfers, adjustments that have been recorded on PNM's books and records in prior years. Similar information has also occurred relative to accounting entries within PNM book depreciation reserve. The databases are used together with standard depreciation study methods and procedures along with other current and anticipated items to develop estimates of average service lives and net salvage factors. The depreciation databases are also used to calculate average remaining lives of PNM's current surviving investments.

Actuarial Life Analysis - Actuarial analysis (retirement rate method) is one of the commonly accepted life analysis approaches used in evaluating the database of historical asset retirement experience where vintage data is available and sufficient retirement activity is present.

SPR - Simulated Plant Record Balances approach is another commonly accepted life analysis approach used to analyze the database to assist in determining the life mortality characteristics of utility property. SPR is used when vintaged transactional data is unavailable or there is limited vintage data available.

Q. WHAT DOES THE ELECTRIC DEPRECIATION STUDY ANALYZE?

A. The study in PNM Exhibit DAW-2 analyzes PNM's historical accounting database for life characteristics and net salvage percentages for PNM's Electric assets at December 31, 2013. It also includes Post Study Year Addition amounts for the Rio Bravo Plant formerly referred to as Delta Plant, the La Luz Gas Generating Station, and 2014 and 2015 Solar assets.

Q. WHAT PROPERTY IS INCLUDED IN THE DEPRECIATION STUDY?

A. There are four general classes, or functional groups, of depreciable property that are analyzed in the study: (1) Production Plant, (2) Transmission Plant, (3) Distribution Plant, and (4) General Plant property. Under Production Plant there are three different functions of property: Steam, Nuclear and Other. Steam generation in

accounts 310-316 consists of generating units that use fossil fuels. Nuclear assets in accounts 320-325 consist of PNM's ownership at the Palo Verde nuclear generating facility. Other production assets in accounts 340-346 consist of generating units (combustion turbines) that use natural gas to produce electricity. PNM has added Solar assets in accounts 344-346, which fall under the Other Production classification but have been segregated. Transmission Plant functional group primarily consists of lines and associated facilities used to move power from power plants and outside areas into the distribution system. Distribution Plant functional group primarily consists of lines and associated facilities used to distribute electricity to customers of PNM. General Plant property is not location specific, but is plant used to support PNM's overall operations; for example, office buildings and software. We have also included Post Study Year Additions for the Rio Bravo Plant, the La Luz Gas Generating Station, and 2014 and 2015 Solar assets.

Q. CAN YOU PROVIDE ADDITIONAL INFORMATION ABOUT THE POST STUDY YEAR ADDITIONS YOU LISTED ABOVE?

A. Yes. In total the Post Study Year Additions is $239.1 million in plant investment. This is comprised of Rio Bravo Plant of $58.1 million with an estimated 40 year life, which results in an estimated annual accrual of $1.5 million. The La Luz Gas Generating Station of $55.8 million with an estimated 40 year life, which results in an estimated annual accrual of $1.4 million. Finally, there is an estimated $125.2

million of Solar additions projected for 2014 and 2015 with an estimated 30 year life, which results in an estimated annual accrual of $4.1 million. Additional information on these projects can be found in PNM Witness Chris Olson's testimony. These amounts are shown on PNM Exhibit DAW-2, Appendix B.

Q. WHEN WERE THE EXISTING DEPRECIATION RATES APPROVED?

A. The existing depreciation rates were approved in different cases. The depreciation rates for Reeves Generating Station and PVNGS went into effect in 2009. The depreciation rates for PNM North went into effect in 2004, and the depreciation rates for PNM South went into effect in 2006. Many of the rates approved by the NMPRC were adjudicated in Case No. 07-00077-UT. PNM has had two subsequent filings with proposed revised depreciation rates that resulted in a stipulated agreement to retain the existing approved rates from Case No. 07-0077-UT.

Q. WHAT IS THE IMPORTANCE OF CONDUCTING A NEW STUDY AND PROPOSING NEW DEPRECIATION RATES AT THIS TIME?

A. The existing depreciation rates were developed and approved over 6 years ago. It is important that periodic review and approval be made to depreciation rates to reflect the changes in investment and the underlying life and net salvage parameters required to achieve intergenerational equity for PNM's customers based on current and future operations of its depreciable assets. While there was a stipulated agreement to

maintain the rates in the previous filings, it is critical for the NMPRC to review and set depreciation rates at a new level now to ensure that intergenerational equity for PNM's customers is maintained.

Q. CAN YOU PLEASE EXPLAIN THE TERM INTERGENERATIONAL EQUITY?

A. Yes. The term intergenerational equity is a regulatory term and concept used to describe the fact that customer rates should be set to reflect an appropriate share of costs for the benefits received. An example of trying to achieve this goal specific to depreciation is the inclusion of Post Study Year Additions, described previously, with an approved depreciation rate that appropriately reflects plant costs to serve PNM customers in the future. Without periodic depreciation studies, more costs may be borne by customers who don't receive an equitable share of the benefit.

Q. CAN YOU PROVIDE A BRIEF DESCRIPTION OF THE DEPRECIATION STUDY PROCESS?

A. Yes. A depreciation study process encompasses four distinct phases. The first phase involved data collection and field interviews. The second phase was where the initial data analysis occurred. The third phase was where the information and analysis was evaluated. After the first three stages were complete, the fourth phase began. This phase involved the calculation of deprecation rates and documenting the

corresponding recommendations. A more detailed discussion occurs later in my testimony and can be found with the results of the study in PNM Exhibit DAW-2.

Q. IS THERE STANDARD DEPRECIATION PROCESSES AND METHODOLOGIES THAT ARE FOLLOWED?

A. Yes. The depreciation study process and phases that I described above is a standard depreciation study approach. Inside each phase of the depreciation study process, standard life analysis, net salvage analysis, and rate calculation methodologies were utilized.

Q. DID YOU USE THE SAME STANDARD PROCESSES AND METHODOLOGIES THAT WERE USED TO DETERMINE THE EXISTING DEPRECIATION RATES?

A. Yes. However, my study utilized both the actuarial and SPR life analysis approaches to assist in determining the life mortality characteristics of PNM's depreciable property compared to the prior study which only used the actuarial approach. The same depreciation system (straight-line method, average life group procedure, and remaining life technique) that was used and approved by the NMPRC for the existing depreciation rates was used in calculating the depreciation rates proposed in the depreciation study and included in the revenue requirement.

Q. WHY IS DEPRECIATION IMPORTANT TO THE REVENUE REQUIREMENTS OF PNM?

A. Depreciation is important because, as the definition below describes, depreciation expense enables PNM to recover in a timely manner the capital costs related to its plant-in-service benefiting PNM's customers (intergenerational equity). Appropriate depreciation rates will allow recovery of PNM's investments in depreciable assets over a life that provides for full recovery of the investments, less net salvage. Without the appropriate recovery of depreciation costs, PNM ultimately will not be able to meet its financial obligation related to the continued provision of service to customers. Furthermore, the inclusion of the appropriate level of depreciation recovery in revenue requirements serves to reduce overall costs (total of depreciation and return) to customers as opposed to a situation where an inadequate level of annual depreciation expense is currently being collected in rates.

Q. WHAT DEFINITION OF DEPRECIATION HAVE YOU USED FOR THE PURPOSES OF CONDUCTING A DEPRECIATION STUDY AND PREPARING YOUR TESTIMONY?

A. The term "depreciation," as used herein, is considered in the accounting sense -- that is, a system of accounting that distributes the cost of assets, less net salvage (if any), over the estimated useful life of the assets in a systematic and rational manner. Depreciation is a process of allocation, not valuation. Depreciation expense allocates

the cost of the asset, including any estimated net salvage necessary to remove the asset, as an ongoing cost of operations, over the economic life of the asset. For the Steam, Nuclear, and Other Production functions, the recommended rates includes a component for interim retirements and interim net salvage for each generating unit, but does not include any costs for terminal (end of life) removal, which is generally referred to as dismantlement costs for Production Plant. For Transmission, Distribution, and General plant, depreciation expense includes net salvage costs to retire those assets. Depreciation expense is systematically allocated to accounting periods over the life of the properties. The amount allocated to any one accounting period does not necessarily represent the loss or decrease in value that will occur during that particular period. Thus, depreciation is considered an expense or cost of operations, rather than a loss or decrease in value. PNM accrues depreciation based on the original cost of all property included in each depreciable plant account. On retirement, the full cost of depreciable property, less the net salvage amount, if any, is charged to the depreciation reserve.

Q. PLEASE DESCRIBE YOUR DEPRECIATION STUDY APPROACH IN MORE DETAIL.

A. With the assistance of my staff, I conducted the depreciation study in four phases as broadly described previously and at pages 16-18 of PNM Exhibit DAW-2. The four phases are: Data Collection, Analysis, Evaluation, and Calculation. During the initial

phase of the study, I collected historical data (database) to be used in the analysis. After the data was assembled, I performed analyses to determine the life characteristics and net salvage percentage for the different property groups being studied. As part of this process, I conferred with field personnel, engineers, and managers responsible for the installation, operation, and removal of the assets to gain their input into the operation, maintenance, and salvage of the assets. The information obtained from field personnel, engineers, and managerial personnel, combined with the study results, was then evaluated to determine how the results of the historical asset activity analysis, in conjunction with the PNM's expected future plans should be applied. Using all of these resources, I then calculated the depreciation rate for each function.

Q. WHAT DEPRECIATION SYSTEM DID YOU USE?

A. The straight-line (method), Average Life Group ("ALG") (procedure), remaining-life (technique) depreciation system was used in this study. This is the same methodology used by PNM and approved by this Commission for the existing depreciation rates first established in NMPRC Case No. 07-00077-UT and then stipulated to in two subsequent cases.

Q. HOW ARE THE DEPRECIATION RATES DETERMINED USING THE ALG PROCEDURE?

A. The annual depreciation expense for each group was computed by dividing the original cost of the asset, less allocated depreciation reserve, less estimated net salvage, by its respective average life group remaining life. The resulting annual accrual amounts of all depreciable property within an account were accumulated, and the total was divided by the original cost of all depreciable property within the account to determine the depreciation rate. The calculated remaining lives and annual depreciation accrual rates were based on attained ages of plant in service and the estimated service life and net salvage characteristics of each depreciable group. The formulas for the depreciation rate calculations by type of plant are shown in PNM Exhibit DAW-2, pages 19-21. The individual account computations of the annual depreciation rates are shown in Appendices A-1 through A-2 of PNM Exhibit DAW-2.

Q. WHAT TIME PERIOD DID YOU USE TO DEVELOP THE PROPOSED DEPRECIATION RATES?

A. The depreciation rates were developed based on the depreciable property recorded on the PNM's books at December 31, 2013 with the exception of the inclusion of Post Study Year Additions discussed previously.

Q. PLEASE SUMMARIZE THE DEPRECIATION STUDY RESULTS WITH RESPECT TO DEPRECIATION RATES.

A. Based on the revised depreciation rates indicated in the depreciation study, as applied to plant account balances as of December 31, 2013, the overall change in annual depreciation and amortization expense would be an increase of $32.4 million. As shown below in Table 1, this increase reflects an increase of $9.4 million in Production; an increase of $3.1 million in Transmission; an increase of $3.6 million in Distribution; an increase of $9.4 million in General; and includes $7.0 million for

Table 1
Change in Depreciation Expense Due to Proposed Changes in Depreciation Expense by Function

Function	Original Cost 12/31/12	Approved Rates Depreciation Expense $	Proposed Rates Depreciation Expense $	Difference in Depreciation Expense $
Steam Production	1,202,976,326.94	20,256,669.07	27,151,809.74	6,895,140.67
Nuclear Production	492,923,839.59	10,376,614.22	12,381,116.11	2,004,501.89
Other Production	328,802,848.52	9,150,255.98	9,556,992.77	406,736.79
Solar Production	133,187,618.37	5,016,486.46	5,084,488.29	68,001.84
Total Production	**2,157,890,633.42**	**44,800,025.73**	**54,174,406.91**	**9,374,381.18**
Transmission	628,264,719.72	13,073,183.92	16,129,471.20	3,056,287.28
Distribution	1,227,253,712.33	31,057,002.83	34,614,416.55	3,557,413.72
General	195,124,132.84	9,944,562.77	19,327,033.84	9,382,471.06
Total T, D & G	**2,050,642,564.89**	**54,074,749.52**	**70,070,921.59**	**15,996,172.06**
Total Excl Post Study Plant	**4,208,533,198.31**	**98,874,775.25**	**124,245,328.50**	**25,370,553.24**
Post Study Year Additions				
Rio Bravo Plant	58,117,258.00		1,452,931.45	1,452,931.45
La Luz Gas Generating	55,759,948.00		1,393,998.70	1,393,998.70
Solar 2014	45,998,350.00		1,533,278.33	1,533,278.33

Solar 2015	79,299,999.00		2,643,333.30	2,643,333.30
Post Study Year Additions	**239,175,555.00**		**7,023,541.78**	**7,023,541.78**
Total PNM	**4,447,708,753.31**	**98,874,775.25**	**131,268,870.28**	**32,394,095.03**

Rio Bravo Plant, La Luz, and 2014 and 2015 Solar. Detailed Production rates by plant and account are shown in Appendix B-1 for Steam, Nuclear, and Other of PNM Exhibit DAW-2. Rates by account for Transmission, Distribution, and General are shown in Appendix B-2 of PNM Exhibit DAW-2.

Q. WHAT FACTORS INFLUENCE THE DEPRECIATION RATE FOR AN ACCOUNT?

A. The primary factors that influence the depreciation rate for an account are: the remaining investment to be recovered in the account, the depreciable life (ASL) of the account, and the net salvage for the account.

Q. DO YOU HAVE AN INITIAL OBSERVATION ABOUT PNM'S DEPRECIATION RATES IN GENERAL?

A. Yes. PNM's depreciation expense is increasing from previously approved levels.

Q. WHY IS PNM'S DEPRECIATION EXPENSE INCREASING?

A. The most significant change in depreciation expense, an increase of $9.4 million each or $18.8 million out of $32.4 million in total, is related to production and general plant assets.

Q. WHAT PROCEDURE DID YOU USE TO ANALYZE THE LIFE CHARACTERISTICS OF PRODUCTION PLANT?

A. All Production, Steam, Nuclear and Other, assets were analyzed using the Life Span procedure.

Q. CAN YOU BRIEFLY DESCRIBE THE LIFE SPAN PROCEDURE?

A. Yes. Production facilities have components that are expected to have a retirement date concurrent with the planned retirement date of the generating unit and components that will retire prior to the facility ceasing operation. The terminal retirement date, along with the interim retirement characteristics of the assets that will retire prior to the facility ceasing operation; describe the pattern of retirement of the assets that comprise a generating unit. The estimated terminal retirement dates for the various generating units were determined based on consultation with PNM management, financial, and engineering staff. Those estimated terminal retirement dates are shown in PNM Exhibit DAW-2, Appendix D.

Q. YOU MENTIONED INTERIM RETIREMENT CHARACTERISTICS, PLEASE EXPLAIN.

A. Adding interim retirement curves to the life span procedure discussed above reflects the fact that some of the assets at a power plant will not survive to the end of the life of the facility and should be depreciated (straight-line) more quickly because they are

retired earlier than the terminal life of the facility. The goal of interim retirement curves is to project how many of the assets that are currently in service will retire each year in the future using historical analysis and judgment. These curves were based primarily on an analysis of the historical retirement pattern of the generation assets and consultation with PNM personnel. Interim retirements for each plant account were modeled using Iowa Curves. By applying interim retirements, recognition is given to the obvious fact that generating units will have retirements of depreciable property before the end of their lives. Further detail is found in PNM Exhibit DAW-2, on pages 9-10. A comparison of approved and proposed interim retirement characteristics for Production Plant is shown below in Table 2 and a more detailed comparison is provided in PNM Exhibit DAW-2, Appendix C.

Table 2
Production Plant
Comparison of Interim Retirement Curves

		Approved Interim		Proposed Interim	
Account	**Description**	**Life**	**Curve**	**Life**	**Curve**
STEAM PRODUCTION PLANT					
310.1	Land Rights	75	R2	100	SQ
311.0	Structures and Improvements	75	R2	75	R2
312.0	Boiler Plant Equipment	75	R2	55	L0
314.0	Turbogenerator Units	75	R2	50	L0
315.0	Accessory Electric Equipment	75	R2	65	R2.5
316.0	Miscellaneous Power Plant Equipment	75	R2	43	R1.5
NUCLEAR PRODUCTION PLANT					
320.1	Land Rights	75	R2	100	SQ
321.0	Structures and Improvements	75	R2	75	R2
322.0	Reactor Plant Equipment	75	R2	75	R1
323.0	Turbogenerator Units	75	R2	75	R0.5

324.0	Accessory Electric Equipment	75	R2	60	L1
325.0	Miscellaneous Power Plant Equipment	75	R2	60	L1
OTHER PRODUCTION PLANT					
340.1	Land Rights			100	SQ
341.0	Structures and Improvements	75	R2	75	R2
342.0	Fuel Holders, Prod and Accessory	75	R2	60	S6
344.0	Generators	75	R2	50	S6
345.0	Accessory Electric Equipment	75	R2	31	S2
346.0	Miscellaneous Power Plant Equipment	75	R2	35	S6
SOLAR PRODUCTION PLANT					
Solar Vintage	2011				
344.0	Generators	25	SQ	25	SQ
345.0	Accessory Electric Equipment	25	SQ	30	SQ
346.0	Miscellaneous Power Plant Equipment	25	SQ	10	SQ
Solar Vintage	2013				
344.0	Generators	30	SQ	25	SQ
345.0	Accessory Electric Equipment	30	SQ	30	SQ
346.0	Miscellaneous Power Plant Equipment	30	SQ	10	SQ

Q. WHAT METHOD DID YOU USE TO ANALYZE HISTORICAL DATA FOR TRANSMISSION, DISTRIBUTION, AND GENERAL PLANT TO DETERMINE LIFE CHARACTERISTICS?

A. All Transmission, Distribution, and General plant accounts were analyzed using both simulated plant record (balances) ("SPR") and actuarial analysis (retirement rate method) to estimate the life of the property in each account. In much the same manner as human mortality is analyzed by actuaries, depreciation analysts use models of property mortality characteristics that have been validated in research and empirical applications. Further detail of each of the life methods used to analyze the historical data is found in PNM Exhibit DAW-2, on pages 10-14.

Q. HOW DID YOU DETERMINE THE AVERAGE SERVICE LIVES FOR EACH ASSET GROUP?

A. The appropriate average service lives for each account in Transmission, Distribution, and General were determined by using SPR and/or actuarial analysis. Graphs and tables supporting the analysis and the chosen Iowa Curves used to determine the average service lives for analyzed accounts are found in the Life Analysis section of PNM Exhibit DAW-2, pages 45-75 and in the supporting workpapers to the study. A comparison of the depreciable lives for transmission, distribution and general plant is shown in Table 3 below.

Table 3
Comparison of Depreciable Lives

		Approved				Proposed	
		North		South		Combined	
Account	Description	Life	Curve	Life	Curve	Life	Curve
TRANSMISSION PLANT							
350.1	Land Rights	75	R2			75	R2
352.0	Structures and Improvements	44	S5			44	S5
353.0	Station Equipment	42	R3	35	S6	40	R1
354.0	Towers and Fixtures	45	R3			60	R4
355.0	Poles and Fixtures	47	R4	38	S5	53	R4
356.0	Overhead Conductors and Devices	50	R4	36	S5	53	R5
357.0	Underground Conduit	40	R3			45	R4
359.0	Roads and Trails	50	S6			58	S6
DISTRIBUTION PLANT							
360.1	Land Rights	75	R2			75	R2
361.0	Structures and Improvements	50	R3	38	R3	44	R4
362.0	Station Equipment	36	S0	39	S2	42	R2
363.0	Batteries	10	SQ			10	SQ
364.0	Poles, Towers & Fixtures	37	L2	34	R1	47	R2

365.0	Overhead Conductor & Devices	38	R2	30	R1	46	R2.5
366.0	Underground Conduit	42	S2	31	R2.5	47	R4
367.0	Underground Conductor & Devices	38	R2	26	R3	46	R2
368.0	Line Transformers	37	R2	37	L5	40	R3
369.0	Services	25	R4	24	R5	42	R1.5
369.1	Services	25	R4	24	R5	42	R1.5
370.0	Meters	33	S1	32	S6	31	L2
370.1	Meters- Load Research	33	S1	32	S6	31	L2
371.0	Installation on customers Premises	24	R1	12	R1	35	R1
371.1	Leased Flood Lighting			8	R0.5	8	R0.5
373.0	Street Lighting System	20	R1	17	S4	30	L0
GENERAL PLANT							
389.1	Land Rights						
390.0	Structures & Improvements	39	R4			39	R4
390.1	Bulk Power Office Building Remodeling	15	SQ			20	SQ
390.2	Bulk Power Office Building	10	SQ			5	SQ
391.0	Office Furniture & Equipment	15	SQ	24	L2	20	SQ
391.1	Office Furniture & Equipment-PC Systems			8	S6	5	SQ
391.2	Office Furniture & Equipment-PC's	5	R4			5	SQ
391.3	Computer Hardware	5	R4			7	SQ
391.3	Computer Hardware- Solar	5	R4			7	SQ
391.7	Computer Hardware	5	SQ			7	SQ
392.0	Transportation Equipment - Light	8	R2			12	L4
392.1	Transportation Equipment - Heavy	12	R1			10	L5
392.2	Transportation Equipment - Trailers	17	R2			17	R2
392.4	Transportation Equipment- Buyback					2	Yr
393.0	Stores Equipment	15	SQ			15	SQ
394.0	Tools, Shop & garage Equipment	15	SQ	23	R4	20	SQ
395.0	Laboratory Equipment	15	SQ			20	SQ
396.0	Power Operated Equipment	14	R1			12	L3
397.0	Communications Equipment	15	SQ			15	SQ
397.1	Communications Equipment-Tri-State	5	SQ			5	SQ
398.0	Miscellaneous Equipment	15	SQ			15	SQ

Q. PLEASE DESCRIBE SOME OF THE CHANGES IN THE AVERAGE SERVICE LIVES FOR THE VARIOUS TRANSMISSION, DISTRIBUTION, AND GENERAL ACCOUNTS?

A. For Electric Transmission, Distribution, and General accounts, there are 26 accounts with increasing lives, 7 accounts with decreasing lives, and the remaining 11 had no change. The detailed analysis of each account is described fully in PNM Exhibit DAW-2, pages 25-79. Examples of some of the significant changes (10 years or more) in average service lives for Electric Transmission, Distribution, and General Plant are as follows:

- The largest increases in life were in: Distribution Account 369, Services , which increased by 17 years; Transmission Plant Account 354, Towers & Fixtures, which increased by 15 years; Distribution Account 371.1, Installation on Customer Premises, which increased by 11 years; and Distribution Accounts 364, Poles, Towers & Fixtures and 373, Street Lighting System, both increased by 10 years.
- The largest decrease in life was in Distribution Account 361, Structures & Improvements, which decreased by 6 years. Other accounts showing a decrease in life had a decrease of five years or less.

Q. WHAT IS NET SALVAGE?

A. While discussed more fully in the study itself, net salvage is the difference between the gross salvage (what the asset was sold for) and the removal cost (cost to remove

and dispose of the asset). Salvage and removal cost percentages are calculated by dividing the current cost of salvage or removal by the original installed cost of the asset. Some plant assets can experience significant negative removal cost percentages due to the amount of removal cost and the timing of the addition versus the retirement.

Q. HOW DID YOU DETERMINE THE NET SALVAGE PERCENTAGES FOR EACH ASSET GROUP IN PRODUCTION PLANT?

A. The establishment of appropriate net salvage percentages for each account and type of generating plant is typically comprised of two components, terminal and interim. PNM separately records accruals necessary to satisfy production plant dismantlement costs as Asset Retirement Obligations. Further discussion of PNM's production plant Asset Retirement Obligations are included in testimony provided by Mr. Henry Monroy. Therefore, at PNM's request, no terminal or dismantlement cost estimate was included in the depreciation rate at this time. However, an analysis of historical interim net salvage was made and an interim net salvage percentage has been included in the depreciation rate calculations. Table 4 below shows a comparison of the approved net salvage and the proposed with only interim net salvage factors.

DIRECT TESTIMONY OF
DANE A. WATSON
NMPRC CASE NO. 14-00332-UT

Table 4
Comparison of Production Interim Net Salvage

Account	Description	Approved Net Salvage	Proposed Interim Net Salvage
STEAM PRODUCTION PLANT			
310.1	Land Rights	0%	0%
311.0	Structures and Improvements	0%	-5%
312.0	Boiler Plant Equipment	-35%	-10%
314.0	Turbogenerator Units	-35%	-10%
315.0	Accessory Electric Equipment	-12%	-5%
316.0	Misc. Power Plant Equipment	0%	-5%
NUCLEAR PRODUCTION PLANT			
320.1	Land Rights	0%	0%
321.0	Structures and Improvements	0%	-10%
322.0	Reactor Plant Equipment	0%	-10%
323.0	Turbogenerator Units	0%	-15%
324.0	Accessory Electric Equipment	0%	-10%
325.0	Misc. Power Plant Equipment	0%	-10%
OTHER PRODUCTION PLANT			
340.1	Land Rights		0%
341.0	Structures and Improvements	0%	-5%
342.0	Fuel Holders, Prod and Accessory	0%	-5%
344.0	Generators	0%	-5%
345.0	Accessory Electric Equipment	0%	-5%
346.0	Misc. Power Plant Equipment	0%	0%
OTHER PRODUCTION - SOLAR PLANT			
344.0	Generators	0%	0%
345.0	Accessory Electric Equipment	0%	0%
346.0	Misc. Power Plant Equipment	0%	0%

Q. HOW DID YOU DETERMINE THE NET SALVAGE PERCENTAGES FOR EACH ASSET GROUP IN TRANSMISSION, DISTRIBUTION, AND GENERAL PLANT?

A. The establishment of appropriate net salvage percentages for each account was determined by using the industry-standard method discussed above, which is also the same method used for the existing depreciation rates approved by the NMPRC. The net salvage as a percent of retirements for various bands (*i.e.*, groupings of years such as the five-year average) for each account is shown in Appendix E-2 of PNM Exhibit DAW-2. Judgment was used to select a net salvage percentage that represents the future expectations for each account. A summary of the proposed net salvage percentages are shown below in Table 5.

Table 5
Comparison of Net Salvage

Account	Description	Approved Net Salvage	Proposed Net Salvage
TRANSMISSION PLANT			
350.1	Land Rights	0%	0%
352.0	Structures and Improvements	-5%	-5%
353.0	Station Equipment	5%	-15%
354.0	Towers and Fixtures	-10%	-10%
355.0	Poles and Fixtures	-14%	-50%
356.0	Overhead Conductors and Devices	-15%	-40%
357.0	Underground Conduit	0%	-5%
359.0	Roads and Trails	5%	0%
DISTRIBUTION PLANT			
360.1	Land Rights		0%
361.0	Structures and Improvements	0%	-5%
362.0	Station Equipment	10%	-15%
363.0	Batteries	0%	0%
364.0	Poles, Towers & Fixtures	5%	-45%

365.0	Overhead Conductor & Devices	5%	-35%
366.0	Underground Conduit	0%	-10%
367.0	Underground Conductor & Devices	10%	-5%
368.0	Line Transformers	5%	-15%
369.0	Services	-10%	-60%
369.1	Services	-10%	-60%
370.0	Meters	0%	-20%
370.1	Meters- Load Research	0%	-20%
371.0	Installation on customers Premises	-45%	-30%
371.1	Leased Flood Lighting		0%
373.0	Street Lighting System	60%	-10%
GENERAL PLANT			
389.1	Land Rights		
390.0	Structures & Improvements	5%	-10%
390.1	Bulk Power Office Building Remodeling		0%
390.2	Bulk Power Office Building		0%
391.0	Office Furniture & Equipment		0%
391.1	Office Furniture & Equipment-PC Systems		0%
391.2	Office Furniture & Equipment-PC's		0%
391.3	Computer Hardware		0%
391.3	Computer Hardware- Solar		0%
391.7	Computer Hardware		0%
392.0	Transportation Equipment - Light	0%	7%
392.1	Transportation Equipment - Heavy	10%	16%
392.2	Transportation Equipment - Trailers	20%	17%
392.4	Transportation Equipment- Buyback		0%
393.0	Stores Equipment		0%
394.0	Tools, Shop & garage Equipment		0%
395.0	Laboratory Equipment		0%
396.0	Power Operated Equipment	12%	12%
397.0	Communications Equipment		0%
397.1	Communications Equipment-Tri-State		0%
398.0	Miscellaneous Equipment		0%

Q. PLEASE DESCRIBE SOME OF THE CHANGES IN THE NET SALVAGE PERCENTAGES FOR THE VARIOUS ACCOUNTS?

A. The detailed analysis of each account is described fully in PNM Exhibit DAW-2, starting at page 82. Net salvage trends toward higher negative net salvage due to

increased costs of labor, safety, and environmental issues related to retiring utility assets and the longer lives experienced by many assets. For PNM, 19 accounts decreased (more negative or less positive), while 3 accounts increased (less negative or more positive). Examples of some of the changes in net salvage are:

- The most significant decreases (more negative of 50% or more) in net salvage percentages were in: Distribution Account 373 Street Lighting System, which decreased from positive 60 percent to negative 10 percent; Distribution Account 364 Poles, which decreased from positive 5 percent to negative 45 percent; and Distribution Account 369, Services, which decreased from negative 10 percent to negative 60 percent. There were 16 other accounts in Transmission, Distribution, and General where net salvage decreased.
- One account showed an increase (less negative or more positive) in net salvage: Distribution Account 371.00 Installation on Customer Premises increased from a negative 45 percent to a negative 30 percent. Two other accounts in General Plant had an increase in net salvage.

IV. CONCLUSION

Q. MR. WATSON, DO YOU HAVE ANY CONCLUDING REMARKS?

A. Yes. The depreciation study and analysis performed under my supervision was performed using standard depreciation processes and methodologies. The study followed standard depreciation rate calculation methods which have been repeatedly

approved by the NMPRC PNM should continue to periodically review the annual depreciation rates for its property so that appropriate rates are included in PNM revenue requirements to ensure intergenerational equity to its customers. In this way, PNM's depreciation expense will more accurately reflect its cost of operations and the rates for all customers will include an appropriate share of the capital expended for their benefit. The proposed depreciation rates contained in the Study as of December 31, 2013, PNM Exhibit DAW-2, are the result of a complete, comprehensive depreciation study, are reasonable and appropriate given that they incorporate the service life and net salvage parameters currently anticipated for each of PNM's property group investments over their average remaining lives, and should be approved.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes, it does.

GCG#518967

Résumé of Dane A. Watson

PNM Exhibit DAW-1

Is contained in the following 13 pages.

PNM Exhibit DAW-1

Statement of Qualifications

Dane A. Watson, P.E, CDP

I am the Managing Partner of the Alliance Consulting Group - one of the premier consulting firms serving utility industries in the United States. As Managing Partner, Dane oversees and conducts depreciation studies for utilities across the U.S. Dane has 29 years of experience in utility property accounting, depreciation, and valuation. He has an industry-wide reputation with significant experience as an expert witness in depreciation, valuation and rate base areas and has provided testimony and support in more than 100 state or federal regulatory commission dockets. Dane has conducted depreciation studies for a variety of assets for both regulated and non-regulated companies.

The Society of Depreciation Professionals ("the Society") has established national standards for depreciation professionals. The Society administers an examination and has certain required qualifications to become certified in this field. I met all requirements and have become a Certified Depreciation Professional ("CDP"). In addition, I am a registered Professional Engineer in the state of Texas.

I received his Bachelor of Science degree in Electrical Engineering from the University of Arkansas at Fayetteville in 1985. I also received a Masters degree in Business Administration from Amber University in 1991.

Since graduation from college in 1985, I have worked in the area of depreciation and valuation. I founded Alliance Consulting Group in 2004 and am responsible for conducting depreciation, valuation and certain accounting-related studies for utilities in various industries. My duties related to depreciation studies include the assembly and analysis of historical and simulated data, conducting field reviews, determining service life and net salvage estimates, calculating annual depreciation, presenting recommended depreciation rates to utility management for its consideration, and supporting such rates before regulatory bodies.

My prior employment from 1985 to 2004 was with Texas Utilities ("TXU"). During my tenure with TXU, I was responsible for, among other things, conducting valuation and depreciation studies for the domestic TXU companies. During that time, I served as Manager of Property Accounting Services and Records Management in addition to my depreciation responsibilities. My responsibilities included testifying in 15 rate or restructuring proceedings before various Commissions including the Texas Railroad Commission, the Texas Public Utilities Commission and the FERC. I led the Sarbanes-Oxley implementation for property processes. During his tenure at TXU, I increased scope to managing all fixed asset and construction accounting, inventory accounting, transportation accounting, fixed asset accounting systems and corporate wide records management. I led efforts to convert 14 companies to a new fixed asset system. I restructured the valuation system to provide 90% faster response time and implemented new construction/fixed asset systems that facilitated a 12 FTE reduction in staff. I also built a state-of-the-art lease accounting system to handle reporting and payment of all TXU leases as well as a highly automated imaging system to replace microfilm and paper document storage and retrieval systems reducing costs and shortening response time.

In addition, I haves held a number of national industry roles related to depreciation and property accounting including twice chairing the Plant Accounting and Valuation Committee of the Edison Electric Institute. I attended all the classes offered by the Depreciation Programs, Inc. (DPI) and continues to refresh his training by attending (and teaching) various depreciation related seminars across the country. I developed training materials for the Advanced Training session of the Society for Depreciation Professionals. Multiple times, I served as general editor of the industry publication "Introduction to Depreciation and Net Salvage of Public Utility Plant and Plant of Other Industries", is contributing editor to other industry publications and is a frequent speaker at conferences on depreciation related issues. I also led the industry adoption of SFAS 143 and was industry panelist be-fore FERC (FERC Docket 02-0700) testifying on their implementation of SFAS 143.

I have twice been Chair of the Edison Electric Institute ("EEI") Property Accounting and Valuation Committee and have been Chairman of EEI's Depreciation and Economic Issues Subcommittee. I am a Registered Professional Engineer ("PE") in the State of Texas and a Certified Depreciation Professional. I am a Senior Member of the Institute of Electrical and

Electronics Engineers ("IEEE") and have held numerous offices on the Executive Board of the Dallas Section of IEEE as well as national and worldwide offices. I am also Past President of the Society of Depreciation Professionals and will again serve as President in 2015.

Dane Watson Testimony Experience

Asset Location	Commission	Docket (If Applicable	Company	Year	Description
Texas	Public Utility Commission of Texas	43695	Xcel Energy	2014	Electric Depreciation Study
Multi State – SE US	FERC	RP15-101	Florida Gas Transmission	2014	Gas Transmission Depreciation Study
California	California Public Utilities Commission	A.14-07-006	Golden State Water	2014	Water and Waste Water Depreciation Study
Michigan	Michigan Public Service Commission	U-17653	Consumers Energy Company	2014	Electric and Common Depreciation Study
Colorado	Public Utilities Commission of Colorado	14AL-0660E	Public Service of Colorado	2014	Electric Depreciation Study
Wisconsin	Wisconsin	05-DU-102	WE Energies	2014	Electric, Gas, Steam and Common Depreciation Studies
Texas	Public Utility Commission of Texas	42469	Lone Star Transmission	2014	Electric Depreciation Study
Nebraska	Nebraska Public Service Commission	NG-0079	Source Gas Nebraska	2014	Gas Depreciation Study
Alaska	Regulatory Commission of Alaska	U-14-055	TDX North Slope Generating	2014	Electric Depreciation Study
Alaska	Regulatory Commission of Alaska	U-14-054	Sand Point Generating LLC	2014	Electric Depreciation Study

Alaska	Regulatory Commission of Alaska	U-14-045	Matanuska Electric Coop	2014	Electric Generation Depreciation Study
Louisiana	Louisiana Public Service Commission	U-28814	Atmos Energy Corporation	2014	Gas Depreciation Study
Virginia	Virginia Corporation Commission	PUE-2013-00124	Atmos Energy Corporation	2013-2014	Gas Depreciation Study
Texas, New Mexico	Public Utility Commission of Texas	42004	Xcel Energy	2013-2014	Electric Production, Transmission, Distribution and General Plant Depreciation Study
New Jersey	Board of Public Utilities	GR13111137	South Jersey Gas	2013	Gas Depreciation Study
Various	FERC	RP14-247-000	Sea Robin	2013	Gas Depreciation Study
Arkansas	Arkansas Public Service Commission	13-078-U	Arkansas Oklahoma Gas	2013	Gas Depreciation Study
Arkansas	Arkansas Public Service Commission	13-079-U	Source Gas Arkansas	2013	Gas Depreciation Study
California	California Public Utilities Commission	Proceeding No.: A.13-11-003	Southern California Edison	2013	Electric Depreciation Study
North Carolina/South Carolina	FERC	ER13-1313	Progress Energy Carolina	2013	Electric Depreciation Study
Wisconsin	Public Service Commission of Wisconsin	4220-DU-108	Northern States Power-Wisconsin	2013	Electric, Gas and Common Transmission, Distribution and General

Texas	Public Utility Commission of Texas	41474	Sharyland	2013	Electric Depreciation Study
Kentucky	Kentucky Public Service Commission	2013-00148	Atmos Energy Corporation	2013	Gas Depreciation Study
Minnesota	Minnesota Public Utilities Commission	13-252	Allete Minnesota Power	2013	Electric Depreciation Study
New Hampshire	New Hampshire Public Service Commission	DE 13-063	Liberty Utilities	2013	Electric Distribution and General
Texas	Railroad Commission of Texas	10235	West Texas Gas	2013	Gas Depreciation Study
North Dakota	North Dakota Public Service Commission	PU-12-0813	Northern States Power	2012	Electric, Gas and Common Transmission, Distribution and General
Alaska	Regulatory Commission of Alaska	U-12-154	Alaska Telephone Company	2012	Telecommunications Utility
New Mexico	New Mexico Public Regulation Commission	12-00350-UT	SPS	2012	Electric Depreciation Study
Colorado	Colorado Public Utilities Commission	12AL-1269ST	Public Service of Colorado	2012	Gas and Steam Depreciation Study
Colorado	Colorado Public Utilities Commission	12AL-1268G	Public Service of Colorado	2012	Gas and Steam Depreciation Study
Alaska	Regulatory Commission of Alaska	U-12-149	Municipal Power and Light City of Anchorage	2012	Electric Depreciation Study

Texas	Texas Public Utility Commission	40824	Xcel Energy	2012	Electric Depreciation Study
South Carolina	Public Service Commission of South Carolina	Docket 2012-384-E	Progress Energy Carolina	2012	Electric Depreciation Study
Alaska	Regulatory Commission of Alaska	U-12-141	Interior Telephone Company	2012	Telecommunications Utility
Michigan	Michigan Public Service Commission	U-17104	Michigan Gas Utilities Corporation	2012	Gas Depreciation Study
North Carolina	North Carolina Utilities Commission	E-2 Sub 1025	Progress Energy Carolina	2012	Electric Depreciation Study
Texas	Texas Public Utility Commission	40606	Wind Energy Transmission Texas	2012	Electric Depreciation Study
Texas	Texas Public Utility Commission	40604	Cross Texas Transmission	2012	Electric Depreciation Study
Minnesota	Minnesota Public Utilities Commission	12-858	Minnesota Northern States Power	2012	Electric, Gas and Common Transmission, Distribution and General
Texas	Railroad Commission of Texas	10170	Atmos Mid-Tex	2012	Gas Depreciation Study
Texas	Railroad Commission of Texas	10174	Atmos West Texas	2012	Gas Depreciation Study
Texas	Railroad Commission of Texas	10182	CenterPoint Beaumont/ East Texas	2012	Gas Depreciation Study
Kansas	Kansas Corporation Commission	12-KCPE-764-RTS	Kansas City Power and Light	2012	Electric Depreciation Study

Nevada	Public Utility Commission of Nevada	12-04005	Southwest Gas	2012	Gas Depreciation Study
Texas	Railroad Commission of Texas	10147, 10170	Atmos Mid-Tex	2012	Gas Depreciation Study
Kansas	Kansas Corporation Commission	12-ATMG-564-RTS	Atmos Kansas	2012	Gas Depreciation Study
Texas	Texas Public Utility Commission	40020	Lone Star Transmission	2012	Electric Depreciation Study
Michigan	Michigan Public Service Commission	U-16938	Consumers Energy Company	2011	Gas Depreciation Study
Colorado	Public Utilities Commission of Colorado	11AL-947E	Public Service of Colorado	2011	Electric Depreciation Study
Texas	Texas Public Utility Commission	39896	Entergy Texas	2011	Electric Depreciation Study
MultiState	FERC	ER12-212	American Transmission Company	2011	Electric Depreciation Study
California	California Public Utilities Commission	A1011015	Southern California Edison	2011	Electric Depreciation Study
Mississippi	Mississippi Public Service Commission	2011-UN-184	Atmos Energy	2011	Gas Depreciation Study
Texas	Texas Commission on Environmental Quality	Matter 37050-R	Southwest Water Company	2011	WasteWater Depreciation Study
Texas	Texas Commission on Environmental Quality	Matter 37049-R	Southwest Water Company	2011	Water Depreciation Study

Michigan	Michigan Public Service Commission	U-16536	Consumers Energy Company	2011	Wind Depreciation Rate Study
Texas	Public Utility Commission of Texas	38929	Oncor	2011	Electric Depreciation Study
Texas	Railroad Commission of Texas	10038	CenterPoint South TX	2010	Gas Depreciation Study
Alaska	Regulatory Commission of Alaska	U-10-070	Inside Passage Electric Cooperative	2010	Electric Depreciation Study
Texas	Public Utility Commission of Texas	36633	City Public Service of San Antonio	2010	Electric Depreciation Study
Texas	Texas Railroad Commission	10000	Atmos Pipeline Texas	2010	Gas Depreciation Study
Multi State – SE US	FERC	RP10-21-000	Florida Gas Transmission	2010	Gas Depreciation Study
Maine/ New Hampshire	FERC	10-896	Granite State Gas Transmission	2010	Gas Depreciation Study
Texas	Public Utility Commission of Texas	38480	Texas New Mexico Power	2010	Electric Depreciation Study
Texas	Public Utility Commission of Texas	38339	CenterPoint Electric	2010	Electric Depreciation Study
California	California Public Utility Commission	A10071007	California American Water	2009-2010	Water and Waste Water Depreciation Study
Texas	Texas Railroad Commission	10041	Atmos Amarillo	2010	Gas Depreciation Study
Georgia	Georgia Public Service Commission	31647	Atlanta Gas Light	2010	Gas Depreciation Study

Texas	Public Utility Commission of Texas	38147	Southwestern Public Service	2010	Electric Technical Update
Alaska	Regulatory Commission of Alaska	U-09-015	Alaska Electric Light and Power	2009-2010	Electric Depreciation Study
Michigan	Michigan Public Service Commission	In Progress	Edison Sault	2009	Electric Depreciation Study
Alaska	Regulatory Commission of Alaska	U-10-043	Utility Services of Alaska	2009-2010	Water Depreciation Study
Tennessee	Tennessee Regulatory Authority	09-000183	AGL – Chattanooga Gas	2009	Gas Depreciation Study
Michigan	Michigan Public Service Commission	U-16055	Consumers Energy/DTE Energy	2009-2010	Ludington Pumped Storage Depreciation Study
Michigan	Michigan Public Service Commission	U-16054	Consumers Energy	2009-2010	Electric Depreciation Study
Michigan	Michigan Public Service Commission	U-15963	Michigan Gas Utilities Corporation	2009	Gas Depreciation Study
Michigan	Michigan Public Service Commission	U-15989	Upper Peninsula Power Company	2009	Electric Depreciation Study
Texas	Railroad Commission of Texas	9869	Atmos Energy	2009	Shared Services Depreciation Study
Mississippi	Mississippi Public Service Commission	09-UN-334	CenterPoint Energy Mississippi	2009	Gas Depreciation Study
Texas	Railroad Commission of Texas	9902	CenterPoint Energy Houston	2009	Gas Depreciation Study
Wyoming	Wyoming Public Service Commission	30022-148-GR10	Source Gas	2009-2010	Gas Depreciation Study

Colorado	Colorado Public Utilities Commission	09AL-299E	Public Service of Colorado	2009	Electric Depreciation Study
Tennessee	Tennessee Regulatory Authority	11-00144	Piedmont Natural Gas	2009	Gas Depreciation Study
South Carolina	Public Service Commission of South Carolina		Piedmont Natural Gas	2009	Gas Depreciation Study
North Carolina	North Carolina Utilities Commission		Piedmont Natural Gas	2009	Gas Depreciation Study
Louisiana	Louisiana Public Service Commission	U-30689	Cleco	2008	Electric Depreciation Study
Texas	Public Utility Commission of Texas	35763	SPS	2008	Electric Production, Transmission, Distribution and General Plant Depreciation Study
Wisconsin	Wisconsin	05-DU-101	WE Energies	2008	Electric, Gas, Steam and Common Depreciation Studies
North Dakota	North Dakota Public Service Commission	PU-07-776	Northern States Power	2008	Net Salvage
New Mexico	New Mexico Public Regulation Commission	07-00319-UT	SPS	2008	Testimony – Depreciation
Multiple States	Railroad Commission of Texas	9762	Atmos Energy	2007-2008	Shared Services Depreciation Study
Colorado	Colorado Public Utilities Commission	Filed – no docket to date	Public Service of Colorado	2007-2008	Electric Depreciation Study

Colorado	Colorado Public Utilities Commission	10AL-963G	Public Service of Colorado	2007-2008	Gas Depreciation Study
Minnesota	Minnesota Public Utilities Commission	E015/D-08-422	Minnesota Power	2007-2008	Electric Depreciation Study
Texas	Public Utility Commission of Texas	35717	Oncor	2008	Electric Depreciation Study
Texas	Public Utility Commission of Texas	34040	Oncor	2007	Electric Depreciation Study
Michigan	Michigan Public Service Commission	U-15629	Consumers Energy	2006-2009	Gas Depreciation Study
Colorado	Colorado Public Utilities Commission	06-234-EG	Public Service of Colorado	2006	Electric Depreciation Study
Arkansas	Arkansas Public Service Commission	06-161-U	CenterPoint Energy – Arkla Gas	2006	Gas Distribution Depreciation Study and Removal Cost Study
Texas, New Mexico	Public Utility Commission of Texas	32766	Xcel Energy	2005-2006	Electric Production, Transmission, Distribution and General Plant Depreciation Study
Texas	Railroad Commission of Texas	9670/9676	Atmos Energy Corp	2005-2006	Gas Distribution Depreciation Study
Texas	Railroad Commission of Texas	9400	TXU Gas	2003-2004	Gas Distribution Depreciation Study
Texas	Railroad Commission of Texas	9313	TXU Gas	2002	Gas Distribution Depreciation Study

Texas	Railroad Commission of Texas	9225	TXU Gas	2002	Gas Distribution Depreciation Study
Texas	Public Utility Commission of Texas	24060	TXU	2001	Line Losses
Texas	Public Utility Commission of Texas	23640	TXU	2001	Line Losses
Texas	Railroad Commission of Texas	9145-9148	TXU Gas	2000-2001	Gas Distribution Depreciation Study
Texas	Public Utility Commission of Texas	22350	TXU	2000-2001	Electric Depreciation Study, Unbundling
Texas	Railroad Commission of Texas	8976	TXU Pipeline	1999	Pipeline Depreciation Study
Texas	Public Utility Commission of Texas	20285	TXU	1999	Fuel Company Depreciation Study
Texas	Public Utility Commission of Texas	18490	TXU	1998	Transition to Competition
Texas	Public Utility Commission of Texas	16650	TXU	1997	Customer Complaint
Texas	Public Utility Commission of Texas	15195	TXU	1996	Mining Company Depreciaiton Study
Texas	Public Utility Commission of Texas	12160	TXU	1993	Fuel Company Depreciation Study
Texas	Public Utility Commission of Texas	11735	TXU	1993	Electric Depreciation Study

Public Service Company of New Mexico's Electric Utility Plant Depreciation Rate Study at December 31, 2013 – Alliance Consulting Group

PNM Exhibit DAW-2

Is contained in the following 143 pages.

PUBLIC SERVICE COMPANY

OF

NEW MEXICO

DEPRECIATION RATE STUDY

AT DECEMBER 31, 2013

http://www.utilityalliance.com

PUBLIC SERVICE COMPANY OF NEW MEXICO
DEPRECIATION RATE STUDY
AT DECEMBER 31, 2013

Table of Contents

PURPOSE

The purpose of this study is to develop functional depreciation rates for the depreciable production, transmission, distribution, and general property as recorded on the books of Public Service Company of New Mexico (PNM or Company) as of December 31, 2013. The depreciation rates were designed to recover the total remaining undepreciated investment, adjusted for net salvage, over the remaining life of PNM's property on a straight-line basis. Non-depreciable property and property that is amortized, such as intangible software, were excluded from this study. Approximately $133 million in solar assets currently in service have been included in this study but were previously recovered under rate riders. This study also includes an additional $4.2 million in depreciation expense for solar assets which will be placed in service in 2014 and 2015 adding 23 MW and 40 MW of generating capacity. PNM is engaged in the generation, transmission, and distribution of electricity within New Mexico. In New Mexico, PNM provides electricity to over 500,000 retail customers as well as in the wholesale market.

Assets for PNM at December 31, 2013 includes more than 2,572 megawatts of generation including MW under Power Purchase Agreements; 3,189 conductor miles of transmission lines with supporting structures; 5,849 miles of distribution overhead lines, 5,669 cable miles of underground distribution lines (excluding street lighting), and 280 transmission and distribution substations. In addition, PNM needs associated equipment such as feeders, primary switches, poles, conductor, line transformers, services, meters, and streetlights to serve its 509,879 customers.

General property such as buildings, office furniture, transportation equipment, and other miscellaneous property is located throughout the Company's service territory.

STUDY RESULTS

Recommended depreciation rates for all PNM depreciable property are shown in Appendix B. These rates translate into a total depreciation accrual (total company) of $124.2 million, with $54.2 million for Production and $70.1 million for Transmission, Distribution and General plant. An addition accrual of $7.0 million is requested for post depreciation study plant additions. The post depreciation study additions will add the following amounts to the Company's depreciation accruals : $1.5 million for the Rio Bravo plant,$1.4 million for the La Luz Gas Generating Station, $1.5 million for 2014 Solar, and $2.6 million for 2015 Solar. These accruals are based on PNM's depreciable investment at December 31, 2013 (year-end) as shown in Appendix B. The proposed lives and curves on which these calculations are based are shown in Appendix C. The annual depreciation expense calculated by the same method using the existing approved New Mexico depreciation rates was a total of $98.9 million, with $44.8 million for Generation and $54.1 million for Transmission, Distribution, and General plant. The above figures exclude the impact of the post depreciation study additions of $7.0 million. Appendix B shows the effect of the change in lives and curves on depreciation accrual by account. Appendix D shows the Production unit retirement dates. Appendices E and F address the development of net salvage parameters for all plant accounts.

This study also recommends that PNM continue its depreciation process for general plant (excluding Accounts 390, 392, and 396) as a general plant amortization process. Since New Mexico Public Utility Regulation Commission (NMPRC) Case No. 07-00077-UT, the Company has been using general plant amortization. The Company is presenting updated estimates of life and net salvage for general plant Accounts 391, 393-395, and 397-398 (excluding Accounts 390, 392, and 396). In this proceeding, the Company requests that the depreciation study parameters (life and net salvage) for general plant be approved.

GENERAL DISCUSSION

Definition

The term "depreciation" as used in this study is considered in the accounting sense; that is, a system of accounting that distributes the cost of assets, less net salvage (if any), over the estimated useful life of the assets in a systematic and rational manner. It is a process of allocation, not valuation. This expense is systematically allocated to accounting periods over the life of the properties. The amount allocated to any one accounting period does not necessarily represent the loss or decrease in value that will occur during that particular period. The Company accrues depreciation on the basis of the original cost of all depreciable property included in each functional property group. At retirement, the full cost of depreciable property, less the net salvage value, is charged to the depreciation reserve.

Basis of Depreciation Estimates

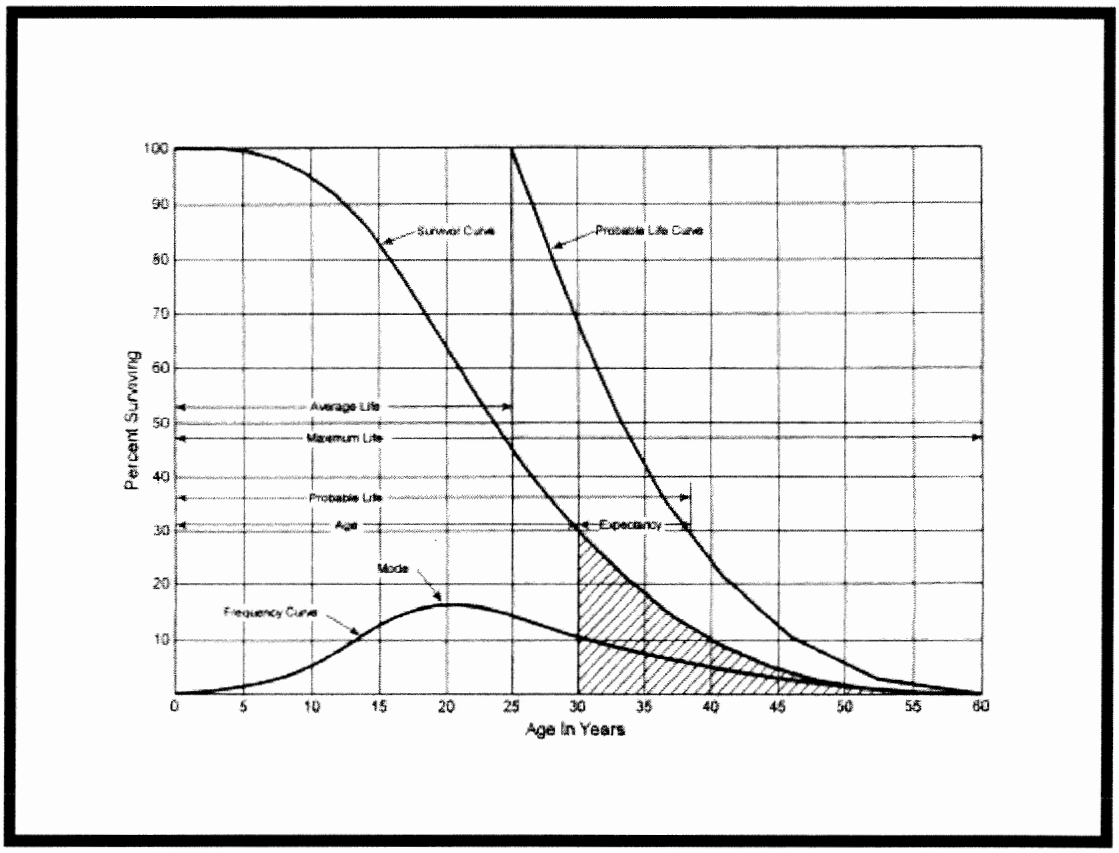
Annual and accrued depreciation were calculated in this study by the straight-line, broad group, remaining-life depreciation system. In this system, the annual depreciation expense for each group is computed by dividing the original cost of the asset group less allocated depreciation reserve less estimated net salvage by its respective average remaining life. The resulting annual accrual amounts of all depreciable property within a function were accumulated and the total was divided by the original cost of all functional depreciable property to determine the depreciation rate. The calculated remaining lives and annual depreciation accrual rates were based on attained ages of plant in service and the estimated service life and salvage characteristics of each depreciable group, and were computed in a direct weighting by multiplying each vintage or account balance times its remaining life and dividing by the plant investment in service as of December 31, 2013. The computations of the annual functional depreciation rates are also shown in Appendix A, and the weighted remaining life calculations are shown in Appendix A.

A variety of life estimation approaches were incorporated into analyses of PNM data. Both Simulated Plant Record (SPR) analysis and Actuarial Analysis are commonly used mortality analysis techniques for electric utility property. Historically,

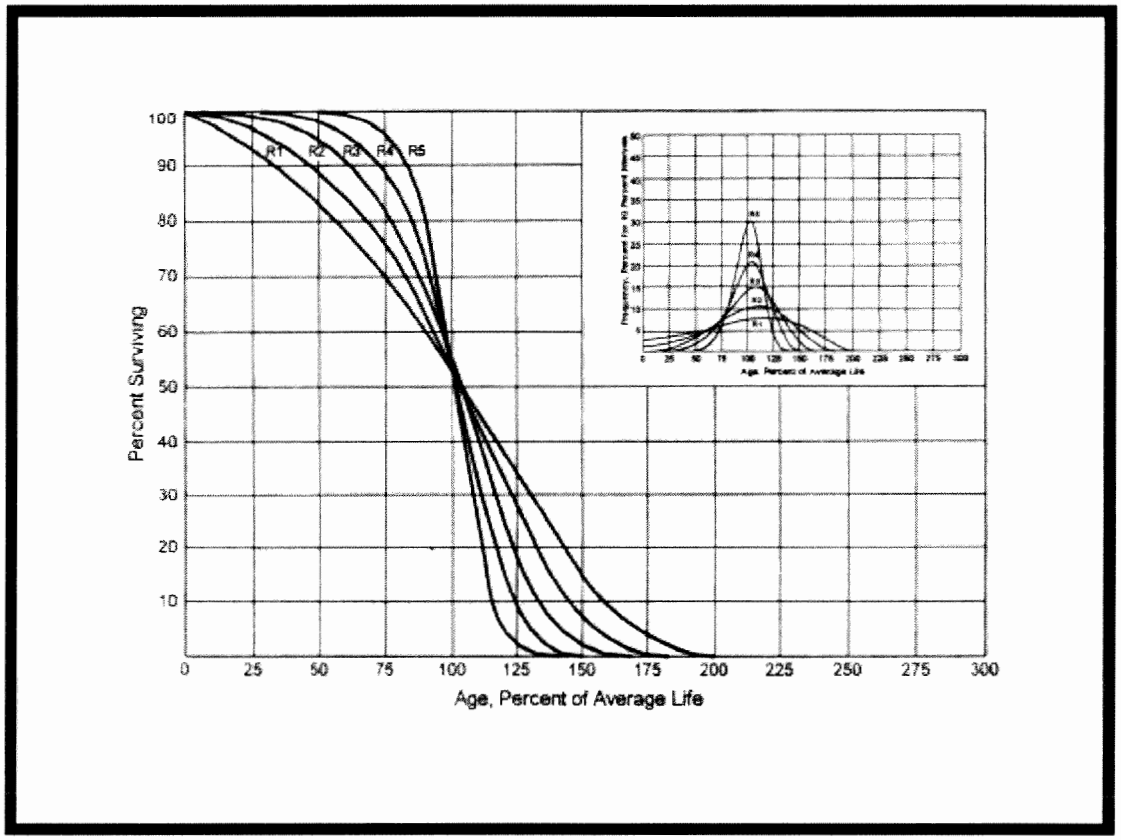
PNM has used SPR analysis to evaluate lives of most asset groups. Where vintaged information is available, actuarial analysis was performed. For the accounts using actuarial analysis, (i.e. Accounts 350-362 and 389-398) experience bands varied depending on the amount of data. Each approach used in this study is more fully described in a later section.

Survivor Curves

To fully understand depreciation projections in a regulated utility setting, there must be a basic understanding of survivor curves. Individual assets within a group do not normally have identical lives or investment amounts. The average life of a group can be determined by comparing actual experience against various survivor curves. A survivor curve represents the percentage of property remaining in service at various age intervals. The most widely used set of representative survivor curves are the Iowa Survivor Curves (Iowa Curves). The Iowa Curves are the result of an extensive investigation of life characteristics of physical property made at Iowa State College Engineering Experiment Station in the first half of the twentieth century. Through common usage, revalidation, and regulatory acceptance, these curves have become a descriptive standard for the life characteristics of industrial property. An example of an Iowa Curve is shown below.



There are four families in the Iowa Curves which are distinguished by the relation of the age at the retirement mode (largest annual retirement frequency) and the average life. The four families are designated as "R"— Right, "S" — Symmetric, "L" — Left, and "O" — Origin Modal. First, for distributions with the mode age greater than the average life, an "R" designation (i.e., Right modal) is used. The family of "R" moded curves is shown below.



Second, an "S" designation (i.e., Symmetric modal) is used for the family whose mode age is symmetric about the average life. Third, an "L" designation (i.e., Left modal) is used for the family whose mode age is less than the average life. Fourth, a special case of left modal dispersion is the "O" or origin modal curve family. Within each curve family, numerical designations are used to describe the relative magnitude of the retirement frequencies at the mode. A "6" indicates that the retirements are not greatly dispersed from the mode (i.e., high mode frequency) while a "1" indicates a large dispersion about the mode (i.e., low mode frequency). For example, a curve with an average life of 30 years and an "L3" dispersion is a moderately dispersed, left modal curve that can be designated as a 30 L3 Curve. An SQ, or square, survivor curve occurs where no dispersion is present (i.e., units of common age retire simultaneously).

For Production interim retirement curves, and Transmission, Distribution, and General Property accounts, a survivor curve pattern was selected based on analyses of historical data, as well as other factors, such as general changes relevant to the Company's operations. The blending of judgment concerning current conditions and future trends, along with the matching of historical data permits the depreciation analyst to make an informed selection of an account's average life and retirement dispersion pattern. Iowa Curves were used to depict the estimated survivor curves for each account.

Life Span Procedure

The life span procedure was used for production facilities for which most components are expected to have a retirement date concurrent with the planned retirement date of the generating unit. The terminal retirement date refers to the year that each unit will cease operations. The terminal retirement date, along with the interim retirement characteristics of the assets that will retire prior to the facility ceasing operation; describe the pattern of retirement of the assets that comprise a generating unit. The estimated terminal retirement dates for the various generating units were determined based on consultation with PNM management, financial, and engineering staff. Those estimated terminal retirement dates are shown in Appendix D.

Interim Retirement Curves

Interim retirement curves were used to model the retirement of individual assets within primary plant accounts for each generating unit prior to the terminal retirement of the facility. The life span procedure assumes all assets are depreciated (straight-line) for the same number of periods and retire at the same time (the terminal retirement date). Adding interim retirement curves to the procedure reflects the fact that some of the assets at a power plant will not survive to the end of the life of the facility and should be depreciated (straight-line) more quickly and retired earlier than the terminal life of the facility. The goal of interim retirement curves is to project how many of the assets that are currently in service

will retire each year in the future using historical analysis and judgment. These curves were chosen based primarily on an analysis of the historical retirement pattern of the Generation assets and consultation with PNM personnel. Interim retirements for each plant account were modeled using Iowa Curves discussed above. By applying interim retirements, recognition is given to the obvious fact that generating units will have retirements of depreciable property before the end of their lives.

Although interim retirements have been recognized in the study, interim additions (i.e. future additions) have been excluded from the study. The estimated amount of future additions might or might not occur. However, there is no uncertainty as to whether the full level of interim retirements will happen. The assets that are being modeled for retirement are already in rate base. Depreciation rates using interim retirements are known and measurable in the same way that setting depreciation rates for transmission or distribution property using Iowa Curves is known and measurable. There is no depreciable asset that is expected to live forever. All assets at a power plant will retire at some point. Interim retirements simply model when those retirements will occur in the same way that is done for transmission or distribution assets. The depreciation rates adopted in the Company's in NMPRC Case No. 07-00077-UT incorporated an interim retirement component for production plant.

Actuarial Analysis

Actuarial analysis (retirement rate method) was used in evaluating historical asset retirement experience where vintage data were available and sufficient retirement activity was present. In actuarial analysis, interval exposures (total property subject to retirement at the beginning of the age interval, regardless of vintage) and age interval retirements are calculated. The complement of the ratio of interval retirements to interval exposures establishes a survivor ratio. The survivor ratio is the fraction of property surviving to the end of the selected age interval, given that it has survived to the beginning of that age interval. Survivor ratios for all of the available age intervals were chained by successive multiplications to establish a

series of survivor factors, collectively known as an observed life table. The observed life table shows the experienced mortality characteristic of the account and may be compared to standard mortality curves such as the Iowa Curves. Many accounts were analyzed using this method. Placement bands were used to illustrate the composite history over a specific era, and experience bands were used to focus on retirement history for all vintages during a set period. Matching data in observed life tables for each experience and placement band to an Iowa Curve requires visual examination. As stated in Depreciation Systems by Wolf and Fitch, "the analyst must decide which points or sections of the curve should be given the most weight. Points at the end of the curve are often based on fewer exposures and may be given less weight than those points based on larger samples" (page 46). Some analysts chose to use mathematical fitting as a tool to narrow the population of curves using a least squares technique. Use of the least squares approach does not imply a statistical validity, however, because the underlying data does not meet criteria for independence between vintages and the same average price for property units through time. Thus, Depreciation Systems cautions, "... the results of mathematical fitting should be checked visually and the final determination of best fit made by the analyst" (page 48). This study uses the visual matching approach to match Iowa Curves, since mathematical fitting produces theoretically possible curve matches. Visual examination and experienced judgment allow the depreciation professional to make the final determination as to the best curve type.

Detailed information for each account is shown later in this study and in workpapers.

Simulated Plant Record Procedure

The SPR - Balances approach is one of the commonly accepted approaches to analyze mortality characteristics of utility property. SPR was applied to several accounts within the Distribution function due to the unavailability of vintaged transactional data. In this method, an Iowa Curve and average service life are selected as a starting point of the analysis and its survivor factors applied to the actual annual additions to give a sequence of annual balance totals. These

simulated balances are compared with the actual balances by using both graphical and statistical analysis. Through multiple comparisons, the mortality characteristics (as defined by an average life and Iowa Curve) that are the best match to the property in the account can be found.

The Conformance Index (CI) is one measure used to evaluate various SPR analyses. CIs are also used to evaluate the "goodness of fit" between the actual data and the Iowa Curve being referenced. The sum of squares difference (SSD) is a summation of the difference between the calculated balances and the actual balances for the band or study year being analyzed. This difference is squared and then summed to arrive at the SSD.

$$SSD = \sum_{i}^{n} (Calculated\ Balance_i - Observed\ Balance_i)^2$$

Where n is the number of years in the test band.

This calculation can then be used to develop other calculations, which the analyst feels might give a better indication for the "goodness of fit" for the representative curve under consideration. The residual measure (RM) is the square root of the average squared differences as developed above. The residual measure is calculated as follows:

$$RM = \sqrt{(\frac{SSD}{n})}$$

The CI is developed from the residual measure and the average observed plant balances for the band or study year being analyzed. The calculation of conformance index is shown below:

$$CI = \frac{\sum_{i}^{n} Balances_i / n}{RM}$$

The retirement experience index (REI) gives an indication of the maturity of the account and is the percent of the property retired from the oldest vintage in the band at the end of the study year. Retirement indices range from 0 percent to 100 percent and an REI of 100 percent indicates that a complete curve was used. A retirement index less than 100 percent indicates that the survivor curve was

truncated at that point. The originator of the SPR method, Alex Bauhan, suggests ranges of value for the CI and REI. The relationship for CI proposed by Bauhan is shown below[1]:

CI	Value
Over 75	Excellent
50 to 75	Good
25 to 50	Fair
Under 25	Poor

The relationship for REI proposed by Bauhan[2] is shown below:

REI	Value
Over 75	Excellent
50 to 75	Good
33 to 50	Fair
17 to 33	Poor
Under 17	Valueless

Despite the fact there has not been empirical research to validate Bauhan's conclusions, depreciation analysts have used these measures in analyzing SPR results for nearly 60 years, since the SPR method was developed.

1 Public Utility Depreciation Practices, p. 96.
2 Public Utility Depreciation Practices, p. 97.

Each of these statistics provides the analyst with a different perspective of the comparison between a band of simulated or calculated balances and the observed or actual balances in the account being studied. Although one statistic is not necessarily superior over the others, the conformance index is the one many analysts use in depreciation studies. The depreciation analyst should carefully weigh the data from REIs to ensure that a mature curve is being used to estimate life.

Statistics are useful in analyzing mortality characteristics of accounts as well as determining a range of service lives to be analyzed using the detailed graphical method. However, these statistics boil all the information down to one, or at most, a few numbers for comparison. Visual matching through comparison between actual and calculated balances expands the analysis by permitting the analyst to view many points of data at a time. The goodness of fit should be visually compared to plots of other Iowa Curve dispersions and average lives for the selection of the appropriate curve and life. Detailed information for each account is shown later in this study and in workpapers.

Judgment

Any depreciation study requires informed judgment by the analyst conducting the study. A knowledge of the property being studied, company policies and procedures, general trends in technology and industry practice, and a sound basis of understanding depreciation theory are needed to apply this informed judgment. In this depreciation study, judgment was used in areas such as survivor curve modeling and selection, depreciation method selection, simulated plant record method analysis, and actuarial analysis.

Where there are multiple factors, activities, actions, property characteristics, statistical inconsistencies, property mix in accounts or a multitude of other considerations that affect the analysis (potentially in various directions), judgment is used to take all of these considerations and synthesize them into a general direction or understanding of the characteristics of the property. Individually, no one consideration in these cases may have a substantial impact on the analysis, but overall, the collective effect of these considerations may shed light on the use and characteristics of assets. Judgment may also be defined as deduction, inference, wisdom, common sense, or the ability to make sensible decisions. There is no single correct result from statistical

analysis; hence, there is no answer absent judgment.

Theoretical Depreciation Reserve

The book accumulated provision for depreciation for each account was used. This study used a reserve model that relied on a prospective concept relating future retirement and accrual patterns for property, given current life and salvage estimates.

The theoretical reserve of a property group is developed from the estimated remaining life of the group, the total life of the group, and estimated net salvage. The theoretical reserve represents the portion of the group cost that would have been accrued if current forecasts were used throughout the life of the group for future depreciation accruals. The computation involves multiplying the vintage balances within the group by the theoretical reserve ratio for each vintage. The straight-line remaining-life theoretical reserve ratio at any given age (RR) is calculated as:

$$RR = 1 - \frac{(Average\ Remaining\ Life)}{(Average\ Service\ Life)} * (1 - Net\ Salvage\ Ratio)$$

DETAILED DISCUSSION

Depreciation Study Process

This depreciation study encompassed four distinct phases. The first phase involved data collection and field interviews. The second phase was where the initial data analysis occurred. The third phase was where the information and analysis was evaluated. After the first three stages were complete, the fourth phase began. This phase involved the calculation of deprecation rates and documenting the corresponding recommendations.

During the Phase I data collection process, historical data was compiled from continuing property records and general ledger systems. Data was validated for accuracy by extracting and comparing to multiple financial system sources: Projects System (Construction ledger), Fixed Asset System (continuing property ledger), General Ledger, and interfaces from other operating systems. Audit of this data was validated against historical data from prior periods, historical general ledger sources, and field personnel discussions. This data was reviewed extensively so that it could be put in the proper format for a depreciation study. Further discussion on data review and adjustment is found in the Salvage Consideration section of this study. Also as part of the Phase I data collection process, numerous discussions were conducted with engineers and field operations personnel to obtain information that would be helpful in formulating life and salvage recommendations in this study. One of the most important elements in performing a proper depreciation study is to understand how the Company utilizes assets and the environment of those assets. Understanding industry and geographical norms for mortality characteristics are important factors in selecting life and salvage recommendations; however, care must be used not to apply them rigorously to any particular company since no two companies would have the same exact forces of retirement acting upon their assets. Interviews with engineering and operations personnel are important ways to allow the analyst to obtain information that is helpful when evaluating the output from the life and net salvage programs in relation to the Company's actual asset utilization and environment. Information that was gleaned in these discussions is found both in the Detailed Discussion portions of the Life Analysis and Salvage Analysis sections and also in workpapers. In addition, Alliance personnel possess a significant understanding of the property and its forces of

retirement due to years of day-to-day exposure to property and operations of electric utility property.

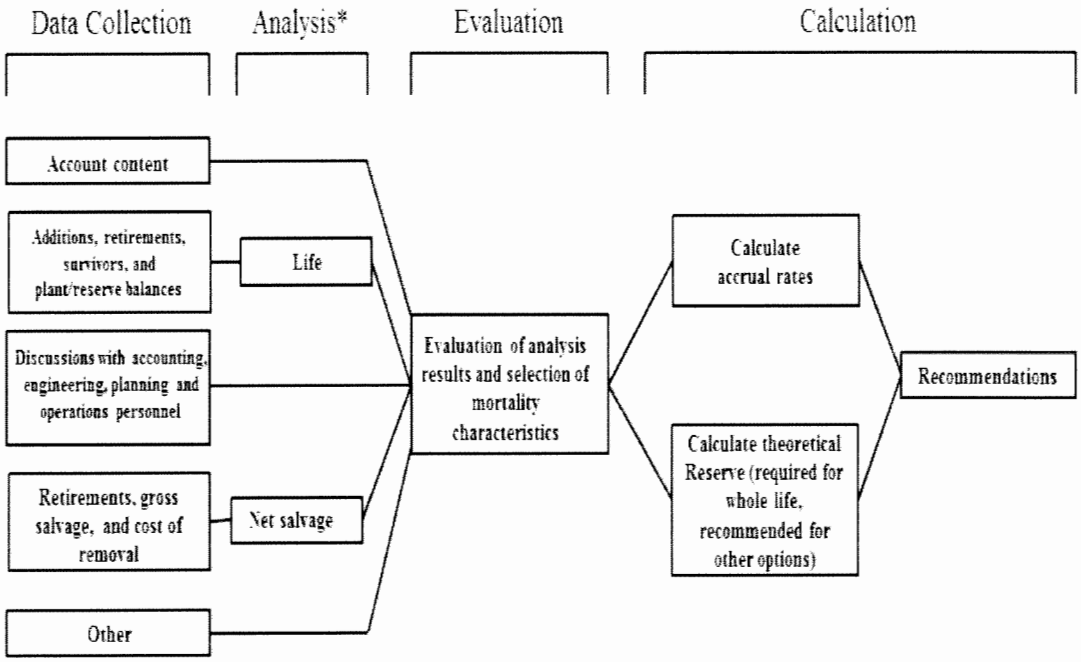
Phase 2 is where the SPR and actuarial analysis are performed. Phase 2 and Phase 3 (to be discussed in the next paragraph) overlap to a significant degree. The detailed property records information is used in Phase 2 to develop observed life tables for life analysis and SPR graphs and statistics. It is possible that the analyst would cycle back to this phase based on the evaluation process performed in Phase 3. Net salvage analysis consists of compiling historical salvage and removal data by functional group and account to determine values and trends in gross salvage and removal cost. This information was then carried forward into Phase 3 for the evaluation process.

Phase 3 is the evaluation process, which synthesizes analysis, interviews, and operational characteristics into a final selection of asset lives and net salvage parameters. The historical analysis from Phase 2 is further enhanced by the incorporation of recent or future changes in the characteristics or operations of assets that were revealed in Phase 1. The preliminary results are then reviewed by the depreciation analyst and discussed with accounting and operations personnel. Phases 2 and 3 allow the depreciation analyst to validate the asset characteristics as seen in the accounting transactions with actual Company operational experience.

Finally, Phase 4 involved the calculation of accrual rates, making recommendations and documenting the conclusions in a final report. The calculation of accrual rates is found in Appendix A. Recommendations for the various accounts are contained within the Detailed Discussion of this report. The depreciation study flow diagram shown as Figure 1[3] documents the steps used in conducting this study. Depreciation Systems on page 289 documents the same basic processes in performing a depreciation study.

[3] Introduction to Depreciation for Public Utilities and Other Industries, AGA EEI, 2013, p. 49.

Book Depreciation Study Flow Diagram



Source: Introduction to Depreciation for Public Utilities and Other Industries, AGA EEI , 2013.

*Although not specifically noted, the mathematical analysis may need some level of input from other sources (for example, to determine analysis bands for life and adjustments to data used in all analysis).

Production Depreciation Calculation Process

Annual depreciation expense amounts for the Steam Production, Nuclear Production and Other Production accounts were calculated by the straight line, remaining life procedure. In a whole life representation, the annual accrual rate is computed by the following equation,

$$\text{Annual Accrual Rate} = \frac{\text{(100\% - Net Salvage Percent)}}{\text{Average Service Life}}$$

In the case of steam, nuclear and other production facilities with a terminal life and interim retirement curve, each vintage within the group has a unique average service life and remaining life determined by computing the area under the truncated Iowa Curve coupled with the group's terminal life. For other production solar assets, no interim retirement curve is used so there is no truncated survivor curve in that instance. Use of the remaining life depreciation system adds a self-correcting mechanism, which accounts for any differences between theoretical and book depreciation reserve over the remaining life of the group. For each vintage modeled with an interim retirement curve and terminal life,

$$\text{Remaining Life (i)} = \frac{\text{Area Under Survivor Curve to the Right of Age (i)}}{\text{Survivors (i)}}$$

And

$$\text{Average Service Life} = \frac{\text{Area Under Survivor Curve}}{\text{Survivors at Age Zero}}$$

With the straight line, remaining life, average life group system using Iowa Curves, composite remaining lives were calculated by computing a direct weighted average of each remaining life by vintage within the group. Within each group (plant account / unit), the difference between the surviving investment, adjusted for estimated net salvage, and the allocated book depreciation reserve, was divided by the composite remaining life to yield the annual depreciation expense as noted in this equation.

$$\text{Annual Depreciation Expense} = \frac{\text{Original Cost} - \text{Book Reserve} - (\text{Original Cost} * \text{Net Salvage \%})}{\text{Remaining Life}}$$

where the net salvage percent represents future net salvage.

Within a group, the sum of the group annual depreciation expense amounts, as a percentage of the depreciable original cost investment summed, gives the annual depreciation rate depreciation rate as shown below:

$$\text{Annual Depreciation Rate} = \frac{\sum \text{Annual Depreciation Expense}}{\sum \text{Original Cost}}$$

These calculations are shown in Appendix A. The calculations of the theoretical depreciation reserve values and the corresponding remaining life calculations are shown in the workpapers. Book depreciation reserves are maintained on a plant account/unit level basis. Theoretical reserve computations were used to reallocate depreciation reserves by account and to compute remaining life for each group. Computations for other production assets mirror those shown above, with the exception that there is no interim survivor curve for other production assets.

Transmission, Distribution and General Calculation Process

Annual depreciation expense amounts for Transmission, Distribution, and General plant accounts were calculated by the straight line, average life group, remaining life procedure

In a whole life representation, the annual accrual rate is computed by the following equation,

$$\text{Annual Accrual Rate} = \frac{(100\% - \text{Net Salvage Percent})}{\text{Average Service Life}}$$

Use of the remaining life depreciation system adds a self-correcting mechanism, which accounts for any differences between theoretical and book depreciation reserve over the remaining life of the group. With the straight line, remaining life, average life

group system using Iowa Curves, composite remaining lives were calculated according to standard broad group expectancy techniques, noted in the formula below:

$$\text{Composite Remaining Life} = \frac{(\Sigma\text{Original Cost} - \text{Theoretical Reserve})}{\Sigma\text{Whole Life Annual Accrual}}$$

For each plant account, the difference between the surviving investment, adjusted for estimated net salvage, and the allocated book depreciation reserve, was divided by the composite remaining life to yield the annual depreciation expense as noted in this equation.

$$\text{Annual Depreciation Expense} = \frac{\text{Original Cost} - \text{Book Reserve} - (\text{Original Cost} * \text{Net Salvage \%})}{\text{Composite Remaining Life}}$$

where the net salvage percent represents future net salvage.

Within a group, the sum of the group annual depreciation expense amounts, as a percentage of the depreciable original cost investment summed, gives the annual depreciation rate as shown below:

$$\text{Annual Depreciation Rate} = \frac{\Sigma\text{Annual Depreciation Expense}}{\Sigma\text{Original Cost}}$$

These calculations are shown in Appendix A. The calculations of the theoretical depreciation reserve values and the corresponding remaining life calculations are shown in the workpapers for this study. Book depreciation reserves are maintained on a plant account level basis and theoretical reserve computation was used to compute composite remaining life for each account.

Vintage Group Amortization

The Company requests continued use of vintage group amortization for assets in account 391. In this proceeding, the Company wishes to expand that process to accounts 393-395 and 397-398. Vintage group amortization has been approved in numerous jurisdictions and is described in FERC Accounting Release 15. Under this proposal, assets in account 391, 393-395, and 397-398 will be retired when they reach

the average service life of the group. (Accounts 390, 392, and 396 are excluded from vintage group amortization. The Company has reviewed the life and net salvage parameters for all accounts in this group. In the life analysis and salvage analysis sections, any recommended changes to each account describe the depreciation parameters requested for those accounts. This will allow the Company to continue to track small dollar general plant items in a more cost efficient manner.

LIFE ANALYSIS

Steam Production, FERC Accounts 311-316

Terminal Retirement Date

The terminal retirement date refers to the year in which a generating unit will be retired from service. The retirement can be for a number of reasons such as the physical end of the generating unit but will generally be driven by economic retirement of the unit. PNM personnel provided their estimated retirement dates for each generating unit. These dates are based on the current plans and investment in the generating units. Retirement dates for generating units can be found in Appendix D. As new investment is committed to these units or decisions made that units are not economically viable, these retirement dates may change. At this time, these retirement dates are the best estimate of the current lives remaining in these generating assets.

Interim Retirement Curve

Historical data used to develop interim retirement curves represent an aggregate of many property units in a group. Some of those assets may be long lived, and others may have a short life. The average of those is represented by an interim retirement curve for the group. A group can be a plant account or a functional group. The interim retirement curve is "truncated" (i.e. cut off) at the age the unit will retire. In other words, if one finds through the analysis that 10 percent of the property in an account will be retired and replaced prior to the end of the life of the unit, the interim retirement curve will model those retirements across the rest of the life of the unit. If a pump is only going to last 10 years but the unit is projected to last 20 years, the shorter life of the pump should affect the depreciation expense charged over the next 10 years. When analyzing a large pool of assets like power plant accounts, these shorter lived items can be accurately modeled together statistically. Thus, given that interim retirements will occur, this statistical analysis enables one to measure the interim retirement curves applicable to property groups.

Some examples of "long lived" property that are projected to last until the retirement of a unit are: Roads, Bridges, Railroad track, Intake/Discharge Structures, Structural Steel (and misc. steel), Cooling towers, Buildings, Cranes, Dams, Ponds, Basins, Canals, Foundations, Stacking and Reclaiming equipment, Surge Silos,

Crushers, Transfer Towers, Fly Ash and Bottom Ash Systems, Precipitators, Bag Houses, Stack, Turbine (except blades) and Piping, Generator Cooling System, Vacuum Systems, Generator and Main Leads, Station Transformers, Conduits and Ducts, Station Grounding System, Start-up Diesel Generators, and Stores Equipment.

Some examples of "shorter lived" property that are projected to retire prior to the retirement of the unit are: fences, signs, sprinkler systems, security systems, Intake screens, roofs, cooling fan units, air compressors, fuel oil heaters, heating, ventilation and air conditioners, piping, motors, pumps, conveyors, pulverizers, air preheaters, economizers, control equipment, feedwater heaters, boiler feedwater pumps, forced draft (FD) and induced draft (ID) fans, scrubbers, continuous emissions monitoring systems (CEM), turbine blades and buckets, turbine plant instruments, condensers, control equipment, station service switchgear, and universal power supply (UPS) batteries.

PNM has only a full history of unaged data available for analysis in this category. However, actuarial analysis with an experience band of 2003 to 2012 was performed. For each generating unit within the group, annual additions, retirements, transfers, and balances were available from as far back as 1948 to the study year depending on the account. The goal of the life analysis was to model retirement activity for non-terminal events. Assets from FERC Accounts 311-316 were analyzed for SPR analysis. Although some Conformance Indices ("CI") were excellent, curves with Retirement Experience Indices ("REI") in the excellent range had lives that were not reasonable for use as interim retirement curves for power plant property. For example, curves with excellent REIs had lives in the range of 35-45 years for many of the bands. Curves that were in the more normal range for interim retirement curves had REIs only in the fair range. A further discussion of the selection of interim retirement curves for the steam generating accounts 311-316 follows in the Detailed Discussion section.

Production Plant

Production Accounts, FERC Accounts 311-316

Currently, authorized depreciation rates for accounts 311-316 recognize that assets will retire prior to the end of the life of the generating units.

Historical data for all units was combined by account in accounts 311-316 to analyze historic activity and develop proposed interim retirement curves. This combined experience across various generating units was used as a representation of PNM's retirement history for fossil production to model future retirement activity. Proposed interim retirement lives and dispersion curves to reflect the recognition that some assets at each plant will retire prior to the end of the life of the unit were analyzed at an account level for all generating assets within each account.

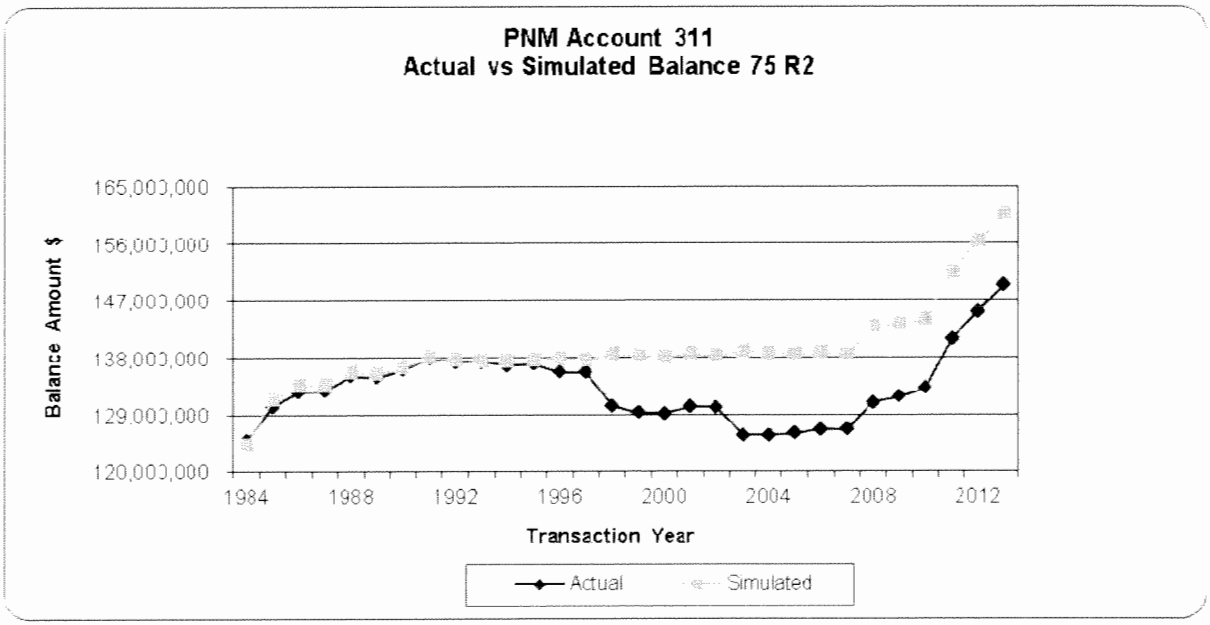
Steam Production

FERC Account 310.1 Land Rights (100 SQ)

This account consists of land rights and easements associated with each power plant. Retirement dates for each unit are found in Appendix D. The current balance in this account is $26 thousand. The existing functional interim retirement curve is 75 R2, and this study recommends a change to a 100 SQ, since land rights seldom retire before the plant retirement date.

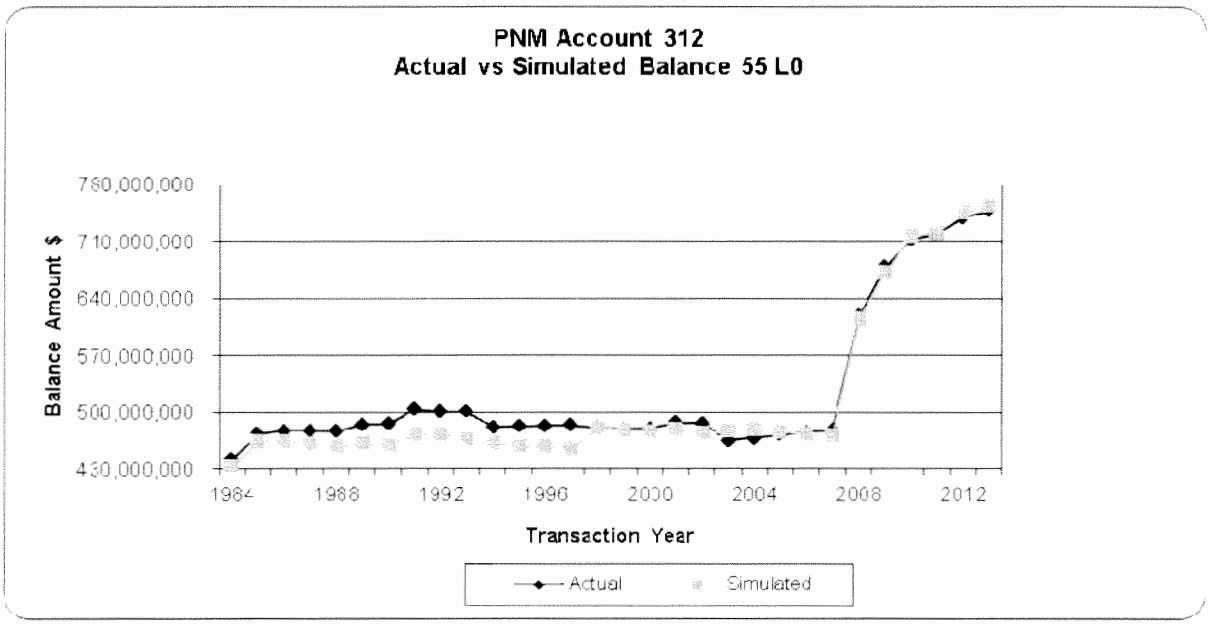
FERC Account 311.0 Structures and Improvements (75 R2)

This account consists of buildings, structures, fences, lighting systems, and other related assets at each power plant. Retirement dates for each unit are found in Appendix D. The current balance in this account is $149.4 million. The existing functional interim retirement pattern is 75 R2. Both SPR and actuarial analysis were performed. After reviewing visual matches of various curves and considering the types of assets in this account, this study recommends retention of the 75 R2 dispersion curve for interim retirements. A plot of the actual versus simulated balances for the 75 R2 is shown below.



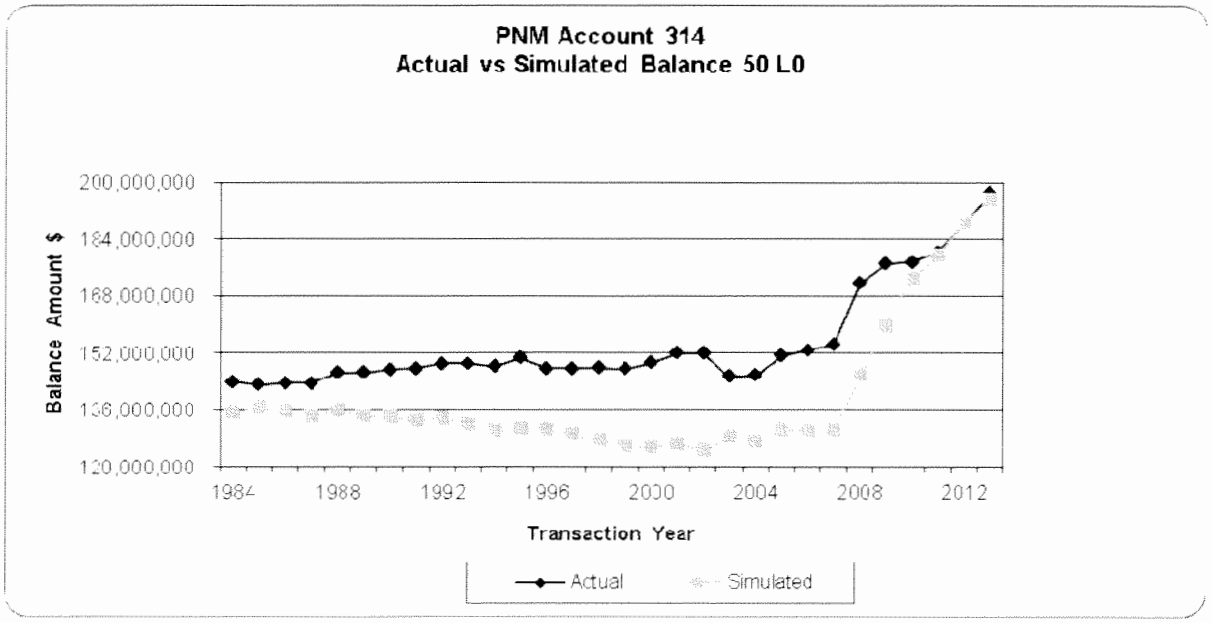
FERC Account 312.0 Boiler Plant Equipment (55 L0)

This account consists of boiler plant equipment, bag houses, preheaters and other related equipment. Retirement dates for each unit are found in Appendix D. The current balance in this account is $747.7 million. The existing functional interim retirement pattern is 75 R2. Both SPR and actuarial analysis were performed. After reviewing visual matches of various curves, plots and considering the types of assets in this account, this study recommends a 55 L0 dispersion curve for interim retirements. A plot of the actual versus simulated balances for the 55 L0 is shown below.



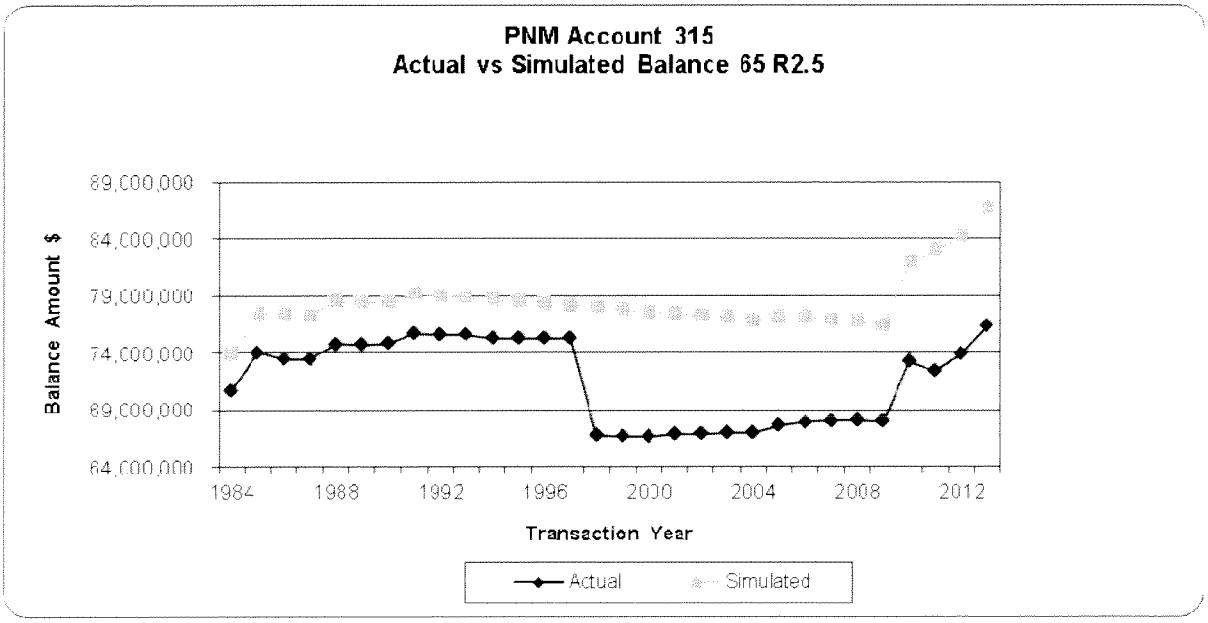
FERC Account 314.0 Turbogenerator Equipment (50 L0)

This account consists of turbogenerator equipment, stationary blades, turbine control systems, and other related assets at each power plant. Retirement dates for each unit are found in Appendix D. The current balance in this account is $197.1 million. The existing functional interim retirement pattern is 75 R2. Both SPR and actuarial analysis were performed but yielded a significant reduction in the life parameter in the best fits. Since the life reflected in the analysis is shorter than would be expected for this account, the life was limited. Based on the existing parameter, the indications in both life analysis, and judgment, this study recommends decreasing the life but limiting it to 50 years and the L0 dispersion curve for interim retirements. A graph of the actual versus simulated balances for the 50 L0 is shown below.



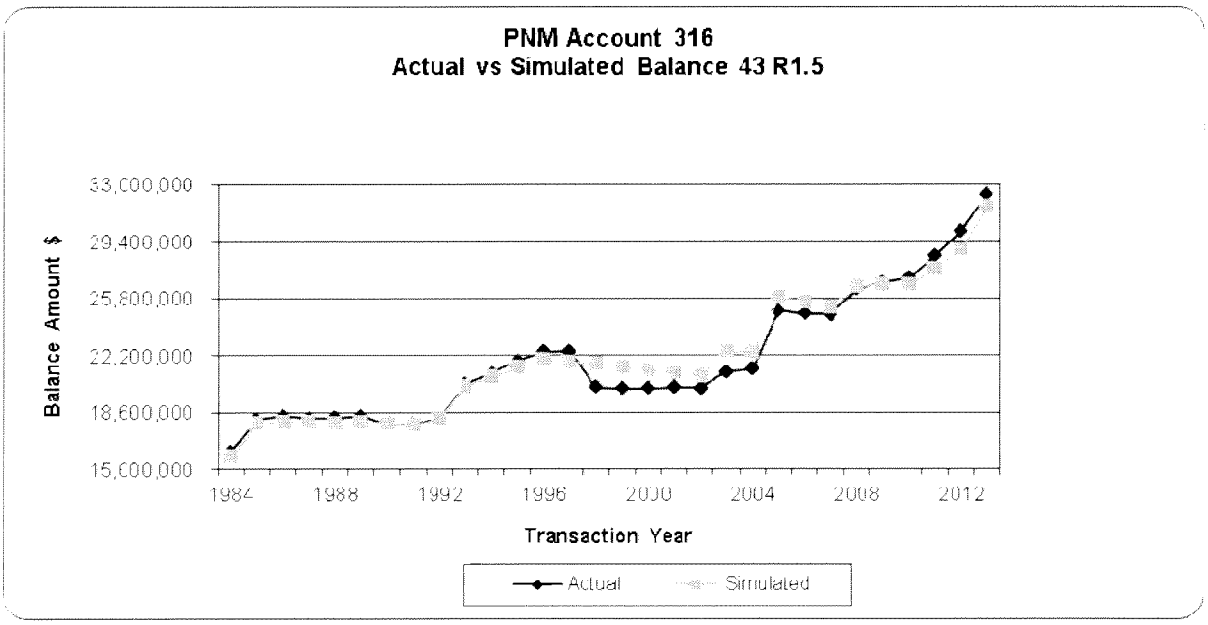
FERC Account 315.0 Accessory Electric Equipment (65 R2.5)

This account consists of power transformer, regulators and related assets at each power plant. Retirement dates for each unit are found in Appendix D. The current balance in this account is $76.3 million. The existing functional interim retirement pattern is 75 R2. The majority of the life indications are between 40 and 50 years. The R2.5 dispersion pattern has a poor CI but one of the highest (excellent) REIs across the bands, which is around 98. The other high REIs have steeper dispersion patterns and life indications in the 30 year range. After reviewing plots of actual versus simulated balances and reviewing visual matches from the actuarial analysis, as well as considering the characteristics of the assets in this account, this study recommends decreasing only slightly to a 65 R2.5 dispersion curve. A graph of the actual versus simulated balances is shown below.



FERC Accounts 316.0 Miscellaneous Power Plant Equipment (43 R1.5)

This account consists of tanks, pumps, work equipment, and other related assets at each power plant. Retirement dates for each unit are found in Appendix D. The current balance in this account is $32.4 million. The existing functional interim retirement pattern is 75 R2. After reviewing plots of actual versus simulated balances and examining the types of assets in the account, this study recommends a 43 R1.5 dispersion curve. A graph of the actual versus simulated balances is shown below.



Nuclear Production Accounts, FERC Accounts 320.1-325

The company has one Nuclear Production generating site, Palo Verde Nuclear Site (PVNGS), which it has an ownership interest of 10.2 percent. Currently, authorized depreciation rates for accounts 320.1-325 recognize that assets will retire prior to the end of the life of the generating units.

Terminal Retirement Date

The terminal retirement date refers to the year in which a generating unit will be retired from service. The retirement can be for a number of reasons such as the physical end of the generating unit, but will generally be driven by economic retirement of the unit. Specifically for nuclear power plants, the terminal retirement date is driven by a license. The original license life is 40 years, a 20 year license renewal period, for a total of 60 years is now typically seen in the industry. Palo Verde nuclear units have retirement dates of 2044, 2045, and 2047, for Units 1-3 respectively, which represents a 60 year total license life. Retirement dates for generating units can be found in Appendix D. As new investment is committed to these units or decisions made that units are not economically viable, these retirement dates may change. At this time, these retirement dates are the best Company estimate of the current lives remaining in these generating assets.

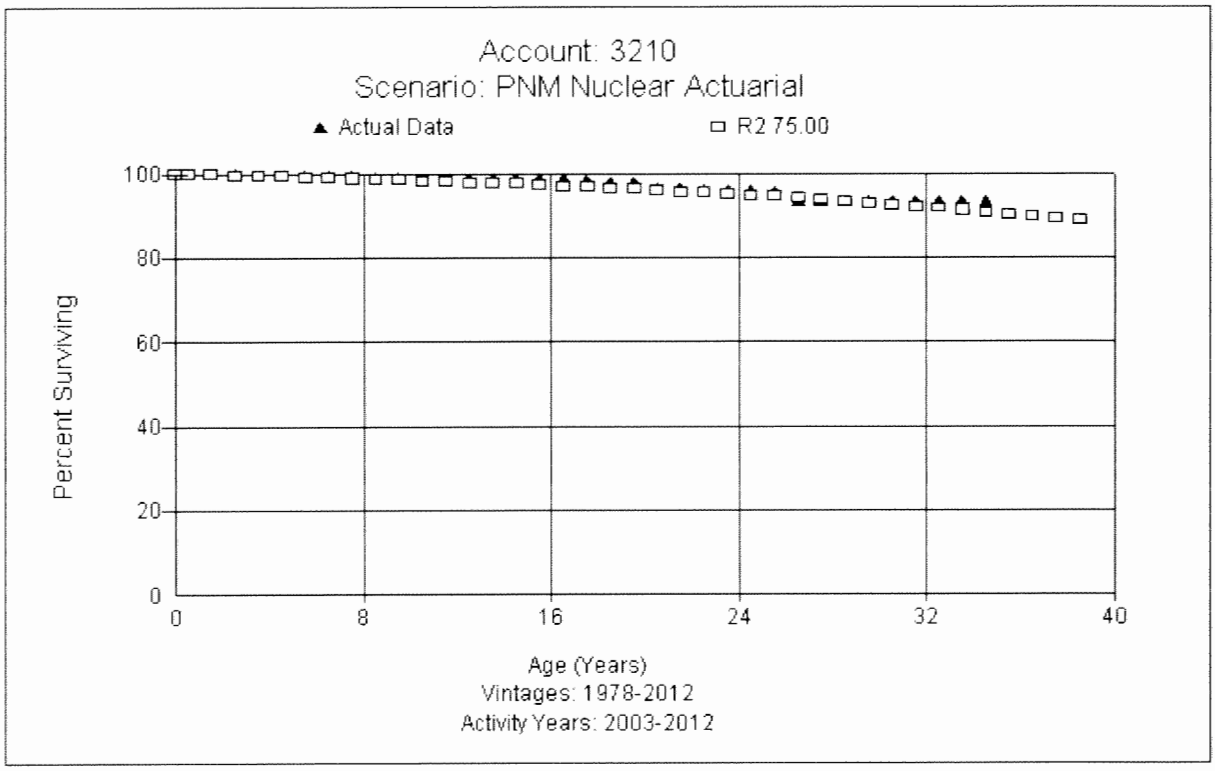
Historical data by account in accounts 320.1-325 were analyzed to develop proposed interim retirement curves. This experience was used as a representation of PNM's retirement history for nuclear production to model future retirement activity. Proposed interim retirement lives and dispersion curves to reflect the recognition that some assets at each plant will retire prior to the end of the life of the unit were analyzed at an account level for all generating assets within each account. Certain significant retirements which occurred were eliminated from accounts 321-323 when certain large components were retired. The retirement of large components is unlikely to recur in the future over the plant's remaining life. so those events were excluded as an extraordinary event. To model future activity, those amounts were eliminated from both life and net salvage analysis.

FERC Account 320.10 Land Rights (100 SQ)

This account consists of land rights and easements associated with the Nuclear Plant site. Retirement dates for each unit are found in Appendix D. The current balance in this account is approximately $45 thousand. The existing functional interim retirement curve is 75 R2, and this study recommends a change to a 100 SQ, since land rights seldom retire before the plant retirement date.

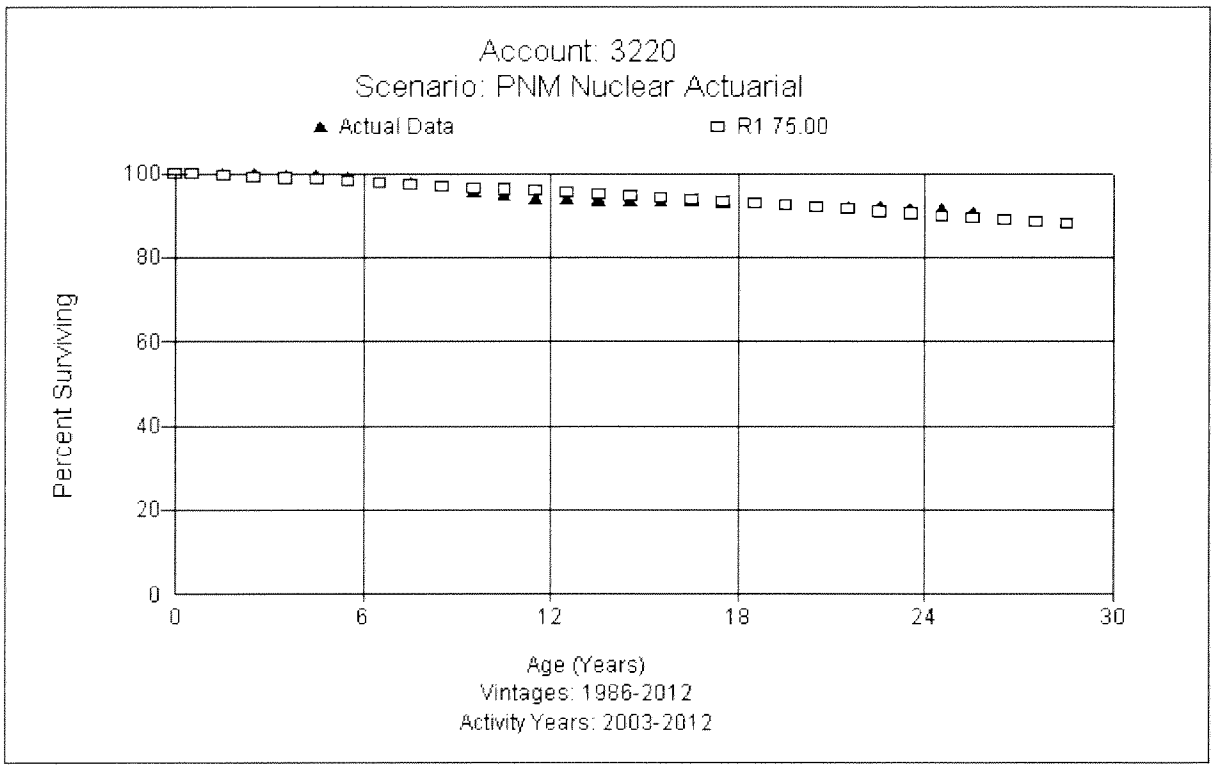
FERC Account 321.0 Structures and Improvements (75 R2)

This account consists of buildings, structures, fences, lighting systems, and other related assets at each power plant. Retirement dates for each unit are found in Appendix D. The current balance in this account is 137.4 million. The existing functional interim retirement curve is 75 R2. The study period is very short since nuclear assets have been in service since 1986, so actuarial analysis was used to develop interim retirement curves in this function. After reviewing various curves against adjusted data and considering the types of assets in this account, a 75 R2 was retained for this account. A graph of the observed data versus the recommended interim retirement curve is shown below.



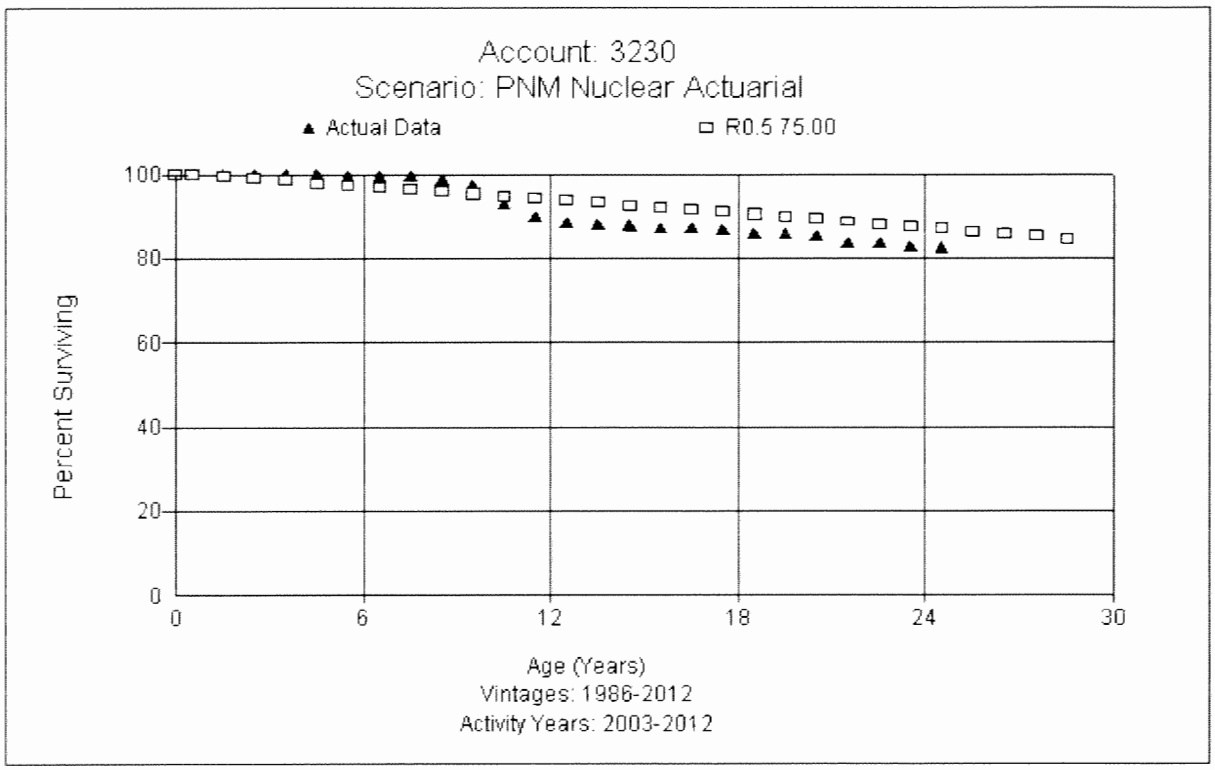
FERC Account 322.0 Reactor Plant Equipment (75 R1)

This account consists of reactors, reactor fuel handling, storage, equipment, boiler plant equipment, and other related equipment. Retirement dates for each unit are found in Appendix D. The current balance in this account is $206.9 million. The existing functional interim curve is 75 R2. The study period is very short since nuclear assets have been in service since 1986, so actuarial analysis was used to develop interim retirement curves in this function. After reviewing various curves against adjusted data and considering the types of assets in this account, a 75 R1 was selected for this account. A graph of the observed data versus the recommended interim retirement curve is shown below.



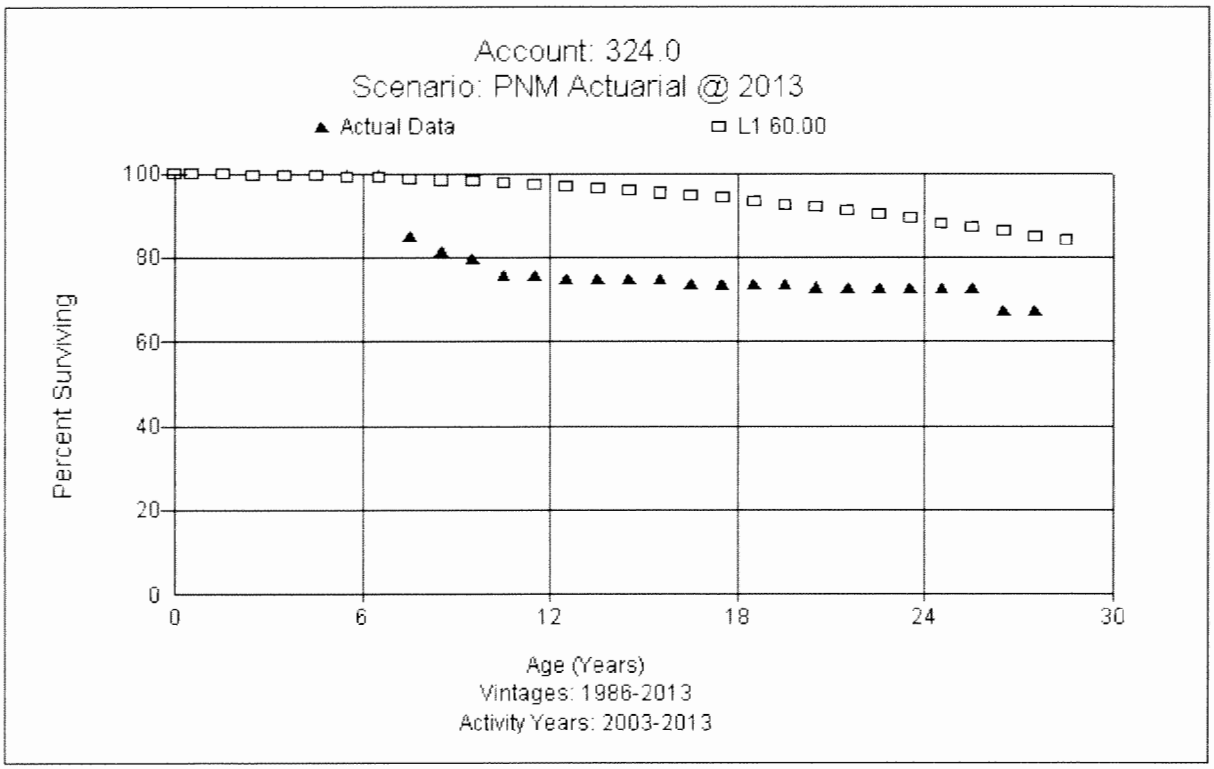
FERC Account 323.0 Turbogenerator Equipment (75 R0.5)

This account consists of turbogenerator equipment, stationary blades, turbine control systems, and other related assets at each power plant. Retirement dates for each unit are found in Appendix D. The current balance in this account is $74.7 million. The existing functional interim retirement curve is 75 R2. The study period is very short since nuclear assets have been in service since 1986, so actuarial analysis was used to develop interim retirement curves in this function. After reviewing various curves against adjusted data and considering the types of assets in this account, a 75 R0.5 was selected for this account. A graph of the observed data versus the recommended interim retirement curve is shown below.



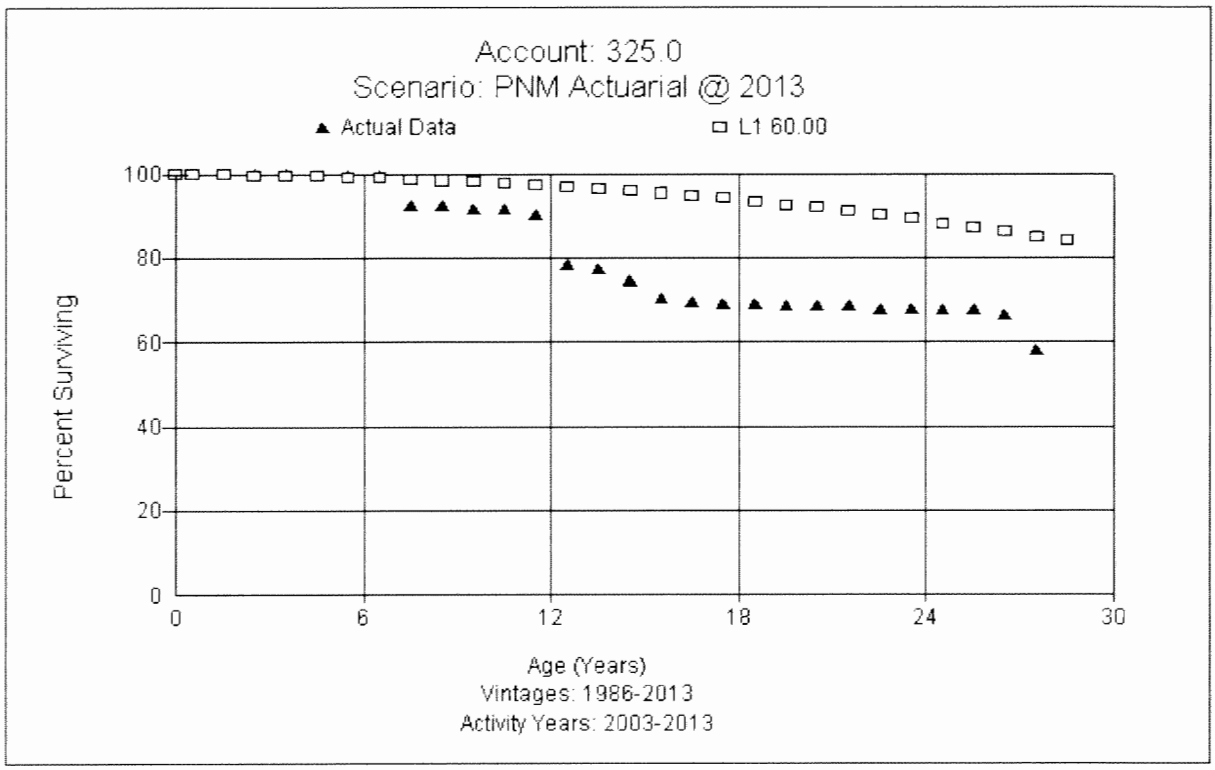
FERC Account 324.0 Accessory Electric Equipment (60 L1)

This account consists of power transformer, regulators and related assets at each power plant. Retirement dates for each unit are found in Appendix D. The current balance in this account is $39.1 million. The existing functional interim retirement curve is 75 R2. The study period is very short since nuclear assets have been in service since 1986, so actuarial analysis was used to develop interim retirement curves in this function. A large retirement around age 6 makes it difficult to fit an interim retirement curve for this account. After using judgment and considering the types of assets in this account, a 60 L1 was selected for this account. A graph of the observed data versus the recommended interim retirement curve is shown below.



FERC Accounts 325.0 Miscellaneous Power Plant Equipment (60 L1)

This account consists of tanks, pumps, work equipment, and other related assets at each power plant. Retirement dates for each unit are found in Appendix D. The current balance in this account is $34.9 million. The existing functional interim retirement curve is 75 R2. The study period is very short since nuclear assets have been in service since 1986, so actuarial analysis was used to develop interim retirement curves in this function. A large retirement around age 12 makes it difficult to fit an interim retirement curve for this account. After using judgment and considering the types of assets in this account, a 60 L1 was selected for this account. A graph of the observed data versus the recommended interim retirement curve is shown below.



Other Production, FERC Accounts 340-346

Terminal Retirement Date

The terminal retirement date refers to the year in which a generating unit will be retired from service. The retirement can be for a number of reasons such as the physical end of the generating unit, but will generally be driven by economic retirement of the unit. PNM personnel provided their estimated retirement dates for each generating unit. These dates are based on the current plans and investment in the generating units. Retirement dates for generating units can be found in Appendix D. As new investment is committed to these units or decisions made that units are not economically viable, these retirement dates may change. At this time, these retirement dates are the best Company estimate of the current lives remaining in these generating assets.

Interim Retirement Curve

The same life analysis process used for Steam and Nuclear was used to for Other Production, FERC Accounts 340-346

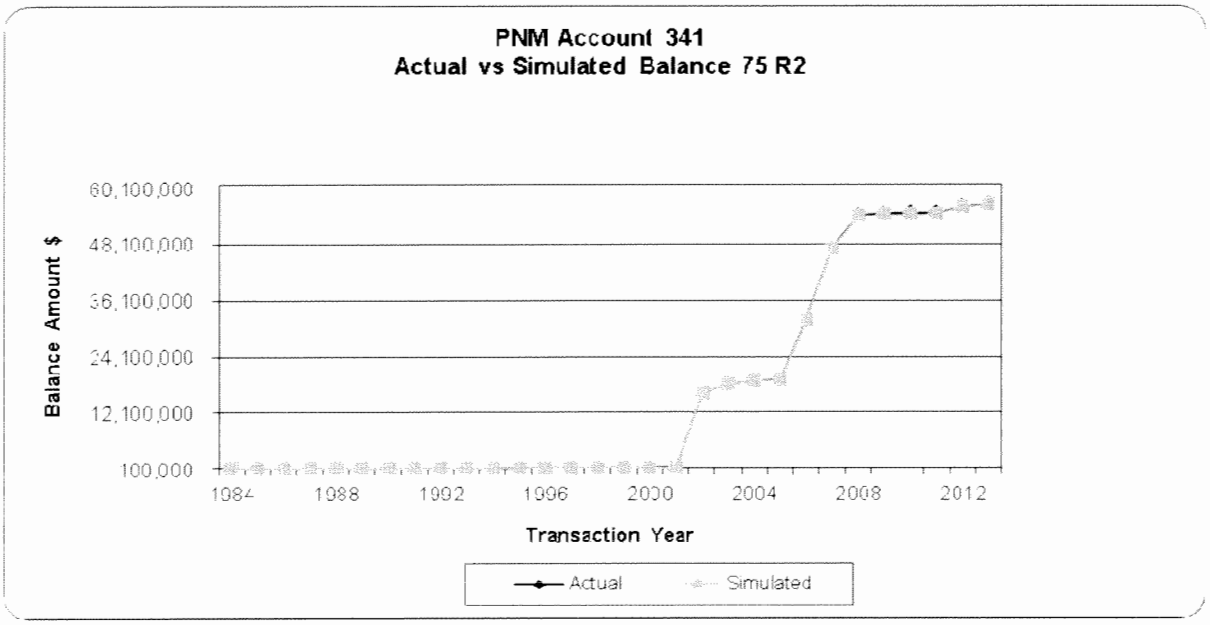
Other Production Accounts, FERC Accounts 340.1-346

FERC Account 340.1 Other Production Depreciable Land Rights (100 SQ)

This account consists of land rights related to each power plant. Retirement dates for each unit are found in Appendix D. The current balance in this account is approximately $2.0 million. The existing functional interim retirement curve is 75 R2, and this study recommends a change to a 100 SQ, since land rights seldom retire before the plant retirement date.

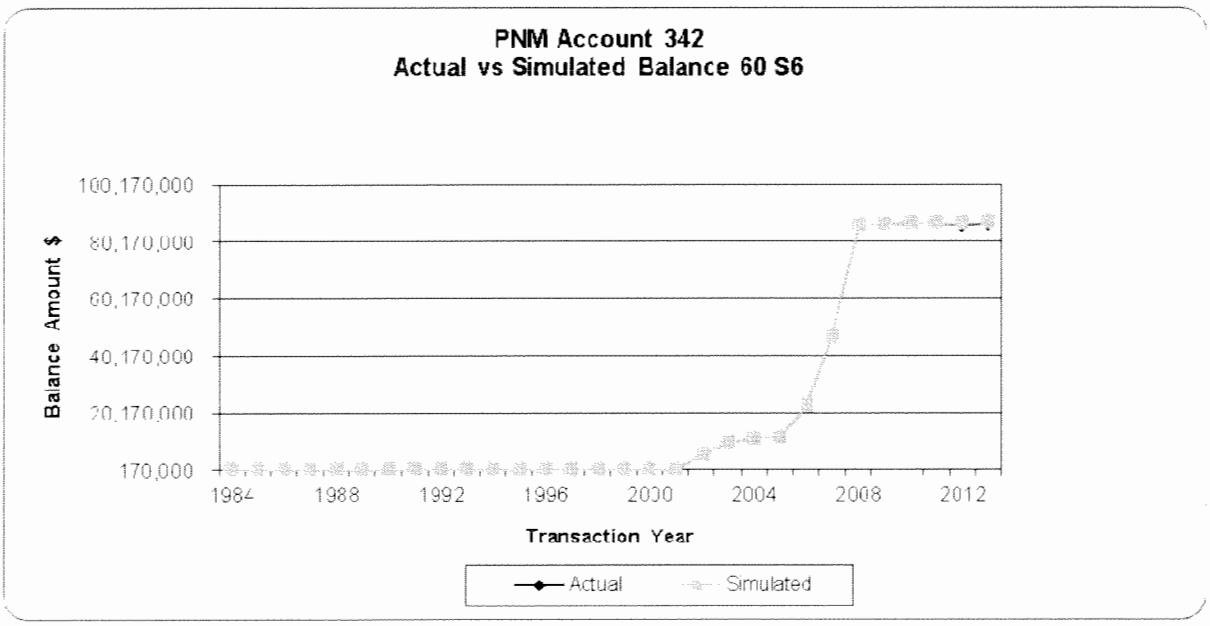
FERC Account 341 Other Production Structures & Improvements (75 R2)

This account consists of buildings, structures, fences, lighting systems, and other related assets at each power plant. Retirement dates for each unit are found in Appendix D. The current balance in this account is $56.7 million. The prior depreciation study assumed a 75 R2 interim dispersion curve for the function. Not enough retirement data to get meaningful analysis from either actuarial or SPR. SPR yielded excellent CIs and REIs but life was significantly less than existing and what would be expected for the assets. This study recommends retaining the existing 75 R2. A plot of the actual versus simulated balances for the 75 R2 is shown below.



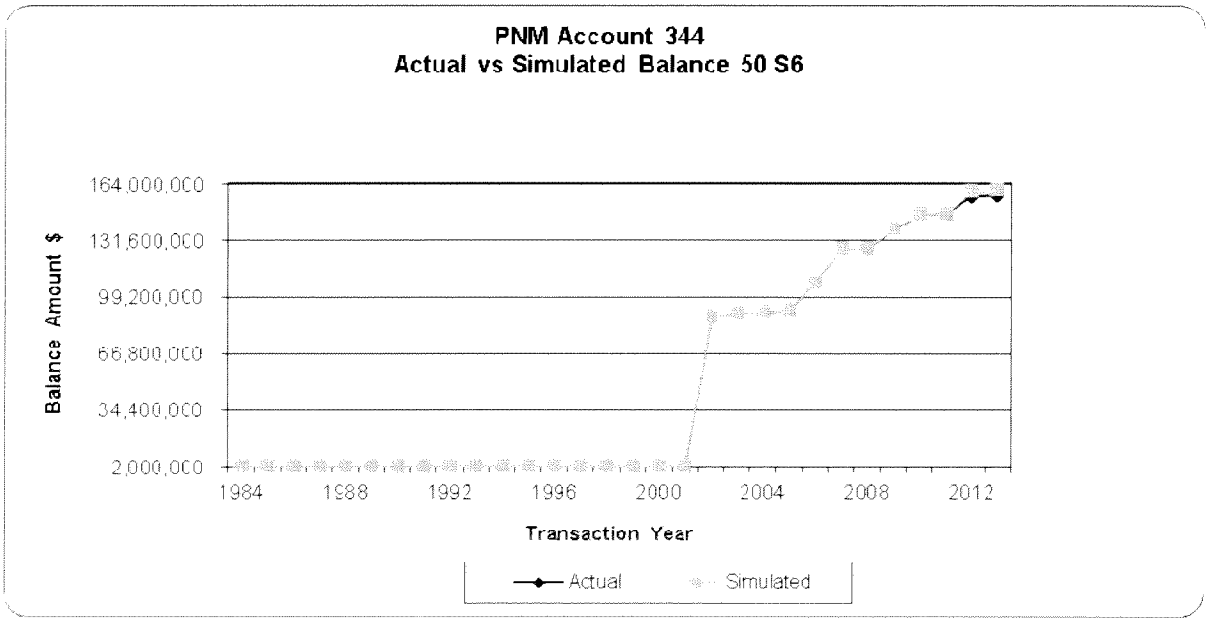
FERC Account 342 Other Production Fuel Holders, Producers. & Accessories (60 S6)

This account consists of pumps, storage tanks, natural gas / fuel oil piping and other related assets at each power plant. Retirement dates for each unit are found in Appendix D. The current balance in this account is $86.4 million. The prior depreciation study assumed a 75 R2 functional dispersion curve. Both actuarial and SPR analysis were run. SPR analysis was relied upon. However, both analyses indicate a much shorter life. The top ranked curve was 43.6 S1 which had good CIs and excellent REIs. The approximate 44 year life indication is a significant change from the existing 75 years. Giving consideration to the analysis and the assets, this study recommends moving to a shorter life but longer than the top ranked S1 of 43.6 years. This study recommends the 60 S6. A graph of the actual versus the simulated balances for the 60 S6 is shown below.



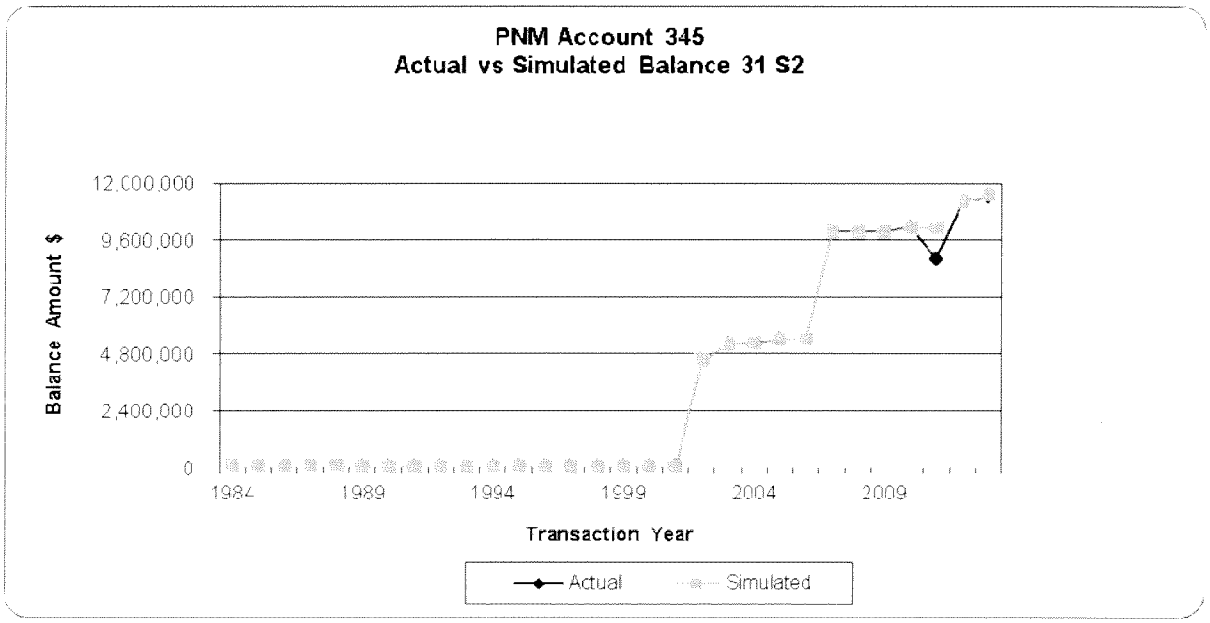
FERC Account 344 Other Production Generators (50 S6)

This account consists of generators and other related assets at each power plant. Retirement dates for each unit are found in Appendix D. The current balance in this account is $157.4 million. The prior depreciation study assumed a 75 R2 functional dispersion curve. Both actuarial and SPR analysis were run. SPR analysis was relied upon. Top ranked curve was the 38 S6 which had both excellent CI and REIs. The 38 year life indication is a significant change from the existing 75 years and the short life to model interim retirements is not very representative of the assets in the account. Giving consideration to the analysis and the assets, this study recommends moving to a shorter life but longer than the top ranked 38 S6. This study recommends the 50 S6. A graph of the actual versus the simulated balances for the 50 S6 is shown below.



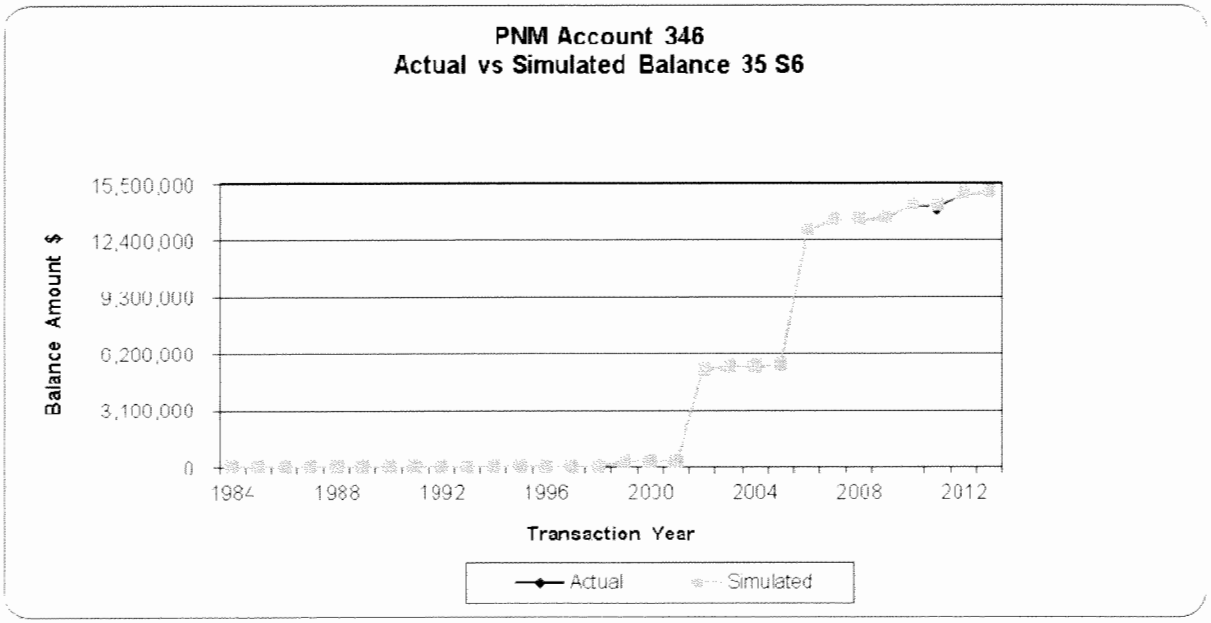
FERC Account 345 Other Production Accessory Electric Equipment (31 S2)

This account consists of power transformers, conduit, and other related assets at each power plant. Retirement dates for each unit are found in Appendix D. The current balance in this account is $11.4 million. The prior depreciation study assumed a 75 R2 functional dispersion curve. Both actuarial and SPR analysis were run. SPR analysis was relied upon. One of the top three ranked curve was the 31.1 S2 which has both excellent CIs and REIs. The indications are a significant change from the existing 75 years. Giving consideration to the analysis and the assets, this study recommends moving to the indications. This study recommends the 31 S2. A graph of the actual versus the simulated balances for the 31 S2 is shown below.



FERC Account 346 Other Production Miscellaneous Power Plant Equipment (35 S6)

This account consists of work equipment, test equipment, pumps, fire protection systems, and other related assets at each power plant. Retirement dates for each unit are found in Appendix D. The current balance in this account is $15 million. The prior depreciation study assumed a 75 R2 functional dispersion curve. Both actuarial and SPR analysis were run. SPR analysis was relied upon. Top ranked curves had excellent CIs but valueless or poor REIs. The first ranked curve with both excellent CI and REI is the 35 S6. The 35 year life indication is a significant change from the existing 75 years. Giving consideration to the analysis and the assets, this study recommends moving to the indications. This study recommends the 35 S6. A graph of the actual versus the simulated balances for the 35 S6 is shown below.



Other Production - Solar, FERC Accounts 344-346

Terminal Retirement Date

The terminal retirement date refers to the year in which a generating unit will be retired from service. The retirement can be for a number of reasons such as the physical end of the generating unit, but will generally be driven by economic retirement of the unit. PNM personnel provided their estimated retirement date/life for the solar facilities. These dates are based on the current plans and investment. Retirement dates for generating units can be found in Appendix D. As new investment is committed to these units or decisions made that units are not economically viable, these retirement dates may change. At this time, these retirement dates are the best Company estimate of the current lives remaining in these generating assets.

Interim Retirement Curve

For Solar, those assets have only been in service since 2011 and there no retirement data experience. Based on judgment, no interim retirement curve is assets for solar generating units.

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2011 Vintage Solar

FERC Account 344 Other Production Solar Generators (25 SQ)

This account consists of generators and other related assets for solar facilities. The estimated life for solar assets is 25 years and is also shown in Appendix C-1. The current balance in this account is $78.2 million. These were not included in a prior depreciation study, but have been using a separate rider. The approved life is 25 SQ and is retained in this study. Due to the use of the SQ dispersion pattern, no graph is provided.

FERC Account 345 Other Production Solar Accessory Electric Equipment (25 SQ)

This account consists of power transformers, conduit, and other related assets for solar facilities. The estimated life for solar assets is 25 years and is also shown in Appendix C-1. The current balance in this account is $7.4 million. These were not included in a prior depreciation study, but have been using a separate rider. The approved life is 25 SQ and is retained in this study. Due to the use of the SQ dispersion

pattern, no graph is provided

Account 346 Other Production Solar Miscellaneous Power Plant Equipment (25 SQ)

This account consists of work equipment, test equipment, pumps, fire protection systems, and other related assets for solar facilities. The estimated life for solar assets is 25 years and is also shown in Appendix C-1. The current balance in this account is $894 thousand. These were not included in a prior depreciation study, but have been using a separate rider. The approved life is 25 SQ. this is retained in this study. . Due to the use of the SQ dispersion pattern, no graph is provided

2013 Vintage Solar

FERC Account 344 Other Production Solar Generators (30 SQ)

This account consists of generators and other related assets for solar facilities. The estimated life for solar assets is 30 years and is also shown in Appendix C-1. The current balance in this account is $43.5 million. These were not included in a prior depreciation study, but have been using a separate rider. The approved life is 30 SQ and is retained in this study. Due to the use of the SQ dispersion pattern, no graph is provided.

FERC Account 345 Other Production Solar Accessory Electric Equipment (30 SQ)

This account consists of power transformers, conduit, and other related assets for solar facilities. The estimated life for solar assets is 30 years and is also shown in Appendix C-1. The current balance in this account is $3.0 million. These were not included in a prior depreciation study, but have been using a separate rider. The approved life is 30 SQ and is retained in this study. Due to the use of the SQ dispersion pattern, no graph is provided

FERC Account 346 Other Production Solar Miscellaneous Power Plant Equipment (30 SQ)

This account consists of work equipment, test equipment, pumps, fire protection systems, and other related assets for solar facilities. The estimated life for solar assets is 30 years and is also shown in Appendix C-1. The current balance in this account is $130 thousand. These were not included in a prior depreciation study, but have been using a separate rider. The approved life is 30 SQ. This study recommends retaining the existing 30 SQ dispersion curve. Due to the use of the SQ dispersion pattern, no graph is provided

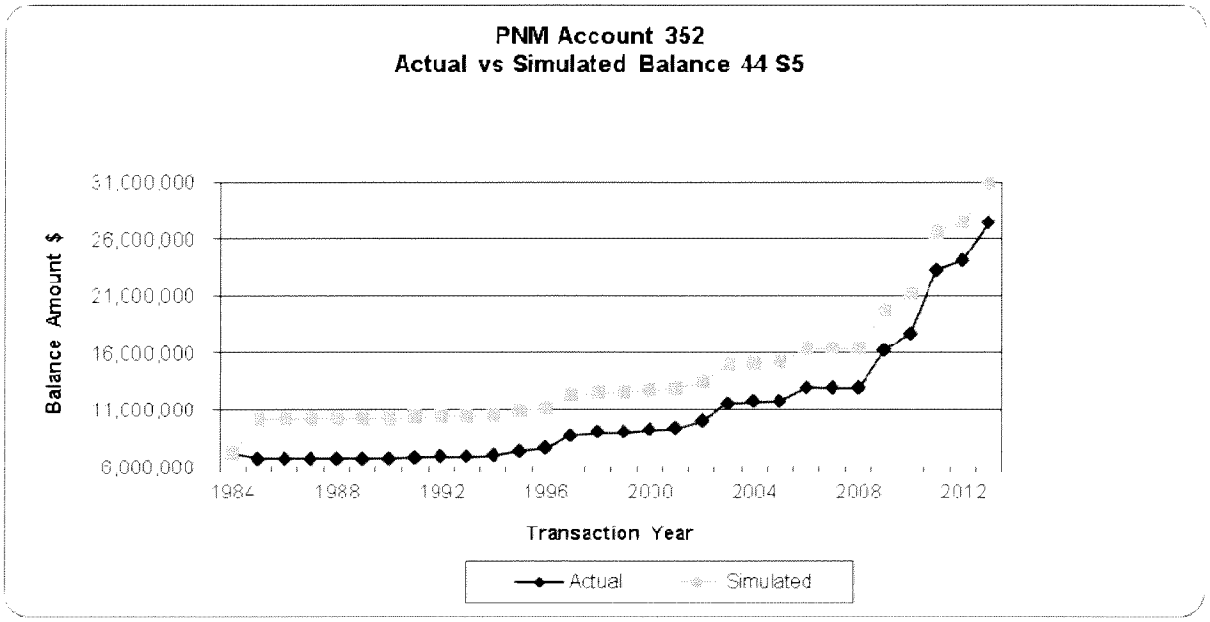
Transmission Accounts, FERC Accounts 350-358

FERC Account 350.1 Transmission Depreciable Land Rights (75 R2)

This account consists of land rights and easements associated with Transmission lines or Transmission substations. The combined account balance for this account is $40.7 million. The existing life is 75 R2. There is minimal retirement activity in this account, which did not produce sufficient data for analysis. This study recommends retention of the 75 R2 for this account.

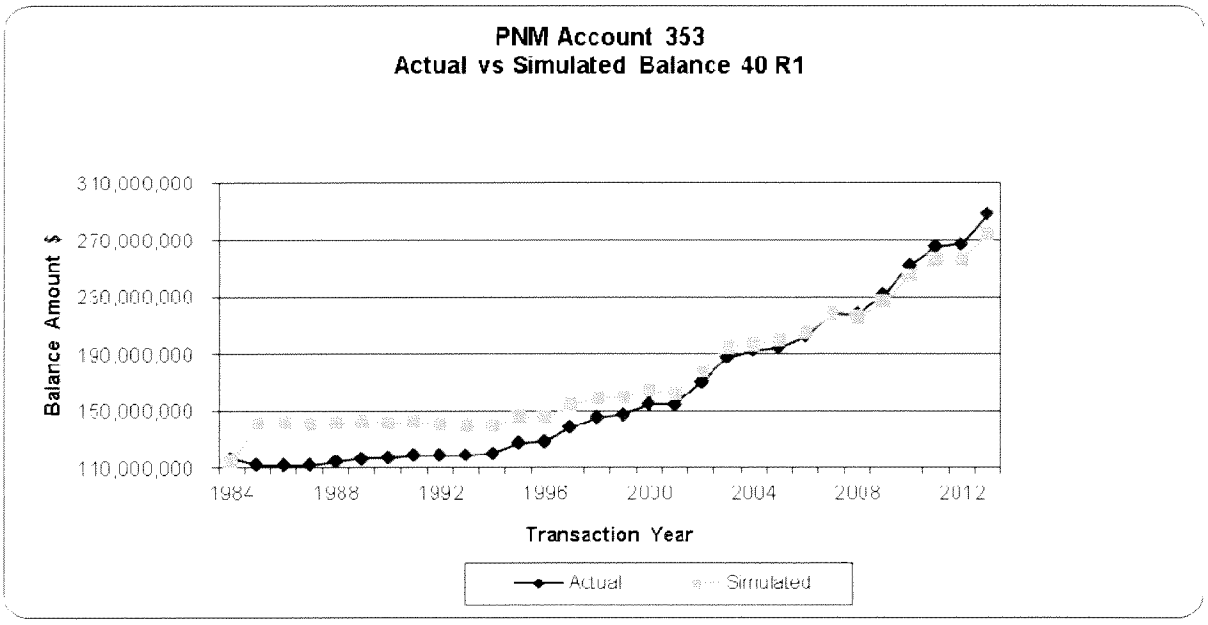
FERC Account 352 Transmission Substation Structures and Improvements (44 S5)

This account includes buildings, fencing and other structures found in a transmission substation. The account balance for this account is $27.5 million. The approved life and curve is a 44 S5. SPR analysis indicates a shorter life. Asset mix indicates there is a significant investment in what is expected to be shorter lived assets. However, there is not enough experience to shorten the life by 10 or more years at this time. Based on analysis indications, type of assets and mix, and judgment this study recommends retention of the existing 44 S5 at this time. A plot of the actual versus simulated balances is shown below for the 44 S5.



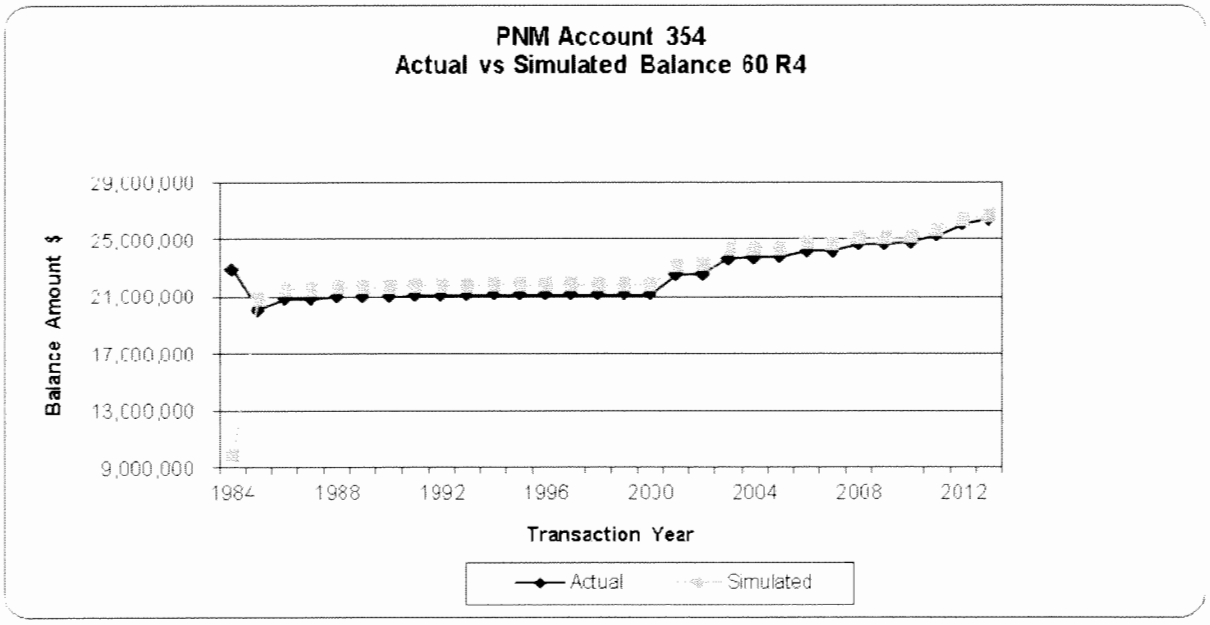
FERC Account 353 Transmission Substation Equipment (40 R1)

This account contains a wide variety of transmission substation equipment, from circuit breakers to switchgear. The account balance for this account is $288 million. The approved parameter for the North is a 42 R3 and a 35 S6 for the South. Discussions with Company personnel indicated transmission is regulated by capacitor banks with an expected life of 40 years. Transmission uses more SF6 vacuum breakers than OCB and is expected to last around 30 years. Currently, PNM is in the middle of a capital replacement program, which is expected to last for the next 3 years. Relays are to be replaced and will be microprocessor based. Analysis indicates a slight decrease in life and may be due to capital replacement. Depending on the magnitude of other capital assets being replaced with solid state and microprocessor based assets the life could decline further. Based on discussions with Company personnel, the analysis, current and on-going capital replacement programs, the study recommends moving to a 40 R1. A plot of the actual versus simulated balances is shown below for the 40 R1.



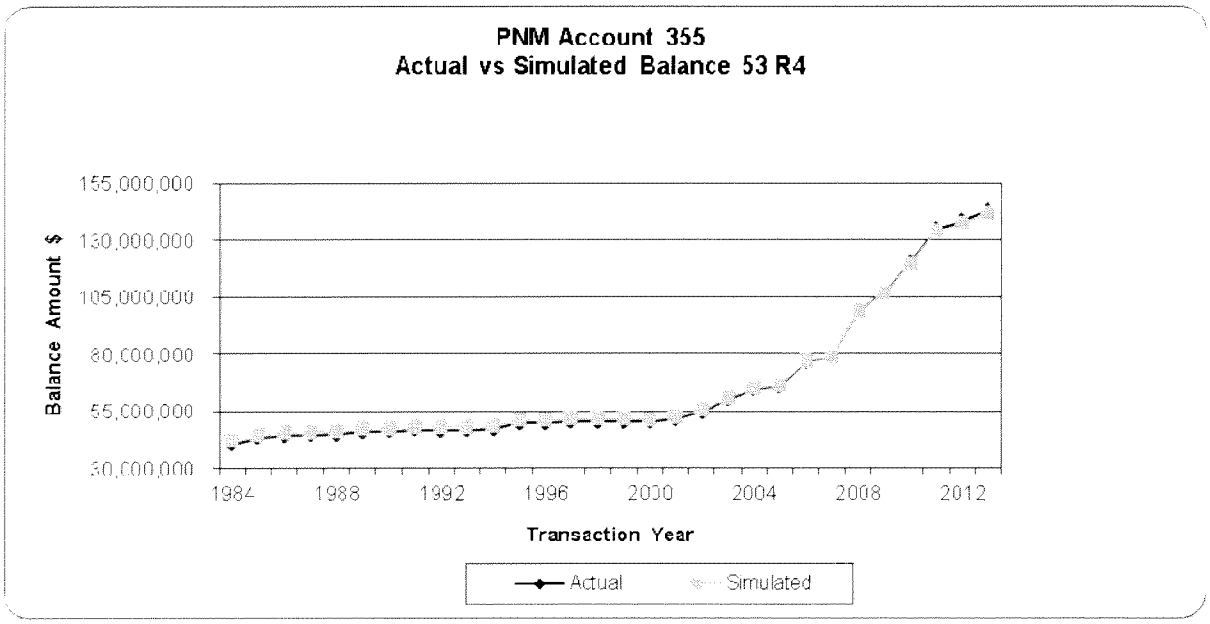
FERC Account 354 Transmission Towers and Fixtures (60 R4)

This account consists of Transmission towers, which are used to transmit electricity at a voltage of 69 kV and above. The account balance for this account is $26.4 million. The existing life is 45 R3. Company personnel indicated there are very small amounts of 69kv, most are 115, 230 and 345kv. 90% are poles, with a small subset (5-10%) of the poles that are steel, with the remaining 10% that are towers. Majority of towers were built in 1984 and are galvanized steel construction. Company expects at least a 50 year life or more. Although unusual, corrosion, vibration and foundation problems are all causes of retirement. High ranking curves have unacceptable Retirement Experience Indices (REIs) and the lives are outside of a reasonable range for this account. Fair CI and excellent REI yield a lower life than is reasonable to expect for the assets. Based on the analysis, discussions with Company personnel, asset mix, and judgment, this study recommends moving to the 60 R4. A plot of the actual versus the simulated balances for the 60 R4 is shown below.



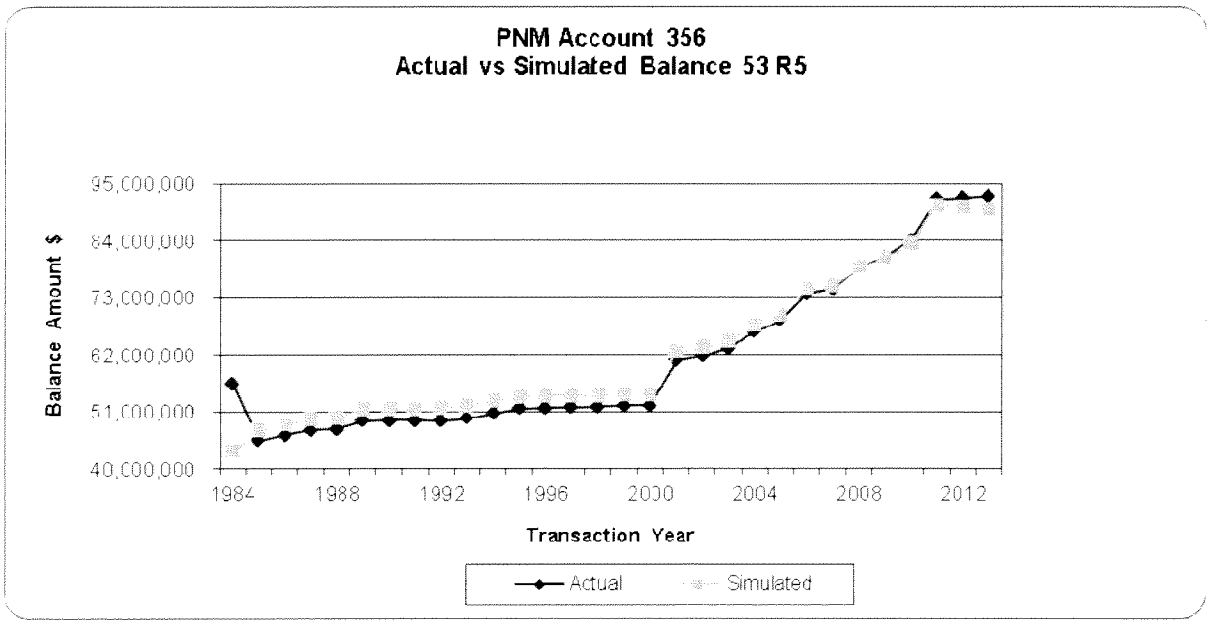
FERC Account 355 Transmission Poles and Fixtures (53 R4)

This account consists of Transmission poles and fixtures, which are used to transmit electricity at a voltage of 69 kV and above. The account balance for this account is $143.1 million. The approved life and curve is a 47 R4 for the North and 38 S5 for the South. Discussions with Company personnel indicated that 90% of the poles are wood with 10% steel and some laminated poles are used for very specialized applications. The oldest line was built in 1952 and is still in service. There are minimal issues with woodpeckers or termites. Poles are expected to have a life around 50 years. High ranking curves have unacceptable REIs and the lives are outside of a reasonable range for this account. Moving to more reasonable and expected life indications yielded poor CIs but excellent REIs. The R4 dispersion with a 53.2 year life yields a fair CI and excellent REI. Based on the analysis, company input, mix of assets, and judgment, this study recommends moving to a 53 year life while retaining the R4 dispersion. A plot of the actual versus the simulated balances for the 53 R4 is shown below.



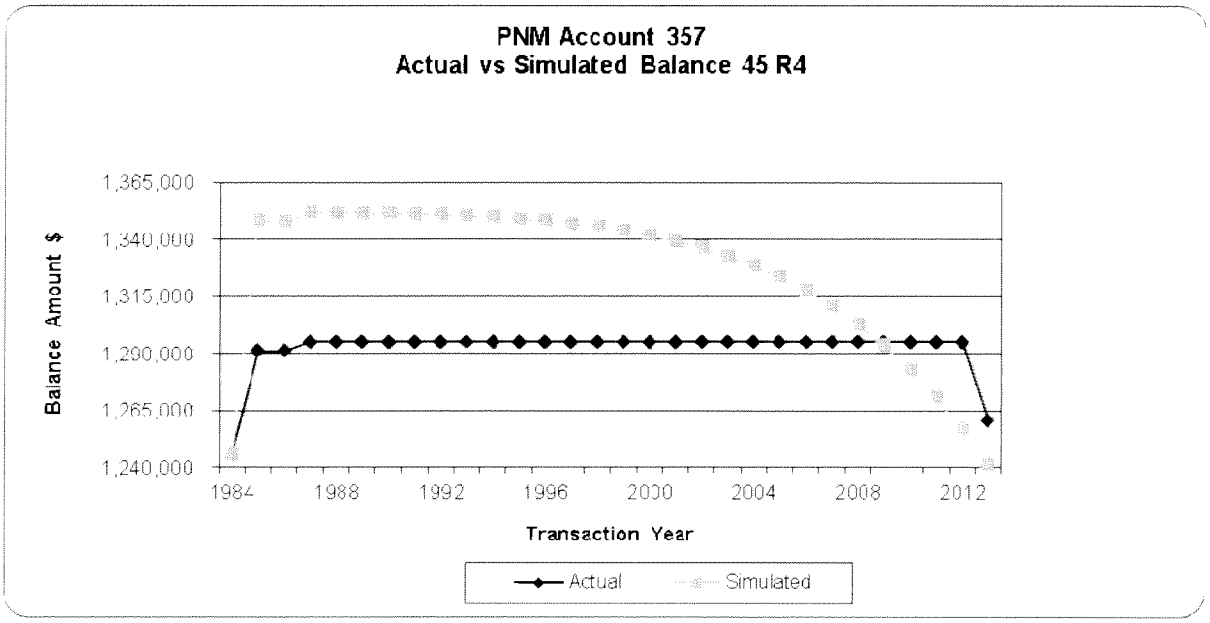
FERC Account 356 Transmission Overhead Conductor (53 R5)

This account consists of Transmission overhead conductors, which are used to transmit electricity at voltages of 69 kV and above. The account balance for this account is $92.6 million. The approved life and curve is a 50 R4 for the North and 36 S5 for the South. Discussions with Company personnel indicated ACSR is the predominant type of conductor. Corrosion and vibration could be factors for retirement but have not been a problem yet. Dampers were not originally used but are now being used on more of the conductor. Conductor is replaced when a 10% loss of strength is known. Primary reason for replacement is the need for increased capacity. PNM would expect a little shorter life for conductor than poles or towers. High ranking curves have unacceptable REIs and the lives are outside of a reasonable range for this account. Moving to a more reasonable and expected life yielded poor CIs but excellent REIs. The R5 dispersion with a 53 year life yields a fair CI and excellent REI. Based on the analysis, company input, type of assets, and judgment, this study recommends moving to a 53 year life with a steeper R5 dispersion. A plot of the actual versus the simulated balances for the 53 R5 is shown below.



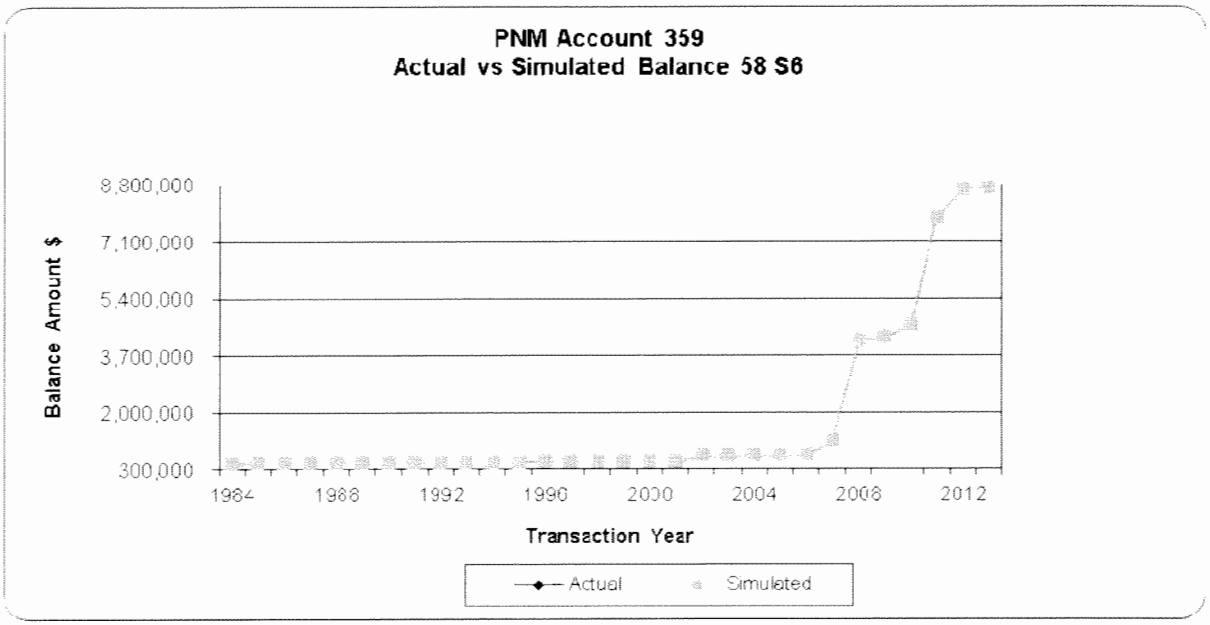
FERC Account 357 Transmission Underground Conduit (45 R4)

This account consists of underground conduit. The account balance for this account is $1.3 million. The approved life and curve is a life of 40 years with the R3 dispersion. Company indicated they would expect around a 40 year life for underground conduit. The SPR analysis produces high ranking curves that have unacceptable REIs and the lives are outside of a reasonable range for this account. Fair CI and excellent REI yield a 45 R4. Company personnel indicated that they expect a life of between 40 and 45 years for assets in this account. Based on analysis, discussion with Company personnel and judgment, this study recommends moving from 40 to 45 years and from the R3 to a steeper R4 dispersion. A plot of the actual versus simulated balances for the 45 R4 is shown below.



FERC Account 359 Transmission Roads and Trails (58 S6)

This account consists of roads, trails and other related assets in the transmission function. The account balance for this account is $8.7 million. The existing life is a 50 S6. High ranking curves have unacceptable REIs and the lives are outside of a reasonable range for this account. The first life with both excellent CI and REI is the 58 S6. Based on the analysis, existing parameters and type of assets, this study recommends moving to the 58 S6. A plot of the actual versus simulated balances for the 58 S6 is shown below.



Distribution Accounts, FERC Accounts 360-373

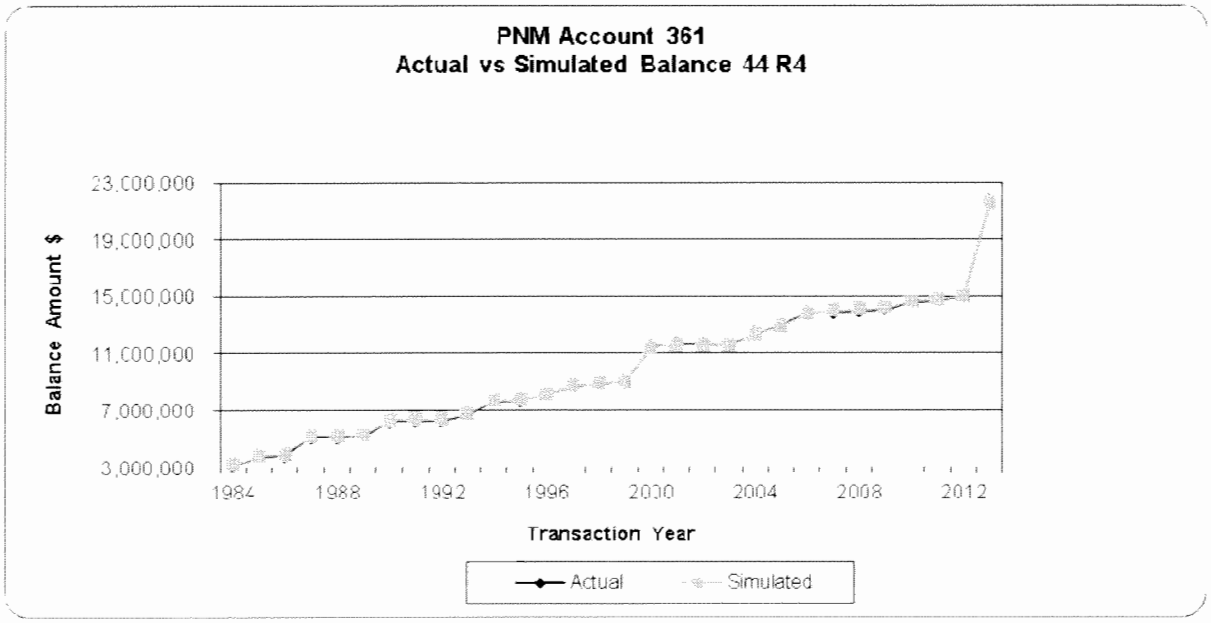
There are significant Distribution assets in substation equipment, poles, overhead conductor, services, line transformers, meters, and street lighting.

FERC Account 360.1 Distribution Depreciable Land Rights (75 R2)

This account consists of land rights and easements associated with Distribution property or Distribution substations. The plant balance for this account is $2 million. There was minimal retirement activity, which did not produce sufficient data for an actuarial or SPR analysis. The approved life and curve is the 75 R2, which is retained in this study.

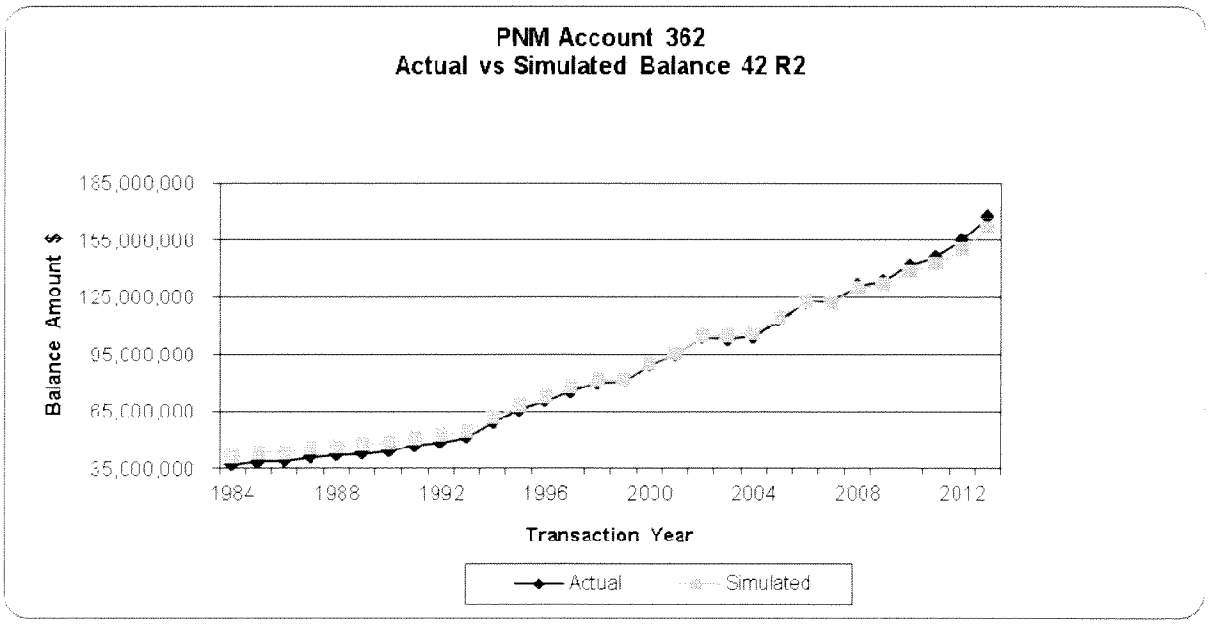
FERC Account 361 Distribution Substation Structures and Improvements (44 R4)

This grouping contains fencing and other structures at a distribution substation. The total Company plant balance for this account is $21.8 million. The approved life and curve is a 50 R3 for the North and a 38 R3 for the South. SPR analysis has excellent CIs and REIs with both longer and shorter life indications. The analysis best fit, which is consistent across all the bands analyzed, is a 44 R4. Based on these indications, this study recommends moving from 50 to 44 years and from the R3 to the R4 dispersion. A plot of the actual versus the simulated plant balances for the 44 R4 is shown below.



FERC Account 362 Distribution Substations (42 R2)

This grouping contains a wide variety of distribution substation equipment, from circuit breakers to switchgear. The plant balance for this account is $167.4 million. The approved life and curve is a 36 S0 for the North and a 39 S2 for the South. Discussions with Company personnel indicated that tap changes are automatic, RCCS regulate PF, vacuum breakers are primarily used, and majority of the relay are electromechanical. PNM has started (within last 10-12 years) moving to solid state and in the last 5-6 years to microprocessor relays. No retrofitting has occurred at this point. Life expectancy for most of the equipment is in 30-40 year range. The SPR analysis yields poor to fair CIs with an R1 dispersion in the top 3 best fits. Looking to the REIs we find that the highest (excellent range) REIs have a life around 35 to 45 years with slightly steeper dispersion patterns. Based on the types of assets in the account, the analysis best fit curve and life indications, and Company life expectations, this study recommends moving to a 42 year life and changing to the R2 dispersion. A plot of the actual versus simulated balances for the 42 R2 is shown below.

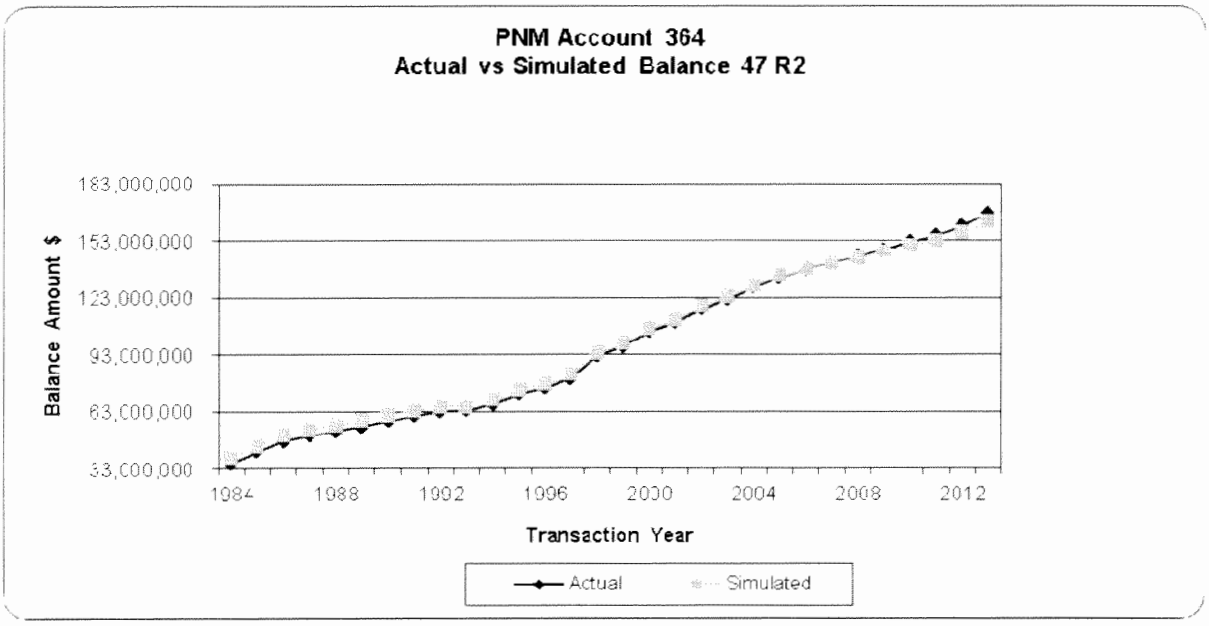


FERC Account 363 Storage Batteries (10 SQ)

This grouping contains storage batteries that are new assets added in 2011. The plant balance for this account is $2.4 million. The approved life and curve is a 10 SQ. Based on judgment, this study recommends retention of the 10 SQ dispersion curve.

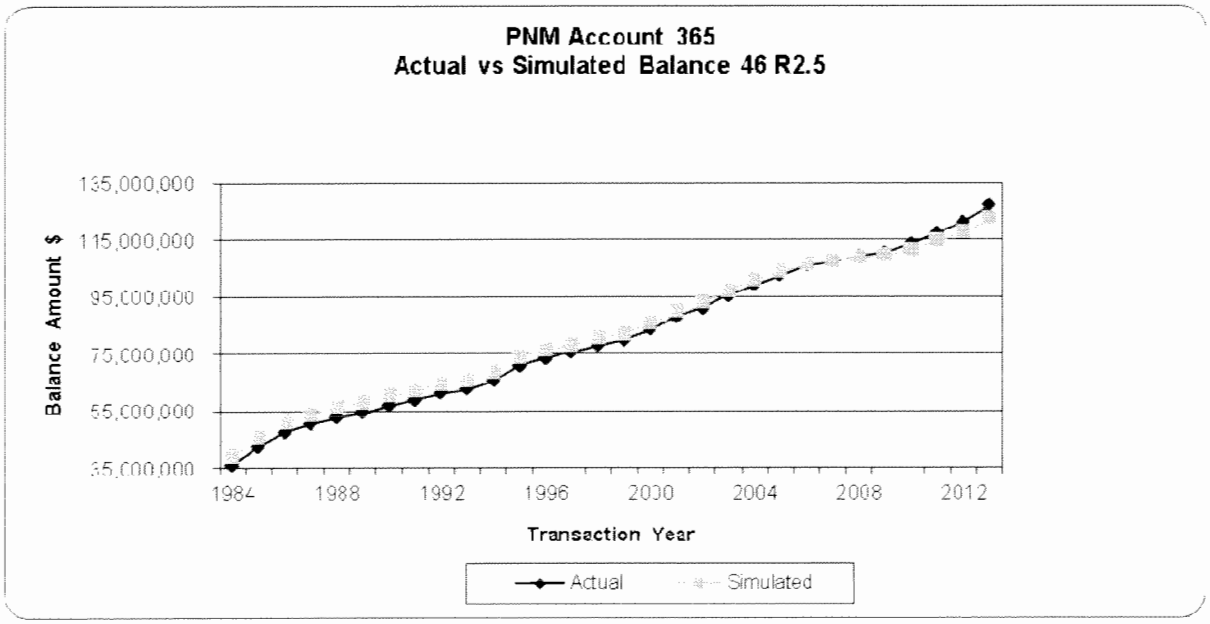
FERC Account 364 Distribution Poles, Towers, and Fixtures (47 R2)

This account contains poles and towers of various material types: wood, concrete, and steel. The plant balance for this account is $167.6 million. The approved life and curve is a 37 L2 for the North and a 34 R1 for the South. There are no towers. Most of the poles are made of wood. The Company has a pole inspection program on a 25-year cycle. PNM has a 2% rejection rate which is around the industry average. If a pole is bad but usable, they will install a band to reinforce the pole and continue to use it. The dry environment, low storm impact and low insect damage are all factors that would provide a longer life for poles. Company personnel expect the life to be 35-45 years. The SPR analysis shows all CIs are in the fair to poor range. The highest CI with excellent REIs is the R2 dispersion with a life around 47 years and is consistent across the bands analyzed. After reviewing SPR results and considering input from Company personnel, this study recommends moving to a 47 year life with the R2 dispersion for this account. A plot of the actual versus simulated balances for the 47 R2 is shown below.



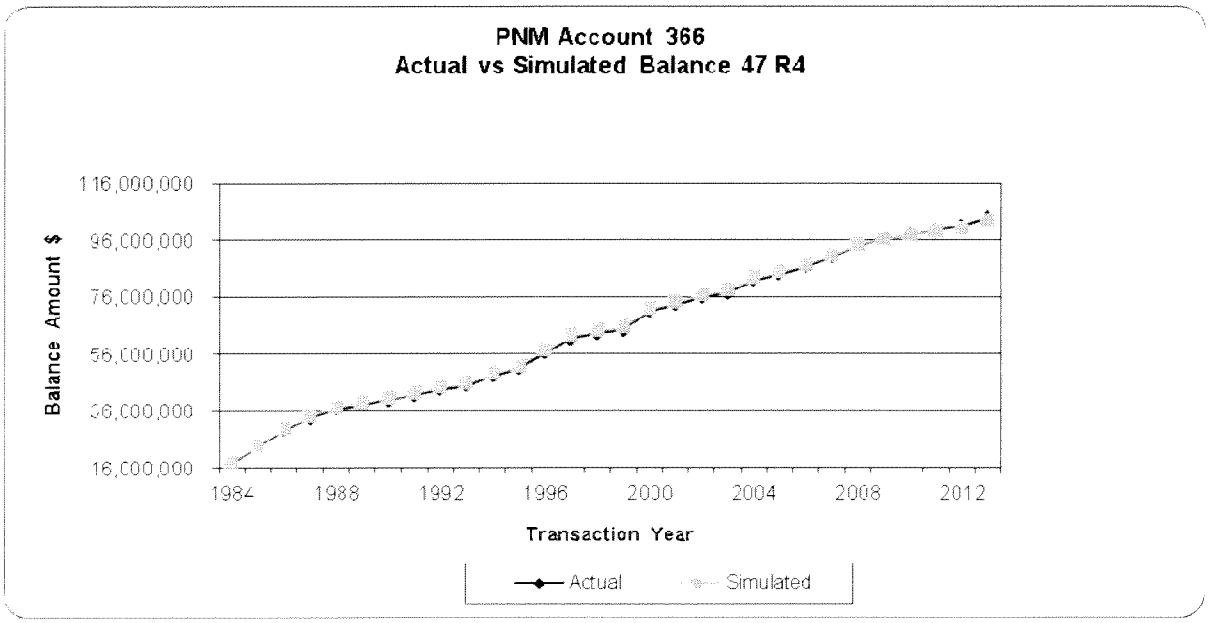
FERC Account 365 Distribution Overhead Conductor (46 R2.5)

This account consists of overhead conductor of various thickness, as well as various switches and reclosers. The plant balance for this account is $126.9 million. The approved life and curve is 38 R2 for the North and a 30 R1 for the South. Upgrades are the primary driver of retirement. Tree trimming can be a variable but there has been less tree trimming than in the past. Company personnel expect conductor life to be about the same as poles. The SPR analysis shows all CIs are in the fair to poor range. The highest CI with excellent REIs is the R2.5 dispersion with a life of 46 years and is consistent across the bands analyzed. After reviewing the SPR results and considering the information provided by Company personnel, this study recommends moving to a 46 year life and retaining the R2.5 dispersion for this account. A plot of the actual versus simulated balances for the 46 R2.5 is shown below.



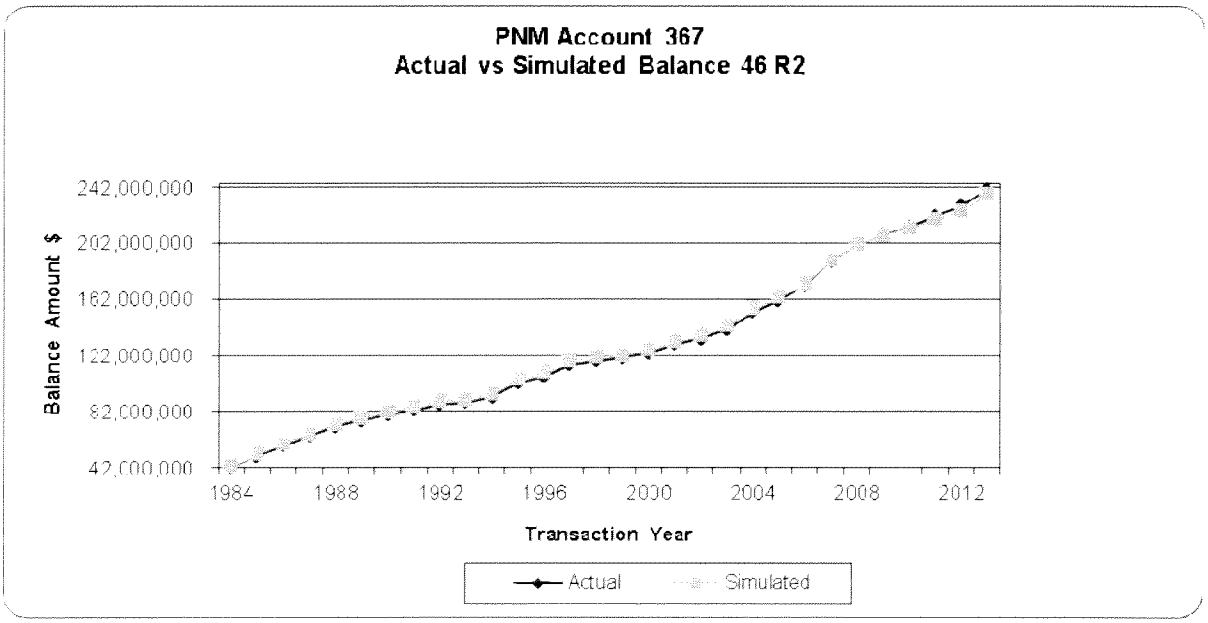
FERC Account 366 Distribution Underground Conduit (47 R4)

This account consists of Distribution conduit, duct banks, vaults, manholes, and ventilating system equipment. The plant balance for this account is $103.8 million. The approved life and curve is a 42 S2 for the North and 31 R2.5 for the South. High ranking curves have unacceptable REIs and the lives are outside of a reasonable range for this account. One of the higher ranked curves with acceptable REIs (excellent range) is the R4 curve with a 47 year life and is consistent across the bands analyzed. Based on the existing parameters, the analysis and judgment, this study recommends moving from the highest life from the North of 42 to 47 years and changing from the S2 to R4 dispersion. A plot of the actual versus simulated balances for the 47 R4 is shown below.



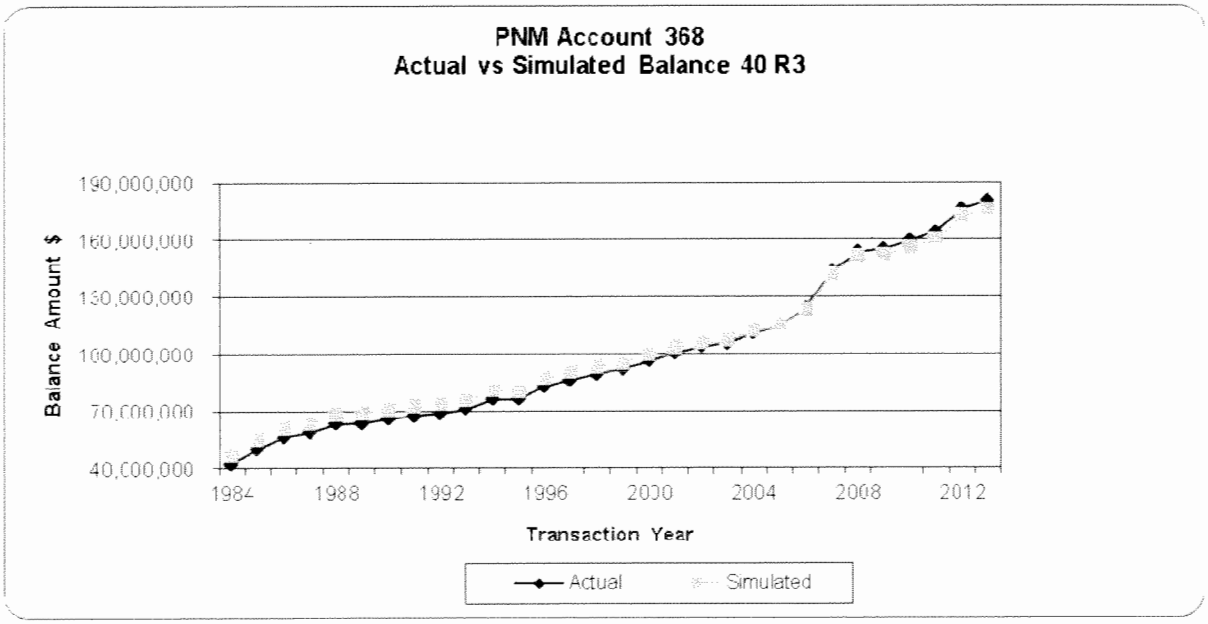
FERC Account 367 Distribution Underground Conductor (46 R2)

This account consists of Distribution conductor, switches, and switchgear. The plant balance for this account is $240.8 million. The approved life and curve is a 38 R2 for the North and a 26 R3 for the South. PNM uses Imcorp conductor. Imcorp offers a twenty year warranty from the date the work occurs. The SPR analysis high ranking curves have unacceptable REIs and the lives are outside of a reasonable range for this account. One of the higher ranked curves with acceptable REIs (excellent range) is the R2 curve with a 46 year life indicated across the bands analyzed. While this life indication is higher than the manufacturer and Company expectations, the analysis is supported by good CI and excellent REIs. Based on all the information, this study recommends moving from 38 to 45 years and retaining the R2 dispersion at this time. A plot of the actual versus simulated balances for the 46 R2 is shown below.



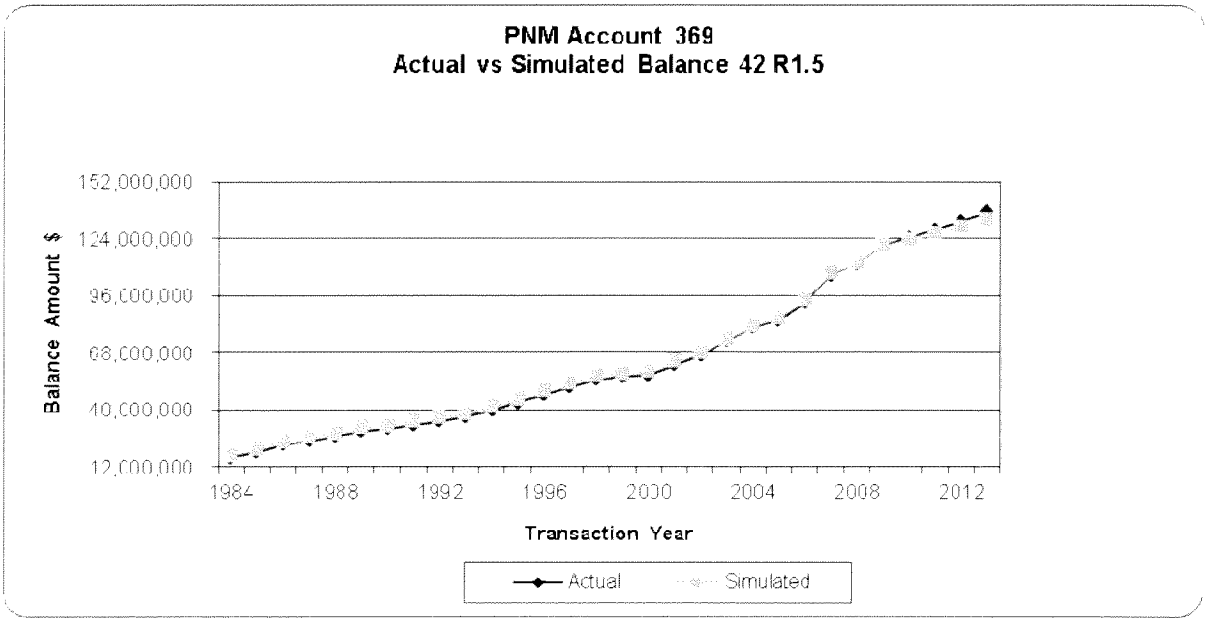
FERC Account 368 Distribution Line Transformer (40 R3)

This account consists of line transformers, regulators, and capacitors. The plant balance for this account is $180.6 million. The approved life and curve is a 37 R2 for the North and a 37 L5 for the South. Transformers are capitalized on purchase and retired when sent to Solomon, which is done on a quarterly basis. If a transformer is leaking and no vintage is known, it is required to be tested for PCBs. PNM stopped repairing transformers in 2012, which will have an impact and shorten the life. All CIs are barely fair or poor. The first REI over 90 (excellent range) is the R2 with a 45 year life indicated. However, all the other REIs over 90 to 100 have life indications of 40 years or less. Given the current life for North and South, the SPR life analysis indications as well as future expectations, this study recommends increasing the life slightly to 40 years with the R3 dispersion for this account. A plot of the actual versus simulated balances for the 40 R3 is shown below.



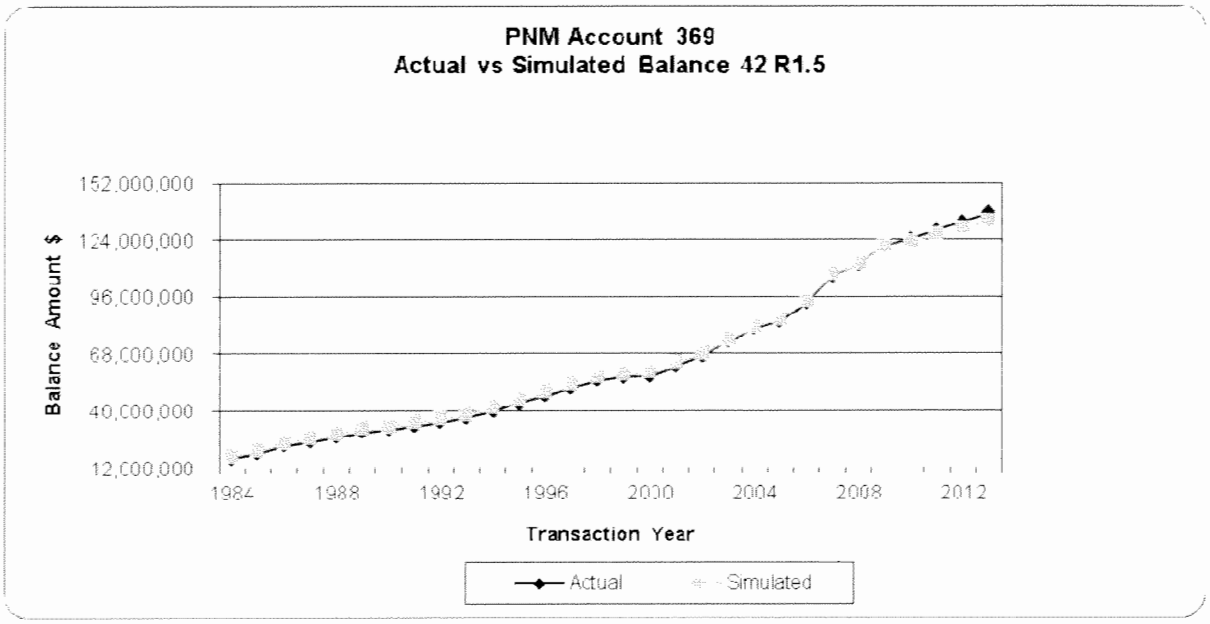
FERC Account 369 Distribution Services –Overhead (42 R1.5)

This account includes all Distribution overhead (OH) services. The plant balance for this account is $130.9 million. The approved life and curve is a 25 R4 for the North and a 24 R5 for the South. Discussions with Company personnel indicated they would expect to see a similar life for overhead and underground services. Company currently will replace open wire with triplex. There is no program for OH services at this time but PNM expects one in the near future. Once program is initiated, it could drive a shorter life for OH. The combined SPR analysis yields fair to poor CIs. The first high ranking (4^{th}) curve with an excellent REI over 90 is the R1.5 with a 42 year life. These indications are consistent across the bands analyzed. Analysis indicates longer life than existing and numerous curves were 35 years and higher. To move in the direction indicated by the analysis, this study recommends moving to a 42 R1.5 for this account. This is a significant increase from the existing, but is supported by the analysis. A plot of the actual versus simulated balances for all services (OH & UG) the 42 R1.5 is shown below.



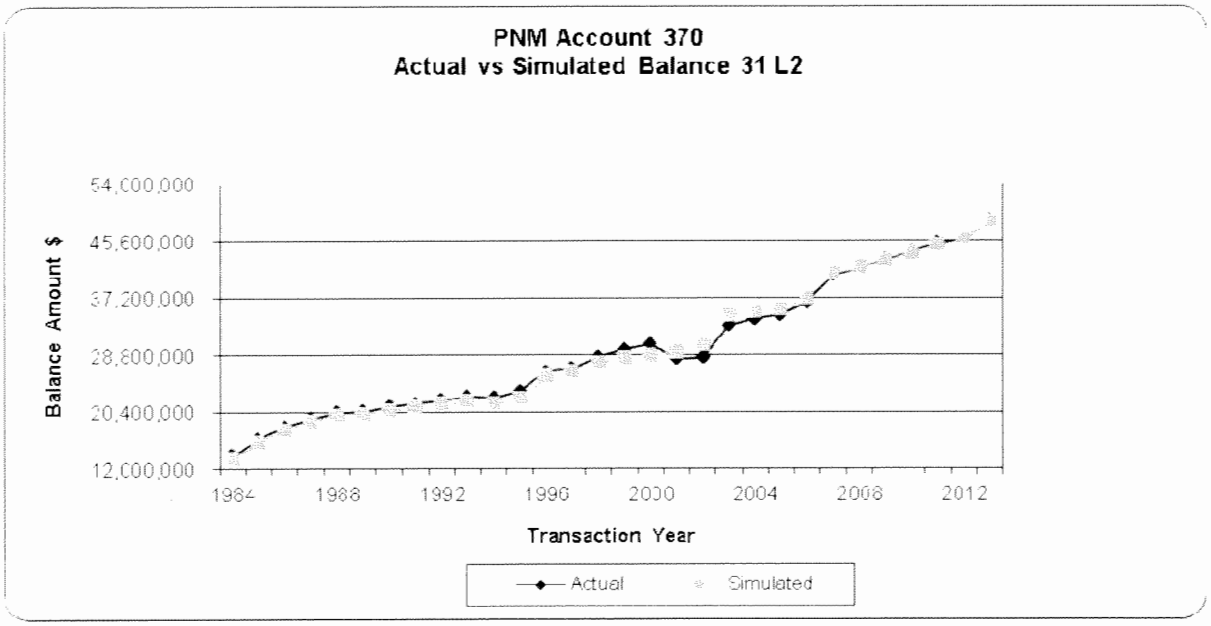
FERC Account 369.1 Distribution Services –Underground (42 R1.5)

This account includes all Distribution underground (UG) services. The plant balance for this account is $6.4 million. The approved life and curve for the North is 25 R4 and the South is a 24 R5. Discussions with Company personnel indicated they would expect to see a similar life for overhead and underground services. Causes of retirement are generally related to nicks or damage caused by dig-ins. The combined SPR analysis yields fair to poor CIs. The first high ranking (4^{th}) curve with an excellent REI over 90 is the R1.5 with a 42 year life. These indications are consistent across the bands analyzed. Analysis indicates longer life than existing and numerous curves were 35 years and higher. To move in the direction indicated by the analysis, this study recommends moving to a 42 R1.5 for this account. This is a significant increase from the existing, but is supported by the analysis. A plot of the actual versus simulated balances for all services (OH & UG) the 42 R1.5 is shown below.



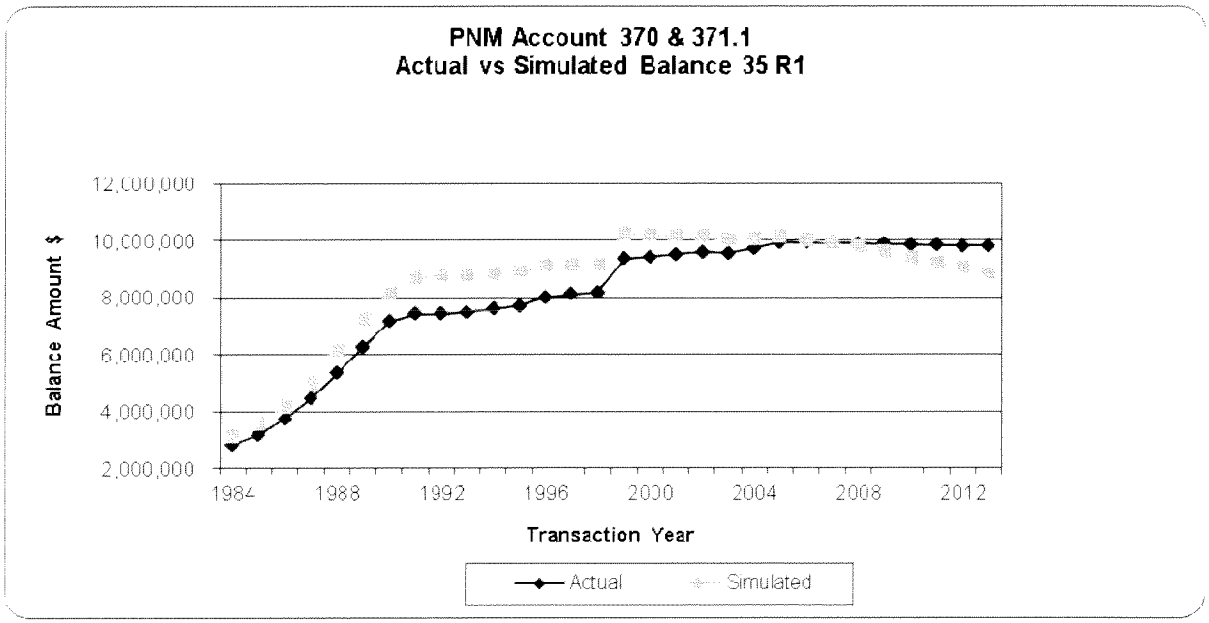
FERC Account 370 Distribution Meters (31 L2)

This account includes all Distribution meters. The plant balance for this account is $48.5 million. The approved life and curve is a 33 S1 for the North and 32 S6 for the South. Approximately 719 thousand meters are installed of which 10 thousand are time of use (solid state); 2 thousand are demand type meters (solid state), and the remaining meters are kWh only. PNM is no longer purchasing electro-mechanical meters but does not have an AMI system and no near plans to implement. Company has replaced 70 thousand meters that are under 20 years old from 1994-2000 vintages. PNM has required sampling process where a random sampling each year of each meter model occurs. If a meter group fails, the Company has 4 years to pull the entire group (vintage for a meter model) for testing. Heat, sand, and fading dials are all cause for meter failure. The Company does not refurbish meters. Currently the SPR analysis best ranked curve is the L2 with a 31 year life. Based on the current asset make-up for this account, and the analysis indications, this study recommends the 31 L2 for this account, which are a one year decrease for the North and no change for the South. A plot of the actual versus simulated balances for the 31 L2 is shown below.



FERC Account 371 Installation on Customers' Premises (35 R1)

This account consists of guard lights and guard light standards. The total Company plant balance for this account is $9.5 million. The current life is a 24 R1 for the North and 12 R1 for the South. The SPR analysis produced CIs that were all poor. The highest ranked curve (3rd) with a REI of nearly 100 has a life of 35 years. These indications were consistent through the 25 year band. Starting in the 20 year band, a slight increase in life was indicated for the top ranked curve. Considering the existing along with the upward trend in the analysis, this study recommends the 35 R1. A plot of the actual versus simulated balances for the 35 R1 is shown below.

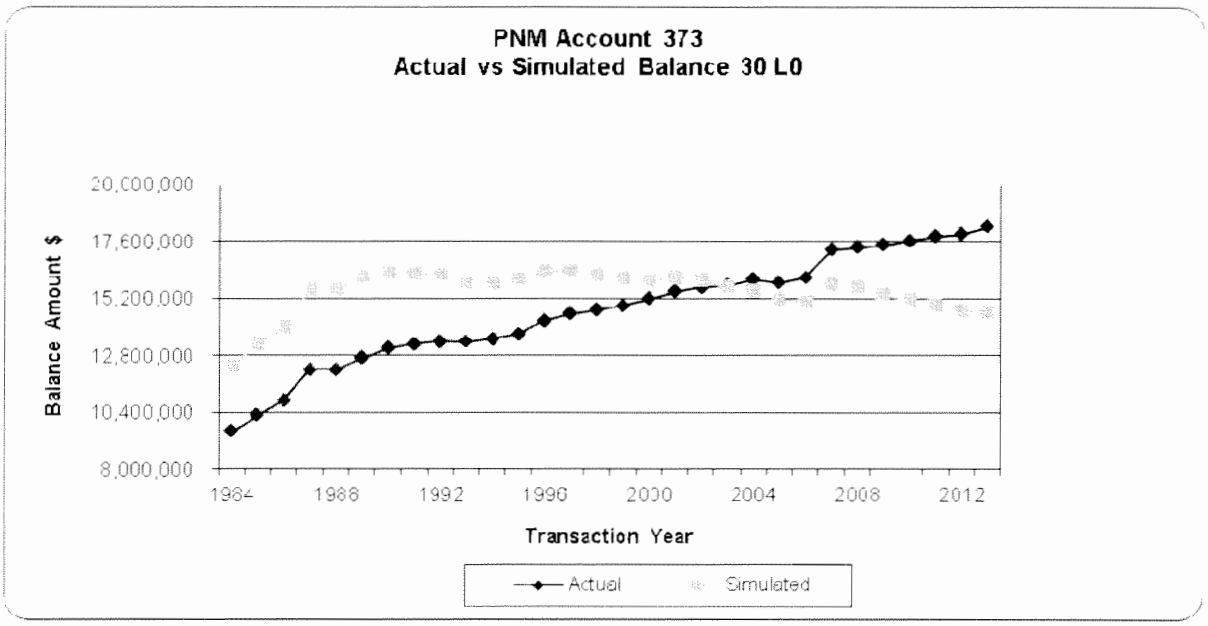


FERC Account 371.1 Leased Flood Lighting (8 R0.5)

The plant balance for this account is $306 thousand. There was insufficient data for analysis so the current life, the 8 R0.5, is retained. No graph is provided.

FERC Account 373 Distribution Street Lighting (30 L0)

This account includes all Distribution streetlights, conductor, conduit, luminaire, and standards. The total Company plant balance for this account is $18.2 million. The current life for this account is 20 R1 for the North and 17 S4 for the South. Company personnel indicated knockdowns and change-out of type of lights used (mercury to sodium) are primary drivers for retirement. Company personnel indicated they would expect a 20 year life. The SPR analysis yields poor CIs across all bands. The top ranked curve, the 30 L0, had an excellent REI which remained consistent through the 30 year band. However, in the 25 year band the L0 remained as top ranked curve but the life indications increased to 31 years. Considering information and expectations of the Company along with increasing life trend in the analysis, this study recommends the 30 L0. A plot of the actual versus the simulated balances for the 30 L0 is shown below.



General Plant, FERC Accounts 389-398

For general plant accounts 390, 392 and 396 a traditional analysis, where possible, have been performed.

The plant asset balances are maintained by vintage installed with the retirement being recorded when book depreciation has been completed. The empirical retirement data for actuarial or semi-actuarial analysis will no longer be reliable, however, the determination of useful life can be made appropriately with the use of market forces, manufacturer expected life, technological obsolescence, business planning, known causes of retirement, and changes in expected future utilization.

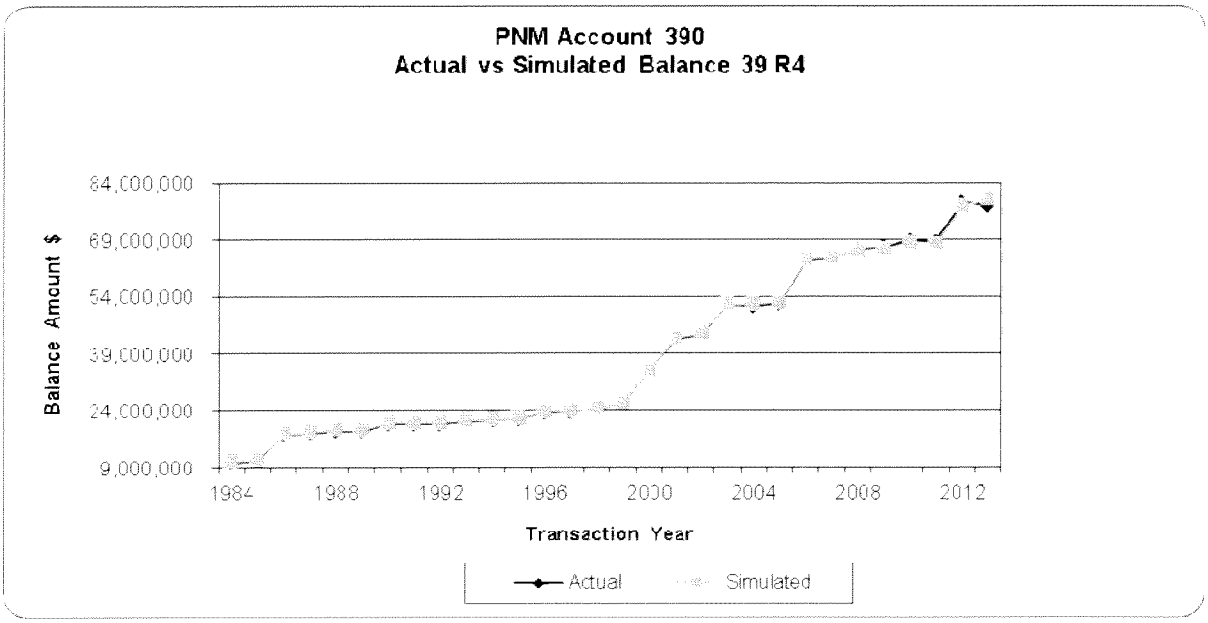
The depreciation calculation uses a useful life applied to a vintage versus the entire account. The depreciation recovery is complete when the vintage accumulated depreciation is equal to the vintage plant adjusted for estimated salvage and removal costs.

The specific life analysis discussions below have been split into two categories: Depreciated (Accounts 390, 392, and 396) and Amortized (Accounts 391-398 excluding 392 and 396).

DEPRECIATED GENERAL PLANT (Accounts 390, 392, and 396)

FERC Account 390 General Structures and Improvements (39 R4)

This account consists of general structures and improvements for buildings, including roofing, plumbing, and air conditioning systems. The plant balance for this account is $77.8 million. Current life is a 39 R4. Most of the buildings are older and over time there has been a consolidation of offices. Remodels are recorded in separate account. The SPR analysis top ranked curves have excellent CIs, poor REIs, and life indications that are unreasonable for the existing assets. The R4 has a good CI and excellent (100) REI and indicates a 39 year life. Based on the type of assets and the analysis, this study recommends retention of the 39 R4 dispersion. A plot of the actual versus simulated balances for the 39 R4 is shown below.



FERC Account 390.1 General Bulk Power Office Building Remodel (20 SQ)

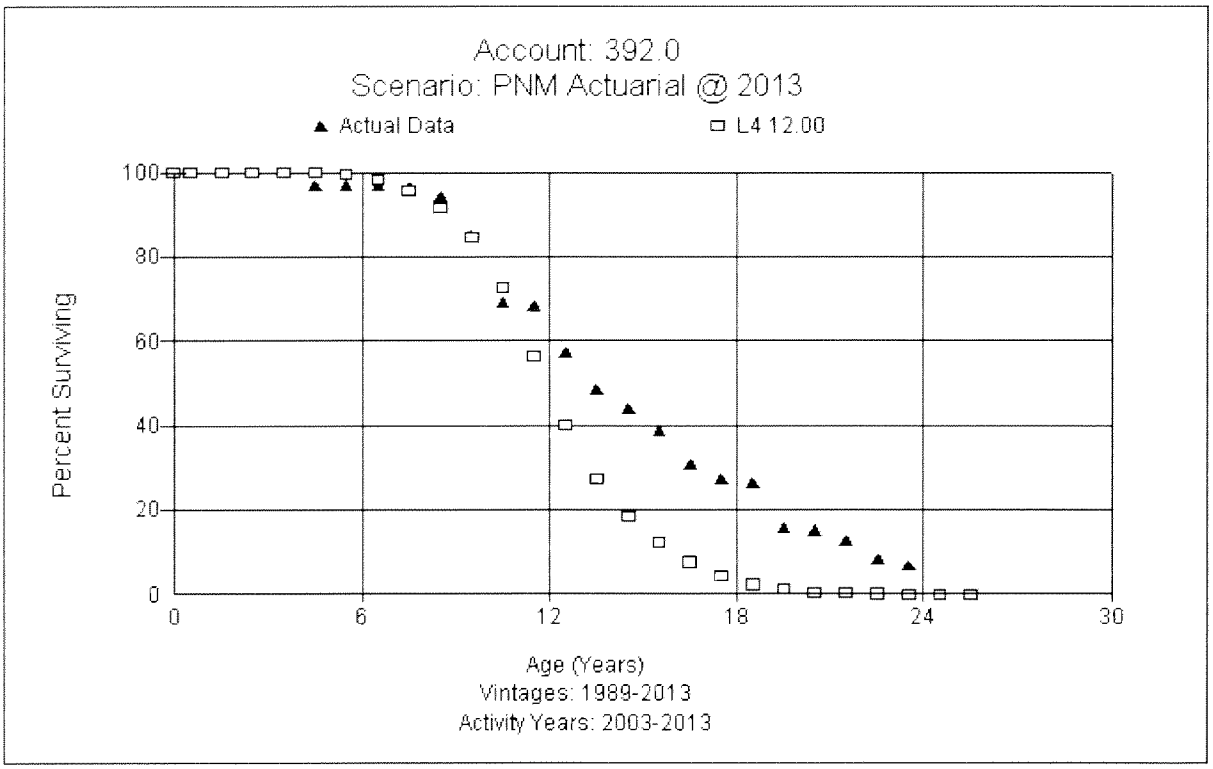
This account consists of Bulk Power office remodeling costs. The plant balance for this account is $6.7 million. There is insufficient data for analysis. Current life is a 15 SQ. Based on judgment, this study recommends 20 SQ for this account.

FERC Account 390.2 General Bulk Power Office Building (5 SQ)

This account consists of Bulk Power office remodeling costs. The plant balance for this account is $4.5 million. Most of the assets in this group are categorized as PC's with software. There is insufficient data for historic life analysis. The current life is a 10 SQ but that is not typical of most assets of this type. Based on judgment, a change in life to 5 years with a SQ dispersion is recommended.

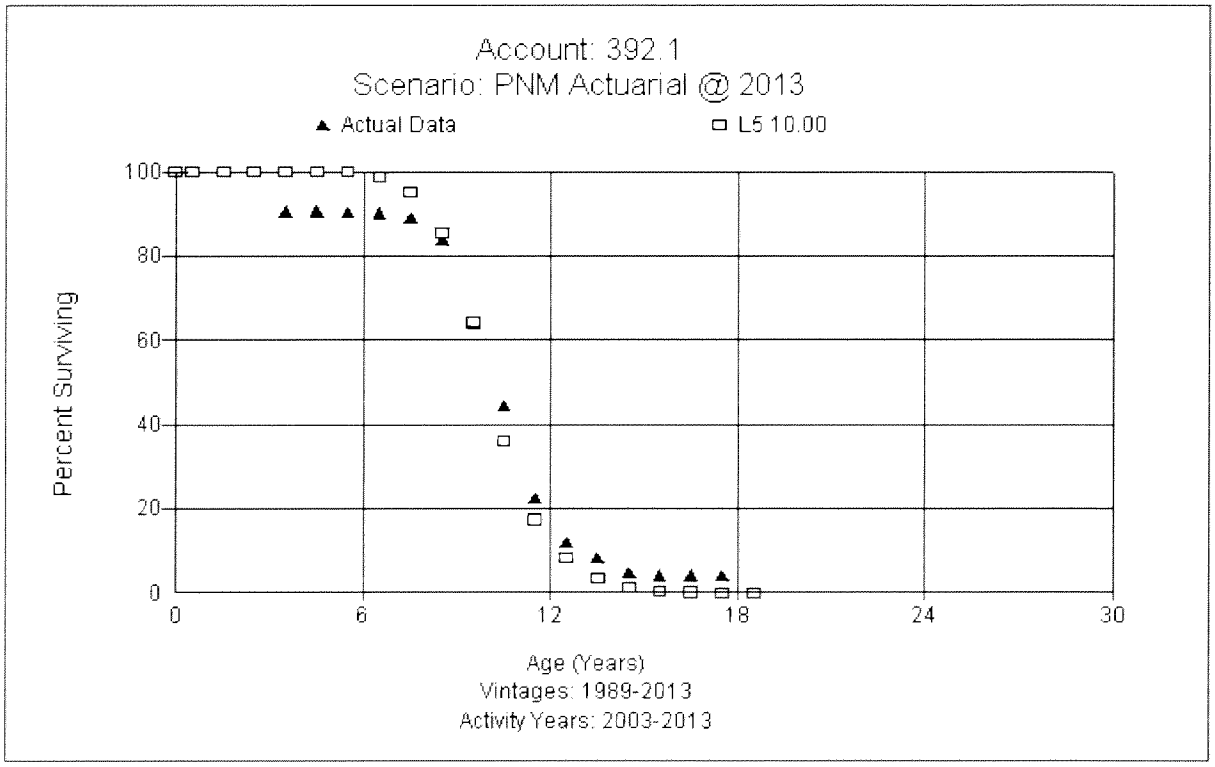
FERC Account 392.0 Transportation Equipment – Light Duty (12 L4)

This account consists of light duty automobiles and trucks. Most of the assets in this category are leased. Only owned assets are included in plant in service. In this account. There is approximately $1.7 million in this account. The existing life is 8 R2. Actuarial analysis indicates a longer life across the bands analyzed. Based on the lives of larger vehicles, the subset of light duty vehicles at the San Juan plant and Company feedback, the indicated life is too long. Based on indications in the mid placement band and most recent experience band, this study recommends increasing the life from 8 years but limiting the increase to 12 years and moving from the R2 to the L4 dispersion for this account. A graph of the observed life table is shown below.



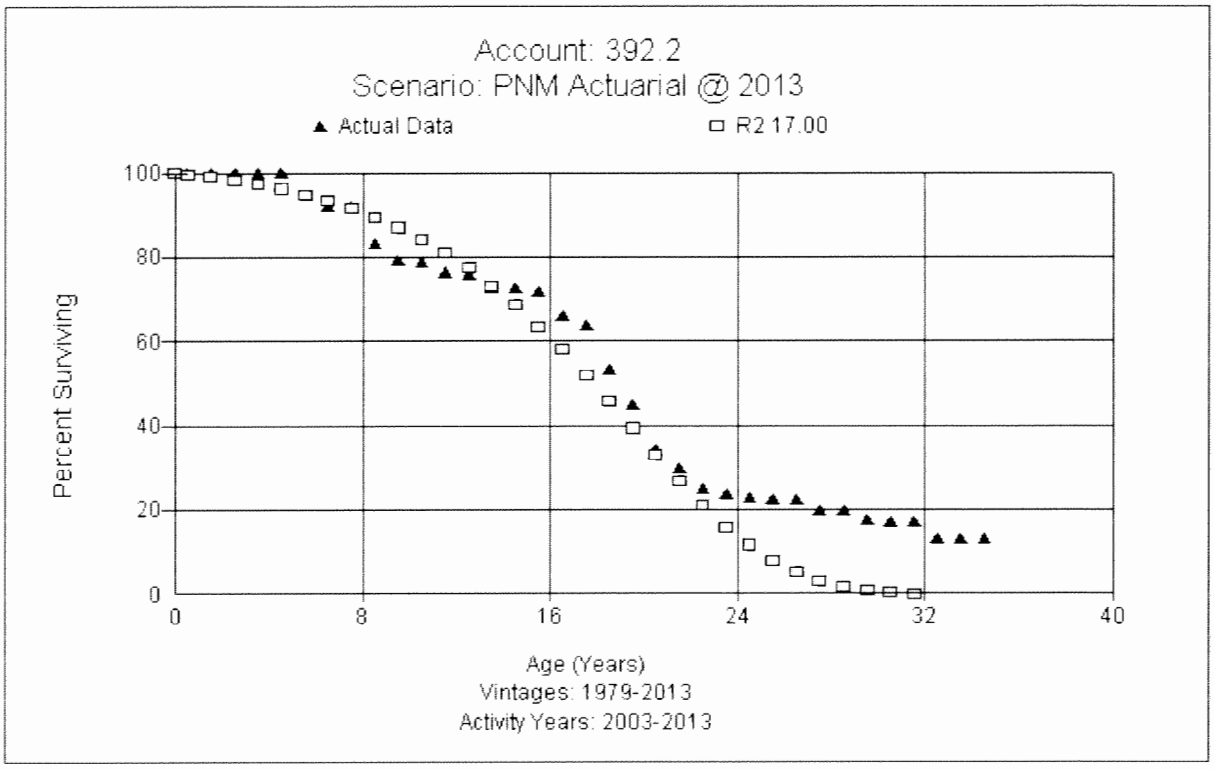
FERC Account 392.1 Transportation Equipment – Heavy Duty (10 L5)

This account consists of heavy duty trucks. There is approximately $2.1 million in this account. The existing life is 12 R1. Actuarial analysis indicates a life that is shorter than existing and is between 9-10 years across the bands. Based on a fuller placement band and most recent experience band, this study recommends moving from a 12 year life to 10 years and moving from the R2 to a steeper L5 dispersion for this account. A graph of the observed life table is shown below.



FERC Account 392.2 Transportation Equipment – Trailers (17 R2)

This account consists of heavy duty trucks. There is approximately $2.8 million. The existing life is 17 R2. Actuarial analysis has mixed indications among the bands. Some have pretty good fits between 9-10 years as well as the existing 17 years. Based on a mid-placement and experience band fit, the existing 17 R2 remains a good fit. This study recommends retention of the 17 R2 for this account. A graph of the observed life table is shown below.

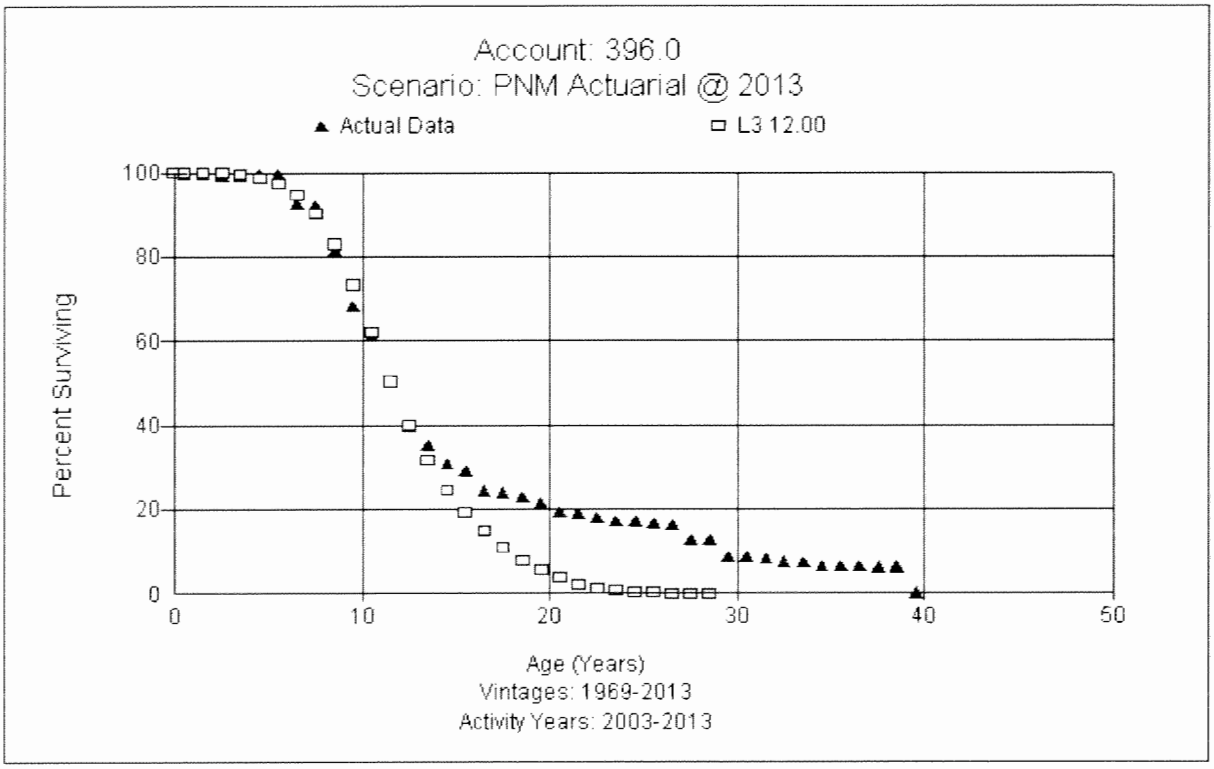


FERC Account 392.4 Transportation Equipment – Leaseback

This account consists of vehicles that were originally leased and then bought. There is approximately $89 thousand. The account is fully accrued.

FERC Account 396 Power Operated Equipment (12 L3)

This account consists of power-operated equipment such as bulldozers, forklifts, pile drivers, and tractors. There is approximately $3.9 million. The existing life is 14 R1. Actuarial analysis has a variety of fits across the bands, some longer and some shorter. Based on type and mix of assets and all the information, this study recommends moving to 12 L3 at this time. A graph of the observed life table is provided below.



AMORTIZED GENERAL PLANT ACCOUNTS (391-398 excludes 392 and 396)

For accounts (391-398, excluding 392 and 396), the Company proposes to continue the use of Accounting Release Number 15 ("AR15"), which is a vintage year accounting method approved by the FERC, *Vintage Year Accounting For General Plant Accounts*, dated January 1, 1997. AR-15 allowed utilities to use a simplified method of accounting for general plant assets, excluding structures and improvements (referred to as "general plant"). The AR-15 release allowed high volume, low cost assets to be amortized over their associated useful life, eliminated the need to track individual assets, and allowed a retirement to be booked at the end of the depreciable life. This method is often referred to as "amortization of general plant."

FERC Account 391.0 Office Furniture and Equipment (20 SQ)

This account consists of miscellaneous office furniture such as desks, chairs, filing cabinets, and tables used for general utility service. There is approximately $7.1 million. This account currently has a life of 15 SQ for the North and a 24 L2 in the South. The actuarial analysis indicated lives from 17 to 23 years. After viewing the placement and experience bands available, this study recommends moving to the 20 year life. Consistent with the use of AR15, a SQ curve is proposed for this account. Due to policy and judgment being used for recommendation, no graph of the observed life table is provided.

FERC Account 391.1 Office Furniture & Equipment – PC Systems (5 SQ)

This account consists of PC equipment used for general utility service. There is approximately $91 thousand in this account. The account has an approved life of 8 years with the S6 dispersion for the South. Various placement and experience bands indicate an 8 year life. However, technology changes are occurring faster and expected life cycle of assets is shorter than indicated in the analysis. As a result, this study recommends moving to a life of 5 years with the SQ dispersion. Due to policy and judgment being used for recommendation, no graph of the observed life table is provided.

FERC Account 391.2 Office Furniture & Equipment – PCs (5 SQ)

This account consists of PCs used for general utility service. There is approximately $740 thousand in this account. The account has an approved life of a 5 R4. The analysis indicates a life between 6 and 7 years. However, this type of asset is expected to be retired and replaced on a faster cycle than the analysis indicates due to technology and software changes. Based on the type of equipment and expected impact of technology changes and lifecycle, this study recommends retention of the existing 5 year life and moving to the SQ dispersion. Due to judgment being used for recommendation, no graph of the observed life table is provided.

FERC Account 391.3 Office Furniture & Equipment – Computer Hardware (7 SQ)

This account consists of servers for various software systems and other related equipment used for general utility service. There is approximately $44.5 million in this account. The account has an approved life of a 5 R4. Placement band and experience band indicate a longer life, 9-14 years, than approved and expectations. Expectation is that assets are longer lived than PCs but are updated due to technological changes and the need to support new software on a faster cycle than what is indicated in the analysis. As a result, this study recommends moving to 7 years and changing from the R4 to the SQ dispersion. Due to judgment being used for recommendation, no graph of the observed life table is provided.

FERC Account 391.5 Computer Hardware - Solar (7 SQ)

This account consists of servers for various software systems and other related equipment used for general utility service related to solar. There is approximately $50 thousand in this account. The account has an approved life of a 5 R4. Expectation is that assets are longer lived than PCs but are updated due to technological changes and the need to support new software on a faster cycle than what is indicated in the analysis. As a result, this study recommends moving to 7 years and changing from the R4 to the SQ dispersion. Due to judgment being used for recommendation, no graph of the observed life table is provided.

FERC Account 391.7 Office Furniture & Equipment – Computer Hardware (7 SQ)

This account consists of servers for various software systems and other related

equipment used for general utility service. There is approximately $51 thousand in this account. The account has an approved life of a 5 SQ for the North only. There was insufficient information to analyze. Based on judgment, this study recommends using the same 7 SQ as Account 391.3. No graph of the observed life table is provided.

FERC Account 393 Stores Equipment (15 SQ)

This account consists of stores equipment used for general utility service. There is approximately $66 thousand in this account. This account currently has an approved life of 15 years with the SQ dispersion curve. This study recommends retaining the 15 year life with the SQ dispersion. No graph is provided.

FERC Account 394 Tools, Shop, and Garage Equipment (20 SQ)

This account consists of various items or tools used in shop and garages such as air compressors, grinders, mixers, hoists, and cranes. There is approximately $13.1 million. This account has an approved life of 15 SQ for the North and 23 R4 for the South. This study recommends a 20 SQ. No graph is provided.

FERC Account 395 Laboratory Equipment (20 SQ)

This account consists of laboratory equipment used in general utility service. There is approximately $631 thousand in this account. This account has an approved life of 15 SQ. This study recommends moving to 20 years and retaining the SQ dispersion. No graph is provided.

FERC Account 397.0 Communication Equipment (15 SQ)

This account consists of miscellaneous communication equipment used in general utility service. There is approximately $28.7 million. This account currently has a 15 SQ and is retained.

FERC Account 397.1 Communication Equipment - Tri State (5 SQ)

This account consists of miscellaneous communication equipment used in general utility service. There is approximately $117 thousand in this account. The account currently has a 5 SQ and is retained.

FERC Account 398 Miscellaneous Equipment (15 SQ)

This account consists of miscellaneous equipment used in general utility service. There is approximately $299 thousand in this account. This account currently has a 15 SQ and is retained.

SALVAGE ANALYSIS

When a capital asset is retired, physically removed from service, and finally disposed of, terminal retirement is said to have occurred. The residual value of a terminal retirement is called gross salvage. Net salvage is the difference between the gross salvage (what the asset was sold for) and the removal cost (cost to remove and dispose of the asset).

Gross salvage and cost of removal related to retirements are recorded on the general ledger in the accumulated provision for depreciation at the time retirements occur within the system.

Net salvage data by plant account for Transmission, Distribution, and General Plant is shown in Appendix F. Removal cost percentages are calculated by dividing the current cost of removal by the original installed cost of the asset. Some plant assets can experience significant negative removal cost percentages due to the timing of the addition versus the retirement. For example, a Transmission asset in FERC Account 356 with a current installed cost of $500 (2013) would have had an installed cost of $57[4] in 1957. A removal cost of $50 for the asset calculated (incorrectly) on current installed cost would only have a negative 10 percent removal cost ($50/$500). However, a correct removal cost calculation would show a negative 88 percent removal cost for that asset ($50/$57). Inflation from the time of installation of the asset until the time of its removal must be taken into account in the calculation of the removal cost percentage because the depreciation rate, which includes the removal cost percentage, will be applied to the original installed cost of assets.

4 Using the Handy-Whitman Bulletin No. 180, E-5, line 37, $57 = $500 x 65/570.

Salvage - Steam Production and Other Production Property

The concept behind the net salvage cost component of depreciation rates for power plants is different from that of Transmission or Distribution assets. Power plants are discrete units that will need to be dismantled after the end of their useful lives. Because of this, instead of statistically analyzing the historical cost for salvaging and removing assets with rolling and shrinking bands, engineering studies are conducted to determine the cost to dismantle the individual units or plants at the end of their life. There is also an interim net salvage component for the various assets that are retired and replaced until the plant's final or terminal retirement.

PNM recognizes both components of net salvage for its production assets. The first, interim net salvage relates to the interim retirement activity that takes place over the life of the plant. This component is incorporated into the depreciation rate calculations of this study. The second is referred to as terminal net salvage and in the case of PNM is recognized through PNM recorded financial asset retirement obligations ("AROs"). These amounts are not included in the depreciation rate calculations in the study, but are included for recovery separately.

For the interim net salvage analysis, this study combined all the plants analyzed and evaluated the activity on an account basis. The existing parameters were based on individual plant and account. The comparison of existing and study parameters by plant and account can be found in Appendix C. The following is a detailed discussion of this study analysis and recommendations by account for each Production function: Steam, Nuclear and Other.

Interim Net Salvage – Steam, Nuclear and Other Production Property

Appendix C-1 shows the recommended interim retirement net salvage percentages for all production accounts.. Appendix E shows the net salvage history for each plant account in PNM's generation fleet. Appendix F shows the computation of composite net salvage for each generating unit to develop the net salvage percentage shown in Appendix A.

Steam Production Accounts, FERC Accounts 310.1-316

Currently, authorized depreciation rates for accounts 310.1-316 recognize that assets will retire prior to the end of the life of the generating units but had not reflected any interim net salvage. For comparison purposes, a 0 percent interim net salvage is used.

FERC Account 310.1 Land Rights (0 percent)

This account consists of interim salvage and cost of removal for land rights and easements associated with each Steam Production power plant. No salvage or cost of removal is expected for this account, a 0 percent interim net salvage is the study recommendation.

FERC Account 311.0 Structures and Improvements (Negative 5 percent)

This account consists of interim salvage and cost of removal for buildings, structures, fences, lighting systems, and other related assets at each Steam Production power plant. In the most recent period, a moving average of negative 29 percent exists for both the 5-year and 10-year bands. This indication is being influenced by cost of removal activity recorded in 2009 relative to the retirements. However, activity in 2012 and 2013 also have high retirements and cost of removal amounts, which indicates negative net salvage is occurring. Based on the type of assets and earlier moving averages, this study recommends conservatively a negative 5 percent interim net salvage estimate for this account.

FERC Account 312.0 Boiler Plant Equipment (Negative 10 percent)

This account consists of interim salvage and cost of removal for boiler plant equipment, bag houses, preheaters and other related equipment at each Steam Production power plant. In the most recent period, a moving average of negative 21 and negative 26 percent exists for the 5-year and 10-year bands, respectively. Increased negative interim net salvage starts to occur in 2004 and remains fairly high and consistent until 2006. In 2007 less negative net salvage is recorded. However, in 2008 through 2013 more negative net salvage is experienced. Based on the observed fluctuation, this study recommends moderating the negative interim net salvage with a negative 10 percent.

FERC Account 314.0 Turbogenerator Equipment (Negative 10 percent)

This account consists of interim salvage and cost of removal for turbogenerator equipment, stationary blades, turbine control systems, and other related assets at each Steam Production power plant. In the most recent period, a moving average of negative 9 and negative 11 percent exists for the 5-year and 10-year bands, respectively. Increased negative interim net salvage starts to occur in 2004 and remains fairly high and consistent until 2008 and then becomes less negative again. While some of the moving bands indicate a high negative net salvage, the 10-year band indicates a negative 11 percent which would have smoothed timing differences that are known to occur and is a reasonable expectation for this account. This study recommends using a negative 10 percent interim net salvage.

FERC Account 315.0 Accessory Electric Equipment (Negative 5 percent)

This account consists of interim salvage and cost of removal for power transformer, regulators and related assets at each Steam Production power plant. In the most recent period, a moving average of negative 9 exists for the 5-year and 10-year bands. More recent bands indicate a slightly less negative net salvage of 7 percent. Based on the 10 year band but moderated for more recent bands, this study recommends using a negative 5 percent interim net salvage.

FERC Accounts 316.0 Miscellaneous Power Plant Equipment (Negative 5 percent)

This account consists of interim salvage and cost of removal for tanks, pumps, work equipment, and other related assets at each Steam Production power plant. In the most recent period, a moving average of negative 4 and negative 5 percent exists for the 5-year and 10-year bands, respectively. Some previous years have more negative net salvage, but those are more than what is expected for this account. Most recent indications are being impacted by large salvage recorded in 2011. Based on the 10 year band, this study recommends using a negative 5 percent interim net salvage.

Nuclear Production Accounts, FERC Accounts 320.1-325

The company has one Nuclear Production generating site, Palo Verde Nuclear Site (PVNS), which it has an ownership interest of 10.2 percent. Currently, authorized depreciation rates for accounts 320.1-325 recognize that assets will retire prior to the end of the life of the generating units but had not reflected any interim net salvage. For comparison purposes, a 0 percent interim net salvage is used.

FERC Account 320.10 Land Rights (0 percent)

This account consists of interim salvage and cost of removal for land rights and easements associated with the Nuclear Plant site. No salvage or cost of removal is expected for this account, a 0 percent interim net salvage is the study recommendation.

FERC Account 321.0 Structures and Improvements (Negative 10 percent)

This account consists of interim salvage and cost of removal for buildings, structures, fences, lighting systems, and other related assets at the Nuclear Plant site. In the most recent period, a moving average of negative 36 and negative 57 exists for the 5-year and 10-year bands, respectively. More negative indication is noted in the bands and would support a more negative interim net salvage, but to move toward the indications conservatively, this study recommends using a negative 10 percent interim net salvage.

FERC Account 322.0 Reactor Plant Equipment (Negative 10 percent)

This account consists of interim salvage and cost of removal for reactors, reactor fuel handling, storage, equipment, boiler plant equipment, and other related equipment

at the Nuclear Plant site. In the most recent period, a moving average of negative 31 and negative 47 percent exists for the 5-year and 10-year bands, respectively. Indications would suggest a more negative interim net salvage, but to move towards the indications conservatively, this study recommends using a negative 10 percent interim net salvage.

FERC Account 323.0 Turbogenerator Equipment (Negative 15 percent)

This account consists of interim salvage and cost of removal for turbogenerator equipment, stationary blades, turbine control systems, and other related assets at the Nuclear Plant site. In the most recent period, a moving average of negative 35 and negative 33 percent exists for the 5-year and 10-year bands, respectively. Indications would suggest a more negative interim net salvage. However, to move towards the indications conservatively, this study recommends using a negative 15 percent interim net salvage.

FERC Account 324.0 Accessory Electric Equipment (Negative 10 percent)

This account consists of interim salvage and cost of removal for power transformer, regulators and related assets at the Nuclear Plant site. In the most recent period, a moving average of negative 47 and negative 41 percent exists for the 5-year and 10-year bands, respectively. Indications would suggest a more negative interim net salvage but to move towards the indications conservatively, this study recommends using a negative 10 percent interim net salvage.

FERC Accounts 325.0 Miscellaneous Power Plant Equipment (Negative 10 percent)

This account consists of interim salvage and cost of removal for tanks, pumps, work equipment, and other related assets at the Nuclear Plant site. In the most recent period, a moving average of positive 7 and negative 1 percent exists for the 5-year and 10-year bands, respectively. Most recent indications are being impacted by significant salvage in 2013. Evaluating the other years, net salvage is around negative 30 or more. Based on the analysis, factoring 2013 and other more recent indications, this study recommends using a negative 10 percent interim net salvage.

Other Production, FERC Accounts 340-346

The same interim retirement net salvage analysis process used for Steam and Nuclear was used to for Other Production, FERC Accounts 340.1-346. Currently, authorized depreciation rates for accounts 340.1-346 recognize that assets will retire prior to the end of the life of the generating units but had not reflected any interim net salvage for those retirements. For comparison purposes, a 0 percent interim net salvage is used.

FERC Account 340.1 Other Production Depreciable Land Rights (0 percent)

This account consists of interim salvage and cost of removal for land rights related to each Other Production power plant. No salvage or cost of removal is expected for this account, a 0 percent interim net salvage is the study recommendation.

FERC Account 341 Other Production Structures & Improvements (Negative 5 percent)

This account consists of interim salvage and cost of removal for buildings, structures, fences, lighting systems, and other related assets at each Other Production power plant. Only one year, 2011, with retirement and cost of removal activity. This activity indicates negative 11 percent. Expectations for the future are that if any salvage is realized cost of removal will exceed it, which is evident in the limited experience. Due to limited activity, this study recommends moving toward the indications, but limiting to a negative 5 percent interim net salvage at this time.

FERC Account 342 Other Production Fuel Holders, Producers. & Accessories (Negative 5 percent)

This account consists of interim salvage and cost of removal for pumps, storage tanks, natural gas/ fuel oil piping and other related assets at each Other Production power plant. Only two years, 2010 and 2013, with retirement and cost of removal activity. This activity indicates negative 10 percent. This study recommends limiting the recommendation to a negative 5 percent interim net salvage at this time.

FERC Account 344 Other Production Generators (Negative 5 percent)

This account consists of interim salvage and cost of removal for generators and other related assets at each Other Production power plant. In the most recent period, a moving average of negative 16 and negative 13 percent exists for the 5-year and 10-year bands, respectively. While experience has a more negative net salvage indicated, this is based on only 4 years where activity was recorded. Based on the limited experience, this study recommends recognizing the indications but limiting to a negative 5 percent interim net salvage.

FERC Account 345 Other Production Accessory Electric Equipment (Negative 5 percent)

This account consists of interim salvage and cost of removal for power transformers, conduit, and other related assets at each Other Production power plant. Only two years, 2012 and 2013, show any retirement and cost of removal activity. This activity indicates negative 12 percent. Expectations for the future are that if any salvage is realized cost of removal will exceed it, which is evident in the limited experience. However, due to limited activity, this study recommends moving toward the indications, but limiting to a negative 5 percent interim net salvage at this time.

FERC Account 346 Other Production Miscellaneous Power Plant Equipment (0 percent)

This account consists of interim salvage and cost of removal for work equipment, test equipment, pumps, fire protection systems, and other related assets at each Other Production power plant. Only one year, 2012, with retirement activity and no salvage or cost of removal was recorded. This study recommends a 0 percent interim net salvage at this time.

Solar Generating Facilities FERC Accounts 340-346

Solar generating assets have only been in service since 2011. Thus there is no retirement history or net salvage experience for these accounts. Currently, authorized depreciation rates for accounts 340.1-346 recognize that assets will retire prior to the end of the life of the generating units but do not reflect any interim net salvage for those retirements. For comparison purposes, a 0 percent interim net salvage is used.

FERC Account 344 Other Production Generators (0 percent)

This account consists of interim salvage and cost of removal for generators and other related assets at solar generating facilities. These assets were previously recovered under a rider. No retirement history is available since these assets have only been in service since 2011. The currently approved net salvage percent is 0 percent. Based on judgment, this study recommends retaining the approved 0 percent net salvage for that account.

FERC Account 345 Other Production Accessory Electric Equipment (0t)

This account consists of interim salvage and cost of removal for power transformers, conduit, and other related assets at solar generating facilities. These assets were previously recovered under a rider. No retirement history is available since these assets have only been in service since 2011. The currently approved net salvage percent is 0 percent.

FERC Account 346 Other Production Miscellaneous Power Plant Equipment (0 percent)

This account consists of interim salvage and cost of removal for work equipment, test equipment, pumps, fire protection systems, and other related assets at solar generating facilities. These assets were previously recovered under a rider. No retirement history is available since these assets have only been in service since 2011. The currently approved net salvage percent is 0 percent. Based on judgment, this study recommends retaining the approved 0 percent net salvage for that account.

Salvage - Transmission Property

Increasing levels of removal cost are experienced in nearly all accounts in this function. Moving averages, which smooth out yearly fluctuations between retirements and net salvage, are used to examine data over the 2001 to 2013 period (or newer depending on the account) and determine net salvage estimates for each account. Detailed analysis and results by account are shown in Appendix E and individual account results are discussed below.

FERC Account 350.1 Transmission Depreciable Land Rights (0 percent)

There has been no retirement activity in this account. Since land rights intrinsically have no removal costs (removal costs are attributed to the property on the land) and have no salvage value, a 0 percent net salvage was assigned to this account.

FERC Account 352 Transmission Substation Structures and Improvements (Negative 5 percent)

The currently approved net salvage estimate for this account is negative 5 percent. The overall most recent band indications range from negative 65 to negative 111 percent. The 10 year (overall) band indicates a negative 98 percent. Although the 10 year bands statistics show a more negative net salvage, this study recommends retaining the net salvage estimate of negative 5 percent for this account until more information is available.

FERC Account 353 Transmission Station Equipment (Negative 15 percent)

The approved net salvage for this account is 5 percent for the North and 0 percent for the South. In the most recent period, moving averages range from negative 17 to negative 23 percent. Looking to the most recent 3 year band is a negative 19 percent, which reflect current experience and is at the low end of the range of the full experience indications. This study recommends a move to negative 15 percent.

FERC Account 354 Transmission Tower and Fixtures (Negative 10 percent)

The currently approved net salvage estimate for this account is a negative 10 percent. There has been little salvage or removal recorded in this account. Given the small level of retirements and the lack of net salvage transactional data, this study recommends retaining the negative 10 percent net salvage estimate for this account.

FERC Account 355 Transmission Poles and Fixtures (Negative 50 percent)

The currently approved net salvage estimate for this account is negative 14

percent for the North and negative 15 percent for the South. In the most recent period, a moving average of negative 227 and negative 151 percent exists for the 5-year and 10-year bands, respectively. Throughout much of the history, a negative 60 percent or greater has been experienced in this account. There is a significant level of retirements for this conclusion. This study recommends moving very conservatively by recommending a negative 50 percent net salvage estimate for this account.

FERC Account 356 Transmission Overhead Conductor (Negative 40 percent)

The currently approved net salvage is negative 15 percent. In the most recent period, a moving average of negative 94 and negative 109 percent exists for the 5-year and 10-year bands, respectively. This account has generally experienced more negative net salvage than negative 15 percent. This study recommends moving conservatively to a negative 40 percent net salvage estimate for this account.

FERC Account 357 Transmission Underground Conduit (Negative 5 percent)

The current net salvage estimate for this account is 0 percent. There has been only one year (2012) of retirements during the study period. Since insufficient data exists to predict net salvage for this account and cost of removal will exceed any salvage, a negative 5 percent net salvage estimate is recommended for this account.

FERC Account 359 Transmission Roads and Trails (0 percent)

The current net salvage estimate for this account is 5 percent. There have been no retirements during the 10 years analyzed. Salvage is not expected to exceed cost of removal in the future. This study recommends moving to 0 percent net salvage estimate until actual experience is recorded.

Salvage – Distribution Property

Increasing levels of removal cost are experienced in all accounts in this function. The salvage received for retired assets has decreased over that time while the removal cost of assets has increased dramatically. Also, asset lives have generally lengthened since the last depreciation study, which has the effect of increasing the net removal cost (creating a more negative net salvage percentage) for the assets. Detailed analysis and

results by account are shown in Appendix E and individual account results are discussed below.

FERC Account 360.1 Distribution Depreciable Land Rights (0 percent)

Retirement activity has been very limited in this account. Since land rights intrinsically have no removal costs (removal costs are attributed to the property on the land) and have no salvage value, a 0 percent net salvage estimate is retained for this account.

FERC Account 361 Distribution Structures & Improvements (Negative 5 percent)

The current net salvage estimate for this account is 0 percent. Transactional history shows a negative net salvage in the majority of the years. However, salvage exceeded cost of removal in 2013 impacting the overall net salvage indications. In the most recent period, a moving average of negative 7 and negative 11 percent exists for the 5-year and 10-year bands, respectively. Looking to the most recent 2 to 4 year bands a small negative net salvage experience is shown. Despite the 2013 activity, cost of removal is expected to exceed any salvage in the future. Based on recent and overall transactional history, a negative 5 percent net salvage is a reasonable expectation and is recommended.

FERC Account 362 Distribution Substation Equipment (Negative 15 percent)

The current net salvage estimate for this account is 10 percent for the North and negative 10 percent for the South. Transactional history shows a negative net salvage in all of the years. In the most recent period, a moving average of negative 29 and negative 25 percent exists for the 5-year and 10-year bands, respectively. In the most recent activity there is no indication of negative net salvage below negative 20 percent. Based on the majority of the recent transactional history and moving averages, a conservative negative 15% net salvage is recommended and supported by experience.

FERC Account 364 Distribution Poles, Towers, and Fixtures (Negative 45 percent)

The current net salvage estimate for this account is 5 percent for the North and negative 25 percent for the South. In the most recent period, a moving average of negative 119 and negative 90 percent exists for the 5-year and 10-year bands,

respectively. To move toward the indications conservatively, a negative 45 percent net salvage estimate is recommended, which is half of the overall indications in the account experience. While still a significant change from the existing, this recommendation mitigates the increase in net salvage while conservatively modeling Company experience.

FERC Account 365 Distribution Overhead Conductor and Devices (Negative 35 percent)

The current net salvage estimate for this account is 5 percent for the North and negative 20 percent for the South. In the most recent period, a moving average of negative 117 and negative 68 percent exists for the 5-year and 10-year bands, respectively. A negative 35 percent net salvage estimate is recommended which models very conservatively, about half, of what long term (10 year) Company experience indicated.

FERC Account 366 Distribution Underground Conduit (Negative 10 percent)

The current net salvage estimate for this account is 0 percent for the North and negative 5 percent for the South. This account has demonstrated erratic levels of net salvage as shown in the analysis as well as the approved net salvage. In the most recent period, a moving average of negative 236 and negative 95 percent exists for the 5-year and 10-year bands, respectively. In the 2 to 4 year bands negative 422 to negative 297 percent is indicated. To at least model some negative net salvage in the future a very conservative negative 10 percent net salvage estimate is recommended for this account at this time.

FERC Account 367 Distribution Underground Conductor and Devices (Negative 5 percent)

The currently approved net salvage estimate for this account is 10 percent for the North and negative 10 percent for the South. This account has demonstrated erratic levels of net salvage. In the most recent period, a moving average of negative 7 percent exists for both the 5-year and 10-year bands. Looking at the individual years it is nearly an even split between positive and negative net salvage indications. However, salvage is not expected to exceed removal cost in the future and is shown in the most recent overall moving average. To model net salvage toward expectations and the majority of the indications, a negative 5 percent estimate is recommended for this account.

FERC Account 368 Distribution Line Transformers (Negative 15 percent)

The currently approved net salvage estimate for this account is 5 percent for the North. Line transformer gross salvage proceeds have become smaller, while removal costs have risen. In the most recent period, a moving average of negative 30 and negative 27 percent exists for the 5-year and 10-year bands, respectively. A negative 18 percent in the 2 year band is the lowest negative net salvage indicated. Based upon the trend indicated in the analysis, this study recommends moving to a conservative negative 15 percent net salvage estimate for this account at this time.

FERC Account 369 Distribution Services (Negative 60 percent)

The currently approved net salvage estimate for this account is negative 10 percent for the North and negative 35 percent for the South. In the most recent period, a moving average of negative 179 percent and negative 61 percent exists for the 5-year and 10-year bands, respectively. The 2012 activity has a larger cost of removal recorded for the retirements than what is typically seen, which is most likely due to timing difference in recording the activity. Based on the analysis with reliance on the overall 10-year band, this study recommends moving to a negative 60 percent net salvage for this account.

FERC Account 370.0 Distribution Meters (Negative 20 percent)

The currently approved net salvage estimate for this account is 0 percent. In the most recent period, a moving average of negative 56 and negative 53 percent exists for the 5-year and 10-year bands, respectively. Based on having to retire groups of meters that failed testing, increased retirements and removal costs could be occurring. As a result, to model net salvage in the future without the additional retirements, a negative 20 percent net salvage estimate is recommended for this account.

FERC Account 370.1 Distribution Meters – Load Research (Negative 20 percent)

The currently approved net salvage estimate for this account is 0 percent. This account has limited investment and experience. Due to the similarity of assets and the expectation of incurring the same costs upon retirement, this account is recommended to use the same negative 20 percent net salvage recommended for Account 370.0 Meters.

FERC Account 371.0 Distribution Installation on Customers' Premises (Negative 30 percent)

The currently approved net salvage estimate for this account is negative 45 percent for the North and negative 5 percent for the South. In the most recent period, a moving average of negative 211 percent and negative 134 percent exists for the 5-year and 10-year intervals, respectively. Negative net salvage indications really increased in 2007 and have continued through 2013. Based on the trend, we recommend moving toward those indications but limiting the change to a negative 30 percent at this time.

FERC Account 371.1 Distribution Leased Flood Lighting (0 percent)

The currently approved net salvage estimate for this account is 20 percent. This account has limited investment and experience. Any salvage is expected to be offset by removal costs. This account is recommended to use a zero percent net salvage at this time.

FERC Account 373 Distribution Street Lighting (Negative 10 percent)

The currently approved net salvage estimate for this account is 60 percent for the North and 20 percent for the South. Transactional history shows diminishing positive salvage for this account and no salvage recorded since 2006. There has been an increase in removal cost since 2006. In the most recent period, a moving average of negative 752 percent and negative 252 percent exists for the 5-year and 10-year intervals, respectively. The Company has booked some of CIAC payments in recent years to the cost of removal, and those amounts have been adjusted for transaction years 2005-2013. This study proposes to move in the direction of the negative net salvage trend and recommends negative 10 percent net salvage for this account.

Salvage – General Property

Most accounts in the general function currently have a 0 percent net salvage value. Detailed analysis and results by account are shown in Appendix E and individual account results are discussed below.

GENERAL PLANT - DEPRECIATED

FERC Account 390 Structures and Improvements (Negative 10 percent)

The currently approved net salvage estimate for this account is positive 5 percent for the north. This account consists of all general plant structures, which may range from buildings to building components such as HVAC systems or roofs. The most recent 5 and 10 year moving average show negative 2 and negative 3 percent net salvage, respectively. Prior periods show a much more negative net salvage than the period ending 2013. This study recommends moving to negative 10 percent for this account.

FERC Account 390.1 Bulk Power Office Remodeling (0 percent)

The currently approved net salvage estimate for this account is 0 percent. This account consists of remodeling costs for Bulk Power Building. No separate analysis or activity has been performed. This study recommends retaining a net salvage estimate of 0 percent for this account.

FERC Account 390.2 Bulk Power Building (0 percent)

The currently approved net salvage estimate for this account is 0 percent. This account consists of costs for Bulk Power Building. No separate analysis or activity has been performed. This study recommends retaining a net salvage estimate of 0 percent for this account.

FERC Account 392.0 Transportation Equipment – Light Duty (7 percent)

The currently approved net salvage estimate for this account is positive 0 percent. Salvage is declining. The most recent 5 and 10 year moving averages show 6 percent and 10 percent, respectively. To model net salvage in the future, this study recommends moving to 7 percent net salvage estimate for this account.

FERC Account 392.1 Transportation Equipment – Heavy Duty Trucks (16 percent)

The currently approved net salvage estimate for this account is positive 10 percent. Salvage is increasing in this account. The most recent 5 and 10 year moving averages show 8 percent and 16 percent, respectively. To model net salvage in the future, this study recommends moving to a 16 percent net salvage estimate for this account.

FERC Account 392.2 Transportation Equipment – Trailers (17 percent)

The currently approved net salvage estimate for this account is positive 20 percent. Salvage is declining. The most recent 5 and 10 year moving averages show 14 percent and 20 percent, respectively. To model net salvage in the future, this study recommends moving to a 17 percent net salvage estimate for this account.

FERC Account 396 Power Operated Equipment (12 percent)

The currently approved net salvage estimate for this account is positive 12 percent. Proceeds for used power operated equipment have declined. The average net salvage has been declining for the last several years. The most recent 5-year and 10-year net salvage percentage is 7 percent and 12 percent, respectively. To model net salvage in the future, a 12 percent net salvage estimate is retained for this account.

GENERAL PLANT - AMORTIZED

FERC Account 391.0 Office Furniture and Equipment (0 percent)

This account consists of gross salvage and cost of removal for miscellaneous office furniture such as desks, chairs, filing cabinets, and tables used for general utility service. The currently approved net salvage estimate for this account is 5 percent for the South. Only two of the last 13 years have had salvage recorded. Overall indications are 0 percent. The most recent 5 and 10 year moving average both show negative 0.59 and 0.73 percent net salvage, respectively. To model net salvage in the future, a 0 percent net salvage estimate is retained for this account.

FERC Account 391.1 PC Systems (0 percent)

This account consists of gross salvage and cost of removal for PC related network computer equipment used for general utility service. The currently approved net salvage estimate for this account is 5 percent for the South. No salvage or cost of removal has been recorded or is expected. Therefore, a 0 percent net salvage estimate is requested for this account.

FERC Account 391.2 PCs (0 percent)

This account consists of gross salvage and cost of removal for personal computer equipment used for general utility service. The currently approved net salvage estimate for this account is 0 percent. Some cost of removal has been recorded but more often no salvage or cost of removal is recorded nor expected. Overall indications are negligible. Therefore, retaining a 0 percent net salvage estimate is requested for this account.

FERC Account 391.3 Computer Hardware (0 percent)

This account consists of gross salvage and cost of removal for network computer equipment used for general utility service. The currently approved net salvage estimate for this account is 0 percent. No salvage or cost of removal recorded or expected. Therefore, retaining a 0 percent net salvage estimate is requested for this account.

FERC Account 391.7 Computer Hardware (0 percent)

This account consists of gross salvage and cost of removal for network computer equipment used for general utility service. The currently approved net salvage estimate for this account is 0 percent. There has been no retirement experience for this account, thus no information is included in Appendix E. Overall expectations are no salvage or cost of removal. Therefore, retaining a 0 percent net salvage estimate is requested for this account.

FERC Account 393 Stores Equipment (0 percent)

This account consists of gross salvage and cost of removal for stores equipment used for general utility service. The currently approved net salvage estimate for this account is 0 percent. This kind of equipment seldom produces any gross salvage or

cost of removal. To model net salvage in the future, a 0 percent net salvage is retained for this account.

FERC Account 394 Tools, Shop, and Garage Equipment (0 percent)

This account consists of gross salvage and cost of removal for various items or tools used in shop and garages such as air compressors, grinders, mixers, hoists, and cranes. The currently approved net salvage estimate for this account is 0 percent. No salvage or cost of removal has been recorded from 2006-2013. To model net salvage in the future, a 0 percent net salvage estimate is retained for this account.

FERC Account 395 Laboratory Equipment (0 percent)

This account consists of gross salvage and cost of removal for laboratory equipment used in general utility service. The currently approved net salvage estimate for this account is 0 percent. No salvage or cost of removal has been recorded and none is expected. To model net salvage in the future, a 0 percent net salvage estimate is retained for this account.

FERC Account 397.0 Communication Equipment (0 percent)

This account consists of gross salvage and cost of removal for communication equipment used in general utility service. The currently approved net salvage estimate for this account is 0 percent. The most recent 5-year and 10-year net salvage percentages are negative 0.08 percent and negative 0.13 percent respectively. Indications are that cost of removal will exceed salvage by a very small amount. General expectations are that salvage and cost of removal will offset each other. To model net salvage in the future, a 0 percent net salvage estimate is retained for this account.

FERC Account 397.1 Communication Equipment – Tri State (0 percent)

This account consists of gross salvage and cost of removal for miscellaneous communication equipment used in general utility service. The currently approved net salvage estimate for this account is 0 percent. Based on experience with Account 397 (Communication Equipment), a 0 percent net salvage estimate is retained for this

account.

FERC Account 397.2 Communication Equipment – Towers (0 percent)

This account consists of gross salvage and cost of removal for towers. There is very little investment and no existing parameter. Based on experience with Account 397 (Communication Equipment), a 0 percent net salvage estimate is recommended for this account.

FERC Account 398 Miscellaneous Equipment (0 percent)

This account consists of gross salvage and cost of removal for miscellaneous equipment used in general utility service. The currently approved net salvage estimate for his account is 0 percent. Very little salvage and no cost of removal have been recorded. This study recommends retention of a 0 percent net salvage.

OTHER GENERATING UNITS

Four additional generating units are being added as Post Depreciation Study additions coming into service after December 31, 2013. The table below shows the plant, assumed life and net salvage for each.

Plant	Life	Net Salvage Percent
Rio Bravo	40 years	0%
La Luz	40 years	0%
Solar Asset 2014	30 Years	0%
Solar Asset 2015	30 years	0%

APPENDIX A

Depreciation Rate Calculations

Public Service Company of New Mexico
Computation of Annual Accrual Rate
As of December 31, 2013

Account No. (a)	Description (b)	Original Cost 12/31/13 (c)	Book Reserve 12/31/13 (c)	Net Salvage % (d)	Net Salvage Amount (e) (e) = (c) x (d)	Unaccrued Balance (f) (f) = (c) -(d) - (e)	Remaining Life (g)	Annual Accrual $ (h) (h)= (f)/ (g)	Annual Accrual Rate (i) (i)= (h) / (c)
	Production Plant								
310.1	Four Corners	15,058.00	3,416.46	0.00%	0.00	11,641.54	17.50	665.23	4.42%
310.1	Reeves	10,900.48	10,173.14	0.00%	0.00	727.34	16.50	44.08	0.40%
311	Algodones	645,469.76	645,469.76	0.00%	0.00	0.00	0.00	0.00	0.00%
311	Four Corners	11,577,779.23	6,976,289.08	-0.37%	(42,601.59)	4,644,091.74	16.83	275,983.29	2.38%
311	Reeves	3,588,645.25	2,842,588.23	-0.52%	(18,636.10)	764,693.12	15.47	49,436.55	1.38%
311	San Juan	133,608,638.52	72,193,619.00	-1.43%	(1,909,217.93)	63,324,237.45	34.21	1,851,125.40	1.39%
312	Algodones	1,659,199.64	1,659,199.64	0.00%	0.00	(0.00)	0.00	0.00	0.00%
312	Four Corners	103,979,939.28	71,534,042.36	-1.81%	(1,881,308.32)	34,327,205.24	15.33	2,238,608.53	2.15%
312	Reeves	34,262,277.57	9,595,472.16	-1.46%	(501,608.88)	25,168,414.29	15.06	1,671,294.02	4.88%
312	San Juan	607,785,596.37	221,968,016.38	-4.01%	(24,356,617.24)	410,174,197.23	29.54	13,883,065.26	2.28%
314	Algodones	1,544,621.60	1,544,621.60	0.00%	0.00	0.00	0.00	0.00	0.00%
314	Four Corners	16,461,001.38	7,755,346.22	-2.16%	(355,666.35)	9,061,321.51	15.16	597,725.76	3.63%
314	Reeves	27,920,665.63	19,029,869.90	-1.93%	(540,259.87)	9,431,055.60	14.33	658,182.68	2.36%
314	San Juan	151,200,836.84	52,228,824.82	-5.09%	(7,699,670.82)	106,671,682.84	28.26	3,775,098.86	2.50%
315	Algodones	195,744.04	195,744.04	0.00%	0.00	0.00	0.00	0.00	0.00%
315	Four Corners	10,247,749.85	7,090,372.15	-0.53%	(54,743.39)	3,212,121.09	16.52	194,405.03	1.90%
315	Reeves	3,365,024.09	635,865.03	-0.28%	(9,579.35)	2,738,738.41	15.96	171,618.09	5.10%
315	San Juan	62,526,837.78	37,512,681.11	-2.28%	(1,428,318.69)	26,442,475.36	31.29	845,066.59	1.35%
316	Algodones	31,241.39	31,241.39	0.00%	0.00	0.00	0.00	0.00	0.00%
316	Four Corners	9,008,709.96	4,279,413.43	-0.89%	(80,291.70)	4,809,588.23	15.76	305,095.66	3.39%
316	Reeves	1,173,308.81	93,655.71	-0.79%	(9,321.07)	1,088,974.17	14.19	76,720.36	6.54%
316	San Juan	22,167,081.47	9,730,753.31	-2.99%	(662,249.73)	13,098,577.89	23.49	557,674.33	2.52%
	Total Production	1,202,976,326.94	527,556,674.92		(39,550,091.01)	714,969,743.03		27,151,809.74	
	Nuclear Plant								
320.1	Palo Verde	44,621.92	22,232.71	0.00%	0.00	22,389.21	33.50	668.33	1.50%
321	Palo Verde 1	13,100,510.16	3,723,150.85	-1.24%	(161,872.71)	9,539,232.02	29.75	320,626.11	2.45%
321	Palo Verde 2	30,319,869.75	7,383,955.08	-1.12%	(340,561.57)	23,276,476.24	30.90	753,349.86	2.48%
321	Palo Verde 3	32,201,768.06	16,929,136.17	-1.95%	(628,052.07)	15,900,683.96	30.47	521,763.67	1.62%
321	Palo Verde Common	61,737,117.42	6,583,457.78	-1.07%	(659,906.03)	55,813,565.67	31.95	1,747,022.81	2.83%
322	Palo Verde 1	45,105,848.88	8,814,572.29	-1.58%	(712,086.21)	37,003,362.80	29.00	1,275,950.75	2.83%
322	Palo Verde 2	74,688,551.22	17,112,226.37	-1.64%	(1,221,634.63)	58,797,959.48	29.84	1,970,313.50	2.64%
322	Palo Verde 3	81,381,267.48	26,988,086.43	-1.86%	(1,512,262.09)	55,905,443.14	30.30	1,844,901.78	2.27%
322	Palo Verde Common	5,683,829.76	2,007,334.33	-1.88%	(106,912.65)	3,783,408.08	30.23	125,171.84	2.20%
323	Palo Verde 1	14,824,777.76	2,942,066.58	-2.70%	(399,814.58)	12,282,525.76	28.54	430,410.86	2.90%
323	Palo Verde 2	29,852,992.83	6,544,724.99	-2.79%	(833,883.60)	24,142,151.44	29.35	822,536.56	2.76%
323	Palo Verde 3	28,869,977.68	10,098,231.59	-3.07%	(885,251.50)	19,656,997.59	29.75	660,722.76	2.29%
323	Palo Verde Common	1,102,966.81	296,670.81	-3.00%	(33,052.06)	839,348.06	25.82	32,512.88	2.95%

Public Service Company of New Mexico
Computation of Annual Accrual Rate
As of December 31, 2013

Account No. (a)	Description (b)	Original Cost 12/31/13 (c)	Book Reserve 12/31/13 (c)	Net Salvage % (d)	Net Salvage Amount (e) (e) = (c) x (d)	Unaccrued Balance (f) (f) = (c) -(d) - (e)	Remaining Life (g)	Annual Accrual $ (h) (h)= (f)/ (g)	Annual Accrual Rate (i) (i)= (h) / (c)
324	Palo Verde 1	4,409,384.14	2,284,792.36	-3.41%	(150,574.19)	2,275,165.97	25.74	88,392.44	2.00%
324	Palo Verde 2	18,178,603.05	4,550,644.23	-2.84%	(515,741.74)	14,143,700.56	28.35	498,921.06	2.74%
324	Palo Verde 3	14,047,011.49	6,835,855.49	-3.82%	(536,604.15)	7,747,760.15	26.16	296,160.27	2.11%
324	Palo Verde Common	2,493,132.81	624,172.82	-3.17%	(79,120.63)	1,948,080.62	28.24	68,986.04	2.77%
325	Palo Verde 1	1,989,568.13	733,442.53	-3.26%	(64,948.75)	1,321,074.35	26.15	50,512.44	2.54%
325	Palo Verde 2	7,132,525.30	2,484,074.59	-3.15%	(224,326.82)	4,872,777.53	27.43	177,652.13	2.49%
325	Palo Verde 3	5,703,331.46	2,319,715.53	-3.71%	(211,540.62)	3,595,156.55	26.50	135,644.11	2.38%
325	Palo Verde Common	20,056,183.48	4,937,711.14	-3.18%	(637,336.20)	15,755,808.54	28.19	558,895.90	2.79%
		492,923,839.59	134,216,254.67			368,623,067.72		12,381,116.11	
	Other Production								
340.1	Afton	1,761,813.47	0.00	0.00%	0.00	1,761,813.47	28.50	61,818.02	3.51%
340.1	Lordburg	197,500.00	75,619.68	0.00%	0.00	121,880.32	28.50	4,276.50	2.17%
341	Afton	33,061,714.70	7,074,108.81	-0.42%	(139,731.79)	26,127,337.68	27.42	952,716.56	2.88%
341	Las Vegas	33,820.65	33,820.65	0.00%	0.00	0.00	0.00	0.00	0.00%
341	Luna	13,862,551.53	3,679,562.11	-0.49%	(68,519.36)	10,251,508.78	27.43	373,674.53	2.70%
341	Lordburg	9,718,348.04	4,676,947.29	-0.49%	(47,257.01)	5,088,657.76	27.25	186,753.27	1.92%
342	Afton	72,874,661.74	12,439,436.39	0.00%	(0.33)	60,435,225.68	28.38	2,129,397.48	2.92%
342	Las Vegas	47,067.01	47,067.01	0.00%	0.00	0.00	0.00	0.00	0.00%
342	Luna	11,433,299.71	3,067,094.55	0.00%	(0.45)	8,366,205.61	28.50	293,551.07	2.57%
342	Lordburg	2,041,325.74	808,721.34	0.00%	(0.04)	1,232,604.44	28.50	43,249.28	2.12%
344	Afton	96,184,894.42	7,344,408.99	0.00%	(460.13)	88,840,945.56	28.50	3,117,466.26	3.24%
344	Luna	28,248,695.40	8,517,544.00	0.00%	(742.76)	19,731,894.16	28.50	692,347.73	2.45%
344	Lordburg	32,921,962.26	8,288,758.88	0.00%	(1,420.51)	24,634,623.89	28.50	864,478.87	2.63%
345	Afton	8,911,751.37	1,623,573.32	0.00%	(124.90)	7,288,302.95	21.51	338,892.75	3.80%
345	Lordburg	2,491,990.90	741,801.89	0.00%	(110.68)	1,750,299.69	19.01	92,078.64	3.69%
346	Afton	3,466,945.80	1,114,400.89	0.00%	0.00	2,352,544.91	24.74	95,106.69	2.74%
346	Luna	7,659,636.74	2,438,949.26	0.00%	0.00	5,220,687.48	26.91	194,003.43	2.53%
346	Lordburg	3,884,869.04	1,023,006.96	0.00%	0.00	2,861,862.08	24.42	117,181.67	3.02%
		328,802,848.52	62,994,822.02		(258,367.96)	266,066,394.46		9,556,992.77	
Solar									
Installation 2011 Vintage									
344	Generators	78,230,200.89	6,683,780.27	0.00%	0.00	71,546,420.62	22.50	3,179,840.92	4.06%
345	Accessorty Electrical Equipment	7,448,155.58	492,641.27	0.00%	0.00	6,955,514.31	22.50	309,133.97	4.15%
346	Miscellaneous Power Equipment	893,765.05	158,104.62	0.00%	0.00	735,660.43	22.50	32,696.02	3.66%
Installation 2013 Vintage									
344	Generators	43,518,316.39	487,973.98	0.00%	0.00	43,030,342.41	29.50	1,458,655.67	3.35%
345	Accessorty Electrical Equipment	2,967,388.57	21,933.61	0.00%	0.00	2,945,454.96	29.50	99,845.93	3.36%
346	Miscellaneous Power Equipment	129,791.89	2,476.32	0.00%	0.00	127,315.57	29.50	4,315.78	3.33%

Public Service Company of New Mexico
Computation of Annual Accrual Rate
As of December 31, 2013

Account No. (a)	Description (b)	Original Cost 12/31/13 (c)	Book Reserve 12/31/13 (c)	Net Salvage % (d)	Net Salvage Amount (e) (e) = (c) x (d)	Unaccrued Balance (f) (f) = (c) -(d) - (e)	Remaining Life (g)	Annual Accrual $ (h) (h)= (f)/ (g)	Annual Accrual Rate (i) (I)= (h) / (c)
		133,187,618.37	7,846,910.07		0.00	125,340,708.30		5,084,488.29	
	Transmission Plant								
350.1	Land Rights	40,732,355.29	19,065,423.20	0.00%	0.00	21,666,932.09	59.42	364,610.25	0.90%
352	Structures and Improvements	27,455,040.91	7,517,693.67	-5.00%	(1,372,752.05)	21,310,099.29	31.90	668,043.77	2.43%
353	Station Equipment	287,999,955.70	115,417,653.07	-15.00%	(43,199,993.36)	215,782,295.99	28.42	7,592,073.64	2.64%
354	Towers and Fixtures	26,425,551.59	16,576,509.88	-10.00%	(2,642,555.16)	12,491,596.87	33.57	372,147.41	1.41%
355	Poles and Fixtures	143,131,885.89	61,294,270.29	-50.00%	(71,565,942.95)	153,403,558.55	35.31	4,343,910.41	3.03%
356	Overhead Conductors and Devices	92,589,672.76	54,213,982.34	-40.00%	(37,035,869.10)	75,411,559.52	28.98	2,601,819.85	2.81%
357	Underground Conduit	1,260,363.24	853,026.56	-5.00%	(63,018.16)	470,354.84	16.18	29,069.76	2.31%
359	Roads and Trails	8,669,894.34	955,601.39	0.00%	0.00	7,714,292.95	48.89	157,796.11	1.82%
	Total Transmission	628,264,719.72	275,894,160.40		(155,880,130.77)	508,250,690.09		16,129,471.20	
	Distirbution Plant								
360.1	Land Rights	1,992,812.23	584,390.38	0.00%	0.00	1,408,421.85	56.16	25,078.89	1.26%
361	Structures and Improvements	21,829,253.94	6,416,500.34	-5.00%	(1,091,462.70)	16,504,216.30	31.48	524,216.53	2.40%
362	Station Equipment	167,384,340.58	53,942,407.64	-15.00%	(25,107,651.09)	138,549,584.03	29.54	4,689,780.13	2.80%
363	Batteries	2,382,709.18	500,438.57	0.00%	0.00	1,882,270.61	7.50	250,969.41	10.53%
364	Poles, Towers & Fixtures	167,624,414.48	75,739,111.51	-45.00%	(75,430,986.52)	167,316,289.49	31.40	5,328,329.40	3.18%
365	Overhead Conductor & Devices	126,929,096.11	67,720,068.11	-35.00%	(44,425,183.64)	103,634,211.64	29.08	3,563,168.79	2.81%
366	Underground Conduit	103,837,360.23	45,860,350.49	-10.00%	(10,383,736.02)	68,360,745.76	29.89	2,286,868.41	2.20%
367	Underground Conductor & Devices	240,819,895.36	90,942,091.46	-5.00%	(12,040,994.77)	161,918,798.67	33.17	4,882,208.19	2.03%
368	Line Transformers	180,615,537.32	69,690,742.29	-15.00%	(27,092,330.60)	138,017,125.63	24.99	5,523,133.63	3.06%
369	Services	130,914,402.44	78,909,581.81	-60.00%	(78,548,641.46)	130,553,462.09	30.77	4,242,664.65	3.24%
369.1	Underground Services	6,447,886.54	6,168,465.16	-60.00%	(3,868,731.92)	4,148,153.30	29.15	142,288.71	2.21%
370	Meters	48,477,013.66	12,805,680.50	-20.00%	(9,695,402.73)	45,366,735.89	19.82	2,289,426.36	4.72%
371	Installation on customers Premises	9,488,444.91	9,099,832.23	-30.00%	(2,846,533.47)	3,235,146.15	17.78	181,976.01	1.92%
371.1	Leased Flood Lighting	306,100.34	269,922.92	0.00%	0.00	36,177.42	0.32	113,472.98	NA
373	Street Lighting System	18,204,445.01	7,256,204.50	-10.00%	(1,820,444.50)	12,768,685.01	19.79	645,279.64	3.54%
	Total Distribution	1,227,253,712.33	525,905,787.91		(292,352,099.42)	993,700,023.84		34,688,861.73	

Since Account 371.1 has a short remaining life, this study recommends retention of the existing accrual rate until the group is fully accrued.

	General Plant								
390	Structures & Improvements	77,845,201.67	30,789,287.36	-10.00%	(7,784,520.17)	54,840,434.48	24.49	2,239,146.15	2.88%
390.1	Bulk Power Office Building Remodelir	6,667,575.86	4,835,577.34	0.00%	0.00	1,831,998.52	7.24	253,131.18	3.80%
390.2	Bulk Power Office Building	4,497,081.04	4,497,081.04	0.00%	0.00	0.00	0.00	NA	NA
392	Transportation Equipment - Light	1,718,846.76	816,334.39	7.00%	120,319.27	782,193.10	5.75	136,065.81	7.92%
392.1	Transportation Equipment - Heavy	2,141,826.48	904,774.29	16.00%	342,692.24	894,359.95	3.31	270,201.43	12.62%
392.2	Transportation Equipment - Trailers	2,809,891.92	824,027.50	17.00%	477,681.63	1,508,182.79	10.86	138,897.66	4.94%

Public Service Company of New Mexico
Computation of Annual Accrual Rate
As of December 31, 2013

Account No. (a)	Description (b)	Original Cost 12/31/13 (c)	Book Reserve 12/31/13 (c)	Net Salvage % (d)	Net Salvage Amount (e) (e) = (c) x (d)	Unaccrued Balance (f) (f) = (c) -(d) - (e)	Remaining Life (g)	Annual Accrual $ (h) (h)= (f)/ (g)	Annual Accrual Rate (i) (I)= (h) / (c)
392.4	Transportation Equipment- Leaseback	89,548.10	92,273.09	0.00%	0.00	(2,724.99)	4.83	NA	NA
396	Power Operated Equipment	3,912,084.10	2,038,700.56	12.00%	469,450.09	1,403,933.45	4.44	316,457.25	8.09%
	Total General	99,682,055.93	44,798,055.57		(6,374,376.94)	61,258,377.30		3,353,899.48	
Post Test Year Addtion:									
	Rio Bravo	58,117,258.00	18,917,258.00	0.00%	0.00	39,200,000.00	27.00	1,451,851.85	2.50%

PNM
COMPUTATION OF ANNUAL AMORTIZATION RATE
AT DECEMBER 31, 2013

Account	Description	Plant Balance 12/31/2013	Allocated Reserve 12/31/2013	Theoretical Reserve 12/31/2013	Reserve Difference	Remaining Life	Amortize Reserve Difference
	General Plant Amortized						
391	Office Furniture & Equipment	7,137,576.35	3,765,936.94	4,119,578.24	(353,641.30)	8.49	41,638.20
391.1	Office Furniture & Equipment-PC Sy	208,422.99	150,751.90	187,950.68	(37,198.78)	1.13	33,061.66
391.2	Office Furniture & Equipment-PC's	3,576,794.24	3,169,789.23	3,193,014.90	(23,225.67)	2.59	8,961.64
391.3	Computer Hardware	55,408,343.00	13,552,304.94	34,453,146.00	(20,900,841.06)	3.30	6,340,909.18
391.7	Computer Hardware	50,514.91	1,715.00	18,041.04	(16,326.04)	4.50	3,628.01
393	Stores Equipment	51,416.93	9,296.23	18,363.19	(9,066.96)	4.50	2,014.88
394	Tools, Shop & garage Equipment	106,923.89	91,516.22	95,464.83	(3,948.61)	2.59	1,525.71
395	Laboratory Equipment	13,797,916.97	4,452,022.28	5,130,020.61	(677,998.33)	13.24	51,217.30
397	Communications Equipment	829,640.11	500,130.49	695,169.40	(195,038.91)	4.26	45,738.54
397.1	Communications Equipment-Tri-Stat	29,865,673.27	15,859,396.00	14,675,080.61	1,184,315.39	7.94	0.00
397.2	Communications Equipment-Towers	116,833.50	5,877.31	11,683.35	(5,806.04)	4.50	1,290.23
398	Miscellaneous Equipment	435,669.62	262,880.80	315,903.60	(53,022.80)	6.00	8,830.35
	Total General Amortized	111,585,725.78	41,821,617.34	62,913,416.44	(21,091,799.10)		6,538,815.70

Excluding Fully Accrued Assets

Account	Description	Plant Balance 12/31/2013	Allocated Reserve 12/31/2013	Amortization Life	Amortization Net Salv %	Annual Amortization	Accrual For Reserve Difference	Total Amortization	Amortization Rate
391	Office Furniture & Equipment	7,106,862.12	3,735,222.71	18.00	0.00%	394,825.67	41,638.20	436,463.87	6.14%
391.1	Office Furniture & Equipment-PC Sy	90,977.24	33,306.15	5.00	0.00%	18,195.45	33,061.66	51,257.10	56.34%
391.2	Office Furniture & Equipment-PC's	740,407.46	333,402.45	5.00	0.00%	148,081.49	8,961.64	157,043.13	21.21%
391.3	Computer Hardware	44,501,798.00	2,645,759.94	7.00	0.00%	6,357,399.71	6,340,909.18	12,698,308.89	28.53%
391.7	Computer Hardware	50,514.91	1,715.00	7.00	0.00%	7,216.42	3,628.01	10,844.42	21.47%
393	Stores Equipment	51,416.93	9,296.23	7.00	0.00%	7,345.28	2,014.88	9,360.16	18.20%
394	Tools, Shop & garage Equipment	66,415.38	51,007.71	15.00	0.00%	4,427.69	1,525.71	5,953.40	8.96%
395	Laboratory Equipment	13,095,791.23	3,749,896.54	20.00	0.00%	654,789.56	51,217.30	706,006.86	5.39%
397	Communications Equipment	630,694.10	301,184.48	20.00	0.00%	31,534.71	45,738.54	77,273.25	12.25%
397.1	Communications Equipment-Tri-Stat	28,691,180.65	14,684,903.38	15.00	0.00%	1,912,745.38	0.00	1,912,745.38	0.00%
397.2	Communications Equipment-Towers	116,833.50	5,877.31	5.00	0.00%	23,366.70	1,290.23	24,656.93	21.10%
398	Miscellaneous Equipment	299,185.39	126,396.57	15.00	0.00%	19,945.69	8,830.35	28,776.05	9.62%
	Total General Amortized After Ret of Fully Accrued Assets	95,442,076.91	25,677,968.47			9,579,873.75	6,538,815.70	16,118,689.44	

APPENDIX B

Recommended Change in Depreciation Accrual

Public Service Company of New Mexico
Comparison of Current and Proposed Accrual Rates
As of December 31, 2013

Account No. (a)	Description (b)	Original Cost 12/31/13 (c)	Current Accrual Rate (d)	Accrual At Current Rate % (e) (e) = (c) x (d)	Proposed Accrual Rate (f)	Accrual at Proposed Rates (g) (g) = (c) x (f)	Difference (h) (h) = (g) - (e)
	Production Plant						
310.1	Four Corners	15,058.00			4.42%	665.23	665.23
310.1	Reeves	10,900.48	0.40%	43.60	0.40%	44.08	0.48
311	Algodones	645,469.76	0.00%	0.00	0.00%	0.00	0.00
311	Four Corners	11,577,779.23	1.03%	119,251.13	2.38%	275,983.29	156,732.17
311	Reeves	3,588,645.25	0.53%	19,019.82	1.38%	49,436.55	30,416.73
311	San Juan	133,608,638.52	1.08%	1,442,973.30	1.39%	1,851,125.40	408,152.11
312	Algodones	1,659,199.64	0.00%	0.00	0.00%	0.00	0.00
312	Four Corners	103,979,939.28	1.42%	1,476,515.14	2.15%	2,238,608.53	762,093.39
312	Reeves	34,262,277.57	1.08%	370,032.60	4.88%	1,671,294.02	1,301,261.43
312	San Juan	607,785,596.37	1.95%	11,851,819.13	2.28%	13,883,065.26	2,031,246.13
314	Algodones	1,544,621.60	0.00%	0.00	0.00%	0.00	0.00
314	Four Corners	16,461,001.38	1.45%	238,684.52	3.63%	597,725.76	359,041.24
314	Reeves	27,920,665.63	1.41%	393,681.39	2.36%	658,182.68	264,501.30
314	San Juan	151,200,836.84	1.85%	2,797,215.48	2.50%	3,775,098.86	977,883.38
315	Algodones	195,744.04	0.00%	0.00	0.00%	0.00	0.00
315	Four Corners	10,247,749.85	0.98%	100,427.95	1.90%	194,405.03	93,977.09
315	Reeves	3,365,024.09	2.11%	71,002.01	5.10%	171,618.09	100,616.08
315	San Juan	62,526,837.78	1.32%	825,354.26	1.35%	845,066.59	19,712.34
316	Algodones	31,241.39	0.00%	0.00	0.00%	0.00	0.00
316	Four Corners	9,008,709.96	2.83%	254,946.49	3.39%	305,095.66	50,149.17
316	Reeves	1,173,308.81	2.72%	31,914.00	6.54%	76,720.36	44,806.36
316	San Juan	22,167,081.47	1.19%	263,788.27	2.52%	557,674.33	293,886.06
	Total Steam Production	**1,202,976,326.94**		**20,256,669.07**		**27,151,809.74**	**6,895,140.67**
	Nuclear Plant						
320.1	Palo Verde	44,621.92	0.96%	428.37	1.50%	668.33	239.96
321	Palo Verde 1	13,100,510.16	1.81%	237,119.23	2.45%	320,626.11	83,506.88
321	Palo Verde 2	30,319,869.75	1.81%	548,789.64	2.48%	753,349.86	204,560.22
321	Palo Verde 3	32,201,768.06	1.81%	582,852.00	1.62%	521,763.67	(61,088.33)
321	Palo Verde Common	61,737,117.42	1.81%	1,117,441.83	2.83%	1,747,022.81	629,580.98
322	Palo Verde 1	45,105,848.88	2.20%	992,328.68	2.83%	1,275,950.75	283,622.08
322	Palo Verde 2	74,688,551.22	2.20%	1,643,148.13	2.64%	1,970,313.50	327,165.37
322	Palo Verde 3	81,381,267.48	2.20%	1,790,387.88	2.27%	1,844,901.78	54,513.90

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322	Palo Verde Common	5,683,829.76	2.20%	125,044.25	2.20%	125,171.84	127.59
323	Palo Verde 1	14,824,777.76	1.92%	284,635.73	2.90%	430,410.86	145,775.13
323	Palo Verde 2	29,852,992.83	1.92%	573,177.46	2.76%	822,536.56	249,359.09
323	Palo Verde 3	28,869,977.68	1.92%	554,303.57	2.29%	660,722.76	106,419.19
323	Palo Verde Common	1,102,966.81	1.92%	21,176.96	2.95%	32,512.88	11,335.92
324	Palo Verde 1	4,409,384.14	1.59%	70,109.21	2.00%	88,392.44	18,283.23
324	Palo Verde 2	18,178,603.05	1.59%	289,039.79	2.74%	498,921.06	209,881.27
324	Palo Verde 3	14,047,011.49	1.59%	223,347.48	2.11%	296,160.27	72,812.79
324	Palo Verde Common	2,493,132.81	1.59%	39,640.81	2.77%	68,986.04	29,345.22
325	Palo Verde 1	1,989,568.13	3.68%	73,216.11	2.54%	50,512.44	(22,703.67)
325	Palo Verde 2	7,132,525.30	3.68%	262,476.93	2.49%	177,652.13	(84,824.80)
325	Palo Verde 3	5,703,331.46	3.68%	209,882.60	2.38%	135,644.11	(74,238.48)
325	Palo Verde Common	20,056,183.48	3.68%	738,067.55	2.79%	558,895.90	(179,171.65)
	Total Nuclear	**492,923,839.59**		**10,376,614.22**		**12,381,116.11**	**2,004,501.89**
	Other Production						
340.1	Afton	1,761,813.47	0.00%	0.00	3.51%	61,818.02	61,818.02
340.1	Lordburg	197,500.00	3.33%	6,576.75	2.17%	4,276.50	(2,300.25)
341	Afton	33,061,714.70	2.31%	763,725.61	2.88%	952,716.56	188,990.95
341	Las Vegas	33,820.65	11.41%	3,858.94	0.00%	0.00	(3,858.94)
341	Luna	13,862,551.53	3.52%	487,961.81	2.70%	373,674.53	(114,287.28)
341	Lordburg	9,718,348.04	2.25%	218,662.83	1.92%	186,753.27	(31,909.56)
342	Afton	72,874,661.74	2.32%	1,690,692.15	2.92%	2,129,397.48	438,705.32
342	Las Vegas	47,067.01	12.49%	5,878.67	0.00%	0.00	(5,878.67)
342	Luna	11,433,299.71	3.43%	392,162.18	2.57%	293,551.07	(98,611.11)
342	Lordburg	2,041,325.74	2.50%	51,033.14	2.12%	43,249.28	(7,783.86)
344	Afton	96,184,894.42	2.63%	2,529,662.72	3.24%	3,117,466.26	587,803.54
344	Luna	28,248,695.40	4.74%	1,338,988.16	2.45%	692,347.73	(646,640.43)
344	Lordburg	32,921,962.26	2.60%	855,971.02	2.63%	864,478.87	8,507.85
345	Afton	8,911,751.37	2.59%	230,814.36	3.80%	338,892.75	108,078.39
345	Lordburg	2,491,990.90	2.54%	63,296.57	3.69%	92,078.64	28,782.07
346	Afton	3,466,945.80	2.58%	89,447.20	2.74%	95,106.69	5,659.49
346	Luna	7,659,636.74	4.22%	323,236.67	2.53%	194,003.43	(129,233.24)
346	Lordburg	3,884,869.04	2.53%	98,287.19	3.02%	117,181.67	18,894.48

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	Total Other Production	**328,802,848.52**		**9,150,255.98**		**9,556,992.77**	**406,736.79**
	Solar						
2011 Vintage							
344	Generators	78,230,200.89	4.00%	3,129,208.04	4.06%	3,179,840.92	50,632.88
345	Accessorty Electrical Equipment	7,448,155.58	4.00%	297,926.22	4.15%	309,133.97	11,207.75
346	Miscellaneous Power Equipment	893,765.05	4.00%	35,750.60	3.66%	32,696.02	(3,054.58)
				0.00			
2013 Vintage				0.00			
344	Generators	43,518,316.39	3.33%	1,450,465.49	3.35%	1,458,655.67	8,190.19
345	Accessorty Electrical Equipment	2,967,388.57	3.33%	98,814.04	3.36%	99,845.93	1,031.89
346	Miscellaneous Power Equipment	129,791.89	3.33%	4,322.07	3.33%	4,315.78	(6.29)
	Total Solar	**133,187,618.37**		**5,016,486.46**		**5,084,488.29**	**68,001.84**
	Total Production	**2,157,890,633.42**		**44,800,025.73**		**54,174,406.91**	**9,374,381.18**
	Transmission						
350.1	**Land Rights**	**40,732,355.29**		**1,044,506.63**	**0.90%**	**364,610.25**	**(679,896.38)**
	North	39,161,788.78	2.53%	990,793.26			
	South	1,570,566.51	3.42%	53,713.37			
				0.00			
352	**Structures and Improvements**	**27,455,040.91**	**2.39%**	**656,175.48**	**2.43%**	**668,043.77**	**11,868.29**
353	**Station Equipment**	**287,999,955.70**		**5,981,820.33**	**2.64%**	**7,592,073.64**	**1,610,253.30**
	North	255,043,091.22	1.95%	4,973,340.28			
	South	32,956,864.48	3.06%	1,008,480.05			
354	**Towers and Fixtures**	**26,425,551.59**		**660,566.10**	**1.41%**	**372,147.41**	**(288,418.69)**
	North	26,422,643.83	2.50%	660,566.10			
	South	2,907.76		0.00			
355	**Poles and Fixtures**	**143,131,885.89**		**2,814,889.54**	**3.03%**	**4,343,910.41**	**1,529,020.86**
	North	130,464,616.54	1.91%	2,491,874.18			
	South	12,667,269.35	2.55%	323,015.37			

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356	**Overhead Conductors and Devices**	**92,589,672.76**		**1,720,879.31**	**2.81%**	**2,601,819.85**	**880,940.54**
	North	82,633,233.37	1.75%	1,446,081.58			
	South	**9,956,439.39**	2.76%	274,797.73			
357	**Underground Conduit**	1,260,363.24	**2.35%**	**29,618.54**	**2.31%**	**29,069.76**	**(548.77)**
359	**Roads and Trails**	**8,669,894.34**	**1.90%**	**164,727.99**	**1.82%**	**157,796.11**	**(6,931.88)**
	Total Transmission	**628,264,719.72**		**13,073,183.92**	**0.00**	**16,129,471.20**	**3,056,287.28**
	Distribution						
360.1	**Land Rights**	**1,992,812.23**	**3.22%**	**64,168.55**	**1.26%**	**25,078.89**	**(39,089.66)**
361	**Structures and Improvements**	**21,829,253.94**		**464,597.92**	**2.40%**	**524,216.53**	**59,618.61**
	North	17,029,028.68	1.97%	335,471.86			
	South	4,800,225.26	2.69%	129,126.06			
362	**Station Equipment**	**167,384,340.58**		**3,960,935.01**	**2.80%**	**4,689,780.13**	**728,845.13**
	North	148,361,703.72	2.28%	3,382,646.84			
	South	19,022,636.86	3.04%	578,288.16			
363	**Storage Batteries**	**2,382,709.18**	10.00%	**238,270.92**	10.53%	**250,969.41**	**12,698.50**
364	**Poles, Towers & Fixtures**	**167,624,414.48**		**4,021,178.50**	**3.18%**	**5,328,329.40**	**1,307,150.90**
	North	136,950,551.78	2.00%	2,739,011.04			
	South	30,673,862.70	4.18%	1,282,167.46			
365	**Overhead Conductor & Devices**	**126,929,096.11**		**3,021,116.52**	**2.81%**	**3,563,168.79**	**542,052.28**
	North	99,182,868.82	1.72%	1,705,945.34			
	South	27,746,227.29	4.74%	1,315,171.17			
366	**Underground Conduit**	**103,837,360.23**		**2,282,178.85**	**2.20%**	**2,286,868.41**	**4,689.56**
	North	99,731,937.98	2.15%	2,144,236.67			
	South	4,105,422.25	3.36%	137,942.19			
367	**Underground Conductor & Devices**	**240,819,895.36**		**4,371,880.97**	**2.03%**	**4,882,208.19**	**510,327.23**
	North	233,134,986.83	1.72%	4,009,921.77			
	South	7,684,908.53	4.71%	361,959.19			
368	**Line Transformers**	**180,615,537.32**		**4,282,253.87**	**3.06%**	**5,523,133.63**	**1,240,879.75**
	North	165,745,947.76	2.31%	3,828,731.39			
	South	14,869,589.56	3.05%	453,522.48			
369	**Services**	**130,914,402.44**		**5,387,680.68**	**3.24%**	**4,242,664.65**	**(1,145,016.03)**
	North	123,484,717.96	3.99%	4,927,040.25			
	South	7,429,684.48	6.20%	460,640.44			

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369.1	**Underground Services**	**6,447,886.54**		**384,938.83**	**2.21%**	**142,288.71**	**(242,650.12)**
	North	0.00	0.00%	0.00			
	South	6,447,886.54	5.97%	384,938.83			
370	**Meters**	**48,477,013.66**		**1,657,710.96**	**4.72%**	**2,289,426.36**	**631,715.41**
	North	43,977,780.30	3.44%	1,512,835.64			
	South	4,499,233.36	3.22%	144,875.31			
371	**Installation on customers Premises**	**9,488,444.91**		**584,928.35**	**1.92%**	**181,976.01**	**(402,952.34)**
	North	7,506,884.31	5.11%	383,601.79			
	South	1,981,560.60	10.16%	201,326.56			
371.1	**Leased Flood Lighting**	**306,100.34**		**39,027.79**	**12.75%**	**39,027.79**	**0.00**
	North	0.00	0.00%	0.00			
	South	306,100.34	12.75%	39,027.79			
373	**Street Lighting System**	**18,204,445.01**		**296,135.11**	**3.54%**	**645,279.64**	**349,144.52**
	North	15,641,092.06	0.91%	142,333.94			
	South	2,563,352.95	6.00%	153,801.18			
	Total Distribution	**1,227,253,712.33**		**31,057,002.83**		**34,614,416.55**	**3,557,413.72**

Since Account 371.1 has a short remaining life, this study recommends retention of the existing accrual rate until the group is fully accrued.

	General Plant						
390	**Structures & Improvements**	**77,845,201.67**	**2.95%**	**2,296,433.45**	**2.88%**	**2,239,146.15**	**(57,287.30)**
390.1	**Bulk Power Office Building Remodeling**	**6,667,575.86**	**6.84%**	**456,062.19**	**3.80%**	**253,131.18**	**(202,931.01)**
390.2	**Bulk Power Office Building**	**4,497,081.04**	**5.90%**	**265,327.78**	**0.00% (1)**	**0.00**	**(265,327.78)**
391	**Office Furniture & Equipment**	**7,106,862.12**		**473,809.64**	**6.14%**	**436,463.87**	**(37,345.77)**
	North	7,098,033.58	6.67%	473,438.84			
	South	8,828.54	4.20%	370.80			
391.1	**Office Furniture & Equipment-PC Systen**	**90,977.24**		**14,386.98**	**56.34%**	**51,257.10**	**36,870.13**
	North	33,031.58	24.89%	8,221.56			
	South	57,945.66	10.64%	6,165.42			
391.2	**Office Furniture & Equipment-PC's**	**740,407.46**	**22.10%**	**163,630.05**	**21.21%**	**157,043.13**	**(6,586.92)**
391.3	**Computer Hardware**	**44,501,798.00**	**5.82%**	**2,590,004.64**	**28.53%**	**12,698,308.89**	**10,108,304.25**
391.5	**Computer Hardware- Solar**	**50,514.91**	**5.82%**	**2,939.97**	**28.53%**	**14,414.11**	**11,474.14**
391.7	**Computer Hardware**	**51,416.93**	**20.00%**	**10,283.39**	**18.20%**	**9,360.16**	**(923.23)**
392	**Transportation Equipment - Light**	**1,718,846.76**	**6.84%**	**117,569.12**	**7.92%**	**136,065.81**	**18,496.69**

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392.1	**Transportation Equipment - Heavy**	**2,141,826.48**	**8.37%**	**179,270.88**	**12.62%**	**270,201.43**	**90,930.56**
392.2	**Transportation Equipment - Trailers**	**2,809,891.92**		**54,032.72**	**4.94%**	**138,897.66**	**84,864.94**
	North	2,801,685.97	1.87%	52,391.53			
	South	8,205.95	20.00%	1,641.19			
392.4	**Transportation Equipment- Leaseback**	**89,548.10**	**50.00%**	**0.00**	**0.00% (1)**	**0.00**	**0.00**
	North	81,342.15		0.00			
	South	8,205.95		0.00			
393	**Stores Equipment**	**66,415.38**	**6.67%**	**4,429.91**	**8.96%**	**5,953.40**	**1,523.50**
394	**Tools, Shop & garage Equipment**	**13,095,791.23**		**856,024.96**	**5.39%**	**706,006.86**	**(150,018.10)**
	North	12,385,859.70	6.67%	826,136.84			
	South	709,931.53	4.21%	29,888.12			
395	**Laboratory Equipment**	**630,694.10**	**6.67%**	**42,067.30**	**12.25%**	**77,273.25**	**35,205.95**
396	**Power Operated Equipment**	**3,912,084.10**		**358,612.20**	**8.09%**	**316,457.25**	**(42,154.95)**
	North	3,600,718.96	8.23%	296,339.17			
	South	311,365.14	20.00%	62,273.03			
397	**Computer Hardware**	**28,691,180.65**		**2,030,608.94**	**6.15%**	**1,763,620.60**	**(266,988.34)**
	North	25,746,415.17	6.67%	1,717,285.89			
	South	2,944,765.48	10.64%	313,323.05			
397.1	**Computer Hardware- Solar**	**116,833.50**	7.80%	**9,113.01**	**21.10% (1)**	**24,656.93**	**15,543.92**
398	**Computer Hardware**	**299,185.39**	6.67%	**19,955.67**	**9.62%**	**28,776.05**	**8,820.38**
	Total General	**195,124,132.84**		**9,944,562.77**		**19,327,033.84**	**9,382,471.06**
	Total Transmission, Distribution & Gene	**2,050,642,564.89**		**54,074,749.52**		**70,070,921.59**	**15,996,172.06**
	Total PNM	**4,208,533,198.31**		**98,874,775.25**		**124,245,328.50**	**25,370,553.24**
	Post Depreciation Study Additions						
	Rio Bravo	**58,117,258.00**			**2.50%**	**1,452,931.45**	**1,452,931.45**
	La Luz Gas Generating Station	**55,759,948.00**			**2.50%**	**1,393,998.70**	**1,393,998.70**
	Solar Generation Added 2014	**45,998,350.00**			**3.33%**	**1,533,278.33**	**1,533,278.33**

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As of December 31, 2013

Account No. (a)	Description (b)	Original Cost 12/31/13 (c)	Current Accrual Rate (d)	Accrual At Current Rate % (e) (e) = (c) x (d)	Proposed Accrual Rate (f)	Accrual at Proposed Rates (g) (g) = (c) x (f)	Difference (h) (h) = (g) - (e)
	Solar Generation Added 2015	79,299,999.00			3.33%	2,643,333.30	2,643,333.30
	Total PNM with Plant Additions	**4,447,708,753.31**		**98,874,775.25**		**131,268,870.28**	**32,394,095.03**

Note 1: If plant is added to account 390.2 to create a depreciable basis, this study recommends an accrual rate of 10.00%
If plant is added to account 392.4 to create a depreciable basis, this study recommends an accrual rate of 50.00%
If plant is added to account 397.1 to create a depreciable basis, this study recommends an accrual rate of 20.00%
If plant is added to account 397.2 to create a depreciable basis, this study recommends an accrual rate of 2.00%

APPENDIX C

Recommended Changes in Lives and Salvage

PUBLIC SERVICE OF NEW MEXICO
CURRENT AND PROPOSED PARAMETERS AT DECEMBER 31, 2013
PRODUCTION, NUCLEAR, AND OTHER PRODUCTION PLANT

Account No.	Description	APPROVED Interim Life	APPROVED Interim Curve	APPROVED Net Salvage	PROPOSED Interim Retirement Curv	PROPOSED Interim Net Salvage
	PRODUCTION PLANT					
	Algodones					
310.1	Land Rights	75	R2	0.00%	100 SQ	0
311	Structures and Improvements	75	R2	0.00%	75 R2	-5
312	Boiler Plant Equipment	75	R2	0.00%	55 L0	-10
314	Turbogenerator Units	75	R2	0.00%	50 L0	-10
315	Accessory Electric Equipment	75	R2	0.00%	65 R2.5	-5
316	Misc Power Plant Equipment	75	R2	0.00%	43 R1.5	-5
	Four Corners Power Station					
310.1	Land Rights	75	R2	0.00%	100 SQ	0
311	Structures and Improvements	75	R2	-1.00%	75 R2	-5
312	Boiler Plant Equipment	75	R2	-15.00%	55 L0	-10
314	Turbogenerator Units	75	R2	-5.00%	50 L0	-10
315	Accessory Electric Equipment	75	R2	-6.00%	65 R2.5	-5
316	Misc Power Plant Equipment	75	R2	-3.00%	43 R1.5	-5
	Reeves Power Station					
310.1	Land Rights	75	R2	0.00%	100 SQ	0
311	Structures and Improvements	75	R2	-10.00%	75 R2	-5
312	Boiler Plant Equipment	75	R2	-5.00%	55 L0	-10
314	Turbogenerator Units	75	R2	-8.00%	50 L0	-10
315	Accessory Electric Equipment	75	R2	0.00%	65 R2.5	-5
316	Misc Power Plant Equipment	75	R2	0.00%	43 R1.5	-5

PUBLIC SERVICE OF NEW MEXICO
CURRENT AND PROPOSED PARAMETERS AT DECEMBER 31, 2013
PRODUCTION, NUCLEAR, AND OTHER PRODUCTION PLANT

Account No.	Description	APPROVED Interim Life	APPROVED Interim Curve	APPROVED Net Salvage	PROPOSED Interim Retirement Curv	PROPOSED Interim Net Salvage
	San Juan Power Station					
310.1	Land Rights	75	R2	0.00%	100 SQ	0
311	Structures and Improvements	75	R2	0.00%	75 R2	-5
312	Boiler Plant Equipment	75	R2	-35.00%	55 L0	-10
314	Turbogenerator Units	75	R2	-35.00%	50 L0	-10
315	Accessory Electric Equipment	75	R2	-12.00%	65 R2.5	-5
316	Misc Power Plant Equipment	75	R2	0.00%	43 R1.5	-5
	NUCLEAR PRODUCTION PLANT					
320.1	Land Rights	75	R2	0.00%	100 SQ	0
321	Structures and Improvements	75	R2	0.00%	75 R2	-10
322	Reactor Plant Equipment	75	R2	0.00%	75 R1	-10
323	Turbogenerator Units	75	R2	0.00%	75 R0.5	-15
324	Accessory Electric Equipment	75	R2	0.00%	60 L1	-10
325	Misc Power Plant Equipment	75	R2	0.00%	60 L1	-10
	OTHER PRODUCTION PLANT					
	Afton					
340.1	Land Rights				100 SQ	0
341	Structures and Improvements	75	R2	0.00%	75 R2	-5
342	Fuel Holders, Prod and Accessory	75	R2	0.00%	60 S6	-5
344	Generators	75	R2	0.00%	50 S6	-5
345	Accessory Electric Equipment	75	R2	0.00%	31 S2	-5
346	Misc Power Plant Equipment	75	R2	0.00%	35 S6	0

PUBLIC SERVICE OF NEW MEXICO
CURRENT AND PROPOSED PARAMETERS AT DECEMBER 31, 2013
PRODUCTION, NUCLEAR, AND OTHER PRODUCTION PLANT

Account No.	Description	APPROVED Interim Life	APPROVED Interim Curve	APPROVED Net Salvage	PROPOSED Interim Retirement Curv	PROPOSED Interim Net Salvage
	Las Vegas					
340.1	Land Rights				100 SQ	0
341	Structures and Improvements	75	R2	0.00%	75 R2	-5
342	Fuel Holders, Prod and Accessory	75	R2	0.00%	60 S6	-5
344	Generators	75	R2	0.00%	50 S6	-5
345	Accessory Electric Equipment	75	R2	0.00%	31 S2	-5
346	Misc Power Plant Equipment	75	R2	0.00%	35 S6	0
	Lordsburg					
340.1	Land Rights				100 SQ	0
341	Structures and Improvements	75	R2	0.00%	75 R2	-5
342	Fuel Holders, Prod and Accessory	75	R2	0.00%	60 S6	-5
344	Generators	75	R2	0.00%	50 S6	-5
345	Accessory Electric Equipment	75	R2	0.00%	31 S2	-5
346	Misc Power Plant Equipment	75	R2	0.00%	35 S6	0
	Luna					
340.1	Land Rights				100 SQ	0
341	Structures and Improvements	75	R2	0.00%	75 R2	-5
342	Fuel Holders, Prod and Accessory	75	R2	0.00%	60 S6	-5
344	Generators	75	R2	0.00%	50 S6	-5
345	Accessory Electric Equipment	75	R2	0.00%	31 S2	-5
346	Misc Power Plant Equipment	75	R2	0.00%	35 S6	0

PUBLIC SERVICE OF NEW MEXICO
CURRENT AND PROPOSED PARAMETERS AT DECEMBER 31, 2013
PRODUCTION, NUCLEAR, AND OTHER PRODUCTION PLANT

Account No.	Description	APPROVED Interim Life	APPROVED Interim Curve	APPROVED Net Salvage	PROPOSED Interim Retirement Curve	PROPOSED Interim Net Salvage
Solar						
2011 Vintage						
340.1	Land Rights					
344	Generators	25	SQ	0	25 SQ	0
345	Accessory Electric Equipment	25	SQ	0	25 SQ	0
346	Misc Power Plant Equipment	25	SQ	0	25 SQ	0
2013 Vintage						
340.1	Land Rights					
344	Generators	30	SQ	0	30 SQ	0
345	Accessory Electric Equipment	30	SQ	0	30 SQ	0
346	Misc Power Plant Equipment	30	SQ	0	30 SQ	0

PUBLIC SERVICE OF NEW MEXICO
CURRENT AND PROPOSED PARAMETERS AT DECEMBER 31, 2012
TRANSMISSION, DISTRIBUTION AND GENERAL PLANT

Account No.	Description	APPROVED North Life	Curve	Net Salvage	APPROVED South Life	Curve	Net Salvage	PROPOSED Life	Net Salvage
	TRANSMISSION PLANT								
350.1	Land Rights	75	R2	0.00%				75 R2	0.00%
352	Structures and Improvements	44	S5	-5.00%				44 S5	-5.00%
353	Station Equipment	42	R3	5.00%	35	S6	0.00%	40 R1	-15.00%
354	Towers and Fixtures	45	R3	-10.00%				60 R4	-10.00%
355	Poles and Fixtures	47	R4	-14.00%	38	S5	-15.00%	53 R4	-50.00%
356	Overhead Conductors and Devices	50	R4	-15.00%	36	S5	-15.00%	53 R5	-40.00%
357	Underground Conduit	40	R3	0.00%				45 R4	-5.00%
359	Roads and Trails	50	S6	5.00%				58 S6	0.00%
	Total Transmission Plant								
	DISTRIBUTION PLANT								
360.1	Land Rights	75	R2					75 R2	0.00%
361	Structures and Improvements	50	R3	0.00%	38	R3		44 R4	-5.00%
362	Station Equipment	36	S0	10.00%	39	S2	-10.00%	42 R2	-15.00%
363	Storage Batteries							10 SQ	0.00%
364	Poles, Towers & Fixtures	37	L2	5.00%	34	R1	-25.00%	47 R2	-45.00%
365	Overhead Conductor & Devices	38	R2	5.00%	30	R1	-20.00%	46 R2.5	-35.00%
366	Underground Conduit	42	S2	0.00%	31	R2.5	-5.00%	47 R4	-10.00%
367	Underground Conductor & Devices	38	R2	10.00%	26	R3	-10.00%	46 R2	-5.00%
368	Line Transformers	37	R2	5.00%	37	L5		40 R3	-15.00%
369	Services	25	R4	-10.00%	24	R5	-35.00%	42 R1.5	-60.00%
3691	Services	25	R4	-10.00%	24	R5	-35.00%	42 R1.5	-60.00%
370	Meters	33	S1	0.00%	32	S6		31 L2	-20.00%
371	Installation on customers Premises	24	R1	-45.00%	12	R1	-5.00%	35 R1	-30.00%
371.1	Leased Flood Lighting				8	R0.5	20.00%	8 R0.5	0.00%

PUBLIC SERVICE OF NEW MEXICO
CURRENT AND PROPOSED PARAMETERS AT DECEMBER 31, 2012
TRANSMISSION, DISTRIBUTION AND GENERAL PLANT

Account No.	Description	APPROVED North Life	North Curve	North Net Salvage	APPROVED South Life	South Curve	South Net Salvage	PROPOSED Life	PROPOSED Net Salvage
373	Street Lighting System	20	R1	60.00%	17	S4	20.00%	30 L0	-10.00%
	GENERAL PLANT								
	Structures & Improvements								
390	Structures & Improvements	39	R4	5.00%				39 R4	-10.00%
390.1	Bulk Power Office Building Remodeling	15	SQ					20 SQ	0.00%
390.2	Bulk Power Office Building	10	SQ					5 SQ	0.00%
391	Office Furniture & Equipment	15	SQ		24	L2	5.00%	20 SQ	0.00%
391.1	Office Furniture & Equipment-PC Systems				8	S6	5.00%	5 SQ	0.00%
391.2	Office Furniture & Equipment-PC's	5	R4					5 SQ	0.00%
391.3	Computer Hardware	5	R4					7 SQ	0.00%
391.7	Computer Hardware	5	SQ					7 SQ	0.00%
392	Transportation Equipment - Light	8	R2	0				12 L4	7.00%
392.1	Transportation Equipment - Heavy	12	R1	10.00%				10 L5	16.00%
392.2	Transportation Equipment - Trailers	17	R2	20.00%				17 R2	17.00%
392.4	Transportation Equipment- Buyback							2 Yr	0.00%
393	Stores Equipment	15	SQ					15 SQ	0.00%
393.1	Stores Equipment-Tri-State								
394	Tools, Shop & garage Equipment	15	SQ		23	R4	0.05	20 SQ	0.00%
395	Laboratory Equipment	15	SQ					20 SQ	0.00%
396	Power Operated Equipment	14	R1	12.00%				12 L3	12.00%
396.1	Power Operated Equipment								
397	Communications Equipment	15	SQ					15 SQ	0.00%
397.1	Communications Equipment-Tri-State	5	SQ					5 SQ	0.00%
397.2	Communications Equipment-Towers							50 SQ	0.00%
398	Miscellaneous Equipment	15	SQ					15 SQ	0.00%

APPENDIX D

Production Retirement Dates

PUBLIC SERVICE OF NEW MEXICO
GENERATING UNIT RETIREMENT DATES

	2009 Study Terminal Year	2014 Study Terminal Year
Gas		
Algodones	2031	Decommissioned
Four Corners Power Station	2031	2031
Reeves Power Station	2030	2030
San Juan Power Station	2053	2053
Nuclear		
Palo Verde	2046	
Palo Verde 1	2046	06/01/2045
Palo Verde 2	2046	06/01/2046
Palo Verde 3 & Common	2046	11/25/2047
Other Production		
Afton	2042	2042
Las Vegas	2012	Decommissioned
Lordsburg	2042	2042
Luna	2046	2042
Not in 2009 Study		
Solar - 2011 Vintage		2041
Solar - 2013 Vintage		2043
Post Depreciation Study Additions:		
Rio Bravo		2040
La Luz		40 Year Life
Solar- 2014 Vintage		2044
Solar - 2015 Vintage		2045

APPENDIX E

Net Salvage Analysis

PUBLIC SERVICE OF NEW MEXICO
RETIREMENTS, GROSS SALVAGE, AND REMOVAL COST AS ADJUSTED
AT DECEMBER 31, 2013

Acct Num	Trans Year	Retirement	Salvage	Removal Cost	Net Salvage	NS%	2-Yr NS%	3-Yr NS%	4-Yr NS%	5-Yr NS%	6-Yr NS%	7-Yr NS%	8-Yr NS%	9-Yr NS%	10-Yr NS%
311	2001	46,000.00	101,414.32	72,275.03	29,139.29	63.35%									
311	2002	149,828.71	0.00	0.00	0.00	0.00%	14.88%								
311	2003	5,789,383.93	3,923.19	7,846.38	(3,923.19)	-0.07%	-0.07%	0.42%							
311	2004	0.00	0.00	0.00	0.00	NA	-0.07%	-0.07%	0.42%						
311	2005	0.00	0.00	0.00	0.00	NA	NA	-0.07%	-0.07%	0.42%					
311	2006	200,000.01	0.00	22,090.12	(22,090.12)	-11.05%	-11.05%	-11.05%	-0.43%	-0.42%	0.05%				
311	2007	175,536.30	0.00	22,940.41	(22,940.41)	-13.07%	-11.99%	-11.99%	-11.99%	-0.79%	-0.78%	-0.31%			
311	2008	783,140.14	0.00	277,101.83	(277,101.83)	-35.38%	-31.30%	-27.80%	-27.80%	-27.80%	-4.69%	-4.59%	-4.16%		
311	2008	741,616.31	0.00	248,230.69	(248,230.69)	-33.47%	-34.45%	-32.25%	-30.01%	-30.01%	-30.01%	-7.47%	-7.33%	-6.91%	
311	2009	20,189.51	3,882.33	125,062.73	(121,180.40)	-600.21%	-48.49%	-41.85%	-38.91%	-36.01%	-36.01%	-36.01%	-9.02%	-8.85%	-8.43%
311	2010	90,440.77	0.00	7,268.84	(7,268.84)	-8.04%	-116.11%	-44.20%	-39.98%	-37.37%	-34.75%	-34.75%	-34.75%	-9.01%	-8.84%
311	2011	255,053.46	0.00	36,855.94	(36,855.94)	-14.45%	-12.77%	-45.20%	-37.35%	-36.53%	-34.54%	-32.47%	-32.47%	-32.47%	-9.18%
311	2012	1,246,524.19	2,000.00	242,057.30	(240,057.30)	-19.26%	-18.44%	-17.85%	-25.14%	-27.77%	-29.67%	-28.79%	-27.78%	-27.78%	-27.78%
311	2013	809,940.66	0.00	294,821.34	(294,821.34)	-36.40%	-26.01%	-24.73%	-24.11%	-28.91%	-29.98%	-31.05%	-30.28%	-29.39%	-29.39%
312	2001	2,322,523.21	1,395,941.49	2,934,013.20	(1,538,071.71)	-66.22%									
312	2002	1,040,656.91	38,013.25	65,368.52	(27,355.27)	-2.63%	-46.55%								
312	2003	31,111,619.12	1,239,860.44	2,651,719.73	(1,411,859.29)	-4.54%	-4.48%	-8.64%							
312	2004	3,824,100.50	1,550,730.21	2,918,956.31	(1,368,226.10)	-35.78%	-7.96%	-7.80%	-11.35%						
312	2005	316,676.25	301.64	265,895.89	(265,594.25)	-83.87%	-39.46%	-8.64%	-8.47%	-11.94%					
312	2006	565,941.02	0.00	204,233.31	(204,233.31)	-36.09%	-53.23%	-39.05%	-9.07%	-8.89%	-12.29%				
312	2007	1,265,240.83	0.00	40,868.62	(40,868.62)	-3.23%	-13.38%	-23.78%	-31.46%	-8.87%	-8.70%	-12.01%			
312	2008	10,822,181.25	0.00	4,767,475.43	(4,767,475.43)	-44.05%	-39.78%	-39.61%	-40.70%	-39.58%	-16.82%	-16.52%	-18.77%		
312	2009	3,629,322.53	37,560.04	1,634,571.83	(1,597,011.79)	-44.00%	-44.04%	-40.75%	-40.59%	-41.42%	-40.36%	-18.74%	-18.42%	-20.44%	
312	2010	20,168,424.18	37,154.73	4,085,906.97	(4,048,752.24)	-20.07%	-23.72%	-30.08%	-29.13%	-29.24%	-29.71%	-30.28%	-19.11%	-18.88%	-20.34%
312	2011	7,929,964.23	0.00	1,409,162.88	(1,409,162.88)	-17.77%	-19.42%	-22.24%	-27.78%	-27.08%	-27.19%	-27.59%	-28.24%	-18.98%	-18.77%
312	2012	11,725,590.58	0.00	1,503,926.20	(1,503,926.20)	-12.83%	-14.82%	-17.48%	-19.70%	-24.55%	-24.07%	-24.19%	-24.52%	-25.24%	-18.19%
312	2013	5,992,784.42	0.00	1,754,236.63	(1,754,236.63)	-29.27%	-18.39%	-18.20%	-19.02%	-20.86%	-25.02%	-24.57%	-24.68%	-24.98%	-25.60%
314	2001	623,885.52	69,510.50	60,014.70	9,495.80	1.52%									
314	2002	0.00	0.00	0.00	0.00	NA	1.52%								
314	2003	12,573,632.28	1,975,508.92	3,968,559.77	(1,993,050.85)	-15.85%	-15.85%	-15.03%							
314	2004	22,750.00	0.00	13,068.75	(13,068.75)	-57.45%	-15.93%	-15.93%	-15.10%						
314	2005	188,945.59	0.00	195,955.45	(195,955.45)	-103.71%	-98.74%	-17.22%	-17.22%	-16.35%					
314	2006	430,958.44	0.00	151,003.80	(151,003.80)	-35.04%	-55.97%	-56.02%	-17.80%	-17.80%	-16.93%				
314	2007	279,008.57	0.00	48,492.72	(48,492.72)	-17.38%	-28.10%	-43.99%	-44.32%	-17.80%	-17.80%	-16.94%			
314	2008	808,123.32	0.00	428,466.36	(428,466.36)	-53.02%	-43.87%	-41.37%	-48.27%	-48.39%	-19.79%	-19.79%	-18.90%		
314	2009	10,379,069.07	26,556.97	417,169.30	(390,612.33)	-3.76%	-7.32%	-7.57%	-8.56%	-10.05%	-10.14%	-13.05%	-13.05%	-12.69%	
314	2010	19,546,315.65	0.00	1,001,273.54	(1,001,273.54)	-5.12%	-4.65%	-5.92%	-6.03%	-6.42%	-7.00%	-7.04%	-9.55%	-9.55%	-9.39%
314	2011	6,206,294.39	22,515.33	516,920.10	(494,404.77)	-7.97%	-5.81%	-5.22%	-6.27%	-6.35%	-6.68%	-7.16%	-7.19%	-9.35%	-9.35%
314	2012	3,873,030.95	0.00	850,674.13	(850,674.13)	-21.96%	-13.34%	-7.92%	-6.84%	-7.76%	-7.82%	-8.10%	-8.54%	-8.56%	-10.25%
314	2013	(4,237,671.08)	32,732.00	527,926.90	(495,194.90)	11.69%	369.10%	-31.50%	-11.19%	-9.04%	-10.01%	-10.06%	-10.35%	-10.82%	-10.85%
315	2001	0.00	0.00	0.00	0.00	NA									
315	2002	0.00	0.00	0.00	0.00	NA	NA								
315	2003	108,030.17	6,022.05	12,044.07	(6,022.02)	-5.57%	-5.57%	-5.57%							
315	2004	0.00	0.00	0.00	0.00	NA	-5.57%	-5.57%	-5.57%						
315	2005	3,074.01	0.00	3,074.01	(3,074.01)	-100.00%	-100.00%	-8.19%	-8.19%	-8.19%					

PUBLIC SERVICE OF NEW MEXICO
RETIREMENTS, GROSS SALVAGE, AND REMOVAL COST AS ADJUSTED
AT DECEMBER 31, 2013

Acct Num	Trans Year	Retirement	Salvage	Removal Cost	Net Salvage	NS%	2-Yr NS%	3-Yr NS%	4-Yr NS%	5-Yr NS%	6-Yr NS%	7-Yr NS%	8-Yr NS%	9-Yr NS%	10-Yr NS%
315	2006	20,530.16	0.00	5,058.34	(5,058.34)	-24.64%	-34.45%	-34.45%	-10.75%	-10.75%	-10.75%				
315	2007	20,000.00	0.00	0.00	0.00	0.00%	-12.48%	-18.65%	-18.65%	-9.33%	-9.33%	-9.33%			
315	2008	254,372.96	3,694.66	58,669.02	(54,974.36)	-21.61%	-20.04%	-20.36%	-21.18%	-21.18%	-17.03%	-17.03%	-17.03%		
315	2009	234,649.89	0.00	34,574.04	(34,574.04)	-14.73%	-18.31%	-17.59%	-17.87%	-18.34%	-18.34%	-16.19%	-16.19%	-16.19%	
315	2010	651,105.34	0.00	89,517.71	(89,517.71)	-13.75%	-14.01%	-15.71%	-15.44%	-15.60%	-15.81%	-15.81%	-14.96%	-14.96%	-14.96%
315	2011	2,362,792.35	14,604.12	69,764.67	(55,160.55)	-2.33%	-4.80%	-5.52%	-6.69%	-6.65%	-6.75%	-6.83%	-6.83%	-6.80%	-6.80%
315	2012	71,494.14	0.00	24,253.37	(24,253.37)	-33.92%	-3.26%	-5.48%	-6.13%	-7.23%	-7.19%	-7.29%	-7.37%	-7.37%	-7.32%
315	2013	575,976.10	0.00	130,175.31	(130,175.31)	-22.60%	-23.85%	-6.96%	-8.17%	-8.56%	-9.36%	-9.32%	-9.39%	-9.46%	-9.46%
316	2001	0.00	0.00	0.00	0.00	NA									
316	2002	35,011.55	1,108.11	2,216.15	(1,108.04)	-3.16%	-3.16%								
316	2003	798,909.29	0.00	189.94	(189.94)	-0.02%	-0.16%	-0.16%							
316	2004	7,536.00	0.00	0.00	0.00	0.00%	-0.02%	-0.15%	-0.15%						
316	2005	0.00	0.00	0.00	0.00	NA	0.00%	-0.02%	-0.15%	-0.15%					
316	2006	253,500.00	0.00	28,778.41	(28,778.41)	-11.35%	-11.35%	-11.02%	-2.73%	-2.75%	-2.75%				
316	2007	11,346.00	0.00	94.45	(94.45)	-0.83%	-10.90%	-10.90%	-10.60%	-2.71%	-2.73%	-2.73%			
316	2008	3,224.50	0.00	403.95	(403.95)	-12.53%	-3.42%	-10.92%	-10.92%	-10.62%	-2.74%	-2.76%	-2.76%		
316	2009	22,621.10	0.00	565.36	(565.36)	-2.50%	-3.75%	-2.86%	-10.27%	-10.27%	-10.01%	-2.74%	-2.75%	-2.75%	
316	2010	20,939.19	0.00	2,849.17	(2,849.17)	-13.61%	-7.84%	-8.16%	-6.73%	-10.49%	-10.49%	-10.24%	-2.94%	-2.95%	-2.95%
316	2011	188.91	14,604.12	681.28	13,922.84	7370.09%	52.41%	24.02%	21.51%	17.16%	-6.02%	-6.02%	-5.88%	-1.70%	-1.74%
316	2012	48,655.66	0.00	24,652.69	(24,652.69)	-50.67%	-21.97%	-19.46%	-15.31%	-15.21%	-13.69%	-12.05%	-12.05%	-11.80%	-3.74%
316	2013	732,261.95	0.00	16,405.16	(16,405.16)	-2.24%	-5.26%	-3.47%	-3.74%	-3.70%	-3.74%	-3.70%	-5.47%	-5.47%	-5.44%
311-316	2001	2,992,408.73	1,566,866.31	3,066,302.93	(1,499,436.62)	-50.11%									
311-316	2002	1,225,497.17	39,121.36	67,584.67	(28,463.31)	-2.32%	-36.22%								
311-316	2003	50,381,574.79	3,225,314.60	6,640,359.89	(3,415,045.29)	-6.78%	-6.67%	-9.05%							
311-316	2004	3,854,386.50	1,550,730.21	2,932,025.06	(1,381,294.85)	-35.84%	-8.84%	-8.70%	-10.82%						
311-316	2005	508,695.85	301.64	464,925.35	(464,623.71)	-91.34%	-42.31%	-9.61%	-9.45%	-11.51%					
311-316	2006	1,470,929.63	0.00	411,163.98	(411,163.98)	-27.95%	-44.24%	-38.69%	-10.09%	-9.92%	-11.91%				
311-316	2007	1,751,131.70	0.00	112,396.20	(112,396.20)	-6.42%	-16.25%	-26.49%	-31.24%	-9.98%	-9.82%	-11.76%			
311-316	2008	12,671,042.17	3,694.66	5,532,116.59	(5,528,421.93)	-43.63%	-39.11%	-38.08%	-39.73%	-38.99%	-16.02%	-15.78%	-17.15%		
311-316	2009	15,007,278.90	64,117.01	2,335,111.22	(2,270,994.21)	-15.13%	-28.18%	-26.88%	-26.93%	-27.98%	-28.84%	-15.86%	-15.67%	-16.82%	
311-316	2010	40,406,973.87	41,037.06	5,304,610.12	(5,263,573.06)	-13.03%	-13.60%	-19.19%	-18.87%	-19.05%	-19.57%	-20.39%	-14.95%	-14.83%	-15.64%
311-316	2011	16,589,680.65	51,723.57	2,003,797.77	(1,952,074.20)	-11.77%	-12.66%	-13.18%	-17.73%	-17.50%	-17.68%	-18.10%	-18.84%	-14.58%	-14.48%
311-316	2012	15,973,824.79	0.00	2,440,362.33	(2,440,362.33)	-15.28%	-13.49%	-13.23%	-13.56%	-17.34%	-17.16%	-17.31%	-17.67%	-18.32%	-14.65%
311-316	2013	3,873,292.05	32,732.00	2,723,565.34	(2,690,833.34)	-69.47%	-25.85%	-19.44%	-16.07%	-15.91%	-19.27%	-19.06%	-19.18%	-19.52%	-20.08%
321	2001	0.00	0.00	0.00	0.00	NA									
321	2002	0.00	0.00	0.00	0.00	NA	NA								
321	2003	41,362.93	0.00	0.00	0.00	0.00%	0.00%	0.00%							
321	2004	0.00	0.00	0.00	0.00	NA	0.00%	0.00%	0.00%						
321	2005	0.00	0.00	0.00	0.00	NA	NA	0.00%	0.00%	0.00%					
321	2006	3,893.19	0.00	42,932.96	(42,932.96)	-1102.77%	-1102.77%	-1102.77%	-94.87%	-94.87%	-94.87%				
321	2007	65,909.30	0.00	36,910.61	(36,910.61)	-56.00%	-114.38%	-114.38%	-114.38%	-71.82%	-71.82%	-71.82%			
321	2008	231,220.48	(0.01)	511,400.02	(511,400.03)	-221.17%	-184.54%	-196.41%	-196.41%	-196.41%	-172.68%	-172.68%	-172.68%		
321	2009	410,977.71	0.00	171,216.79	(171,216.79)	-41.66%	-106.29%	-101.61%	-107.09%	-107.09%	-107.09%	-101.21%	-101.21%	-101.21%	
321	2010	345,592.22	0.00	56,863.29	(56,863.29)	-16.45%	-30.15%	-74.86%	-73.68%	-77.47%	-77.47%	-77.47%	-74.55%	-74.55%	-74.55%
321	2011	50,774.91	0.00	128,806.09	(128,806.09)	-253.68%	-46.84%	-44.20%	-83.60%	-81.96%	-85.54%	-85.54%	-85.54%	-82.47%	-82.47%
321	2012	273,671.07	(23,460.00)	82,980.13	(106,440.13)	-38.89%	-72.51%	-43.60%	-42.86%	-74.28%	-73.41%	-76.31%	-76.31%	-76.31%	-74.09%
321	2013	921,422.45	11,182.11	269,508.67	(258,326.56)	-28.04%	-30.52%	-39.62%	-34.59%	-36.04%	-55.20%	-55.23%	-57.00%	-57.00%	-57.00%
322	2001	0.00	0.00	0.00	0.00	NA									

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Acct Num	Trans Year	Retirement	Salvage	Removal Cost	Net Salvage	NS%	2-Yr NS%	3-Yr NS%	4-Yr NS%	5-Yr NS%	6-Yr NS%	7-Yr NS%	8-Yr NS%	9-Yr NS%	10-Yr NS%
322	2002	0.00	0.00	0.00	0.00	NA	NA								
322	2003	1,431,440.08	0.00	32,570.10	(32,570.10)	-2.28%	-2.28%	-2.28%							
322	2004	0.00	0.00	0.00	0.00	NA	-2.28%	-2.28%	-2.28%						
322	2005	0.00	0.00	6,930.04	(6,930.04)	NA	NA	-2.76%	-2.76%	-2.76%					
322	2006	2,597.90	64,749.60	30,827.77	33,921.83	1305.74%	1038.98%	1038.98%	-0.39%	-0.39%	-0.39%				
322	2007	410,185.34	481.81	979,918.38	(979,436.57)	-238.78%	-229.06%	-230.74%	-230.74%	-53.41%	-53.41%	-53.41%			
322	2008	625,703.21	243,386.65	171,624.76	71,761.89	11.47%	-87.62%	-84.14%	-84.80%	-84.80%	-36.97%	-36.97%	-36.97%		
322	2009	745,534.09	0.00	70,652.58	(70,652.58)	-9.48%	0.08%	-54.92%	-52.94%	-53.33%	-53.33%	-30.60%	-30.60%	-30.60%	
322	2010	633,959.39	0.00	349,744.75	(349,744.75)	-55.17%	-30.47%	-17.39%	-54.98%	-53.52%	-53.81%	-53.81%	-34.65%	-34.65%	-34.65%
322	2011	565,490.79	0.00	306,969.46	(306,969.46)	-54.28%	-54.75%	-37.40%	-25.50%	-54.85%	-53.67%	-53.90%	-53.90%	-37.16%	-37.16%
322	2012	83,161.98	153,985.96	187,646.11	(33,660.15)	-40.48%	-52.51%	-53.83%	-37.52%	-25.97%	-54.46%	-53.31%	-53.53%	-53.53%	-37.22%
322	2013	442,237.10	94,861.01	90,518.99	4,342.02	0.98%	-5.58%	-30.83%	-39.77%	-30.63%	-22.12%	-47.47%	-46.47%	-46.66%	-46.66%
323	2001	0.00	0.00	0.00	0.00	NA									
323	2002	0.00	0.00	0.00	0.00	NA	NA								
323	2003	74,624.65	0.00	2,282.97	(2,282.97)	-3.06%	-3.06%	-3.06%							
323	2004	0.00	0.00	0.00	0.00	NA	-3.06%	-3.06%	-3.06%						
323	2005	0.00	0.00	0.00	0.00	NA	NA	-3.06%	-3.06%	-3.06%					
323	2006	0.00	0.00	1,082.97	(1,082.97)	NA	NA	NA	-4.51%	-4.51%	-4.51%				
323	2007	281,228.75	0.00	0.00	0.00	0.00%	-0.39%	-0.39%	-0.39%	-0.95%	-0.95%	-0.95%			
323	2008	248,099.06	0.00	127,820.96	(127,820.96)	-51.52%	-24.15%	-24.35%	-24.35%	-24.35%	-21.72%	-21.72%	-21.72%		
323	2009	1,056,660.59	0.00	137,622.25	(137,622.25)	-13.02%	-20.34%	-16.74%	-16.81%	-16.81%	-16.81%	-16.19%	-16.19%	-16.19%	
323	2010	540,675.33	0.00	183,336.46	(183,336.46)	-33.91%	-20.09%	-24.32%	-21.10%	-21.15%	-21.15%	-21.15%	-20.54%	-20.54%	-20.54%
323	2011	219,190.76	0.00	171,318.67	(171,318.67)	-78.16%	-46.67%	-27.10%	-30.03%	-26.43%	-26.48%	-26.48%	-26.48%	-25.76%	-25.76%
323	2012	132,175.13	0.00	220,413.55	(220,413.55)	-166.76%	-111.49%	-64.47%	-36.57%	-38.26%	-33.92%	-33.96%	-33.96%	-33.96%	-33.06%
323	2013	495,740.31	381,292.66	532,241.10	(150,948.44)	-30.45%	-59.14%	-64.06%	-52.31%	-35.33%	-36.82%	-33.34%	-33.38%	-33.38%	-33.38%
324	2001	0.00	0.00	0.00	0.00	NA									
324	2002	0.00	0.00	0.00	0.00	NA	NA								
324	2003	187,936.14	0.00	0.00	0.00	0.00%	0.00%	0.00%							
324	2004	0.00	0.00	0.00	0.00	NA	0.00%	0.00%	0.00%						
324	2005	0.00	0.00	0.00	0.00	NA	NA	0.00%	0.00%	0.00%					
324	2006	0.00	0.00	20,099.48	(20,099.48)	NA	NA	NA	-10.69%	-10.69%	-10.69%				
324	2007	8,833.59	0.00	0.00	0.00	0.00%	-227.53%	-227.53%	-227.53%	-10.21%	-10.21%	-10.21%			
324	2008	189,995.38	0.00	12,805.83	(12,805.83)	-6.74%	-6.44%	-16.55%	-16.55%	-16.55%	-8.51%	-8.51%	-8.51%		
324	2009	63,971.44	0.00	28,373.95	(28,373.95)	-44.35%	-16.21%	-15.67%	-23.32%	-23.32%	-23.32%	-13.60%	-13.60%	-13.60%	
324	2010	492,622.45	0.00	230,523.15	(230,523.15)	-46.80%	-46.51%	-36.39%	-35.97%	-38.63%	-38.63%	-38.63%	-30.93%	-30.93%	-30.93%
324	2011	67,977.36	0.00	28,253.67	(28,253.67)	-41.56%	-46.16%	-45.98%	-36.82%	-36.43%	-38.87%	-38.87%	-38.87%	-31.65%	-31.65%
324	2012	47,004.98	0.00	16,095.69	(16,095.69)	-34.24%	-38.57%	-45.24%	-45.15%	-36.68%	-36.31%	-38.62%	-38.62%	-38.62%	-31.76%
324	2013	140,050.85	23,460.00	99,688.98	(76,228.98)	-54.43%	-49.36%	-47.28%	-46.96%	-46.75%	-39.16%	-38.82%	-40.81%	-40.81%	-40.81%
325	2001	0.00	0.00	0.00	0.00	NA									
325	2002	0.00	0.00	0.00	0.00	NA	NA								
325	2003	3,475,712.70	0.00	0.00	0.00	0.00%	0.00%	0.00%							
325	2004	0.00	0.00	0.00	0.00	NA	0.00%	0.00%	0.00%						
325	2005	0.00	0.00	0.00	0.00	NA	NA	0.00%	0.00%	0.00%					
325	2006	0.00	0.00	0.00	0.00	NA	NA	NA	0.00%	0.00%	0.00%				
325	2007	31,994.75	0.00	34,753.56	(34,753.56)	-108.62%	-108.62%	-108.62%	-108.62%	-0.99%	-0.99%	-0.99%			
325	2008	62,189.16	0.00	31,421.35	(31,421.35)	-50.53%	-70.26%	-70.26%	-70.26%	-70.26%	-1.85%	-1.85%	-1.85%		
325	2009	122,023.83	0.00	10,148.93	(10,148.93)	-8.32%	-22.57%	-35.30%	-35.30%	-35.30%	-35.30%	-2.07%	-2.07%	-2.07%	
325	2010	138,787.32	0.00	16,114.83	(16,114.83)	-11.61%	-10.07%	-17.86%	-26.04%	-26.04%	-26.04%	-26.04%	-2.41%	-2.41%	-2.41%
325	2011	35,298.68	0.00	23,618.33	(23,618.33)	-66.91%	-22.82%	-16.85%	-22.69%	-29.74%	-29.74%	-29.74%	-29.74%	-3.00%	-3.00%
325	2012	16,213.62	0.00	17,541.00	(17,541.00)	-108.19%	-79.90%	-30.10%	-21.59%	-26.39%	-32.86%	-32.86%	-32.86%	-32.86%	-3.44%
325	2013	520,888.41	189,720.00	63,384.57	126,335.43	24.25%	20.26%	14.88%	9.71%	7.07%	3.07%	-0.78%	-0.78%	-0.78%	-0.78%

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341	2001	0.00	0.00	0.00	0.00	NA									
341	2002	0.00	0.00	0.00	0.00	NA	NA								
341	2003	0.00	0.00	0.00	0.00	NA	NA	NA							
341	2004	0.00	0.00	0.00	0.00	NA	NA	NA	NA						
341	2005	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA					
341	2006	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA				
341	2007	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA			
341	2008	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA	NA		
341	2009	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA	NA	NA	
341	2010	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
341	2011	93,904.00	0.00	10,617.00	(10,617.00)	-11.31%	-11.31%	-11.31%	-11.31%	-11.31%	-11.31%	-11.31%	-11.31%	-11.31%	-11.31%
341	2012	0.00	0.00	0.00	0.00	NA	-11.31%	-11.31%	-11.31%	-11.31%	-11.31%	-11.31%	-11.31%	-11.31%	-11.31%
341	2013	0.00	0.00	0.00	0.00	NA	NA	-11.31%	-11.31%	-11.31%	-11.31%	-11.31%	-11.31%	-11.31%	-11.31%
342	2001	0.00	0.00	0.00	0.00	NA									
342	2002	0.00	0.00	0.00	0.00	NA	NA								
342	2003	0.00	0.00	0.00	0.00	NA	NA	NA							
342	2004	0.00	0.00	0.00	0.00	NA	NA	NA	NA						
342	2005	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA					
342	2006	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA				
342	2007	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA			
342	2008	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA	NA		
342	2009	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA	NA	NA	
342	2010	7,470.21	0.00	7,644.24	(7,644.24)	-102.33%	-102.33%	-102.33%	-102.33%	-102.33%	-102.33%	-102.33%	-102.33%	-102.33%	-102.33%
342	2011	0.00	0.00	0.00	0.00	NA	-102.33%	-102.33%	-102.33%	-102.33%	-102.33%	-102.33%	-102.33%	-102.33%	-102.33%
342	2012	0.00	0.00	0.00	0.00	NA	NA	-102.33%	-102.33%	-102.33%	-102.33%	-102.33%	-102.33%	-102.33%	-102.33%
342	2013	87,842.00	0.00	2,166.40	(2,166.40)	-2.47%	-2.47%	-2.47%	-10.29%	-10.29%	-10.29%	-10.29%	-10.29%	-10.29%	-10.29%
					0.00										
343	2001	0.00	0.00	0.00	0.00	NA									
343	2002	0.00	0.00	0.00	0.00	NA	NA								
343	2003	0.00	0.00	0.00	0.00	NA	NA	NA							
343	2004	0.00	0.00	0.00	0.00	NA	NA	NA	NA						
343	2005	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA					
343	2006	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA				
343	2007	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA			
343	2008	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA	NA		
343	2009	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA	NA	NA	
343	2010	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
343	2011	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
343	2012	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
343	2013	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
					0.00										
344	2001	0.00	0.00	0.00	0.00	NA									
344	2002	0.00	0.00	0.00	0.00	NA	NA								
344	2003	0.00	0.00	0.00	0.00	NA	NA	NA							
344	2004	0.00	0.00	0.00	0.00	NA	NA	NA	NA						
344	2005	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA					
344	2006	153,648.00	0.00	0.00	0.00	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
344	2007	0.00	0.00	0.00	0.00	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
344	2008	700.00	0.00	817.63	(817.63)	-116.80%	-116.80%	-0.53%	-0.53%	-0.53%	-0.53%	-0.53%	-0.53%		
344	2009	0.00	0.00	0.00	0.00	NA	-116.80%	-116.80%	-0.53%	-0.53%	-0.53%	-0.53%	-0.53%	-0.53%	
344	2010	0.00	0.00	0.00	0.00	NA	NA	-116.80%	-116.80%	-0.53%	-0.53%	-0.53%	-0.53%	-0.53%	-0.53%
344	2011	0.00	0.00	0.00	0.00	NA	NA	NA	-116.80%	-116.80%	-0.53%	-0.53%	-0.53%	-0.53%	-0.53%

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344	2012	551,782.00	0.00	96,754.39	(96,754.39)	-17.53%	-17.53%	-17.53%	-17.53%	-17.66%	-17.66%	-13.82%	-13.82%	-13.82%	-13.82%
344	2013	60,322.00	0.00	3,195.85	(3,195.85)	-5.30%	-16.33%	-16.33%	-16.33%	-16.33%	-16.44%	-16.44%	-13.15%	-13.15%	-13.15%
345	2001	0.00	0.00	0.00	0.00	NA									
345	2002	0.00	0.00	0.00	0.00	NA	NA								
345	2003	0.00	0.00	0.00	0.00	NA	NA	NA							
345	2004	0.00	0.00	0.00	0.00	NA	NA	NA	NA						
345	2005	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA					
345	2006	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA				
345	2007	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA			
345	2008	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA	NA		
345	2009	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA	NA	NA	
345	2010	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
345	2011	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
345	2012	27,082.00	0.00	21,806.24	(21,806.24)	-80.52%	-80.52%	-80.52%	-80.52%	-80.52%	-80.52%	-80.52%	-80.52%	-80.52%	-80.52%
345	2013	157,159.90	0.00	0.00	0.00	0.00%	-11.84%	-11.84%	-11.84%	-11.84%	-11.84%	-11.84%	-11.84%	-11.84%	-11.84%
346	2001	0.00	0.00	0.00	0.00	NA									
346	2002	0.00	0.00	0.00	0.00	NA	NA								
346	2003	0.00	0.00	0.00	0.00	NA	NA	NA							
346	2004	0.00	0.00	0.00	0.00	NA	NA	NA	NA						
346	2005	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA					
346	2006	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA				
346	2007	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA			
346	2008	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA	NA		
346	2009	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA	NA	NA	
346	2010	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
346	2011	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
346	2012	35,934.54	0.00	0.00	0.00	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
346	2013	0.00	0.00	0.00	0.00	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
350	2001	0.00	0.00	0.00	0.00	NA									
350	2002	0.00	0.00	0.00	0.00	NA	NA								
350	2003	0.00	0.00	0.00	0.00	NA	NA	NA							
350	2004	0.00	0.00	0.00	0.00	NA	NA	NA	NA						
350	2005	1,400.00	0.00	0.00	0.00	0.00%	0.00%	0.00%	0.00%	0.00%					
350	2006	0.00	0.00	0.00	0.00	NA	0.00%	0.00%	0.00%	0.00%	0.00%				
350	2007	0.00	0.00	0.00	0.00	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%			
350	2008	0.00	0.00	0.00	0.00	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%		
350	2009	10,136.78	940.12	(116.86)	1,056.98	10.43%	10.43%	10.43%	10.43%	9.16%	9.16%	9.16%	9.16%	9.16%	
350	2010	7,462.05	37,100.00	0.00	37,100.00	497.18%	216.82%	216.82%	216.82%	216.82%	200.84%	200.84%	200.84%	200.84%	200.84%
350	2011	2,054.90	0.00	879.06	(879.06)	-42.78%	380.59%	189.67%	189.67%	189.67%	189.67%	177.06%	177.06%	177.06%	177.06%
350	2012	63,153.04	112,872.00	(2,514.36)	115,386.36	182.71%	175.60%	208.62%	184.36%	184.36%	184.36%	184.36%	181.30%	181.30%	181.30%
350	2013	0.00	0.00	0.00	0.00	NA	182.71%	175.60%	208.62%	184.36%	184.36%	184.36%	184.36%	181.30%	181.30%
352	2001	0.00	0.00	0.00	0.00	NA									
352	2002	0.00	0.00	0.00	0.00	NA	NA								
352	2003	0.00	0.00	0.00	0.00	NA	NA	NA							
352	2004	0.00	0.00	0.00	0.00	NA	NA	NA	NA						
352	2005	11,558.36	0.00	0.00	0.00	0.00%	0.00%	0.00%	0.00%	0.00%					
352	2006	0.00	0.00	0.00	0.00	NA	0.00%	0.00%	0.00%	0.00%	0.00%				
352	2007	6,381.25	0.00	0.00	0.00	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
352	2008	92,619.65	0.00	119,025.05	(119,025.05)	-128.51%	-120.23%	-120.23%	-107.66%	-107.66%	-107.66%	-107.66%	-107.66%		
352	2009	6,756.18	0.00	3,276.65	(3,276.65)	-48.50%	-123.07%	-115.64%	-115.64%	-104.25%	-104.25%	-104.25%	-104.25%	-104.25%	

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352	2010	6,695.56	0.00	9,664.47	(9,664.47)	-144.34%	-96.20%	-124.41%	-117.35%	-117.35%	-106.41%	-106.41%	-106.41%	-106.41%	-106.41%
352	2011	19,991.29	0.00	9,968.06	(9,968.06)	-49.86%	-73.57%	-68.50%	-112.59%	-107.17%	-107.17%	-98.56%	-98.56%	-98.56%	-98.56%
352	2012	11,564.33	0.00	10,443.11	(10,443.11)	-90.30%	-64.68%	-78.63%	-74.10%	-110.72%	-105.81%	-105.81%	-97.95%	-97.95%	-97.95%
352	2013	0.00	0.00	0.00	0.00	NA	-90.30%	-64.68%	-78.63%	-74.10%	-110.72%	-105.81%	-105.81%	-97.95%	-97.95%
353	2001	99,675.80	0.00	5,913.27	(5,913.27)	-5.93%									
353	2002	2,597,472.75	255,333.99	211,456.15	43,877.84	1.69%	1.41%								
353	2003	749,435.77	105,229.06	114,987.18	(9,758.12)	-1.30%	1.02%	0.82%							
353	2004	51,210.23	105,229.06	202,089.17	(96,860.11)	-189.14%	-13.32%	-1.85%	-1.96%						
353	2005	3,382,523.87	0.00	191,701.67	(191,701.67)	-5.67%	-8.40%	-7.13%	-3.75%	-3.78%					
353	2006	404,267.98	0.00	134,044.41	(134,044.41)	-33.16%	-8.60%	-11.01%	-9.42%	-5.41%	-5.41%				
353	2007	33,402.78	0.00	0.00	0.00	0.00%	-30.63%	-8.53%	-10.92%	-9.36%	-5.38%	-5.39%			
353	2008	154,108.16	5,209.73	132,088.42	(126,878.69)	-82.33%	-67.66%	-44.09%	-11.39%	-13.65%	-11.71%	-6.99%	-6.98%		
353	2009	735,712.30	0.00	241,469.81	(241,469.81)	-32.82%	-41.40%	-39.90%	-37.85%	-14.74%	-16.61%	-14.53%	-9.33%	-9.29%	
353	2010	662,161.52	0.00	139,837.09	(139,837.09)	-21.12%	-27.28%	-32.74%	-32.05%	-32.28%	-15.52%	-17.16%	-15.24%	-10.22%	-10.18%
353	2011	2,071,224.95	0.00	252,225.36	(252,225.36)	-12.18%	-14.34%	-18.26%	-20.99%	-20.80%	-22.03%	-14.59%	-15.78%	-14.47%	-10.60%
353	2012	1,420,575.23	0.00	442,168.44	(442,168.44)	-31.13%	-19.89%	-20.08%	-23.84%	-23.69%	-24.38%	-17.24%	-18.23%	-16.92%	
353	2013	1,358,943.64	5,000.00	243,488.92	(238,488.92)	-17.55%	-24.49%	-19.23%	-19.46%	-21.03%	-22.51%	-22.39%	-23.03%	-17.28%	-18.14%
354	2001	0.00	0.00	0.00	0.00	NA									
354	2002	0.00	0.00	0.00	0.00	NA	NA								
354	2003	0.00	0.00	0.00	0.00	NA	NA	NA							
354	2004	16,308.00	0.00	0.00	0.00	0.00%	0.00%	0.00%	0.00%						
354	2005	0.00	0.00	0.00	0.00	NA	0.00%	0.00%	0.00%	0.00%					
354	2006	0.00	0.00	0.00	0.00	NA	NA	0.00%	0.00%	0.00%	0.00%				
354	2007	0.00	0.00	0.00	0.00	NA	NA	NA	0.00%	0.00%	0.00%	0.00%			
354	2008	0.00	0.00	0.00	0.00	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%		
354	2009	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	
354	2010	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%
354	2011	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%
354	2012	0.00	0.00	51,724.41	(51,724.41)	NA	NA	NA	NA	NA	NA	NA	NA	-317.17%	-317.17%
354	2013	6,180.89	0.00	0.00	0.00	0.00%	-836.84%	-836.84%	-836.84%	-836.84%	-836.84%	-836.84%	-836.84%	-836.84%	-230.00%
355	2001	22,760.09	0.00	40,014.46	(40,014.46)	-175.81%									
355	2002	25,780.56	550.00	21,797.51	(21,247.51)	-82.42%	-126.21%								
355	2003	57,594.09	61,059.81	40,344.05	20,715.76	35.97%	-0.64%	-38.20%							
355	2004	42,248.34	10,078.34	3,512.62	6,565.72	15.54%	27.32%	4.80%	-22.90%						
355	2005	254,221.48	1,000.00	364,844.40	(363,844.40)	-143.12%	-120.51%	-95.06%	-94.20%	-98.81%					
355	2006	338,762.30	0.00	175,014.75	(175,014.75)	-51.66%	-90.87%	-83.80%	-73.84%	-74.15%	-77.27%				
355	2007	17,872.65	0.00	55,314.26	(55,314.26)	-309.49%	-64.58%	-97.27%	-89.97%	-79.77%	-79.86%	-82.73%			
355	2008	205,661.67	20,122.04	231,649.40	(211,527.36)	-102.85%	-119.37%	-78.58%	-98.68%	-93.06%	-84.95%	-84.88%	-87.02%		
355	2009	112,681.62	0.00	286,524.72	(286,524.72)	-254.28%	-156.45%	-164.59%	-107.91%	-117.54%	-111.76%	-103.49%	-102.97%	-104.51%	
355	2010	30,523.13	0.09	112,882.11	(112,882.02)	-369.82%	-278.91%	-175.12%	-181.67%	-119.24%	-125.57%	-119.62%	-111.16%	-110.48%	-111.82%
355	2011	79,202.69	0.00	251,756.07	(251,756.07)	-317.86%	-332.32%	-292.78%	-201.53%	-205.86%	-139.29%	-140.23%	-134.14%	-125.54%	-124.58%
355	2012	238,076.80	0.00	534,204.97	(534,204.97)	-224.38%	-247.72%	-258.43%	-257.42%	-209.70%	-212.31%	-159.10%	-155.92%	-150.43%	-142.63%
355	2013	194,261.65	0.00	297,988.45	(297,988.45)	-153.40%	-192.49%	-211.90%	-220.79%	-226.55%	-196.99%	-199.28%	-158.19%	-155.58%	-150.81%
356	2001	1,179.78	0.00	1,677.16	(1,677.16)	-142.16%									
356	2002	42,015.93	0.00	10,811.85	(10,811.85)	-25.73%	-28.91%								
356	2003	12,710.89	54,631.01	90,746.50	(36,115.49)	-284.13%	-85.75%	-86.94%							
356	2004	48,327.50	14,666.48	1,127.67	13,538.81	28.01%	-36.99%	-32.40%	-33.64%						
356	2005	69,239.19	0.00	239,228.21	(239,228.21)	-345.51%	-191.97%	-200.96%	-158.23%	-158.12%					
356	2006	108,709.15	0.00	54,481.12	(54,481.12)	-50.12%	-165.05%	-123.82%	-132.34%	-116.40%	-116.51%				
356	2007	3,428.17	0.00	9,977.34	(9,977.34)	-291.04%	-57.48%	-167.43%	-126.31%	-134.59%	-118.51%	-118.61%			

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356	2008	17,454.56	3,075.24	19,166.46	(16,091.22)	-92.19%	-124.83%	-62.16%	-160.83%	-123.90%	-131.74%	-116.99%	-117.08%		
356	2009	15,862.33	0.00	42.51	(42.51)	-0.27%	-48.43%	-71.06%	-55.41%	-148.97%	-116.45%	-124.18%	-111.16%	-111.27%	
356	2010	112,865.54	0.00	13,188.57	(13,188.57)	-11.69%	-10.28%	-20.06%	-26.27%	-36.30%	-101.66%	-84.99%	-91.50%	-85.09%	-85.24%
356	2011	11,176.87	0.00	160,931.48	(160,931.48)	-1439.86%	-140.37%	-124.49%	-120.90%	-124.53%	-94.51%	-145.82%	-124.11%	-129.20%	-119.36%
356	2012	100,293.57	25,924.00	67,095.68	(41,171.68)	-41.05%	-181.31%	-95.97%	-89.65%	-89.82%	-92.46%	-80.01%	-121.89%	-107.02%	-111.52%
356	2013	1,473.03	0.00	11,785.41	(11,785.41)	-800.08%	-52.04%	-189.38%	-100.56%	-93.98%	-93.86%	-96.43%	-82.87%	-124.15%	-109.11%
357	2001	0.00	0.00	0.00	0.00	NA									
357	2002	0.00	0.00	0.00	0.00	NA	NA								
357	2003	0.00	0.00	0.00	0.00	NA	NA	NA							
357	2004	0.00	0.00	0.00	0.00	NA	NA	NA	NA						
357	2005	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA					
357	2006	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA				
357	2007	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA			
357	2008	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA	NA		
357	2009	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA	NA	NA	
357	2010	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
357	2011	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
357	2012	34,626.00	0.00	63,233.17	(63,233.17)	-182.62%	-182.62%	-182.62%	-182.62%	-182.62%	-182.62%	-182.62%	-182.62%	-182.62%	-182.62%
357	2013	0.00	0.00	12,116.37	(12,116.37)	NA	-217.61%	-217.61%	-217.61%	-217.61%	-217.61%	-217.61%	-217.61%	-217.61%	-217.61%
359	2001	0.00	0.00	0.00	0.00	NA									
359	2002	0.00	0.00	0.00	0.00	NA	NA								
359	2003	0.00	0.00	0.00	0.00	NA	NA	NA							
359	2004	0.00	0.00	0.00	0.00	NA	NA	NA	NA						
359	2005	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA					
359	2006	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA				
359	2007	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA			
359	2008	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA	NA		
359	2009	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA	NA	NA	
359	2010	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
359	2011	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
359	2012	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
359	2013	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
360	2001	238.96	0.00	151.45	(151.45)	-63.38%									
360	2002	5.25	0.00	1.80	(1.80)	-34.29%	-62.75%								
360	2003	16,685.38	0.00	0.00	0.00	0.00%	-0.01%	-0.91%							
360	2004	6,595.00	0.00	0.00	0.00	0.00%	0.00%	-0.01%	-0.65%						
360	2005	1,948.93	0.00	108.61	(108.61)	-5.57%	-1.27%	-0.43%	-0.44%	-1.03%					
360	2006	0.00	0.00	0.00	0.00	NA	-5.57%	-1.27%	-0.43%	-0.44%	-1.03%				
360	2007	0.00	0.00	0.00	0.00	NA	NA	-5.57%	-1.27%	-0.43%	-0.44%	-1.03%			
360	2008	0.00	0.00	0.00	0.00	NA	NA	NA	-5.57%	-1.27%	-0.43%	-0.44%	-1.03%		
360	2009	61.88	0.00	40,004.63	(40,004.63)	-64648.72%	-64648.72%	-64648.72%	-64648.72%	-1994.88%	-466.12%	-158.61%	-158.58%	-157.69%	
360	2010	0.00	0.00	(40,004.63)	40,004.63	NA	0.00%	0.00%	0.00%	0.00%	-5.40%	-1.26%	-0.43%	-0.44%	-1.03%
360	2011	350,244.64	0.00	0.00	0.00	0.00%	11.42%	0.00%	0.00%	0.00%	0.00%	-0.03%	-0.03%	-0.03%	-0.03%
360	2012	69.74	27,100.00	779.64	26,320.36	37740.69%	7.51%	18.93%	7.51%	7.51%	7.51%	7.51%	7.44%	7.30%	6.98%
360	2013	0.00	0.00	0.00	0.00	NA	37740.69%	7.51%	18.93%	7.51%	7.51%	7.51%	7.51%	7.44%	7.30%
361	2001	5,645.25	0.00	5,901.36	(5,901.36)	-104.54%									
361	2002	0.00	0.00	0.00	0.00	NA	-104.54%								
361	2003	110,303.61	0.00	0.00	0.00	0.00%	0.00%	-5.09%							
361	2004	0.00	0.00	0.00	0.00	NA	0.00%	0.00%	-5.09%						
361	2005	44,773.08	0.00	6,946.04	(6,946.04)	-15.51%	-15.51%	-4.48%	-4.48%	-7.99%					

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361	2006	0.00	0.00	0.00	0.00	NA	-15.51%	-15.51%	-4.48%	-4.48%	-7.99%				
361	2007	0.00	0.00	0.00	0.00	NA	NA	-15.51%	-15.51%	-4.48%	-4.48%	-7.99%			
361	2008	15,455.66	0.00	7,190.46	(7,190.46)	-46.52%	-46.52%	-46.52%	-23.47%	-23.47%	-8.29%	-8.29%	-11.37%		
361	2009	18,730.30	0.00	8,392.69	(8,392.69)	-44.81%	-45.58%	-45.58%	-45.58%	-28.53%	-28.53%	-11.90%	-11.90%	-14.59%	
361	2010	39,566.30	0.00	4,700.00	(4,700.00)	-11.88%	-22.46%	-27.50%	-27.50%	-27.50%	-22.97%	-22.97%	-11.90%	-11.90%	-14.13%
361	2011	82,336.12	0.00	0.00	0.00	0.00%	-3.86%	*	-12.99%	-12.99%	-12.99%	-13.56%	-13.56%	-8.75%	-8.75%
361	2012	33,147.62	0.00	1,316.00	(1,316.00)	-3.97%	-1.14%	-3.88%	-8.29%	-11.41%	-11.41%	-11.41%	-12.20%	-12.20%	-8.29%
361	2013	11,713.48	1,669.01	700.67	968.34	8.27%	-0.77%	-0.27%	-3.03%	-7.25%	-10.27%	-10.27%	-10.27%	-11.22%	-11.22%
362	2001	644,987.60	425.00	92,113.11	(91,688.11)	-14.22%									
362	2002	1,178,155.97	80,661.65	159,608.74	(78,947.09)	-6.70%	-9.36%								
362	2003	2,579,355.69	20,905.86	125,352.49	(104,446.63)	-4.05%	-4.88%	-6.25%							
362	2004	690,965.16	0.00	2,398.25	(2,398.25)	-0.35%	-3.27%	-4.18%	-5.45%						
362	2005	626,729.97	316.34	115,726.04	(115,409.70)	-18.41%	-8.94%	-5.70%	-5.93%	-6.87%					
362	2006	71,410.34	5,000.00	25,531.80	(20,531.80)	-28.75%	-19.47%	-9.96%	-6.12%	-6.25%	-7.14%				
362	2007	16,706.64	0.00	34,001.71	(34,001.71)	-203.52%	-61.89%	-23.77%	-12.26%	-6.95%	-6.89%	-7.70%			
362	2008	477,043.41	0.00	217,415.18	(217,415.18)	-45.58%	-50.92%	-48.12%	-32.50%	-20.70%	-11.08%	-10.16%	-10.58%		
362	2009	750,825.66	0.00	172,528.32	(172,528.32)	-22.98%	-31.76%	-34.06%	-33.78%	-28.82%	-21.35%	-12.79%	-11.67%	-11.90%	
362	2010	3,374.77	0.00	41,174.19	(41,174.19)	-1220.06%	-28.33%	-35.01%	-37.27%	-36.81%	-30.89%	-22.88%	-13.57%	-12.31%	-12.48%
362	2011	1,013,026.81	0.00	84,892.34	(84,892.34)	-8.38%	-12.40%	-16.90%	-22.99%	-24.33%	-24.46%	-23.18%	-18.86%	-12.73%	-11.77%
362	2012	457,799.08	22,249.32	259,342.03	(237,092.71)	-51.79%	-21.89%	-24.63%	-24.08%	-27.87%	-28.95%	-28.95%	-27.01%	-22.53%	-15.40%
362	2013	98,086.59	10,391.00	149,719.04	(139,328.04)	-142.05%	-67.72%	-29.40%	-31.96%	-29.06%	-31.87%	-32.89%	-32.79%	-30.22%	-25.32%
364	2001	623,329.26	1,169,477.31	517,221.27	652,256.04	104.64%									
364	2002	880,901.29	872,808.51	1,138,390.76	(265,582.25)	-30.15%	25.71%								
364	2003	580,457.54	354,022.33	591,771.39	(237,749.06)	-40.96%	-34.44%	7.14%							
364	2004	511,113.11	54,674.39	104,736.58	(50,062.19)	-9.79%	-26.37%	-28.06%	3.81%						
364	2005	707,935.99	(137,684.92)	844,095.78	(981,780.70)	-138.68%	-84.64%	-70.55%	-57.27%	-26.72%					
364	2006	425,768.60	584.47	230,074.39	(229,489.92)	-53.90%	-106.84%	-76.69%	-67.37%	-56.81%	-29.83%				
364	2007	466,832.23	2,250.00	276,345.15	(274,095.15)	-58.71%	-56.42%	-92.80%	-72.71%	-65.87%	-57.06%	-33.04%			
364	2008	602,487.09	75,874.96	360,722.05	(284,847.09)	-47.28%	-52.27%	-52.73%	-80.35%	-67.07%	-62.47%	-55.65%	-34.83%		
364	2009	381,432.68	0.00	488,246.63	(488,246.63)	-128.00%	-78.57%	-72.18%	-68.03%	-87.39%	-74.58%	-69.27%	-61.71%	-41.69%	
364	2010	384,274.30	27,684.08	430,954.84	(403,270.76)	-104.94%	-116.43%	-85.98%	-79.04%	-74.31%	-89.66%	-77.93%	-72.64%	-65.07%	-46.06%
364	2011	417,711.14	4,926.67	466,370.72	(461,444.05)	-110.47%	-107.82%	-114.33%	-91.71%	-84.87%	-79.95%	-92.23%	-81.42%	-76.17%	-68.61%
364	2012	489,805.89	0.00	643,243.66	(643,243.66)	-131.33%	-121.73%	-116.73%	-119.30%	-100.23%	-93.17%	-87.89%	-97.17%	-86.99%	-81.61%
364	2013	424,310.77	0.00	506,541.33	(506,541.33)	-119.38%	-125.78%	-120.98%	-117.39%	-119.32%	-103.24%	-96.68%	-91.61%	-99.36%	-89.84%
365	2001	555,338.73	971,628.76	360,687.93	610,940.83	110.01%									
365	2002	668,890.84	218,484.33	263,614.23	(45,129.90)	-6.75%	46.22%								
365	2003	600,007.40	146,833.81	325,991.25	(179,157.44)	-29.86%	-17.68%	21.20%							
365	2004	608,856.66	60,684.96	83,157.08	(22,472.12)	-3.69%	-16.68%	-13.14%	14.97%						
365	2005	337,729.67	(91,398.99)	341,809.82	(433,208.81)	-128.27%	-48.14%	-41.05%	-30.69%	-2.49%					
365	2006	356,487.35	1,432.43	22,260.05	(20,827.62)	-5.84%	-65.40%	-36.57%	-34.45%	-27.25%	-2.87%				
365	2007	235,942.08	0.00	231,230.29	(231,230.29)	-98.00%	-42.55%	-73.67%	-45.99%	-41.46%	-33.19%	-9.55%			
365	2008	399,331.90	3,085.04	123,051.71	(119,966.67)	-30.04%	-55.28%	-37.51%	-60.57%	-42.70%	-39.67%	-32.80%	-11.72%		
365	2009	185,580.83	0.00	157,290.99	(157,290.99)	-84.76%	-47.40%	-61.95%	-44.96%	-63.53%	-46.38%	-42.74%	-35.64%	-15.15%	
365	2010	111,222.06	157,003.01	210,295.37	(53,292.36)	-47.92%	-70.95%	-47.48%	-60.27%	-45.21%	-62.46%	-46.45%	-42.94%	-36.03%	-16.05%
365	2011	164,816.96	12,940.94	472,418.83	(459,477.89)	-278.78%	-185.76%	-145.15%	-91.76%	-93.10%	-71.70%	-82.37%	-62.41%	-55.90%	-46.94%
365	2012	333,053.36	224,496.27	266,657.45	(42,161.18)	-12.66%	-100.76%	-91.11%	-89.62%	-69.70%	-74.37%	-60.69%	-71.44%	-56.35%	-51.58%
365	2013	200,970.27	17,456.47	470,382.52	(452,926.05)	-225.37%	-92.71%	-136.59%	-124.42%	-117.02%	-92.12%	-92.97%	-77.35%	-84.74%	-67.92%
366	2001	7,357.29	7,512.68	10,936.89	(3,424.21)	-46.54%									
366	2002	12,497.90	9,332.61	10,717.48	(1,384.87)	-11.08%	-24.22%								
366	2003	231,713.05	65,919.86	15,445.43	50,474.43	21.78%	20.10%	18.15%							

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366	2004	39,346.97	8.54	2,455.35	(2,446.81)	-6.22%	17.72%	16.45%	14.86%						
366	2005	57,351.07	2,132.75	24,432.18	(22,299.43)	-38.88%	-25.59%	7.83%	7.14%	6.01%					
366	2006	32,029.06	0.00	8,842.43	(8,842.43)	-27.61%	-34.84%	-26.09%	4.68%	4.16%	3.18%				
366	2007	55,526.63	0.00	21,496.30	(21,496.30)	-38.71%	-34.65%	-36.33%	-29.90%	-1.11%	-1.40%	-2.16%			
366	2008	39,704.93	99,663.02	11,236.12	88,426.90	222.71%	70.28%	45.65%	19.39%	14.89%	18.39%	17.61%	16.61%		
366	2009	39,043.08	0.00	8,038.44	(8,038.44)	-20.59%	102.08%	43.86%	30.10%	12.41%	9.62%	15.32%	14.67%	13.79%	
366	2010	18,851.63	0.00	10,673.72	(10,673.72)	-56.62%	-32.32%	71.43%	31.49%	21.27%	7.04%	5.19%	12.68%	12.11%	11.30%
366	2011	26,626.17	0.00	9,174.63	(9,174.63)	-34.46%	-43.64%	-32.99%	48.73%	21.72%	14.26%	2.94%	1.77%	10.35%	9.87%
366	2012	37,221.52	0.00	14,035.35	(14,035.35)	-37.71%	-36.35%	-40.97%	-34.44%	28.80%	11.53%	6.49%	-2.00%	-2.48%	7.26%
366	2013	54,646.75	12,090.94	385,743.17	(373,652.23)	-683.76%	-422.00%	-334.92%	-296.72%	-235.60%	-151.39%	-128.36%	-117.73%	-105.20%	-95.48%
367	2001	378,479.38	414,983.71	54,691.75	360,291.96	95.19%									
367	2002	1,260,625.14	246,349.57	95,415.60	150,933.97	11.97%	31.19%								
367	2003	1,675,022.93	211,236.67	122,277.89	88,958.78	5.31%	8.17%	18.11%							
367	2004	535,391.95	7,825.40	75,029.92	(67,204.52)	-12.55%	0.98%	4.98%	13.85%						
367	2005	606,850.96	29,521.84	317,893.84	(288,372.00)	-47.52%	-31.13%	-9.46%	-2.84%	5.49%					
367	2006	297,068.97	6.87	(369.20)	376.07	0.13%	-31.86%	-24.68%	-8.55%	-2.64%	5.15%				
367	2007	193,190.45	0.00	59,244.11	(59,244.11)	-30.67%	-12.01%	-31.65%	-25.39%	-9.84%	-3.82%	3.75%			
367	2008	765,065.54	286,313.82	25,503.03	260,810.79	34.09%	21.03%	16.09%	-4.64%	-6.41%	-1.59%	1.62%	7.82%		
367	2009	619,528.01	273,530.32	243,466.52	30,063.80	4.85%	21.01%	14.68%	12.37%	-2.27%	-4.10%	-0.74%	1.95%	7.53%	
367	2010	517,516.65	0.00	63,114.09	(63,114.09)	-12.20%	-2.91%	11.97%	8.04%	7.06%	-3.98%	-5.28%	-1.88%	0.82%	6.04%
367	2011	560,632.31	0.00	74,696.44	(74,696.44)	-13.32%	-12.78%	-6.35%	6.22%	3.53%	3.19%	-5.45%	-6.38%	-2.99%	-0.31%
367	2012	537,201.83	12,120.98	65,608.98	(53,488.00)	-9.96%	-11.68%	-11.84%	-7.21%	3.32%	1.26%	1.17%	-6.04%	-6.80%	-3.58%
367	2013	350,161.73	83,846.70	100,988.32	(17,141.62)	-4.90%	-7.96%	-10.04%	-10.60%	-6.90%	2.46%	0.65%	0.61%	-5.95%	-6.66%
368	2001	209,738.24	15,120.53	62,007.64	(46,887.11)	-22.36%									
368	2002	214,651.65	17,893.75	33,080.66	(15,186.91)	-7.08%	-14.63%								
368	2003	804,586.95	61,131.73	66,027.55	(4,895.82)	-0.61%	-1.97%	-5.45%							
368	2004	85,650.10	0.00	0.00	0.00	0.00%	-0.55%	-1.82%	-5.09%						
368	2005	180,143.46	1,201.16	93,084.36	(91,883.20)	-51.01%	-34.57%	-9.04%	-8.71%	-10.63%					
368	2006	71,483.08	0.00	185,838.03	(185,838.03)	-259.97%	-110.37%	-82.34%	-24.75%	-21.95%	-22.01%				
368	2007	591,422.76	0.00	35,553.34	(35,553.34)	-6.01%	-33.40%	-37.16%	-33.73%	-18.36%	-17.11%	-17.62%			
368	2008	595,735.47	172,951.60	112,961.75	59,989.85	10.07%	2.06%	-12.82%	-17.60%	-16.61%	-11.09%	-10.75%	-11.63%		
368	2009	438,796.13	8,794.93	112,170.04	(103,375.11)	-23.56%	-4.19%	-4.85%	-15.60%	-19.00%	-18.17%	-13.06%	-12.63%	-13.27%	
368	2010	1,529,717.48	0.00	748,113.51	(748,113.51)	-48.91%	-43.26%	-30.87%	-26.21%	-31.39%	-32.42%	-31.63%	-25.82%	-24.93%	-24.81%
368	2011	768,597.25	0.00	348,247.44	(348,247.44)	-45.31%	-47.70%	-43.83%	-34.20%	-29.95%	-34.06%	-34.80%	-34.10%	-28.78%	-27.90%
368	2012	2,100,652.54	73,747.78	266,617.06	(192,869.28)	-9.18%	-18.86%	-29.31%	-28.79%	-24.53%	-22.71%	-25.49%	-26.22%	-25.87%	-23.03%
368	2013	1,017,727.35	(918.60)	371,712.52	(372,631.12)	-36.61%	-18.13%	-23.51%	-30.68%	-30.15%	-26.43%	-24.72%	-27.08%	-27.67%	-27.35%
369	2001	138,353.57	1,059.26	43,171.05	(42,111.79)	-30.44%									
369	2002	98,086.50	1,587.14	34,543.86	(32,956.72)	-33.60%	-31.75%								
369	2003	77,429.00	25.20	29,724.56	(29,699.36)	-38.36%	-35.70%	-33.38%							
369	2004	325,860.25	0.00	81,026.29	(81,026.29)	-24.87%	-27.46%	-28.66%	-29.04%						
369	2005	1,625,056.65	0.00	709,137.03	(709,137.03)	-43.64%	-40.50%	-40.42%	-40.11%	-39.52%					
369	2006	498,037.60	0.00	147,855.21	(147,855.21)	-29.69%	-40.37%	-38.30%	-38.30%	-38.13%	-37.74%				
369	2007	631,528.24	0.00	91,177.98	(91,177.98)	-14.44%	-21.16%	-34.42%	-33.41%	-33.53%	-33.53%	-33.41%			
369	2008	323,416.94	104,763.39	67,375.66	37,387.73	11.56%	-5.63%	-13.88%	-29.59%	-29.14%	-29.34%	-29.46%	-29.50%		
369	2009	278,988.18	0.00	107,469.32	(107,469.32)	-38.52%	-11.63%	-13.07%	-17.85%	-30.33%	-29.85%	-30.02%	-30.11%	-30.13%	
369	2010	131,305.13	0.00	336,598.78	(336,598.78)	-256.35%	-108.23%	-55.43%	-36.47%	-34.65%	-38.84%	-37.65%	-37.66%	-37.56%	-37.32%
369	2011	168,104.69	0.00	202,776.36	(202,776.36)	-120.63%	-180.15%	-111.83%	-67.58%	-45.69%	-41.77%	-42.60%	-41.15%	-41.10%	-40.92%
369	2012	157,906.40	0.00	646,236.02	(646,236.02)	-409.25%	-260.42%	-259.25%	-175.62%	-118.49%	-79.64%	-68.27%	-57.78%	-55.19%	-54.88%
369	2013	193,488.17	0.00	374,350.96	(374,350.96)	-193.47%	-290.44%	-235.49%	-239.70%	-179.33%	-130.07%	-91.32%	-78.44%	-64.33%	-61.36%
370	2001	3,322,330.91	0.00	162,056.17	(162,056.17)	-4.88%									

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Acct Num	Trans Year	Retirement	Salvage	Removal Cost	Net Salvage	NS%	2-Yr NS%	3-Yr NS%	4-Yr NS%	5-Yr NS%	6-Yr NS%	7-Yr NS%	8-Yr NS%	9-Yr NS%	10-Yr NS%
370	2002	1,406,327.43	0.00	41,945.52	(41,945.52)	-2.98%	-4.31%								
370	2003	310,456.13	0.00	49,597.50	(49,597.50)	-15.98%	-5.33%	-5.03%							
370	2004	229,626.52	0.00	0.00	0.00	0.00%	-9.18%	-4.70%	-4.81%						
370	2005	627,186.90	13,177.46	513,051.56	(499,874.10)	-79.70%	-58.34%	-47.07%	-22.98%	-12.78%					
370	2006	373,950.53	0.00	271,333.43	(271,333.43)	-72.56%	-77.03%	-62.66%	-53.26%	-29.27%	-16.34%				
370	2007	414,186.89	0.00	125,056.62	(125,056.62)	-30.19%	-50.29%	-63.33%	-54.49%	-48.37%	-29.38%	-17.20%			
370	2008	559,284.21	4.38	128,919.83	(128,915.45)	-23.05%	-26.09%	-38.99%	-51.92%	-46.51%	-42.74%	-28.48%	-17.65%		
370	2009	563,914.07	0.00	82,310.91	(82,310.91)	-14.60%	-18.81%	-21.87%	-31.79%	-43.63%	-40.01%	-37.58%	-26.73%	-17.43%	
370	2010	790,286.35	0.00	362,120.20	(362,120.20)	-45.82%	-32.82%	-29.96%	-30.00%	-35.89%	-44.15%	-41.30%	-39.27%	-29.59%	-20.04%
370	2011	827,120.48	0.00	369,827.17	(369,827.17)	-44.71%	-45.25%	-37.33%	-34.41%	-33.86%	-37.96%	-44.26%	-41.94%	-40.23%	-31.64%
370	2012	1,236,177.84	33,664.89	776,369.03	(742,704.14)	-60.08%	-53.92%	-51.68%	-45.56%	-42.39%	-41.24%	-43.70%	-47.89%	-45.93%	-44.36%
370	2013	935,635.51	(2,750.64)	898,426.71	(901,177.35)	-96.32%	-75.69%	-67.15%	-62.70%	-56.47%	-52.66%	-50.92%	-52.34%	-55.05%	-53.12%
371	2001	26,525.20	20,175.46	12,759.73	7,415.73	27.96%									
371	2002	8,520.28	120.00	10,505.59	(10,385.59)	-121.89%	-8.47%								
371	2003	45,571.10	17,399.72	28,254.43	(10,854.71)	-23.82%	-39.27%	-17.15%							
371	2004	12,851.57	247.75	7,393.88	(7,146.13)	-55.61%	-30.81%	-42.40%	-22.44%						
371	2005	53,268.57	600.76	24,649.24	(24,048.48)	-45.15%	-47.18%	-37.65%	-43.62%	-30.68%					
371	2006	68,459.89	60.00	42,281.03	(42,221.03)	-61.67%	-54.44%	-54.55%	-46.78%	-50.17%	-40.54%				
371	2007	42,721.98	0.00	89,184.35	(89,184.35)	-208.76%	-118.19%	-94.53%	-91.71%	-77.83%	-79.45%	-68.40%			
371	2008	20,103.82	9.14	39,211.52	(39,202.38)	-195.00%	-204.35%	-129.95%	-105.47%	-102.23%	-87.52%	-88.69%	-77.56%		
371	2009	21,723.45	0.00	45,529.54	(45,529.54)	-209.59%	-202.58%	-205.70%	-141.26%	-116.44%	-112.87%	-97.54%	-98.30%	-87.13%	
371	2010	15,848.51	0.00	28,762.19	(28,762.19)	-181.48%	-197.73%	-196.78%	-201.88%	-145.03%	-121.08%	-117.50%	-102.28%	-102.86%	-91.86%
371	2011	8,183.93	0.00	21,346.91	(21,346.91)	-260.84%	-208.51%	-209.02%	-204.74%	-206.32%	-150.39%	-126.05%	-122.32%	-106.78%	-107.21%
371	2012	18,874.15	0.00	43,218.56	(43,218.56)	-228.98%	-238.62%	-217.51%	-214.85%	-210.14%	-209.68%	-157.96%	-133.84%	-130.00%	-114.27%
371	2013	16,512.11	0.00	32,430.40	(32,430.40)	-196.40%	-213.78%	-222.62%	-211.65%	-211.10%	-207.90%	-208.15%	-160.95%	-137.73%	-133.94%
373	2001	306,596.42	156,692.02	102,187.52	54,504.50	17.78%									
373	2002	157,246.04	309,801.32	67,381.68	242,419.64	154.17%	64.01%								
373	2003	101,425.16	115,226.09	27,272.30	87,953.79	86.72%	127.72%	68.09%							
373	2004	72,847.98	8,034.26	(27,876.97)	35,911.23	49.30%	71.08%	110.49%	65.94%						
373	2005	34,790.02	3,956.15	23,969.75	(20,013.60)	-57.53%	14.77%	49.67%	94.53%	59.56%					
373	2006	5,210.41	0.00	73,440.36	(73,440.36)	-1409.49%	-233.63%	-50.99%	14.19%	73.44%	48.27%				
373	2007	1,371.01	0.00	57,936.40	(57,936.40)	-4225.82%	-1996.18%	-365.93%	-101.10%	-12.76%	57.63%	39.65%			
373	2008	109,090.69	0.00	131,539.86	(131,539.86)	-120.58%	-171.53%	-227.29%	-188.04%	-110.62%	-48.98%	17.29%	17.48%		
373	2009	2,414.07	0.00	92,221.40	(92,221.40)	-3820.16%	-200.67%	-249.56%	-300.74%	-245.40%	-150.29%	-76.81%	-1.83%	5.77%	
373	2010	902.62	0.00	97,049.15	(97,049.15)	-10751.94%	-5706.61%	-285.40%	-332.88%	-380.02%	-307.06%	-192.51%	-106.18%	-21.82%	-6.49%
373	2011	118.41	0.00	95,268.18	(95,268.18)	-80456.19%	-18835.62%	-8283.27%	-369.76%	-416.18%	-459.63%	-368.73%	-234.43%	-135.17%	-41.45%
373	2012	2,158.24	0.00	112,909.05	(112,909.05)	-5231.53%	-9144.02%	-9600.52%	-7105.73%	-461.26%	-505.73%	-544.56%	-435.98%	-281.55%	-168.47%
373	2013	57,276.76	0.00	75,279.79	(75,279.79)	-131.43%	-316.63%	-475.97%	-629.39%	-751.91%	-351.40%	-382.04%	-412.03%	-354.22%	-251.50%
Removed CIAC charged to COR and associated retirements															
390	2001	189,733.06	23,000.00	142,301.18	(119,301.18)	-62.88%									
390	2002	131,064.52	0.00	3,802.37	(3,802.37)	-2.90%	-38.37%								
390	2003	37,716.77	0.00	30,383.31	(30,383.31)	-80.56%	-20.25%	-42.81%							
390	2004	876,339.25	0.00	0.00	0.00	0.00%	-3.32%	-3.27%	-12.43%						
390	2005	12,137.57	0.00	7,543.45	(7,543.45)	-62.15%	-0.85%	-4.09%	-3.95%	-12.91%					
390	2006	14,832.57	0.00	46,000.00	(46,000.00)	-310.13%	-198.53%	-5.93%	-8.92%	-8.18%	-16.41%				
390	2007	237,532.99	0.00	19,572.93	(19,572.93)	-8.24%	-25.98%	-27.64%	-6.41%	-8.78%	-8.19%	-15.11%			
390	2008	5,679.20	0.00	0.00	0.00	0.00%	-8.05%	-25.41%	-27.06%	-6.38%	-8.74%	-8.16%	-15.06%		
390	2009	3,003.63	0.00	0.00	0.00	0.00%	0.00%	-7.95%	-25.12%	-26.76%	-6.36%	-8.72%	-8.14%	-15.03%	
390	2010	6,860.67	0.00	38,191.00	(38,191.00)	-556.67%	-387.16%	-245.70%	-22.82%	-38.73%	-39.75%	-9.63%	-11.87%	-10.98%	-17.48%
390	2011	450,870.77	0.00	48,967.00	(48,967.00)	-10.86%	-19.04%	-18.92%	-18.69%	-15.16%	-21.25%	-21.93%	-9.97%	-11.59%	-10.95%
390	2012	11,542.93	0.00	1,264.76	(1,264.76)	-10.96%	-10.86%	-18.84%	-18.72%	-18.50%	-15.09%	-21.09%	-21.76%	-9.98%	-11.59%

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390	2013	3,663,857.04	6,614.92	575.97	6,038.95	0.16%	0.13%	-1.07%	-1.99%	-1.99%	-1.99%	-2.33%	-3.37%	-3.53%	-2.94%
391	2001	0.00	0.00	0.00	0.00	NA									
391	2002	226,870.82	0.00	4.88	(4.88)	0.00%	0.00%								
391	2003	2,279,359.93	0.00	0.00	0.00	0.00%	0.00%	0.00%							
391	2004	39,496.39	10,000.00	0.00	10,000.00	25.32%	0.43%	0.39%	0.39%						
391	2005	0.00	0.00	0.00	0.00	NA	25.32%	0.43%	0.39%	0.39%					
391	2006	0.00	0.00	0.00	0.00	NA	NA	25.32%	0.43%	0.39%	0.39%				
391	2007	0.00	0.00	0.00	0.00	NA	NA	NA	25.32%	0.43%	0.39%	0.39%			
391	2008	0.00	0.00	0.00	0.00	NA	NA	NA	NA	25.32%	0.43%	0.39%	0.39%		
391	2009	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	25.32%	0.43%	0.39%	0.39%	
391	2010	613,441.70	43,000.00	0.00	43,000.00	7.01%	7.01%	7.01%	7.01%	7.01%	7.01%	8.12%	1.81%	1.68%	1.68%
391	2011	614,354.33	0.00	0.00	0.00	0.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	4.18%	1.49%	1.40%
391	2012	4,201,452.16	0.00	0.00	0.00	0.00%	0.00%	0.79%	0.79%	0.79%	0.79%	0.79%	0.79%	0.97%	0.68%
391	2013	1,834,896.21	0.00	0.00	0.00	0.00%	0.00%	0.00%	0.59%	0.59%	0.59%	0.59%	0.59%	0.59%	0.73%
391.1	2001	0.00	0.00	0.00	0.00	NA									
391.1	2002	1,451.37	0.00	0.00	0.00	0.00%	0.00%								
391.1	2003	207,828.71	0.00	0.00	0.00	0.00%	0.00%	0.00%							
391.1	2004	0.00	0.00	0.00	0.00	NA	0.00%	0.00%	0.00%						
391.1	2005	0.00	0.00	0.00	0.00	NA	NA	0.00%	0.00%	0.00%					
391.1	2006	0.00	0.00	0.00	0.00	NA	NA	NA	0.00%	0.00%	0.00%				
391.1	2007	0.00	0.00	0.00	0.00	NA	NA	NA	NA	0.00%	0.00%	0.00%			
391.1	2008	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%		
391.1	2009	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%	
391.1	2010	1,007,579.50	0.00	0.00	0.00	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391.1	2011	0.00	0.00	0.00	0.00	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391.1	2012	0.00	0.00	0.00	0.00	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391.1	2013	0.00	0.00	0.00	0.00	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391.2	2001	0.00	0.00	0.00	0.00	NA									
391.2	2002	94,663.81	0.00	2.03	(2.03)	0.00%	0.00%								
391.2	2003	4,409,633.01	0.00	0.00	0.00	0.00%	0.00%	0.00%							
391.2	2004	0.00	0.00	0.00	0.00	NA	0.00%	0.00%	0.00%						
391.2	2005	0.00	0.00	0.00	0.00	NA	NA	0.00%	0.00%	0.00%					
391.2	2006	0.00	0.00	0.00	0.00	NA	NA	NA	0.00%	0.00%	0.00%				
391.2	2007	0.00	0.00	0.00	0.00	NA	NA	NA	NA	0.00%	0.00%	0.00%			
391.2	2008	207,034.90	0.00	57,860.71	(57,860.71)	-27.95%	-27.95%	-27.95%	-27.95%	-27.95%	-1.25%	-1.23%	-1.23%		
391.2	2009	0.00	0.00	0.00	0.00	NA	-27.95%	-27.95%	-27.95%	-27.95%	-27.95%	-1.25%	-1.23%	-1.23%	
391.2	2010	7,015,341.98	0.00	0.00	0.00	0.00%	0.00%	-0.80%	-0.80%	-0.80%	-0.80%	-0.80%	-0.50%	-0.49%	-0.49%
391.2	2011	1,071,388.88	0.00	27,983.96	(27,983.96)	-2.61%	-0.35%	-0.35%	-1.04%	-1.04%	-1.04%	-1.04%	-1.04%	-0.68%	-0.67%
391.2	2012	0.00	0.00	0.00	0.00	NA	-2.61%	-0.35%	-0.35%	-1.04%	-1.04%	-1.04%	-1.04%	-1.04%	-0.68%
391.2	2013	3,380.23	0.00	0.00	0.00	0.00%	0.00%	-2.60%	-0.35%	-0.35%	-1.03%	-1.03%	-1.03%	-1.03%	-1.03%
391.3	2001	0.00	0.00	0.00	0.00	NA									
391.3	2002	1,322,920.80	0.00	28.35	(28.35)	0.00%	0.00%								
391.3	2003	204,369.63	0.00	0.00	0.00	0.00%	0.00%	0.00%							
391.3	2004	0.00	0.00	0.00	0.00	NA	0.00%	0.00%	0.00%						
391.3	2005	0.00	0.00	0.00	0.00	NA	NA	0.00%	0.00%	0.00%					
391.3	2006	0.00	0.00	0.00	0.00	NA	NA	NA	0.00%	0.00%	0.00%				
391.3	2007	0.00	0.00	0.00	0.00	NA	NA	NA	NA	0.00%	0.00%	0.00%			
391.3	2008	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%		
391.3	2009	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%	
391.3	2010	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%

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391.3	2011	22,813.32	0.00	0.00	0.00	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391.3	2012	535,932.85	0.00	0.00	0.00	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391.3	2013	1,836,893.20	0.00	0.00	0.00	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391.4	2001	0.00	0.00	0.00	0.00	NA									
391.4	2002	0.00	0.00	0.00	0.00	NA	NA								
391.4	2003	837,528.76	0.00	0.00	0.00	0.00%	0.00%	0.00%							
391.4	2004	0.00	0.00	0.00	0.00	NA	0.00%	0.00%	0.00%						
391.4	2005	0.00	0.00	0.00	0.00	NA	NA	0.00%	0.00%	0.00%					
391.4	2006	0.00	0.00	0.00	0.00	NA	NA	NA	0.00%	0.00%	0.00%				
391.4	2007	0.00	0.00	0.00	0.00	NA	NA	NA	NA	0.00%	0.00%	0.00%			
391.4	2008	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%		
391.4	2009	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%	
391.4	2010	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%
391.4	2011	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA	NA	0.00%	0.00%
391.4	2012	3,767.16	0.00	9,410.42	(9,410.42)	-249.80%	-249.80%	-249.80%	-249.80%	-249.80%	-249.80%	-249.80%	-249.80%	-249.80%	-1.12%
391.4	2013	0.00	0.00	0.00	0.00	NA	-249.80%	-249.80%	-249.80%	-249.80%	-249.80%	-249.80%	-249.80%	-249.80%	-249.80%
392	2001	116,886.91	9,351.00	0.00	9,351.00	8.00%									
392	2002	81,021.74	6,004.97	0.01	6,004.96	7.41%	7.76%								
392	2003	235,000.34	437.50	1,716.60	(1,279.10)	-0.54%	1.50%	3.25%							
392	2004	21,462.26	0.00	0.00	0.00	0.00%	-0.50%	1.40%	3.10%						
392	2005	11,333.78	8,335.26	607.46	7,727.80	68.18%	23.56%	2.41%	3.57%	4.68%					
392	2006	23,034.68	34,806.74	55.72	34,751.02	150.86%	123.60%	76.09%	14.17%	12.69%	11.57%				
392	2007	38,874.93	0.00	53.46	(53.46)	-0.14%	56.05%	57.92%	44.80%	12.48%	11.48%	10.71%			
392	2008	67,123.96	14,309.02	0.00	14,309.02	21.32%	13.45%	37.98%	40.42%	35.06%	13.97%	12.86%	11.91%		
392	2009	146,079.61	5,348.37	0.00	5,348.37	3.66%	9.22%	7.78%	19.76%	21.67%	20.16%	11.20%	10.71%	10.28%	
392	2010	155,773.80	0.00	(325.84)	325.84	0.21%	1.88%	5.42%	4.89%	12.69%	14.11%	13.46%	8.75%	8.61%	8.53%
392	2011	286,143.25	20,383.17	(1,160.96)	21,544.13	7.53%	4.95%	4.63%	6.34%	5.98%	10.63%	11.53%	11.20%	8.39%	8.32%
392	2012	524,663.53	31,715.77	(3,381.11)	35,096.88	6.69%	6.99%	5.89%	5.60%	6.49%	6.28%	8.97%	9.50%	9.34%	7.80%
392	2013	11,754.57	4,995.00	528.84	4,466.16	38.00%	7.38%	7.43%	6.28%	5.94%	6.81%	6.59%	9.24%	9.77%	9.60%
392.1	2001	156,330.97	17,034.58	0.00	17,034.58	10.90%									
392.1	2002	1,130,058.35	66,877.00	0.00	66,877.00	5.92%	6.52%								
392.1	2003	0.00	0.00	0.00	0.00	NA	5.92%	6.52%							
392.1	2004	314,421.85	110,999.76	1,950.00	109,049.76	34.68%	34.68%	12.18%	12.05%						
392.1	2005	111,656.80	24,753.41	0.00	24,753.41	22.17%	31.40%	31.40%	12.90%	12.71%					
392.1	2006	0.00	0.00	0.00	0.00	NA	22.17%	31.40%	31.40%	12.90%	12.71%				
392.1	2007	1,670,647.33	73,420.00	0.00	73,420.00	4.39%	4.39%	5.51%	9.88%	9.88%	8.49%	8.61%			
392.1	2008	1,846,357.10	635,358.18	0.00	635,358.18	34.41%	20.15%	20.15%	20.21%	21.37%	21.37%	17.93%	17.72%		
392.1	2009	917,813.69	26,148.20	0.00	26,148.20	2.85%	23.93%	16.57%	16.57%	16.71%	17.87%	17.87%	15.62%	15.50%	
392.1	2010	655,840.58	66,867.77	0.00	66,867.77	10.20%	5.91%	21.30%	15.75%	15.75%	15.89%	16.96%	16.96%	15.08%	14.99%
392.1	2011	752,014.15	60,934.67	(26,375.00)	87,309.67	11.61%	10.95%	7.75%	19.55%	15.22%	15.22%	15.35%	16.32%	16.32%	14.73%
392.1	2012	37,258.35	7,260.00	(141.17)	7,401.17	19.86%	12.00%	11.18%	7.94%	19.55%	15.25%	15.25%	15.38%	16.34%	16.34%
392.1	2013	289,493.17	24,812.20	9,203.87	15,608.33	5.39%	7.04%	10.23%	10.21%	7.67%	18.64%	14.78%	14.78%	14.92%	15.86%
392.2	2001	149,095.36	8,909.00	0.00	8,909.00	5.98%									
392.2	2002	111,714.65	5,012.50	0.00	5,012.50	4.49%	5.34%								
392.2	2003	46,015.49	1,075.00	0.00	1,075.00	2.34%	3.86%	4.89%							
392.2	2004	94,925.26	8,950.00	0.00	8,950.00	9.43%	7.11%	5.95%	5.96%						
392.2	2005	14,131.55	5,454.34	0.00	5,454.34	38.60%	13.21%	9.98%	7.68%	7.07%					
392.2	2006	1,400.45	38,874.87	0.00	38,874.87	2775.88%	285.41%	48.24%	34.74%	22.14%	16.36%				
392.2	2007	77,201.56	3,230.00	0.00	3,230.00	4.18%	53.57%	51.29%	30.11%	24.64%	18.12%	14.46%			
392.2	2008	212,223.08	37,902.02	0.00	37,902.02	17.86%	14.21%	27.51%	28.02%	23.61%	21.41%	18.02%	15.48%		

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Acct Num	Trans Year	Retirement	Salvage	Removal Cost	Net Salvage	NS%	2-Yr NS%	3-Yr NS%	4-Yr NS%	5-Yr NS%	6-Yr NS%	7-Yr NS%	8-Yr NS%	9-Yr NS%	10-Yr NS%
392.2	2009	166,701.83	12,186.13	0.00	12,186.13	7.31%	13.22%	11.69%	20.15%	20.70%	18.81%	17.58%	15.56%	13.92%	
392.2	2010	7,826.82	0.00	0.00	0.00	0.00%	6.98%	12.95%	11.49%	19.81%	20.37%	18.56%	17.35%	15.39%	13.80%
392.2	2011	6,543.07	1,305.93	(83.74)	1,389.67	21.24%	9.67%	7.50%	13.09%	11.63%	19.83%	20.38%	18.59%	17.40%	15.44%
392.2	2012	25,289.06	2,177.99	(201.06)	2,379.05	9.41%	11.84%	9.50%	7.73%	12.87%	11.51%	19.30%	19.83%	18.20%	17.09%
392.2	2013	20,543.23	15,688.66	0.00	15,688.66	76.37%	39.42%	37.15%	32.32%	13.95%	15.84%	14.09%	21.57%	22.02%	20.11%
393	2001	0.00	0.00	0.00	0.00	NA									
393	2002	0.00	0.00	0.00	0.00	NA	NA								
393	2003	1,144,277.13	0.00	0.00	0.00	0.00%	0.00%	0.00%							
393	2004	0.00	0.00	0.00	0.00	NA	0.00%	0.00%	0.00%						
393	2005	0.00	0.00	0.00	0.00	NA	NA	0.00%	0.00%	0.00%					
393	2006	0.00	0.00	0.00	0.00	NA	NA	NA	0.00%	0.00%	0.00%				
393	2007	0.00	0.00	0.00	0.00	NA	NA	NA	NA	0.00%	0.00%	0.00%			
393	2008	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%		
393	2009	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%	
393	2010	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%
393	2011	36,998.93	0.00	0.00	0.00	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
393	2012	0.00	0.00	0.00	0.00	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
393	2013	0.00	0.00	0.00	0.00	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
393.1	2001	0.00	0.00	0.00	0.00	NA									
393.1	2002	0.00	0.00	0.00	0.00	NA	NA								
393.1	2003	18,088.92	0.00	0.00	0.00	0.00%	0.00%	0.00%							
393.1	2004	0.00	0.00	0.00	0.00	NA	0.00%	0.00%	0.00%						
393.1	2005	0.00	0.00	0.00	0.00	NA	NA	0.00%	0.00%	0.00%					
393.1	2006	0.00	0.00	0.00	0.00	NA	NA	NA	0.00%	0.00%	0.00%				
393.1	2007	0.00	0.00	0.00	0.00	NA	NA	NA	NA	0.00%	0.00%	0.00%			
393.1	2008	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%		
393.1	2009	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%	
393.1	2010	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%
393.1	2011	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA	NA	0.00%	0.00%
393.1	2012	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA	NA	NA	0.00%
393.1	2013	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
394	2001	8,944.23	200.00	0.00	200.00	2.24%									
394	2002	34,465.63	1,683.37	0.32	1,683.05	4.88%	4.34%								
394	2003	4,026,025.63	0.00	3.53	(3.53)	0.00%	0.04%	0.05%							
394	2004	9,371.85	0.00	0.00	0.00	0.00%	0.00%	0.04%	0.05%						
394	2005	0.00	1,000.00	(55.00)	1,055.00	NA	11.26%	0.03%	0.07%	0.07%					
394	2006	0.01	0.00	0.00	0.00	0.00%	10550000.00%	11.26%	0.03%	0.07%	0.07%				
394	2007	0.00	0.00	0.00	0.00	NA	0.00%	10550000.00%	11.26%	0.03%	0.07%	0.07%			
394	2008	4,274.26	0.00	0.00	0.00	0.00%	0.00%	0.00%	24.68%	7.73%	0.03%	0.07%	0.07%		
394	2009	0.00	0.00	0.00	0.00	NA	0.00%	0.00%	0.00%	24.68%	7.73%	0.03%	0.07%	0.07%	
394	2010	292,963.58	0.00	0.00	0.00	0.00%	0.00%	0.00%	0.00%	0.00%	0.35%	0.34%	0.02%	0.06%	0.07%
394	2011	198,965.49	0.00	0.00	0.00	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.21%	0.21%	0.02%	0.06%
394	2012	28,914.01	0.00	0.00	0.00	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.20%	0.20%	0.02%
394	2013	36,501.50	0.00	(6,677.00)	6,677.00	18.29%	10.21%	2.53%	1.20%	1.20%	1.19%	1.19%	1.19%	1.38%	1.35%
395	2001	0.00	0.00	0.00	0.00	NA									
395	2002	0.00	0.00	0.00	0.00	NA	NA								
395	2003	1,289,848.21	0.00	118.40	(118.40)	-0.01%	-0.01%	-0.01%							
395	2004	0.00	0.00	0.00	0.00	NA	-0.01%	-0.01%	-0.01%						
395	2005	0.00	0.00	0.00	0.00	NA	NA	-0.01%	-0.01%	-0.01%					
395	2006	0.00	0.00	0.00	0.00	NA	NA	NA	-0.01%	-0.01%	-0.01%				

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395	2007	0.00	0.00	0.00	0.00	NA	NA	NA	NA	-0.01%	-0.01%	-0.01%			
395	2008	39,730.24	0.00	0.00	0.00	0.00%	0.00%	0.00%	0.00%	0.00%	-0.01%	-0.01%	-0.01%		
395	2009	0.00	0.00	0.00	0.00	NA	0.00%	0.00%	0.00%	0.00%	0.00%	-0.01%	-0.01%	-0.01%	
395	2010	0.00	0.00	0.00	0.00	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	-0.01%	-0.01%	-0.01%
395	2011	0.00	0.00	0.00	0.00	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	-0.01%	-0.01%
395	2012	0.00	0.00	0.00	0.00	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	-0.01%
395	2013	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%
396	2001	799,013.33	144,260.38	564.08	143,696.30	17.98%									
396	2002	696,629.49	95,310.50	0.00	95,310.50	13.68%	15.98%								
396	2003	6,413.65	0.00	0.00	0.00	0.00%	13.56%	15.91%							
396	2004	462,711.09	113,237.24	0.00	113,237.24	24.47%	24.14%	17.89%	17.93%						
396	2005	57,668.14	14,241.15	0.00	14,241.15	24.70%	24.50%	24.20%	18.21%	18.12%					
396	2006	0.00	0.00	0.00	0.00	NA	24.70%	24.50%	24.20%	18.21%	18.12%				
396	2007	591,163.73	49,420.00	0.00	49,420.00	8.36%	8.36%	9.81%	15.91%	15.82%	15.00%	15.91%			
396	2008	932,586.76	193,135.69	14,207.32	178,928.37	19.19%	14.99%	14.99%	15.34%	17.41%	17.35%	16.42%	16.77%		
396	2009	984,808.16	66,437.68	0.56	66,437.12	6.75%	12.80%	11.75%	11.75%	12.04%	13.94%	13.91%	13.87%	14.59%	
396	2010	26,047.48	4,240.00	0.00	4,240.00	16.28%	6.99%	12.84%	11.80%	11.80%	12.08%	13.96%	13.93%	13.89%	14.60%
396	2011	632,985.62	31,261.29	0.00	31,261.29	4.94%	5.39%	6.20%	10.90%	10.43%	10.43%	10.68%	12.41%	12.39%	12.60%
396	2012	205,279.59	27,746.35	4,160.47	23,585.88	11.49%	6.54%	6.84%	6.79%	10.94%	10.49%	10.49%	10.73%	12.36%	12.34%
396	2013	267,245.06	29,465.54	9,203.87	20,261.67	7.58%	9.28%	6.79%	7.01%	6.89%	10.65%	10.28%	10.28%	10.50%	12.06%
397	2001	513,654.36	0.00	2,519.88	(2,519.88)	-0.49%									
397	2002	1,414,601.48	0.00	3,491.57	(3,491.57)	-0.25%	-0.31%								
397	2003	304,661.13	2,500.00	4,674.56	(2,174.56)	-0.71%	-0.33%	-0.37%							
397	2004	131,850.60	0.00	0.00	0.00	0.00%	-0.50%	-0.31%	-0.35%						
397	2005	410,212.06	0.00	6,360.53	(6,360.53)	-1.55%	-1.17%	-1.01%	-0.53%	-0.52%					
397	2006	9,323.47	0.00	3,573.89	(3,573.89)	-38.33%	-2.37%	-1.80%	-1.41%	-0.69%	-0.65%				
397	2007	0.00	0.00	0.00	0.00	NA	-38.33%	-2.37%	-1.80%	-1.41%	-0.69%	-0.65%			
397	2008	0.00	1,684.49	0.00	1,684.49	NA	NA	-20.26%	-1.97%	-1.50%	-1.22%	-0.61%	-0.59%		
397	2009	35,682.96	0.00	692.09	(692.09)	-1.94%	2.78%	2.78%	-5.74%	-1.96%	-1.52%	-1.25%	-0.63%	-0.61%	
397	2010	33,393.38	0.00	0.00	0.00	0.00%	-1.00%	1.44%	1.44%	-3.29%	-1.83%	-1.44%	-1.20%	-0.62%	-0.60%
397	2011	120,489.77	0.00	171.93	(171.93)	-0.14%	-0.11%	-0.46%	0.43%	0.43%	-1.38%	-1.50%	-1.23%	-1.08%	-0.60%
397	2012	25,330.62	0.00	2,206.59	(2,206.59)	-8.71%	-1.63%	-1.33%	-1.43%	-0.65%	-0.65%	-2.21%	-1.78%	-1.48%	-1.26%
397	2013	17,597,075.63	0.00	11,942.10	(11,942.10)	-0.07%	-0.08%	-0.08%	-0.08%	-0.08%	-0.07%	-0.07%	-0.09%	-0.13%	-0.13%
398	2001	1,207.13	1,000.00	0.00	1,000.00	82.84%									
398	2002	4,376.12	0.00	0.02	(0.02)	0.00%	17.91%								
398	2003	376,650.89	0.00	590.11	(590.11)	-0.16%	-0.15%	0.11%							
398	2004	0.00	0.00	0.00	0.00	NA	-0.16%	-0.15%	0.11%						
398	2005	0.00	0.00	0.00	0.00	NA	NA	-0.16%	-0.15%	0.11%					
398	2006	0.00	0.00	0.00	0.00	NA	NA	NA	-0.16%	-0.15%	0.11%				
398	2007	0.00	0.00	0.00	0.00	NA	NA	NA	NA	-0.16%	-0.15%	0.11%			
398	2008	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	-0.16%	-0.15%	0.11%		
398	2009	684,982.20	200.00	0.00	200.00	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	-0.04%	-0.04%	0.06%	
398	2010	30,040.66	0.00	0.00	0.00	0.00%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	-0.04%	-0.04%	0.06%
398	2011	16,816.46	0.00	0.00	0.00	0.00%	0.00%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	-0.04%	-0.04%
398	2012	576.43	0.00	0.00	0.00	0.00%	0.00%	0.00%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	-0.04%
398	2013	56,207.78	0.00	0.00	0.00	0.00%	0.00%	0.00%	0.00%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%
399.1	2001	0.00	0.00	0.00	0.00	NA									
399.1	2002	0.00	0.00	0.00	0.00	NA	NA								
399.1	2003	0.00	0.00	0.00	0.00	NA	NA	NA							
399.1	2004	0.00	0.00	0.00	0.00	NA	NA	NA	NA						

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Acct Num	Trans Year	Retirement	Salvage	Removal Cost	Net Salvage	NS%	2-Yr NS%	3-Yr NS%	4-Yr NS%	5-Yr NS%	6-Yr NS%	7-Yr NS%	8-Yr NS%	9-Yr NS%	10-Yr NS%
399.1	2005	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA					
399.1	2006	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA				
399.1	2007	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA			
399.1	2008	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA	NA		
399.1	2009	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA	NA	NA	
399.1	2010	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
399.1	2011	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
399.1	2012	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
399.1	2013	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

APPENDIX F

Interim Net Salvage by Plant and Account

PUBLIC SERVICE OF NEW MEXICO
INTERIM NET SALVAGE PERCENTAGE PRODUCTION PLANT
AT DECEMBER 31, 2013

Account	Plant	Original Cost	Interim Retirements	Interim Retirement Net Salv %	Net Salvage Total	Net Salv %
311	Algodones	645,469.76	0.00	-5.00%	0.00	0.00%
311	Four Corners	11,577,779.23	852,031.75	-5.00%	(42,601.59)	-0.37%
311	Reeves	3,588,645.25	372,721.95	-5.00%	(18,636.10)	-0.52%
311	San Juan	133,608,638.52	38,184,358.50	-5.00%	(1,909,217.93)	-1.43%
312	Algodones	1,659,199.64	0	-10.00%	0.00	0.00%
312	Four Corners	103,979,939.28	18813083.19	-10.00%	(1,881,308.32)	-1.81%
312	Reeves	34,262,277.57	5016088.813	-10.00%	(501,608.88)	-1.46%
312	San Juan	607,785,596.37	243566172.4	-10.00%	(24,356,617.24)	-4.01%
314	Algodones	1,544,621.60	0.00	-10.00%	0.00	0.00%
314	Four Corners	16,461,001.38	3,556,663.47	-10.00%	(355,666.35)	-2.16%
314	Reeves	27,920,665.63	5,402,598.67	-10.00%	(540,259.87)	-1.93%
314	San Juan	151,200,836.84	76,996,708.24	-10.00%	(7,699,670.82)	-5.09%
315	Algodones	195,744.04	0.00	-5.00%	0.00	0.00%
315	Four Corners	10,247,749.85	1,094,867.77	-5.00%	(54,743.39)	-0.53%
315	Reeves	3,365,024.09	191,586.95	-5.00%	(9,579.35)	-0.28%
315	San Juan	62,526,837.78	28,566,373.70	-5.00%	(1,428,318.69)	-2.28%
316	Algodones	31,241.39	0.00	-5.00%	0.00	0.00%
316	Four Corners	9,008,709.96	1,605,834.10	-5.00%	(80,291.70)	-0.89%
316	Reeves	1,173,308.81	186,421.34	-5.00%	(9,321.07)	-0.79%
316	San Juan	22,167,081.47	13,244,994.57	-5.00%	(662,249.73)	-2.99%

PUBLIC SERVICE OF NEW MEXICO
INTERIM NET SALVAGE PERCENTAGE PRODUCTION PLANT
AT DECEMBER 31, 2013

Account	Plant	Original Cost	Interim Retirements	Interim Retirement Net Salv %	Net Salvage Total	Net Salv %
321	Palo Verde 1	13,100,510.16	1,618,727.07	-10.00%	(161,872.71)	-1.24%
321	Palo Verde 2	30,319,869.75	3,405,615.67	-10.00%	(340,561.57)	-1.12%
321	Palo Verde 3	32,201,768.06	6,280,520.66	-10.00%	(628,052.07)	-1.95%
321	Palo Verde Common	61,737,117.42	6,599,060.27	-10.00%	(659,906.03)	-1.07%
322	Palo Verde 1	45,105,848.88	7,120,862.13	-10.00%	(712,086.21)	-1.58%
322	Palo Verde 2	74,688,551.22	12,216,346.33	-10.00%	(1,221,634.63)	-1.64%
322	Palo Verde 3	81,381,267.48	15,122,620.92	-10.00%	(1,512,262.09)	-1.86%
322	Palo Verde Common	5,683,829.76	1,069,126.54	-10.00%	(106,912.65)	-1.88%
323	Palo Verde 1	14,824,777.76	2,665,430.55	-15.00%	(399,814.58)	-2.70%
323	Palo Verde 2	29,852,992.83	5,559,224.03	-15.00%	(833,883.60)	-2.79%
323	Palo Verde 3	28,869,977.68	5,901,676.68	-15.00%	(885,251.50)	-3.07%
323	Palo Verde Common	1,102,966.81	220,347.04	-15.00%	(33,052.06)	-3.00%
324	Palo Verde 1	4,409,384.14	1,505,741.90	-10.00%	(150,574.19)	-3.41%
324	Palo Verde 2	18,178,603.05	5,157,417.39	-10.00%	(515,741.74)	-2.84%
324	Palo Verde 3	14,047,011.49	5,366,041.50	-10.00%	(536,604.15)	-3.82%
324	Palo Verde Common	2,493,132.81	791,206.29	-10.00%	(79,120.63)	-3.17%
325	Palo Verde 1	1,989,568.13	649,487.50	-10.00%	(64,948.75)	-3.26%
325	Palo Verde 2	7,132,525.30	2,243,268.22	-10.00%	(224,326.82)	-3.15%
325	Palo Verde 3	5,703,331.46	2,115,406.19	-10.00%	(211,540.62)	-3.71%
325	Palo Verde Common	20,056,183.48	6,373,361.96	-10.00%	(637,336.20)	-3.18%

PUBLIC SERVICE OF NEW MEXICO
INTERIM NET SALVAGE PERCENTAGE PRODUCTION PLANT
AT DECEMBER 31, 2013

Account	Plant	Original Cost	Interim Retirements	Interim Retirement Net Salv %	Net Salvage Total	Net Salv %
340.1	Afton	1,761,813.47		0.00%	0.00	0.00%
340.1	Lordburg	197,500.00		0.00%	0.00	0.00%
341	Afton	33,061,714.70	2,794,635.83	-5.00%	(139,731.79)	-0.42%
341	Las Vegas	33,820.65	0.00	-5.00%	0.00	0.00%
341	Lordburg	13,862,551.53	1,370,387.28	-5.00%	(68,519.36)	-0.49%
341	Luna	9,718,348.04	945,140.14	-5.00%	(47,257.01)	-0.49%
342	Afton	72,874,661.74	6.67	-5.00%	(0.33)	0.00%
342	Las Vegas	47,067.01	0.00	-5.00%	0.00	0.00%
342	Luna	11,433,299.71	8.95	-5.00%	(0.45)	0.00%
342	Lordburg	2,041,325.74	0.86	-5.00%	(0.04)	0.00%
344	Afton	96,184,894.42	9,202.54	-5.00%	(460.13)	0.00%
344	Luna	28,248,695.40	14,855.26	-5.00%	(742.76)	0.00%
344	Lordburg	32,921,962.26	28,410.11	-5.00%	(1,420.51)	0.00%
345	Afton	8,911,751.37	2,497.97	-5.00%	(124.90)	0.00%
345	Lordburg	2,491,990.90	2,213.52	-5.00%	(110.68)	0.00%
346	Afton	3,466,945.80	2,424,106.57	0.00%	0.00	0.00%
346	Luna	7,659,636.74	6,848,794.42	0.00%	0.00	0.00%
346	Lordburg	3,884,869.04	2,881,011.30	0.00%	0.00	0.00%

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF NEW MEXICO FOR REVISION OF ITS RETAIL ELECTRIC RATES PURSUANT TO ADVICE NOTICE NO. 507	)	**Case No. 14-00332-UT**
PUBLIC SERVICE COMPANY OF NEW MEXICO, Applicant.	)	

AFFIDAVIT

STATE OF TEXAS)
) ss
COUNTY OF COLLIN)

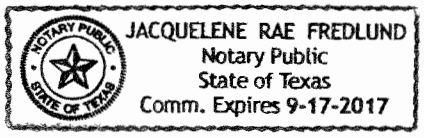
DANE A. WATSON, Managing Partner of the Alliance Consulting Group, upon being duly sworn according to law, under oath, deposes and states: I have read the foregoing **Direct Testimony and Exhibits of Dane A. Watson** and it is true and accurate based on my own personal knowledge and belief.

SIGNED this 2nd day of December, 2014.

Dane A. Watson

DANE A. WATSON

SUBSCRIBED AND SWORN to before me this 2nd day of December, 2014.



NOTARY PUBLIC IN AND FOR
THE STATE OF TEXAS

My Commission Expires:

9/17/2017