



PNM 2025 Rate Request Frequently Asked Questions

1. Bill Impact of the 2025 Rate Request

The proposed rate change will be applied over two phases in mid-2025 and January 2026 to mitigate customer impact. This correlates to an average residential monthly bill increase of \$11.12 in Phase I and \$12.48 in Phase II. This is a proposed request, and new rates will not take effect until mid-2025 after the New Mexico Public Regulation Commission makes its final decision.

2. What is included in the 2025 Rate Request?

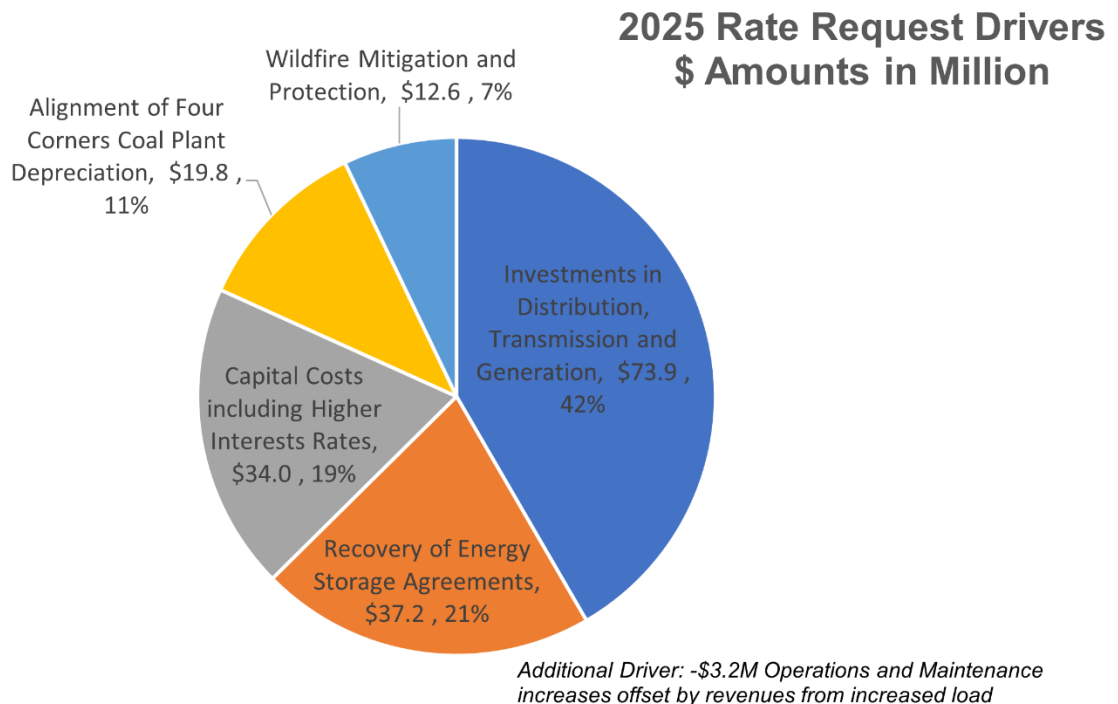
The 2025 Rate Request ensures reliable service and lays the foundation for a reliable, resilient, safe and clean power grid in the future. The rate request includes the costs of:

- **Replacing and upgrading equipment** and adding needed generation capacity through battery storage facilities to maintain power reliability and support the state's transition to carbon-free electricity.
- **Enhancing reliability** even further by investing in technologies that monitor the electric system.
- **Protecting against cyber security and physical threats.**
- **Reinforcing wildfire risk management**, including wildfire mitigation and vegetation management to manage the risks associated with increased wildfire activity.
- **Building new infrastructure** to enable new renewable resources to serve growing customer needs.
- **Balancing diverse resources** used to ensure a reliable and resilient system for our customers, while continuing the transition to carbon-free energy. This includes recovery of energy storage costs and aligning the costs associated with our exit of the Four Corners coal plant in 2031.
- **Adjusting our return on equity** to give us access to capital markets under more favorable terms which is vital to supporting the level of investments needed to meet customers' needs.

2025 Rate Request Main Drivers	\$ in Million
Investments in Distribution, Transmission and Generation	\$73.9
Recovery of Energy Storage Agreements	\$37.2
Capital Costs including Higher Interest Rates	\$34.0
Alignment of Four Corners Coal Plant Depreciation	\$19.8
Wildfire Mitigation and Protection	\$12.6
Operations and Maintenance Increases Offset by Revenues from Increased Load	\$(3.2)
Total Requested Rate Relief	\$174.3



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3. When would my rates go up?

The proposed rate change will be applied over two phases in mid-2025 and January 2026 to mitigate customer impact.

4. Is PNM's 2025 Rate Request going to improve my electric service?

Yes. This request will enable higher levels of reliability by focusing on the equipment needed to serve our customers and the critical investments necessary in our cyber security systems to safeguard and protect the power grid.

5. Why is PNM filing for a rate increase when you just had one approved last year?

Everyday uses for electricity are rapidly expanding, and investment is needed for PNM to fulfill its commitment of reliable energy service as we transition to a carbon-free future. This rate request is about ensuring we can continue to keep our commitment to you. For the past 5 years, PNM has navigated this rapidly changing landscape, during a time of high inflation, with minimal rate increases. Unfortunately, that cannot continue without risking reliability and slowing clean energy progress.



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6. What if I can't afford the rate increase on my bill?

We are here to help. We offer a variety of programs, tips and tools to help you become more efficient and to help you save.

- [Time-of-Day Rate Plan](#) is a voluntary program where customers shift their power usage to lower cost time periods to lower their electric bill.
- [Energy Efficiency](#) programs reduce customers' energy use and costs, including incentives, discounts, and rebates.
- [Budget Billing](#) provides customers a predictable bill to manage their budgets that balance seasonal highs and lows throughout the year.
- [LIHEAP](#) (Low Income Home Energy Assistance Program) is for income-eligible customers needing financial support with payment assistance.
- [Energy Calculators](#) help customers learn where their dollars are going. These calculators will help customers find ways to save money and energy around their home and discover what the costs and potential savings could be if they make changes to their energy use.

**Small changes create big results
saving energy and money**



UP to \$180 annually

Free PNM Home Energy Checkup with Installation of energy efficient equipment. Plus, additional rebates for efficient appliances.



UP to \$90 annually

PNM offers a free seasonal AC tuneup that prepares your AC unit for the summer heat. Plus receive rebates on cooling equipment.



UP to \$75 annually

Recycling your old refrigerator or freezer could save you up to \$75 per year. Customers can receive an additional \$75 by recycling your old refrigerator with us.

Learn more at [PNM.com/save-money-and-energy](https://www.pnm.com/save-money-and-energy)



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7. How does PNM change its rates?

To change our rates, we are required by law to file rate review cases with the New Mexico Public Regulation Commission, which will review and ultimately approve or deny elements of any rate request.

8. When did PNM last file for a rate increase?

PNM filed its last rate request in 2022.

9. What are you doing about the safety and security of my electricity?

The 2025 Rate Request includes the costs of reliability enablers that monitor the power system and mitigate safety risks that have the potential to impact reliable electric service to our customers. This includes wildfire risk management, including wildfire mitigation and vegetation management, and systems to protect the grid from cybersecurity and physical security threats.

10. Why don't you cut executive salaries instead of raising customer rates?

Executive pay does not offset the investments needed to reliably serve our customers. Less than ~0.2% of PNM customer rates go toward executives' base pay. Customers do not pay for any portion of executive officers' incentive plans. PNM executive officers' incentive plans are designed to align their pay with company performance. Most of the executive compensation is not guaranteed, considered at-risk, and tied to achieving specific goals set by our Board of Directors. Shareholders fund this performance-based pay.

11. Can you explain more about the Four Corners coal plant?

The Commission-approved end date for the recovery of the Four Corners Power Plant is currently 2041. That end date does not align with our expected exit from the Four Corners Power Plant on July 6, 2031. In order to align the approved end date with our likely exit from Four Corners, PNM is requesting that 2031 be approved. This will match the recovery of expenses with the useful life of the plant. Collecting the costs now from customers who are using the plant makes more sense than deferring costs to future customers.

12. What is an ESA and why is it in this rate request?

An ESA is an Energy Storage Agreement. By moving ESA costs to the fuel clause, we reduce our cost of capital which lowers our cost of providing service for our customers.

13. Why did the customer statement show a larger increase than what you are stating?

The percentage listed in the customer notice requirement calculates how the base rate request impacts one component of a customer bill and does not account for other factors. This number applies to one part of your bill – the base rate.

14. Where can I find more information on the 2025 Rate Request?

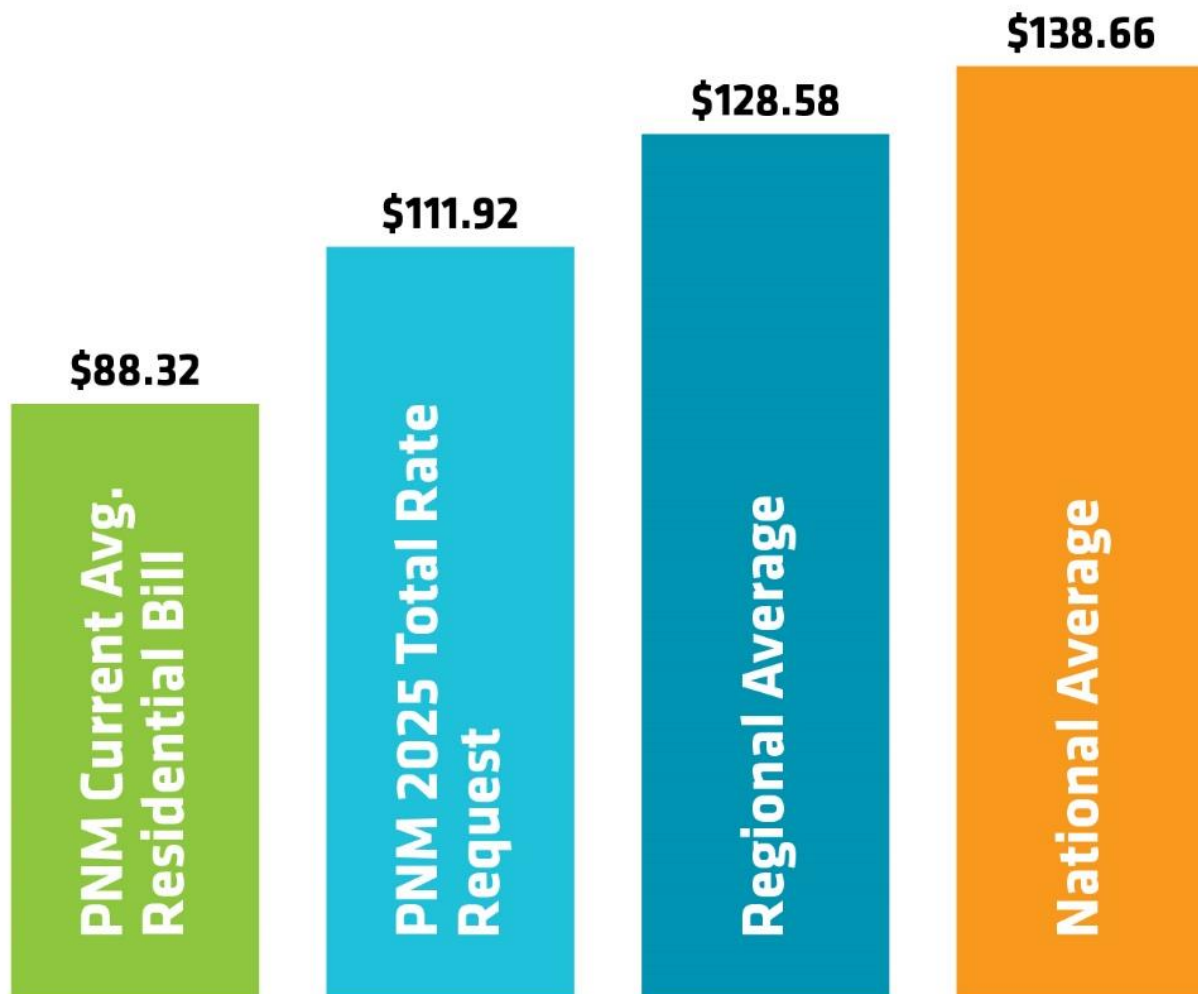
[PNM.com/Rates](https://www.pnm.com/Rates)



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15. How do PNM rates compare to other utilities?

PNM Bills Remain Below Regional and National Average



Regional and National bills are based on EIA data from March 2023-February 2024.
PNM Current average is based on rates approved January 2024.



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