

PUBLIC SERVICE COMPANY OF NEW MEXICO
ELECTRIC SERVICES

ORIGINAL RIDER NO. 49

PRODUCTION COST ALLOCATION RIDER

FILED IN OFFICE OF

AUG 24 2018

NM PUBLIC REGULATION COMMISSION
RECORDS MANAGEMENT BUREAU

Page 1 of 3

EXPLANATION OF RIDER: The purpose of the Production Cost Allocation Rider ("Rider") is to provide for recovery of under-collected production costs from an applicable customer pursuant to the terms and conditions of the Special Service Contract. An under-collection of the customer's allocated production costs will be deemed to occur if the aggregate Actual Capacity Value Factor of Resources serving customer, during the test period of a general rate case, is less than the aggregate Stipulated Capacity Value Factor upon which rates had previously been set.

The Special Service Contract with the customer shall establish a methodology to determine the customer's Contribution to Production Component. Except as provided in the Special Service Contract, service will be furnished subject to the Company's Rules and Regulations and any subsequent revisions. These Rules and Regulations are available at the Company's office and are on file with the NMPRC. These Rules and Regulations are a part of this Schedule as if fully written herein.

TERRITORY: All territory served by the Company in New Mexico.

APPLICABILITY: This Rider shall apply to all customers taking service under Rate No. 36B – Special Service Rate, and Rider No. 47 – Green Energy Rider.

DEFINITIONS: The following definitions shall apply to this Rider:

Actual Capacity Value Factor: Average of the actual Resource energy production during each CP Peak Hour in the test year divided by the Resource's nameplate capacity.

CP Peak Hours: Coincident peak periods proposed in the Company's general rate cases for class allocations are based on anticipated highest demand hours, three years' history for rate classes with weather sensitive loads, and base period actuals for rate classes that are not weather sensitive.

Coincident Peak Production: The sum of coincident peak production for all Resources for which Stipulated Capacity Value Factors were used in a PNM general rate case utilizing the methodology set forth in the Special Service Contract.

Deemed Under-Collection: Quantification of the total test period under-allocation and resulting under-collection of production costs for the period starting with the effective date of the Contribution to Production Component set in a rate case and ending with the effective date of the Reset Rate.

Reset Rate: New Contribution to Production Component determined by a deemed under-allocation of production costs as defined in the Special Service Contract.

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OCT 17 2018

REPLACED BY NMPRC
BY F.D. Errata Case #18-00264-UT

Advice Notice No. 552



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Page 2 of 3

Resource: Any renewable energy resource, or any project that can provide capacity to serve the customer's needs including but not limited to energy storage, procured by the Company under the terms of the Special Service Contract with the customer.

Stipulated Capacity Value Factor: For any Resource with less than three years of historical hourly production data, the effective capacity value for that particular resource stipulated between the Company and the customer within the Special Service Contract to be used in a Company rate case in lieu of historical hourly production data.

RATE METHODOLOGY: The rates established under this Rider shall be established as follows:

- 1) Within four months of the end of the test period in a general rate case, the Company will compare the Actual Capacity Value Factor to the Stipulated Capacity Value Factor for each Resource. If the aggregate Coincident Peak Production of the Resources based on the Actual Capacity Value Factor of each Resource is less than the aggregate Coincident Peak Production of the Resources based on the Stipulated Capacity Value Factors upon which rates were set, an under-allocation of production costs to the customer will be deemed to occur.
- 2) Any Deemed Under-Collection will be recovered through this Rider in equal monthly amounts for no more than eighteen (18) months.
- 3) If a Deemed Under-Collection occurs, the Company will determine the Reset Rate as outlined in the Special Service Contract.
- 4) If the aggregate Coincident Peak Production of the Resources based on the Actual Capacity Value Factor of each Resource is greater than the aggregate Coincident Peak Production of the Resources based on the Stipulated Capacity Value Factors upon which rates were set or if all Resources have at least three years of history, this Rider will not apply, and the Company shall not recover any amounts from the customer pursuant to this Rider.
- 5) The additional revenues collected from the customer due to the Deemed Under-Collection and Reset Rate will be booked to a regulatory liability and shall be returned to the Company's retail customers in the next general rate case.
- 6) Amounts collected under this Rider for any Deemed Under-Collection will include a carrying charge at the then-current customer deposit rate.

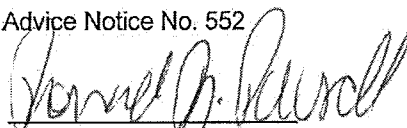
TAX ADJUSTMENT: Billings under this Rider may be increased by an amount equal to the sum of the taxes payable under the Gross Receipts and Compensating Tax Act and all other taxes, fees, or charges (exclusive of ad valorem, state and federal income taxes) payable by

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Page 3 of 3

the Company and levied or assessed by any governmental authority on the public utility service rendered, or on the right or privilege of rendering the service, or on any object or event incidental to the rendition of the service.

TERMS OF PAYMENT: All bills are net and payable within twenty (20) days from the date of bill. If payment for any or all electric service rendered is not made within thirty (30) days from the date the bill is rendered, the Company shall apply an additional late payment charge as defined in Rate 16 Special Charges.

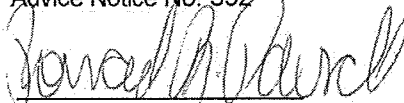
LIMITATION OF RATE: Electric service under this Schedule shall not be resold or shared with others.

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