

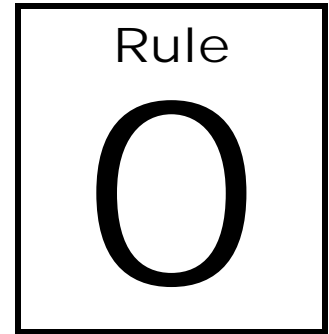
PUBLIC SERVICE COMPANY OF NEW MEXICO

Rules and Regulations

December 2013

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Preamble

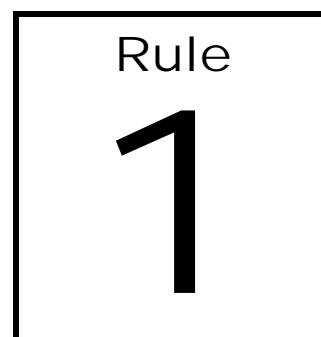
Effective for Service December 15, 2013

These Rules and Regulations are filed with the New Mexico Public Regulatory Commission (NMPRC) pursuant to NMPRC Rule 210. These Rules cover electric service furnished by PNM in the areas generally described below and are intended to promote safe and adequate service to the public and to provide standards for uniform and reasonable practice. The Rules herein established take precedence over all Rules previously filed and will remain in effect until amended or superseded by other Rules and Regulations.

Areas served are divided into operating divisions as follows:

- A. The Albuquerque Division includes the City of Albuquerque, Bernalillo County, Ambrosia Lake, McKinley County and contiguous areas.
- B. The Clayton Division includes the Town of Clayton and contiguous areas.
- C. The Deming Division includes the Village of Deming and contiguous areas.
- D. The East Mountain Division includes the communities of Carnuel, Cedar Crest, Seven Springs, Sandia Park, San Antonito, Sedillo, Cedro, Yrisarri, Escabosa, and the incorporated villages of Tijeras and Chilili, and contiguous areas.
- E. The Las Vegas Division includes the City of Las Vegas and contiguous areas.
- F. The Sandoval County Division includes the Town of Bernalillo, the City of Rio Rancho, the communities of Placitas, Pena Blanca, the Village of Corrales, the Pueblos of Sandia, Santa Ana, San Felipe, and contiguous areas.
- G. The Santa Fe Division includes the City of Santa Fe, Santa Fe County, the Pueblos of Santa Domingo and Cochiti, the Town of Cochiti Lake, and contiguous areas.

- H. The Valencia Division includes the Town of Belen, the Village of Los Lunas, the Village of Bosque Farms, the Pueblo of Isleta and contiguous areas.
- I. The Silver City Division includes the Town of Silver City, the City of Bayard, the Town of Hurley, the Village of Santa Clara, the City of Lordsburg and contiguous areas.
- J. The Alamogordo Division includes the City of Alamogordo, the Village of Tularosa, and contiguous areas.
- K. The Ruidoso Division includes the Village of Ruidoso, the Village of Ruidoso Downs, Hollywood and contiguous areas.



Definitions

Effective for Service December 15, 2013

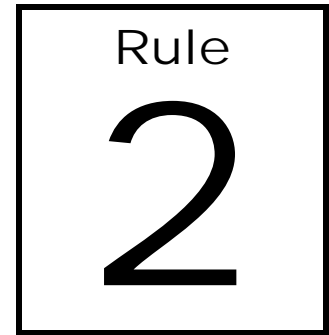
The following definitions are applicable wherever these terms are used in these Rules and Regulations:

- A. ACCESSIBLE - Admitting close approach; not guarded by locked doors, elevation, or other effective means.
- B. ACCESSIBLE, READILY - Capable of being reached quickly for operation, renewal, or inspections, without requiring those to whom ready access is requisite to climb over or remove obstacles or to resort to portable ladders, chairs, etc.
- C. AMPACITY - The current in amperes a conductor or electrical device can carry continuously under the conditions of use without exceeding its temperature rating.
- D. CHRONICALLY DELINQUENT - Status of a residential customer who during the prior twelve months has been disconnected by the Company for nonpayment, or who on three or more occasions during the prior twelve months has not paid a bill by the date that a subsequent bill is rendered.
- E. CODES - The National Electrical Code (NEC) of the National Fire Protection Association, the National Electrical Safety Code (NESC) as compiled by the American National Standards Institute (ANSI), the New Mexico State Electrical Code, and any other legally applicable codes, such as municipal codes.
- F. COMPANY - Public Service Company of New Mexico.

- G. COMPANY STANDARDS – The Company’s design and construction specifications for its electric facilities and customer requirements for connection to PNM’s system. Standards pertaining to a customer project are available to the customer upon request.
- H. CURRENT TRANSFORMER - The transformer(s) used to provide an electrical current to the metering or control equipment in a definite and known proportion to the amount of electrical current passing through the conductor(s) providing electrical service. Current transformers are used for metering and control applications. See Instrument Transformer.
- I. CUSTOMER, COMMERCIAL - The provision of or use of electric service for all types of establishments not otherwise classified as residential.
- J. CUSTOMER, RESIDENTIAL - Any person being supplied with and legally liable for the payment of an electric service for that person's household or domestic use.
- K. DISCONTINUANCE OF SERVICE – An intentional cessation of service by the Company not voluntarily requested by a customer.
- L. INSTRUMENT TRANSFORMER - The Current, Phase Shifting, and Potential Transformer(s) that is (are) used (when necessary) to measure the electrical usage of kilowatts, kilovars, and kilowatt-hours for billing and/or control purposes.
- M. INTEGRATED DEMAND - The demand created by the Customer's power requirements averaged over a specified interval of time. Demand is expressed in kilowatts, kilovolt amperes or reactive kilovolt amperes and is determined by measurement with a standard demand meter or by calculations based upon measurements made by other types of standard metering equipment.
- N. KILOVOLT AMPERE - kVA - Unit of apparent power equal to the square root of the sum of the squares of kilovolt ampere reactive and kilowatt.
- O. KILOVOLT AMPERE REACTIVE - kVAR - Reactive component of apparent power determined by standard metering equipment and which may be used in determining the power factor at the point of measurement.
- P. KILOWATT - kW - One kilowatt equals 1,000 watts which is the electrical unit of real power or rate of doing work.
- Q. KILOWATTHOUR - kWh - The basic unit of electric energy equal to one kilowatt of power supplied to or taken from an electric circuit steadily for one hour.
- R. METERING TRANSFORMER - See Instrument Transformer.
- S. NMPRC - The New Mexico Public Regulation Commission.
- T. NETWORK - A system of distribution lines so cross-connected and operated as to permit multiple power supply to any principal point on it.

- U. OVERHEAD DISTRIBUTION - A system of overhead distribution conductors, transformers, and other facilities.
- V. PANELBOARD - A single panel or group of panel units designed for assembly in the form of a single panel; including buses, automatic overcurrent devices, and with or without switches for the control of light, heat, or power circuits; designed to be placed in a cabinet or cutout box placed in or against a wall or partition and accessible only from the front.
- W. PHASE-SHIFTING TRANSFORMER - An assembly of one or more transformers intended to be connected across the phases of a polyphase circuit so as to provide voltages in the proper phase relations for energizing varmeters, varhour meters, or other measurement equipment.
- X. POTENTIAL TRANSFORMER - The transformer(s) used to provide an electrical voltage to the metering or control equipment, in a definite and known proportion to the amount of electrical voltage present in the conductor(s) providing electrical service. Potential transformers are used for metering and control applications.
- Y. POWER FACTOR - The ratio of active or useful power (KW) to apparent power (KVA) as indicated by voltage and current (ampere) requirements.
- Z. PRIMARY VOLTAGE - The Company's transmission or distribution voltage, normally 2400 volts and above, used to transmit power to immediate area of the Customer's load.
- AA. RACEWAY - An enclosed channel designed expressly for holding wires, cables, or busbars.
- BB. READILY ACCESSIBLE - See Accessible, Readily.
- CC. REVENUE - The total charge for electric power and energy. Revenue does not include any tax payable under the gross receipts and compensating tax act nor any other taxes, fees or charges (exclusive of ad valorem, state and federal income taxes and any other taxes, fees or charges included in cost of service) payable by 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.
- DD. SECONDARY VOLTAGE - The Company's service voltage, normally considered to be 120/240 volts, single-phase, 240 volts three-phase, 208Y/120 volts three-phase, 480 volts three-phase, or 480Y/277 volts three-phase.
- EE. SERVICE - The conductors and equipment for delivering energy from the electricity supply system to the wiring system of the premises served.
- FF. SERVICE DROP - The overhead residential and commercial or underground residential cable connecting the Customer's facilities to the Company's facilities.

- GG. SERVICE POINT - The point of connection between the facilities of the serving utility and the premises wiring.
- HH. TEMPORARY LOAD – A temporary load shall consist of, but is not limited to, contractors' service for construction, an individual mobile home located on property not owned by the owner of the mobile home, or a commercial, residential or industrial load of an individual nature with a specifiable time-limited operation.
- II. THERMAL DEMAND - See Integrated Demand.
- JJ. UNDERGROUND DISTRIBUTION - A system of underground distribution cables which may have transformers, terminal boxes and other facilities necessarily appurtenant to such a system mounted on the surface.
- KK. VOLTAGE, NOMINAL - A nominal value assigned to a circuit or system for the purpose of conveniently designating its voltage class. The actual voltage at which a circuit operates can vary from the nominal within a range that permits satisfactory operation of equipment.



Character of Service

Effective for Service December 15, 2013

All electric service furnished by the Company shall be 60 hertz alternating current and will be furnished as single- or three-phase in accordance with the applicable provisions of these Rules and Regulations. Service to a Customer will be provided at the rates set forth in the tariff which is applicable to the Customer.

A. RESIDENTIAL SERVICE

1. Residential service will be furnished, where available, at the Nominal Voltage of 120/240 volts, 1 phase, 3 wire service from an underground or overhead system for the loads indicated below, except as provided in Paragraph 2 below. The Company reserves the right to determine the load that may be served from the Nominal Voltages indicated below:
 - a. polemounted transformer service for a demand of 75 kW or less, from an overhead system.
 - b. padmounted transformer service for a demand of 165 kW or less from a single phase underground system or an overhead system.
2. At PNM's option, residential service will be furnished where available at the nominal voltages indicated below. The Company reserves the right to determine the load that may be served from the Nominal Voltages indicated below:
 - a. 120/208 volts, 3 phase, 4 wire polemounted transformer service for loads up to 125 kW, from an overhead system. See (3) and (4) below.

- b. 120/208 volts, 3 phase, 4 wire padmounted transformer service for loads up to 675 kW, from an underground or overhead system. See (3) and (4) below.
 - c. 120/208 volts, 1 phase, 3 wire polemounted transformer service for a demand of 125 kW or less, from an overhead system. This service may be furnished, at the option of the Company, to individual Residential Customers where such residences are part of an apartment-type complex. See (3) below.
 - d. 120/208 volts, 1 phase, 3 wire padmounted transformer service for a demand of 675 kW or less, from an underground or overhead system. This service may be furnished, at the option of the Company, to individual Residential Customers where such residences are part of an apartment-type complex. See (3) below.
3. Customers accepting the service specified in Paragraph (2) above shall use only motors and equipment rated for 208 volt service.
 4. In all cases it shall be the customer's responsibility to protect three-phase motors against the possibility of single-phase operation.
 5. Unless otherwise agreed upon, service under residential schedules shall not be used for the operation of individual motors with the nameplate rating in excess of 7 ½ HP.
 6. In order to obtain service under the residential rate, the owner of an apartment house or single-family house which is constructed or converted to include separate living quarters for more than one family shall provide separate wiring for each dwelling unit so that service to each separate living quarter can be metered separately.
 7. Where premises are used and occupied by a Customer as a commercial establishment and also as a residence, all service supplied will be billed under the applicable Commercial Schedule or, at the Customer's option, the wiring may be separated (subject to the Company's approval, and also such state and local inspection as may be required) and each class of service metered separately and billed in accordance with the applicable rate schedules.
 8. Each separate service or meter location will be metered and billed separately.

B. COMMERCIAL AND INDUSTRIAL SERVICE

1. At PNM's option, unless otherwise indicated by the Company, commercial and industrial service will be furnished where available at the nominal voltages indicated below. The Company reserves the right to determine a different load served from the Nominal Voltages indicated below:

- a. 120/240 volts, 1 phase, 3 wire polemounted transformer service for a demand of 90 kW or less, from an overhead system.
- b. 120/240 volts, 1 phase, 3 wire padmounted transformer service for a demand of 150 kW or less from a single phase underground system or an overhead system.
- c. 240 volts, 3 phase, 4 wire polemounted transformer service for a demand of 125 kW or less, from an overhead system.
- d. Combination of 240 volts, 3 phase, 4 wire and 120/240 volts, 1 phase, 3 wire polemounted transformer service for a demand of 75 kW or less from an overhead system. With this type of service, individual single-phase or three-phase demands shall not exceed 50 kW.
- e. 120/208 volts, 3 phase, 4 wire padmounted transformer service with single point secondary metering for loads of 50 to 650 kW from an underground or overhead system.
- f. 120/208 volts, 3 phase, 4 wire polemounted transformer service for a demand of 125 kW or less, from an overhead system.
- g. Service in the downtown Albuquerque area when served by the underground network system shall be 480Y/277 volt, three-phase, four-wire Y connected and all single-phase lighting and other non 480 volt power requirements will be provided by the Customer from this 480 volt system as part of his electrical system. Service in the downtown area of Albuquerque when served by double-radial circuits shall be as set forth in Subparagraphs e, h and i, as applicable. For the purposes of this Rule, downtown Albuquerque area is defined as the area bounded by Lomas Avenue on the north, Lead Avenue on the south, the railroad right-of-way on the east and Eighth Street on the west.
- h. 277/480 volts, 3 phase, 4 wire padmounted transformer service with single point secondary metering for loads of 50 to 1,275 kW from an underground or overhead system.
- i. For loads exceeding 500 kW, service may be furnished at the Company's available transmission or distribution voltage of 4,160 volts or higher. For loads in excess of 1,500 kW, the Customer, at PNM's option, may be required to accept single point primary service and to furnish and install the complete electrical system including transformers and appropriate switches and protective devices.
- j. 480 volt, three-phase, three-wire service may be furnished, at the option of the Company, if the Customer is presently serviced with such service or if 480 volt,

three-phase, three-wire secondaries are available on the Company's lines immediately adjacent to the Customer's proposed installation.

- k. Where the Customer is presently served with 480 volt, three-phase service and 120/240 volt, single-phase service and increases his/her load, a combination of voltages set out in Subparagraph a. and Subparagraph j. above.
 - l. For loads exceeding 8,000 kW, service may be furnished at the Company's available transmission voltage of 34,500 volts or higher.
 - m. Three phase commercial/industrial parks designed to provide 3 phase underground service are subject to certain restrictions for single phase customers. Since these systems are designed to be operated as three phase systems, the installation of single phase transformers will not be permitted. Single phase service will be available at 120/208 volts, 1 phase, 3 wire, from the installation of a three phase transformer. Developers desiring the availability of single phase service via single phase transformers at certain properties, may elect to have the system designed and constructed such that a separate cable is installed for single phase service, in addition to the cables installed for the three phase service.
- 2. In all cases it shall be the customer's responsibility to protect the Customer's electrical equipment against the possibility of single-phase operation.
 - 3. All motors above 7.5 horsepower shall be three-phase except where only single-phase service is available or it is impracticable or uneconomical to extend three-phase service, in which case the Company reserves the right to permit single-phase motors larger than 7.5 horsepower.
 - 4. The Company may require the installation of an approved starting current load limiting device on a motor if deemed necessary to limit voltage fluctuation or disturbances to the Company's distribution system to acceptable limits.
 - 5. If service is supplied at more than one service or meter location on the Customer's premises, separate billing will be made for each location of service provided such is allowed per applicable building code. Combined billing for separate single- and three-phase service for commercial use will be furnished under a single bill provided the Customer's wiring is terminated at a single point of service to be determined by the Company.
 - 6. A group of buildings under one ownership, management and control may be served through one meter, provided that each building is located at the same premise and part of the operation of a single business.
 - 7. Commercial service shall include service to shared residential wells, churches, schools, orphanages, stores, hotels, rooming houses, apartments (unless individually metered),

multiple housing units (unless individually metered), motels, mobile home parks (unless individually metered), restaurants, offices, clubs, theaters, etc., and all other establishments that are not otherwise classified in specific rate schedules. Any establishment carrying on a business, professional or commercial enterprise acknowledged or advertised as such will be considered as commercial. The absence of such advertising shall not be considered as conclusively establishing that the service is not commercial.

8. Service to welders, X-ray machines, electric furnaces, hoists, elevators, and other highly intermittent or fluctuating loads shall be considered individually, according to applicable published rate schedules and the following general policy.
 - a. Small Power Service--Customers in this category may be given the option of installing separate metering and wiring to serve the fluctuating or intermittent load where it is used regularly in their business. Necessary transformer capacity will be provided for this service per Rule 15. In the event a separate service or transformer installation or additional transformer capacity is required for fluctuating loads, such service, unless otherwise provided for in the rate schedules, will be metered and billed separately.
 - b. General Power Service--Where highly fluctuating or intermittent loads, for which kW and KVAR demands are impractical to determine by conventional metering, are being operated by the Customer, the Company reserves the right to determine the billing demand by increasing the 15-minute measured maximum demands by an amount equal to 65 percent of the nameplate rated kVA capacity of the fluctuating equipment being operated by the Customer.

The Company reserves the right to require the Customer to purchase and maintain the necessary transformer capacity to handle such intermittent or fluctuating loads.
 - c. The Company reserves the right to require the Customer to install such corrective equipment as is necessary to avoid system voltage fluctuations and other disturbances which are detrimental to the service furnished to other Customers.
9. Installations involving special situations will be given individual consideration. Where the Customer desires service under conditions other than those described above, any necessary transformers and accessory equipment required to supply the special service requirements shall be supplied, installed and maintained by the Customer.
10. Service to all new loads in the downtown Albuquerque area will be served from either the network system or the double-radial circuits as determined by the Company. Available capacity and PNM's economics will be the factors used by the Company to determine which option the Company will offer to the Customer as the preferred service alternative.

The Customer may elect to be served from either system. If the Customer elects PNM's preferred service alternative, the current line extension policy applies. Costs associated with providing the service, including, but not limited to, the costs associated with ensuring that both substation and feeder capacity is available for the customer's choice of a system to serve his/her electrical loads. If the Customer chooses to accept service from the non-preferred service alternative, the Customer will be responsible for reimbursing PNM for the incremental difference in cost to PNM if PNM's preferred alternative is less expensive than the alternative selected by the Customer, regardless of the available revenue credit. If the Customer requires electrical service with a higher reliability than PNM's preferred service alternative, the Customer will reimburse PNM for the incremental cost of providing such highest reliability.

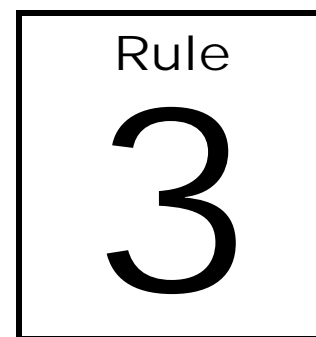
When service is taken from the downtown Albuquerque network system, the Customer shall make provisions to accept service at the voltage specified in this Subparagraph g.

Regardless of the service alternative chosen, the Customer must provide adequate space, either a class A rated vault or outdoor site, without charge to the Company, for the installation of the Company's electrical equipment to provide service to the Customer. The vault or site will be Customer built and owned. The PNM electrical equipment providing service to the Customer may be used as service points for adjacent or nearby Customers.

Detailed vault specifications will be provided for each individual Customer. The Customer must contact the PNM representative for vault specifications.

C. FREQUENCY CONTROL

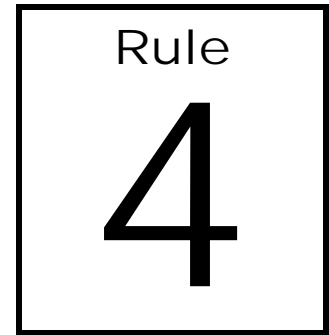
Electric service furnished shall be 60 hertz alternating current with not more than plus or minus 0.5 percent variation. In the event of variation from a frequency of 60 hertz, the Company will in each case take immediate steps to restore frequency to 60 hertz as soon as possible.



Application for Service

Effective for Service December 15, 2013

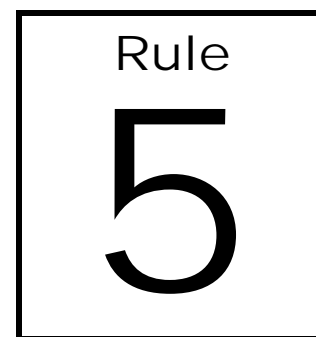
- A.** Customers seeking to connect service at locations where electric service currently exists shall contact the Company's customer service department. Requests for new or expanded electric service should be made on a Company approved online application form. If the Customer can not submit an application online, applications can be alternatively submitted in person at designated Company offices, or by phone. PNM may require proof of identification before accepting an application for service. Written contracts may be required as specified in the Company's NMPRC approved Rule 4 – Requirements of Contracts. All extensions of facilities are made in accordance with Rule 15, which may require a written contract prior to providing service.
- B.** The Customer shall be required to provide load information on new construction or alterations sufficiently in advance of the actual service requirement date to enable the Company to provide adequate service facilities.
- C.** The Company shall supply service within a reasonable time after the application or agreement is approved, and after any necessary permits and licenses have been obtained. It is the responsibility of the Customer to comply with all applicable codes including the National Electrical Safety Code (NESC), the National Electrical Code (NEC), and Company Standards and to obtain the necessary electrical permits and licenses from governmental authorities. If, due to circumstances beyond the control of the Company, service cannot be furnished within a reasonable length of time, the Customer shall be advised promptly regarding the delay.
- D.** New or additional service will be limited to available unreserved capacity in production, transmission, distribution and substation facilities. In all cases where such existing facilities are limited, the Company may require a written contract for a suitable initial contract period, adequate to warrant the construction investment and reservation of capacity required to render such service.



Requirements of Contracts

Effective for Service December 15, 2013

- A.** Special written contracts are normally not required from Customers receiving service under any of the classifications listed below:
1. Residential Service
 2. Small Power
 3. General Power Service
 4. Irrigation Service
 5. Large Power Time-of-Use Service (that do not require a line extension)
- B.** All Customers not covered by (A) above will be provided service only after the Customer executes either the Company's standard agreement for electric service or, in special cases, an appropriate contract.
- C.** All contracts between the Company and its Customers shall contain substantially the following clause:
- PNM reserves the right to modify the rates set forth herein at any time, and from time to time, by filing new tariffs with any legally constituted regulatory body, and the rates, terms and conditions of service hereunder shall be deemed modified at such time as such tariff becomes effective. Nothing herein contained shall be construed to prevent or prohibit Customer from asserting or claiming any right before any legally constituted regulatory body to which it may be entitled.
- D.** All Customer installations shall comply with all codes as defined in these Rules and Regulations. Protective equipment furnished by the Customer shall be in compliance with Rule 16.

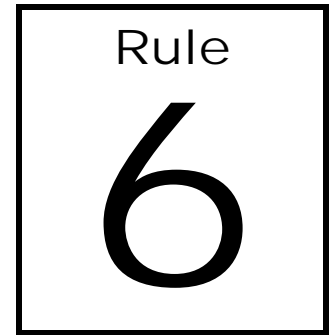


Rates, Fees, and Charges

Effective for Service July 1, 2011

- A.** The rates to be charged by and paid to the Company for electric service will be the rates legally in effect and on file with the NMPRC or its successors having jurisdiction. Complete schedules of all rates legally in effect will be kept, at all times, at the Company's local office, where they will be available for public inspection.
- B.** The Company will assist the Customer in determining which of its applicable rates may be most advantageous to the Customer provided they meet the qualifications of the rate schedule. The selection, when made, shall not be retroactive and shall remain in force for a period of at least one year.
- C.** The Customer shall not be eligible to change rate schedules unless and until necessary wiring changes and equipment modifications, if required to conform to applicable codes, contracts, these Rules and Regulations, requirements of the rate schedule, and published Company requirements are made. All necessary wiring changes shall be made at the expense of the Customer.
- D.** For the initial establishment of any temporary 120/240 volt single-phase service to any portable or nonpermanent structures, a connection charge will be made pursuant to Rate Schedule 16 when not more than the service drop is required. If more than a single-phase service drop is required for such temporary connections, an additional charge equal to the cost that is in excess of the cost of the service drop shall be paid by the customer. For such temporary service the applicable rate shall apply.
- E.** If the Customer does not pay for electric service furnished within the time specified in the applicable rate schedule, the Company may, after notice is given to the Customer, make a collection charge pursuant to Rate Schedule 16 in the event it is necessary for the Company to make collections of said bill away from the Company's established office.

- F. 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 will apply an additional late payment charge as defined in the Company's NMPRC approved tariffs. Partial payment of amount due by Customer is applied first to oldest bill, including any other fees or charges assessed, if any, before any amount is applied to current bill.
- G. Whenever service is discontinued for nonpayment of charges, nonuse, or similar reasons, as described in Rule 10, a charge may be made, pursuant to Rate Schedule 16, by the Company to cover the cost of reconnecting service when it is again requested. If a customer requests reconnection after normal business hours, a charge may be made by the Company for such special service, pursuant to Rate Schedule 16.
- H. The Company may apply a charge to the Customer's account balance pursuant to Rate Schedule 16, in the event the Customer's check or bank draft is returned for insufficient funds.



Deposits

Effective for Service March 16, 2013

I. Policy

The policy of the Company is to require deposits as defined in Section IV and V of this Rule.

II. Definitions. The following definitions shall apply to this Rule

1. "Chronically delinquent" is the status of a Customer who during the prior twelve (12) months has been disconnected by the Company for nonpayment, or who on three (3) or more occasions during the prior twelve (12) months has had a bill that remains unpaid after twenty (20) calendar days from the date of rendition.
2. "Delinquent" is the status of a bill rendered to a Customer for utility service, which remains unpaid after twenty (20) calendar days from the date of rendition.
3. "Discontinuance of service" is an intentional cessation of service by the Company not voluntarily requested by a Customer.

III. Deposits will be accepted only if required by the Company and only in the amount requested by the Company.

IV. Deposit Requirements for Residential Service

1. The Company will not require a deposit of a Residential Customer unless the Residential Customer has:

- a. Not previously had service with the Company and has not established an acceptable credit rating;
 - b. On three (3) or more occasions, within a twelve (12) month period, received a final notice;
 - c. Had a discontinuance of service for nonpayment of bills rendered by the Company; or
 - d. Without authorization, interfered with or diverted service, or tampered with Company equipment.
2. Procedures for establishing credit:
 - a. A Residential Customer may establish an acceptable credit rating in any reasonable manner, such as the following:
 - (1) Owns or is purchasing a home;
 - (2) Has an adequate regular source of income;
 - (3) Can provide adequate credit references from a commercial credit source or utility where the Residential Customer had prior utility service.
 - (4) Documentation obtained by the Company from a commercial credit source; or
 - (5) Any other reasonable documentation.
 - b. If a Residential Customer or prospective Residential Customer cannot establish an acceptable credit rating but can demonstrate to the Company that he/she does not have adequate financial resources to pay the security deposit and he/she meets the qualifications of LIHEAP, or is subject to other special considerations, the Company shall give special consideration to such Residential Customer in determining whether and in what amount a security deposit will be charged or if payment by an installment agreement is appropriate. In making such determination, the Company shall accept documentation from the administering authority that such Residential or prospective Residential Customer meets the qualifications of LIHEAP.
 - c. If a prospective Residential Customer cannot establish an acceptable credit rating but previously received utility service under the name of a spouse, the utility may consider prior utility service to that spouse in determining whether and in what amount a security deposit will be charged.
3. The Company reserves the right to collect a deposit or an increase in the amount of a previous deposit from any Residential Customer who on three (3) or more occasions, within a twelve (12) month period received a final notice, or has been the subject of a discontinuance of service.

4. Special collection considerations will be given those Residential Customers establishing themselves as low income, low income and elderly, or low income with disability.
5. The maximum deposit for a Residential Customer shall not exceed an amount equal to one-sixth (1/6) of the estimated annual billings. The Company shall base its billing estimates for purpose of calculating a deposit upon the most recent available prior twelve-month corresponding period at the same service location; or, if there is not a comparable period of service at the same service location, the deposit shall be based upon consumption of similar units in the same area.
6. Simple interest on deposits at the rate not less than the rate required by law shall accrue annually to the Residential Customer's credit for the time the deposit is held by the Company. The deposit shall cease to draw interest on the date it is returned, on the date service is terminated, or on the date the refund is sent to the Residential Customer's last known address.
7. Each Residential Customer posting a deposit will be issued a receipt containing the following minimum information:
 - a. Name of the Residential Customer and/or account holder making the deposit;
 - b. Date of the deposit payment;
 - c. Amount of the deposit payment; and
 - d. Statement of the terms and conditions governing the payment of deposit, retention, interest, and refund.

A Residential Customer does not need the deposit receipt in order to receive a refund of their deposit. If the deposit receipt is lost or stolen the Residential Customer can contact a PNM Customer Service Representative during normal business hours to obtain the information contained on the deposit receipt.

8. Deposits may, at the Company's discretion, be applied to any of the Residential Customer's delinquent bills or to the Residential Customer's bill rendered by the Company when the Residential Customer's service is disconnected or discontinued, without waiving any other legal rights available to the Company to recover any of the Residential Customer's unpaid balance.
9. Earned interest will be credited to the account during the first quarter of each calendar year so long as the Company retains the deposit.
10. Refunds of deposit for Residential Service.
 - a. Refunds of deposits will be made as soon as practicable after the Residential Customer notifies the Company of termination of service and after meters have been read and the Company has ascertained that the obligations of the Residential Customer have been settled in full. Refunds will be made only to the name reflected on the account.

- b. The Company will promptly credit or refund the deposit with interest after twelve (12) months of service if the Residential Customer is not deemed chronically delinquent in payments to the Company.
 - c. If the amount of the deposit exceeds the amount of the current bill, the Residential Customer may request a refund in the amount of the excess if such excess exceeds twenty-five dollars (\$25). If the Residential Customer fails to qualify for a refund of the deposit on the first anniversary date of the deposit that account shall be reviewed on each next succeeding anniversary date of the deposit and the amount of the deposit shall be credited if the Residential Customer has not been chronically delinquent during the preceding twelve (12) months. A Residential Customer may request a refund at any time after twelve (12) months, which refund shall be promptly paid if the Residential Customer has not been chronically delinquent during the prior twelve (12) month period, or a utility may pay such refund in the absence of a request within a reasonable period of time.
11. The disposition of any unclaimed deposits shall be handled as required by law.

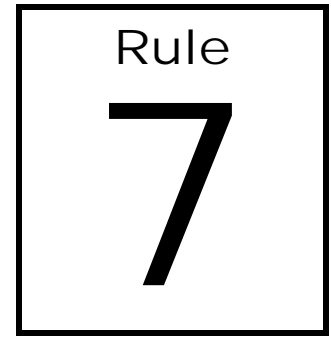
V. Deposit Requirements for Non-Residential Service

1. The Company will require a deposit of a Non-Residential Customer pursuant to the following:
 - a. If a Non-Residential Customer has not previously had utility service with the utility and has not established an acceptable credit rating;
 - b. If a Non-Residential Customer has on three (3) or more occasions, within a twelve (12) month period, received a final notice;
 - c. As a condition for reconnection of service following discontinuance of service by the Company;
 - d. If a Non-Residential Customer has in an unauthorized manner interfered with or diverted service delivered to the Non-Residential Customer's service address.
2. The Company reserves the right to collect a deposit or an increase in the amount of a previous deposit from any Non-Residential Customer who on three (3) or more occasions, within a twelve (12) month period received a final notice.
3. The maximum deposit shall be 1/6 of the Non-Residential Customers estimated annual billings. The Company will base its deposit criteria upon the most recent available prior twelve (12) month corresponding period at the same service location; or, if there is not a comparable period of service at the same service location, the deposit shall be based upon consumption of similar units in the same area.

4. Simple interest on deposits at the rate not less than the rate required by law shall accrue annually to the Residential Customer's credit for the time the deposit is held by the Company. The deposit shall cease to draw interest on the date it is returned, on the date service is terminated, or on the date the refund is sent to the Residential Customer's last known address.
5. Each Non-Residential Customer posting a deposit will be issued in writing a receipt containing the following minimum information:
 - a. Name of the Non-Residential Customer and/or account holder making the deposit;
 - b. Date of the deposit payment;
 - c. Amount of the deposit payment; and
 - d. Statement of the terms and conditions governing the payment of deposits, retention, interest, and refund.

A Non-Residential Customer does not need the deposit receipt in order to receive a refund of their deposit. If the deposit receipt is lost or stolen the Non-Residential Customer can contact a PNM Customer Service Representative during normal business hours to obtain the information contained on the deposit receipt.

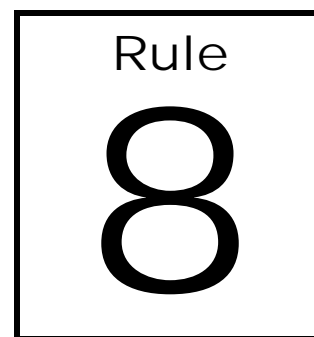
6. Deposits may, at the Company's option, be applied to any of the Non-Residential Customer's delinquent bills or to the Non-Residential Customer's bill rendered by the Company when the Non-Residential Customer's service is disconnected or discontinued, without waiving any other legal rights available to the Company to recover any of the Non-Residential Customer's unpaid balance.
7. Earned interest will be credited to the Non-Residential Customer's account during the first quarter of each calendar year. Refunds will be made only to the name reflected on the account.
8. Refunds of deposit for Non-Residential Services.
 - a. Refunds of deposits will be made as soon as practicable after the Non-Residential Customer notifies the Company of termination of service and after meters have been read and the Company has ascertained that the obligations of the Non-Residential Customer have been settled in full.
 - b. Deposits of Non-Residential Customers received or held by the Company, may be credited or returned by the Company with interest, at such time as the affected Non-Residential Customer shall have maintained an account with the Company for one (1) year in such manner that the Non-Residential Customer shall not have received a final notice, whether at the same address or at a different address.
9. The disposition of any unclaimed deposits shall be handled as required by law.



Manner of Serving Notice to Customer

Effective for Service August 24, 1985

Notice by the Company to the Customer may be giving orally, by telephone, or in writing. A written notice will be deemed given one business day after mailing to the Customer's last known address.



Billing and Payment Standards

Effective for Service December 27, 2013

I. POLICY

Bills for utility service will be rendered monthly unless otherwise provided for in PNM and/or NMPRC Rules. The billing period shall be construed to mean the period of time between two meter readings taken for billing purposes and shall cover a period of approximately thirty days.

II. PROCEDURE

- A. Readings will be made and bills rendered on, as nearly as practicable, the same day of the month for each cycle. This cycle is designated the "regular billing cycle." When the regular billing cycle is significantly changed for a particular Customer, the Customer shall be notified in advance.
- B. Each bill shall include, but not be limited to, the following information:
 - 1. The beginning and ending meter reading dates, or the number of days in the billing cycle, and the date of the ending meter reading;
 - 2. Clear and conspicuous language identifying the bill as an estimated bill if the bill has been estimated by the Company;
 - 3. The number and kind of units metered;
 - 4. Any meter conversions from meter reading units to billing units;
 - 5. Any meter multiplier constants used to determine billing;

6. The date the bill is due;
 7. Any previous balance;
 8. An identification of the applicable tariff schedule;
 9. The amount due for electric usage rendered during the billing period by the Company;
 10. The amount due for special services rendered during the billing period by the Company;
 11. The total amount due to the Company;
 12. Gross receipts taxes, and any other taxes, if not a part of the base rate;
 13. Any applicable late payment charge;
 14. The automatic adjustment clauses approved by the Commission in total and cost per unit basis, as applicable;
 15. Contact information of the Company, designating where the Customer may initiate an inquiry or complaint regarding the bill as rendered or the service provided; and
 16. If the Customer is on a budget payment plan, a statement of:
 - (i) The actual charges for service incurred for the current billing period;
 - (ii) The budgeted amount due; and
 - (iii) The amount of the budget balance.
- C. Late Payment Charges will be added to a Customer's cycle bill if payment for any or all utility services rendered is not made within thirty (30) calendar days from the date the bill is rendered. The Company will apply an additional late payment charge as defined in the Company's NMPRC approved tariffs. Partial payment of amount due by a Customer is applied first to oldest bill, including other fees or charges assessed, if any, before any amount is applied to current bill.
- D. Special services will be designated on bills and any partial payment will first be credited to any utility charges.

- E. Whenever a Customer receives utility service at multiple locations, separate bill details shall be rendered for each location.
- F. In the event of the stoppage of, or the failure by, the meter to register the full amount of energy used, or inaccessibility of the meter, the Company will render a corrected bill to the affected Customer based upon the Customer's usage of energy and demand in a similar period of like use, in accordance with Commission Rules.

III. RESIDENTIAL SERVICE

A. Payment Requirements

- 1. All bills to Residential Customers shall be due and payable twenty (20) calendar days from the date of rendition. Any bill not paid after twenty (20) calendar days from rendition shall be deemed delinquent. If the bill is not paid fifteen (15) calendar days after it becomes delinquent, service is subject to discontinuation pursuant to the Company's Rules and Regulations governing discontinuance.
- 2. If the last day for payment falls on a Saturday, Sunday, a legal holiday, or any other day when the Company's offices are not open for business, the final payment date shall be deemed to be the next business day.
- 3. Any monies received in excess of the amount of a bill owing shall be credited immediately. If the excess is twenty five dollars (\$25) or more, the Residential Customer may request immediate refund or credit on subsequent billings. If the excess is less than twenty five dollars (\$25), credit will be given on subsequent billings. When the bill is being paid by a state or federal agency, any excess amounts will be carried on the account for payment of subsequent billings.
- 4. Bills rendered by the Company for periods of more than thirty-two (32) days shall be adjusted to reflect the application of the rate to the regular billing cycle.

B. Settlement and Installment Agreements

Settlement and Installment agreements will be carried out in accordance with the requirements of 17.5.410 NMAC.

C. Estimated Bills

- 1. The Company shall not render an estimated bill for residential service unless:
 - a. The Company is unable to obtain access to the Residential Customer's premises through no fault of its own for the purpose of reading the meter or in situations where the Residential Customer makes reading the meter unnecessarily difficult;

- b. A meter is defective or has been evidently tampered with or bypassed;
 - c. Weather conditions prohibit meter readings or where other extraordinary conditions exist. If the Company is unable to obtain an actual meter reading for these reasons, it shall attempt to contact the Residential Customer and attempt to obtain access to the premises or it shall undertake reasonable practical alternatives to obtain a meter reading by procedures such as, but not limited to, mailing or leaving postpaid, preaddressed postcards upon which the Residential Customer may note the reading; or
 - d. The Residential Customer is a participant in the meter reading program and, as required in the program, does not provide the meter reading by the scheduled monthly read date.
- 2. When an estimated reading is made, the estimate will be based on the usage pattern of that Residential Customer.
 - 3. The Company may not render a bill based on estimated usage for more than two (2) consecutive billing periods without prior notification to the Commission, nor for an initial or final bill for service, unless otherwise agreed to by the Residential Customer and the Company.

D. Rural Customer Meter Reading Program

The Company has a Customer meter-reading program for designated Rural Customers. Rural Customers are those Customers who are outside incorporated city limits. The program requires Rural Customers designated by the Company to read their meters every other month. The Company will read the meter in alternating months, depending on the Rural Customer's cycle. The Rural Customer will read the meter during alternating months and record the meter reading on postpaid preaddressed cards provided by the Company. If the Rural Customer does not provide the meter reading by the scheduled monthly read date, the Company will estimate the Rural Customer's usage for that month.

E. Residential Customer Self-Meter Reading

Upon request, the Company shall explain to any Residential Customer how to read and report energy usage. Upon agreement between a Residential Customer and the Company, the Company shall provide postpaid preaddressed cards to the Residential Customer. The Residential Customer shall accurately read and report the energy usage on a monthly and accurate basis. If the Residential Customer fails to provide the meter-reading, the Company will estimate the Residential Customer's energy usage for that month. At least annually, the Company shall obtain an actual meter reading of the Residential Customer's energy usage in order to verify the accuracy of readings reported in this manner. If the Residential Customer does not read his/her meter for three (3) consecutive months, the Company has the right to resume reading the meter until other appropriate arrangements can be made.

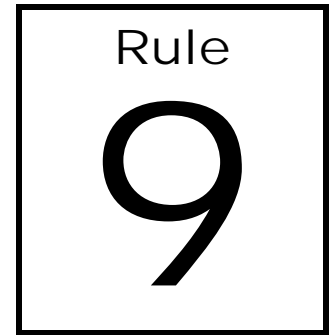
IV. NON-RESIDENTIAL SERVICE

A. Payment Requirements

1. All bills to a Non-Residential Customer shall be due and payable within twenty (20) calendar days from the date of rendition. Any bill not paid after twenty (20) calendar days shall be deemed delinquent.
2. Bills will be rendered monthly to the Non-Residential Customer in accordance with the tariff schedule applicable to the Non-Residential Customer's service.
3. Bills rendered by the Company for periods of less than twenty-eight (28) or more than thirty- two (32) days shall be adjusted to reflect the application of the tariff schedule to the regular billing cycle.

B. Estimated Bills

1. The Company shall not render an estimated bill for Non-Residential service unless:
 - a. The Company is unable to obtain access to the Non-Residential Customer's premises through no fault of its own for the purpose of reading the meter or in situations where the Non-Residential Customer makes reading the meter unnecessarily difficult;
 - b. A meter is defective or has been evidently tampered with or bypassed;
 - c. Weather conditions prohibit meter readings or where other extraordinary conditions exist. If the Company is unable to obtain an actual meter reading for these reasons, it shall attempt to contact the Non-Residential Customer and attempt to obtain access to the premises or it shall undertake reasonable practical alternatives to obtain a meter reading.
2. When an estimated reading is made, the estimate will be based on the usage pattern of that Non-Residential Customer.
3. The Company may not render a bill based on estimated usage for more than two (2) consecutive billing periods without prior notification to the Commission, nor for an initial or final bill for service, unless otherwise agreed to by the Non-Residential Customer and the Company.



Billing Disputes

Effective for Service July 1, 2011

A. Notice by Customer

A Customer may advise the Company that utility charges are in dispute by written notice, telephone or in person. In any event, the Customer shall pay the undisputed amount of the utility charges within five (5) days after advising the Company of the dispute. If a Customer advises the Company that utility charges are in dispute after receiving a notice of disconnection of service, and at a time which is less than five (5) days from the date on which disconnection is to occur, the Customer shall pay the undisputed amount prior to the date on which disconnection is to occur.

B. Manner of Resolving Dispute

In attempting to resolve a dispute, the Company may employ telephone communication, personal meetings, on-site visits or any other technique reasonably conducive to settlement of the dispute.

C. Determination of Disputed Amount

If a Customer disputes the amount of utility charges, the Customer shall pay the Company an amount equal to that part of the utility charges not in dispute. The parties shall mutually determine the amount not in dispute.

D. Payment of Non-Disputed Amount.

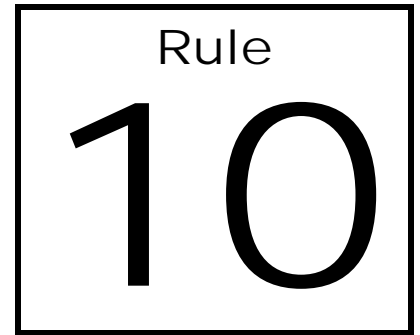
1. Failure of a Customer to pay the Company the non-disputed amount of utility charges shall constitute a waiver of the Customer's right to continued service.
2. When the dispute is resolved, if applicable, any excess amount paid by the Customer shall be promptly credited to the Customer's account and if the amount is in excess of twenty-five dollars (\$25) the excess amount shall be refunded, if so requested by the Customer.

E. Adjustment of Bills

Bills which are incorrect due to meter or billing errors shall be adjusted in accordance with the requirements of 17.9.560.12(E) NMAC.

F. Notice of Right to File Complaint with Commission

1. If the residential Customer and the Company are unable to resolve a dispute, the utility representative shall:
 - (a) Advise the Customer that if the complaint cannot be resolved to the parties' satisfaction, each has a right to register an informal or formal complaint with the Commission;
 - (b) Give the Customer the address and telephone number where the Customer may file a complaint with the Commission; and
 - (c) If the residential Customer is a member of a New Mexico tribe or pueblo, the utility shall advise the Customer that he or she can request help with translation or other assistance by contacting the Commission's consumer relations division at (888) 427-5772, who will contact the appropriate tribal or pueblo official for assistance.



Discontinuation of Non-Residential Service

Effective for Service March 16, 2013

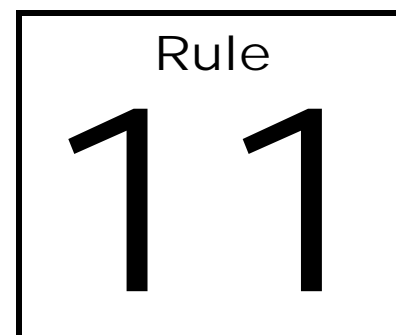
A. Before discontinuing service for non-payment the Company shall provide the Non-Residential Customer a final notice through personal communication by telephone, hand delivery, or other electronic communications at least two (2) days prior to the specific date of discontinuance of service or by mail at least four (4) days prior to the specific date of discontinuance of service, excluding Sundays and holidays observed by the Company, to remind the Non-Residential Customer of the pending date of discontinuance of service. Service may be refused or discontinued by the Company for any of the reasons listed below. Unless otherwise stated, the Customer shall be allowed a reasonable time in which to comply with the Rule before service is discontinued, except as provided in 1, 2, 3, and 4 below.

1. Without prior notice in the event of a condition determined by the Company to be hazardous;
2. Without prior notice in the event of the Customer's use of equipment in such manner as to adversely affect the Company's equipment or service to others;
3. Without prior notice in the event of the Customer's tampering with, damaging, or deliberately destroying the equipment furnished and owned by the Company;
4. Without prior notice in the event of unauthorized use of service provided by the Company;
5. Without prior notice in the event of an emergency;

6. For violation and/or noncompliance with these Rules, which are on file with and approved by the NMPRC;
 7. For failure of the Customer to fulfill the contractual obligations for service and/or facilities subject to regulation by the NMPRC;
 8. For refusal to grant access at reasonable times to equipment installed upon the premises of the residential customer for the purpose of inspection, meter reading, maintenance or replacement;
 10. For failure of the Customer to furnish such service equipment, permits, certificates, and/or rights-of-way, as shall have been specified by the Company as a condition to obtaining service or in the event such equipment or permissions are withdrawn or terminated;
 11. For failure to pay for service of the same class at a previous metering point or points; and/or
 12. In the event a previous Customer who has been disconnected for nonpayment or who has an outstanding balance still resides within the Company's service territory.
- B. When service is discontinued for any of the above reasons, the Company shall have a reasonable period of time to restore service.
- C. The Company may refuse to resume service to any customer whose service has been properly disconnected until the reason for such disconnection has been remedied and a service initiation fee and security deposit paid as authorized by the Commission and these Rules.
- D. When the Company has determined a Customer is bypassing a meter or otherwise interfering with the proper registration of consumption, and has discontinued service pursuant to this Rule, Paragraph A.3, service will not be restored until:
1. The bypass is removed;
 2. Payment for all damages to the metering equipment and payment of the Company's estimate of the consumption for the period during which the meter was tampered with has been made; and
 3. The Customer has installed at his/her expense, if required by the Company, an approved type of meter loop and meter base, which shall be installed on the outside of the building.
- E. Customers who intend to move from the premises or discontinue the use of utility service or in any way terminate their liability hereunder shall give the Company reasonable notice of such intention, and the Customer will be liable for all consumption that may be used upon the premises until such notice is given and the Company has made the final meter reading.

DISCONTINUATION OF NON-RESIDENTIAL SERVICE
3RD REVISED RULE 10

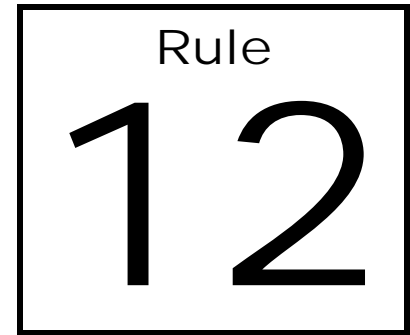
- F. Whenever the Company shall permanently discontinue the delivery of utility service to any customer's premises it shall have the right at any reasonable time thereafter to enter upon the premises without notice and remove therefrom its meter, and any other Company property.



Curtailment of Service

Effective for Service August 24, 1985

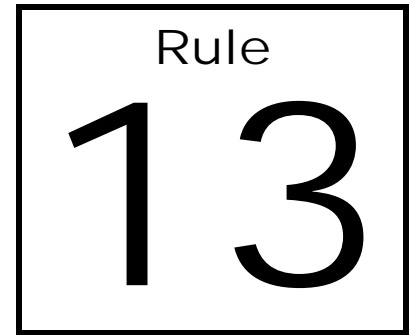
- A.** The Company strives to maintain adequate generation, transmission, and distribution facilities in service, under construction or planned, to meet present and future anticipated growth of its service area. The Company reserves the right to require adequate contracts and lead time for future loads which would endanger this position.
- B.** The Company reserves the right to interrupt service in order to perform preventive maintenance and/or to effectuate repairs to its property, equipment, or system or to make such other arrangements as may be required to enable the Company to restore service.
- C.** In the event of breakdown, fuel shortage, labor stoppage, or other conditions which would reduce the Company's capability to provide the full needs of all its customers, the Company may request all customers in the affected area to restrict their use of electricity. If the Company's capability to provide service remains impaired after a request to reduce consumption is made, or without notice if necessary in the Company's judgment, the Company may curtail service.
1. Should conditions require curtailments of service for extended periods, the Company shall make every effort to maintain adequate service to those activities essential to the public welfare.
 2. The Company may restrict use by, but shall make every effort to maintain essential services to medical, police, fire, water, and sewer facilities necessary to adequately protect the welfare of the community.
 3. Where possible, curtailments shall be rotated in such a manner as to equitably distribute the reduction in service to as many Customers as possible and thus reduce the length of interruption to any one Customer.



Interruption of Service

Effective for Service March 28, 1991

- A.** The Company will strive to furnish adequate, efficient, reasonable service. Interruption of service should be reported promptly by the customer to the Company. The Company will endeavor to restore service within a reasonable time.
- B.** The Company will use reasonable diligence to furnish a regular and uninterrupted supply of energy. However, interruptions or partial interruptions may occur or service may be curtailed, become irregular, or fail as a result of circumstances beyond the control of the Company, public enemies, accidents, strikes, legal processes, governmental restrictions, fuel shortages, breakdown or damages to generation, transmission or distribution facilities of the Company, repairs or changes in the Company's generation, transmission, or distribution facilities, and in any such case the Company will not be liable for damages. Customers whose reliability requirements exceed those normally provided should advise the Company and contract for additional facilities and increase reliability as may be required. The Company will not, under any circumstances, contract to provide 100 percent reliability.

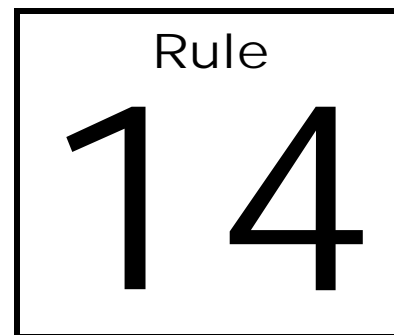


The Company's Right to Ingress and Egress from the Customer's Premises

Effective for Service December 15, 2013

An identified representative of the Company shall have the right of ingress and egress to and from the Customer's premises and the Company's equipment for the purpose of inspecting, maintaining, testing, reading, installing, removing, or changing its meters, wires, and equipment. Generally, ingress and egress shall be provided for on the Customer's own property. If the pathway of egress and ingress must go through the property of another, then it is the Customer's responsibility to obtain right-of-way or permanent easement for this purpose.

The Company will assist the Customer in securing rights-of-way necessary for line extensions, if requested. The Customer shall pay the Company for such assistance.

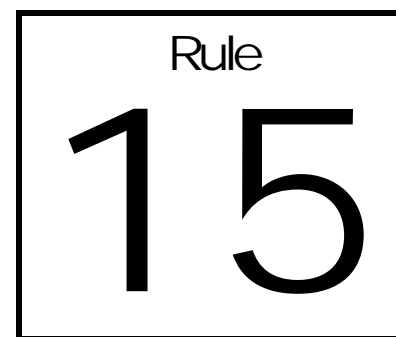


Temporary Service, Standby Service, and Special Services

Effective for Service March 28, 1991

- A.** Whenever the service requested by the Customer is temporary, special, or emergency, a written application or contract will be required which will cover the period of service, character of service, and extra charges for the installation and removal of the required service connections, transformers, and accessory equipment, together with all material, labor, and other expense incidental thereto. (Note: Temporary services are not charged for transformers, but will include a testing and installation charge.)
- B.** The rate to be charged for such service will be in accordance with the Company's existing applicable schedules. Service for specialized usage shall be considered as a special case when not covered by specific filed rate schedules for the specialized usage.
- C.** When temporary single-phase or three-phase service is installed, a charge will be made, pursuant to Rate Schedule 16, for each such temporary service if no more than an overhead service drop is required. If more than an overhead service drop is required for such temporary connections, an additional connection charge equal to the cost that is in excess of the cost of the service drop shall be paid by the customer. All such temporary service drops shall be supported on a pole, post, or other supporting member approved by the Company but which shall be furnished and installed by the Customer. For such temporary service, the applicable rate shall apply.
- D.** Service to mobile home parks will be provided under the following general policy:
1. Service to the permanent office building, rest rooms, bath-house, laundry facilities, outside lighting, etc., necessary to the general operation of the mobile home park, will be considered Commercial Service and will be billed under the applicable Commercial Rate.

2. Service to individual mobile homes will be billed under the Residential Rate when individual meter bases are provided which comply with existing PNM Distribution Standards, Rules and Regulations, and are approved by the City or State Inspector.
 3. The Customer may elect to have only one meter for the entire park or group of mobile homes, incorporating a flat rate for electrical service in the rental fee, in which case billing will be under the applicable Commercial Rate.
 4. No submetering or resale of electric power will be permitted.
- E. The Customer shall install only such motors or other apparatus or appliances as are suitable for operation with the character of the service supplied by the Company and which are not detrimental to that service. Further, the electric power must not be used in such a manner as to cause abnormal voltage fluctuations or disturbances to the Company's distribution system. The Company may require the installation of approved starting current load limiting devices on motors of 3 horsepower or more. Upper limits of inrush starting current tolerances will be determined by the Company.
- F. All neon, fluorescent, or other types of lighting equipment of similar low power factor, requiring a total of 200 watts or more, shall be designed or equipped to operate at a power factor of not less than 95 percent lagging or leading.
- G. Installations such as welders, which cause abnormal load and voltage fluctuations, shall be designed or equipped to operate at a power factor of not less than 90 percent, and the installation shall be made so the operation of such installations will not be detrimental to the service furnished other customers.
- H. When the customer furnishes the necessary complete substation equipment to take service at primary service voltage, such equipment shall be maintained by the Customer and shall include the necessary transformers, structures, controls, and protective equipment. The quality and construction of such equipment shall be subject to approval by the Company and meet the code or codes applicable to the installation. Protective equipment furnished by the Customer shall be in compliance with Rule 16.



Electric Line Extension Policy

Effective for Service December 15, 2013

I NTRODUCTION

This Electric Line Extension Policy (LXP) outlines the procedures for installing field equipment necessary to provide new electric service to Public Service Company of New Mexico (PNM) residential and small commercial customers.

When connecting customers the Company, on behalf of its other customers and itself, will not make an investment in transmission and distribution equipment that is excessive or uneconomical.

This LXP does not apply to customers who will, in the Company's opinion, ultimately take electric service under PNM Rate Schedule Large Power, Industrial Power, Water and Sewage, or Large Service for Universities. In such situations, for these customers line extensions and service agreements will be established on an individual basis.

LXP customers may be charged for the preparation of a formal, binding cost estimate per Rate Schedule 16 for line extension construction or maintenance or related work to be performed at the customer's request, over and beyond the non-binding budgetary estimate routinely given at no cost. Each formal estimate is binding upon PNM for thirty (30) days. If the customer accepts the formal cost estimate and agrees to have PNM perform the work described in the work order estimate, the total cost of the estimate will be applied to reduce the customer's contribution to perform the job related work.

DEFINITIONS

Line extension - A line extension consists of the installation of all field equipment necessary to provide for new electric service. Physical components of line extensions may include, but are not limited to, all

primary wires, secondary wires, service wires, transformers, meters, equipment supporting structures, trenches, switchgear, and ductbank systems. Line extension costs include all labor, materials, vehicles, and overheads required to design and construct the line extension, and to acquire easements, permits, and rights-of-way necessary for its construction. Line extension costs also include the costs of changing existing facilities to provide the new electric service. Line relocations are not line extensions and shall be paid for by the customer.

Minimum Line Extension - The Minimum Line Extension is the line extension that would be designed solely to meet the electrical needs of the customer requesting service, and is consistent with Company and industry design and safety standards. Sound engineering and economic considerations may require systems to be designed and built which exceed the needs of the Customer requesting service. The Company shall bear the portion of the costs of electrical system work done for the sake of area-wide system improvement. "Area-wide system improvement" shall be construed to mean any system capacity beyond what is specifically required for the particular customer in question.

COST RESPONSIBILITY: PNM Built

The LXP customer shall be responsible for the costs associated with the Minimum Line Extension, excluding costs associated with area-wide system improvements. The amount paid by the LXP customer will be the difference between PNM's Minimum Line Extension bid ("Bid") and an initial line extension credit, as determined by PNM. This amount must be paid, in full in accordance with the Company's line extension agreement by the LXP customer. The LXP customer will be required to execute an Electric Line Extension Agreement (PNM Built) unless otherwise determined by the Company.

When a customer receives service under a residential tariff and upgrades their service capacity, the Company will determine necessary upgrades required of its distribution system. For upgrades where the service entrance equipment does not exceed 200 amps, the Company shall be responsible for the costs associated with the line extension. The Company will not connect upgraded services until the Company's equipment has been appropriately upgraded. Customers upgrading their service capacity above 200 amps will be required to pay for all PNM upgrade costs but will be eligible for an incremental revenue credit as determined by the Company.

PNM will review, on a regular basis, its procedures and assumptions for calculating the Bid to ensure that the Bid is as close as reasonable to the actual cost incurred by PNM. The amount paid by the LXP customer is non-refundable once construction activities have commenced.

COST RESPONSIBILITY: Customer Built Option

The LXP customer may elect to have the line extension constructed by a qualified contractor, in lieu of PNM crews. In accordance with the requirements contained in the Customer Built System Requirements attached hereto as Appendix 1, PNM shall provide the engineering design, construction inspection and easement assurance at the LXP customer's expense. Thus, the LXP Customer will pay the actual cost of PNM's activities, in addition to the contractor's price ("Customer Built Option

Cost”). Upon satisfactory completion of the project construction, PNM will assume ownership and responsibility for the new line extension, and the LXP customer will receive a line extension credit determined by PNM. The LXP customer will be required to execute an Electric Line Extension Construction Agreement (Customer Built) and Electric Line Extension Sales Agreement.

LINE EXTENSION CREDIT

All LXP customers are eligible to receive line extension credit. Line extension credits are established to give consideration to the current and possible future electric customers served by the line extension. The credit will be employed to reduce the amount of the line extension cost actually paid by the LXP customer. The total credit given will not ever exceed PNM’s Bid or the Customer Built Option Cost, whichever is lower.

The line extension credit may include consideration for a revenue credit and, if applicable, a credit for a platted lot:

Revenue Credit:

The revenue credit relates to the customer's estimated annual electric usage and will be determined from the customer's final building design drawings. Customer site construction must be underway to qualify for this credit. The credit is determined from a table as set forth in the Company's Revenue Estimation Tables. There are separate tables for residential customers and for small commercial customers and these tables may be updated periodically. In situations where no standard revenue tables exist, revenue credits will be determined by the Company.

In situations where it is difficult to predict the future usage, or customers claim revenues that exceed the Revenue Estimation Tables, the LXP customer will be required to execute an Electric Line Extension Revenue Credit Guarantee Agreement (“RCGA”). LXP customers who execute a RCGA are required to generate annual revenues from the new line extension that meet or exceed the revenue credit granted.

Lot Credit:

If the line extension can serve more than one lot not presently receiving service, lot credit will be determined by the number of lots platted, filed and recorded with the County Clerk as defined in the table below. Lots eligible for a revenue credit will not be eligible for a lot credit.

In situations where it is difficult to predict when lots passed by the new line extension will be developed and require new service connections, the total credits received by the LXP customer may not exceed 66% of PNM’s Bid. This would be applicable to lots that have been platted, filed and recorded for ten years or more without 10% of the total platted area developed.

LOT CREDIT

LOT STATUS

\$470/Lot	For each additional lot ready for a service connection from a new line extension.
\$ 70/lot	For each additional lot passed by the new underground line extension, requiring a future transformer or pedestal, for a service connection.
\$340/Lot	For each additional lot passed by the new overhead line extension requiring a future transformer or secondary line for a service connection.
\$130/Lot	For each additional lot made ready for a service connection by the installation of an overhead transformer on an existing pole.

COMMENCEMENT OF RESIDENTIAL SERVICE CONSTRUCTION

In accordance with NMPRC Rule No. 410, within 30 days after a residential customer has complied with all the reasonable utility requirements, the Company shall provide to such customer a written estimate of the cost of the line extension. The Company shall complete construction of the line extension within 60 days after the residential customer signs the Company's line extension agreement, pays the required payment, and after the utility has secured all applicable permits, rights-of-way, materials and labor necessary for the line extension.

COMMENCEMENT OF COMMERCIAL SERVICE CONSTRUCTION

Construction of extensions for overhead and underground commercial service will commence within a reasonable time in accordance with the Company's construction schedule and after any required payment by the Customer for construction of the line extension is made.

APPENDIX 1

CUSTOMER BUILT SYSTEM REQUIREMENTS

Customers desiring new electric service lines and systems to be built to their premises may have them constructed by a competent and qualified electrical contractor. After construction and acceptance, such systems shall be sold to the Company for \$1.00 by the Customer. PNM then assumes ownership and maintenance responsibility of the system.

In recognition of the need to protect the public from electrical hazards, and the need for electrical systems which are useful and safely maintainable over a normal and customary service life, the following will govern the construction of customer-built electrical systems.

DESIGN AND CONSTRUCTION SPECIFICATIONS

The Company will design the Minimum Line Extension required to serve the Customer, in accordance with the Company's standards and specifications. The Customer shall execute an Electric Line Extension Construction Agreement (Customer Built).

The Company will provide electrical system design drawings and associated bills of material to the Customer. The Customer shall pay the Company for applicable design costs.

MATERIAL SPECIFICATIONS

The Company will specify all materials and equipment to be used in the electrical system including, but not limited to: wire, cable, conduit, transformers, poles, fixtures, switchgear, relays, capacitors, and insulators. The Customer shall be free to acquire said materials from any source, provided that all materials shall be from approved manufacturers and meet the specifications as promulgated by the Company that are in effect at the time the Company provides the Design and Construction Specifications to the Customer.

QUALITY CONTROL AND ASSURANCE

The Customer shall comply with Company specifications for materials, equipment, trenching, and construction standards. In order to assure compliance, the Company will select a Construction Inspector who will visit the construction site. The Inspector shall have the authority to accept, or reject, the work and materials of the Customer or contractor and shall certify such acceptance or rejection at the time of inspection. The sole function of the Inspector shall be to verify compliance with design, materials, equipment and installation specifications only. Customer shall be responsible for coordinating required inspections.

The Customer shall pay the Company for its reasonable costs incurred in the inspection of the electrical system.

The Company has no obligation to purchase an electrical system which is not accepted by the Company's Construction Inspector. In addition, the Company will not provide electric service to a system which is not accepted by the Company's Construction Inspector.

EASEMENTS AND RIGHTS-OF-WAY

The Customer shall provide to the Company easements and rights-of-way in a Company-approved format which reflect the "as-built" configuration and location of the electric system.

The Company will assist the Customer in securing rights-of-way necessary for the extension, if requested. The Customer shall pay the Company for such assistance.

The Customer shall pay the Company for its reasonable costs incurred to verify the easements and rights-of-way.

LICENSING REQUIREMENTS AND COMPLIANCE WITH REQUIRED GOVERNMENTAL INSPECTIONS

The Customer will hire only those contractors who are properly and currently qualified and licensed, in accordance with State and local law and regulation, to construct electrical distribution systems, including, but not limited to, EL-1 and EE98 certification.

Also, the Customer will comply with all applicable State and local construction inspection requirements.

PNM reserves the right to disapprove of any contractor selected by the Customer on the grounds that the contractor is not properly qualified or otherwise able to construct the line extension in accordance with the Company's construction standards.

METERS

The purchase and installation of meters will be the sole responsibility of the Company. The Customer shall pay the Company its reasonable cost incurred to purchase and install meters.

PURCHASE OF SYSTEM

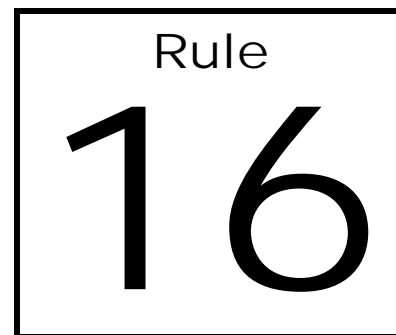
After the electrical system has been constructed, and accepted by the Company's Construction Inspector, the Customer shall sell to the Company and the Company will buy the line extension for \$1.00. The Company and the Customer shall execute an Electric Line Extension Sales Agreement (Customer-Built) to transfer the property. This sale shall be free of any liens or encumbrances and the customer shall provide a properly executed release and/or waiver of lien from any contractor employed

in this project. The Customer may also be required to execute an Electric Line Extension Revenue Credit Guarantee Agreement.

The Customer shall supply to the Company its certified cost incurred in constructing the electric system so that proper accounting of the electric system may be made by the Company.

LIABILITY FOR THE ELECTRICAL SYSTEM

Commencing with the date of sale of the electrical system to the Company, the Company will assume full and complete operating responsibility for the system. The Customer shall be liable for the direct and indirect consequences of any defects or failures of the electrical system constructed by the Customer for a period of one year, unless such defects or failures arise from the Company's design, specifications, or improper operation of the system.

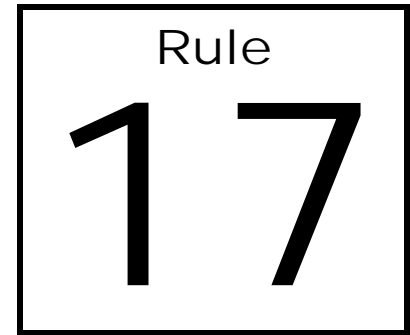


Service Point and Responsibility for the Equipment Used in Supplying Service

Effective for Service December 15, 2013

- A.** The Service Point shall be the point where the facilities of the Company connect to the facilities furnished by the Customer as provided by this Rule, Rule 18, and the Company Standards.
- B.** The Responsibility of the Company--The Company will install one set of service wires for residential or overhead commercial customers together with necessary meters and metering transformers to each Service Point. This equipment will be owned and maintained by the Company. For new load or line extensions, meter and service costs will be paid by the Customer in accordance with the current Line Extension Policy. The Customer must pay 100% of all meter and service costs resulting from customer-caused meter relocations.
- C.** The Responsibilities of the Customer or Property Owner (referred hereinafter in this rule as Customer)
1. The Customer will install, own, and maintain the service entrance equipment (type and specification to be approved by the Company) which shall extend from the Service Point to the Customer's service entrance switch. This shall include conduit, wires, and meter base, socket or enclosure as required.
 2. The Customer must exercise due care for the protection of the property of the Company on the Customer's premises.

3. The Company assumes no responsibility as to wiring, fixtures and equipment on any Customer's premises further than to provide the proper meter and outside service connection from service main to first point of attachment on building or other structure being served, as provided herein. Also, the Customer must properly notify the Company of any changes in connected load or equipment on the Customer's premises as may occur from time to time.
4. The Customer shall use reasonable care in designing and connecting loads to his circuits so that the loads on the individual phases and circuits of the Company's service to the Customer shall be as nearly balanced as possible across the various phases.
5. The Customer agrees, in accepting service, that no one except the employees of the Company shall be allowed to make an internal or external adjustment of any meter or any other piece of apparatus which is the property of the Company.
6. When the Customer furnishes the necessary equipment to take service at primary voltage, such equipment shall include a gang-operated switch located next to the metering installation and capable of interrupting the Customer's entire system load. In addition, PNM requires a suitable main overcurrent device. Switches installed on an overhead system must be readily and safely operable from the ground in the event that untrained persons gain access to the switch. Switches installed on an underground system shall be located next to the primary metering installation. It shall be accessible and readily and safely operable by untrained personnel, and shall be mechanically interlocked to prevent access to energized parts in the main overcurrent device.
7. The customer shall be responsible for providing protection against any single-phasing conditions. All protective devices furnished by the Customer shall have time current characteristics which coordinate with protective devices on the Company's system.
8. The Customer agrees, in accepting service, that the Company has the right to trim or remove trees, vines, shrubbery, or other vegetation on his/her property which may in the Company's determination interfere with the Company's facilities. If the property owner objects to such clearance, the Company may change or relocate the Service Point to meet requirements, with the full cost of the change or relocation being borne by the customer or property owner.



Metering

Effective for Service December 15, 2013

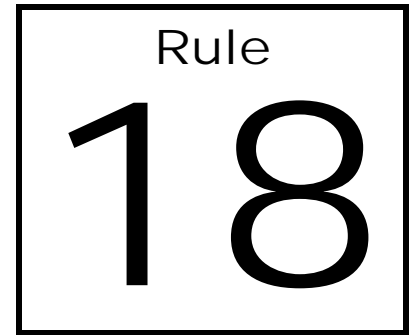
- A.** All meters and related metering equipment shall be installed, owned, and maintained by the Company. For new load or line extensions, meter costs will be paid by the Customer in accordance with the current Line Extension Policy. The Customer must pay 100% of all meter costs resulting from customer-caused meter relocations.
- B.** In the event a structure is built so that the meter location is inaccessible, or the meter becomes inaccessible to Company employees due to locked gates, Customer pets, or for any other reason under the control of the customer and not by the Company, the meter socket and/or service conduit or cable shall be moved to an accessible location at the expense of the Customer. In the alternative, the Company shall have the option of installing a remote meter reading device and billing the customer the actual installed cost of the device.
- C.** The Company reserves the right to seal all meter entrance switches and all service entrance boxes regardless of ownership where the operation or tampering with such equipment may affect the registration of the meter or use of energy contrary to the provisions of these Rules and Regulations or the provisions of the applicable rate schedule.
- D.** All meter sockets shall be of the outdoor type which shall be mounted at a height specified in the Company's Standards. In the case of overhead services, there shall be an unbroken conduit complete with wire or an approved cable run from the service entrance to the meter socket. The Customer shall furnish and install the cabinet (if required), meter socket and any necessary wiring from the Service Point to the meter socket per Company Standards. The meter socket shall be so located that it is entirely on the outside of the building and within ten (10) feet from the front of residential buildings or as approved by the Company. In the event a porch or other structure is built so that the meter location is inaccessible, the meter socket and/or service conduit shall be moved to an accessible location at the expense of the Customer. Whenever the construction of a building on an adjacent lot prevents proper access to any meter or the point of attachment of

service conductor, the Customer shall move the meter socket and/or the service entrance conductor to a location which will be accessible to the Company's employees.

- E. The meter socket shall be so placed that the meter can be set and the seal installed easily. Should any plaster or abutments be installed after the socket is in place that would interfere with the setting of the meter and the seal, the Customer shall move the socket.
- F. Where more than one meter is required for a building, such as an apartment house, all of the meter sockets shall be grouped adjacent to each other and must be individually, permanently numbered by the Customer, and identified according to apartments or units. In remodeling where two separate houses are combined with an addition to form one building, the meter sockets shall be moved to a joint location. In all remodeling where the meter loop is changed or moved, or any change made in wiring, it will be necessary to install outdoor type meter sockets.
- G. All meters installed for commercial use shall be at a point designated by the Company. An outdoor location is preferred for all meters, provided the meters will not be subject to damage due to a hazardous location. No meter shall be installed in any location where it may be unnecessarily exposed to heat, cold, dampness, or other cause or in any unduly dirty or inaccessible location. There shall be an approved unbroken conduit complete with wire from the Service Point to the socket.
- H. All single-phase meters installed for Commercial use that do not require current transformers shall be socket type with the socket installed at a location approved by the Company. The meter sockets shall be mounted pursuant to Company Standards. The service equipment shall be installed as required by applicable codes.
- I. When meter installations require current transformers, the Customer shall furnish and install a metal cabinet per Company Standards to house the transformers. The cabinet shall be provided with a suitable means for mounting the transformers per Company Standards.
- J. In all installations requiring instrument transformers, whether single-phase or three-phase, the Customer shall provide the service entrance conductors.
- K. The Customer will install a metering and/or instrument cabinet in accordance with Company Standards whenever the Customer's load exceeds the capacity of the applicable self-contained meter.
- L. Metering and instrument cabinets shall not be used to house Customer-owned equipment, such as distribution panels or other equipment, nor used as a junction box for the distribution of circuits.
- M. All meter loops for single-phase meters that do not require current transformers shall be wired in accordance with the approved meter sequence; that is, (1) meter, (2) switch, (3) fuses.
- N. All meter loops for single-phase and three-phase, with or without meter instrument transformers, shall be wired in accordance with Company Standards. Whenever three-phase meters are installed

on the outside of the building due to Company or other requirements, the Customer shall furnish and install an approved metallic, weatherproof cabinet to house the meters and metering transformers per Company requirements.

- O. All electricity sold by the Company shall be on a basis of meter measurement except, at the Company's sole discretion, for service or installations where the load is constant and the consumption may be readily computed.
- P. Upon request, the Company shall make a test of the meter serving the Customer. The Company may charge the Customer pursuant to Rate Schedule 16, for making such a test, such charge to be refunded to the Customer whenever the meter proves to be in excess of 2 percent in error.
 - 1. The Customer, or his/her representative, may be present when the meter is tested, if the Customer's request to be present is made at the time of his/her request for the meter test. The Company shall give the Customer reasonable advance notification as to the day, time, and place of test.
 - 2. A report of the results of the test shall be made to the Customer within a reasonable time after the completion of the test, and a record of the report, together with a complete record of each test, shall be kept on file at the office of the Company.



Service Connections

Effective for Service December 15, 2013

- A.** The Company will install one set of service wires up to the Service Point and necessary metering equipment. Equipment installed by the Company shall remain its property. For new load or line extensions, meter and service costs will be paid by the Customer in accordance with the current Line Extension Policy. The Customer must pay 100% of all meter and service costs resulting from Customer caused meter and service relocations. The Company will maintain its meter and service wires up to the Service Point. It is the Customer's responsibility to install and maintain all other wiring and equipment past the Service Point. This provision shall include the terminal support for the Company's service wires. In the case of overhead service, this shall be the point of attachment. For underground services (see Paragraph E for clarification), this shall be the first junction point available on the Customer's premises.
- B.** The customer will install, own and maintain the service entrance equipment per Company requirements, which shall extend from the Service Point to the Customer's service equipment. All installations shall, at a minimum, comply with the National Electrical Code or appropriate state or municipal electrical codes, where these are in effect and have provisions in excess of the National Electrical Code.
- C.** Further specifications are as follows:
1. In all cases, the Customer or Electrical Contractor shall consult the Company for the proper location of the point of attachment and meter and for the proper elevation of point of attachment.
 2. Service drops to buildings cannot pass over any roofs unless provisions are made by the Customer for the wire to clear all buildings per the current National Electrical Safety Code edition in force. The point of attachment shall be placed so that there are no obstructions between it and the Company's pole from which the service will be run. The

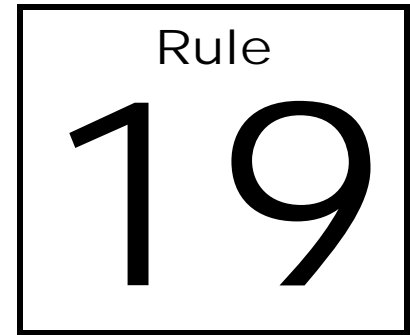
maximum length of service drop from pole to the attachment on the building shall depend upon the conductor size, but in no case shall exceed one hundred twenty-five (125) feet.

3. The point of attachment shall be so adjusted as to provide the National Electrical Safety Code required ground clearance for the Company's overhead service wires and cables. The attachment provided by the Customer shall be of adequate strength to support the weight and tension of the service conductors. The Company shall not be responsible for any damage or injury caused by the failure of the Customer's structure or equipment at the point of attachment. The Customer must provide the repairs necessary for the Customer to safely reattach the service cables or wires.
 4. The service entrance weatherhead shall be so located that the distance between it and the point of attachment shall be one foot or less. The wire needed to make the connection between the service entrance weatherhead and the service drop shall be furnished by the Customer and for new services shall be left hanging from the weatherhead per Company requirements.
 5. Customer-owned secondary service entrance risers attached to Company-owned poles for underground service shall be placed as directed by the Company. The conduit shall be placed so as not to interfere with the attachments of communication facilities, nor shall any meters, switches, or attachments, other than the conduit, be placed on the pole except at the option of the Company.
 6. The service entrance shall be so located that it will not be necessary to install more than one set of attachments on the building being served to support the service wires for each class of service. The type of service to be provided will be at the discretion of the Company.
 7. When permanent service poles are used as the terminal support for the Customer's service entrance equipment and the Company's service wires or cables, the pole shall meet the Company's construction standards. The type of permanent service pole used shall dictate the maximum length of the service drop. These standards shall be furnished by the Company upon request.
- D. When a Customer desires service to be delivered at a point or in a manner other than that specified by the Company, the customer will be responsible for resulting charges in accordance with the Company's NMPRC approved Rule 15 - Line Extension Policy.
- E. Underground Services
1. When service is supplied from a residential underground distribution system and the customer will be billed under the filed rate for Residential Service, the Company will provide and install the underground service to the meter base via the most direct route, as determined by the Company, up to a maximum of 100 feet. Where the Customer requires a meter to be located elsewhere than the location designated by the Company,

where an indirect route must be taken by the service run, or where the service length exceeds 100 feet, the Customer will be required to make a nonrefundable contribution in Aid of Construction pursuant to the Company's NMPRC approved Rule 15 - Line Extension Policy.

2. If the Customer desires an underground service from the Company's overhead distribution system, the necessary underground service wires extending from the point of service on the Customer's premises up to the point on the Company's pole from which connection is to be made shall be installed, maintained, owned, and paid for by the Customer. The meter in such cases will be located on the Customer's premises.
 3. Specifications of the service entrance shall be furnished by the Company upon request and said service entrance will be furnished by the Customer.
 4. Customer installations served from the downtown Albuquerque network shall include suitable protective devices conforming with Company Standards.
- F. The Customer shall furnish and maintain a suitable location on their premises, satisfactory to the Company, for the meter and metering equipment as required by the Company's NMPRC approved Rule 17 – Metering.
- G. When the Customer's combined requirements are in excess of 50 kVA, single-phase, or 100 kVA, single- and three-phase, either a padmounted transformer station or a transformer vault may be required, at the option of the Company. All expenses necessary for a padmounted station or a vault will be borne by the Customer. Construction specifications must be obtained from the Company before the job is started.
- H. Specifications covering ground mounted pads and vaults are on file at the Company office and are available upon request to the Customer or Electrical Contractor. All wiring shall be installed in accordance with the Company's drawings and specifications on raceways, primary risers, and transformer pads and vaults.
- I. The Company reserves the right to refuse service whenever the Customer's installation does not conform to Company Standards or the terms and conditions contained herein, to the electric inspection department of municipality where required, to the laws of the State of New Mexico, to the rules and regulations of the National Fire Protection Association as set forth in the latest edition of the National Electrical Code, or to the clearance requirements of the National Electrical Safety Code as amended or abridged by authorized Boards in the State of New Mexico.
- J. The Company will install the necessary overhead service wires from the street, alley or road, or from the nearest pole of the Company so that the Company can span its wires directly to the point of connection on the Customer's building to the Customer's wires, and in such a manner that all wiring will be in plain view. For new load or line extensions, meter and service costs will be paid by the Customer in accordance with the current Line Extension Policy. The Customer must pay 100% of all meter and service costs resulting from Customer initiated meter and service relocations.

- K. The Company will determine what connections will be made and what wires will be installed by the Company for each distribution system.
- L. The Customer agrees, in accepting service, that no one except the employees of the Company shall be allowed to make an adjustment of any meter or other piece of apparatus which is the property of the Company.



Limitation of Use

Effective for Service March 28, 1991

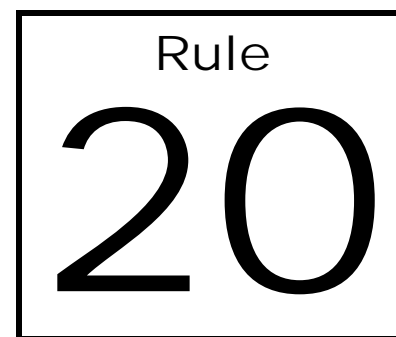
A. Resale of electric service or the furnishing of electric service to others by any Customer will not be permitted except where such resale or furnishing of service is provided for in the applicable Rate Schedule and in a written agreement between the Customer and the Company.

B. PNM JOINT USE LIMITATIONS - Non-PNM-owned facilities (lights, wires, speakers, etc.) shall not be installed on PNM-owned facilities without:

1. Obtaining and having executed a PNM Joint Use Agreement for the facilities to be attached to PNM's poles or other facilities.
2. Having PNM's Distribution Design Department determine the requirements for the attachment of the non-PNM-owned equipment. In some cases this may require PNM to replace the PNM facilities (at the customer's expense) in order for the non-PNM-owned equipment to be attached.

Non-PNM-owned facilities must be installed in accordance with the requirements of PNM's Distribution Design Department.

C. PNM RIGHT-OF-WAY LIMITATIONS - The customer shall not erect nor construct any building, pool, or other structure, nor drill or operate any well, nor conduct any activity which violates clearance provisions of the National Electrical Safety Code upon utility easements reserved for PNM.



Discontinuation of Residential Service

Effective for Service March 16, 2013

- A.** The Company may discontinue service to a residential customer without prior notice:
- (1) In the event of a condition determined by the Company to be hazardous;
 - (2) In the event of residential customer's use of equipment in such manner as to adversely affect the Company's equipment or service to others;
 - (3) In the event of residential customer's tampering with, damaging, or deliberately destroying the equipment furnished and owned by the Company;
 - (4) In the event of unauthorized use of service provided by the utility; or
 - (5) In an emergency.
- B.** (1) The Company may discontinue service to a residential customer with three (3) days prior written notice for:
- (a) Refusal to grant access at reasonable times to equipment installed upon the premises of the residential customer for the purpose of inspection, meter reading, maintenance or replacement;
 - (b) Failure to furnish such service, equipment, permits, certificates, and/or rights of way, as shall have been specified by the Company as a condition to obtaining service, or in the event such equipment or permissions are withdrawn or terminated;
 - (c) Violation of and/or noncompliance with the Company's Rules on file with and approved by the Commission.

- (d) Provision of a fraudulent medical certification form or financial certification form.
- (2) The three (3) day notice shall be in English or Spanish, as applicable and shall include:
 - (a) A statement of the reason(s) why the Company has issued notice to discontinue utility service;
 - (b) The title(s), address, telephone number(s) and working hours of the personnel at the Company responsible for carrying out the rights prescribed in NMAC 17.5.410; and
 - (c) A statement that the residential customer can obtain a review by personnel of the Company of the reasons for the proposed discontinuance of service, which shall stay the discontinuance during the review, and a statement that a complaint may be filed with the Commission, if the residential customer disagrees with the Company's determination of the facts on which the proposed discontinuance is based.
 - (d) A statement that members of New Mexico tribes or pueblos who need help with translation or with other matters may contact the commission's consumer relations division at (888)427-5772, who will contact the appropriate tribal or pueblo official for assistance.
- C. (1) The Company may discontinue service to a residential customer after fifteen (15) days written notice for non-payment of a delinquent account.
- (2) The following conditions apply to any termination under Paragraph (C):
 - (a) The Company shall take reasonable steps to communicate with the customer by telephone , mail if delivery to the residential service address can be verified, or personal contact at least two (2) days prior to the actual date of discontinuance of service in order to remind the customer of the pending date of discontinuance of service, advise the customer again as to the availability of financial assistance for utility payments, to obtain payment, and during the heating season provide a reminder of the protection under the moratorium. The Company employee personally contacting a residential customer two (2) days prior to discontinuance, and the Company employee sent to discontinue utility services shall note any information which is made known to the employee by the residential customer regarding any resident's seriously ill or life endangering health condition, such as whether a resident is physically disabled, frail or elderly. Such information shall be immediately reported in writing to a Company employee authorized to prevent discontinuance. That employee shall either delay the discontinuance order if it is apparent that the forms provided for in Paragraph C.(2)(b)(v) or (E) below will be received or shall state in writing why such delay is not effected. The Company employee sent to discontinue utility service shall be

empowered to receive payment of delinquent bills and upon receipt of payment, said employee shall be empowered to cancel discontinuance order.

- (b) The fifteen (15)-day written notice shall state that the Company will discontinue service to the residential customer, and each of the rights the residential customer may have relating to discontinuance of service, budget payment plans and installment agreements. Such notice shall be in writing, in English and Spanish, and shall be in simple language. Such notice shall be delivered to the affected residential customer in person or by depositing a copy of the notice in the U.S. Mail, postage prepaid, addressed to the residential customer at the address of the affected residential customer known to the Company, or by electronic mail if a residential customer has elected to receive electronic billing. Such notice shall also contain:
- (i) The title(s), address, telephone number(s) and working hours of the personnel at the Company responsible for carrying out the customer's rights.
 - (ii) The statement "To avoid disconnection we must receive your past due balance of (\$_._) no later than (month/day/year), or payment arrangements must be made. Please see the enclosed notice for more information."
 - (iii) A statement in both English and Spanish of "Customers' Rights and Responsibilities" set forth in 17.5.410.42 NMAC,
 - (iv) Notice of winter moratorium protection. During the heating season the Company will notify residential customers who have not been previously qualified for protection under the provisions of the winter moratorium of their rights set forth as required in 17.5.410 NMAC.
 - (v) A specific notice that the Company will not discontinue utility service if the residential customer provides the Company either of the following:
 - a) Documentation for winter moratorium protection in accordance 17.5.410 NMAC; or
 - b) A valid medical and financial certificate form pursuant to 17. NMAC.
 - (iv) During the heating season will contain "Your service will not be disconnected from November 15, (year), through March 15, (year), if you meet the qualifications of the Low Income Home Energy Assistance Program (LIHEAP) and have no past due amounts, or you remain current on any settlement or installment agreement for amounts due as of November 15, (year). For information call New Mexico Human Services Department at 1-800-283-4465, or the tribal or pueblo entity that administers a tribe's or pueblo's LIHEAP."

D. The Company may not discontinue service for:

- (1) The failure of a residential customer to pay for special services.
- (2) The failure of a residential customer to pay for service received at a separate metering point, residence or location. However, in the event of a discontinuance or termination of service at a separate residential metering point, residence or location, the Company may transfer any unpaid balance due to any other residential service account of the residential customer and proceed in accordance with Paragraph C.(2) above.
- (3) The failure of the residential customer to pay for a different class of service received at the same or different location.
- (4) Non-payment of the disputed amount of a bill.
- (5) Delinquency in payment for service to a previous occupant of the same premises unless a court has found the new customer legally liable for the debt of the previous occupant, or the previous occupant continues to reside at the premises.
- (6) Failure of a residential customer to pay the bill of another customer as guarantor thereof.
- (7) Failure of a residential customer to pay an estimated bill rendered in violation of NMAC 17.5.410.
- (8) Failure of a residential customer to pay for services received during the heating season if the residential customer qualifies for winter moratorium protection.
- (9) Failure of a residential customer to pay for service received if the Company has received a signed medical certification form and a financial certification form as provided for in NMAC 17.5.410.
- (10) Failure of a residential customer to post a security deposit.

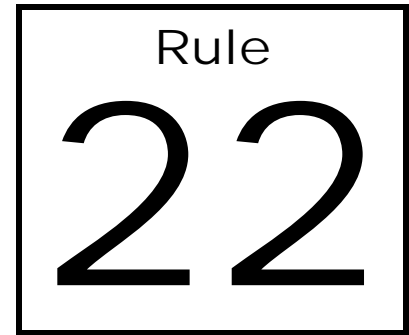
E. Unless requested, the Company shall not discontinue service to any residential customer for nonpayment during the period from November 15 to March 15 until at least fifteen (15) days after the date scheduled for discontinuance of service if, prior to that date, the Human Services Department contacts the Company and certifies to the Company that the customer is eligible for utility payment assistance under the Low Income Home Energy Assistance program and the Low Income Utility Assistance Act and that payment for the service provided to the customer will be made within the fifteen (15) day period following the date scheduled for discontinuance of service. Discontinuance of service may occur if the second fifteen (15) day period expires without receipt of payment for the service designated in the disconnect notice.

F. When a residential customer has indicated to the Company an inability to pay utility charges and has not been chronically delinquent, the Company shall attempt to arrange an installment

agreement for the payment of past due utility charges. While an installment agreement is being negotiated the Company shall not discontinue service to such residence. The Company is not required to enter into an installment agreement with a chronically delinquent residential customer. However, if the customer can demonstrate to the Company that the customer has inadequate financial resources to pay the outstanding bill without participation in an installment agreement because the customer meets the qualifications of LIHEAP, or is subject to other special circumstances, the Company shall give special consideration to such residential customer in determining whether to offer an installment agreement.

- G. The Company shall provide a procedure for reviewing residential customer allegations that a proposed installment agreement is unreasonable; that a utility charge is not due and owing; or that it has not violated an existing installment agreement. Such procedure shall provide due notice to residential customers, shall not be conducted by the credit department of the Company and the reviewing employee shall have authority to provide appropriate corrective action. Such review shall stay the discontinuance of utility service until the review is completed.
- H. Utility service to a residential customer may be discontinued only during the hours from 7:30a.m. to 4:00 p.m. on Monday through Thursday and may not be discontinued less than twenty-four (24) hours prior to a holiday or weekend unless the Company's business office is open for receipt of payment of past due charges and Company personnel are available to restore such service upon payment during said holiday or weekend.
- I. Service shall be restored promptly when the residential customer requests restoration of utility service, and the cause for discontinuance has been eliminated.
- J. The Company shall advise customers of its third party notification program pursuant to which the Company agrees to provide notification of discontinuance of service to the designated third party.
- K. Customers who intend to move from the premises or discontinue the use of utility service or in any way terminate their liability hereunder shall give the Company reasonable notice of such intention, and the Customer will be liable for consumption that may be used upon the premises until such notice is given and the Company has made the final meter reading.

Whenever the Company shall permanently discontinue the delivery of utility service to any customer's premises it shall have the right at any reasonable time thereafter to enter upon the premises without notice and remove there from its meter, and any other Company property.



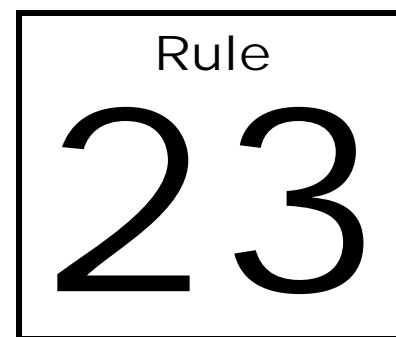
Budget Payment Plan

Effective for Service July 1, 2011

- A.** Residential and Commercial Customers may elect to participate in the Company's Budget Payment Plan for payment of charges for electric service. The Plan year shall be the twelve (12) months ending each year with the Customer's August bill. The Plan monthly payment shall be determined as follows:
- (1) For Customers electing to commence with the September bill, the monthly payment shall be one- twelfth (1/12) of the estimated charges for the Customer's plan year.
 - (2) For Customers electing to commence with the October or later bill, the monthly payment shall be based on the number of remaining months in the budget year. Succeeding years shall be computed on an annual basis as in subparagraph (1) above.
- B.** The estimated charges for electric service for the plan year, or the remainder of the plan year, shall be based upon the most recent, available prior corresponding period at the same service location and may be adjusted for known price changes, bill averages and normalized weather conditions; or, if there is not a comparable period of service at the same service location, then the charges shall be based upon usage of similar units in the same area. Such historical consumption may be adjusted for known price changes, bill averages and normalized weather conditions and may be normalized for known load. The estimated charges for service shall be adjusted to current rates and for other known charges, including adjustments may be made, as needed, to avoid an excessive balance at the end of the Plan year.
- C.** The Company reserves the right to adjust the remaining monthly plan payment to be paid by the Customer. Each Customer in the plan will receive a regular monthly electric bill which will reflect actual usage and charges for that billing month and the amount of any debit or credit balance before the payment of that month's plan payment. The Customer shall continue to pay

the monthly plan amount each month for electric service, notwithstanding the current electric service charge shown on the bill.

- D. Any other charges incurred by the Customer shall be paid monthly when due in addition to the monthly plan payment.
- E. The August electric bill for each Customer in the Plan shall be handled as follows:
 - (1) Any amount due the Company up to the monthly plan payment shall be paid in full by the due date shown on the bill.
 - (2) If the balance due the Company exceeds the monthly plan payment, a payment equal to the monthly Plan payment will be paid and the excess shall be utilized in computing the next plan year's monthly plan payment.
 - (3) Any balance due the Customer shall also be utilized in computing the next year's monthly plan payments.
- F. Any amount due the Customer or due the Company will be settled and paid at the time a Customer, for any reason, ceases to be a participant in the plan.
- G. Any Customer's participation in the plan may be discontinued in accordance with the Company's Rule Nos. 10 and 20, as approved by New Mexico Public Regulation Commission.
- H. The budget payment plan shall be available to any electric Residential or Commercial Customer, who is then either current in payments for utility services or who has entered into, and is complying with a settlement agreement or an installment agreement.
- I. Interest will not be charged to the Customer on accrued debit balances nor paid by the Company on accrued credit balances.
- J. Any budget payment amount left unpaid thirty (30) days after bill date may be subject to a late payment charge as defined in the Company's NMPRC approved tariffs.



Interconnection and Safety Standards for Generators Sized Greater than 10 MW

Effective for Service January 14, 2009

I NTRODUCTION:

These Interconnection and Safety Standards have been prepared by Public Service Company of New Mexico (“PNM”) consistent with NMAC 17.9.569, Sections I, J and K, for those generating facilities sized greater than 10 MW that will operate in parallel with PNM. These Interconnection and Safety Standards have been separated into the following areas:

1. IMPORTANT CONSIDERATIONS FOR INTERCONNECTION
2. GENERAL SAFETY REQUIREMENTS
3. SPECIFIC INTERCONNECTION REQUIREMENTS
4. OPERATING REQUIREMENTS

IMPORTANT CONSIDERATIONS FOR INTERCONNECTION:

A generating facility desiring to interconnect with the PNM system will be required to meet certain interconnection and safety standards. PNM will review the generating facility’s interconnection design and will make corrective recommendations as necessary consistent with NMAC 17.9.569 and these Interconnection and Safety Standards.

These Interconnection and Safety Standards are designed to assure system and personnel safety, including:

1. The integrity of the PNM electric system,
2. The quality of service to all PNM customers,
3. The safety of PNM's employees and customers, and
4. That the generating facility does not interfere with PNM's primary responsibility of providing safe and reliable electric service to all of its customers.

PNM will endeavor to aid and assist the generator in any reasonable way to insure the generating facility's interconnection design is adequate for connection to the utility system. This may include consultations with the generator and its engineering representative to coordinate the design, operation, maintenance, and protection of the PNM system interface with that of the generating facility.

The generator should allow adequate time in the design and construction schedule for design interface meetings with PNM and for material procurement by PNM. This time will vary depending on the generating facility's location, size, design, specific operating and system requirements, and the availability of materials needed to accomplish the interconnection.

All protection equipment associated with the interface, operational procedures, relay settings, and power transfer modes will be reviewed for acceptability by PNM. All interconnection equipment will be inspected and checked by PNM personnel authorized to accept the design and installation of the generating facility's interconnection protection system.

If it is discovered that any equipment connected to the PNM system is in PNM's judgment problematic or is considered to be unsafe it will be disconnected from the PNM system.

Generating facilities that generate electrical energy for on-site use only and are interlocked or otherwise prevented from feeding energy into the PNM system are special cases that may not be required to meet all of the requirements of these Interconnection and Safety Standards. However, any such generating facility will be required to demonstrate by design and by operation that the generating facility cannot feed energy into the PNM system.

The generating facility's design should include provisions to allow for the proper operation of the generator under unusual or adverse conditions. Conditions that should be considered are:

1. The sudden return of the utility system as a result of normal PNM system breaker operation.
2. Utility system transients (interference with normal utility system power flow, e.g., lightning and switching surges).
3. Manual disconnect operation by the utility (under emergency conditions the utility may need to disconnect the generator without prior notice).

GENERAL SAFETY REQUIREMENTS:

The generating facility shall separate from the PNM power system in the event of:

1. A fault on the generating facility's system,
2. A generating facility's contribution to a PNM system emergency,
3. Abnormal frequency or voltage conditions on PNM's system,

4. Any occurrence or condition that will endanger PNM's employees or its customers,
5. A generating facility's problem that would otherwise interfere with PNM's ability to provide safe and reliable electric service to other customers, and
6. The sudden loss of power by the PNM system.

The generating facility shall be capable of protecting itself from damage resulting from impact loading and/or overloading under both normal operating conditions and emergency conditions.

SPECIFIC INTERCONNECTION REQUIREMENTS:

The specific interconnection safety requirements are the minimum requirements for generating facilities with a design capacity greater than 10 MW. However, each installation, regardless of size, will be evaluated on a case-by-case basis.

All relays, current transformers, voltage transformers, breakers, and interconnection power transformers shall be utility grade that meet or exceed the quality of the equipment that would normally be used by PNM in a similar application. The trip energy source for the interconnection breaker must be of a stored energy type (i.e., battery) that will be available under circumstances when the alternating current source is unavailable. The interconnection and all costs associated with the interconnection will comply with all relevant provisions of NMAC 17.9.569.

The generator must ensure that the generating facility and all equipment connected therewith comply with the National Electrical Code, the National Electrical Safety Code, and/or any applicable local, state, and Federal government requirements, whichever are stricter.

The generating facility will be required to install at locations approved by PNM, the following:

1. A lockable, visible-open, load break disconnect between the generating facility and the PNM system that is visibly marked "Generation Disconnect." This disconnect will be accessible to and lockable by PNM.
2. A fully rated breaker, that is visibly marked "Generation Breaker," to isolate the facility's generation from the PNM system in the event of a PNM system disturbance.
3. A permanent and weather proof one-line electrical diagram of the generating facility located at the point of service connection to PNM. A permanent and weather proof map of the generating facility showing the location of all major equipment including the PNM meter point, the Generation Disconnect, and the Generation Breaker. Included with or attached to this map will be the names and current telephone numbers of at least two persons that are authorized to provide access to the generating facility and who have authority to make decisions regarding its interconnection and operation. This telephone listing shall be updated as needed to maintain its usefulness.
4. A synchronizing or synchro-check relay (for self-excited or self-commutated sources only) to provide for proper synchronization of the generating facility with the PNM system.
5. A frequency relay to disconnect the generating facility from PNM's system under abnormal frequency conditions.
6. A set of voltage supervised directional overcurrent relays or impedance relays to disconnect the generating facility from PNM in the event of a fault on the PNM system. These are to be

- three-phase devices or three single-phase devices connected to sense the current in each of the three phases of the power system.
7. A voltage relay (three phase relay for three phase generating facilities) to disconnect from PNM's system in the event of an abnormal voltage condition.
 8. A Generation Breaker lockout or interlock to prevent the generating facility from closing into or energizing any de-energized PNM power system equipment.
 9. A directional, instantaneous, overcurrent relay or directional, instantaneous power relay to supervise and control the trip output of the voltage and frequency relays referred to above. These are to be three-phase devices or three single-phase devices connected to sense the current in each of the three phases of the power system. Single-phase generating facility interconnections will require only one relay to sense the current. However, it must be a directional relay.
 10. All generating facilities with an aggregated capacity 10 MW or larger will be required to have an isolation transformer. The power connections of these isolation transformers (wye or delta) will be determined by PNM.
 11. Generators sized at 10 MW or larger will be required to interconnect with PNM at the sub transmission voltage level.
 12. The maximum total capacity that the generating facility will be allowed to interconnect with any PNM feeder is 60 percent of that feeder's power rating.

Additional PNM Interconnection Requirements:

At the generating facility's expense and as necessary to protect PNM's system, PNM will install as determined on a case-by-case basis:

1. Additional protective relays to disconnect the generating facility or to trip the PNM substation breaker for generating facility system faults.
2. Additional breakers to isolate the generating facility from the PNM system.
3. Any special relays or transfer trip equipment necessary to protect the PNM system from problems that are or may be caused by or are the result of the attachment to the generating facility. This may include but is not limited to high side potential transformers on the PNM substation transformer and the necessary relays and fault interrupters needed to clear PNM substation transformer or transmission line faults.
4. Special transformers needed for ground fault sensing.
5. Dead-line supervised reclosing at the PNM substation.
6. Any modifications to the PNM system required to accommodate the generating facility to solve problems that are discovered after it is operational.

For generating facilities with a design capacity greater than 10 MW installation and the electrical protection of the generating facility must be designed or approved by a Professional Electrical Engineer engaged by the generator and be currently licensed in the state of New Mexico. The details of the design, protection, operation and maintenance of the generating facility's equipment are the responsibility of the generator and its licensed Professional Electrical Engineer. PNM will accept the proposed generating facility's interconnection design if it is adequate for interconnection with PNM's system. PNM's acceptance of the generating facility's interconnection design shall not constitute

PNM's agreement with generating facility's proposed interconnection design relative to its completeness or its effectiveness for the protection of the generating facility.

OPERATING REQUIREMENTS:

1. Quality of Power:

The generating facility is responsible for the quality of power that is transmitted into the PNM system and is responsible for all damage that is caused by or that is a result of the generating facility's interconnection to the PNM system or its operation.

If other PNM customers are influenced or affected by flicker or harmonic distortion caused by the generating facility, PNM will require the generating facility to make changes to the facility to correct the problem. If such changes do not correct the problem or if the original problem is severe, PNM will require the generating facility to disconnect the disrupting machine or equipment from the PNM system until the problem has been resolved.

The maximum allowable voltage flicker (rapid change in voltage) caused by the generating facility is as shown below:

<u>FREQUENCY OF VOLTAGE FLICKER</u>	<u>PERCENT OF VOLTAGE</u>
1 per hour to 6 per hour	2.5%
7 per hour to 30 per hour	1.5%
31 per hour to 6 per minute	1.0%
7 per minute to 1 per second	0.7%
2 per second to 15 per second	0.5%

The above data is derived from charts and data in the Distribution Data Book by General Electric and from the Westinghouse Transmission and Distribution Book.

The total harmonic distortion of the generating facility's voltage and/or current shall not exceed 5 percent of the fundamental 60 Hz frequency for the square root of the sum of the squares of the harmonics, and 2 percent of the fundamental 60 Hz frequency for any individual harmonic as measured at the customer service connection point.

2. Maintenance:

The owner of the generating facility is responsible for the maintenance and upkeep of the interconnection protection equipment. All interconnection protection equipment will be maintained on an annual basis. The generating facility may contract with PNM for maintenance services, if desired.