

**PUBLIC SERVICE COMPANY OF NEW MEXICO
ELECTRIC SERVICES**

**2nd REVISED RIDER NO. 45
CANCELING 1st RIDER NO. 45**

ECONOMIC DEVELOPMENT RIDER (“EDR”)

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DESCRIPTION: Pursuant to the New Mexico Public Regulation Commission’s (“NMPRC”) Final Order in NMPRC Case No. 15-00261-UT, Public Service Company of New Mexico (“Company”) established the Economic Development Rider (“EDR”) to encourage new industry to locate in New Mexico and facilitate further investment by existing customers in their businesses in New Mexico.

APPLICABILITY: This Rider shall be applicable to retail customers receiving service under the following rate schedules that meet the requirements stated herein: Rate 4B; Rate 5B; Rate 30B; and Rate 35B.

APPLICATION: The EDR Discount, as defined herein, shall be applied as set forth herein to reduce the effective demand charge otherwise applicable for the rate schedule under which the customer is receiving service.

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

RATES, TERMS AND PROCEDURES:

I. Purpose.

This Rider establishes a process, initiated upon an eligible customer submitting an application to the Company, whereby the Company may enter into a contract with a New Retail Customer or Existing Retail Customer (defined below) that establishes discounted demand charges over a four- or five-year term to encourage new industry to locate in New Mexico and facilitate further investment by existing customers in their businesses in New Mexico.

II. Definitions

The following definitions shall apply to this Rider:

1. EDR Discount: The maximum discounted percentage to be applied to the effective demand charge under the applicable rate schedule for the service being received by the New Retail Customer or the Existing Retail Customer, subject to the limits set forth in Section VII below.
2. Existing Retail Customer: A customer having at least twelve (12) consecutive months of service on the Company’s system immediately preceding the date of such customer’s application to the Company for the EDR Discount pursuant to this rider.
3. New Demand for New Retail Customer: New Demand for New Retail Customer is defined as all kW billing demand above the EDR Average Base Demand for the New Retail Customer.
4. New Retail Customer: A customer that has not taken service from the Company under any rate schedule for twelve (12) consecutive months immediately preceding the date of such customer’s application to the Company for the EDR Discount under this rider. The

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/s/ Mark Fenton

Mark Fenton

Executive Director, PNM Regulatory Policy and Case Management

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designation as a New Retail Customer shall be determined by the Company in accordance with the provisions of the EDR.

5. EDR Average Base Demand for Existing Retail Customer: The EDR Average Base Demand for an Existing Retail Customer that qualifies for participation in the EDR program shall be the average of the Existing Retail Customer’s actual metered demands for the twelve (12) consecutive billing months of normal operations immediately preceding the date a completed EDR application is submitted to PNM. The Average Base Demand shall remain valid until an EDR filing is made, which will be no later than 180 days from the date of EDR application submittal. In the event the customer makes material changes to the EDR application, PNM reserves the right to re-calculate the Average Base Demand”. The EDR Average Base Demand shall be determined by the Company upon approval of the application and shall remain constant during the entire period that the EDR Discount is in effect under the contract. The EDR Average Base Demand shall be specified in the Existing Retail Customer’s contract with the Company providing for the EDR Discount. x
x
x
x
6. EDR Average Base Demand for New Retail Customer: The EDR Average Base Demand for a New Retail Customer is 0 kW.
7. Incremental Cost: Incremental Cost, as determined in accordance with Section III(1) of this Rider, shall include all additional costs incurred by the Company to serve the New Retail Customer or Existing Retail Customer that would not otherwise have been incurred to provide service to other customers under the same rate schedule, including, but not limited to: (i) fuel and purchased power costs; (ii) costs recoverable by the Company from customers pursuant to the Renewable Energy Act and the Efficient Use of Energy Act; and (iii) the direct costs of facilities necessary to provide service to the customer.
8. Incremental Demand: Incremental Demand for an Existing Retail Customer means all kW billing demand above the EDR Average Base Demand for an Existing Retail Customer.

III. Eligibility for EDR

1. The incremental cost of providing service to an eligible customer must be approved by the New Mexico Public Regulation Commission (NMPRC).
2. Minimum Eligibility: To qualify for EDR,
 - a. A New Retail Customer must have at least 500 kW of New Demand.
 - b. An Existing Retail Customer must have at least 200 kW of Incremental Demand.
3. A New Retail Customer or Existing Retail Customer receiving an EDR Discount must at all times remain eligible to receive electric service under one of the following rate schedules: Rate 4B Rate 5B; Rate 30B; and Rate 35B.

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4. A New Retail Customer or Existing Retail Customer must make at least 50% of its sales from sources outside of the State of New Mexico. The New Retail Customer or Existing Retail Customer shall provide the Company with sufficient data in its application for the Company to be able to verify satisfaction of this requirement.
5. Good Payment and Credit History: At the time of the application, the New Retail Customer or Existing Retail Customer must qualify under the Company's standard requirements for new service under the applicable underlying rate schedule without the requirement of a customer deposit, as well as the Company's commercial creditworthiness standards based on the potential maximum refund for which the customer may be liable under a contract providing for the EDR Discount. At the Company's discretion, it may also accept a letter of credit to determine a Customer's creditworthiness for EDR eligibility. x
6. Upon application to the Company, the total charges to the New Retail Customer or the Existing Retail Customer for service after application of the EDR Discount must be equal to or greater than the Incremental Cost. x
7. The Company shall perform a review at least annually to verify that the rates charged to the New Retail Customer or Existing Retail Customer after the EDR Discount is applied is equal to or greater than the Incremental Cost. In the event the Company determines pursuant to such review that the rates charged to the New Retail Customer or Existing Retail Customer after the EDR Discount are less than the Incremental Cost, the Company shall promptly notify the customer in writing of the necessary revision to the EDR Discount to assure compliance with the Incremental Cost threshold and explaining the reason therefor. Any such revised EDR Discount shall become effective with the first billing cycle that is at least ten (10) days following the date of such written notice.

IV. Type of Service

The discount available under this Schedule shall be at the voltages available under the following rate schedules: Rate 4B; Rate 5B; Rate 30B; and Rate 35B.

V. Rules and Regulations

1. Application: An eligible customer seeking to participate in the EDR program shall submit an application to the Company to be provided by the Company. The Company will review the New Retail Customer's or Existing Retail Customer's eligibility for the EDR and either approve or deny the application within 60 working days of Company's receipt of a complete application. The Company's approval of any application for participation in the EDR program shall be in accordance with and subject to the provisions specified herein. If the application is denied, the Company will, upon request, provide the applicant with an explanation of the reasons for such denial. If an applicant believes that its application was improperly denied by the Company, it may file a complaint with the New Mexico Public Regulation Commission (NMPRC). x

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2. Contract with Company: Upon approval of the customer’s application, the Company and the New Retail Customer or Existing Retail Customer shall enter into a contract providing for the EDR Discount consistent with the terms of this Rider 45. This Contract shall not be subject to termination until the later expiration of the Standard EDR Duration or any Extended EDR Duration, as described below.
3. Termination for Lost Eligibility: In the event circumstances change during the Contract Term, as defined below, such that the New Retail Customer or Existing Retail Customer no longer qualifies for eligibility for an EDR Discount under this EDR Rider, the Company shall promptly provide written notice to the customer of the termination of the contract and any EDR Discount provided thereunder to be effective with the first billing cycle that is at least ten (10) days following the date of such written notice.
4. Terms and Conditions: The terms and conditions of the applicable rate schedule for a specific participant are incorporated herein to the extent such terms and conditions are not inconsistent with the EDR.
5. Service Limitations: Service will be furnished in accordance with the Company’s Rules and Regulations and any subsequent revisions thereto.
6. Early Termination: In the event the New Retail Customer or Existing Retail Customer terminates service prior to the end of the Standard EDR Duration or any applicable Extended EDR Duration, as described below, the customer shall reimburse the Company for the difference between the amounts charged the customer for the period the EDR Discount was in effect and the amounts that would have been charged under the otherwise applicable rate schedule.

VI. EDR Limits

1. Contract Term: The term of the contract between Company and the New Retail Customer or Existing Retail Customer providing for the EDR Discount shall be eight (8) years from the effective date of the EDR Discount, in the case of the Standard EDR Duration, and ten (10) years from the effective date of the EDR Discount, in the case of the Extended EDR Duration.
2. Standard EDR Duration: The EDR Discount shall remain in effect for a term of four (4) years from the effective date of the EDR Discount under the New Retail Customer’s or Existing Retail Customer’s contract with the Company (“Standard EDR Duration”). The New Retail Customer or Existing Retail Customer shall continue to take service from the Company under the otherwise applicable rate schedule during the entire Contract Term, which includes an additional four (4) years of service following the Standard EDR Duration at the full tariff rate without the benefit of the EDR Discount. Any New Retail Customer or Existing Retail Customer that terminates service with the Company before the expiration of the eight-year Contract Term shall be subject to the Early Termination provisions set forth herein.

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3. Extended EDR Duration: At the request of the New Retail Customer or Existing Retail Customer, the Company shall file an application with the NMPRC requesting that the EDR Discount apply for an additional term of one (1) year beyond the Standard EDR Duration. If the application is granted and a New Retail Customer or Existing Retail Customer receives an EDR Discount for five (5) years, including both the Standard EDR Duration and one Extended EDR Duration, the New Retail Customer or Existing Retail Customer shall continue taking service from the Company under the otherwise applicable rate schedule during the entire Contract Term, which includes an additional (5) years of service following the Extended EDR Duration at the full tariff rate without the benefit of the EDR Discount. Any New Retail Customer or Existing Retail Customer who terminates service with the Company before the end of the expiration of the ten-year Contract Term shall be subject to the Early Termination provisions set forth herein.

VII. Rates

1. Billing Methodology: The New Retail Customer or Existing Retail Customer will receive a regular bill pursuant to the rate schedule under which service is rendered calculated as though the EDR were not in effect, except that the demand charge, after adjustment for the EDR Discount calculated as described below will be shown on the bill.
2. Calculation of EDR Discount: The New Retail Customer or Existing Retail Customer will be entitled to a discount applicable to the demand charges for all kilowatts classified as New Demand for a New Retail Customer or Incremental Demand for an Existing Retail Customer in accordance with the EDR Discount for Standard EDR Duration Table or the EDR Discount for Extended EDR Duration Table, as set forth below.
3. Limitation on EDR Discount: The EDR Discount shall be calculated such that the rate charged to the New Retail Customer or Existing Retail Customer will not fall below the Incremental Cost. If the total estimated billings based on charges including the EDR Discount are lower than the Incremental Cost, the Company will reduce the percentage of the EDR Discount to the level necessary to prevent the rates charged from falling below the Incremental Cost of providing service. The percentage discount shall never exceed the maximum discount permitted in each year, as provided below.
4. EDR Discount for Standard EDR Duration:

<u>Billing Month in Contract Term</u>	<u>Maximum Percentage Discount to Base Tariff Demand Charges</u>
1 st through 12 th (Year 1)	50%
13 th through 24 th (Year 2)	35%
25 th through 48 th (Years 3 & 4)	20%

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5. EDR Discount for Extended EDR Duration:

<u>Billing Month within Contract Term</u>	<u>Maximum Percentage Discount to Base Tariff Demand Charges</u>
1 st through 12 th (Year 1)	50%
13 th through 24 th (Year 2)	35%
25 th through 48 th (Years 3 & 4)	20%
48 th through 60 th (Year 5)	10%

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