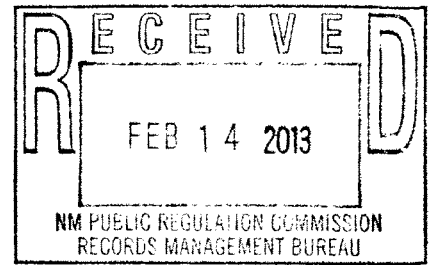


PUBLIC SERVICE COMPANY OF NEW MEXICO  
ELECTRIC SERVICES

7<sup>TH</sup> REVISED RULE NO. 6  
CANCELING 6<sup>TH</sup> REVISED RULE NO. 6

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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; x
  - 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.

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Advice Notice No. 464

  
Gerard T. Ortiz  
Vice President, PNM Regulatory Affairs

GCG #516252

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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. x  
x

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. x  
x

4. Special collection considerations will be given those Residential Customers establishing themselves as low income, low income and elderly, or low income with disability.

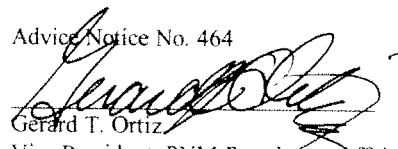
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5. The maximum deposit for a Residential Customer shall not exceed an amount equal to one-sixth (1/6) of the estimated annual billings. The Company shall base its billing estimates for purpose of calculating a deposit upon the most recent available 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. x
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: x
  - 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. x  
x  
x

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.

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- 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: x
  - a. If a Non-Residential Customer has not previously had utility service with the utility and has not established an acceptable credit rating; x  
x
  - b. If a Non-Residential Customer has on three (3) or more occasions, within a twelve (12) month period, received a final notice; x  
x
  - c. As a condition for reconnection of service following discontinuance of service by the Company; x
  - 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. x  
x

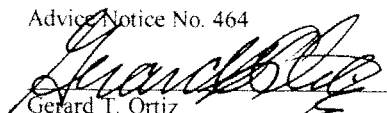
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2. The Company reserves the right to collect a deposit or an increase in the amount of a previous deposit from any Non-Residential Customer who on three (3) or more occasions, within a twelve (12) month period received a final notice. x  
x
3. The 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. x  
x  
x  
x
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: x
  - 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. x  
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. x
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.

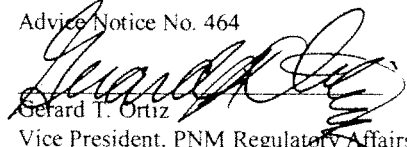
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8. Refunds of deposit for Non-Residential Services.
- a. Refunds of deposits will be made as soon as practicable after the Non-Residential Customer notifies the Company of termination of service and after meters have been read and the Company has ascertained 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.

x

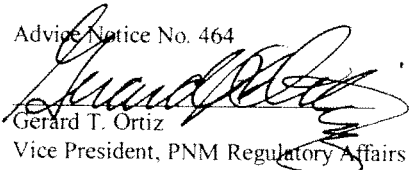
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