EXPLANATION OF RIDER:

Pursuant to the terms of the Company’s Rate 22, this Rider is established to provide a mechanism for the Company to recover Total Excess Costs incurred by PNM as a result of underground construction of a specific distribution project in the City of Albuquerque, New Mexico that would normally be installed overhead by PNM. The project that would normally have been installed overhead by PNM that is covered by this Rider is:

Hawkins Feeder 22
Hawkins Feeder 23

This Rider consists of a fixed monthly charge by rate class that is applied to all applicable customers located within the city limits of Albuquerque.

APPLICABILITY:

This Rider shall be applicable to all PNM customers receiving electric service under rate schedules 1A, 1B, 2A, 2B, 3B, 3C, 4B, 11B, and 15B that are located within the city limits of Albuquerque.

RIDER EXCESS COST CHARGES:

The following fixed charges appear as a line item addition on monthly electric bills for customers located within the city limits of Albuquerque.

<table>
<thead>
<tr>
<th>Rate Class</th>
<th>Tariff(s)</th>
<th>Excess Cost Fixed Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>Schedules 1A and 1B</td>
<td>$0.01 Per Bill Per Month</td>
</tr>
<tr>
<td>Small Power</td>
<td>Schedules 2A and 2B</td>
<td>$0.02 Per Bill Per Month</td>
</tr>
<tr>
<td>General Power</td>
<td>Schedules 3B and 3C</td>
<td>($8.37) Per Bill Per Month</td>
</tr>
<tr>
<td>Large Power</td>
<td>Schedule 4B</td>
<td>($58.06) Per Bill Per Month</td>
</tr>
<tr>
<td>Water &amp; Sewage</td>
<td>Schedule 11B</td>
<td>$2.80 Per Bill Per Month</td>
</tr>
<tr>
<td>Large Universities</td>
<td>Schedule 15B</td>
<td>$160.41 Per Bill Per Month</td>
</tr>
</tbody>
</table>

(The charges billed under this Rider are considered to be contributions in aid of construction as opposed to electric revenue, and are thus not subject to either franchise fees or gross receipts taxes)

TERRITORY:

All territory served by PNM within the city limits of Albuquerque.

EFFECTIVE

JUL 26 2016

REPLACED BY NMPRC BY Operation of Law

Advice Notice No. 527

Gerard Ortiz
Vice President, PNM Regulatory Affairs
GCG #521932
DURATION:

The Rider will be in effect for one (1) billing months from the effective date of this Rider.

Advice Notice No. 527

Gerard Ortiz
Vice President, PNM Regulatory Affairs

ces#521932