

PUBLIC SERVICE COMPANY OF NEW MEXICO
ELECTRIC SERVICES

1st REVISED RIDER NO 49
CANCELING ORIGINAL RIDER NO 49

PRODUCTION COST ALLOCATION RIDER

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

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

TERRITORY All territory served by the Company in New Mexico

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

DEFINITIONS The following definitions shall apply to this Rider

CP Peak Hours Coincident peak periods proposed in the Company's general rate case for class allocations based on anticipated highest demand hours

Coincident Peak Production The sum of coincident peak production for all SSC Resources that were used in a PNM general rate case utilizing the methodology set forth in the Special Service Contract

Deemed Under-Allocation Quantification of the total Test Period under-allocation and resulting under-collection of production costs for the period starting with the first date of the Test Period from the Company's last rate case and ending with the effective date of new base rates in the subsequent Company's rate case filing

Reset Rate Deemed under-allocation of production costs as defined in the Special Service Contract divided by 12 months and applied monthly to the Customer's bill (\$/month)

Interim Period Charge has the meaning set forth below in the Rate Methodology Section

SSC Resource means any energy generation or storage, or capacity, resource contracted with by PNM on Customer's behalf pursuant to the Special Service Contract

Advice Notice No. 645

EFFECTIVE

December 18, 2025

Replaced by NMPRC

By: Commission's Final Order

Case No. 25-00048-UT

/s/ Kyle T. Sanders

Kyle T. Sanders

Vice President, Regulatory

GCG#533863

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Stipulated Capacity Value Factor The effective capacity value for any particular SSC
Energy Resource stipulated between the Company and the Customer within the Special
Service Contract to be used in a Company rate case in lieu of historical hourly production
data

RATE METHODOLOGY The Rates established under this rider have two components. The first rate
component is the Reset Rate. It is ongoing and collects any under allocation determined in the
previous rate case. This rate component will remain in effect from the time this rider goes into effect
until the effective date of a subsequent rate case where the base rates are reset

The second component is the Interim Period Charge. It is limited to collect any deemed under allocation
experienced from the effective date of the base rates approved in the last rate case through the effective date
of this Rider. This rate component will remain in effect for 6 months beginning at the effective date of this
Rider

The two rate components under this Rider shall be established as follows

- 1) For the Reset Rate, within four months of the end of the Test Period in a general rate case, the
Company will compare the Production Revenue Requirement as approved in the last rate case
to the Production Revenue Requirement Offset. For this comparison, the Production Revenue
Requirement Offset will be based on actual production in the Test Period for all of the SSC
Energy Resources (except for adjustments to be made due to curtailments of SSC Resources
where PNM owes compensation to the seller under the respective Third Party PPA as provided
for in Section 8 of the SSC), that used a Stipulated Capacity Value as applicable. For all other
SSC Energy Resources that have been in service for at least three years as of the date of the
filing of the last rate case, PNM will use the same historical average energy production as
projected in the last rate case. For SSC Storage Resources, the company will use the same
SSC Storage Resource Capacity Value Factor as previously agreed by the Parties for each
respective SSC Storage Resource per the terms of the Special Service Contract. If the
Production Revenue Requirement Offset as calculated above is less than the Production
Revenue Requirement approved in the last rate case, an under-allocation of production costs to
the customer will be deemed to occur

Any Deemed Under-allocation will be calculated for the applicable Test Period on
an annual basis and recovered through this Rider in equal monthly amounts until reset to zero
upon the effective date of new base rates in the Company's next rate case filing

- 2) The Interim Period Charge will be based on any deemed under-allocation covering the period
between the end of the Test Period and the effective date of the Reset Rate. The Company will
bill the Customer and recover this under collection amount as an additional charge included in
the Reset Rate, within 6 months of the effective date of such Reset Rate in equal monthly
payments, including a carrying charge for any deemed under collection accrued on a monthly

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basis equal to the then-current customer deposit rate

- 3) Any revenues collected from the Customer due to the Deemed Under-Collection, including the Reset Rate and the Interim Period Charge will be booked to a regulatory liability and shall be returned to the Company's retail customers in the next general rate case where ratemaking treatment shall be determined by the Commission

TAX ADJUSTMENT Billings under this Rider may be increased by an amount equal to the sum of the taxes payable under the Gross Receipts and Compensating Tax Act and all other taxes, fees, or charges (exclusive of ad valorem, state and federal income taxes) payable by the Company and levied or assessed by any governmental authority on the public utility service rendered, or on the right or privilege of rendering the service, or on any object or event incidental to the rendition of the service

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

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

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