BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF NEW MEXICO FOR REVISION OF ITS RETAIL ELECTRIC RATES PURSUANT TO ADVICE NOTICE NO. 667	)	**Docket No. 26-0000XXX**
PUBLIC SERVICE COMPANY OF NEW MEXICO,	)	
Applicant.	)	

DIRECT TESTIMONY

OF

KYLE T. SANDERS

November 24, 2026

NMPRC DOCKET NO. 26-0000XXX
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PUBLIC SERVICE COMPANY OF NEW MEXICO

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DIRECT TESTIMONY OF
KYLE T. SANDERS
NMPRC DOCKET NO. 26-0000XXX

I. INTRODUCTION AND PURPOSE

Q. Please state your name, position, and business address.

A. My name is Kyle T. Sanders. I am the Vice President, Regulatory, for Public Service Company of New Mexico ("PNM" or "Company"). My business address is 414 Silver SW, Albuquerque, NM 87102. A description of my position and qualifications is included in PNM Exhibit KTS-1. The exhibit also includes a list of cases in which I have provided testimony before the New Mexico Public Regulation Commission ("Commission" or "NMPRC"). I am testifying as the policy witness on behalf of PNM.

Q. Why is PNM filing a rate case at this time?

A. PNM is committed to delivering clean, reliable, and safe energy to meet our customers' needs. Our current rates are not adequate to recover the cost of delivering this service to our customers. This filing is necessary to reflect in customer rates our commitment to deliver clean energy through added renewables and battery storage, to modernize the grid through delivery of smart meters and related grid modernization infrastructure to empower customers to control their usage, and to promote resiliency and robust customer protections in the face of the threats from wildfire and cyber attacks. Also, this filing provides for a new Low-Income Rate Program to provide a discount for qualifying residential customers and a new Data Center tariff that ensures protections and benefits to existing customers, while providing market-competitive terms to attract these customers in

order to grow PNM's customer base. Over the past several years, the Company has consistently emphasized the importance of filing a rate case approximately every two to three years given the pace of investment required to serve customers and the effects of inflation and other market conditions.

Q. When was PNM's previous rate filing?

A. PNM last filed a general rate case in June 2024, Case No. 24-00089-UT ("2024 Rate Case"), which reflected costs for the period of July 1, 2025, through June 30, 2026. The rate changes approved in the 2024 Rate Case were partially implemented in July 2025 and fully implemented in April 2026. Given the passage of time and the significant investments PNM has undertaken since the 2024 Rate Case was filed, the rates approved in the 2024 Rate Case no longer reflect the costs that PNM is experiencing to provide safe and reliable service to its customers today.

Q. What is the revenue shortfall requested in this proceeding?

A. PNM is experiencing a significant revenue shortfall that is only set to grow through the Test Period for this rate case. The requested increase to base rate revenue in this case is $286.3 million or 30.4% on a system average. With this anticipated revenue shortfall, PNM is requesting new rates in this proceeding to take effect beginning October 1, 2027. After taking into consideration projected changes to PNM's Fuel and Purchased Power Cost Adjustment Clause ("FPPCAC") and other riders, the

expected impact on customers is an increase of $172.2 million, or a 13% bill impact on a system average increase.

Q. Please explain the scale of investment that PNM has undertaken since its last rate case that necessitates the filing of this rate case.

A. Through the end of the Test Period (September 30, 2028) in this case, PNM will have placed in-service or incurred costs for the resources approved in NMPRC Case No. 23-00353-UT for 2026, the resources approved in NMPRC Case No. 24-00271-UT for 2028, and the distribution-sited batteries approved in NMPRC Case No. 25-00055-UT, reflecting 890 MW of carbon free resources to meet our customers' needs. This investment, coupled with core investments made to our generation, transmission, and distribution systems required for reliability, necessitate the need for a rate increase at this time. Moreover, PNM may likely not remain within targeted credit metrics to maintain its credit ratings without new rates being approved by the requested effective date of October 1, 2027. PNM witness Reina N. Gutierrez discusses the revenue requirement changes since PNM's 2024 Rate Case in more detail.

The specific effects of the requested cost recovery for this case are reflected in this filing and addressed by the witnesses responsible for PNM's revenue requirement, compensation, transmission and distribution ("T&D") and generation capital investments, and cost of capital.

Q. What are some of the factors that have resulted in PNM's revenue shortfall in this case?

A. The projected revenue shortfall results from a combination of factors that include PNM's need for modernization of its core infrastructure, as well as the rapid changes and increasing demands impacting the electric industry. As has been the case for the last two rate cases that were filed in 2022[1] and 2024,[2] the pace of change and need for timely utility investments and new resources are driving increased spending for PNM. PNM is not unique in this regard; across the utility sector, a significant amount of capital investment is being made to ensure reliability and safety and address aging infrastructure, all while load growth is occurring and utilities are mandated to add new resources to transition to a carbon free future. This increased investment and load growth are complicated by above-normal inflationary pressures on materials, goods, and services.

For PNM specifically, the ongoing need to invest in its core system, coupled with the transition of PNM's generation portfolio to comply with New Mexico's renewable energy and zero-carbon resource standards, requires significant capital investments and the development of new resources. Energy generated from PNM's resource portfolio to serve customers is expected to be approximately 80% carbon-free in 2027, including the integration of the resources included in this request.

[1] Case No. 22-00270-UT ("2022 Rate Case")
[2] Case No. 24-00089-UT.

Additionally, wildfires and cybersecurity are emerging risks for PNM and for many utilities across the country, as the scope and severity of wildfires intensifies and cybersecurity threats become increasingly more sophisticated. PNM is taking a proactive approach to mitigate these risks, which necessitates increasing operations and maintenance ("O&M") spending.

Q. What are the primary drivers for PNM's need for a rate change?

A. The rate case drivers generally reflect the value-drivers PNM uses in categorizing and prioritizing its investments, which include: customer needs, PNM's energy transition, reliability and resiliency, legal and regulatory compliance, safety and security, general utility needs to provide service, and technology advancements. The specific drivers to PNM's revenue deficiency include:

1. Core growth needs for investments across distribution, transmission, and generation functions to deliver safe and reliable service to customers.
2. The costs associated with previously approved Energy Storage Agreements ("ESAs") that support PNM's energy transition and service to customers.
3. PNM's investments in and expenses for grid modernization, as previously identified and approved by the Commission in Case No. 22-00058-UT.
4. The ongoing need for access to capital markets to fund our customers' needs through an adequate capital structure and return on equity, as well as an increased cost of debt under current debt market conditions.

5. Expected changes in variable, market-driven revenue credits for transmission service resulting from PNM's 2027 entry into the Extended Day Ahead Market ("EDAM"), to be reflected through Rider No. 23, the FPPCAC.

6. An increase in O&M expenses to meet the operational needs to serve our customers.

These cost increases are partially offset by a higher load forecast reflecting growth primarily in our commercial and industrial classes. PNM Table KTS-1 below shows the relative contribution of the cost drivers to PNM's revenue deficiency, and the offset associated with anticipated load growth.

PNM Table KTS-1
Summary of Revenue Requirement Changes

	Amount ($ millions)
Core Investments to Harden, Improve and Expand the Electric System	$ 86.7
Renewable Energy and Energy Storage	89.6
Grid Modernization	56.0
Cost of Capital - ROE, Capital Structure, and Cost of Debt	31.1
O&M Increases and Other	54.4
Income Tax Credits Fully Returned to Customers (Excess Deferred)	18.8
Fuel Related Costs Reclassified from Base Rates	25.6
Load Growth Revenue Offset	(76.0)
Total Requested Rate Relief	**$ 286.3**

Q. Does the pending application in Case No. 25-00060-UT for the approval of the acquisition and merger of TXNM Energy, Inc. by Troy ParentCo LLC ("Acquisition Proceeding") affect this rate case?

A. No. The pendency of the Acquisition Proceeding does not alter the underlying basis and need for PNM to proceed with this rate case. As noted above, PNM faces a significant revenue shortfall.

PNM needs to collect sufficient revenues to align with its costs of providing service and maintain appropriate credit metrics to support the financial health of the utility while it provides safe and reliable service. This filing addresses the revenue deficiency PNM is currently facing.

Q. Is PNM making proposals to mitigate the rate impact for low-income customers in this rate case?

A. Yes. PNM is making two significant new proposals specifically targeted at low-income customers to address affordability. First, PNM is proposing a Low-Income Rate Program that provides a discount to customers of a $0 customer charge for qualifying low-income residential customers. The customer charge is currently set at $11.93 per month and is proposed to be set at $20.13 per month in this rate case. This represents an approximate 18% reduction in average annual bills for qualifying customers. PNM anticipates that approximately 110,000 qualifying residential customers will participate in the Low-Income Rate Program.

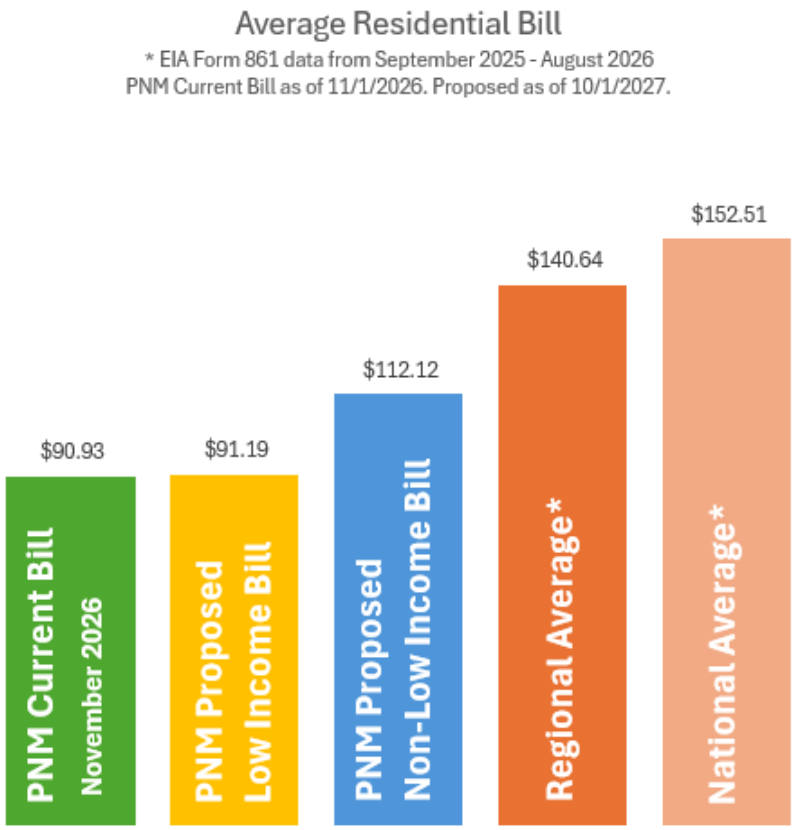
Additionally, PNM is proposing to offer fee-free credit and debit card payments to customers enrolled in PNM's proposed Low-Income Rate Program. Currently, customers using a credit card are charged $2.00 for most electronic payment channels, including credit card payments. The exception to this is for one-time payments and autopay with ACH checking or savings accounts. Offering a new fee-

free payment option offers greater support to low-income customers who may rely on credit cards as a tool to manage their ongoing financial obligations.

Q. What is the monthly bill impact expected for an average residential customer as a result of this proposed revenue increase?

A. For the average residential customer on PNM's proposed new low-income rates, the customer's total monthly bill is expected to increase by less than $1 per month on October 1, 2027, compared to current charges on bills reflective of ongoing service. For average residential non-low-income customers, the total monthly bill is expected to increase by $21.19 per month on October 1, 2027. The graphs in PNM Figure KTS-1 below provide a comparison of PNM's current average residential customer bill with the anticipated average PNM residential customer bill resulting from this rate case. The figure also provides comparisons to average residential bills on a regional and national basis, demonstrating that PNM bills will remain below the regional and national average. It is important to note that the regional and national bills are based on information from the Energy Information Administration ("EIA") for the period of September 2025 through August 2026, and are not the forecasted bills expected in for the same future Test Period.

PNM Figure KTS-1



* Regional and National bills are based on EIA data from September 2025 through August 2026. Bills are annualized across 12 months.

Q. Is PNM making other proposals that will ensure improved cost responsibility for various customer groups?

A. Yes. PNM is making proposals in this rate case to ensure the fair allocation of costs among various customer classes. For example, PNM is proposing a Data Center Tariff, Rate Schedule 37B, which is aimed at ensuring that these large-load customers are paying for all the incremental costs the Company will incur to serve them, as well as a fair share of the common costs of the system that are necessary for safe and reliable service. Because serving large Data Centers can result in

significant costs for PNM's system, implementing an effective tariff is necessary to provide protections for existing customers and ensure that incremental costs placed on PNM's system to serve these customers are not passed on to existing customers. The Data Center rate schedule achieves this through requirements for collateral security, minimum demand charges, exit fees, mandatory contract terms, and incremental cost testing.

II. OVERVIEW OF COST OF SERVICE STUDY AND RATE DESIGN

Q. Please provide a brief overview of PNM's cost of service study.

A. PNM's proposed non-fuel and fuel rate changes are based on a future test year in accordance with the Future Test Year Rule at 17.1.3 NMAC ("FTY Rule"). The historical "Base Period" is the 12-month period ending June 30, 2026. The unadjusted Base Period expenses are derived from PNM's books and records. As described by PNM witness Gutierrez, certain adjustments are made to develop an Adjusted Base Period. PNM's Test Period (reflecting the period when new rates are expected to become effective) is the 12-month period ending September 30, 2028. The linkage data from July 1, 2026, through September 30, 2027, allows the Commission and intervenors to see how the Base Period's historical costs contained in PNM's books and records are adjusted and rolled forward to develop a representative annual non-fuel and fuel revenue requirement that represents the Test Period costs expected to be incurred when new rates are put in place.

Q. What Return on Equity ("ROE") is PNM proposing in this application?

A. PNM is proposing an ROE of 9.90%. PNM witness Adrien M. McKenzie explains that a cost of equity range of 9.9% to 10.9% with a 10.4% midpoint represents a just and reasonable cost of equity that is adequate to compensate the Company's investors, while maintaining PNM's financial integrity and ability to attract capital on reasonable terms. Although lower than the midpoint ROE recommended by PNM witness McKenzie, his analysis supports PNM's 9.90% request. PNM has concluded that while 9.90% is at the low end of the range developed by PNM witness McKenzie and, therefore, a conservative proposal, an ROE of no less than 9.90% would be sufficient to compensate PNM's investors and maintain PNM's financial integrity while recognizing that this case seeks recovery of a significant amount of new investments to support the energy transition and provide reliable and resilient service to customers.

Q. How does the claim in the pending Acquisition Proceeding that there will be improved access to capital impact the cost of equity that PNM is requesting in this case?

A. Access to capital goes to whether PNM, as a relatively small utility, can secure financing in the amounts and at the time it is needed and whether the terms are commercially reasonable, particularly when market conditions are unfavorable or constrained. Although PNM borrows directly in the debt markets for its utility operations, PNM's holding company, TXNM Energy, Inc., provides equity

infusions to the utility for capital investments. Those equity infusions are currently procured through the public equity markets. Over the longer term, the commitments to fund PNM's five-year capital program offered in the Acquisition Proceeding positively affect PNM's ability to make the significant investments required for the transition to clean energy and to maintain reliable service, as the utility will have certainty, through the commitments in the Acquisition Proceeding, that those equity needs will be met and there will be no requirement to access the public equity markets. In short, it is beneficial for PNM to have financially healthy ownership at the holding company level to ensure continued access to equity capital. Regardless of the improved access to equity and debt markets that can result from the proposed acquisition, relative investment risks associated with PNM's intensive capital needs require the utility to earn a reasonable return, as further discussed by PNM witness McKenzie.

Q. What approach to rate design is proposed in this application?

A. PNM is continuing its transition to modern rate design in this rate case. The Modern Rate Design Strategy, as detailed by PNM witness Julio C. Aguirre, continues to evolve to improve the alignment of rates with the evolving costs and usage of the electric grid. To achieve this better alignment of cost causation as the grid evolves to carbon-free, PNM is taking additional steps to move toward default time-varying rates for all its customers. Those steps include new cost allocation methodologies for both PNM's production and transmission investments. The Direct Testimonies

of PNM witnesses Aguirre and Matthew T. Larkin detail these new, proposed allocation methodologies.

To foster transparency and stakeholder engagement regarding changes to rate design, PNM also continues to meet with stakeholders regarding its rate design proposals through the Pricing Advisory Committee ("PRAC").

Q. In addition to the proposed Low-Income Rate Program, are there other measures PNM is undertaking in this case to support affordability and to mitigate rate impacts?

A. Yes. Consistent with the Commission's accounting order establishing a regulatory asset for economic development investments pursuant to NMSA 1978, Section 62-6-26, as authorized by 2025 Senate Bill ("SB") 170, PNM is not seeking recovery of certain costs that would have otherwise been included in this rate case for economic development investments where anticipated economic development load has not yet materialized. Specifically, PNM will defer the costs associated with the Mesa Del Sol SB 170 projects that will be in service during the Test Period for this rate case into a regulatory asset. This results in approximately $5.7 million of savings to customers in this rate case.

Q. Are some economic development projects coming into rates in this case?

A. Yes. In one case, the economic development load is forecasted to materialize and is present in the Test Period. Specifically, the Westpointe 115 kV Substation Project allows for an additional 25 MW of capacity to the Westpointe 40 business park and surrounding area. PNM has forecasted and included incremental load growing to 18 MW of additional capacity for a customer in that area. Therefore, PNM has included the investment and the customer revenue in PNM's determination of this rate request.

Q. Please summarize PNM's requests for regulatory assets and liabilities in this rate case.

A. PNM is also seeking rate-making authority for certain regulatory assets and liabilities and the establishment of new rate recovery mechanisms. PNM is requesting to begin recovery and amortization of 14 regulatory assets and liabilities that have been previously authorized by accounting orders issued by the Commission. Additionally, PNM is seeking the authority to establish and begin amortizing six regulatory assets for which the Commission has not previously granted an accounting order. Lastly, PNM is requesting an accounting order to track costs for two separate regulatory assets and liabilities that are expected to have activity outside of the Test Period in this case. Please refer to the Direct Testimony of PNM witness Gutierrez for further details of each of these regulatory assets and liabilities.

As it relates to previously approved regulatory assets and liabilities, PNM is also seeking to establish a Tax Credit Rider associated with the regulatory liabilities for tax credit flow through items. The Tax Credit Rider will credit PNM's customers for the amounts recorded in regulatory liabilities associated with the monetization of tax credits for certain PNM-owned renewable and energy storage facilities, as well as the amount recorded in the regulatory liability associated with EDFIT. The rider will capture the amortization of the regulatory liabilities and account for any credit amounts already included in the Test Period. This Tax Credit Rider ensures customers timely receive the correct and full benefits of those tax credits, as discussed by PNM witnesses Gutierrez and Larry T. Morris.

III. INTRODUCTION OF APPLICATION AND WITNESSES

Q. What is included in PNM's Application?

A. PNM's rate request package includes the following:

1. PNM's Application, Proposed Form of Notice and Executive Summary;
2. An Advice Notice 667, which contains PNM's proposed changes to its existing rates and tariffs;
3. Testimonies and exhibits of PNM witnesses in support of the Application and Advice Notice 667, including exhibits that support PNM's requested rate increase, if the Commission adopts PNM's proposed revenue requirement;

4. PNM's Rule 530 Schedules, which provide all required data for PNM's Base Period and Test Period, as modified in accordance with the FTY Rule; and
5. PNM's fully functional, electronic cost of service model and PNM's electronic class cost of service and rate design models, which comply with the requirements of the FTY Rule.

Q. Who are the other PNM witnesses testifying in this proceeding?

A. There are 16 additional witnesses testifying on behalf of PNM in this case:

- Reina N. Gutierrez, Senior Manager, Cost of Service, presents and supports PNM's revenue requirements; explains the related accounting, jurisdictional-allocation, capital-budget, and cost-of-service adjustments; sponsors the fully functional cost-of-service model; and addresses Grid Modernization, Extended Day-Ahead Market costs, and other requested regulatory approvals;
- Julio C. Aguirre, Director of Pricing and Customer Strategy, explains PNM's transition toward modern rate design; proposes changes in the class cost-of-service study, including new production and transmission cost allocation methodologies; proposes revenue allocation and banding among customer classes; discusses changes to the residential rate design proposed in this case, including proposed changes to residential rates and programs; addresses certain rate design elements for new large loads, including data centers and other large transmission-level customers; addresses specific determinations related to the

Rate Schedule 36B customers; proposes rates and charges for certain select retail customers; and addresses Pricing Advisory Committee stakeholder engagement;

- Dr. Tobe C. Phelps, Associate Director, Information Technology Program Management Office, explains the company-wide capital-project governance process; supports approximately $195.4 million of allocated Shared Services capital investments involving technology, cybersecurity, telecommunications, customer systems, facilities, vehicles, tools, and physical security; and addresses related incremental staffing and operation and maintenance requirements;
- Jesus Flores-Olivas, Director of Transmission Engineering, describes PNM's transmission and distribution systems; explains the planning and engineering processes used to identify necessary investments; supports certain transmission and distribution capital investments and O&M expenses; and describes the existing conditions and evolving needs of PNM's transmission and distribution systems;
- Wesley W. Gray, Vice President, PNM Operations & Engineering, supports PNM's generation capital investments and operating requirements; supports certain transmission and distribution capital investments and O&M expenses; addresses Palo Verde nuclear fuel, Reeves, outage-cost normalization, battery-storage treatment, and the transition toward renewable and storage resources; and supports the cost recovery for certain distribution, Grid Modernization,

reliability, wildfire-mitigation and vegetation-management projects and expenses;

- Andrea Sanchez, New Mexico Operations Projects and Program Management Director, describes PNM's New Service Delivery ("NSD") processes; and supports capital investments to deliver service to new customers including Customer Interconnection and New Mexico Operations Project and Program Management functions that support NSD;
- Kishor S. Agrawal, Assistant Treasurer, PNMR Services Company, supports PNM's proposed capital structure, cost of debt, and overall cost of capital; explains the importance of maintaining sound financial health, investment-grade credit ratings, and access to capital; and supports the proposed repurposing of certain surplus union post-employment benefits other than trust assets;
- Matthew T. Larkin, Director, Regulatory Services Practice, MCR Performance Solutions, LLC, sponsors PNM's embedded Class Cost of Service Tool (the "COST™ Model"); supports the functionalization, classification, and allocation of non-fuel costs among customer classes; supports functionalization and allocation of costs associated with PNM-owned Battery Energy Storage System ("BESS") and BESSs operating under ESAs; and discusses the development of indicative pricing for new large-load tariffs, as well as supports the derivation of a component charge for Rate Schedule 36B;

- Cynthia A. Menhorn, Vice President of Regulatory Services, MCR Performance Solutions, supports PNM's detailed rate-design calculations and proposed rates by schedule; addresses residential and non-residential pricing, community solar, special riders and customer charges, and customer bill impacts; and sponsors the Rate Design Model, redlined tariffs, and supporting workpapers;
- Alaric J. Babej, Director of Customer Energy Solutions, supports a proposed Low-Income Rate Program and PNM's proposed fee-free payment options; explains the affordability and customer-service rationale for those proposals; addresses the treatment and recovery of certain community-solar program costs and bill credits; and confirms PNM has continued to maintain its Key Account Managers;
- Angela L. Pino, Director of Total Rewards, PNMR Services Company, supports recovery of market-based employee compensation and benefits, including eligible salaries, incentive plans, and health and retirement benefits;
- Larry T. Morris, Director of Tax, supports income-tax expense and accumulated deferred income taxes included in the revenue requirement; explains stand-alone tax treatment, tax-normalization requirements, net-operating-loss deferred tax assets, and future Test Period tax adjustments; and addresses relevant Inflation Reduction Act of 2022 effects;
- Adrien M. McKenzie, President, FINCAP, Inc., provides an independent evaluation of a just and reasonable ROE for PNM; evaluates the reasonableness

of PNM's capital structure; and addresses financial integrity, capital-market conditions, and PNM's ability to attract capital;

- Aslam T. Hayat, Manager, Load Forecasting, supports the customer, sales, demand, and billing-determinant forecasts used to allocate costs and design rates;
- Dane A. Watson, Managing Partner, Alliance Consulting Group, sponsors PNM's electric utility plant depreciation study; supports revised depreciation rates for production, transmission, distribution, and common plant; and concludes that the proposed depreciation rates would increase annual depreciation expense by approximately $7.01 million when applied to the study-year plant balances; and
- Brian Arnell, Retirement Director and Pension Actuary, WTW, Utility Industry Network Co-Leader, WTW Retirement, provides actuarial support for PNM's qualified and non-qualified pension plans and retiree-medical plan; develops projected Test Period pension and post-employment benefits other than pensions expenses; supports continued rate base treatment of the prepaid pension asset; and evaluates proposed adjustments and potential repurposing of surplus union post-employment benefits other than pensions trust assets.

IV. OVERVIEW OF PNM STRATEGY AND GOALS

Q. What are PNM's vision and goals?

A. PNM's vision is to create a clean and reliable energy future that aligns with our customers' needs. PNM recognizes the importance of balancing the cost of achieving and maintaining a safe, reliable, environmentally sustainable system with the reasonableness of rates and services for our customers. The utility industry is evolving rapidly, and our customers are expanding their use of electricity in their daily lives and for their businesses. Our goal is to meet the challenges and opportunities our system faces to keep pace with these growing electricity uses and the state's energy policies. We know the costs of this energy evolution have real impacts to customers and communities and seek to make reasonable proposals to address these impacts, where possible.

Q. How does PNM engage in internal planning and strategic development to achieve these energy policy goals?

A. PNM conducts a holistic policy level overview of its system to evaluate generation, storage, transmission, near end-of-life resources, and economic load in one unified approach. This planning approach is designed to serve customers reliably and cost-effectively while meeting New Mexico's energy and carbon policy requirements. PNM uses the term integrated planning to describe a broader approach to assessing both system and customer needs than typically occurs with traditional resource planning. Resource planning remains foundational, but integrated planning goes further and explicitly considers generation, storage, load, transmission, regional market access, interconnection and deliverability, evaluation of resources at or near

their end-of-life, and execution sequencing so that PNM can identify the least cost, feasible and timely portfolio of solutions to meet load, as well as address reliability and other long-term policy objectives. In short, as described by PNM witness Laurie A. Williams in Docket No. 26-0000114, resource planning is a component of the Company's integrated planning designed to arrive at system-wide, co-optimized solutions across related functions that were historically siloed.[3] As required by law, PNM's long-term planning must meet the requirements of the Renewable Energy Act, achieving 100% carbon-free operations by 2045.

Q. Please elaborate on how PNM views balancing the investments needed for a safe and reliable grid, the clean energy policy requirements of the state, and reasonable rate increases.

A. PNM believes balancing these three priorities must be addressed through not one solution, but rather through multiple approaches. PNM believes that using integrated planning to design the system, as I described above, is critical in ensuring that PNM's investments are optimized and complementary to each other to provide the maximum value to our customers through cost-effective solutions. PNM believes that investments and tariffs that support economic development provide necessary benefits for ensuring that PNM's fixed costs can be spread across a larger customer base when setting rates. We also believe that providing programs and tools for low-income customers in the immediate term help address the

[3] Docket No. 26-0000114, PNM Exhibit 4, *Direct Testimony of Laurie A. Williams, Corrected*, pp. 3:21 – 4:11.

reasonableness of rates for our customers who are most impacted by any cost increases.

Q. Are frequent rate review filings anticipated in upcoming years to implement these goals and programs of PNM?

A. Yes. Consistent with PNM's previous statements in prior rate cases, PNM anticipates that it must file a general rate case every two to three years for the foreseeable future to ensure PNM's rates keep pace with the cost of implementing these critical goals and programs. PNM is committed to balancing our responsibility to provide safe, reliable, clean energy with the need to keep electric bills reasonable and affordable. We are also investing in grid modernization and designing tariffs and programs to give customers tools to better understand their usage and provide assistance to those who need support.

V. COMPLIANCE WITH RULES AND ORDERS

Q. Has PNM complied with the requirements of Rule 530?

A. Yes. Rule 530 establishes the filing requirements that support rate schedules, directing a utility that files new rate schedules to include supporting data in the specified schedules as required under 17.9.530.13 NMAC (the "Rule 530 Schedules"). PNM Exhibit KTS-2 identifies the witness who supports and sponsors each required Rule 530 Schedule.

Q. Are you sponsoring any Rule 530 Schedules?

A. Yes. I sponsor Rule 530 Schedules Q-2 through Q-5.

Q. Does PNM's filing meet the requirements of the FTY Rule and 17.9.530 NMAC?

A. Yes. PNM is utilizing a future test year in this filing. Further, under Commission rules, a public utility may seek a rate increase using a future test year that begins when the rate case is expected to conclude, provided the test year begins no later than 13 months after the application and advice notice are filed.

PNM's Application, together with its supporting testimonies, exhibits, and models, satisfies the filing requirements of Rule 17.9.530 NMAC and the FTY Rule.

PNM's fully functional, electronic cost of service model is sponsored by PNM witness Gutierrez. That model complies with the FTY Rule and follows the same format PNM used in the 2022 Rate Case and 2024 Rate Case. PNM witnesses Menhorn and Larkin sponsor and provide PNM's functional COST™ Model and the Rate Design Model.

The FTY Rule also requires PNM to produce specific historical financial information that is prepared in the normal course of business over a three-year period. PNM meets this requirement through the information in PNM annual

earnings test compliance filings made under NMPRC Case No. 12-00007-UT. The information included in these filings is consistent with the additional financial information in Rule 510 compliance filings made pursuant to 17.3.510.12(B) NMAC. See PNM Exhibit KTS-3 for the annual earnings test filings PNM has made for year-end 2025, 2024, and 2023.

Q. Has PNM satisfied the various compliance items outlined in the 2024 Rate Case Stipulation?

A. Yes. Below, I note each compliance item required by the 2024 Rate Case Stipulation and confirm PNM's compliance with each:

Tracking ESA Costs

PNM established a regulatory asset or regulatory liability for the difference between the actual ESA costs and the ESA costs included in the 2024 Rate Case of $82.1 million. PNM has tracked the ESA costs reflected in rates from the 2024 Rate Case as compared to the actually-incurred ESA costs. The difference of the monthly amounts has accumulated to a regulatory asset balance of $30.7 million at the beginning of the Test Period in this case. Please refer to the Direct Testimony of PNM witness Gutierrez for further details on this regulatory asset and PNM's request to continue tracking these costs.

Sandia BESS ITC Regulatory Liability

PNM established a regulatory liability associated with investment tax credits for the Sandia BESS. This requirement was to track actual amortization of the ITC that PNM was able to utilize outside of the Test Period of the 2024 Rate Case. PNM did not have any amortizations as it remained in a Net Operating Loss position. However, PNM has included a regulatory liability for the monetization of these credits. Please see the Direct Testimonies of PNM witnesses Morris and Gutierrez for details on PNM's compliance with this requirement.

Legacy Meters Regulatory Liability

PNM established a regulatory liability equal to the return on legacy meters. Please see the Direct Testimony of PNM witness Gutierrez for details on PNM's compliance with this requirement.

Cost of Service for Company-owned Streetlights

PNM developed a separate cost of service for Company-owned streetlights and customer-owned streetlights for purposes of determining rates for Rate Schedule 20. Please refer to the Direct Testimonies of PNM witnesses Aguirre and Larkin for details on this matter.

Key Account Management

PNM is maintaining its Key Account Managers consistent with the funding levels included in PNM's as-filed Cost-of-Service Study. Please see the Direct Testimony of PNM witness Babej for details on PNM's compliance with this requirement.

Power Quality Investment

PNM is continuing to invest and collaborate on power quality. PNM has plans for future investments that will allow PNM to better track and report reliability metrics, including the momentary average interruption frequency index ("MAIFI"). This will allow PNM to better identify ways to improve power quality for customers affected by momentary interruptions. Please see the Direct Testimony of PNM witness Gray for details on PNM's compliance with this requirement.

Expanding Fee-Free Payment

PNM has expanded fee-free in-person payment availability at Western Union locations. PNM witness Babej addresses the expansion of Western Union locations from 12 locations across New Mexico since the 2024 Rate Case Stipulation to 208 fee-free locations as of November 2026.

ITC Refunds

PNM explored options for monetizing investment tax credits ("ITCs") to provide customer refunds sooner. Please refer to the Direct Testimony of PNM witnesses

Morris and Gutierrez for details on PNM's monetization plans and how PNM is proposing to pass tax credits to customers.

Q. Is PNM, in this rate case, seeking to recover the costs for the approved Valencia Power Plant purchased power agreement ("PPA"), Sun Lasso and Corazon ESAs, and the Sunbelt Solar and BESS Project consistent with the stipulation in Case No. 24-00271-UT?

A. Yes. The energy costs of the Valencia PPA approved by the Commission are recovered through PNM's FPPCAC and the demand component of the contract is included in the non-fuel revenue requirement. The costs of the Sun Lasso and Corazon ESAs approved by the Commission are included in PNM's non-fuel revenue requirement in this case. The costs of the Sunbelt Solar and BESS Project are also included in PNM's non-fuel revenue requirement in this case. Please refer to the Direct Testimony of PNM witnesses Gutierrez and Gray for further discussion on the Sunbelt Solar and BESS Project and for lists of PNM's approved PPAs and ESAs.

Q. Is PNM, in this rate case, seeking to recover the "prudent and reasonable expenditures" for the Westpointe 115 kV Substation Project and Mesa del Sol Project approved by the Commission in Case No. 25-00088-UT?

A. Partially. In Case No. 25-00088-UT, the Commission, pursuant to NMSA 1978, Section 62-6-26(E), determined that the Westpointe 115 kV Substation Project and

Mesa del Sol Project qualified as economic development projects, and as such, issued an accounting order that granted PNM the opportunity to recover in a future rate case its capital investment costs as well as the operating and maintenance costs from constructing these two projects.[4] The ratemaking treatment and cost recovery determinations for the Westpointe 115 kV Substation Project and Mesa del Sol Project were deferred to a future rate case.[5] PNM has included the investments for the Westpointe 115 kV Substation Project in the Test Period. The Economic Development load supporting that project has materialized and is included in the Test Period billing determinants. PNM has not included any costs associated with the Mesa del Sol Project, as the load had not materialized. PNM will use the authorized accounting order for this project and will seek recovery in a future proceeding.

Q. Is PNM, in this rate case, seeking to recover the costs for the distribution-sited batteries approved by the Commission in Case No. 25-00055-UT?

A. Yes. PNM has included the costs associated with the 30 MW of distribution-sited batteries in the non-fuel revenue requirement in this case.

[4] Case No. 25-00088-UT, Order Approving PNM's Application, ¶¶ 46, 50, Decretal ¶ B (Mar. 12, 2026).
[5] Case No. 25-00088-UT, Order Approving PNM's Application, ¶ 47, Decretal ¶ C (Mar. 12, 2026).

VI. SUPPORTING RESPONSIBLE CUSTOMER AND ECONOMIC GROWTH

A. *Rate Schedule 37B – Data Center Customer Service*

Q. Please describe the current load growth environment as it relates to Data Center customers.

A. Data Centers are dedicated facilities housing networked servers and computing hardware for the storage, manipulation, and transmission of digital information. Data Centers usually have high peak demands and often continuous demand needs in their load profiles. They have created a fundamental shift in electricity demand across the utility industry given the emergence of artificial intelligence ("AI") and cloud computing, among other things. New Mexico is no different from other states in that it is receiving a significant number of requests for service from prospective Data Center customers.

Q. What benefits do these Data Center customers bring to the system and to New Mexico more broadly?

A. A basic, fundamental principle of ratemaking is that when costs are increasing, spreading those costs over more—and larger—customers drives down the overall impact of the increasing costs, particularly for residential customers. In other words, when done properly, existing customers benefit from the addition of large load customers—even when those large load customers require additional infrastructure to serve them. As costs continue to increase with the energy transition

and other core investment in PNM's system, existing customers stand to significantly benefit in terms of affordability if a larger customer and load base can be added to PNM's systems with sufficient protections. Thus, Data Center customers represent a significant economic opportunity for the state and PNM's existing customer base, so long as the tariffs and contractual commitments are designed properly to facilitate appropriate cost recovery without increasing risk for the current customers.

More broadly than PNM, these Data Center customers also can provide economic benefits to the state through additional jobs and local tax base growth. PNM has an obligation to serve customers that request electric service, and finding a path forward to appropriately add Data Center load will bring benefits to PNM, its current customers and the state as a whole.

Q. What is PNM proposing in this rate case regarding providing electric service to Data Centers?

A. PNM is proposing a new Rate Schedule 37B, Data Center Customer Service, which is specific to only the Data Center industry segment. I co-sponsor this rate schedule with PNM witness Aguirre.[6] PNM has identified unique risks that it believes justify a tariff that is targeted to Data Center load. While Data Centers are not new, the need for such a significant amount of added load because of this industry segment

[6] Rate Schedule 37B is attached to my testimony as PNM Exhibit KTS-4 and is included in Advice No. 667.

has the potential to create risks for the Company. For example, building new transmission lines can take up to 10 years due to permitting, planning, equipment lead times and contracting. Given that Data Center load is driven by nascent adoption of AI, PNM must ensure that if it builds facilities to serve Data Center load that those customers are committed to the cost of those facilities—regardless of what happens with AI. Additionally, the scale of potential Data Center load as compared to PNM's existing customer base necessitates caution. PNM anticipates that it could approximately double the load on its system in the next three years if it were to serve all of the Data Center customers requesting load at this time. In summary, while PNM already provides service to other large, high load factor customers, the unique risks associated with Data Center load require PNM to consider robust protections for existing customers. Thus, the proposed separate tariff for Data Center Customer Service, Rate Schedule 37B, is designed with these risks and unique considerations in mind.

Q. What protections for existing customers is PNM contemplating in terms of adding Data Center load?

A. The protections PNM is planning are multi-faceted. First, as noted above, PNM is proposing a Data Center specific tariff. Among other things, this tariff includes an incremental cost test that requires PNM to determine in future rate cases that Data Center customers are paying both the incremental cost of new system resources used to serve them, as well as a reasonable portion of existing system resources.

PNM witness Aguirre more fully explains the incremental cost test included in Rate Schedule 37B. Additionally, Rate Schedule 37B also includes unique provisions for multi-tiered exit fees in case a customer leaves the system early or provides delayed notice that it will not take service or will reduce the capacity requested. This Rate Schedule also includes creditworthiness and collateral requirements tied to the minimum monthly bills that will be assessed to the customers, as well as minimum monthly bills that ensure recovery of minimum demand requirements.

In addition to the new proposed Rate Schedule 37B, PNM has also prepared a sample contract that is complementary to the tariff and adds protections and further clarity as to provisions in Rate Schedule 37B. I have attached this sample contract as PNM Exhibit KTS-5. PNM is not seeking approval of the contract, as specific customer needs and considerations may require variable contract terms. Thus, while the sample contract for Data Center load is being attached to my testimony for illustrative purposes only, the contract is meant to be representative of the minimum requirements that PNM will impose on these customers to ensure the Commission understands the level of comprehensive protections planned for existing customers as part of adding Data Center load to PNM's system.

Q. Can you provide more detail as to how PNM approached drafting Rate Schedule 37B and its sample contract for Data Center customers?

A. Yes. Many other states and utilities are further along than PNM in terms of adding Data Center load and implementing data center tariffs. PNM was able to consider best practices from other states and utilities to develop its Data Center specific tariff and sample contract. Additionally, PNM participated in the Large Load Tariff Working Group ("LLTWG") initiative undertaken by the Commission in Docket No. 24-00257-UT. Through the stakeholder engagement with the LLTWG, PNM was able to glean additional information and recommendations for assessing risks and protecting customers as new large loads are added to PNM's system.

Q. How does Rate Schedule 37B differ from Rate Schedule 36B given that PNM already offers Data Center customers service via Rate Schedule 36B?

A. Rate Schedule 36B contemplates that customers will have PNM acquire renewable energy resources for them equal to some or all of the customers' load requirements. While certain customers may find that beneficial or even necessary to meet stated corporate goals around clean energy, other customers may want a more traditional rate structure that does not require specific, directed resource acquisition on behalf of the customers.

And while Rate Schedule 37B does propose very specific and robust protections for existing customers based on the significant requests for load from these customers in the past few years, Rate Schedule 36B also includes some built-in protections for existing customers. Those protections include a requirement that

the Rate Schedule 36B customer be responsible for all the costs associated with the renewable energy resources needed to serve the customer's load, as well as reference to a companion Rider No. 49 that would require the Rate Schedule 36B customer to credit existing customers if it is determined that the customer has not paid sufficient production-related costs.

B. *Rate Schedule 38B – Large Power at Transmission Service*

Q. Please describe PNM's proposed new large power at transmission service tariff.

A. PNM has included a new rate schedule to serve potential new large power customers who will take service from PNM's transmission system. This new rate schedule is meant to serve customers with larger load profiles. The details of this tariff are discussed by PNM witness Aguirre.

Q. How does this new tariff differ from existing manufacturing tariffs that PNM already offers?

A. This proposed new tariff offers service at a transmission level as opposed to the distribution level service offered under Rate Schedule 30B. Additionally, this tariff contemplates that qualifying customers will meet a higher capacity factor coupled with an overall higher capacity threshold as compared to other industrial level tariffs. Please see the Direct Testimony of PNM witness Aguirre for more discussion on the development of this rate.

Q. Why does this tariff for large power at transmission service differ from Rate Schedule 37B in terms of provisions like the incremental cost test, exit fees and collateral?

A. Given the customer profiles and the customers' financial investment requirements to set up a large industrial or manufacturing facility, these customers present a lower risk profile for early exit from the service territory as compared to Data Centers. PNM expects that the types of customers that will take service under this tariff will locate or re-locate large manufacturing operations—including people and infrastructure—to establish business here. This is a much different risk profile as compared to a Data Center load. As detailed above, PNM believes that Data Center load, which is largely driven by the nascent AI buildout, creates unique risks for PNM and other customers that are not equivalent to other large-load businesses.

Q. Does PNM consider its proposed Rate Schedule 38B an economic development rate?

A. No. However, PNM recognizes that its proposed tariff could in fact encourage economic development. Locating or relocating large manufacturing or industrial businesses is an expensive operation. PNM does not seek to unnecessarily disincentivize these types of businesses from considering New Mexico by applying safeguards in the tariff that, while absolutely imperative for the risks associated with Data Center loads, are not required for these types of manufacturing and industrial customers. Large industrial and manufacturing facilities can provide

broader and more durable economic benefits to New Mexico than other industries, including job creation, capital investment, and increased economic activity. PNM's proposed tariff appropriately balances cost-reflective pricing with the possibility of attracting and retaining large industrial customers, without imposing additional financial burdens on those customers.

C. No Net Adverse Impact from Rate Schedule No. 36B Customer

Q. In terms of compliance requirements, please explain what PNM is demonstrating in this case with respect to Rate Schedule 36B.

A. As explained in more detail below and in the testimonies of PNM witnesses Aguirre and Larkin, PNM demonstrates that its service to the Rate Schedule 36B customer satisfies the revised "No Net Adverse Impact" standard with respect to rates.

Q. How is No Net Adverse Impact defined?

A. The Third Amended and Restated Special Service Contract ("SSC")[7] between PNM and the Rate Schedule 36B customer defines No Net Adverse Impact to mean that, on balance, the SSC and the PNM tariffs described in it produce a neutral or positive effect on the rates of PNM's other retail electric customers, accounting for all relevant benefits and burdens that the SSC and those tariffs create, as determined under Section 5.1.2 of the SSC.

[7] When PNM refers to the Special Service Contract, it means the Third Amended and Restated Special Service Contract approved in Docket No. 25-00048-UT. When PNM refers to the "Rate Schedule 36B customer," it is referring to Greater Kudu LLC, the customer referenced in the Special Service Contract.

Q. Has the Commission revised the SSC since its Final Order in Case No. 18-00269-UT to modify what PNM must demonstrate regarding service taken under Rate Schedule 36B?

A. Yes. In the Commission's Final Order in Case No. 25-00048-UT, the Commission accepted PNM's amendments to the No Net Adverse Impact standard.[8] PNM proposed the deletion of the term "service" from the No Net Adverse Impact standard. PNM witness Aguirre explained that including "service" was "duplicative, could be overly confusing, and is unnecessary given that statutory and regulatory requirements addressing service already exist."[9] After all, PNM is already required to "furnish adequate, efficient and reasonable service"[10] that is not discriminatory[11] to all customers, and "17.9.560 NMAC is intended to promote safe and adequate service to the public, to provide standards for uniform and reasonable practices by utilities, and to establish a basis for determining the reasonableness of such demands as may be made by the public upon the utilities."[12] PNM requested that the Commission find that it "is implicitly adhering to the [No Net Adverse Impact] service standard based on statute and regulation" requirements.[13]

[8] Docket No. 25-00048-UT, *Final Order*, at 5-7, ¶¶ 10-13 (Dec. 18, 2025).
[9] Docket No. 25-00048-UT, Rebuttal Testimony of Julio C. Aguirre, at 3:4-6 (Oct. 20, 2025).
[10] NMSA 1978, § 62-8-2.
[11] NMSA 1978, § 62-8-6.
[12] 17.9.560.6 NMAC.
[13] Docket No. 25-00048-UT, *Final Order*, at ¶ 12 (Dec. 18, 2025).

The Commission agreed with PNM, concluding (1) PNM is implicitly adhering to the service standard as a result of the statutory and regulatory requirements,[14] and (2) that the term "'service' is not necessary to be retained in the definition of [No Net Adverse Impact] because the applicable rules and statutes independently compel PNM to meet both rate and service standards . . . ."[15]

Nonetheless, the rate standard requirement from the Final Order in Case No. 18-00269-UT remains in force: that the approved SSC will "ensure that the tariffs applicable to the [Rate Schedule 36B customer] continue to reflect full cost-of-service rates, allowing recovery of costs allocable to the Customer in future rate cases."[16] In short, that order required the Rate Schedule 36B customer to pay its full cost of service, with no resulting rate increase to any other customer on account of the SSC.

Additionally, the Commission has repeatedly affirmed that PNM must demonstrate in its general rate cases compliance with the No Net Adverse Impact standard.[17] PNM is not deviating from that requirement and demonstrates in this rate case its compliance with the revised No Net Adverse Impact standard.

[14] Docket No. 25-00048-UT, *Final Order*, at ¶¶ 13, 36 (Dec. 18, 2025) (the Commission does not explicitly state that PNM is implicitly adhering to the service standard in the Final Order, but it does state that "[a]ny finding or conclusion not specifically stated herein but that is necessary to make this Final Order coherent and complete is adopted by the Commission as if it were herein stated").
[15] Docket No. 25-00048-UT, *Final Order*, at ¶ 13 (Dec. 18, 2025).
[16] Case No. 18-00269-UT, *Final Order*, at ¶ 74 (Oct. 17, 2018).
[17] *See* Case No. 21-00031-UT, *Final Order*, at 13, ¶ 32 (July 28, 2021); *see* Case No. 23-00251-UT, *Final Order* (Jan. 11, 2024) adopting *Recommended Decision,* at 28 (Jan. 5, 2024).

Q. How has PNM demonstrated No Net Adverse Impact on rates in accordance with the revised No Net Adverse Impact standard?

A. The No Net Adverse Impact remains a "no-subsidization test."[18] In other words, it is a standard evaluating whether the revenue paid by the Rate Schedule 36B customer exceeds the total revenue requirements that, but for the SSC Resources outlined in the SSC, would have been allocated to the Rate Schedule 36B customer.[19] It effectively ensures that no other customer subsidizes the Rate Schedule 36B customer. As PNM witness Aguirre explains, PNM's rate design shows that no other customer class subsidizes the Rate Schedule 36B customer. As discussed by PNM witnesses Aguirre and Larkin, all other elements in Rate Schedule 36B have been calculated to fully recover the costs of service for the Rate Schedule 36B customer. Finally, PNM witness Aguirre demonstrates that the terms of the SSC and the relevant tariffs addressed in the SSC (i.e., Rider Nos. 47 and 49) result in a neutral or positive impact on the rates of PNM's other customers.

Q. Did PNM make a similar showing in its last rate case with regard to the prior No Net Adverse Impact standard?

A. Yes. The prior No Net Adverse Impact standard evaluates rates and service together to ensure that no other customer subsidizes the Rate Schedule 36B customer. In Section V of the Direct Testimony of PNM witness Stella Chan in the 2024 Rate

[18] Case No. 25-00048-UT, Direct Testimony of Julio C. Aguirre, at 22:20.
[19] *See* Case No. 25-00048-UT, Direct Testimony of Julio C. Aguirre, at 22:19-23:2.

Case, PNM demonstrated why its rates and service to the Rate Schedule 36B customer have No Net Adverse Impact on other customers.

Q. Can PNM continue to demonstrate No Net Adverse Impact and no cross subsidization by other customers in this rate case?

A. Yes. As detailed by PNM witness Aguirre, not only does the design of the applicable rates, contracts and riders authorized by the Commission ensure a neutral or positive impact on other customers, but also PNM's application of the terms in those rates, contracts and riders in this case affirms this outcome.

Q. Have other customers' service been neutrally or positively impacted by the Rate Schedule 36B customer consistent with the SSC?

A. Other customers have been positively impacted by the addition of the Rate Schedule 36B customer to PNM's system. PNM's system as a whole (and thus other customers) has benefited from the addition of the Rate Schedule 36B customer to PNM's system.

D. Residential Low-Income Rate Program

Q. Why has PNM included a request for a Low-Income rate offering?

A. The proposal focuses on helping ease the utility cost burden to financially constrained households. The proposal aims to balance affordability with rate

transparency. The proposals are discussed in more detail in the testimonies of PNM witnesses Aguirre and Babej.

Q. Why has PNM proposed to provide a discount to low-income customers through the elimination of the customer charge for its proposed Low Income rate?

A. The customer charge is a fixed, recurring charge that applies regardless of consumption. Eliminating that charge provides a predictable benefit while preserving existing volumetric price signals. This provides a straightforward approach to the discount. The Company does not assert that this fixed-charge approach resolves all affordability or energy-burden concerns; it is a focused initial measure that can coexist with energy efficiency programs, weatherization, LIHEAP and other assistance programs.

Q. Why has PNM not proposed a low-income rate in previous filings?

A. Prior to July 1, 2025, low-income rates were not explicitly permitted under statute in New Mexico. During the 2025 legislative session, House Bill 91 ("HB 91") was passed and signed into law to be effective July 1, 2025. This bill amended NMSA 1978, Section 62-8-6 to allow for rates designed to reduce the burden of energy costs on low-income customers. This is PNM's first case since the effective date of this amendment and therefore PNM has chosen to offer a program designed to help reduce the energy burden.

E. Extended Day-Ahead Market ("EDAM")

Q. What is the Extended Day-Ahead Market?

A. The EDAM is a voluntary, regional day-ahead electricity market operated by the California Independent System Operator ("CAISO"). Participants submit supply, demand, and transmission rights into a single coordinated market schedule for the next day, rather than relying on bilateral scheduling agreements. The coordinated market is committed to optimizing the generation costs across regions with differing peak times and lowering the overall generation costs for the region.

Q. When will PNM begin to participate in the EDAM?

A. PNM will enter the EDAM in October of 2027, at the beginning of the Test Period.

Q. How do PNM's customers benefit from the EDAM?

A. Customers will benefit through optimized fuel costs and off-system sales within the CAISO footprint. Additionally, customers, by participating in the market, will receive transmission-related revenue for transmission rights through transfer and congestion revenues.

Q. Please explain transfer revenues and congestion revenues.

A. Transfer revenues are revenues generated from energy or capacity transfer that occurs between two balancing authority areas ("BAAs") within the CAISO footprint. Transfer revenues compensate customers for the transmission capacity

rights when those transfers create a route through congestion. Congestion revenues are generated through a market price adjustment using the Locational Marginal Pricing ("LMP") for resources. When a lower-priced source of energy flows to a higher-priced market across a congested transmission path, the buyer of the energy will pay a higher price than the seller receives for the energy. This surplus revenue is the congestion revenue and is paid to the BAA where the congestion occurred.

Q. How does participating in EDAM alter PNM's current transmission-related revenues?

A. Currently, customers receive a credit in rates from short-term point-to-point ("ST PTP") and transmission loss revenues. When PNM enters the EDAM, PNM will transfer its transmission rights into the EDAM market for optimization. This greatly reduces the availability for ST PTP transactions. Additionally, transmission losses are no longer settled financially once PNM enters into the EDAM. Therefore, these types of revenues essentially go away once PNM participates in the EDAM. However, these revenues will be replaced with the transfer and congestion revenues. PNM expects the new EDAM transmission-related revenues to be higher than the traditional ST PTP and transmission loss revenue, providing a benefit to customers. Please see the Direct Testimony of PNM witness Gutierrez for further discussion on EDAM revenues and the benefits to customers for entering the market.

Q. How is PNM proposing to return the EDAM transmission-related revenues to customers?

A. PNM is proposing to flow the transmission-related revenues for transfer and congestion revenues through PNM's FPPCAC. The revenues will be a component of the market transactions for energy sales and purchases that will occur through CAISO, which already flow through the FPPCAC. PNM is also proposing to include any ST PTP revenue that it receives for hourly transactions through the FPPCAC, so customers can timely and fully receive those benefits. Please see the Direct Testimony of PNM witness Gutierrez for a more detailed discussion on the return of these revenues to customers.

F. Tax Credit Rider

Q. Please describe the Tax Credit Rider that PNM is proposing to establish in this case.

A. PNM is proposing a Tax Credit Rider to ensure customers can benefit from the actual flow-through of tax credits. The Rider will provide customers with the difference between the actual flow-through amounts recorded for amortization and the corresponding amounts already reflected in the base rates set for the Test Period. Please refer to the Direct Testimonies of PNM witnesses Gutierrez and Morris for the amounts included in the Test Period.

Q. What specific flow-through tax credits is PNM proposing to include in the tax credit rider?

A. PNM is proposing to track the differences for ITC, Production Tax Credits ("PTC") and EDFIT.

Q. Why is it necessary to track these differences and flow them through a rider?

A. For ITC, PNM has assumed that the credits will monetize throughout the Test Period consistent with when the credits would be earned. Given how the monetization will occur, however, the Test Period does not reflect a full year's worth of amortization of these credits. Similarly, for PTC, PNM is unable to estimate the PTC for nuclear production given there is no guidance yet from the Internal Revenue Service ("IRS") on these credits, so no amount is included in the Test Period even though PNM expects those credits to materialize. For EDFIT, the amortization of the unprotected portion will fully amortize three months into the Test Period. Given these differences of timing and amounts, it is appropriate to use a rider to properly capture the activity of these credits outside the Test Period.

Q. Has PNM included the Tax Credit Rider in the Advice Notice accompanying this case?

A. No. PNM is requesting approval to establish a regulatory liability to be passed through to customers in the form of the Rider. However, the actual amount and timing of receipt of the monetized credit will not be known until the credits are

earned from the IRS and monetized in the financial markets. PNM Exhibit KTS-6 includes a proposed sample Tax Credit Rider for review and approval, subject to PNM filing an Advice Notice containing the actual rate(s), upon completion of the actual transactions and annual tracking.

Review and approval of the general content and form of the Tax Credit Rider provides the Commission and parties the ability to understand and vet PNM's proposal as part of this general rate review, and if approved, will allow PNM to expedite implementation of the actual credit once finalized through a compliance Advice Notice process.

Q. Has the Commission previously approved a tax rate rider?

A. Yes, although for a different type of tax issue. In Case No. 18-00016-UT, the Commission approved El Paso Electric Company's ("EPE") use of a rate rider mechanism (EPE Rate Rider No. 41) to flow tax benefits to customers that resulted from a known reduction in corporate income tax that was enacted in the federal Tax Cuts and Jobs Act of 2017.

VII. CONCLUSION

Q. Can you please summarize your testimony?

A. PNM is committed to delivering clean, reliable, and safe energy to meet our customers' needs while balancing environmental requirements and customer

affordability. PNM has demonstrated that current rates are not adequate to recover the costs necessary to achieve these goals. Additionally, PNM is proposing a Low-Income Rate Program to provide support for customers that need assistance and the fee-free payment options described above. PNM is also proposing a new Data Center tariff (Rate Schedule 37B) and a Large Power at Transmission Service tariff (Rate Schedule 38B) to help support responsible load growth and economic development in its service territory. I recommend that the Commission approve PNM's application in its entirety.

Q. Has PNM complied with applicable rules and orders in support of its requested rates and other related approvals?

A. Yes. As detailed above and throughout other witnesses' testimonies, PNM's Application, testimonies, exhibits, and models satisfy the filing requirements of Rule 17.9.530 NMAC and the Future Test Year Rule, and PNM has addressed each compliance item required by the 2024 Rate Case Stipulation.

Q. Please summarize the approvals that PNM is seeking in this case.

A. PNM requests that the Commission approve the following: (1) an increase in base rate revenue of $286.3 million, or 30.4% on a system average, with new rates effective October 1, 2027; (2) a return on equity of 9.90%, together with PNM's proposed capital structure and cost of debt; (3) a new Rate Schedule 37B for Data Center customers and a new Rate Schedule 38B for Large Power at Transmission

Service customers; (4) a Low-Income Rate Program to provide support for customers that need assistance and fee-free payment options; (5) recovery and amortization of the 14 previously authorized regulatory assets and liabilities, authority to establish and begin amortization of six new regulatory assets and liabilities, and authority to establish two additional regulatory tracking mechanisms; (6) a form of a Tax Credit Rider to true-up flow through tax credits to actual amounts reflected in the Test Period; and (7) the flow-through of EDAM transmission-related revenues to customers through the FPPCAC.

Q. Does this conclude your direct testimony?

A. Yes.

GCG#536240

PNM Exhibit KTS – 1

Statement of Qualifications

Is contained in the following 3 pages.

KYLE T. SANDERS
EDUCATIONAL AND PROFESSIONAL SUMMARY

Name: Kyle T. Sanders

Address: PNM Resources Inc.
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414 Silver SW
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Position: Vice-President, PNM Regulatory

Education: Bachelor of Accountancy, New Mexico State University, 2009

Employment: PNM Services Company:
Senior Revenue Requirements Analyst (2012-2013)
Financial Analyst (2013-2015)
Manager of Cost of Service (2015-2017)
Director Financial Planning and Load Forecasting (2017)
Director of Corporate Budget and Cost of Service (2019-2023)
Executive Director of Financial Planning, Corporate Budget, and Cost of Service (2023-2025)
Vice-President, PNM Regulatory (Current)
New Mexico Gas Company:
Director of Planning and Forecasting (2017-2019)

Testimony and Affidavit Filed:

New Mexico Public Regulation Commission

- In the Matter of the Application of Public Service Company of New Mexico for Approval of Renewable Energy Rider No. 36 Pursuant to Advice Notice No. 439 and for Variances from Certain Filing Requirements, NMPRC Case No. 12-00007-UT, filed February 26, 2016 (PNM's Rider No. 36 Reconciliation for 2015.)
- In the Matter of PNM's Application for Approval of Its Renewable Energy Act Plan for 2017 and Proposed 2017 Rider Rate under Rate Rider No. 36, NMPRC Case No. 16-00148-UT, filed June 1, 2016
- In the Matter of the Application of Public Service Company of New Mexico for Approval of Renewable Energy Rider No. 36 Pursuant to Advice Notice No. 439 and for Variances from Certain Filing Requirements, NMPRC Case No. 12-00007-UT, filed February 28, 2017 (PNM's Rider No. 36 Reconciliation for 2016.)
- In the Matter of PNM's Application for Approval of Its Renewable Energy Act Plan for 2018 and Proposed 2018 Rider Rate under Rate Rider No. 36, NMPRC Case No. 17-00129-UT, filed June 1, 2017
- In the Matter of PNM's Application for Approval of Two Purchased Power Agreements and an Energy Storage Agreement Pursuant to 17.9.551 NMAC, An Addendum to the Special Service Contract with Great Kudu LLC, and Amended Rider No. 49, NMPRC Case No. 21-00031-UT, filed February 8, 2021

- In the Matter of the Application of Public Service Company of New Mexico for Decertification and Abandonment of 114 MW of Leased Palo Verde Nuclear Generating Station Capacity and Sale and Transfer of Related Assets and for Approval to Procure New Resources under 17.9.551 NMAC, NMPRC Case No. 21-00083-UT, filed April 2, 2021
- In the Matter of Public Service Company of New Mexico's Request for Approval of New Resources under 17.9.551 NMAC to Replace 114 MW of Leased Palo Verde Nuclear Generating Station Capacity, NMPRC Case No. 21-00215-UT, filed August 27, 2021
- In the Matter of Public Service Company of New Mexico's Request for Continued Use of Fuel and Purchased Power Cost Adjustment Clause, NMPRC Case No. 21-00166-UT, filed June 17, 2022
- In the Matter of Public Service Company of New Mexico's Application for Authorization to Implement Grid Modernization Components that Include Advanced Metering Infrastructure and Application to Recover the Associated Costs Through a Rider, Issuance of Related Accounting Orders and Other Associated Relief, NMPRC Case No. 22-00058-UT, filed October 3, 2022
- In the Matter of The Application of Public Service Company of New Mexico for Revision of its Retail Electric Rates Pursuant to Advice Notice No. 595, NMPRC Case No. 22-00270-UT, filed December 5, 2022
- In the Matter of the Application of Public Service Company of New Mexico for Revision of its Retail Electric Rates Pursuant to Advice Notice No. 625, NMPRC Case No. 24-00089-UT, filed June 14, 2024.
- In the Matter of the Public Service Company of New Mexico's Application for Approval of Purchased Power Agreements, Energy Storage Agreements, and Certificate of Public Convenience and Necessity for 2029-2032 System Resources and the Abandonment of the Four Corners Power Plant, NMPRC Docket No. 26-0000114, filed May 29, 2026.

Federal Energy Regulatory Commission

- Public Service Company of New Mexico Filing to Revise Depreciation Rates in PNM's Transmission Formula Rate, FERC Docket No. ER 16-2713-000, filed September 30, 2016
- Public Service Company of New Mexico Filing of Transmission Service Agreements with Leeward Renewable Energy Development, LLC, FERC Docket No. ER 21-1363-001, affidavit filed April 19, 2021

Public Utility Commission of Texas

- In the Matter of the Application of Texas-New Mexico Power Company for Interim Update of Wholesale Transmission Rates, PUCT Docket No. 44953, filed July 17, 2015
- In the Matter of the Application of Texas-New Mexico Power Company for Interim Update of Wholesale Transmission Rates, PUCT Docket No. 45559, filed January 29, 2016
- In the Matter of the Application of Texas-New Mexico Power Company for Interim Update of Wholesale Transmission Rates, PUCT Docket No. 46184, filed July 19, 2016

- In the Matter of the Application of Texas-New Mexico Power Company for Interim Update of Wholesale Transmission Rates, PUCT Docket No. 46786, filed January 20, 2017
- In the Matter of the Application of Texas-New Mexico Power Company for A Distribution Cost Recovery Factor, PUCT Docket No. 50731, filed April 6, 2020
- In the Matter of the Application of Texas-New Mexico Power Company for A Distribution Cost Recovery Factor, PUCT Docket No. 51959, filed April 6, 2021
- In the Matter of the Application of Texas-New Mexico Power Company for Authority to Change Rates, PUCT Docket No. 58964, filed November 14, 2025

GCG#533987

PNM Exhibit KTS – 2

Summary of Witness Sponsorship of Rule 530 Schedules

Is contained in the following 4 pages.

Name of Rule 530 Schedule	Sponsor
Rule 530 Schedule A-1: Summary of the Overall Cost of Service and the Claimed Revenue Deficiency	Reina N. Gutierrez
Rule 530 Schedule A-2: Summary of the revenue increase or decrease at the proposed rates by rate classes.	Matthew T. Larkin
Rule 530 Schedule A-3: Summary of the Cost of Service Adjustments by Functional Classification:	Reina N. Gutierrez
Rule 530 Schedule A-4: Summary of Rate Base Case	Reina N. Gutierrez
Rule 530 Schedule A-5: Summary of Total Capitalization and the Weighted Average Cost of Capital (included in cost of service model, not in library)	Reina N. Gutierrez
Rule 530 Schedule B-1: Original Cost of Plant in Service by Primary Account	Reina N. Gutierrez
Rule 530 Schedule B-2: Original Cost of Plant in Service by Detail Account	Reina N. Gutierrez
Rule 530 Schedule B-3: Original Cost of Plant in Service by Monthly Balances	Reina N. Gutierrez
Rule 530 Schedule B-4: Construction Work in Progress	Reina N. Gutierrez
Rule 530 Schedule B-5: Allowance for funds used during construction transferred to plant in service	Reina N. Gutierrez
Rule 530 Schedule B-6: Plant Held for future Use	Reina N. Gutierrez
Rule 530 Schedule B-7: Nuclear fuel in process	Reina N. Gutierrez
Rule 530 Schedule C-1: Accumulated provision for depreciation and amortization by functional classification and detailed plant account	Reina N. Gutierrez
Rule 530 Schedule C-2: Depreciation rate study	Dane A. Watson
Rule 530 Schedule C-3: Depreciation and amortization methods	Reina N. Gutierrez
Rule 530 Schedule D-1 & D-2: Original cost of plant in service adjusted to the cost of reproduction as a going concern and other elements of value	Reina N. Gutierrez
Rule 530 Schedule E-1: Cash working capital allowance	Reina N. Gutierrez
Rule 530 Schedule E-2: Materials and supplies, prepayments, and deferred charges	Reina N. Gutierrez
Rule 530 Schedule E-3: Fuel inventories by plant location	Reina N. Gutierrez
Rule 530 Schedule E-4: Amounts of working capital items charged to operating and maintenance expense	Reina N. Gutierrez
Rule 530 Schedule F-1: Other property and investments	Reina N. Gutierrez
Rule 530 Schedule G-1: Capitalization, the cost of capital, and the overall rate of return in conformance with an original cost Rate Base	Kishor Agrawal
Rule 530 Schedule G-2: Capitalization, the cost of capital, and the overall rate of return in conformance with a cost of reproduction as a going concern and other elements of value Rate Base	Kishor Agrawal

Name of Rule 530 Schedule	Sponsor
Rule 530 Schedule G-3: Embedded cost of borrowed capital with term of maturity in excess of one year from date of issue	Kishor Agrawal
Rule 530 Schedule G-4: Cost of short-term borrowed capital including revolving credit agreements and other notes payable	Kishor Agrawal
Rule 530 Schedule G-5: Embedded cost of preferred stock capital	Kishor Agrawal
Rule 530 Schedule G-6: Ratio of earnings to fixed charges	Kishor Agrawal
Rule 530 Schedule G-7: Issuance restrictions on borrowed and preferred stock capital	Kishor Agrawal
Rule 530 Schedule G-8: Common stock equity capital	Kishor Agrawal
Rule 530 Schedule G-9: Historical activity in common stock, paid-in capital, and retained earnings	Kishor Agrawal
Rule 530 Schedule G-10: Summary of applicant's support for the claimed rate of return on common stock equity capital.	Adrien M. McKenzie
Rule 530 Schedule H-1: Operation and maintenance expenses	Reina N. Gutierrez
Rule 530 Schedule H-2: Cost of fuel	Reina N. Gutierrez
Rule 530 Schedule H-3: Revenue generated through the fuel adjustment clause	Reina N. Gutierrez
Rule 530 Schedule H-4: Payroll distribution and associated payroll taxes	Reina N. Gutierrez
Rule 530 Schedule H-5: Expenses associated with advertising, contributions, donations, lobbying and political activities, memberships, and outside services	Reina N. Gutierrez
Rule 530 Schedule H-6: Other administrative and general expenses	Reina N. Gutierrez
Rule 530 Schedule H-7: Depreciation and amortization expense	Reina N. Gutierrez
Rule 530 Schedule H-8: Taxes other than income taxes	Reina N. Gutierrez
Rule 530 Schedule H-9: Federal and state income taxes	Larry T. Morris
Rule 530 Schedule H-10: Reconciliation of net income per books to net income for income tax purposes	Larry T. Morris
Rule 530 Schedule H-11: Income tax effect as result of applicant joining in a consolidated federal income tax return	Larry T. Morris
Rule 530 Schedule H-12: Accumulated tax deferrals	Larry T. Morris
Rule 530 Schedule H-13: Investment tax credits	Larry T. Morris
Rule 530 Schedule H-14: Expenses associated with affiliated interests	Reina N. Gutierrez
Rule 530 Schedule H-15: Expenses associated with nonutility services	Reina N. Gutierrez

Name of Rule 530 Schedule	Sponsor
Rule 530 Schedule H-16: Explanation of the adjustments to expenses of operation.	Reina N. Gutierrez
Rule 530 Schedule I-1: Balance sheet	Reina N. Gutierrez
Rule 530 Schedule I-2: Income statement	Reina N. Gutierrez
Rule 530 Schedule I-3: Statement of changes in financial position	Reina N. Gutierrez
Rule 530 Schedule J-1: Construction program	Reina N. Gutierrez
Rule 530 Schedule J-2: Sources of construction funds	Reina N. Gutierrez
Rule 530 Schedule K-1: Allocation of Rate Base--jurisdictional	Reina N. Gutierrez
Rule 530 Schedule K-2: Allocation of Rate Base--functional classification	Matthew T. Larkin
Rule 530 Schedule K-3: Allocation of Rate Base--demand, energy, and customer	Matthew T. Larkin
Rule 530 Schedule K-4: Allocation of Rate Base to rate classes	Matthew T. Larkin
Rule 530 Schedule K-5: Allocation of total expenses--jurisdictional	Reina N. Gutierrez
Rule 530 Schedule K-6: Allocation of total expenses--functional classification	Matthew T. Larkin
Rule 530 Schedule K-7: Allocation of total expenses--demand, energy, and customer	Matthew T. Larkin
Rule 530 Schedule K-8: Allocation of total expenses to rate classes	Matthew T. Larkin
Rule 530 Schedule L-1: Allocated cost per billing unit of demand, energy and customer	Matthew T. Larkin
Rule 530 Schedule M-1: Allocation factors used to assign items of plant and expenses to the various rate classes	Matthew T. Larkin
Rule 530 Schedule M-2: Classification factors used to assign items of plant and expenses to demand, energy, and customer	Matthew T. Larkin
Rule 530 Schedule M-3: Demand and Energy Loss Factors	Aslam T. Hayat
Rule 530 Schedule N-1: Rate of return by rate classification	Cynthia A. Menhorn Matthew T. Larkin
Rule 530 Schedule O-1: Total revenue requirements by rate classification	Cynthia A. Menhorn
Rule 530 Schedule O-2: Proof of revenue analysis	Cynthia A. Menhorn
Rule 530 Schedule O-3: Comparison of rates for service under the present and proposed schedules	Cynthia A. Menhorn
Rule 530 Schedule O-4: Explanation of proposed changes to existing rate schedules	Cynthia A. Menhorn
Rule 530 Schedule P-1: Peak Demand Information	Aslam T. Hayat
Rule 530 Schedule P-2: Plant in service	Reina N. Gutierrez
Rule 530 Schedule P-3: Property retirements and property	Reina N. Gutierrez

Name of Rule 530 Schedule	Sponsor
investments information	
Rule 530 Schedule P-4: Operation and maintenance expense information	Reina N. Gutierrez
Rule 530 Schedule P-5: Customer information	Cynthia A. Menhorn
Rule 530 Schedule P-6: Weather data	Aslam T. Hayat
Rule 530 Schedule P-7: Power plant maintenance information	Reina N. Gutierrez
Rule 530 Schedule P-8: Customer service interruption information	Wesley W. Gray
Rule 530 Schedule P-9: Line loss information	Aslam T. Hayat
Rule 530 Schedule P-10: Reliability indices information	Wesley W. Gray
Rule 530 Schedule P-11: Reserve margin information	Reina N. Gutierrez
Rule 530 Schedule P-12: Fuel statistics information	Reina N. Gutierrez
Rule 530 Schedule Q-1: Load research program	Aslam T. Hayat
Rule 530 Schedule Q-2: Description of company	Kyle T. Sanders
Rule 530 Schedule Q-3: Annual Report to stockholders	Kyle T. Sanders
Rule 530 Schedule Q-4: Reports to the Securities and Exchange Commission	Kyle T. Sanders
Rule 530 Schedule Q-5: Form 1 reports	Kyle T. Sanders
Rule 530 Schedule Q-6: Opinion of independent public accountants	Reina N. Gutierrez

PNM Exhibit KTS – 3

Historical Financial Information
(2023-2025)

Is contained in the following 15 pages.

PUBLIC SERVICE COMPANY OF NEW MEXICO
RULE 510 ANNUAL REPORTING
COMPARISON OF PNM'S CASE 16-00276-UT to Base Year 2023

STATEMENT OF EARNINGS & EXPENSES
(In Thousands)

PNM Exhibit TSB-1
Page 1 of 5

Description	Total Company Yr. Ended 12/31/2023	Adjustments Yr. Ended 12/31/2023	Adjusted Total Company Yr. Ended 12/31/2023	New Mexico Jurisdiction Yr. Ended 12/31/2023	New Mexico Jurisdiction NMPRC Case No. 16-00276-UT Phase II
Summary:					
Total Electric Revenues	1,405,339	(29,474) [A]	1,375,865	1,239,189	992,259
Total Expenses, see below	1,369,681	(69,964)	1,299,717	1,180,572	877,047
Net Earnings	35,658	40,490	76,148	58,617	115,213
Equity			1,781,454	1,361,828	1,223,542
Return on Equity			4.274%	4.304%	9.575%
Rate Base:					
Generation Net Plant-in-Service	1,266,590	(3,037) [H]	1,263,553	1,263,553	1,538,040
Transmission Net Plant-in-Service	1,338,431	(43,319) [H]	1,295,112	443,401	320,809
Distribution Net Plant-in-Service	1,201,851	(90,568) [H]	1,111,283	1,111,283	831,105
General and Intangible Net Plant-in-Service	123,516	95,546 [I]	219,061	211,969	156,529
ADIT	(502,618)	(13,883) [J]	(516,500)	(554,739)	(846,963)
Regulatory Assets & Liabilities	(50,978)	(15,934) [K]	(66,912)	(35,313)	122,365
Other Rate Base Items	392,848	(297,533) [L]	95,315	130,498	155,905
Working Capital	166,528	(13,611) [M]	152,917	146,065	188,694
Total Rate Base	3,936,167	(382,339)	3,553,827	2,716,716	2,466,483
Operation & Maintenance Expense:					
Fuel	123,876		123,876	123,876	196,503
Nuclear Production O&M	38,831	1,087 [B]	39,919	39,903	64,313
Non-Nuclear Production O&M	50,108	2,941 [B]	53,049	53,049	103,821
Purchased Power Expense	540,012	(30,368) [A]	509,644	507,267	83,785
Other O&M Expenses	292,946	(40,897)	252,049	207,107	175,441
Transmission O&M Expenses	53,611	5,023 [E]	58,634	42,804	35,923
Distribution O&M Expenses	33,269	733 [P]	34,003	33,206	21,244
Customer Service, Accounts & Informational Expense	24,185	120 [P]	24,306	24,187	16,765
Sales Expense	5,589	-	5,589	5,583	4,334
Admin. and General O&M Expenses	176,292	(46,774) [C]	129,518	101,328	97,174
Total Operation & Maintenance Expense	1,045,774	(67,237)	978,537	931,204	623,863

PUBLIC SERVICE COMPANY OF NEW MEXICO
RULE 510 ANNUAL REPORTING
COMPARISON OF PNM'S CASE 16-00276-UT to Base Year 2023

STATEMENT OF EARNINGS & EXPENSES
(In Thousands)

PNM Exhibit TSB-1
Page 2 of 5

Description	Total Company Yr. Ended 12/31/2023	Adjustments Yr. Ended 12/31/2023	Adjusted Total Company Yr. Ended 12/31/2023	New Mexico Jurisdiction Yr. Ended 12/31/2023	New Mexico Jurisdiction NMPRC Case No. 16-00276-UT Phase I
Regulatory Disallowances					
Total Regulatory Disallowances	70,750	(70,750) F	-	-	(16,311)
Depreciation					
Total Depreciation	174,792	16,834 N	191,626	162,656	152,059
Taxes other than Income					
Total Taxes Other than Income	47,989	4,124 D	52,112	43,389	44,244
Other Income & Deduction					
Total Other Income & Deduction	(41,359)	33,278 O	(8,081)	-	-
Interest					
Interest Expense	86,574		86,574	45,358	61,807
Income and Revenue Taxes					
Total Tax expense	(15,367)	13,786 G	(1,581)	(2,406)	10,938
Preferred Stock Dividend					
Total Preferred Stock Dividend	528		528	372	448
Total Expenses					
Total Expenses	1,369,681	(69,964)	1,299,717	1,180,572	877,047

PUBLIC SERVICE COMPANY OF NEW MEXICO
RULE 510 ANNUAL REPORTING
COMPARISON OF PNM'S CASE 16-00276-UT to Base Year 2023

STATEMENT OF EARNINGS & EXPENSES
(In Thousands)

See attached schedule for jurisdictional allocation details.

PNM Exhibit TSB-1
Page 3 of 5

A. ($30,368) Reclass Revenue and Expense for Purchase Power Economy Service Customer
$894 Reclass PNMR Services allcated revenue

B. $4,128 Normalized non-labor planned outage expenses, based on a historic 6 year average
($115) Remove non-allowable legal and advertising expenses
$15 Remove impacts of finance lease accounting

C. A&G Expense Adjustments
($43,132) Reclass costs allocated from PNMR Services to applicable lines within the COS. This adjustment also removes costs not recovered from Retail jurisdictional customers such Incentive Compensation, Merger related costs, Other income and deductions, and certain legal and advertising costs
$94 Normalized non-labor planned outage expenses, based on a historic 6 year average
($2,714) Removal of non-recurring gas company pension expense
($730) Removal of non-recurring merger related transaction costs
($44) Remove non-allowable legal and advertising expenses
($336) Remove Transportation Electrification Program
$88 Remove impacts of finance lease accounting

D. General Taxes Adjustments
$4,181 General Taxes allocated to PNM from PNMR Services
($57) Remove Gross Receipt Tax Pass through expenses

E. Transmission Expense Adjustments
$4,863 PNM imputed third party transmission expenses associated with the Western Area Power Administration transmission agreement
($69) Removal of non-allowable dues/subscriptions expenses
$228 Remove impacts of finance lease accounting

F. Removal of regulatory disallowances

G. Income Tax impacts on Revenue and Expense adjustments listed on page 1 and 2

H. Net Plant Adjustments
($10,067) Removal of balances associated with the Palo Verde Asset Retirement Costs
($126,858) Increase to account for 13-month average

I. $108,354 Addition of PNMR assets allocated to PNM
($12,809) Decrease to account for 13-month average

J. 13-month averaging adjustment associated with plant related ADIT, and correlating adjustments

K. ($15,934) Decrease to account for 13-month average of account balances

L. ($12,000) Reduction to prepaid pension asset included in rate base pursuant to NMPRC Case 16-00276-UT final order
$16,304 Increase to account for 13-month average
($514,203) Remove CWIP and RWIP balances
$157,534 Remove Palo Verde Asset Retirement Obligation
$43,421 Remove San Juan Asset Retirement Obligation
$11,411 Remove Palo Verde Dry Cask Storage Liability

M. Working Capital 13-month average of account balances

N. $24,312 PNMR Services depreciation expense allocated to PNM
($6,314) Reduce net Palo Verde ARO accretion expense to equal funding collected in rates
($1,184) Remove finance lease amortization
$72 Remove Palo Verde ARC depreciation expense
$539 Add back depreciation expense associated with FCPP GAAP-only impairment loss
($591) Remove SJGS accretion expense

O. Remove non-recurring unrealized gains/(losses) on mark-to-market activity

P. ($68) Remove non-allowable dues/subscriptions, advertising, and merger related costs
$922 Remove impacts of finance lease accounting

Q. Under the New Mexico Jurisdiction NMPRC Case No. 16-00276-UT Phase II column, PNM has reflected the general illustrative COS settlement adjustments per the final order in that case

PUBLIC SERVICE COMPANY OF NEW MEXICO
RULE 510 ANNUAL REPORTING
COMPARISON OF PNM'S CASE 16-00276-UT to Base Year 2023

AMOUNT OF DEBT, AVERAGE COST OF DEBT & CAPITAL STRUCTURE
(In Thousands)

PNM Exhibit TSB-1
Page 4 of 5

No.	Description	New Mexico Jurisdiction NMPRC Case 16-00276-UT Phase II		Total Electric Yr. Ended 12/31/2023			
Outstanding Debt:							
		Amount Outstanding Yr. Ended 12/31/2018	Average Cost of Debt	Amount Outstanding Yr. Ended 12/31/2021	Average Cost of Debt		
	Short Term Debt *	438,943	8,364	108,126	20,877		
	Long Term Debt	1,465,870	71,351	1,929,345	61,986		
	Weighted Average Cost of Long Term Debt Capital		2.43%		1.61%		
Capital Structure:							
		Effective Rate	Composite Cost of Capital	Amount	Capital Ratio	Effective Rate	Composite Cost of Capital
	Long Term Debt	4.87%	2.43%	1,929,345	49.58%	3.24%	1.61%
	Preferred Stock	4.62%	0.02%	11,529	0.30%	4.62%	0.01%
	Common Equity	9.575%	4.75%	1,950,817	50.13%	9.575%	4.80%
	Total Capitalization		7.20%	3,891,691	100.00%		6.42%

* Short Term Debt includes term loans consistent with NMPRC Case No. 16-00276-UT

PUBLIC SERVICE COMPANY OF NEW MEXICO
RULE 510 ANNUAL REPORTING
COMPARISON OF PNM'S CASE 16-00276-UT to Base Year 2023

JURISDICTIONAL ALLOCATORS

PNM Exhibit TSB-1
Page 5 of 5

No.	Description	Year Ended 12/31/2023					Case No. 16-00261-UT				
Allocators:											
		Total	New Mexico Retail	Renewables	FERC	Other	Total	New Mexico Retail	Renewables	FERC	Other
	Total Wages and Salaries	70,751,514	68,460,768	-	2,290,747	0	63,144,393	57,476,188	172,705	2,998,018	2,497,482
		100.00%	96.76%	0.00%	3.24%	0.00%	100.00%	91.02%	0.27%	4.75%	3.96%
	Production Plant	1,082,803,599	1,082,803,599	-	-	0	1,401,095,542	1,389,065,070	-	-	12,030,472
		100.00%	100.00%	0.00%	0.00%	0.00%	100.00%	99.14%	0.00%	0.00%	0.86%
	Transmission Plant	1,295,111,570	443,401,431	-	851,710,139	-	627,732,073	320,808,912	-	286,899,409	20,023,753
		100.00%	34.24%	0.00%	65.76%	0.00%	100.00%	51.11%	0.00%	45.70%	3.19%
	Distribution Plant	1,111,282,657	1,104,373,648	6,909,009	-	-	827,035,497	827,035,497	-	-	-
		100.00%	99.38%	0.62%	0.00%	0.00%	100.00%	100.00%	0.00%	0.00%	0.00%
	General & Intangible Plant	219,061,276	211,968,653	-	7,092,624	0	175,255,556	156,293,635	-	16,180,504	2,781,417
		100.00%	96.76%	0.00%	3.24%	0.00%	100.00%	89.18%	0.00%	9.23%	1.59%
	Total Net Plant	3,701,350,093	2,842,547,330	-	858,802,763	0	3,031,118,668	2,693,203,114	-	303,079,913	34,835,642
		100.00%	76.80%	0.00%	23.20%	0.00%	100.00%	88.85%	0.00%	10.00%	1.15%
	Generation Demand *	1,451	1,451	-	-	-	1,451	1,451	-	-	-
		100.00%	100.00%	0.00%	0.00%	0.00%	100.00%	100.00%	0.00%	0.00%	0.00%
	Energy *	8,827,904	8,827,904	-	-	-	8,827,904	8,827,904	-	-	-
		100.00%	100.00%	0.00%	0.00%	0.00%	100.00%	100.00%	0.00%	0.00%	0.00%
	Generation and Transmission Demand *	100.00%	64.54%	0.00%	35.46%	0.00%	100.00%	67.72%	0.00%	32.28%	0.00%
	Transmission Demand *	3,334	1,570	-	1,764	-	2,903	1,504	-	1,399	-
		100.00%	47.08%	0.00%	52.92%	0.00%	100.00%	51.82%	0.00%	48.18%	0.00%
	Transmission Demand without Network *	2,964	1,570	-	1,395	-	1,946	1,501	-	445	-
		100.00%	52.95%	0.00%	47.05%	0.00%	100.00%	77.12%	0.00%	22.88%	0.00%

* Allocators are consistent with test period allocators approved in Case No. 16-00276-UT

PUBLIC SERVICE COMPANY OF NEW MEXICO
RULE 510 ANNUAL REPORTING
COMPARISON OF PNM'S CASE 22-00270-UT to Base Year 2024

STATEMENT OF EARNINGS & EXPENSES
(In Thousands)

PNM Exhibit TSB-1
Page 1 of 5

Description	Total Company Yr. Ended 12/31/2024	Adjustments Yr. Ended 12/31/2024	Adjusted Yr. Ended 12/31/2024	New Mexico Jurisdiction Yr. Ended 12/31/2024	New Mexico Jurisdiction NMPRC Case No. 22-00270-UT
Summary:					
Total Electric Revenues	1,354,290	(21,859) [A]	1,332,431	1,170,722	1,198,973
Total Expenses, see below	1,163,242	(36,100)	1,127,142	1,026,358	952,585
Net Earnings	191,048	14,241	205,289	144,363	246,388
Equity			1,895,001	1,489,620	1,324,665
Return on Equity			10.83%	9.69%	9.26%
Rate Base:					
Generation Net Plant-in-Service	1,284,203	(112,004) [H]	1,172,199	1,172,199	1,177,665
Transmission Net Plant-in-Service	1,593,502	(159,995) [H]	1,433,506	495,985	539,519
Distribution Net Plant-in-Service	1,433,720	(169,398) [H]	1,264,322	1,264,322	1,194,695
General and Intangible Net Plant-in-Service	152,137	90,740 [I]	242,878	225,702	215,905
ADIT	(607,129)	(84,839) [J]	(691,969)	(554,130)	(629,113)
Regulatory Assets & Liabilities	(97,758)	(4,160) [K]	(101,918)	(64,544)	(127,590)
Other Rate Base Items	243,508	(139,835) [L]	103,673	128,180	175,090
Working Capital	232,425	(46,707) [M]	185,718	168,779	123,987
Total Rate Base	4,234,608	(626,198)	3,608,410	2,836,494	2,670,157
Operation & Maintenance Expense:					
Fuel	113,871		113,871	113,871	143,824
Nuclear Production O&M	42,218	(471) [B]	41,748	41,748	34,424
Non-Nuclear Production O&M	50,042	2,886 [B]	52,928	51,876	47,831
Purchased Power Expense	325,671	(21,305) [A]	304,366	304,358	211,884
Other O&M Expenses	301,527	(42,590)	258,937	197,756	209,444
Transmission O&M Expenses	46,569	9,190 [E]	55,759	39,935	42,097
Distribution O&M Expenses	32,872	1,007 [P]	33,879	33,879	38,253
Customer Service, Accounts & Informational Expense	24,852	252 [P]	25,104	25,235	22,571
Sales Expense	6,144	-	6,144	6,137	7,466
Admin. and General O&M Expenses	191,091	(53,039) [C]	138,052	92,570	99,058
Total Operation & Maintenance Expense	833,329	(61,481)	771,848	709,608	647,408

PUBLIC SERVICE COMPANY OF NEW MEXICO
RULE 510 ANNUAL REPORTING
COMPARISON OF PNM'S CASE 22-00270-UT to Base Year 2024

STATEMENT OF EARNINGS & EXPENSES
(In Thousands)

PNM Exhibit TSB-1
Page 2 of 5

Description	Total Company Yr. Ended 12/31/2024	Adjustments Yr. Ended 12/31/2024	Adjusted Total Company Yr. Ended 12/31/2024	New Mexico Jurisdiction Yr. Ended 12/31/2024	New Mexico Jurisdiction NMPRC Case No. 22-00270-UT Phase I
Regulatory Disallowances					
Total Regulatory Disallowances	8,980	(8,980) [F]	-	-	-
Depreciation					
Total Depreciation	214,815	22,110 [N]	236,925	204,997	200,383
Taxes other than Income					
Total Taxes Other than Income	49,008	4,139 [D]	53,148	44,748	47,130
Other Income & Deduction					
Total Other Income & Deduction	(58,719)	3,263 [O]	(55,457)	-	-
Interest					
Interest Expense	85,945		85,945	50,042	45,607
Income and Revenue Taxes					
Total Tax expense	29,355	4,849 [G]	34,204	16,592	11,699
Preferred Stock Dividend					
Total Preferred Stock Dividend	528		528	371	358
Total Expenses					
Total Expenses	1,163,242	(36,100)	1,127,142	1,026,358	952,585

PUBLIC SERVICE COMPANY OF NEW MEXICO
RULE 510 ANNUAL REPORTING
COMPARISON OF PNM'S CASE 22-00270-UT to Base Year 2024

STATEMENT OF EARNINGS & EXPENSES
(In Thousands)

See attached schedule for jurisdictional allocation details.

PNM Exhibit TSB-1
Page 3 of 5

A. ($21,305) Reclass Revenue and Expense for Purchase Power Economy Service Customer
($1,927) Remove Transportation Electrification Program Revenue
($246) Remove Non-recurring Revenue
$1,619 Reclass PNMR Services allocated revenue

B. $1,363 Normalized non-labor planned outage expenses, based on a historic 6 year average
$1,166 Remove non-recurring expenses
($115) Remove non-allowable legal and advertising expenses

C. A&G Expense Adjustments
($47,550) Reclass costs allocated from PNMR Services to applicable lines within the COS. This adjustment also removes costs not recovered from Retail jurisdictional customers such Incentive Compensation, Other income and deductions, and certain legal and advertising costs
($3,712) Remove non-recurring expenses, including gas company pension expense
($1,927) Remove Transportation Electrification Program administrative expenses
($44) Remove Legal, Advertising, Disallowed Dues and Misc Write-offs
$75 Normalized planned outage expenses, based on a historic 6 year average
$119 Reclass finance lease expense

D. General Taxes Adjustments
$4,132 General Taxes allocated to PNM from PNMR Services
$8 Remove Gross Receipt Tax Pass through expenses

E. Transmission Expense Adjustments
$5,237 PNM imputed third party transmission expenses associated with the Western Area Power Administration transmission agreement
$3,779 Removal of non-recurring 3rd party transmission
$242 Reclass finance lease expense
($69) Removal of non-allowable dues/subscriptions expenses

F. Removal of regulatory disallowances

G. Income Tax impacts on Revenue and Expense adjustments listed on page 1 and 2

H. Net Plant Adjustments
($351,052) Decrease to account for 13-month average
($80,390) Removal of Four Corners Disallowance
($9,955) Removal of balances associated with the Palo Verde Asset Retirement Costs

I. ($28,245) Decrease to account for 13-month average
$118,985 Addition of PNMR assets allocated to PNM

J. 13-month averaging adjustment associated with plant related ADIT, and correlating adjustments

K. ($6,606) Decrease to account for 13-month average of account balances
$2,446 Remove Excess Deferred Federal Income Tax associated with Palo Verde and Four Corners disallowed rate base

L. $191,308 Increase to account for 13-month average
($543,134) Remove CWIP and RWIP balances
($17,700) Reduction to prepaid pension asset included in rate
$179,938 Remove Palo Verde Asset Retirement Obligation
$37,515 Remove San Juan Asset Retirement Obligation
$12,238 Remove Palo Verde Dry Cask Storage Liability

M. Working Capital 13-month average of account balances

N. ($1,217) Remove depreciation expense related FCPP disallowed plant
($7,500) Adjust Palo Verde ARO accretion expense to equal annual trust funding
($1,688) Reclass finance lease expense
($134) Remove depreciation expense related to Palo Verde asset retirement cost
$32,649 Reclass costs allocated from PNMR Services to

O. Remove non-recurring unrealized gains/(losses) on mark-to-market activity

P. $1,327 Reclass finance lease expense
($68) Remove non-allowable dues/subscriptions and advertising expenses

PUBLIC SERVICE COMPANY OF NEW MEXICO
RULE 510 ANNUAL REPORTING
COMPARISON OF PNM'S CASE 22-00270-UT to Base Year 2024

AMOUNT OF DEBT, AVERAGE COST OF DEBT & CAPITAL STRUCTURE
(In Thousands)

PNM Exhibit TSB-1
Page 4 of 5

No.	Description	New Mexico Jurisdiction NMPRC Case 22-00270-UT Phase II		Total Electric Yr. Ended 12/31/2024			
Outstanding Debt:							
		Amount Outstanding Yr. Ended 12/31/2024	Average Cost of Debt	Amount Outstanding Yr. Ended 12/31/2024	Average Cost of Debt		
	Short Term Debt *	12,239	8,117	108,126	20,073		
	Long Term Debt	1,929,345	71,746	1,920,958	61,986		
	Weighted Average Cost of Long Term Debt Capital		1.86%		1.69%		
Capital Structure:							
		Effective Rate	Composite Cost of Capital	Amount	Capital Ratio	Effective Rate	Composite Cost of Capital
	Long Term Debt	3.72%	1.86%	1,920,958	47.20%	3.58%	1.69%
	Preferred Stock	4.62%	0.01%	11,529	0.28%	4.62%	0.01%
	Common Equity	9.260%	4.59%	2,137,299	52.52%	9.260%	4.86%
	Total Capitalization		6.47%	4,069,787	100.00%		6.56%

* Short Term Debt includes term loans consistent with NMPRC Case No. 22-00270-UT

PUBLIC SERVICE COMPANY OF NEW MEXICO
RULE 510 ANNUAL REPORTING
COMPARISON OF PNM'S CASE 22-00270-UT to Base Year 2024

JURISDICTIONAL ALLOCATORS

PNM Exhibit TSB-1
Page 5 of 5

No.	Description	Year Ended 12/31/2024					Case No. 22-00270-UT				
Allocators:											
		Total	New Mexico Retail	Renewables	FERC	Other	Total	New Mexico Retail	Renewables	FERC	Other
	Total Wages and Salaries	41,577,020	38,524,006	-	3,053,015	0	50,079,712	46,283,638	417,996	3,378,078	-
		100.00%	92.66%	0.00%	7.34%	0.00%	100.00%	92.42%	0.83%	6.75%	0.00%
	Production Plant	997,678,083	997,678,083	-	-	0	1,006,667,577	1,006,667,577	-	-	-
		100.00%	100.00%	0.00%	0.00%	0.00%	100.00%	100.00%	0.00%	0.00%	0.00%
	Transmission Plant	1,433,506,424	495,985,168	-	937,521,257	-	1,519,277,822	539,518,580	-	979,759,242	-
		100.00%	34.60%	0.00%	65.40%	0.00%	100.00%	35.51%	0.00%	64.49%	0.00%
	Distribution Plant	1,257,444,873	1,257,444,873		-	-	1,187,176,365	1,187,176,365	-	-	-
		100.00%	100.00%	0.00%	0.00%	0.00%	100.00%	100.00%	0.00%	0.00%	0.00%
	General & Intangible Plant	242,128,814	224,952,947	-	17,175,868	0	228,231,579	214,082,665	-	14,148,914	-
		100.00%	92.91%	0.00%	7.09%	0.00%	100.00%	93.80%	0.00%	6.20%	0.00%
	Total Net Plant	3,930,758,194	2,976,061,070	-	954,697,124	0	3,941,353,343	2,947,445,187	-	993,908,156	-
		100.00%	75.71%	0.00%	24.29%	0.00%	100.00%	74.78%	0.00%	25.22%	0.00%
	Generation Demand *	1,570	1,570	-	-	-	1,478	1,478	-	-	-
		100.00%	100.00%	0.00%	0.00%	0.00%	100.00%	100.00%	0.00%	0.00%	0.00%
	Energy *	9,659,935	9,659,935	-	-	-	8,886,196	8,886,196	-	-	-
		100.00%	100.00%	0.00%	0.00%	0.00%	100.00%	100.00%	0.00%	0.00%	0.00%
	Generation and Transmission Demand *	100.00%	63.38%	0.00%	36.62%	0.00%	100.00%	63.65%	0.00%	36.35%	0.00%
	Transmission Demand *	3,592	1,629	-	1,963	-	3,598	1,646	-	1,952	-
		100.00%	45.35%	0.00%	54.65%	0.00%	100.00%	45.75%	0.00%	54.25%	0.00%
	Transmission Demand without Network *	3,592	1,629	-	1,963	-	3,080	1,511	-	1,569	-
		100.00%	45.35%	0.00%	54.65%	0.00%	100.00%	49.06%	0.00%	50.94%	0.00%

* Allocators are consistent with test period allocators approved in Case No. 22-00270-UT

PUBLIC SERVICE COMPANY OF NEW MEXICO
RULE 510 ANNUAL REPORTING
COMPARISON OF PNM'S CASE 24-00089-UT to Base Year 2025

STATEMENT OF EARNINGS & EXPENSES
(In Thousands)

PNM Exhibit RNG-1
Page 1 of 5

Description	Total Company Yr. Ended 12/31/2025	Adjustments Yr. Ended 12/31/2025	Adjusted Yr. Ended 12/31/2025	New Mexico Jurisdiction Yr. Ended 12/31/2025	New Mexico Jurisdiction NMPRC Case No. 24-00089-UT
Summary:					
Total Electric Revenues	1,457,682	(63,604) [A]	1,394,078	1,254,716	985,938
Total Expenses, see below	143,727	(86,934)	1,232,298	1,137,269	1,131,268
Net Earnings	1,313,955	23,330	161,780	117,447	(145,330)
Equity			2,105,854	1,621,194	1,584,333
Return on Equity			7.68%	7.24%	9.45%
Rate Base:					
Generation Net Plant-in-Service	1,329,926	(103,972) [H]	1,225,954	1,225,954	1,188,095
Transmission Net Plant-in-Service	1,708,014	(62,826) [H]	1,645,189	601,245	566,782
Distribution Net Plant-in-Service	1,680,816	(164,076) [H]	1,516,740	1,516,740	1,520,685
General and Intangible Net Plant-in-Service	84,316	121,793 [I]	206,110	191,776	218,435
ADIT	(787,222)	(11,467) [J]	(798,689)	(704,490)	(639,838)
Regulatory Assets & Liabilities	(75,188)	(11,422) [K]	(86,610)	(52,214)	(54,625)
Other Rate Base Items	267,893	(151,447) [L]	116,446	129,949	153,338
Working Capital	241,234	(4,932) [M]	236,303	217,747	153,441
Total Rate Base	4,449,790	(388,349)	4,061,442	3,126,707	3,106,314
Operation & Maintenance Expense:					
Fuel	112,664		112,664	83,751	173,512
Nuclear Production O&M	40,003	525 [B]	40,528	40,528	36,760
Non-Nuclear Production O&M	56,306	(2,370) [B]	53,937	53,734	53,042
Purchased Power Expense	435,933	(23,877) [A]	412,056	409,820	271,493
Other O&M Expenses	323,234	(78,513)	244,721	212,494	238,969
Transmission O&M Expenses	52,095	6,235 [E]	58,330	42,679	48,245
Distribution O&M Expenses	35,860	1,154 [P]	37,014	36,868	44,271
Customer Service, Accounts & Informational Expense	25,945	235 [P]	26,180	26,091	28,257
Sales Expense	4,726	-	4,726	4,720	6,909
Admin. and General O&M Expenses	204,607	(86,136) [C]	118,471	102,136	111,286
Total Operation & Maintenance Expense	968,140	(104,235)	863,905	800,327	773,775

PUBLIC SERVICE COMPANY OF NEW MEXICO
RULE 510 ANNUAL REPORTING
COMPARISON OF PNM'S CASE 24-00089-UT to Base Year 2025

STATEMENT OF EARNINGS & EXPENSES
(In Thousands)

PNM Exhibit RNG-1
Page 2 of 5

Description	Total Company Yr. Ended 12/31/2025	Adjustments Yr. Ended 12/31/2025		Adjusted Total Company Yr. Ended 12/31/2025	New Mexico Jurisdiction Yr. Ended 12/31/2025	New Mexico Jurisdiction NMPRC Case No. 24-00089-UT
Regulatory Disallowances						
Total Regulatory Disallowances	-	-	F	-	-	-
Depreciation						
Total Depreciation	234,423	7,862	N	242,285	221,397	229,688
Taxes other than Income						
Total Taxes Other than Income	55,703	1,416	D	57,119	49,894	49,635
Other Income & Deduction						
Total Other Income & Deduction	(62,107)	-	O	(62,107)	-	-
Interest						
Interest Expense	109,740			109,740	56,907	64,445
Income and Revenue Taxes						
Total Tax expense	12,805	8,024	G	20,829	8,385	13,366
Preferred Stock Dividend						
Total Preferred Stock Dividend	528			528	360	359
Total Expenses						
Total Expenses	1,319,232	(86,934)		1,232,298	1,137,269	1,131,268

PUBLIC SERVICE COMPANY OF NEW MEXICO
RULE 510 ANNUAL REPORTING
COMPARISON OF PNM'S CASE 24-00089-UT to Base Year 2025

STATEMENT OF EARNINGS & EXPENSES
(In Thousands)

See attached schedule for jurisdictional allocation details.

PNM Exhibit RNG-1
Page 3 of 5

A. Revenue Adjustments
($23,877) Reclass Revenue and Expense for Purchase Power Economy Service Customer
$1,674 Reclass PNMR Services allocated revenue
($41,401) Remove Energy Efficiency Revenue

B. Production O&M Adjustments
($1,774) Normalized non-labor planned outage expenses, based on a historic 6 year average
($115) Remove non-allowable legal and advertising expenses
$43 Remove financing lease amortization

C. A&G Expense Adjustments
($50,687) Reclass costs allocated from PNMR Services to applicable lines within the COS. This adjustment also removes costs not recovered from Retail jurisdictional customers such Incentive Compensation, Other income and deductions, and certain legal and advertising costs
($44) Remove Legal, Advertising, Disallowed Dues and Misc Write-offs
($123) Normalized planned outage expenses, based on a historic 6 year average
$61 Reclass finance lease expense
$3,269 Remove retiree medical
($38,612) Remove Energy Efficiency expense

D. General Taxes Adjustments
$1,405 General Taxes allocated to PNM from PNMR Services
$10 Remove Gross Receipt Tax Pass through expenses

E. Transmission Expense Adjustments
$5,993 PNM imputed third party transmission expenses associated with the Western Area Power Administration transmission agreement
$310 Reclass finance lease expense
($69) Removal of non-allowable dues/subscriptions expenses

F. Removal of regulatory disallowances

G. Income Tax impacts on Revenue and Expense adjustments listed on page 1 and 2

H. Net Plant Adjustments
($241,827) Decrease to account for 13-month average
($79,182) Removal of Four Corners Disallowance
($9,865) Removal of balances associated with the Palo Verde Asset Retirement Costs

I. ($117) Decrease to account for 13-month average
$121,911 Addition of PNMR assets allocated to PNM

J. Adjustments to reflect ADIT associated with 13-month average balances for ADIT on items included in rate base

K. Regulatory Assets & Liabilities Adjustments
($11,422) Decrease to account for 13-month average of account balances

L. Other Rate Base Adjustments
$40,573 Increase to account for 13-month average
($416,110) Remove CWIP and RWIP balances
($6,969) Reduction to prepaid pension asset included in rate
$189,026 Remove Palo Verde Asset Retirement Obligation
$27,514 Remove San Juan Asset Retirement Obligation
$14,519 Remove Palo Verde Dry Cask Storage Liability

M. Working Capital 13-month average of account balances

N. Depreciation Adjustments
($1,659) Reclass finance lease expense
($134) Remove depreciation expense related to Palo Verde asset retirement cost
$9,655 Reclass costs allocated from PNMR Services to applicable lines within the COS. This adjustment also removes costs not recovered from Retail jurisdictional customers such Incentive Compensation, Merger related costs, Other income and deductions, and certain legal and advertising costs

O. Other Income & Deductions Adjustments

P. Distribution and Customer Service O&M Adjustments
$1,457 Reclass finance lease expense
($68) Remove non-allowable dues/subscriptions and advertising expenses

PUBLIC SERVICE COMPANY OF NEW MEXICO
RULE 510 ANNUAL REPORTING
COMPARISON OF PNM'S CASE 24-00089-UT to Base Year 2025

AMOUNT OF DEBT, AVERAGE COST OF DEBT & CAPITAL STRUCTURE
(In Thousands)

PNM Exhibit RNG-1
Page 4 of 5

No.	Description	New Mexico Jurisdiction		Total Electric			
				Yr. Ended 12/31/2025			
Outstanding Debt:							
		Amount Outstanding Yr. Ended 12/31/2025	Average Cost of Debt	Amount Outstanding Yr. Ended 12/31/2025	Average Cost of Debt		
	Short Term Debt *	277,527	14,150	493,800	19,406		
	Long Term Debt	2,243,720	95,167	2,215,063	95,197		
		-					
	Weighted Average Cost of Long Term Debt Capital		2.07%		1.84%		
Capital Structure:							
		Effective Rate	Composite Cost of Capital	Amount	Capital Ratio	Effective Rate	Composite Cost of Capital
	Long Term Debt	4.24%	2.07%	2,215,063	47.90%	3.84%	1.84%
	Preferred Stock	4.62%	0.01%	11,529	0.25%	4.62%	0.01%
	Common Equity	9.450%	4.82%	2,397,681	51.85%	9.450%	4.90%
	Total Capitalization		6.90%	4,624,274	100.00%		6.75%

* Short Term Debt includes term loans consistent with NMPRC Case No. 24-00089-UT

PUBLIC SERVICE COMPANY OF NEW MEXICO
RULE 510 ANNUAL REPORTING
COMPARISON OF PNM'S CASE 24-00089-UT to Base Year 2025

JURISDICTIONAL ALLOCATORS

PNM Exhibit RNG-1
Page 5 of 5

No.	Description	Year Ended 12/31/2025					Case No. 24-00089-UT				
Allocators:											
		Total	New Mexico Retail	Renewables	FERC	Other	Total	New Mexico Retail	Renewables	FERC	Other
	Total Wages and Salaries	41,577,020	38,462,459	-	3,114,561	0	55,204,865	50,063,749	276,846	4,864,271	-
		100.00%	92.51%	0.00%	7.49%	0.00%	100.00%	90.69%	0.50%	8.81%	0.00%
	Production Plant	1,033,643,577	1,033,643,577	-	-	0	982,652,475	982,652,475	-	-	-
		0.00%	100.00%	0.00%	0.00%	0.00%	100.00%	100.00%	0.00%	0.00%	0.00%
	Transmission Plant	1,645,188,656	601,244,885	-	1,043,943,771	-	1,597,656,275	566,781,944	-	1,030,874,331	-
		100.00%	36.55%	0.00%	63.45%	0.00%	100.00%	35.48%	0.00%	64.52%	0.00%
	Distribution Plant	1,510,238,074	1,510,238,074		-	-	1,515,050,373	1,515,050,373	-	-	-
		100.00%	100.00%	0.00%	0.00%	0.00%	100.00%	100.00%	0.00%	0.00%	0.00%
	General & Intangible Plant	206,109,530	191,776,052	-	14,333,478	0	235,038,105	216,814,370	-	18,223,735	-
		100.00%	93.05%	0.00%	6.95%	0.00%	100.00%	92.25%	0.00%	7.75%	0.00%
	Total Net Plant	4,422,041,657	3,363,764,407	-	1,058,277,249	0	3,941,353,343	2,947,445,187	-	993,908,156	-
		100.00%	76.07%	0.00%	23.93%	0.00%	100.00%	74.78%	0.00%	25.22%	0.00%
	Generation Demand *	1,716	1,716	-	-	-	1,716	1,716	-	-	-
		100.00%	100.00%	0.00%	0.00%	0.00%	100.00%	100.00%	0.00%	0.00%	0.00%
	Energy *	10,324	10,324	-	-	-	10,324	10,324	-	-	-
		100.00%	100.00%	0.00%	0.00%	0.00%	100.00%	100.00%	0.00%	0.00%	0.00%
	Generation and Transmission Demand *	100.00%	63.60%	0.00%	36.40%	0.00%	100.00%	62.83%	0.00%	37.17%	0.00%
	Transmission Demand *	3,568	1,630	-	1,939	-	3,589	1,598	-	1,991	-
		100.00%	45.67%	0.00%	54.33%	0.00%	100.00%	44.53%	0.00%	55.47%	0.00%
	Transmission Demand without Network *	3,226	1,630	-	1,597	-	3,217	1,598	-	1,619	-
		100.00%	50.51%	0.00%	49.49%	0.00%	100.00%	49.67%	0.00%	50.33%	0.00%

* Allocators are consistent with test period allocators approved in Case No. 24-00089-UT

PNM Exhibit KTS – 4

Rate Schedule 37B

Is contained in the following 8 pages.

PUBLIC SERVICE COMPANY OF NEW MEXICO
ELECTRIC SERVICE

ORIGINAL RATE NO. 37B

DATA CENTER LARGE POWER SERVICE

APPLICABILITY: Rates on this schedule ("Schedule" or "Tariff") are required for any data center customer that is described herein ("Data Center Customer" or "Customer") and such customers shall take electric service from Public Service Company of New Mexico (the "Company" or "PNM") pursuant to this Schedule ("Service") unless the customer qualifies for service under Rate Schedule 36B and PNM consents to that customer taking service pursuant to Rate Schedule 36B.

CUSTOMER ELIGIBILITY: To be eligible for this Schedule, a Data Center Customer must meet the following conditions at a minimum, but additional or more stringent requirements that may affect customer eligibility may be established in the Company's Electric Service Agreement(s):

1) A Customer with Data Center load that commences Service on or after the effective date of this Schedule as approved by the New Mexico Public Regulation Commission ("NMPRC" or "Commission") or whose Electric Service Agreement states it shall take Service pursuant to this Schedule for a defined amount of Contract Capacity commensurate with the Customer's normal requirements but in no case less than 30,000 kilowatts ("kW") of capacity during the Initial Contract Term.
2) A Customer that has previously received electric utility service from the Company on or after the effective date of this Schedule that seeks to add incremental Data Center capacity of 30,000 kW or more.
3) The Customer must take Service at one premise at a single location. Alternatively, PNM may, in its reasonable and sole discretion, aggregate multiple premises served at distribution or transmission voltage where such premises are reasonably determined to be part of a single location, where individual premises require capacity of 1 megawatt ("MW") or greater.
4) The Customer shall be required to enter into and have its terms of Service governed by one or more Electric Service Agreements for the Contract Term and that establishes Contract Capacity and Load Ramp Period, and other service conditions, as determined by the Company.
5) The Customer shall be subject to the terms of an Electric Facilities Agreement ("EFA") or appropriate line extension agreement for any transmission or distribution cost incurred by the Company for the Customer not covered through rates under this Schedule.
6) The Customer shall be subject to liquidated damages provisions, as applicable, in the Electric Service Agreement(s), EFA, or line extension agreement unless otherwise agreed to by the Company.

DEFINITIONS: The following definitions apply to this Schedule:

(A) Collateral Requirement means the amount of collateral or other credit support determined under the Electric Service Agreement(s) and this Schedule.
(B) Contract Capacity means the capacity level, expressed in kW or MW as applicable, agreed to between PNM and the Customer in the Electric Service Agreement(s) for a specified time period that is no less than the Contract Term. Contract Capacity may include varying levels of capacity during the Load Ramp Period as set forth in the Electric Service Agreement.

Advice Notice No. 667

/s/ Kyle T. Sanders
Kyle T. Sanders
Vice President, Regulatory

PUBLIC SERVICE COMPANY OF NEW MEXICO
ELECTRIC SERVICE

ORIGINAL RATE NO. 37B

DATA CENTER LARGE POWER SERVICE

(C) Contract Capacity Reduction means a request by Customer to reduce its Contract Capacity during the Contract Term on no less than thirty-six (36) months' prior notice and is approved by the Company at its discretion pursuant to the Electric Service Agreement(s).

(D) Contract Term means the Load Ramp Period, if any, plus the Initial Contract Term, plus any and all terms of extension as set forth in the Electric Service Agreement(s), and will be made for a period of not less than fifteen (15) years.

(E) Data Center means any facility that primarily contains electronic equipment used to process, store, and share digital information, which may be: (a) a free-standing structure; or (b) a facility within a larger structure, that uses environmental control equipment to maintain the proper conditions for the operation of electronic equipment.

(F) Early Exit Fee means the fee or payment, if any, required and calculated pursuant to the Electric Service Agreement(s), if the Customer provides less than the required thirty-six (36) months' notice of termination or non-renewal or if the Company terminates the Electric Service Agreement(s) due to Customer default. The terms of any Early Exit Fee are set forth in the Electric Service Agreement(s).

(G) Electric Service Agreement means a contract or multiple contracts that are entered into between PNM and the Customer for Service pursuant to this Schedule.

(H) Electric Facilities Agreement means a contract that sets forth the terms and conditions relating to the design, construction, installation, ownership, procurement, and maintenance of the electric facilities serving the Customer, and Customer's cost responsibilities for such electric facilities.

(I) Existing System Resources means all existing generation, energy storage, transmission, and distribution resources, as well as the associated cost of those resources, placed into service prior to the effective date of this Schedule and used to provide electric service on PNM's system. Existing System Resources also include all power purchase agreements and energy storage agreements executed prior to the effective date of this Schedule that are used to provide electric service on PNM's system.

(J) Exit Fee means the fee or payment, if any, required and calculated pursuant to the Electric Service Agreement(s) in connection with any early termination of, non-renewal on less than the required notice, or reduction to the Contract Capacity or if the Company terminates the Electric Service Agreement(s) due to Customer default. The terms of any Exit Fee are set forth in the Electric Service Agreement(s).

(K) Facilities Demand Charge means a monthly demand charge calculated by PNM based on PNM's projected revenue requirement for the directly assigned electric facilities required to interconnect Customer.

(L) Incremental Costs means the additional generation, energy storage, transmission, and related system costs incurred to serve all Customers that take Service under this Schedule, including the investments in New System Resources and their associated costs incurred to provide Service pursuant to this Schedule. Incremental Costs shall be determined in a Rate Case Application proceeding.

Advice Notice No. 667

/s/ Kyle T. Sanders
Kyle T. Sanders
Vice President, Regulatory

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DATA CENTER LARGE POWER SERVICE

(M) Incremental Cost Test means the test that will be conducted and filed with each PNM Rate Case Application to determine if Data Center customers are paying for their Incremental Costs, at a minimum. The Incremental Cost Test will be applied at the customer class level for all Rate Schedule 37B customers.

(N) Initial Contract Term means the period of time that commences after the Load Ramp Period ends.

(O) Load Ramp Period means the period of time agreed to between the Company and the Customer in the Electric Service Agreement(s) over which the Customer will ramp up its load. The Load Ramp Period shall end per the terms set forth in the Electric Service Agreement(s).

(P) Minimum Monthly Bill means the monthly minimum charge that is comprised of the customer charge (set forth below) plus the Total Monthly Billing Demand multiplied by the on-peak demand charge, plus any Facilities Demand Charge or applicable facilities-recovery charge approved by the Commission or required under the Electric Service Agreement(s). Energy Charge(s) always apply in addition to a Minimum Monthly Bill.

(Q) New System Resources means all new generation, energy storage, transmission, distribution, and overhead resources, as well as the associated cost of those resources, placed into service after the effective date of this Schedule and are used to provide electric service on PNM's system. New System Resources also include all power purchase agreements, fuel costs and energy storage agreements executed after the effective date of this Schedule and /or projected to be executed, and will be used to provide electric service on PNM's system.

(R) Rate Case Application means an application for revision of general retail electric rates filed pursuant to NMSA 1978, Section 62-8-7 and Rules 17.9.530 NMAC, 17.1.2.10 NMAC, and 17.1.3 NMAC.

(S) Total Monthly Billing Demand means the highest of: (i) the actual metered on-peak kW demand; or (ii) 80% of the Contract Capacity specified for the applicable time period of the Contract Term ("Minimum Demand").

(T) Total System Resources means the projected resources, including New System Resources, and associated costs across all applicable functional categories, including production, transmission, distribution, and other costs, used to provide system-wide service during the Test Period in the context of a Rate Case Proceeding.

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

TYPE OF SERVICE: The Service available under this schedule shall be three-phase delivered at PNM's primary distribution voltage of 12,000 volts or higher or transmission voltage of 115 kV. The delivery voltage of the Company will depend upon the capacity available that is necessary to provide Service to the Customer. The Company shall be the sole judge as to the voltage the Company can make available so as to provide for adequate capacity to the Customer.

CONTRACT FOR SERVICE AND TERMINATION OF CONTRACT FOR SERVICE: The Customer shall be required to enter into and have its terms of Service governed by one or more Electric Service Agreement(s) for a Contract Term of not less than fifteen (15) years. The Customer may designate a Load Ramp Period as defined and agreed to by PNM in the Electric Service Agreement(s). If a Load Ramp Period is designated

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by the Customer, the Initial Contract Term shall commence after the Load Ramp Period ends. The Contract Term shall consist of the Load Ramp Period, if any, plus the Initial Contract Term and shall remain in effect unless cancelled or modified pursuant to the terms hereunder and the Electric Service Agreement(s). The Customer shall give at least thirty-six (36) months' prior written notice to the Company of Customer's intention to discontinue Service under the terms of this Schedule, provided that such notice shall not reduce the Contract Term except as provided for in the Exit Fee provision in this Schedule. If the Customer provides less than thirty-six (36) months' prior written notice to the Company, the Customer remains subject to the Exit Fee and Early Exit Fee as applied by the terms of the Electric Service Agreement(s).

TIME-OF-USE ("TOU") RATE

TOU ON-PEAK HOURS: Year-round 8:00am - 8:00pm Mon - Fri (60 hours per week)

TOU OFF-PEAK HOURS: All hours other than On-Peak

TOU MONTHLY CHARGE: At any amount of consumption, the monthly minimum charge is the customer charge plus the Total Monthly Billing Demand multiplied by the on-peak demand charge, plus any Facilities Demand Charge or applicable facilities-recovery charge approved by the Commission or required under the Electric Service Agreement(s) ("Minimum Monthly Bill"). Energy Charge(s) always apply in addition to a Minimum Monthly Bill.

		Summer	Non-Summer
(A)	CUSTOMER CHARGE: (Per Metered Account)	$29,622.34/Bill	$29,622.34/Bill
(B)	ON-PEAK DEMAND CHARGE: (For All Billing Demand kW During On-Peak Period)	$39.46/kW	$27.32/kW
(C)	ENERGY CHARGE:		
	On-Peak kWh	$0.0078358/kWh	$0.0060761/kWh
	Off-Peak kWh	$0.0038231/kWh	$0.0038231/kWh

RATE RIDERS, CHARGES, AND ADJUSTMENTS

(D) POWER FACTOR ADJUSTMENT: The above rates are based on a power factor of 90 percent or higher and the Company will supply, without additional charge, a maximum of 0.48 kVAR (Reactive Kilovolt Amperes) per kW of Total Monthly Billing Demand. The monthly bill will be increased $0.27 for each kVAR in excess of the allowed 0.48 kVAR per kW of Total Monthly Billing Demand.

Advice Notice No. 667

/s/ Kyle T. Sanders
Kyle T. Sanders
Vice President, Regulatory

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(E) FUEL AND PURCHASED POWER COST ADJUSTMENT: All kWh usage under this Tariff will be subject to the Fuel and Purchased Power Cost Adjustment Clause ("FPPCAC") factors calculated according to the provisions in PNM's Rider 23.

(F) OTHER APPLICABLE RIDERS: Any other PNM riders that may apply to this Schedule shall be billed in accordance with the terms of those riders.

(G) SPECIAL TAX AND ASSESSMENT ADJUSTMENT: Billings under this Schedule may be increased by an amount equal to the sum of the taxes payable under the Gross Receipts and Compensating Tax Act and of 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.

INCREMENTAL COST TEST

In each Rate Case Application for which there are billing determinants under this Schedule, PNM shall conduct and file the results of an Incremental Cost Test that ensures that the rates provided under this Schedule are recovering, at a minimum, the Incremental Cost of providing Service to Customers served by this Schedule. The Incremental Cost Test shall:

(A) Calculate the dollar per kilowatt-hour ("kWh") cost of New System Resources to serve customers who take or are projected to take Service pursuant to this Schedule. This calculation is based on an assessment of what portion of New System Resources are being used or projected to be used to serve customers who take Service pursuant to this Schedule as determined by the Company.

(B) Calculate the dollar per kWh cost of Total System Resources used to serve customers who take or are projected to take Service pursuant to this Schedule. This calculation is based on using PNM's approved Class Cost of Service Study to allocate costs to this Schedule and includes any rate mitigation measures used to assign costs to this Schedule, including banding.

PNM shall set a rate for this Schedule that ensures that the higher of the dollar per kWh amounts calculated in Parts (A) and (B) above are recovered from customers taking Service pursuant to this Schedule. The rate determined above as part of the Incremental Cost Test will be recovered through the applicable rate components of this tariff using billing determinants projected in a Rate Case Application proceeding and/or other applicable rate riders.

OTHER REQUIRED PROVISIONS TO BE INCLUDED IN THE ELECTRIC SERVICE AGREEMENT(S)

The following terms of this Schedule are minimum requirements that must be addressed in an Electric Service Agreement(s) entered into between the Company and the Customer for Service under this Schedule. The Electric Service Agreement(s) may require additional or more stringent requirements.

Advice Notice No. 667

/s/ Kyle T. Sanders
Kyle T. Sanders
Vice President, Regulatory

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CONTRACT CAPACITY REDUCTION: The Customer may request to reduce its Contract Capacity at any time after a period of years as defined in the Electric Service Agreement(s) by giving the Company at least thirty-six (36) months' written notice prior to the reduction of the Contract Capacity.

Any Contract Capacity Reduction or early termination shall be subject to the terms of the Electric Service Agreement(s). .

The Company shall only grant Contract Capacity Reductions in circumstances that are beneficial, or at least not detrimental, to the Company and all other retail customers, and at its sole discretion.

All contract modifications must be in writing and executed as a supplement to the applicable agreement.

EARLY EXIT FEE: The Early Exit Fee shall apply pursuant to the Electric Service Agreement(s) and shall, at a minimum, consider the amount of notice provided by the Customer for termination or non-renewal of the Electric Service Agreement(s), including but limited to, whether the Customer provided the required thirty-six (36) months' prior notice of termination or non-renewal of the Electric Service Agreement(s).

EXIT FEE: The Exit Fee shall apply and be calculated pursuant to the Electric Service Agreement(s) and is not contingent on taking electric Service from the Company. The Exit Fee shall reflect the present value of remaining Minimum Monthly Bills for the contract term, calculated using the most recently approved PNM weighted cost of capital (WACC) and the Contract Capacity applicable to each month under the Electric Service Agreement(s), but for the termination, non-renewal without required notice, or Contract Capacity Reduction. In the case of a Contract Capacity Reduction, that amount shall be reduced by the present value of the remaining Minimum Monthly Bills following and giving effect to the Contract Capacity Reduction, calculated using the most recent approved PNM weighted cost of capital (WACC). The Company may approve a reduction to the Exit Fee as provided in the Electric Service Agreement(s).

COMMERCIALLY REASONABLE MITIGATION EFFORTS: Following receipt of a proper request for Contract Capacity Reduction or notice of termination, the Company will use commercially reasonable efforts to mitigate the Exit Fee amount owed or paid by the Customer for such period of time and pursuant to the terms specified by the Electric Service Agreement(s). The Company shall have no obligation to mitigate following the effective date of termination of the Electric Service Agreement(s).

CREDITWORTHINESS AND COLLATERAL REQUIREMENT: The Customer, shall provide credit support within thirty (30) days of executing the Electric Service Agreement(s) equal to four and one-half (4.5) years of the Minimum Monthly Bill for the Contract Term (the "Collateral Requirement"). The Collateral Requirement may be provided in one or more of the following forms, subject to approval by the Company:

1. Parent or Affiliate Guarantee: A guarantee from the ultimate parent or a corporate affiliate of the Customer for the full Collateral Requirement, provided that the guarantor meets the Company's minimum creditworthiness requirements, including credit ratings by both S&P Global Ratings and Moody's of at least BBB+ and Baa1, respectively, and no material adverse financial events during the twelve (12) months preceding the applicable determination. . The guarantee must be in a form acceptable to the Company and shall include a commitment to automatically cover any increase in

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the Collateral Requirement if the Customer or Guarantor no longer satisfies the creditworthiness requirements.

2. Standby Irrevocable Letter of Credit: A Letter of Credit for the full Collateral Requirement, issued by a U.S. bank or U.S. branch of a foreign bank not affiliated with the Customer or its Guarantor, with credit ratings by both S&P Global Ratings and Moody's of at least A- and A3, respectively, and at least ten billion dollars ($10,000,000,000) in U.S.-based assets. The Letter of Credit shall have a minimum term of 360 days and must be renewed or extended for consecutive terms of 360 days or more no later than thirty (30) days prior to expiration. The Letter of Credit shall be in a format acceptable to and approved by the Company.

In addition to the Collateral Requirement, the Customer or an entity who otherwise assumes all financial obligations associated with the Data Center facility pursuant to the Electric Service Agreement(s), must be reasonably creditworthy as determined in the Company's sole reasonable discretion. The Company retains discretion to periodically evaluate the creditworthiness and credit support of the entity who assumes all contractual obligations under the Electric Service Agreement(s), and to require reasonable assurances if necessary to address Customer creditworthiness.

During the Initial Contract Term following the end of the Load Ramp Period, and subject to any additional terms or requirements in the Electric Service Agreement(s), the Collateral Requirement shall step down over the final four and one-half (4.5) years of the Initial Contract Term on a linear basis by releasing 22.22% of the initial Collateral Requirement each year, such that the Collateral Requirement is reduced to zero at the expiration of the Initial Contract Term, unless otherwise required by applicable Commission-approved tariff provisions.

In the event of a default, uncured breach of the Electric Service Agreement(s), failure to maintain the Collateral Requirement, or for such other reasons specified in the Electric Service Agreement(s), the Company may draw upon any form of collateral and exercise all rights and remedies available under the Electric Service Agreement(s) and applicable regulations.

INTERRUPTION OF SERVICE: Please refer to PNM Rule 12.

ACCESSIBILITY: Equipment used to provide electric service must be physically accessible to Company personnel. The metering must be installed on each service location at a point accessible to Company personnel at any time.

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 is not available for standby service, is not available to customers served in the downtown area of Albuquerque when served by the underground network system, and shall not be resold or shared with others.

RULES AND REGULATIONS: Service will be furnished subject to the Electric Service Agreement(s), this Schedule, the Company's Rules and Regulations, Commission regulations, and any subsequent revisions

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or Commission-approved modifications applicable to Customer's service. These Rules and Regulations are available at the Company's office and are on file with the New Mexico Public Regulation Commission. These Rules and Regulations are a part of this Schedule as if fully written herein. If the Customer seeks to change to another rate schedule for which it qualifies, such change will require prior approval from the Company, in its sole reasonable discretion. In the event that the Company approves Customer's change to another rate schedule, the Company, in its sole reasonable discretion, may waive the thirty-six (36) months' notice requirement, the Exit Fee, and the Early Exit Fee (if applicable) if the Company reasonably determines that such costs are fully covered by the Customer under the new rate schedule and not borne by other Customers.

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Advice Notice No. 667

/s/ Kyle T. Sanders
Kyle T. Sanders
Vice President, Regulatory

PNM Exhibit KTS – 5

PNM Data Center - Electric Service Agreement (Sample)

Is contained in the following 51 pages.

PUBLIC SERVICE COMPANY OF NEW MEXICO
ELECTRIC SERVICE AGREEMENT
PNM AGREEMENT NO.

This Electric Service Agreement ("Agreement") is entered into as of [Date] by and between Public Service Company of New Mexico, a New Mexico corporation ("PNM" or "Company"), and [Customer Name], a [state] [entity type] ("Customer"). PNM and Customer may be referred to individually as a "Party" and collectively as the "Parties."

This Agreement relates to electric service provided by PNM to Customer at [Service Address / Premises] (the "Facility"). Such service shall be provided pursuant to the Tariff. This Agreement supplements and implements the Tariff with respect to Customer's service.

RECITALS

A. Customer has requested electric service from PNM for the Facility in accordance with the Applicable Service Terms.

B. PNM is willing to provide such service, subject to this Agreement, the Applicable Service Terms, Applicable Law, and Required Approvals.

C. PNM and Customer are parties to that certain Reimbursement Agreement ("Reimbursement Agreement"), PNM Agreement No. [●], dated effective [●], which, among other things, expressly authorizes PNM to commence Preliminary Work, as defined in the Reimbursement Agreement, and to incur associated costs. Customer hereby acknowledges and confirms such prior authorization for PNM to commence the Preliminary Work.

D. The Parties desire to enter into this Agreement, under which electric service to Customer is governed by the Tariff, to establish Contract Capacity, Initial Contract Capacity, Steady State Contract Capacity, Load Ramp Period, and other service conditions applicable to Customer's service.

E. In connection with electric service under this Agreement, PNM will design, construct, install, procure, own, and maintain certain electric facilities necessary to serve the Facility. The Parties' respective rights, obligations, and cost responsibilities with respect to such facilities are set forth in the Electric Facilities Agreement (EFA) attached hereto as Exhibit D and made a part of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, the Parties agree as follows:

1. Definitions.

For purposes of this Agreement:

"Acceptable Letter of Credit" means a standby irrevocable letter of credit issued by a financial institution that meets Issuer Minimum Requirements, in substantially the form attached as Exhibit E and in form and substance reasonably acceptable to PNM, posted as provided in Exhibit C.

"Applicable Law" means all applicable federal, state, tribal and local laws, statutes, regulations, ordinances, rules, tariffs, orders, permits, codes, and other binding legal requirements.

"Applicable Service Terms" means the Tariff, together with the PNM Rules and Regulations and Commission regulations applicable to Customer's service.

"Collateral Requirement" means the amount of collateral or other credit support determined under this Agreement, Exhibit C and the Tariff.

"Commencement Date" means the date specified in written notice provided by PNM to Customer stating that PNM has energized the applicable interconnection facilities and is capable of providing electric service to the Facility.

"Commission" or "NMPRC" means the New Mexico Public Regulation Commission.

"Contract Capacity" means the capacity level, expressed in kilowatts "kW" or megawatts "MW" as applicable, established for the applicable time period, including the Initial Contract Capacity and the Steady State Contract Capacity as set forth in this Agreement and Exhibit A.

"Contract Capacity Reduction" has the meaning set forth in Section 10.

"Contract Term" means the Load Ramp Period, if any, plus the Initial Contract Term, as described in Section 3, plus any and all Extension Terms.

"Customer Event of Default" has the meaning set forth in Section 11.

"Customer Facilities" means the facilities and equipment owned, leased, operated, or controlled by Customer on Customer's side of the Point of Delivery.

"Data Center Facilities" has the meaning set forth in Section 21(g).

"Data Center Lease" has the meaning set forth in Section 21(g).

"Data Center Site" has the meaning set forth in Section 21(g).

"Early Exit Fee" has the meaning set forth in Section 10.

"Early Termination Notice" has the meaning set forth in Section 3.

"Effective Date" means the date this Agreement is executed by both Parties.

"Electric Facilities" means the transmission and distribution equipment and related infrastructure that PNM will design, construct, install, own, and maintain to serve Customer's Facility, as more particularly described in the EFA.

"Electric Facilities Agreement" or "EFA" means the agreement set forth in Exhibit D, attached hereto, which sets forth the terms and conditions relating to studies, engineering, procurement, construction, installation, ownership, and maintenance of utility facilities required to serve Customer, including Customer's cost responsibilities therefor.

"End-of-Term Notice" has the meaning set forth in Section 3.

"Exit Date" has the meaning set forth in Section 10.

"Exit Fee" means the fee or payment, if any, required under this Agreement, and calculated in accordance with Exhibit C, in connection with any Early Termination, non-renewal on less than the required notice, or Contract Capacity Reduction and as further provided in the Tariff.

"Exit Fee Invoice" has the meaning set forth in Section 10.

"Exit Fee Invoice Date" has the meaning set forth in Section 10.

"Extension Term" has the meaning set forth in Section 3.

"Facility" means Customer's facility located at one or more aggregated Premises and served under this Agreement.

"Facilities Demand Charge" means a monthly demand charge calculated by PNM based on PNM's projected revenue requirement for the directly assigned Electric Facilities required to interconnect Customer.

"Guarantor" means an entity that provides a Guaranty pursuant to this Agreement, which entity satisfies the Minimum Requirements of Creditworthiness.

"Guaranty" means a guaranty in substantially the form set forth in Exhibit E executed by a Guarantor to secure the payment and performance of Customer's obligations under this Agreement.

"Initial Contract Capacity" means the initial capacity level established under Exhibit A for the beginning of service during the Load Ramp Period, if applicable.

"Initial Contract Term" means the initial term described in Section 3.

"Insecurity Event" has the meaning set forth in Section 7.

"Issuer Minimum Requirements" means a U.S. bank or a U.S. branch of a foreign bank with credit ratings by both S&P Global Ratings and Moody's of at least A- and A3, respectively, and at least ten billion dollars ($10,000,000,000) in U.S.-based assets.

"Load Ramp Period" means the period designated in Exhibit A during which Customer's Contract Capacity ramps from the Initial Contract Capacity to the full Steady State Contract Capacity.

"Minimum Demand" means eighty percent (80%) of the applicable Contract Capacity for the applicable time period of the Contract Term, as described in this Agreement and the Tariff.

"Minimum Monthly Bill" has the meaning set forth in Exhibit A.

"Minimum Requirements of Creditworthiness" means an entity that shall possess and maintain: (a) credit ratings from both S&P Global Ratings and Moody's of at least BBB+ and Baa1, respectively; and (b) no material adverse financial events during the twelve (12) months preceding the applicable determination.

"Payment Default" has the meaning set forth in Section 11.

"PNM Rules and Regulations" means PNM's Commission-approved rules and regulations applicable to electric service, as amended, replaced, or superseded from time to time.

"Point of Delivery" means the point at which PNM delivers electric service to Customer, as specified in Exhibit A and the EFA.

"Premises" means the real property and improvements at the service address identified in Exhibit A.

"Reduction Date" has the meaning set forth in Section 10.

"Required Approvals" means all regulatory, governmental, and other approvals required for PNM to provide service under this Agreement, including, but not limited to, Commission approval of the generation resources required to serve Customer's load.

"Retail electric service" has the meaning set forth in Section 4.

"Steady State Contract Capacity" means the capacity level established under Exhibit A for the beginning of the Initial Contract Term.

"Tariff" means PNM Rate No. 37B and the terms and conditions of the tariff related thereto (as the same may be changed or modified by the Commission).

"Termination Date" means the date on which service under this Agreement is to end and this Agreement terminates, being (a) in the case of termination by Customer, the date of discontinuation specified in Customer's notice of termination; or (b) in the case of termination by

Company (including following a Customer Event of Default), the date of termination specified in Company's notice of termination.

"Total Monthly Billing Demand" means the billing demand determined in accordance with Section 6, Exhibit A, the Applicable Service Terms, and this Agreement.

"Updated Load Forecast" has the meaning set forth in Section 5.

2. Agreement.

Subject to Applicable Law, Required Approvals, and the terms of this Agreement and the Applicable Service Terms, PNM agrees to provide electric service to Customer at the Facility, and Customer agrees to take and pay for such service in accordance with this Agreement and the Applicable Service Terms.

3. Term.

This Agreement shall become binding and effective as of the Effective Date; however, the Contract Term shall commence on the Commencement Date.

The "Initial Contract Term" shall be fifteen (15) years from the expiration of the Load Ramp Period, if any; or if no Load Ramp Period is specified, fifteen (15) years from the Commencement Date.

The Customer's Load Ramp Period, if any, is designated in Exhibit A. If a Load Ramp Period is designated, the Initial Contract Term shall commence after the Load Ramp Period ends. The Load Ramp Period shall end on the applicable billing month set forth in Exhibit A, unless otherwise agreed to in writing by the Parties.

The Contract Term shall consist of the Load Ramp Period, if any, plus the Initial Contract Term, plus additional periods of five (5) years (each, an "Extension Term") after the end of the Initial Contract Term, and shall remain in effect unless cancelled or modified pursuant to this Agreement, the Applicable Service Terms, or Applicable Law. The Contract Term shall automatically extend for an Extension Term after the end of the Initial Contract Term or any Extension Term unless either party gives the other party written notice of intent not to renew at least thirty-six (36) months prior to the expiration of the then-current term ("End-of-Term Notice"). If Customer timely provides an End-of-Term Notice, no Exit Fee or Early Exit Fee shall apply to the non-renewal. If Customer provides less than thirty-six (36) months' notice of non-extension to Company, Customer remains subject to the Exit Fee and Early Exit Fee for the then-current Initial Contract Term or Extension Term.

Following the Effective Date and prior to expiration of the Initial Contract Term or the then-current Extension Term, Customer may terminate this Agreement ("Early Termination") upon not less than thirty-six (36) months' prior written notice to Company specifying the Termination Date (an "Early Termination Notice"). An Early Termination Notice shall not relieve Customer of its Contract Term payment obligations except upon payment of the applicable Exit Fee and, if applicable, the Early Exit Fee, and except as otherwise provided under this Agreement and the

Tariff with respect to any permitted Contract Capacity Reduction. If Customer provides an Early Termination Notice with less than such required thirty-six (36) months' prior notice, then Customer shall be assessed, and is obligated to pay, an Early Exit Fee (as described in Section 10), in addition to the Exit Fee.

PNM shall not discontinue service to Customer during the Contract Term except as expressly permitted under this Agreement, the Applicable Service Terms, or Applicable Law.

4. Service.

Service under this Agreement shall be provided in accordance with the Applicable Service Terms, Applicable Law, and any Required Approvals. Customer shall receive service under the Tariff, as amended from time to time, unless the Commission expressly approves a different rate schedule or special contract provision applicable to Customer; provided, however, that any election by Customer to receive service under a different rate schedule shall be considered a termination by Customer of this Agreement, and shall not relieve Customer of any obligations arising under this Agreement as a result of such termination or discontinuation of service hereunder, including any applicable Exit Fee or Early Exit Fee.

This Agreement supplements and implements the Applicable Service Terms. In the event of a conflict between this Agreement and the Applicable Service Terms, the Applicable Service Terms shall control unless the Commission has expressly approved this Agreement, or a specific provision of this Agreement, as controlling.

Service under this Agreement is not available for standby service, is not available to customers served in the downtown area of Albuquerque when served by the underground network system, and shall not be resold or shared with others except as otherwise permitted by Applicable Service Terms and Applicable Law.

Customer acknowledges that PNM does not guarantee uninterrupted service and that Customer is responsible for determining whether PNM service is sufficient for Customer's operations and for providing any backup generation, storage, uninterruptible power supply, redundancy, or other equipment required for Customer's operations.

Customer acknowledges that Company's agreement to provide electric service under this Agreement and to undertake planning, procurement, development, and other activities in support of the Facility is predicated upon Company providing exclusive service to the Facility during the Contract Term (without regard to any earlier termination). Customer shall obtain retail electric service for the Facility exclusively from Company through the expiration of the Contract Term (without regard to any earlier termination). The existence or operation of any onsite energy resources shall not reduce, offset, or otherwise affect the calculation of the Minimum Monthly Bill under this Agreement or Tariff unless otherwise agreed to by PNM or specifically provided for by Applicable Law. Customer shall not, and shall cause its affiliates not to, directly or indirectly enter into or undertake any power supply arrangement that in any way limits, reduces, or impairs the retail electric service commitment, whether or not such activity would otherwise be permitted by any change in New Mexico law, statute, regulation, tariff, commission policy, market structure, retail access regime, customer choice regime, franchise right, certificated service territory,

regulatory authorization, or other legal or regulatory framework. "Retail electric service" means the generation, sale, and delivery of electric energy at retail to or for the benefit of any end-use customer or retail load.

5. Contract Capacity and Load Ramp.

Customer's Contract Capacity, Initial Contract Capacity, Steady State Contract Capacity, Load Ramp Period, and related service assumptions are set forth in Exhibit A.

The Contract Capacity schedule set forth in Exhibit A shall be binding for purposes of determining Total Monthly Billing Demand during each applicable period. For each billing period, the applicable Contract Capacity shall be the Contract Capacity specified in Exhibit A for the applicable time period, unless modified by written amendment executed by the Parties and approved if required by Applicable Law.

PNM may, in its reasonable discretion and consistent with the Applicable Service Terms, aggregate multiple premises at a single location within reasonable physical proximity and with similar load characteristics for purposes of determining Customer's service under this Agreement.

Customer shall not exceed the applicable Contract Capacity without PNM's prior written consent. If Customer's Total Monthly Billing Demand exceeds the applicable Contract Capacity in any given billing period, then Customer shall use commercially reasonable efforts to reduce such overage to zero. PNM shall have no obligation to serve such excess load but may at its discretion accommodate excess demand where system capability permits and the exceedance would not adversely affect reliability or require load shedding of other customers. Any excess load shall be provided on a non-firm, interruptible basis and may be curtailed by PNM as necessary.

Customer shall provide updated month-by-month load forecasts to PNM each year during the Contract Term in such format and with such information as reasonably requested by PNM ("Updated Load Forecast"), and upon PNM's reasonable request or to the extent required in the Tariff. Customer shall deliver to PNM the Updated Load Forecast within thirty (30) days of the anniversary of the Effective Date and each year thereafter during the Contract Term. Customer shall promptly notify PNM of any material change to the expected load ramp, Facility schedule, or operating profile. Any such forecast, notice, or update is for informational purposes only and shall not modify the Contract Capacity, Initial Contract Capacity, Load Ramp Period, or Steady State Contract Capacity schedule set forth in Exhibit A. Any modification to Exhibit A shall require a written amendment executed by the Parties and approved by the Commission, if required by Applicable Law.

6. Billing and Payment.

Customer shall pay all charges applicable under this Agreement and the Applicable Service Terms governing service at the time such service is provided, together with any applicable riders, adjustment clauses, taxes, fees, and other Commission-approved charges. Customer shall be billed under the Tariff.

During the Contract Term, Customer shall be subject to a Minimum Monthly Bill requirement. During any applicable Load Ramp Period, the Minimum Monthly Bill shall be calculated based on the Contract Capacity applicable to the then-current time period as set forth in Exhibit A. During the Initial Contract Term and any Extension Term, the Minimum Monthly Bill shall be calculated based on the Steady State Contract Capacity. For avoidance of doubt, throughout the Contract Term, (i) Customer's monthly payments shall be no less than the applicable Minimum Monthly Bill and (ii) energy charges as provided for in the Tariff always apply in addition to Minimum Monthly Bill.

For each billing period, Total Monthly Billing Demand shall be determined in accordance with the Tariff and Exhibit A.

All bills shall be net and payable within twenty (20) days from the date of bill. If payment is not made within thirty (30) days from the date the bill is rendered, the applicable late payment charge shall apply as provided in the PNM Rules and Regulations, including PNM Rule 5, and any applicable rate schedule.

Customer shall timely pay all undisputed amounts. If Customer disputes any billed amount, Customer shall provide written notice describing the dispute in reasonable detail and shall comply with the Applicable Service Terms and this Agreement with respect to payment or security for disputed amounts.

7. Collateral and Credit Support; Reevaluation; Adjustments.

Required Collateral. Except as otherwise provided herein, within thirty (30) days of the Effective Date of this Agreement, Customer shall provide and maintain financial security for its obligations under this Agreement during the Contract Term (the "Credit Support") in an amount equal to the Collateral Requirement in one or more forms acceptable to PNM, including a parent or affiliate Guaranty or an Acceptable Letter of Credit in each case as provided in this Agreement, Exhibit C and the Tariff. In the case of an Acceptable Letter of Credit, the full amount of the Collateral Requirement shall be provided according to the step-up schedule provided in Exhibit C, provided, that one hundred percent (100%) of the Collateral Requirement shall be in place in a form acceptable to PNM by the Commencement Date.

The Collateral Requirement shall be equal to four and one-half (4.5) years of the Minimum Monthly Bill determined utilizing the Steady State Contract Capacity for the Contract Term as determined by PNM, subject to the step-up schedule provided in Exhibit C for an Acceptable Letter of Credit, step-down and reevaluation as provided herein and the Tariff. During any Extension

Term, the Collateral Requirement shall be such amount specified by PNM in a written notice to Customer prior to the end of the then-current term, which such amount shall not exceed four and one-half (4.5) years of the Minimum Monthly Bill as provided herein.

Alternative Collateral. In the event that Customer, Guarantor, or the issuer of an Acceptable Letter of Credit ceases to satisfy the applicable creditworthiness requirements at any time or if Company declares an Insecurity Event, Customer shall have a period of five (5) business days to provide alternative collateral, including a different form or provider of collateral, to Company in a form and amount satisfactory to Company in its reasonable discretion and in accordance with Exhibit C.

Step-Down. The Collateral Requirement shall step down on a linear basis by releasing 22.22% of the full Collateral Requirement required as of the Commencement Date each year over the final 4.5 years of the Initial Contract Term, such that the Collateral Requirement is reduced to zero at the expiration of the Initial Contract Term, unless a different step-down schedule is required by the Tariff. The step-down schedule may be frozen if, at any time during the step-down period and in PNM's sole judgement, Customer's financial health changes in a way that materially impacts satisfaction of the Collateral Requirement or Customer fails to comply with the terms of this Agreement. The Collateral Requirement may be further adjusted as provided in this Agreement, Exhibit C, and the Tariff.

Reevaluation; Insecurity Event. PNM may periodically require updated financial information from Customer or any Guarantor to assess whether an Insecurity Event has occurred during the Contract Term. PNM may declare an "Insecurity Event" upon a Customer Event of Default (as defined in Section 11) or in the event or circumstance that PNM reasonably determines to have resulted, individually or in the aggregate, in a material adverse effect on (i) the financial condition, operations, or creditworthiness of Customer or (as applicable) Guarantor, or (ii) the ability or likelihood of Customer or (as applicable) Guarantor or the Acceptable Letter of Credit issuing bank to perform its obligations under this Agreement or related collateral documents, in each case to the extent not directly caused by a failure of Company to perform its obligations to provide service under this Agreement.

Rights on Collateral. Following a Customer Event of Default, PNM may draw upon any form of collateral and exercise all rights and remedies available under this Agreement, Exhibit C, Applicable Law, and the Tariff. Where a notice or cure period for providing alternative or replacement collateral is expressly provided in this Section 7, PNM's right to draw on the basis of a failure to provide such collateral shall arise upon expiration of that period; in all other cases, including any failure to renew, extend, or replace an Acceptable Letter of Credit as required, PNM's rights under this Section may be exercised immediately. Without limiting the foregoing, upon the occurrence of a Customer Event of Default, PNM may, in addition to any other rights and remedies available under this Agreement or Applicable Law, draw upon any Acceptable Letter of Credit constituting collateral, or demand payment under any Guaranty constituting collateral, and apply any other collateral, in each case to satisfy any obligations of Customer secured thereby.

Upon the occurrence and during the continuance of an Insecurity Event, if Customer fails to provide collateral in form and amount reasonably satisfactory to PNM within five (5) business

days after notice from PNM, PNM may draw upon any letter of credit constituting collateral, or demand payment under any Guaranty constituting collateral. Any amounts so drawn, demanded, or applied may be held by Company as cash collateral and applied to Customer's future payment obligations under this Agreement.

8. Facilities; Installation; Cost Responsibility.

Customer's responsibilities for studies, deposits, engineering, procurement, construction, Electric Facilities, dedicated facilities, transmission or distribution upgrades, contributions in aid of construction, reimbursements, and other facilities-related costs shall be governed by the Applicable Service Terms, the EFA identified in Exhibit D, and Applicable Law.

Customer is subject to the EFA and, if applicable, any appropriate line extension agreement for any transmission or distribution cost incurred by PNM for Customer not covered through rates under the Applicable Service Terms. All contract modifications must be in writing and executed as a supplement to this Agreement.

PNM shall have no obligation to commence or continue facilities work or provide service unless Customer has satisfied all applicable contractual, payment, credit support, access, easement, permitting, and approval requirements.

Customer shall provide a suitable place for metering and other Electric Facilities, and equipment used to provide electric service must be physically accessible. Metering shall be installed at each service location at a point accessible to PNM personnel at any time, subject to reasonable site rules that do not materially interfere with PNM's rights or obligations.

9. Technical Requirements.

Customer shall comply with the Applicable Service Terms, PNM's applicable technical and operating requirements, and any additional requirements set forth in Exhibit B, including requirements relating to metering, telemetry, communications, protection, power quality, and coordination of Customer-owned equipment.

Service shall be three-phase service delivered at PNM's available primary distribution voltage of 12,000 volts or higher, transmission voltage of 115 kV, or such other voltage as may be made available by PNM under the Applicable Service Terms and applicable service arrangements. PNM shall be the sole judge of the voltage it can make available so as to provide adequate capacity to Customer.

Customer shall not interconnect, parallel, synchronize, export from, or operate generation, storage, backup generation, or other energy resources with or in relation to PNM's system except in accordance with Applicable Law, the Applicable Service Terms, the PNM Rules and Regulations, PNM technical and operating requirements, and any required written agreement.

If Customer's facilities or operations adversely affect or threaten to adversely affect the safety, reliability, power quality, or operation of PNM's system, PNM may disconnect, curtail, suspend,

limit, or refuse service to the extent permitted by the Applicable Service Terms, this Agreement, or Applicable Law.

10. Contract Capacity Reduction; Termination; Exit Fee.

Any Contract Capacity Reduction or Early Termination shall be subject to this Agreement, Exhibit C, and the Tariff, including applicable notice requirements and payment of any Exit Fee, Early Exit Fee or other required amount. Customer's obligations under this Agreement, including its obligation to pay any Exit Fee and Early Exit Fee, arise on the Effective Date and are not conditioned on the Commencement Date or on Customer taking service.

Request for Contract Capacity Reduction: Customer may request to reduce its Contract Capacity (a "Contract Capacity Reduction") at any time during the Contract Term by giving PNM no less than thirty-six (36) months' written notice prior to the beginning of the month for which the reduction is sought (such date, the "Reduction Date"); provided that the Reduction Date shall be no earlier than the fifth (5th) anniversary of the Commencement Date. Any Contract Capacity Reduction is subject to this Agreement and the Tariff. Any notice of a Contract Capacity Reduction is irrevocable once given by Customer unless Company in its sole reasonable discretion determines that it can accommodate a revocation of such notice. Any Contract Capacity Reduction is permanent for the Contract Term and any Extension Term, and any request by Customer to reinstate such capacity shall be subject to PNM Rules and Regulations.

Exit Fee. The Exit Fee shall be determined in accordance with this Agreement and Exhibit C and the Tariff and shall apply in the event of (i) a Contract Capacity Reduction, or (ii) an Early Termination. Following receipt of a proper request for Contract Capacity Reduction from the Customer, Early Termination Notice from the Customer, PNM shall use commercially reasonable efforts until the Exit Fee Invoice Date to mitigate the Exit Fee owed by Customer by evaluating opportunities to assign the terminated or reduced capacity to serve new customers, expand service to existing customers, or otherwise secure offsetting expected revenues. PNM's obligation to mitigate under this Section applies only to the portion of the Exit Fee that relates to the Initial Contract Term, and PNM shall have no obligation to mitigate any portion of the Exit Fee that relates to the Load Ramp Period. Company shall not be required to take any action, or refrain from taking any action, in connection with such mitigation that Company reasonably determines would be inconsistent with good utility practice, Applicable Service Terms, Applicable Law, system reliability, service to other customers, or Company's obligations as a regulated public utility. PNM shall have no obligation to mitigate the Exit Fee following the Exit Fee Invoice Date.

Early Exit Fee. If Customer provides less than the required thirty-six (36) months' notice of termination or non-renewal, or if Company terminates this Agreement following a Customer Event of Default, Customer shall incur an additional fee (the "Early Exit Fee") equal to the Minimum Monthly Bill multiplied by the number of months by which Customer's notice period was less than thirty-six (36) months. For this purpose, if Company terminates this Agreement following a Customer Event of Default, or if Customer otherwise provides no advance notice of termination, Customer shall be deemed to have given zero (0) months' notice, so that the Early Exit Fee equals the Minimum Monthly Bill multiplied by thirty-six (36). For purposes of calculating the Early Exit Fee, the Minimum Monthly Bill shall be the Minimum Monthly Bill determined using the Contract Capacity applicable to Customer as in effect on the Exit Date.

Invoicing of Exit Fee or Early Exit Fee. Company may invoice Customer for any unmitigated Exit Fee and any Early Exit Fee (such invoice, the "Exit Fee Invoice," and the date on which Company sends the Exit Fee Invoice to Customer, the "Exit Fee Invoice Date") no earlier than ninety (90) days prior to the Termination Date, the Reduction Date, or, in the case of a non-renewal, the expiration date of the then-current Initial Contract Term or Extension Term, as applicable (the applicable such date, the "Exit Date"); provided that, if fewer than ninety (90) days remain before the Exit Date when the applicable notice of termination, non-renewal, or Contract Capacity Reduction is delivered or received, Company may send the Exit Fee Invoice at any time after such notice is delivered or received. The foregoing applies regardless of the length of notice Customer gives and, in the case of a termination, whether the Agreement is terminated by Customer or by Company (including following a Customer Event of Default).

11. Default; Remedies; Survival.

Customer shall be in default under this Agreement upon the occurrence of any of the following (each such event, a "Customer Event of Default"): (a) Customer fails to pay any amounts due under this Agreement if that amount is not cured within ten (10) business days after receipt of notice thereof from PNM ("Payment Default"); (b) Customer fails to provide, maintain, renew, replenish or cause its Guarantor (if applicable) or any issuing bank to maintain, renew, or perform any required collateral or credit support; (c) Customer materially breaches this Agreement or the EFA (not otherwise a Payment Default) and, if such breach is curable, fails to cure it within fifteen (15) calendar days after receipt of notice thereof from PNM, or if such breach is not reasonably capable of cure within fifteen (15) days, fails to commence cure within such period and thereafter diligently pursue it to completion; (d) Customer exceeds Contract Capacity without authorization, abandons or materially delays construction of the Facility in a manner that causes PNM to incur unrecovered or committed costs; or (e) Customer or Guarantor, as applicable, becomes the subject of any voluntary or involuntary case, proceeding, petition, appointment, assignment, receivership, insolvency, liquidation, reorganization, dissolution, or similar proceeding under any bankruptcy, insolvency, receivership, or similar law, or takes any action to authorize or effect any of the foregoing, subject in each case to any limitations on enforcement imposed by Applicable Law.

Subject to the applicable cure periods set forth above and, in the case of a disputed material breach the escalation procedure set forth below, upon a Customer Event of Default PNM may exercise any right or remedy available under this Agreement, the Applicable Service Terms, Applicable Law, or equity, including suspension or termination of service, termination of this Agreement, drawing on collateral or credit support, disconnection, curtailment, and recovery of all amounts due. Nothing in this Section limits PNM's right to draw upon or apply collateral or credit support as provided in Section 7, or to take any action necessary to preserve the safety, reliability, or operation of its system.

The escalation procedure in this paragraph applies only to a material breach of this Agreement under clause (c) above that the breaching Party disputes in good faith. It does not apply to a Payment Default, to a failure to provide, maintain, renew, or replenish required collateral or credit support, or to an event described in clause (e); it does not extend or re-start the cure periods established above; and it does not limit PNM's right to draw upon or apply collateral or credit support as provided in Section 7 or to take any action necessary to preserve the safety, reliability,

or operation of its system. If a material breach under clause (c) remains uncured after the applicable cure period and the breaching Party disputes in good faith whether such breach has occurred, then, before either Party pursues other rights or remedies with respect to that breach, the Parties shall attempt in good faith to resolve the matter through senior management negotiations for a period of up to thirty (30) days after the notice of breach, unless extended by mutual written agreement. If the Parties do not resolve the matter within such period, either Party may pursue any rights or remedies available under this Agreement, the Applicable Service Terms, Applicable Law, or equity.

Termination, expiration, suspension, or reduction of service shall not relieve Customer of obligations accrued before such event or obligations that expressly survive, including payment obligations, collateral obligations, facilities-related cost responsibility, liquidated damages obligations under the EFA, Exit Fees, Early Exit Fee, confidentiality obligations, and other provisions that by their nature survive.

12. Change in Control.

Customer shall not cause or permit itself to suffer a Change of Control without the prior written consent of Company, not to be unreasonably withheld, conditioned or delayed, but which may be conditioned on: (i) the provider of the Collateral Requirement after effecting the Change of Control meeting the Minimum Requirements of Creditworthiness, (and no less than the provider prior to such Change of Control); (ii) the Credit Support (equal to the Collateral Requirement) remaining in full force and effect in accordance with its terms and without change due to such Change of Control; and (iii) the Change of Control not resulting in any representation, warranty, or covenant of Customer under Section 21 becoming inaccurate, untrue, or misleading in any material respect or causing a breach thereof. For the purposes of this Agreement, "Change of Control" shall mean: (A) any transaction or series of related transactions in which any unaffiliated third party or parties become(s) the legal or beneficial owner, directly or indirectly, of more than fifty percent (50%) of the voting power of Customer or (if applicable) its Guarantor; or (B) Customer or (if applicable) its Guarantor sells or transfers all or substantially all of its assets to any unaffiliated third party or parties.

13. Regulatory Approval; Tariff Control; Changes in Law.

This Agreement is subject to all Required Approvals. PNM shall have no obligation to provide service under this Agreement unless and until all Required Approvals are obtained or otherwise satisfied as required by Applicable Law.

Electric service under this Agreement remains subject to the Applicable Service Terms, as amended, replaced, or superseded from time to time. This Agreement, including all terms and relevant rates, shall at all times be subject to change or modification by order of the NMPRC. Customer will receive notice in accordance with the Commission's requirements when the Company requests the Commission to take action which could cause a change in the terms of this Agreement.

Customer's service shall be governed by the Tariff and this Agreement, with the Tariff superseding and controlling over any inconsistent provision of this Agreement or any Exhibit hereto in the event of any conflict.

If Applicable Law, Commission orders, or the Applicable Service Terms change in a manner that materially affects this Agreement or service to Customer, the Parties shall cooperate in good faith to amend or administer this Agreement as necessary to comply with such change.

14. Confidentiality; Public Filing.

If the Parties have entered into a separate nondisclosure agreement or confidentiality agreement relating to Customer's service request, such agreement shall govern the treatment of confidential information to the extent applicable. In addition, each Party shall protect confidential, proprietary, commercially sensitive, security-sensitive, and critical infrastructure information received from the other Party in accordance with Applicable Law and any applicable protective order or confidentiality procedure.

PNM may file this Agreement and related information with the Commission or another governmental authority to the extent PNM reasonably determines such filing or disclosure is required or useful to obtain approval, support cost recovery, comply with Applicable Law, or administer the Tariff.

If PNM files information that Customer has designated in writing as confidential, proprietary, commercially sensitive, security-sensitive, or critical infrastructure information, the Parties shall cooperate in good faith to seek confidential treatment to the extent permitted by Applicable Law.

15. Force Majeure.

Neither Party shall be liable for failure to perform obligations under this Agreement, other than payment obligations, to the extent such failure is caused by events beyond the reasonable control of the affected Party, including, but not limited to: acts of God, extreme weather, fire, flood, earthquake, war, terrorism, labor disruption, supply chain disruption, governmental action, permitting delay, transmission provider delay, regional transmission organization delay, cyberattack, epidemic, sabotage (including arson and vandalism), pandemic, or other similar events.

The affected Party shall provide prompt notice and use commercially reasonable efforts to mitigate the effects of the force majeure event.

Force Majeure shall not excuse Customer's payment obligations, minimum billing obligations, collateral obligations, or facilities-related cost responsibility except to the extent expressly allowed by Applicable Law or Commission order.

16. Notices.

All notices under this Agreement shall be in writing and delivered by personal delivery, recognized overnight courier, certified mail, or email with confirmation, to the addresses set forth below, or

to such other address as a Party may designate by notice. Any notice given in accordance with this Section 16 shall be deemed given: (i) upon receipt, when mailed by United States Post Office registered or certified mail, postage prepaid, return receipt requested; (ii) upon the next Business Day, when sent by overnight delivery, postage prepaid using a recognized courier service; or (iii) upon transmission by electronic mail (if a Business Day and, if not, on the next following Business Day) if transmitted before 5:00 pm (according to the local time of the recipient), and if transmitted by electronic mail after that time, on the following Business Day, provided that notices transmitted by electronic mail must be followed up with notice by other means as provided for in this Section 16 to be effective.

PNM:
Public Service Company of New Mexico
ATTN: Laurie Williams, Senior Vice President, Integrated Planning and Transmission Development
414 Silver Ave SW
Albuquerque, NM 87102
Email: laurie.williams@txnmenergy.com
Cc: lawdept@txnmenergy.com and Grant.Taylor@pnm.com

Customer:
[Name]
[Title]
[Address]
[Email]

17. Non-waiver.

The failure of either Party to insist upon the other Party's compliance with its obligations under this Agreement in any one or more instances shall not operate to relieve such other Party of its duty to comply with such obligations in all other instances.

18. Governing Law and Venue.

This Agreement is made under and shall be governed by the laws of the State of New Mexico, without regard to the choice of law principles that may otherwise dictate the application of laws of another state. Subject to Section 20 (including the jurisdiction of the NMPRC and the mediation and arbitration provisions of Section 20), any lawsuit or other legal proceeding (whether at law or in equity) between, involving, or arising among the Parties, or relating to this Agreement, will be commenced and pursued solely in the state or federal courts located in Bernalillo County, New Mexico. The Parties hereby waive any challenge they may have to the jurisdiction of such courts, consent to jurisdiction and venue in such courts, and relinquish any right to seek a change of venue or forum for any reason, including the alleged inconvenience of the venue or forum.

19. Successors and Assigns.

Successors and Assigns. This Agreement shall bind and inure to the benefit of the Parties and their respective lawful successors and assigns.

Assignment by Customer. Except as otherwise provided herein, Customer shall not assign or transfer its interest in this Agreement without first obtaining the written consent of PNM, which consent shall not be unreasonably withheld, conditioned, or delayed. A permitted assignee shall (a) deliver to PNM Credit Support in an amount equal to the Collateral Requirement in one or more forms acceptable to PNM in its sole discretion to secure the payment and performance of Customer's obligations when due under this Agreement, and (b) assume all obligations under this Agreement. PNM may condition consent to such assignment on assignee creditworthiness meeting Minimum Requirements of Creditworthiness, replacement or assumption of Credit Support in the amount of the Collateral Requirement, and execution of documents reasonably acceptable to PNM. Any Guaranty shall continue in full force and effect until all such obligations have been discharged. Any substitute or replacement Guaranty shall be in all material terms the same as set forth on Exhibit E and shall be issued by a Guarantor meeting the Minimum Requirements of Creditworthiness. If the assignee is unable to deliver an acceptable Guaranty, an Acceptable Letter of Credit shall apply. No assignment of this Agreement shall relieve the assigning Party of any of its obligations under this Agreement until Company has consented to the assignment (if applicable) and such obligations have been assumed by the assignee, subject to the terms of this section. Any assignment in violation of this section shall be null and void.

Affiliate Assignment. Notwithstanding the foregoing, Customer may upon prior written notice but without consent of Company, assign this Agreement or assign its rights and obligations under this Agreement, to one or more affiliates of Customer if: (i) such affiliate assignee enters into an assignment and assumption agreement, in form and substance reasonably satisfactory to Company, pursuant to which such affiliate assignee assumes all of Customer's obligations hereunder and otherwise agrees to be bound by the terms of this Agreement; (ii) such assignment would not result in any representation, warranty and covenant in Section 21 being untrue, inaccurate or misleading; and (iii) the Credit Support in the amount of the Collateral Requirement as provided by the assignee remains in full force and effect in accordance with its terms and without change due to such assignment.

Assignment by PNM. Except as otherwise provided herein, PNM shall not assign or transfer its interest in this Agreement without first obtaining the written consent of Customer, which consent shall not be unreasonably withheld, conditioned, or delayed. PNM may, however, at its option, at any time, and without Customer's consent, assign this Agreement, in whole or in part, to an affiliate of PNM or in connection with certain corporate events involving PNM or its parent corporation, including, but not limited to, mergers, reorganizations, consolidations, and asset and/or stock sales.

20. Dispute Resolution.

(A) Mediation. If any dispute between the Parties arises under this Agreement that cannot be resolved through negotiations between the Parties, a Party may request mediation by a mediator agreed to by both Parties. Costs of mediation shall be apportioned according to Section 20(C). Disputes that are not resolved by mediation within ninety (90) days of referral to mediation shall be resolved pursuant to Sections 20(B) through 20(D); provided, however, nothing in Sections 20(B) through 20(D) shall prevent either Party from seeking resolution by the NMPRC of any

dispute arising under this Agreement that is within its jurisdiction or prevent either Party from seeking any remedy by the NMPRC within its jurisdiction through any procedure within the NMPRC's authority.

(B) Arbitrable Disputes. The Parties acknowledge that arbitration is not available for disputes involving matters within NMPRC jurisdiction except as provided in 1.2.2.18 and 1.2.2.19 NMAC. If there is disagreement as to whether a dispute is within NMPRC jurisdiction, the Parties shall seek a determination from the NMPRC whether the dispute is subject to its jurisdiction. The Parties may agree to arbitration pursuant to 1.2.2.18 and 1.2.2.19 NMAC of any dispute arising under this Agreement that is within the NMPRC's jurisdiction.

(C) Claims Outside the NMPRC's Jurisdiction. If the dispute involves a claim that is outside the NMPRC's jurisdiction and Parties are unable to resolve a dispute regarding such matters through mediation or any other remedies within the NMPRC's jurisdiction and the aggregate amount of the claim (including counterclaims) arising under this Agreement is five hundred thousand dollars ($500,000) or less, then, upon the request of either Party, the dispute shall be resolved by binding arbitration. Such arbitration shall be governed by the then-prevailing Commercial Rules of the American Arbitration Association. A Party electing to submit a dispute that is outside the NMPRC's jurisdiction to arbitration shall give the other Party a timely demand for arbitration and shall file the demand and the requisite fee with the American Arbitration Association. Such demand for arbitration shall describe the nature of the dispute and the amount in controversy. The Parties shall then jointly select a single arbitrator in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The arbitration shall be held in Albuquerque, New Mexico. Discovery shall be by agreement of the Parties or as ordered by the arbitrator, provided that the Parties shall comply with the following minimum discovery requirements: at least one hundred twenty (120) calendar days prior to the arbitration, the Parties shall exchange copies of all exhibits to be used at the arbitration, all documents in any way related to the dispute, a list of witnesses, and a summary of the matters as to which each witness is expected to testify. A reasonable number of depositions may be taken. The arbitrator shall decide the dispute in strict accordance with this Agreement and by providing a reasoned award within thirty (30) days of the conclusion of the hearings. The award entered by the arbitrator shall be final, and judgment may be entered upon it in accordance with Applicable Law in any court having jurisdiction thereof.

All costs of mediation and arbitration (including the fees of the mediator and arbitrator) shall be split equally by the Parties, except that the Parties shall be responsible for payment of their own attorney fees, expert fees, preparation fees, travel costs, witness fees, photocopying, and similar costs. This agreement to arbitrate shall be specifically enforceable under the prevailing arbitration law of the State of New Mexico. Indemnity claims are not subject to mandatory arbitration. An arbitration demand shall include all claims and disputes then ripe for the dispute.

(D) Litigation of Larger Claims. If the aggregate amount of the claims in any dispute that is outside of the NMPRC's jurisdiction arising under this Agreement exceeds five hundred thousand dollars ($500,000), either Party may bring an action only in the federal or state courts located in Bernalillo County, New Mexico, in accordance with Section 18; provided, however, that any matters within the jurisdiction of the NMPRC relating to such dispute shall first be brought to the NMPRC for resolution. If there is disagreement as to whether a dispute is within the NMPRC's jurisdiction,

the Parties shall seek a determination from the NMPRC whether the dispute is subject to its jurisdiction.

(E) Continued Performance. The Parties agree that they will continue to diligently perform their obligations pursuant to this Agreement during the pendency of any dispute, including any dispute over payments claimed due and owing by Customer; provided, however, that nothing in this Section 20, and no dispute or the pendency of any mediation, arbitration, or other proceeding, shall limit, suspend, delay, or condition any right or remedy of PNM under Section 7 (including PNM's rights to require, draw upon, or apply collateral or credit support).

21. Customer Representations, Warranties and Covenants.

Customer hereby represents, warrants and covenants as follows:

a. Customer is a [●] duly organized, validly existing and in good standing under the laws of the State of [●].Customer is qualified to do business in each other jurisdiction where the failure to so qualify would have a material adverse effect on the business or financial condition of Customer; and Customer has all requisite power and authority to conduct its business, to own its properties, and to execute, deliver, and perform its obligations under this Agreement.

b. The execution, delivery, and performance of its obligations under this agreement by Customer have been duly authorized by all necessary [●] action, and do not and will not:

(1) require any consent or approval by any governing body of Customer, other than that which has been obtained and is in full force and effect;

(2) violate any Applicable Law, or violate any provision in any formation documents of Customer, the violation of which could have a material adverse effect on the ability of Customer to perform its obligations under this Agreement;

(3) result in a breach or constitute a default under Customer's formation documents or bylaws, or under any agreement relating to the management or affairs of Customer or any indenture or loan or credit agreement, or any other agreement, lease, or instrument to which Customer is a party or by which Customer or its properties or assets may be bound or affected, the breach or default of which could reasonably be expected to have a material adverse effect on the ability of Customer to perform its obligations under this Agreement; or

(4) result in, or require the creation or imposition of any mortgage, deed of trust, pledge, lien, security interest, or other charge or encumbrance of any nature (other than in favor of a lender or as otherwise may be contemplated by this agreement) upon or with respect to any of the assets or properties of Customer now owned or hereafter acquired, the creation or imposition of which could reasonably be expected to have a material adverse effect on the ability of Customer to perform its obligations under this agreement.

c. The obligations of Customer under this agreement are valid and binding obligations of Customer.

d. The execution and performance of this Agreement will not conflict with or constitute a breach or default under any contract or agreement of any kind to which Customer is a party or any judgment, order, statute, or regulation that is applicable to Customer or the Facility.

e. Customer shall comply with all Applicable Laws in effect or that may be enacted during the Contract Term.

f. Customer has provided Company with all material information requested by Company in connection with Company's credit and financial analyses of Customer as contemplated by Section 7 and Section 11, without omissions that would make the information misleading in light of the circumstances, and Customer is not aware, to the best of its knowledge, of any material inaccuracies or omissions with respect to any material information received by Company in connection with Company's credit and financial analyses of the Guarantor or any related entities, and Customer undertakes to update any such information to the extent of any changes that would be reasonably likely to have a material effect on Company's analyses.

g. as of the Effective Date, and from and after the Effective Date, (i) Customer owns and will own the Data Center Site (as defined below) in fee simple and the Data Center Facilities (as defined below); (ii) Customer is and will be the lessor and payee (for its own account and not on behalf of any other person) under any data center tenant lease, colocation agreement, or similar agreement for the Data Center Facilities (each, a "Data Center Lease"); and (iii) no such Data Center Lease has been entered into by Customer and thereafter expired or been terminated by the tenant as a result of Customer's default thereunder. No financing transaction (including any sale-leaseback, ground lease, mortgage, or collateral assignment) under which Customer retains the right to occupy and operate the Data Center Facilities shall constitute a breach of clause (i) or (ii). For purposes of this Agreement, (i) "Data Center Facilities" means the data center buildings, as such buildings may be constructed, installed, or modified from time to time, accounting for substantially all of the electric load to be served under this Agreement (including the Contract Capacity set forth on Exhibit A); and (ii) "Data Center Site" means one or more parcels of real property wholly encompassing the footprint of the Data Center Facilities.

22. Counterparts.

This Agreement and any supplement, modification, amendment, or restatement may be executed in any number of counterparts (including facsimile or "pdf" counterparts), each of which will be deemed to be an original, but all such counterparts will together constitute but one and the same instrument. PNM and Customer may retain a duplicate copy of this Agreement, which will be considered an equivalent to this original.

23. Miscellaneous.

This Agreement may be amended only by written agreement of the Parties and, if required, approval by the Commission.

This Agreement, together with the Applicable Service Terms, the EFA, and the exhibits attached hereto, constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes any and all prior communications, agreements, and understandings, whether oral or written, on that subject, except that any nondisclosure or confidentiality agreement previously entered into by the Parties shall remain in full force and effect in accordance with its terms.

This Agreement shall not be interpreted or construed to create an association, joint venture, partnership, agency relationship, or fiduciary relationship between the Parties.

If any provision of this Agreement is held invalid or unenforceable, the remaining provisions shall remain in effect to the maximum extent permitted by Applicable Law.

[Signatures Follow]

24. Signatures.

Public Service Company of New Mexico

By: _____

Name: _____

Title: _____

[Customer]

By: _____

Name: _____

Title: _____

Exhibit A

LOAD RAMP PERIOD, CONTRACT CAPACITY, AND BILLING DEMAND

This Exhibit A is attached to and made part of the Electric Service Agreement ("Agreement") between Public Service Company of New Mexico ("PNM" or "Company") and [Customer Name] ("Customer").

1. Facility Information.

Customer Name: [Customer Name]
Facility Name: [Facility Name]
Service Address / Premises: [Address]
PNM Account Number: [Account Number]
Point of Delivery: [Point of Delivery Description]
Metering / Service Voltage: [●] volts
Type of Service: Three-phase service
Expected Service Commencement Date: [Date]
Collateral Step-Up Date: [Date]

2. Contract Capacity; Initial Contract Capacity.

a) Initial Contract Capacity. Customer's Initial Contract Capacity shall be [●] kW / MW, as applicable, beginning on the date Customer first takes service under the Agreement.

b) Steady State Contract Capacity. Customer's full Contract Capacity shall be [●] kW / MW, as applicable, subject to the load ramp schedule below.

c) Contract Capacity for each applicable time period of the Contract Term shall be as set forth in the table below.

3. Load Ramp Period.

a) The Load Ramp Period shall begin on [Date].

b) The Load Ramp Period shall end on the applicable billing month set forth in the Load Ramp and Contract Capacity Schedule (Schedule A-1).

c) If no Load Ramp Period is designated, Customer's Contract Capacity shall be the Contract Capacity stated in Section 2(b) as of the Commencement Date.

4. Load Ramp and Contract Capacity Schedule.

The Load Ramp and Contract Capacity Schedule is attached hereto as Schedule A-1 and is incorporated herein by reference.

5. Total Monthly Billing Demand.

For each billing period, Total Monthly Billing Demand shall be the highest of:

a) the actual metered on-peak kW demand; or

b) eighty percent (80%) of the applicable Contract Capacity for the applicable time period of the Contract Term ("Minimum Demand"),

in each case as determined under this Agreement and this Exhibit A, and as required by the Tariff to the extent of any inconsistency.

Notwithstanding clause (b) above, during the Load Ramp Period, if, due to a material delay in the completion of transmission facilities, generation resources or other facilities or resources necessary for Company to deliver the applicable Contract Capacity, Company determines that it will be unable to deliver at least eighty percent (80%) of the applicable Contract Capacity, Company may provide Customer written notice of the maximum capacity Company expects to be capable of delivering (the "Maximum Available Capacity") and the period during which such limitation is expected to apply. If Customer advises Company that it expects its demand during such period to exceed the Maximum Available Capacity and Customer's actual metered demand reaches the Maximum Available Capacity during such period, the amount determined under clause (b) shall not exceed the Maximum Available Capacity.

6. Minimum Monthly Bill.

The "Minimum Monthly Bill" shall be the sum of (a) the customer charge specified in the Applicable Service Terms, (b) the Total Monthly Billing Demand multiplied by the applicable on-peak demand charge as provided in the Applicable Service Terms, and (c) the Facilities Demand Charge or applicable facilities-recovery charge approved by the Commission.

7. Load Forecast and Operational Assumptions.

Customer's current planning assumptions are as follows:

a) expected peak demand: [●] kW / MW;

b) expected load factor / capacity factor: [●]%;

c) expected date of initial energization: [Date];

d) expected date of achievement of Steady State Contract Capacity: [Date]; and

e) any other material operational assumptions: [●].

8. Delivery Voltage; Service Characteristics.

Service shall be provided at the voltage designated by PNM in accordance with Section 9 of the Agreement and the technical requirements set forth in Exhibit B.

9. Amendments.

Any change to the Contract Capacity, Initial Contract Capacity, Steady State Contract Capacity, Load Ramp Period, Point of Delivery, or other material service assumptions set forth in this Exhibit A must be made by written amendment executed by the Parties, and if required, approved in accordance with the Applicable Service Terms, the Agreement, and Applicable Law.

Schedule A-1
Load Ramp

(form to be provided by PNM)

Exhibit B

ADDITIONAL TECHNICAL REQUIREMENTS

This Exhibit B is attached to and made part of the Electric Service Agreement ("Agreement") between Public Service Company of New Mexico ("PNM" or "Company") and [Customer Name] ("Customer").

1. General.

Customer shall comply with the Applicable Service Terms, the Agreement, PNM's applicable technical and operating requirements, and this Exhibit B.

2. Metering and Accessibility.

a) Equipment used to provide electric service must be physically accessible.

b) Metering shall be installed at each service location at a point accessible to PNM personnel at any time, subject to reasonable site rules that do not materially interfere with PNM's rights or obligations.

c) Customer shall provide suitable space for metering, communications, protection, and other Electric Facilities required to serve Customer.

3. Service Characteristics.

a) Service shall be three-phase service delivered at PNM's available primary distribution voltage of 12,000 volts or higher, transmission voltage of 115 kV, or such other voltage as may be made available by PNM under the Applicable Service Terms and applicable service arrangements.

b) PNM shall be the sole judge of the voltage it can make available so as to provide adequate capacity to Customer.

4. Access and Coordination.

Customer shall provide PNM reasonable access to the Facility and Premises as necessary to study, install, inspect, operate, maintain, repair, replace, test, read, or remove Electric Facilities, subject to reasonable site rules that do not materially interfere with PNM's rights or obligations.

5. Protective Equipment and Technical Compliance.

Customer shall install, own, operate, and maintain all Customer Facilities and protective equipment required by PNM, the Applicable Service Terms, Applicable Law, or good utility practice so as not to adversely affect PNM's system or service to other customers.

6. Power Factor.

Customer shall maintain power factor in accordance with the Applicable Service Terms. To the extent provided in the Applicable Service Terms, billings may be adjusted for failure to maintain the required power factor.

7. Customer-Owned Generation, Storage, and Backup Facilities.

Customer shall not interconnect, parallel, synchronize, export from, or operate generation, storage, backup generation, or other energy resources with or in relation to PNM's system except in accordance with Applicable Law, the Applicable Service Terms, PNM requirements, and any required written agreement.

Customer is solely responsible for the adequacy, performance, operation, safety, and regulatory compliance of Customer-owned generation, storage, backup generation, uninterruptible power supply, and other Customer-owned equipment.

8. Communications, Telemetry, and Operating Data.

If required by PNM, Customer shall provide such operational data, telemetry, communications capability, or other information as PNM reasonably requires for billing, planning, reliability, power quality, or operational purposes.

9. Disturbances; Adverse Effects.

If Customer's facilities or operations adversely affect or threaten to adversely affect the safety, reliability, power quality, protection, or operation of PNM's system, PNM may disconnect, curtail, suspend, limit, or refuse service to the extent permitted by the Applicable Service Terms, this Agreement, or Applicable Law.

10. Curtailment; Interruptions.

Customer acknowledges that service may be interrupted, curtailed, reduced, suspended, or limited as permitted by the Applicable Service Terms, this Agreement, Applicable Law, or system conditions. Customer remains responsible for determining whether PNM service is sufficient for Customer's operations and for providing any backup or redundancy required for Customer's operations.

11. Modifications.

Any material change to Customer Facilities that may affect load, power quality, protective requirements, service voltage, metering, communications, or system operations shall be subject to prior notice to PNM and compliance with the Applicable Service Terms, this Agreement, and any applicable written agreement.

Exhibit C

CREDIT SUPPORT AND EXIT FEE

This Exhibit C is attached to and made part of the Electric Service Agreement ("Agreement") between Public Service Company of New Mexico ("PNM" or "Company") and [Customer Name] ("Customer").

PART I
CREDIT SUPPORT

1. Collateral Requirement.

a) Customer shall provide and maintain the Collateral Requirement as and when required under Section 7 of the Agreement. If an Acceptable Letter of Credit is used to satisfy the Collateral Requirement, it shall be posted in accordance with the step-up schedule in Section 2 of this Exhibit C, with one hundred percent (100%) of the Collateral Requirement in place on or before the Commencement Date.

b) The amount of the Collateral Requirement is determined under Section 7 of the Agreement, subject to the step-up, step-down, reevaluation, and adjustment provisions of Section 7, this Exhibit C, and the Tariff.

2. Collateral Schedule.

If an Acceptable Letter of Credit is provided to satisfy the Collateral Requirement (rather than a Guaranty), the amount of such an Acceptable Letter of Credit shall be increased in accordance with the following schedule, such that one hundred percent (100%) of the Collateral Requirement is posted no later than the Commencement Date:

a) Sixty percent (60%) of the Collateral Requirement within 30 days of the Agreement's Effective Date.

b) An additional thirty percent (30%) of the Collateral Requirement no later than the collateral step-up date specified in Exhibit A (the "Collateral Step-Up Date"), which date shall initially be established by Company based on the estimated midpoint between the Effective Date and the anticipated Commencement Date as of the Effective Date. Company may revise the Collateral Step-Up Date from time to time by no less than thirty (30) days written notice to Customer of such revised Collateral Step-Up Date.

c) The remaining ten percent (10%) of the Collateral Requirement no later than the Commencement Date.

3. Forms of Credit Support.

Credit Support may be provided in one or more of the following forms, subject to approval by PNM:

a) Parent or Affiliate Guaranty; and

b) Acceptable Letter of Credit.

4. Parent or Affiliate Guaranty.

A parent or affiliate Guaranty may satisfy the Collateral Requirement if the guarantor satisfies the Minimum Requirements of Creditworthiness and executes a guarantee in form acceptable to PNM. The Guaranty must not expire prior to the end of the Initial Contract Term and shall not be assignable or terminable by the Guarantor except in PNM's discretion. If the Guarantor is in breach of the Guaranty (subject to any applicable notice and cure period set forth in the Guaranty), Company may demand cash payment immediately from the Guarantor in the full amount of the Guaranty and may require the Customer to post a letter of credit to satisfy the Collateral Requirement.

5. Standby Irrevocable Letter of Credit.

An Acceptable Letter of Credit shall:

a) be issued by a financial institution that meets Issuer Minimum Requirements;

b) be in an amount sufficient to satisfy the Collateral Requirement;

c) have an initial term of not less than one (1) year, or such other period approved by PNM or required under the Tariff;

d) provide that it will be automatically extended for successive one (1) year periods, unless the issuing financial institution gives PNM written notice of non-renewal at least ninety (90) days prior to the then-current expiration date, and otherwise provide for renewal or extension as required by this Agreement, this Exhibit C, PNM, or the Tariff; and

e) be in a form acceptable to PNM.

If the issuing financial institution gives such notice of non-renewal, or the letter of credit will otherwise expire, Customer must cause the renewal, extension, or replacement of the letter of credit no later than thirty (30) days prior to the then-current expiration date. Failure to renew, extend, replace, or maintain the required letter of credit shall constitute a failure to maintain required collateral. If the letter of credit is not renewed, extended, replaced, or increased as may be required under this Exhibit C, Company will have the right to draw immediately upon the Acceptable Letter of Credit and/or demand cash collateral in the amount of the required increase and be entitled to hold the amounts so drawn or received as security until Customer has come back into compliance with the requirements for use of a letter of credit.

6. Adjustments.

The Collateral Requirement steps down and is subject to further adjustment as provided in Section 7 of the Agreement and the Tariff.

7. Failure to Maintain Credit Support; Draw Rights.

Following a Customer Event of Default, and upon any failure to maintain required credit support, PNM may draw upon and apply any collateral and exercise all rights and remedies as provided in Section 7 of the Agreement, this Exhibit C, Applicable Law, and the Tariff.

PART II
EXIT FEE

1. Exit Fee.

The Exit Fee shall be determined in accordance with this Agreement, this Exhibit C, and the Tariff.

2. Contract Capacity Reduction; Termination.

A Contract Capacity Reduction or Early Termination is governed by Section 10 of the Agreement and the Tariff, including the applicable notice requirements and payment of the Exit Fee or any other required amount.

3. Exit Fee Formula.

Unless otherwise required by Applicable Law, Commission order, or the Tariff, the Exit Fee shall be calculated as the difference between:

a) present value of remaining Minimum Monthly Bills for the Contract Term, calculated using the most recent approved PNM weighted cost of capital (WACC) and the Contract Capacity applicable to that month; and

b) the present value of the remaining Minimum Monthly Bills following and giving effect to the Contract Capacity Reduction, calculated using the most recent approved PNM weighted cost of capital (WACC).

In the case of Early Termination or non-renewal without required notice, clause (b) shall be zero unless otherwise provided by Applicable Law, Commission order, or the Tariff.

If this Agreement is terminated, or Customer delivers an Early Termination Notice, after the Effective Date and before the Commencement Date, the Exit Fee shall be calculated before the Commencement Date, the Contract Term shall be deemed for purposes of this Section 3 to have commenced on the Expected Service Commencement Date stated in Exhibit A, as provided in Section 10 of the Agreement.

4. Credits; Payment.

To the extent required by this Agreement, this Exhibit C, Applicable Law, or the Tariff, any mitigation amounts shall be applied in the invoice for the final Exit Fee, and, if applicable, any Early Exit Fee. Customer shall pay the Exit Fee and, if applicable, any Early Exit Fee within 30 days after invoice, unless another period is required by Applicable Law, Commission order, or the Tariff.

5. Survival.

Customer's obligation to provide and maintain credit support and to pay any Exit Fee, Early Exit Fee, or other amounts due under this Exhibit C shall survive expiration or termination of the Agreement to the extent provided in the Agreement, this Exhibit C, Applicable Law, and the Tariff.

Exhibit D

Electric Facilities Agreement

General. This Exhibit D is attached to and made a part of the Electric Service Agreement (the "Agreement") between PNM and Customer and constitutes the Electric Facilities Agreement (EFA) referenced in the Agreement. This Exhibit sets forth the terms and conditions specifically relating to the design, construction, procurement, installation, ownership, and maintenance of the Electric Facilities serving the Facility, and Customer's cost responsibilities therefor. The provisions of the main body of the Agreement, including without limitation those relating to force majeure, assignment and change of control, governing law and venue, dispute resolution, notices, regulatory approval and tariff supersession, credit support and collateral, and miscellaneous matters, shall apply to and govern this Exhibit D. In the event of any inconsistency between the terms of this Exhibit and the main body of the Agreement, the main body of the Agreement shall control.

RECITALS

A. PNM and Customer are parties to that certain Reimbursement Agreement ("Reimbursement Agreement"), PNM Agreement No. [contract number], dated effective [reimbursement agreement effective date], which, among other things, expressly authorizes PNM to commence Preliminary Work, as defined in the Reimbursement Agreement, and to incur associated costs. Customer hereby acknowledges and confirms such prior authorization for PNM to commence the Preliminary Work.

B. The Parties desire to enter into this Agreement to set forth the terms and conditions pursuant to which PNM will install such Electric Facilities and recover the associated costs.

AGREEMENT

1. Electric Facilities; Electric Facilities Costs; Payment Terms

A. Electric Facilities. PNM and Customer agree that the Electric Facilities will be and remain the property of PNM, and that PNM will assume full responsibility for ownership, operation and maintenance of the Electric Facilities. Customer's responsibility for the cost of the Electric Facilities ("Electric Facilities Costs") shall be as provided in this Exhibit D.

B. Customer's Responsibility for Electric Facilities Costs. PNM estimates the cost to install and construct the Electric Facilities, any and all Preliminary Work, rights of way, land costs, and all associated taxes and utility loading, administrative, and general costs (collectively, the "Electric Facilities Costs") at [$total project cost]. Customer shall be responsible for Electric Facilities Costs associated with the direct assigned Electric Facilities in an amount equal to [$customer direct assigned electric facilities cost], of which, after Reimbursable Costs in the amount of [$reimbursement agreement deposit] and as defined in the Reimbursement Agreement were paid by Customer, the remaining costs for direct assigned

Electric Facilities for which the Customer shall be responsible shall be [$remaining customer direct assigned costs] ("Direct Assigned Electric Facilities Costs").

C. Facilities Demand Charge. The Direct Assigned Electric Facilities Costs will be recovered through a monthly demand charge calculated by PNM based on PNM's projected revenue requirement of the direct assigned Electric Facilities to interconnect the Customer and included in the Minimum Monthly Bill.

D. Incremental Costs. In addition to the Direct Assigned Electric Facilities Costs, Customer shall be responsible for certain Incremental Costs (as defined in the Tariff) and which such Incremental Costs shall be recovered pursuant to the Tariff.

E. Authorizations to Proceed.

1. Notice to Proceed. All work performed by PNM, whether directly by PNM or through one or more subcontractors, including the Preliminary Work, shall be work performed under this Agreement and shall be subject to its terms and conditions. Customer's signature on this Agreement constitutes notice to proceed with the installation and construction of the Electric Facilities and authorization for PNM to complete any unfinished Preliminary Work.

2. Construction Timing. PNM shall use commercially reasonable efforts to complete installation and construction of the Electric Facilities by the later of [Month, day, year,] or [number (NN)] months after PNM obtains (i) site control over the real property that is subject to the Property Rights; and (ii) all related permits, licenses, and approvals. As used in this Agreement, "Property Rights" includes, but is not limited to, interests in land, rights-of-way and easements and other estates in land.

2. PNM's Responsibility for System Improvements

A. PNM Facilities. PNM shall design, construct, own, operate, and maintain all PNM facilities and equipment described on **Attachment A** of this Exhibit D, necessary to meet the terms of this Agreement within reasonable normal tolerances and in accordance with Prudent Industry Practices. In addition, PNM reserves the right, at its own cost and expense, to construct, install, and/or vary the size and location of the Electric Facilities to meet PNM's own needs in the area. Notwithstanding the foregoing, PNM's exercise of its rights under this Section 2 shall not unreasonably interfere with Customer's use of Customer's facilities.

B. Prudent Industry Practices Defined. "Prudent Industry Practices" means those practices, methods, and acts that would be implemented and followed by the operators of electric transmission and distribution facilities similar to the Electric Facilities, which practices, methods, and acts, in the exercise of reasonable judgment in the light of the facts known or that reasonably should have been known at the time the decision was made, would reasonably have been expected to accomplish the desired result in a manner consistent with law, regulation,

permits, codes, standards (including Western Electric Coordinating Council ("WECC"), North American Electric Reliability Council ("NERC"), and Institute of Electrical and Electronic Engineers ("IEEE") standards), reliability, safety, environmental protection, economy, and expedition. Prudent Industry Practices are not necessarily defined as the optimal standard practice, method, or act to the exclusion of others, but rather refer to a range of actions reasonable under the circumstances.

3. Customer Operations

A. Operations. The Parties recognize that Customer's operations at the site served under this Agreement may necessitate the use of generating equipment. Any generating equipment shall be operated by Customer in a manner that is consistent with applicable PNM rules and safety standards, which are hereby incorporated by reference, and that ensures there will be no resultant back-feed or flow of power and energy into PNM's lines and equipment. Should Customer install facilities at the site served under this Agreement, such that the generating equipment will be interconnected and capable of being operated in parallel with the PNM system, Customer will be required to enter into a separate interconnection agreement, and the Parties shall be subject to the then applicable New Mexico Public Regulation Commission ("NMPRC"), Federal Energy Regulatory Commission ("FERC") rules and tariffs, and PNM rules and interconnection and safety standards governing the interconnection of Customer-owned generating facilities.

B. Electrical Demand and Service. Customer acknowledges and agrees that, because the electrical demand of the Facility will exceed 1.5 MVA, (i) Customer will receive primary metered electrical service from PNM; and (ii) PNM's facilities will end at the Primary Meter. Customer shall be responsible for procuring, installing, and maintaining, at its own expense, the electrical facilities required to serve Customer's loads at the desired secondary voltage after the Primary Meter.

4. Property Rights, Rights-of-Way, Permits, Etc.

A. Property Rights. To the extent PNM reasonably requires Property Rights from Customer in order to construct, test (or witness testing), inspect, interconnect, operate, maintain, repair, and replace the Electric Facilities, including overhead facilities, and to disconnect or remove the Electric Facilities upon termination of this Agreement, at PNM's discretion, Customer shall grant such additional Property Rights to PNM. All access roads for ingress and egress shall be composed of a surface that shall be easily drivable in all weather conditions and regularly maintained by Customer with respect to lands owned or controlled by Customer, its agents (if allowed under the applicable agency agreement), or any affiliate of Customer. In exercising the Property Rights relating to lands owned or controlled by Customer, PNM shall not unreasonably disrupt or interfere with normal operation of Customer's business and shall adhere to the safety rules and procedures established in advance, as may be changed from time to time, by Customer and provided to PNM.

B. Property Rights from Third Parties. If any part of the Electric Facilities is to be installed on property owned by third parties, PNM shall procure appropriate Property Rights from such other persons, using efforts similar in nature and extent to those that it typically undertakes on its own behalf or on behalf of its affiliates.

C. Cooperation between Parties. PNM and Customer shall cooperate with each other in good faith to obtain all permits, licenses, and authorizations that are necessary to accomplish the interconnection of Customer's interconnection facilities to the Electric Facilities in compliance with Applicable Law. PNM shall be responsible for all permits for and relating to PNM's interconnection facilities and the Electric Facilities up to the point of interconnection.

D. Interconnection Permits. Customer shall be responsible for all permits for and relating to Customer's distribution facility and Customer's interconnection facilities up to the point of interconnection, and the Facility property. Customer agrees to support the applications and permitting requests made by PNM provided reasonable prior notice of meetings, hearings, or testimony is provided by PNM.

5. Lines, Wiring, and Equipment

Customer agrees to install and maintain in a safe and efficient manner, and in accordance with good electrical practices, applicable regulations, standards, and codes, all of its lines, wiring, apparatus, machinery, and appliances connected to PNM's lines. Neither Party assumes the duty of inspecting the other Party's lines, wiring, apparatus, machinery, or appliances, or any part thereof, and neither shall be responsible to the other Party therefor. Title to and ownership of all equipment furnished by PNM in order to provide the service under this Agreement shall remain in the name of PNM at all times regardless of any transfer or encumbrance of the Facility and shall at no time become a fixture of the Facility. Customer understands and agrees that, in accordance with PNM's standard practice to review all motor loads larger than fifty (50) horsepower, PNM will perform a motor start analysis to ensure that Customer's motor loads do not adversely affect PNM's system. If directed by PNM, Customer shall install or adjust soft-start equipment to mitigate voltage issues associated with motor starts, which installation or adjustment shall be in accordance with PNM requirements.

ATTACHMENT A

FACILITIES TO BE INSTALLED

Electric Facilities to be Installed

Transmission and Substation Facilities	
Engineering and Services	
Environmental and Land Services	
Right-of-way	
Planning	
Equipment	
Subtotal	
Distribution Facilities	
Engineering and Services	
Environmental and Land Services	
Right-of-way	
Planning	
Equipment	
Subtotal	
Total	

MAPS OF ELECTRIC FACILITIES TO BE INSTALLED

Exhibit E

Acceptable Credit Support

FORM OF GUARANTY

THIS GUARANTY AGREEMENT (the "**Guaranty**"), dated and effective as of _____, 20__, is made and entered into by _____ (the "**Guarantor**") in favor of the _____ (the "**Beneficiary**").

WHEREAS, the Beneficiary and _____ (the "**Obligor**" or "**Company**"), [a subsidiary of the Guarantor], have entered into that certain *[Insert Name of Agreement]* dated as of _____, 20__ (as amended, restated, supplemented or otherwise modified from time to time, the "**Agreement**");

WHEREAS, the Beneficiary has required, as an inducement to its entry into the Agreement, that the Guarantor deliver to the Beneficiary this Guaranty; and

WHEREAS, the Guarantor will derive substantial direct and indirect benefit from the transactions contemplated by the Agreement.

NOW, THEREFORE, to induce the Beneficiary to enter into the Agreement and perform its obligations thereunder, and for and in consideration of the foregoing premises and the mutual agreements contained herein, the receipt and sufficiency of which consideration is hereby acknowledged, the Guarantor hereby agrees as follows:

ARTICLE 1 - GUARANTY

1.1 Guaranty.

Guarantor hereby unconditionally and irrevocably guarantees to the Beneficiary and its successors and assigns the full and prompt payment and performance of any and all obligations of the Obligor to the Beneficiary (including without limitation indemnities, damages, fees and interest thereon) when due (whether by acceleration or otherwise) under the Agreement or under any other documents or instruments now or hereafter evidencing, securing or otherwise relating to or executed in connection with the Agreement (collectively, the "**Guaranteed Obligations**"). If the Obligor fails to pay or perform any of the Guaranteed Obligations, then the Guarantor shall immediately pay or perform such Guaranteed Obligations upon demand by the Beneficiary in accordance with Section 1.3 hereof.

1.2 Guaranty Absolute.

(a) The Guarantor absolutely guarantees that the Guaranteed Obligations will be paid and performed strictly in accordance with the terms of the Agreement, regardless of any law or regulation now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Beneficiary with respect thereto. This Guaranty constitutes a guarantee of payment and not of collection. The obligations of the Guarantor hereunder are several from the Company or any other person or entity, and are primary obligations for which the Guarantor is the principal obligor and

not merely a surety. The liability of the Guarantor under this Guaranty will be direct and immediate and not conditional or contingent upon the pursuit of any remedies against the Company or any other person or entity, nor against any security or liens available to the Beneficiary, its successors or assigns. Notwithstanding anything herein or in the Agreement to the contrary, the maximum obligation and liability of Guarantor under this Guaranty, shall in no event exceed _____ [*spell out the dollar amount*] U.S. Dollars (U.S. $_____) (the "Maximum Recovery Amount"), plus reasonable costs of collection and/or enforcement of this Guaranty (including reasonable attorneys' fees). The liability of the Guarantor under this Guaranty will be irrevocable, absolute and unconditional irrespective of, and the Guarantor hereby irrevocably waives any defenses it may now have or hereafter acquire in any way relating to, any or all of:

i. any change in the time, manner or place of payment of, or in any other term of, all or any of the Guaranteed Obligations, or any other amendment, modification or waiver of, or any consent to departure from, the terms of such Guaranteed Obligations, or any compromise, settlement, release or termination of any of the Guaranteed Obligations;

ii. any change, restructuring or termination of the corporate structure or existence of the Company or any of its subsidiaries, including, without limitation, any disposal by the Guarantor of all or any part of its equity or other interest in the Company, or any other alteration in the Guarantor's investment in the Company in any manner;

iii. any lack of validity or enforceability, in whole or in part, of the Guaranteed Obligations, the Agreement or any agreement or instrument relating thereto;

iv. any failure of the Beneficiary to disclose to either the Company or the Guarantor any information relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of either the Company or any of its subsidiaries now or hereafter known to the Beneficiary (the Guarantor expressly waiving any duty on the part of the Beneficiary to disclose such information);

v. any failure, omission, delay or lack on the part of the Beneficiary to enforce, ascertain or exercise any right, power or remedy under or pursuant to the terms of the Agreement, the Guaranteed Obligations or this Guaranty;

vi. any failure of the Beneficiary to commence any action against the Company or any other person or entity;

vii. any lack of due diligence by the Beneficiary in the collection or protection of or realization upon any collateral securing the Guaranteed Obligations;

viii. the bankruptcy, insolvency, winding up, dissolution, liquidation, administration, reorganization or other similar or dissimilar failure or financial disability of the Guarantor or the Company or any legal limitation, disability, incapacity, or other circumstance relating to the Guarantor or the Company;

ix. the addition, substitution or partial or entire release of any guarantor, maker or other

party (including the Company) primarily or secondarily liable or responsible for the payment and/or observance of the Guaranteed Obligations or by any extension, waiver, amendment or thing that may release or discharge (in whole or in part) a guarantor, maker or third party (other than as a result of the indefeasible payment of the Guaranteed Obligations in full);

x. the taking, variation, renewal, addition, substitution, subordination, or partial or entire release of any security or other credit support for the Guaranteed Obligations, or the invalidity, enforcement or neglect to perfect or enforce any such security or support; or

xi. any other circumstance whatsoever (including, without limitation, any statute of limitations) or any act of the Beneficiary or any existence of or reliance on any representation by the Beneficiary that might otherwise constitute a legal, equitable or other defense available to, or a discharge, in whole or in party of, the Guarantor.

(b) This Guaranty will continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations should for any reason subsequently be asserted, or declared, to be void or voidable or is unwound in any way under any state or federal law, including without limitation any provision of the Bankruptcy Code related to fraudulent conveyance or preference (each a "**Voidable Transfer**"), and the Beneficiary or any other person or entity is not required to repay or restore in full any such Voidable Transfer, or the Beneficiary or any other person or entity elects to do so, all as though such payment had not been made.

(c) No action that the Beneficiary takes or fails to take in connection with the Guaranteed Obligations, or any security for the payment of any of the Guaranteed Obligations, nor any course of dealing with the Company or any other person or entity, will release the Guarantor's obligations hereunder, affect this Guaranty in any way, or afford the Guarantor any recourse against the Beneficiary.

(d) In the case of any default or event of default under the Agreement or with regard to any of the Guaranteed Obligations, the Guarantor hereby consents and agrees that the Beneficiary will have the right to enforce its rights, powers, and remedies thereunder or hereunder or under any other instrument now or hereafter evidencing, securing, or otherwise relating to the Guaranteed Obligations, and apply any payments or credits received by the Company or the Guarantor or realized from any security, in any manner and in any order of application as the Beneficiary, in its sole discretion, deems fit, and all rights, powers, and remedies available to the Beneficiary in such event will be nonexclusive and cumulative of all other rights, powers, and remedies provided thereunder or hereunder or by law, in equity or otherwise. If the Guaranteed Obligations are partially paid by reason of the election of the Beneficiary, its successors or assigns, to pursue any of the remedies available to the Beneficiary, or if such indebtedness is otherwise partially paid, this Guaranty will nevertheless remain in full force and effect, and the Guarantor will remain liable for the entire balance of the Guaranteed Obligations even though any rights that the Guarantor may have against the Company may be destroyed or diminished by the exercise of any such remedy.

1.3 Demands and Payment

a) If Obligor fails to pay any Obligation to Counterparty when such Guaranteed Obligation is due and owing under the Agreement (an "**Overdue Obligation**"), Beneficiary may present a written demand to Guarantor calling for Guarantor's payment of such Overdue Obligation pursuant to this Guaranty (a "**Payment Demand**"). Delay or failure by Beneficiary in making a Payment Demand shall in no event affect Guarantor's obligations under this Guaranty.

b) A Payment Demand shall be in writing and shall reasonably and briefly specify in what manner and what amount Obligor has failed to pay and explain why such payment is due, with specific statement that Beneficiary is calling upon Guarantor to pay under this Guaranty. Such Payment Demand must be delivered to Guarantor in accordance with Section 3.2 below, and the specific Overdue Obligations addressed by such Payment Demand must remain due and unpaid at the time of such delivery to Guarantor.

c) After issuing a Payment Demand in accordance with Section 1.3(b) above, Beneficiary shall not be required to issue any further notice or make any further demands with respect to the Overdue Obligations specified in that Payment Demand, and Guarantor shall be required to make payment with respect to the Overdue Obligations specified in that Payment Demand within five (5) Business Days after Guarantor receives such Payment Demand. As used herein, the term "**Business Day**" shall mean all weekdays (*i.e.*, Monday through Friday) other than any weekdays during which commercial banks or financial institutions are authorized to be closed to the public in the State of New Mexico.

1.4 Waivers and Acknowledgments.

a) The Guarantor hereby waives promptness, diligence, presentment, demand of payment, acceptance, notice of acceptance, protest, notice of dishonor and any other notices with respect to any of the Guaranteed Obligations and this Guaranty.

b) The Guarantor hereby unconditionally and irrevocably waives any right to revoke this Guaranty and acknowledges that this Guaranty is continuing in nature and applies to all Guaranteed Obligations, whether existing now or in the future. The provisions of this Guaranty will extend and be applicable to, and this Guaranty shall not be affected or impaired in any way by, all renewals, amendments, extensions, consolidations, and/or modifications of the Agreement.

c) The Guarantor hereby waives and relinquishes all rights, remedies and/or defenses, including without limitation all suretyship defenses, accorded by application of law or otherwise to sureties or guarantors and agrees not to assert or take advantage of any such rights, remedies and/or defenses, including without limitation:

    i. Any right to require the Beneficiary to (1) proceed against, or to exhaust any rights or remedies the Beneficiary may have against, the Company, any other guarantor, or any other person or entity before proceeding against the

Guarantor, or (2) proceed against or exhaust any security held by the Beneficiary at any time or to pursue any other remedy in the Beneficiary's power before proceeding against the Guarantor;

ii. Any defense that may arise by reason of the incapacity, lack of authority, death or disability of any other person or entity or the failure of the Beneficiary to file or enforce a claim against the estate (in administration, bankruptcy or any other proceeding) of any other person or entity; or

iii. Any defense arising because of the exercise of any right or remedy available to, or election made by, the Beneficiary pursuant to the Federal Bankruptcy Code, whether as an unsecured or undersecured creditor, seeking adequate protection or otherwise.

d) The Guarantor hereby unconditionally and irrevocably waives any defense based on any right of set-off or counterclaim against or in respect of the obligations of the Guarantor hereunder.

e) The Guarantor waives any and all defenses, claims and discharges of the Company, or any other obligor pertaining to the Guaranteed Obligations. Without limiting the generality of the foregoing, the Guarantor will not assert, plead or enforce against the Beneficiary or any other person or entity any defense of waiver, release, statute of limitations, res judicata, statute of frauds, fraud, incapacity, minority, usury, illegality or unenforceability which may be available to the Company or any other person or entity liable in respect of any indebtedness, or any setoff available against the Beneficiary to the Company or any such other person or entity, whether or not on account of a related transaction. The Guarantor expressly agrees to waive reliance on any anti-deficiency statute(s). If a foreclosure proceeding is commenced, the Guarantor expressly agrees that it will be and remain unconditionally liable, to the fullest extent permitted by Applicable Law, for any deficiency remaining after foreclosure of any mortgage, lien or security interest securing the indebtedness, whether or not the liability of the Company or any other person or entity for such deficiency is discharged pursuant to statute or judicial decision.

1.5 Subrogation.

Notwithstanding any payment or payments made by the Guarantor hereunder, the Guarantor hereby irrevocably waives any and all rights of subrogation to the rights of the Beneficiary against the Company and any and all rights of reimbursement, assignment, indemnification or implied contract or any similar rights (including without limitation any statutory rights of subrogation under Section 509 of the Bankruptcy Code, 11 U.S.C. § 509) against the Company or against any other guarantor of all or any part of the Guaranteed Obligations until such time as the Guaranteed Obligations have been indefeasibly paid or performed in full. If, notwithstanding the foregoing, any amount is paid to the Guarantor on account of such subrogation or similar rights at any time when all of the Guaranteed Obligations have not been indefeasibly paid in full, such amount will be held by the Guarantor in an express trust for the Beneficiary and will be delivered to the Beneficiary in the exact form received by the Guarantor, together with any necessary endorsement,

to be applied against the Guaranteed Obligations in such order of application as the Beneficiary determines in its sole discretion.

1.6 Contribution, Indemnification, Reimbursement.

The Guarantor hereby irrevocably and absolutely waives all right of contribution, indemnification, reimbursement or similar rights against the Company with respect to this Guaranty, whether such rights arise under an express or implied contract, by statute or by operation of law, it being the intention of the Guarantor and the Company that the Guarantor will not be, or deemed to be, a "creditor" (as defined in Section 101 of the U.S. Bankruptcy Code or any other applicable law) of the Company by reason of the existence of this Guaranty if the Company becomes a debtor in any proceeding under the U.S. Bankruptcy Code or any other applicable law.

1.7 Agreement regarding Bankruptcy of the Company.

So long as any Guaranteed Obligations are owed to the Beneficiary, the Guarantor may not, without the prior written consent of the Beneficiary, directly or indirectly commence, or join with any other person or entity in commencing, any bankruptcy, reorganization or insolvency proceeding against the Company.

ARTICLE 2 - REPRESENTATIONS AND WARRANTIES

The Guarantor hereby represents and warrants as follows:

2.1 Organization. The Guarantor is a [_____] duly organized, validly existing and in good standing under the laws of the state of [_____].

2.2 Authorization; No Conflict. The execution and delivery by the Guarantor of this Guaranty, and the performance by the Guarantor of its obligations hereunder (i) are within the Guarantor's [_____] powers, (ii) have been duly authorized by all necessary [_____] action, (iii) do not contravene its [_____] or any law or regulation applicable to or binding on the Guarantor or any of its properties and (iv) do not require the consent or approval of any person or entity that has not already been obtained or the satisfaction or waiver of any conditions precedent to the effectiveness of this Guaranty that have not been satisfied or waived.

2.3 Enforceability. This Guaranty constitutes the legal, valid and binding obligation of the Guarantor enforceable against the Guarantor in accordance with its terms, except to the extent that such enforceability may be limited by applicable bankruptcy, insolvency, dissolution, reorganization, moratorium, liquidation or other similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

2.4 No Bankruptcy Proceedings. There are no bankruptcy proceedings pending or being contemplated by the Guarantor or, to its knowledge, threatened against it.

2.5 No Legal or Other Proceedings. There are no legal, arbitration or other proceedings that would be likely to materially adversely affect the Guarantor's ability to perform this Guaranty.

ARTICLE 3 - MISCELLANEOUS

3.1 Continuing Guaranty; Assignment. This Guaranty is a continuing guaranty and will (i) remain in full force and effect until all of the Guaranteed Obligations have been indefeasibly paid, performed and satisfied in full, (ii) consistent with the terms hereof, apply to all Guaranteed Obligations whenever arising, (iii) be binding upon the Guarantor, its successors and assigns, and (iv) inure to the benefit of, and be enforceable by, the Beneficiary and its successors and assigns. The Guarantor may not assign or delegate any of its rights, liabilities or obligations under this Guaranty without (x) the prior written consent of the Beneficiary, which consent may be withheld in the Beneficiary's sole discretion, and (y) a written assignment and assumption agreement in form and substance acceptable to the Beneficiary in its sole opinion. Without prejudice to the survival of any of the other agreements of the Guarantor under this Guaranty, the agreements and obligations of the Guarantor contained in Section 3.4 (with respect to enforcement expenses) and the last sentence of Section 1.2(a) will survive the payment in full of the Guaranteed Obligations and all of the other amounts payable under this Guaranty.

3.2 Notices. All notices, requests, demands and other communications that are required or may be given under this Guaranty will be in writing and will be deemed to have been duly given when actually received if (a) personally delivered; (b) transmitted by facsimile, electronic or digital transmission method; or (c) if sent by certified or registered mail, return receipt requested. In each case notice will be sent:

(i) if to the Beneficiary:

[Company, address, c/o person]

(ii) if to the Guarantor:

[Company, address, c/o person]

or to such other place and with such other copies as the Beneficiary or the Guarantor may designate as to itself by written notice to the other pursuant to this Section 3.2. Delivery by facsimile or other electronic or digital method of an executed counterpart of a signature page to this Guaranty or any amendment or waiver of any provision of this Guaranty will be effective as delivery of an original executed counterpart hereof or thereof.

3.3 Delay and Waiver. No failure on the part of the Beneficiary to exercise, and no delay in exercising, any right or remedy hereunder will operate as a waiver thereof; nor will any single or partial exercise of any right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right. No notice to or demand on the Guarantor in any case shall entitle the Guarantor to any other or further notice or demand in similar or other circumstances or constitute a waiver of any of the rights of the Beneficiary. The rights and remedies herein provided are cumulative and not exclusive of any rights and/or remedies provided by law, in equity or otherwise.

3.4 Expenses. The Guarantor agrees to pay or reimburse the Beneficiary and any successors or assigns of the Beneficiary on demand for its costs, charges and expenses (including fees and expenses of counsel) incurred in connection with the enforcement of this Guaranty or occasioned by any breach by the Guarantor of any of its obligations under this Guaranty, including without limitation any actions taken in or in connection with any bankruptcy, insolvency or other proceedings.

3.5 Entire Agreement; Amendments; Other Guaranties. This Guaranty and any agreement, document or instrument attached hereto or referred to herein integrate all the terms and conditions mentioned herein or incidental hereto and supersede all oral negotiations, agreements, understandings and all prior writings with respect to the subject matter hereof. In the event of any conflict between the terms, conditions and/or provisions of this Guaranty and any such agreement, document or instrument, the terms, conditions and provisions of this Guaranty shall prevail and control. This Guaranty may only be amended or modified by an instrument in writing signed by each of the Guarantor and the Beneficiary. Without limiting the foregoing: (i) this Guaranty will not release, modify, revoke or terminate any other guaranty heretofore, now or hereafter executed by the Guarantor or any other person or entity; nor will any other guaranty heretofore, now or hereafter executed by the Guarantor or any other person or entity release, modify, revoke or terminate this Guaranty, and (ii) all of the Guarantor's liabilities and obligations and the Beneficiary's rights and remedies under this Guaranty are in addition to and cumulative with those under any other guaranty executed by the Guarantor or any other person or entity in favor of the Beneficiary or any affiliate of the Beneficiary on or about the date hereof or at any other time.

3.6 Headings. The headings of the various Sections of this Guaranty are for convenience of reference only and will not modify, define or limit any of the terms or provisions hereof.

3.7 Governing Law; Consent to Jurisdiction.

(a) This Guaranty will be construed and interpreted, and the rights of the parties determined, in accordance with the law of the State of New York, without giving effect to principles of conflicts of law that would require the application of the laws of another jurisdiction.

(b) Each party hereto irrevocably and unconditionally (i) agrees that the exclusive jurisdiction for any suit, action or other legal proceeding arising out of this Guaranty will be brought in the United States District Court for the District of New Mexico or in any New Mexico State court of general jurisdiction in Bernalillo County, New Mexico; (ii) consents to the jurisdiction of any such court in any such suit, action or proceeding; and (iii) waives any objection that such party may have to the laying of venue of any such suit, action or proceeding in any such court.

(c) THE GUARANTOR HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS GUARANTY, OR THE ACTIONS OF THE BENEFICIARY IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT HEREOF.

3.8 Severability. Any provision of this Guaranty that is prohibited or unenforceable will be

ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof.

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be duly executed and delivered under seal by its duly authorized representative as of the day and year first above written.

[Corporate Seal]	**[Company]**
Attest: _____(SEAL)	By:_____(SEAL)
Name:	Name:
Title:	Title:

FORM OF LETTER OF CREDIT

Irrevocable Transferable Standby Letter of Credit No. [_____]

Beneficiary:
Public Service Company of New Mexico
414 Silver Avenue SW,
Albuquerque, NM 87102
Attn: [_____]
Fax: [_____]
Email: [_____]

Applicant:
[Name, address, fax, email and contact of Customer]

Amount:
[_]
Date of Issue:
[_____]

Date and Place of Expiry:
March 31, 20___, except as automatically extended hereunder

[Name of Bank]

At the request of, and for the account of [name of Customer] (the "Customer"), located at [address], we, [name of bank], located [address] (the "Issuer"), hereby establish, effective immediately, in favor of Public Service Company of New Mexico ("PNM"), a New Mexico corporation (the "Beneficiary"), our irrevocable standby Letter of Credit no. [_____], in the aggregate amount of ____ and [00]/100 United States dollars (_____) (as such amount may be reduced from time to time by partial draws hereunder, the "Stated amount").

We are informed by the Customer that this Letter of Credit is being issued pursuant to and in accordance with that certain Electric Service Agreement – PNM Contract No. [contract number] dated as of [date], by and among Customer and the Beneficiary (such agreement, as may be amended, supplemented or otherwise modified from time to time, the "Electric Service Agreement"), and that this Letter of Credit is being issued in favor of the Beneficiary.

This Letter of Credit is presentable and payable at our office located at [address], attn: [bank contact/department] and expires upon our close of business on [_____] (the "Expiration Date"). It is a condition of this Letter of Credit that such Expiration Date shall be automatically extended for successive one (1) year periods following its then-current Expiration Date, unless at least ninety (90) days prior to the then-current Expiration Date, we notify you, by courier service and/or email or other form of electronic transmission (each an "Electronic Transmission") to [_____], attn:

[_____], that we do not intend to extend this Letter of Credit; provided, however, in no event shall the Expiration Date extend beyond [_____].

In the event that this Letter of Credit is not extended beyond the then-current Expiration Date, notwithstanding anything in this Letter of Credit to the contrary, the Beneficiary may draw any amount or the entire amount available hereunder by presenting the Drawing Documents in compliance with the terms and conditions of this Letter of Credit.

Funds in payment of a drawing under this Letter of Credit are available to the Beneficiary by payment against presentation at the office as stipulated hereinabove of the Beneficiary's signed and appropriately completed sight draft(s) in the form of Exhibit B.1 attached hereto, the Beneficiary's signed and appropriately completed drawing certificate(s) in the form of Exhibit B.2 attached hereto, and copies of the original Letter of Credit and amendments (if any) (collectively, the "Drawing Documents").

Presentation of Drawing Documents may be made by electronic transmission, first-class mail, hand-delivery, courier service, registered or certified mail, or overnight mail. Any presentation by electronic transmission shall be considered an original document. We shall be under no obligation to ascertain the identity or authority of any person making presentation by electronic transmission.

We shall have a reasonable amount of time, not to exceed five (5) business days following the date of our receipt of the Drawing Documents, to examine such Drawing Documents and determine whether to take up or refuse such Drawing Documents and to inform you accordingly. We may dishonor such Drawing Documents only if they do not comply with the terms of this Letter of Credit. We have no duty or right to inquire into the validity of, or the basis for, any draw. Any notice of dishonor shall state all discrepancies upon which our dishonor is based, and Beneficiary may present Drawing Documents that cure any such discrepancy.

Partial and multiple drawings are permitted hereunder, but the aggregate sum of all drawings under this Letter of Credit may not exceed the above stated amount. Any drawing honored hereunder by us shall reduce the stated amount available for drawings by the amount of the payment.

We hereby affirm with you that all documents presented in compliance with the terms of this Letter of Credit shall be duly honored if drawn and presented for payment on or before the then-current Expiration Date.

This credit is transferable in full, but not in part, and may be transferred successively. We shall not recognize any transfer of this credit until a transfer request in the form of Exhibit B.3 attached hereto is filed with us, and our transfer charges have been paid by the Customer. The original Letter of Credit and any original amendments must accompany the transfer form. The signature and the title of the person signing the transfer form must be verified by your bank. Notwithstanding the foregoing, this Letter of Credit may not be transferred to any person if such transfer to, or drawing under this Letter of Credit by, such person would be prohibited or blocked under any U.S. executive order, law or any rule or regulation of the Office of Foreign Assets Control of the U.S.

Treasury Department or the U.S. Commerce Department, and any attempted transfer which violates this provision shall be null and void.

All banking charges associated with this Letter of Credit are for the account of the Customer.
As used herein, "Business Day" means any day other than a Saturday, Sunday or a day on which banks in the State of New York are authorized or required to be closed, and a day on which payments can be effected on the Fedwire system.

This Letter of Credit is subject to and governed by the International Standby Practices, International Chamber of Commerce (ICC) Publication No. 590 ("ISP98"), except to the extent that the terms of this Letter of Credit are inconsistent with the provisions of ISP98, in which case the terms of this Letter of Credit shall govern. As to matters not addressed by ISP98, and to the extent not inconsistent with ISP98, this Letter of Credit shall be governed by and construed in accordance with the laws of the State of New York without regard to any of its conflicts of law provisions thereunder other than Section 5-1401 and Section 5-1402 of the New York General Obligations Law and applicable U.S. federal law.

This Letter of Credit, including the exhibits hereto, sets forth in full the terms of our undertaking and such undertaking shall not in any way be modified, amended or amplified by reason of our reference to any agreements or instrument referred to or in which this Letter of Credit is referred to. Any such agreements or instrument shall not be deemed incorporated herein by reference.

The Issuer will not effect a transfer or make any payment under this Letter of Credit to any person who is listed on a United Nations, European Union or United States of America sanctions list, nor to any person with whom the Issuer is prohibited from engaging in transactions with under applicable United States federal or state anti-boycott, anti-terrorism or anti-money laundering laws or U.S. sanctions laws.

[Name of bank]
By: _____
Authorized Officer's Signature
Name: _____
Title: _____
Mailing Address: _____
City/State: _____
Zip Code: _____
Email Address: _____
Facsimile: _____

Exhibit B.1
To:
Irrevocable Transferable Standby Letter of Credit No. [_____]
[Insert beneficiary letterhead]
Form of Sight Draft
[Date]
[Name of bank, address, contact]
Tel: [_____]
Email: [_____]
Fax: [_____]
Re: Irrevocable Transferable Standby Letter of Credit No. [_____]
For value received, pay to the order of Public Service Company of New Mexico, a New Mexico corporation (the "Beneficiary"), by wire transfer, of immediately available funds to the following account:
[Name of account] [account number] [name and address of bank to which account is maintained] [ABA number] [reference]
The following amount: [insert number of dollars in writing] United States dollars (U.S. $[insert number of dollars in figures])
Drawn upon your Letter of Credit No. [_____], dated as of [_____], 2026.
Public Service Company of New Mexico,
a New Mexico Corporation
By: _____
Name: _____
Title: _____

Exhibit B.2
To:
Irrevocable Transferable Standby Letter of Credit No. [_____]
Form of drawing certificate
[Date]
[Name of bank, address, contact]
Tel: [_____]
Email: [_____]
Fax: [_____]
Re: Irrevocable Transferable Standby Letter of Credit No. [_____]
To Whom it May Concern:
The undersigned, a duly authorized officer of Public Service Company of New Mexico, a New Mexico corporation (the "Beneficiary"), as the Beneficiary of the above-referenced Letter of Credit (the "Letter of Credit"), hereby certifies to [name of bank] (the "Issuer"), with respect to the Letter of Credit, that:

1. The Beneficiary and [name of Customer] (the "Customer") are parties to that certain Electric Facilities Agreement – PNM Contract No. [contract number] dated as of [date] (as may be amended, modified or otherwise supplemented from time to time, the "Electric Service Agreement").

[Pick one of the following alternatives for section 2]

2. [An event of default (as defined in the Electric Service Agreement) has occurred and is continuing under the Electric Service Agreement with respect to the Customer and Customer has failed to make any payments due to the Beneficiary within the time period specified in the Electric Service Agreement.]
Or
2. [The Letter of Credit will expire within thirty (30) days or less from the date of this certificate and the Customer has failed to deliver replacement security in accordance with the Electric Service Agreement and such security is still required from the Customer under the Electric Service Agreement.]

3. The Beneficiary is entitled to make a drawing under the Letter of Credit in the amount of $_____ (the "Draw amount").

In witness whereof, the undersigned has executed this drawing certificate as of the _____ day of _____, 20__.
Public Service Company of New Mexico,
a New Mexico Corporation
By: _____
Name: _____
Title: _____

PNM Exhibit KTS – 6

Tax Credit Rider (Sample)

Is contained in the following 2 pages.

SAMPLE TARIFF

PUBLIC SERVICE COMPANY OF NEW MEXICO
ELECTRIC SERVICES

ORIGINAL RIDER NO. XX

TAX CREDIT RIDER

APPLICABILITY:
This Tax Credit Rider ("TCR") applies to customers taking retail electric service from Public Service Company of New Mexico (the "Company" or "PNM") for the rate schedules listed below.

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

DESCRIPTION: The TCR is established pursuant to the New Mexico Public Regulation Commission's ("Commission") Final Order in Case No. [_____]. The TCR provides customers the difference between actual flow-through amounts recorded by PNM for eligible investment tax credits ("ITCs"), production tax credits ("PTCs"), and variable excess deferred federal income tax ("EDFIT") amortization and the corresponding amounts included in base rates. Amounts reflected in base rates or another Commission-approved credit mechanism will not be duplicated.

TERM:
The TCR will become effective on the date specified in the applicable Commission-approved Advice Notice and will remain in effect for the period authorized by the Commission. New customers taking electric service from PNM while the TCR is in effect will receive the credit on the first monthly bill rendered after initiating electric service. Customers discontinuing service with PNM while the TCR is in effect receive a credit through their final bill for service rendered.

MONTHLY RIDER RATE FACTOR:
The TCR will be calculated for each applicable rate class as a dollar per Kwh factor and applied as a credit or charge based on the customer's energy usage. The credit or charge will appear as a separate line item on the customer's monthly bill titled "Tax Credit Rider."

Applicable Rate Schedules	TCR
1A – Residential Service	TBD
1B – Residential Time-of-Use Service	TBD
2A – Small Power Service	TBD
2B – Small Power Time-of-Use Service	TBD
3B – General Power Time-of-Use Service	TBD
3C – General Power Time-of-Use Service, Low Load Factor	TBD
3D – Municipalities and Counties General Power TOU	TBD
3E – Municipalities and Counties General Power TOU, Low Load Factor	TBD
3F – Non-Residential Charging Station Pilot	TBD
4B – Large Power Time-of-Use Service	TBD
5B – Industrial Power Time-of-Use Service	TBD
6 – Private Area Lighting	TBD
10A – Irrigation Service	TBD
10B – Irrigation Time-of-Use Service	TBD

Advice Notice No. XXX

/s/ Kyle Sanders
Kyle Sanders
Vice President, Regulatory

SAMPLE TARIFF

PUBLIC SERVICE COMPANY OF NEW MEXICO
ELECTRIC SERVICES

ORIGINAL RIDER NO. XX

TAX CREDIT RIDER

11B – Water and Sewage Pumping Time-of-Use Service	TBD
15B – Industrial Power Time-of-Use Service, Universities	TBD
20 – Streetlighting Service	TBD
30B – Industrial Power Time-of-Use Service	TBD
33B – Large Service for Station Power Time-of-Use	TBD
35B – Large Power Service, 3,000 kW and Above	TBD
36B – Special Service Rate, Renewable Energy Resources	TBD
37B – Data Center Customer Service	TBD
38B – Large Power at Transmission Service	TBD

RATE DETERMINATION:
PNM will determine the customer credit for the applicable period using: (1) actual ITC and PTC flow-through amounts, including applicable net proceeds from monetized tax credits; (2) actual variable EDFIT amortization; (3) less the corresponding amounts included in base rates; and (4) any Commission-authorized prior-period true-up. The TCR will equal the resulting Commission-approved customer credit allocated to each applicable customer class consistent with the allocation methodologies used in the Commission's most recently approved Class Cost of Service Study, divided by the applicable non-fuel customer energy for the same period.

ADVICE NOTICE AND TRUE-UP:
PNM will file an Advice Notice to establish or revise the TCR after the applicable amounts are known. Thereafter, PNM will file an Advice Notice annually to update and true up the TCR. The filing will include the proposed factor and term, the amounts included in base rates, actual eligible amounts recorded, any prior-period true-up, and the billing energy used to calculate the factor. PNM will reflect any over-credit or under-credit in a subsequent Commission-authorized factor. All amounts will be determined consistent with applicable federal income tax normalization requirements and Commission orders.

DURATION OF THE RIDER: The TCR shall be in effect until replaced or canceled by the Commission.

RULES AND REGULATIONS: All specifics of service and monthly charges for electric service under the customer's regular rate schedule apply. Where they are not inconsistent with the TCR, the Company's Rules and Regulations are a part of this TCR as if fully written herein.

Advice Notice No. XXX

/s/ Kyle Sanders
Kyle Sanders
Vice President, Regulatory

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF NEW MEXICO FOR REVISION OF ITS RETAIL ELECTRIC RATES PURSUANT TO ADVICE NOTICE NO. 667	)	**Docket No. 26-00001XX**
PUBLIC SERVICE COMPANY OF NEW MEXICO,	)	
Applicant.	)	

AFFIRMATION

I, Kyle T. Sanders, submit this unsworn affirmation pursuant to Rule 1.2.2.35(A)(3) and state, upon penalty of perjury under the laws of the State of New Mexico, that I have read the foregoing Direct Testimony and that the statements contained therein are true and correct based on my personal knowledge, information and belief.

Dated: November 24, 2026.

/s/ *Kyle T. Sanders*
KYLE T. SANDERS

GCG#536023