



TEXAS-NEW MEXICO POWER COMPANY

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LEWISVILLE, TX 75067

**WHOLESALE TARIFF
FOR
TRANSMISSION SERVICE**

**TEXAS-NEW MEXICO POWER COMPANY
TARIFF FOR TRANSMISSION SERVICE**

Chapter 1: Definitions

Applicable: Entire Certified Service Area

Effective Date: September 1, 2020

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Revision: 3

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1.0 Preliminary Statement

Texas-New Mexico Power Company (the “Company”) is an electric utility engaged in the transmission and distribution of electricity in the State of Texas. This Tariff for Transmission Service establishes the rates, terms and conditions for the provision of wholesale transmission service by the Company and its relationship with customers. Unless otherwise defined herein, each term used herein with its initial letter capitalized shall have the meaning assigned to such term in Substantive Rule 25.5 of the Public Utility Commission of Texas (the “Commission”).

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Chapter 2: Wholesale Transmission and Related Services

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2.0 Wholesale Transmission Services

All of the services provided pursuant to this Tariff for Transmission Service are available to customers, as specified in the applicable Rate Schedule, on a non-discriminatory basis. Service will be provided in accordance with this Tariff for Transmission Service, the service agreement between the Company and the customer, and the interconnection agreement between the Company and the customer. This Tariff for Transmission Service is subject to change from time to time by the Company and regulatory authorities having jurisdiction. Any changes to this Tariff for Transmission Service made by the Company and regulatory authorities having jurisdiction will automatically become effective. Sections 25.5, 25.191-25.198, and 25.200-25.203 of the Commission Substantive Rules address the provision of wholesale transmission service in ERCOT.

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3.0 Rate Schedules

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3.1 RATE NTS – NETWORK TRANSMISSION SERVICE

Application

Applicable to all Transmission Service Customers receiving service over the Company's electric facilities rated at 60 kV and above ("Customers") for delivery of electric power and energy from resources to loads while maintaining reliable operation of the Company's transmission system in accordance with Good Utility Practice and Commission Substantive Rules. This Rate Schedule is not applicable to service offered by the Company under another Rate Schedule.

Type of Service

Three phase, 60 hertz, and at Company's standard transmission voltages.

Monthly Rate

Network Transmission Service Charge = \$1.143155 per kW

Rate Case Expense - Docket No. 48591* = \$0.00281 per kW

*The rates shall take effect on the first day of the month following Commission approval of this schedule and shall continue in effect for three years or until the full amount approved in Docket No. 48591 has been recovered.

The amount payable for Network Transmission Service for a month is equal to the product of (a) the sum of (i) one-twelfth of the Network Transmission Service Charge plus (ii) one-twelfth of the Rate Case Expense(s) (Docket No. 48591) multiplied by (b) the Customer's Utility System Demand. The Customer's "Utility System Demand" is the average of the demand, expressed in kilowatts, of the Customer's retail and wholesale loads for the 15-minute interval that is coincident with the ERCOT system coincident peak demand for the months of June, July, August and September in the preceding calendar year.

Transmission Service Charges for Exports from ERCOT

In accordance with P.U.C. SUBST. R. 25.192(e), Transmission Service Customers, excluding those customers that are eligible for the OklaUnion Exemption, exporting power from ERCOT will be assessed transmission service charges for the use of the ERCOT transmission system, based on the amount of power actually exported and the duration of

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the transaction, and which shall be calculated using the charges set forth below:

Monthly On-Peak Rate for Exports	\$0.285789	per kW
Monthly Off-Peak Rate for Exports	\$0.095263	per kW
Weekly on-peak rate per kW	\$0.065591	per kW
Weekly off-peak rate per kW	\$0.021984	per kW
Daily on-peak rate per kW	\$0.009370	per kW
Daily off-peak rate per kW	\$0.003132	per kW
Hourly on-peak rate per kW	\$0.000390	per kW
Hourly off-peak rate per kW	\$0.000130	per kW

Payment

The Company must receive payment by the 35th calendar day after the date of issuance of the bill to Customer, unless the Company and the Customer agree on another mutually acceptable payment due date in the service agreement between the Company and the Customer, in accordance with applicable Commission Substantive Rules. Interest will accrue on any unpaid amount in accordance with applicable Commission Substantive Rules.

Agreements

Customers shall enter into a service agreement with the Company covering the specific terms and conditions of the Network Transmission Service requested.

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3.2 RATE DLS – WHOLESALE DISTRIBUTION LINE SERVICE

Application

Applicable to all WDSC receiving distribution service supplied at one point of delivery and measured through one meter, necessary to support the transmission of electric energy for purposes of resale in accordance with Commission Substantive Rules 25.5, 25.191-25.199, 25.200-25.203 and 25.501. This Rate Schedule is not applicable to service offered by the Company under another Rate Schedule.

Type of Service

Three phase, 60 hertz, and at the Company's standard primary distribution voltages (below 60 kV).

Monthly Rate

Customer Charge	=	\$26.89	per point of delivery
Metering Charge	=	\$221.59	per point of delivery
Distribution System Charge	=	\$4.534	per Billing kVA
Distribution Cost Recovery Factor	=	See Rider DCRF	

The amount payable for Distribution Line Service for a month is equal to the sum of (a) the Customer Charge plus (b) the Metering Charge plus (c) the Distribution System Charge for such month. The "Billing kVA" to be used for determining the Distribution System Charge for a month shall be the Customer's highest measured 15-minute kVA in the 12-month period ending with such month.

Payment

The Company must receive payment by the 20th calendar day after the date of issuance of the bill to Customer, unless the Company and the Customer agree on another mutually acceptable payment due date in the service agreement between the Company and the Customer, in accordance with applicable Commission Substantive Rules. Interest will

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accrue on any unpaid amount in accordance with applicable Commission Substantive Rules.

Definitions

Distribution Line Service - means wholesale distribution service provided to the Customer from the Company's Distribution system.

Distribution Service Providers ("DSP") - means an electric utility, municipally-owned utility, or electric cooperative that owns or operates for compensation in the State of Texas equipment or facilities that are used for the distribution of electricity to Retail Customers.

Wholesale Distribution Service Customer ("WDSC") – means a DSP or WESF-D that receives service over Company's electric facilities under this Tariff for Transmission Service.

Wholesale Energy Storage Facility – Distribution ("WESF-D") – means a storage facility where electricity is used to charge the facility, and the stored energy from that electricity is used to subsequently re-generate electricity that is sold at wholesale as energy or ancillary services. The storage facility must be separately metered from all other facilities, including auxiliary facilities, and the Point of Interconnection with the Company must be at the Company's Distribution Facilities.

Contribution in Aid of Construction

In the event any new facilities, or any upgrades, extensions or modifications to existing facilities, are required in order to provide requested service, whether due to new service requested, increase in demand or otherwise, the Customer may be required to pay, as a contribution in aid of construction, the estimated cost of such facilities, upgrades, extensions and modifications. If any payment by the Customer is determined by the Company to be taxable revenue to the Company, the Customer shall also pay to the Company an amount equal to the Company's tax liability, as determined by the Company.

Agreements

Customers shall enter into a service agreement with the Company covering the specific terms and conditions of the Distribution Line Service requested and an interconnection agreement with the Company covering the specific terms and conditions for the point(s) of interconnection.

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Notice

Service here under is subject to the orders of regulatory authorities having jurisdiction and to the provisions of this Tariff for Transmission Service.

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3.3 RIDER DCRF –DISTRIBUTION COST RECOVER FACTOR

AVAILABILITY

Each WDSC will be assessed a nonbypassable distribution service charge adjustment pursuant to this rider. The charges derived herein, pursuant to Substantive Rule § 25.243, are necessitated by incremental distribution costs not included in the Company's last general rate case proceeding before the Commission.

MONTHLY RATE

The WDSC receiving service will be assessed this distribution service charge adjustment based on the monthly per unit cost (WDCRF) multiplied times the WDSC's appropriate monthly billing determinant. The WDCRF shall be calculated for each rate according to the following formula:

$$\text{WDCRF} = \frac{[(\text{DIC}_C - \text{DIC}_{RC}) * \text{ROR}_{AT} + (\text{DEPR}_C - \text{DEPR}_{RC}) + (\text{FIT}_C - \text{FIT}_{RC}) + (\text{OT}_C - \text{OT}_{RC}) - \Sigma(\text{DISTREV}_{RC-CLASS} * \% \text{GROWTH}_{CLASS})] * \text{ALLOC}_{CLASS}}{\text{BD}_{C-CLASS}}$$

rounded to nearest \$.000001

Where:

- DIC_C = Current Net Distribution Invested Capital
- DIC_{RC} = Net Distribution Invested Capital from the last comprehensive base-rate proceeding.
- ROR_{AT} = After-Tax Rate of Return as defined in Substantive Rule § 25.243(d)(2).
- DEPR_C = Current Depreciation Expense, as related to Current Gross Distribution Invested Capital, calculated using the currently approved depreciation rates.
- DEPR_{RC} = Depreciation Expense, as related to Gross Distribution Invested Capital, from the last comprehensive base-rate proceeding.
- FIT_C = Current Federal Income Tax, as related to Current Net Distribution Invested Capital, including the change in federal income taxes related to the change in return on rate base and synchronization of interest associated with the change in rate base resulting from additions to and retirements of distribution plant as used to compute Net Distribution Invested Capital.
- FIT_{RC} = Federal Income Tax, as related to Net Distribution Invested Capital from the last comprehensive base-rate proceeding.

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OT_c = Current Other Taxes (taxes other than income taxes and taxes associated with the return on rate base), as related to Current Net Distribution Invested capital, calculated using current tax rates and the methodology from the last comprehensive base-rate proceeding, and not including municipal franchise fees.

OT_{RC} = Other Taxes, as related to Net Distribution Invested Capital from the last comprehensive base-rate proceeding, and not including municipal franchise fees.

$DISTREV_{RC-CLASS}$ (Distribution Revenues by rate class based on Net Distribution Invested Capital from the last comprehensive base-rate proceeding) = $(DIC_{RC-CLASS} * ROR_{AT}) + DEPR_{RC-CLASS} + FIT_{RC-CLASS} + OT_{RC-CLASS}$.

$\%GROWTH_{CLASS}$ (Growth in Billing Determinants by Class) = $(BD_{C-CLASS} - BD_{RC-CLASS}) / BC_{RC-CLASS}$.

$DIC_{RC-CLASS}$ = Net Distribution Invested Capital allocated to the rate class from the last comprehensive base-rate proceeding.

$DEPR_{RC-CLASS}$ = Depreciation Expense, as related to Gross Distribution Invested Capital, allocated to the rate class in the last comprehensive base-rate proceeding.

$FIT_{RC-CLASS}$ = Federal Income Tax, as related to Net Distribution Invested Capital, allocated to the rate class in the last comprehensive base-rate proceeding.

$OT_{RC-CLASS}$ = Other Taxes, as related to Net Distribution Invested Capital, allocated to the rate class in the last comprehensive base-rate proceeding, and not including municipal franchise fees.

$ALLOC_{CLASS}$ = Rate Class Allocation Factor approved in the last comprehensive base-rate proceeding, calculated as: total net distribution plant allocated to rate class, divided by total net distribution plant. For situations in which data from the last comprehensive base-rate proceeding are not available to perform the described calculation, the Rate Class Allocation Factor shall be calculated as the total distribution revenue requirement allocated to the rate class (less any identifiable amounts explicitly unrelated to Distribution Invested Capital) divided by the total distribution revenue requirement (less any identifiable amounts explicitly unrelated to Distribution Invested Capital) for all classes as approved by the commission in the electric utility's last comprehensive base-rate case.

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The Allocation Factor for each listed rate schedule is as follows:

Class	Class Allocation Factor
Residential	57.3917%
Secondary Service < 5kW	1.0196%
Secondary Service > 5kW	32.1162%
Primary & Wholesale DLS	5.7431%
Transmission	1.4597%
Lighting	2.2697%

$BD_{C-CLASS} =$ Rate Class Billing Determinants (weather-normalized and adjusted to reflect the number of customers at the end of the period) for the 12 months ending on the date used for purposes of determining the Current Net Distribution Invested Capital. For customer classes billed primarily on the basis of kilowatt-hour billing determinants, the DCRF shall be calculated using kilowatt-hour billing determinants. For customer classes billed primarily on the basis of demand billing determinants, the DCRF shall be calculated using demand billing determinants.

$BD_{RC-CLASS} =$ Rate Class Billing Determinants used to set rates in the last comprehensive base-rate proceeding.

MONTHLY RATE

Wholesale Distribution Service Customer	\$0.268705	Per Billing kW
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NOTICE

This Rate Schedule is subject to the Company's Tariff and Applicable Legal Authorities.