

Texas-New Mexico Power Company
ELECTRIC FACILITIES EXTENSION
AGREEMENT

Contract No. BABU-2010-021

Project/Job No. 6580-2316682

Customer Account No. _____

This Agreement is made by and between Texas-New Mexico Power Company, a Texas Corporation (Company) and City of League City, Texas, hereafter called (Customer) for the extension of Company's Electric Transmission and Distribution System facilities to the following location: at or near League City Waste Water Reclamation Facility at Maple Leaf Drive, League City, Texas 77546. Customer's mailing address is: 300 W. Walker Street, League City, Texas 77573.

Customer Has Requested Extension Of Service For The Following: [Check All That Apply]

☐ **Standard Electric Facilities for Loads Less Than 12kW**

Company will extend its standard electric facilities that it determines are necessary to serve _____ () Residential lot(s) or business(es). The character of these facilities is generally identified as 120/240 volt, single phase, alternating current, at 60 hertz, with reasonable variation permitted.

☒ **Standard Electric Facilities for Loads Greater Than 12kW**

Company will extend its standard electric facilities that it determines are necessary to serve Customer's demand requirement of 3000 kW ("Threshold kW"). The character of these facilities is generally identified as 277/480 volt, three phase, alternating current, at 60 hertz, with reasonable variation permitted.

☐ **Non-Standard Electric Facilities**

Company will extend, install, or modify the following non-standard electric facilities:

ARTICLE I. TARIFF

As approved by, and filed with, the Public Utility Commission of Texas (or its successor), the Company's current tariff (Tariff) will apply to this Agreement and for the class of service applicable to Customer's request. Both Company and Customer acknowledge and accept that the Tariff imposes obligations and limitations on both the Company and Customer. This Agreement, including the applicable Tariff, shall at all times be subject to change or modification by regulatory authority or other change in law. A copy of Company's current Tariff may be obtained from Company on request.

ARTICLE II. CUSTOMER PAYMENT AND COMMITMENTS

Customer will pay a Contribution-In-Aid-Of-Construction (CIAC) to Company of \$109,777.13 as payment for Customer's portion of the facility extension, installation, or modification costs in accordance with Company's Tariff. Per the Tariff the CIAC was calculated based on the following: CIAC = (Project Investment of \$182,107.05 minus Standard Allowance of \$100,000.00) plus Applicable Taxes of \$27,670.08. Such payment is due within 15 days following Company's mailing, first class, an invoice to Customer at: 300 W. Walker Street, League City, Texas 77573 or such other billing address provided to Company by the Customer. Such non-refundable payment will remain the property of the Company.

The Customer will provide, without cost to Company, all rights-of-way (in a form acceptable to Company), permits and suitable space for the installation of poles, wires, transformers, meters, and such other equipment Company deems necessary to enable it to deliver the power and energy herein described.

The Customer will install and maintain in good working condition at all times adequate protection and protective devices for his electric motors and other equipment against overload, low voltage, single-phasing, and similar risks or hazards incident to the use of electricity. The Customer assumes all responsibility for the electric current upon the Customer's side of the point of delivery, and for the wires, apparatus, and appurtenances used in connection therewith. In addition to the terms of the Tariff, Customer will protect and save the Company harmless from all claims for injury or damage to persons or property occurring upon the Customer's side of such point of delivery, occasioned by such electric current or said wire and apparatus, except where said injury or damage shall be shown to

have been occasioned solely by the negligence of the Company. In no event shall the Company be responsible for consequential damages whether or not found to have negligently caused injury to Customer.

ARTICLE III. TERM

This Agreement shall expire three (3) years (the "Term") from December 31, 2010 (the "Initial Date"). Customer's payment obligations shall survive expiration of this Agreement.

ARTICLE IV. UNDER UTILIZATION CHARGE

A. Based on estimated information provided by the Customer, Company calculated the CIAC amount referenced in Article II above. Such estimated information included, but was not limited to, the Threshold kW and the number of lots or businesses to be built, sold, and occupied. Company will review actual load or the number of lots or businesses at the pertinent location to evaluate the accuracy of the information supplied by Customer. At the end of the Term, the Company will recalculate the CIAC amount if the estimated Threshold kW billing demand for the designated location has not been realized or the estimated number of lots or businesses have not been built, sold, and occupied. The CIAC amount, including applicable taxes, will be recalculated based on the actual kW billing demand achieved or the actual number of lots or businesses built, sold, and occupied at the time of the recalculation. Company may also make such recalculation in the event of a breach during the Term.

B. If Customer does not realize the estimated Threshold kW or the number of estimated lots or businesses are not built, sold, and occupied, Customer will pay Company an amount (the "Under Utilization Charge") equal to the difference between the CIAC amount paid under Article I and the amount of any recalculated CIAC, including any applicable taxes, determined under the preceding Subparagraph A of Article IV. Customer shall pay any such Under Utilization Charge within 15 days after Company deposits an invoice for such amount, addressed to Customer, in the U.S. mail.

C. Article IV only applies to standard electrical facilities.

ARTICLE V. GENERAL PROVISION

Customer understands and agrees that Company shall retain title to, own, and control all electric facilities up to the point of delivery that are extended, installed, or modified under this Agreement. Company may use any such facilities to serve other customers when Company determines that it is feasible to do so. Customer also understands that the delivery of service is not governed by this Agreement, but the delivery of electricity procured by customer will be provided in accordance with Company's Tariff and any subsequent amendments thereto. Customer understands that Company is not a generator, power marketer, or retail electric provider and therefore Company will not procure, generate, or supply power to Customer. Customer accepts responsibility for selecting, enrolling and contracting with a retail electric provider of Customer's choice. The Company does not assume any responsibility associated with Customer's equipment used or the methods employed for the installation and/or maintenance thereof.

This Agreement supersedes all prior agreements between the Company and the Customer for service mentioned herein and all representations, promises or other inducements, written or verbal, made with respect to the matters herein contained. This Agreement shall not be assignable by Customer without the written consent of the Company. This Agreement is not binding upon Company until executed by one of its authorized representatives.

ARTICLE VI. SECURITY

In accordance with the Company's Tariff, Customer must furnish surety in the amount of \$0.00 in a form acceptable to Company. The amount of the surety shall be equal to the Standard Allowance used to calculate the initial CIAC. The surety instrument may be a bond, letter of credit ("LOC") or other security acceptable to Company and shall survive the expiration of this Agreement. Such surety instrument must be for a term of 48 months (the "Security Term") from the Initial Date. Company may, but is not required to, accept a LOC of a shorter term provided that such LOC is renewed annually for the length of the Security Term. If a LOC or other security instrument is terminated, canceled or withdrawn, or if Company receives notice that the LOC or other security instrument will not be renewed, the Customer will be considered to be in immediate breach. In addition to any other remedies permitted at law, Company may recalculate the CIAC amount, including applicable taxes, as set forth in Article IV as of the date of breach. Any difference between the initial CIAC and the revised CIAC, including applicable taxes, will be due within 15 days of Company's mailing of an invoice to Customer as described in Article IV. Thereafter, Company may execute or draw on said LOC or other surety prior to the

expiration of such LOC/surety and/or the Agreement. Any surety instrument/LOC shall be non-cancelable; however, the face amount of the instrument may be reduced each year when approved by the Company. The surety instrument/LOC may not be replaced with other surety without consent of the Company.

ARTICLE VII. FORCE MAJEURE

The Company shall not be liable for damages occasioned by interruptions or failure to commence delivery or unsatisfactory service caused by an Act of God or the public enemy, inevitable accidents, fire, explosions, strikes, riots, war, delay in receiving shipments of required material, order of any court or judge granted in any bona fide adverse legal proceedings or action, or any order of any commission or tribunal having jurisdiction in the premises; or, without limitation by the preceding enumeration, any other act or thing reasonably beyond its control or incident to interruptions necessary for repairs or changes in the Company's generating equipment, lines or other electric facilities.

CUSTOMER:

By: City of League City, Texas

COMPANY:

By: Texas New-Mexico Power Company

By: Marcus Jahns
Title: City Manager

By: Pauline Moore
Director, T & D Operations – South TX

Date Signed _____

Date Signed _____