

**TEXAS-NEW MEXICO POWER COMPANY  
TARIFF FOR RETAIL DELIVERY SERVICE**

**6.1. Rate Schedules**

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**6.1.2.2 CONSTRUCTION CHARGES**

**6.1.2.2.1 EXTENSIONS OF ELECTRIC SERVICE**

Company is responsible for the construction, extension, upgrade, or alteration of Delivery System facilities necessary to connect Retail Customer's Point of Delivery to Company's Delivery System in conjunction with Section 5.7, FACILITIES EXTENSION POLICY and the terms and conditions contained herein. Company makes extension of Delivery System facilities to Retail Customer's electrical installation so as to minimize the cost of such extension. In instances where the cost of the requested extension, installation or modification of Company's facilities is in excess of the standard allowances stated herein, or where the installation of non-standard facilities is requested, a Contribution In Aid of Construction ("CIAC") is required from the Retail Customer.

**A. STANDARD DISTRIBUTION FACILITIES**

Company's standard distribution facilities consist of the Delivery System facilities necessary to transport electric power and energy from a single, single-phase or three-phase distribution source to Retail Customer at one Point of Delivery via radial line, with one standard Company meter, at one of Company's available standard voltages. The service wire and meter will be of sufficient size characteristics to properly deliver and account for the electric power and energy consumed, as is reasonably practicable.

**B. NON-STANDARD DISTRIBUTION FACILITIES**

Non-standard facilities may include but are not limited to a two-way feed, automatic and manual transfer switches, Delivery Service through more than one Point of Delivery, redundant facilities, facilities in excess of those normally required for Delivery Service, or facilities necessary to provide Delivery Service at a non-standard voltage.

**C. POLICY**

1. In determining whether or not a contract and/or non-refundable CIAC is required, the Company may consider several factors, including, but not limited to, the size of the projected load, the revenue the projected load will

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generate, the Company's investment in the project, the likely permanence of the load, and the credit worthiness of the prospective customer.

2. To insure existing customers are not unfairly burdened by a proposed extension of services, the Company may alter the method of determining the Allowance. An Allowance is derived from a determination by the Company of the amount of investment supported by the customer's projected load, historical comparisons of similar loads in the same geographic region, and/or the failure rate of similar extensions to achieve permanence or generate revenue comparable to projections. Other similarly important factors may influence the actual Allowance the Company permits.
3. A Retail Customer requesting an extension of the Company's Delivery System facilities for an installation which in the judgment of the Company is of temporary occupancy or use (less than 12 months) will pay a CIAC prior to construction. The CIAC for such installations will equal the total cost of the facilities extension.
4. In the event a line extension is required, any construction cost options such as sharing of construction costs between the Company and the customer, or sharing of costs between the customer and other applicants shall be explained to the customer following assessment by the Company of necessary line work.
5. Easements and rights-of-way: all extensions shall be constructed on private easements or rights-of-way. Where private easements or rights-of-way are not available, such lines may be constructed on existing public roads, streets, alleys, easements or rights-of-way. New customers shall furnish rights-of-way or easements in a form acceptable to Company as required, without charge to the Company, over property owned or leased by such new customers and will assist the Company in securing other rights-of-way or easements necessary to provide service.
6. Pursuant to Section 5.7.2, CONTRACTUAL ARRANGEMENTS, the Company may, at its option, enter into a Facilities Extension Agreement with

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the customer, to assure that existing customers are not unfairly burdened in any way by the required investment.

7. Pursuant to Section 5.7.2, CONTRACTUAL ARRANGEMENTS, the Company shall at all times have title to, complete ownership of and control over facilities installed by the Company or its contractors. Company may use any such facilities to serve other customers when Company determines it is feasible to do so. A nonrefundable CIAC or any other project cost sharing mechanism does not give Competitive Retailer or Retail Customer or any survivors, any rights to Company facilities except as may be made by separate agreement.

## D. DEFINITIONS

1. Contribution in Aid of Construction (CIAC). A payment from Retail Customer, required prior to construction, for line extension projects whose project costs exceed the customer's Standard Allowance, if applicable.
2. Project Investment. The cost to the Company of extending the requested service, reduced by the cost of readily salvageable items.
3. Cost of the Extension. Another way of referring to the Project Investment.
4. Standard Allowance. Standard dollar allowance used to offset the Cost of the Extension.

### 6.1.2.2.2 STANDARD FACILITY EXTENSIONS

Extensions of Standard Facilities to permanent Retail Customers within the Company's certificated area where the estimated cost to extend facilities does not exceed the Standard Allowances stated herein, will be provided to Retail Customer at no cost. The Cost of the Extension is calculated by the Company using the route of the new line, as determined by the Company, from Company Delivery System facilities to the Retail Customer's point of delivery, and includes the cost of all Standard Facilities required to provide service to the customer. If the Cost of the Extension exceeds the Standard allowances stated herein, the Retail Customer will pay a non-refundable CIAC for the Cost of the Extension in

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excess of the stated allowances. In cases where a non-refundable CIAC is required, full payment of the CIAC must be received prior to construction.

**A. FACILITIES EXTENSION AGREEMENT**

The Company may require execution of a Facilities Extension Agreement ("Agreement") before construction of the facilities may begin. This Agreement will set forth the terms and conditions of the extension and will specify the Project Investment, Standard Allowance, CIAC, and may require a letter of credit or surety to secure the amount of the Standard Allowance. The Agreement term will be for a period of up to 36 months (3 years).

**B. FUNDING ARRANGEMENTS**

1. The Company may require the Retail Customer to provide a letter of credit or other surety to secure the amount of the Standard Allowance prior to beginning construction. The amount of the surety will be equal to the Standard Allowance.
2. If acceptable to Company, the Retail Customer may establish a cash escrow account in lieu of other surety with the Company as beneficiary to the account. The arrangement must be approved by the Company before construction may begin. In addition, the applicant may be required to execute an Agreement setting forth the terms and conditions of the account arrangements. The amount of the escrow account will be equal to the Standard Allowance.
3. If the Retail Customer does not develop the number of lots or realize the maximum kW load that was used to compute the Standard Allowance and resulting CIAC, then the Retail Customer must pay an Under-Utilization charge at the end of the Agreement term. This Under-Utilization charge will be equal to the difference between the CIAC initially computed, and the Allowance and resulting CIAC as recalculated based on the number of lots built, sold and occupied, or maximum kW actually realized.

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**6.1.2.2.3 STANDARD ALLOWANCE FOR LINE EXTENSIONS**

**A. CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)**

Retail Customers may be required to provide a non-refundable Contribution in Aid of Construction ("CIAC") to extend electrical facilities to a customer's Point of Delivery as determined in the formula below. If the amount calculated is zero or negative, no CIAC is required. To the extent that the CIAC payment is considered taxable revenue to the Company, the CIAC shall include an amount equal to the Company's tax liability. The Company will install, own, operate and control all facilities necessary to provide electrical service to the Point of Delivery. The Project Investment will include all standard facilities, meters, services and transformers. Facilities not included in the Project Investment are those necessary to accommodate future growth considerations or Company initiated reliability enhancement projects.

The CIAC required is based on the formula:

$$\text{CIAC} = (\text{Project Investment} - \text{Standard Allowance}) + \text{Company's Tax Liability}$$

**B. STANDARD ALLOWANCES**

The method for determining Standard Allowance is as follows:

**Residential and Small Commercial/Industrial loads with Maximum Demands  
less than 9 kW**

Allowance = \$1,500 per End-Use Customer

**Secondary Commercial/Industrial Loads over 9 kW**

Allowance = \$165/kW (based on Maximum kW)

Maximum Allowance = \$50,000

**Primary Service**

Allowance = \$135/kW (based on Maximum kW)

Maximum Allowance = \$50,000

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The determination of Maximum kW for the Standard Allowances is based on historical data from residences or businesses of similar size and function in that region of the state. Consideration is given to customer-owned equipment data supplied prior to the determination of a CIAC.

Under no circumstance shall any unused allowance be paid or credited to the Retail Customer or used to reduce the cost for installation of non-standard distribution facilities or non-standard street lighting facilities.

**6.1.2.2.4 NON-STANDARD FACILITY EXTENSIONS**

- A. If an existing or prospective Retail Customer requires or requests services which involve Non-Standard Facilities as described in Section 6.1.2.2.1.A of this tariff, the Retail Customer will be required to pay a non-refundable CIAC equal to the total cost of the installation of the Non-Standard Facilities. This CIAC must be paid prior to the construction of the Non-Standard Facilities.
- B. Pursuant to Section 5.7.2, CONTRACTUAL ARRANGEMENTS, the Company may terminate the provision of any Delivery Service utilizing non-standard facilities at the end of the contract term, or in the absence of a contract term, on reasonable notice to Retail Customer.

**6.1.2.2.5 TEMPORARY DELIVERY SYSTEM FACILITIES**

If, in the judgment of the Company, a proposed extension of the Company's Delivery System appears to be of a temporary nature, the Company shall require a non-refundable CIAC to be paid prior to the construction of the temporary facilities. The amount of the CIAC will be equal to the cost of installing and removing the temporary facilities, plus the estimated costs of materials to be used which are unsalvageable after removal of the installation.

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**6.1.2.2.6 REMOVAL AND RELOCATION OF COMPANY'S FACILITIES**

The company may remove or relocate Company facilities upon request. If the removal or relocation of the Company facilities is associated with a change in the Retail Customer's requirements that results in additional load to the Company, then the appropriate Standard Allowance will be applied to the costs of removal or relocation. In all other cases, the requesting entity will pay the total cost of removing or relocating the facilities.

**A. REPLACEMENT OF FACILITIES**

1. If the Company, pursuant to Section 4, SERVICE RULES AND REGULATIONS RELATING TO ACCESS TO DELIVERY SYSTEM OF COMPANY BY COMPETITIVE RETAILERS, and Section 5, SERVICE RULES AND REGULATIONS RELATING TO THE PROVISION OF DELIVERY SERVICE TO RETAIL CUSTOMERS, replaces existing overhead facilities with underground facilities, the Retail Customer will pay the Company a non-refundable CIAC consisting of the cost of installing the underground facilities plus the cost of removal of any overhead facilities less any salvage value of the removed facilities.
2. If the Company, as a result of the legal requirement of a political subdivision of the State of Texas ("Political Subdivision"), replaces or redesigns existing overhead facilities with underground facilities, or if a Political Subdivision requests Non-Standard facilities, or requires any future electrical facilities to be installed underground, the Company may surcharge all Retail Customers within the Political Subdivision for the previously described cost involved in converting or redesigning overhead facilities to underground, or in Company fulfilling the request for Non-Standard facilities. If said Political Subdivision wishes to make other arrangements to reimburse the Company, such other arrangements as are acceptable to the Company shall be allowed as long as Retail Customers outside the Political Subdivision are not required to subsidize the cost of such replacement.

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3. Retail Customers will be required to pay a non-refundable CIAC for any of the following:
  - a. Removal and/or relocation of facilities for aesthetic purposes;
  - b. Relocation of facilities due to modifications on customer's Premises such as, but not limited to, swimming pools, barns, sheds, fences, etc.;
  - c. Commercial developments requiring the relocation and/or removal of facilities not necessarily for the purpose of providing electric service for that commercial development.

**B. CHANGES IN CUSTOMER FACILITIES**

If a Retail Customer makes changes to its facilities which result in the Company being required to make changes to its system in order to either facilitate the changes or to bring the Company's facilities back into compliance with applicable Codes, or the Company's construction requirements, whichever is more stringent, the Retail Customer shall pay all costs incurred by the Company as the result of such changes.

**6.1.2.2.7 TRANSMISSION LINE EXTENSIONS**

Line extensions for transmission service customers shall be in accordance with Substantive Rules, §25.195 and §25.198, Terms and Conditions for Transmission Service. Transmission service customers shall provide ample notice to the Company for the purpose of filing Certificates of Convenience and Necessity and any other preparatory work in advance of construction.

**A. STANDARD TRANSMISSION FACILITIES**

Standard transmission facilities consist of the overhead Delivery System facilities necessary to transport Electric Power and Energy from a single transmission or transformation source to Retail Customer at one Point of Delivery via radial line, with one standard Company Meter, at one of the Company's available standard