



Public Service Company of New Mexico



**Response to RFI for
Wholesale Electric Power Supply
For the
City of Socorro, NM**

April 29, 2016



1. PNM's Proposal Overview

Public Service Company of New Mexico ("PNM") is pleased to submit this non-binding proposal for the provision of capacity and energy resources to serve the Total City load of the City of Socorro, NM ("City" or "Socorro") as defined in section 3.2 of the RFI.

PNM is proposing to provide service commencing July 1, 2017, for a period of five years at prices discussed in Section 3, RFI Response Content Requirements. PNM is proposing to serve Socorro under a new Power Sale Agreement ("PSA") which will be filed at the Federal Energy Regulatory Commission ("FERC").

PNM looks forward to the opportunity to provide Socorro wholesale capacity and energy resources and would be happy to discuss any portion of this proposal through the evaluation process.

2. Qualifying Criteria

PNM, a New Mexico corporation, is a wholly-owned, public utility operating company subsidiary of PNM Resources, Inc. ("PNMR"). Based in Albuquerque, New Mexico, PNMR is an energy holding company and through its regulated utilities – PNM and Texas-New Mexico Power Company – serves electricity and provides an array of services to customers in New Mexico and Texas. PNM's principal place of business is 414 Silver Ave, S.W., Albuquerque, New Mexico, 87102.

PNM owns or leases approximately 3,170 circuit miles of electric transmission lines – all located within New Mexico and Arizona – over which it provides open-access service pursuant to its OATT. These transmission lines are interconnected with lines owned by utilities that serve customers in Arizona, Colorado, New Mexico, Utah, and Texas. PNM owns or leases generating facilities with a combined nameplate rating of approximately 2,500 MW.

In the western United States, PNM is engaged in the generation, transmission, and sale of electricity at wholesale. Within New Mexico, PNM is engaged in the generation, transmission, distribution, and sale of electricity at retail. PNM provides state jurisdictional retail electric service to customers across New Mexico, the majority of whom are located in north central New Mexico. PNM's retail electric operations are regulated by the New Mexico Public Regulation Commission ("NMPRC").

Regarding qualifications to supply the services requested in the RFI, PNM notes that it currently provides wholesale requirements service to the City of Aztec, Navopache Electric Cooperative, Inc., and the Jicarilla Apache Nation under similar arrangements.

PNM has consistently demonstrated that it is financially and operationally capable of providing the services outlined in the RFI for the duration of the five-year proposed contract term.



3. RFI Response Content Requirements

- a) Load to be served: PNM is proposing to serve Load 3, which is defined as Total City load.
- b) PNM is proposing, and has priced this service, for delivery to the San Juan 345-kV bus. PNM can make delivery at other points at the City's request, but will require additional transmission, transformation and loss charges for which PNM would pass through to the City at no mark-up.
- c) Pricing: As summarized below, PNM is offering the City capacity and associated energy at the following rates (subject to PNM's right to refresh the prices).

- Demand Charges

Contract Year	Demand Charge (\$/kW-Mo)
2017	\$7.75
2018	\$7.91
2019	\$8.06
2020	\$8.22
2021	\$8.39
2022	\$8.56

- Energy Charges

The energy charge for the five-year term (2017-2022) is **\$20.00** per MWh.

- d) PNM as part of its service is proposing to provide ancillary Service Schedules 1-5 included in the proposed rates.
- e) PNM is willing to supply capacity and associated energy for a five-year term, under the rates outlined above.

4. Conditions

Any transaction resulting from the offering is contingent upon PNM management approval and any required regulatory approvals. No binding commitment shall arise on the part of PNM to Socorro under this proposal until and unless PNM and the City execute an agreement based on the terms hereunder, and which includes credit terms that provide acceptable financial protection for both parties. PNM reserves the right to refresh the pricing contained in this RFI.