

ELECTRIC TARIFF

RULES, REGULATIONS AND CONDITIONS OF SERVICE

18. BILLING

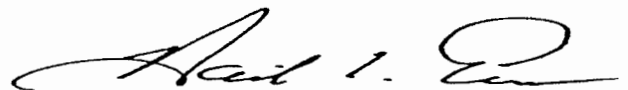
- (a) **Frequency of bills.** The Company shall issue bills monthly, unless otherwise authorized by the Commission, or unless service is provided for a period less than one month. Bills shall be issued as promptly as possible after reading meters.
- (b) **Billing information.** The Company shall provide free to the Customer a breakdown of charges at the time the service is initially installed or modified and upon request by the Customer as well as the applicable rate schedule.
- (c) **Bill content.** Each Customer's bill shall include all the following information:
 - (1) if the meter is read by the Company, the date and reading of the meter at the beginning and at the end of the billing period;
 - (2) the due date of the bill, as specified in §25.28 of the Commission's Substantive Rules (relating to Bill Payment and Adjustments);
 - (3) the number and kind of units metered;
 - (4) the applicable rate schedule and title or code should be provided upon request by the Customer;
 - (5) the total amount due after addition of any penalty for nonpayment within a designated period. The terms "gross bill" and "net bill" or other similar terms implying the granting of a discount for prompt payment shall be used only when an actual discount for prompt payment is granted. The terms shall not be used when a penalty is added for nonpayment within a designated period;
 - (6) the word "Estimated" prominently displayed to identify an estimated bill;
 - (7) any conversions from meter reading units to billing units, or any other calculations to determine billing units from recording or other devices, or any other factors used in determining the bill; and

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PRESIDENT AND CEO,
SOUTHWESTERN PUBLIC SERVICE COMPANY

ELECTRIC TARIFF

RULES, REGULATIONS AND CONDITIONS OF SERVICE

18. BILLING

(8) any amount owed under a written guarantee contract provided the guarantor was previously notified in writing by the Company as required by §25.24 of the Commission's Substantive Rules (relating to Credit Requirements and Deposits).

(d) **Estimated bills.**

(1) The Company may submit estimated bills for good cause provided that an actual meter reading is taken no less than every third month. In months where the meter reader is unable to gain access to the premises to read the meter on regular meter reading trips, or in months when meters are not read, the Company must provide the Customer with a postcard and request the Customer to read the meter and return the card to the Company. If the postcard is not received by the Company in time for billing, the Company may estimate the meter reading and issue a bill.

(2) If the Company has a program in which Customers read their own meters and report their usage monthly and no meter reading is submitted by a Customer the Company may estimate the Customer's usage and issue a bill. However, the Company must read the meter if the Customer does not submit readings for three consecutive months so that a corrected bill may be issued.

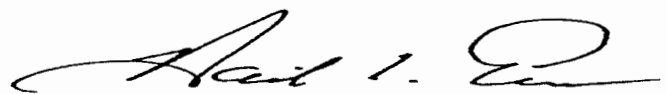
Bill Payment and Adjustments

(a) **Bill due date.** The bill provided to the Customer shall include the payment due date which shall not be less than 16 days after issuance. The issuance date is the postmark date on the envelope or the issuance date on the bill if there is no postmark on the envelope. A payment for electric utility service is delinquent if not received by the Company or at the Company's authorized payment agency by the close of business on the due date. If the sixteenth day falls on a holiday or weekend, then the due date shall be the next work day after the sixteenth day.

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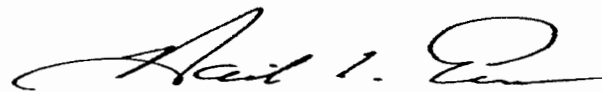
- (b) **Penalty on delinquent bills for retail service.** A one-time penalty not to exceed 5.0% may be charged on a delinquent commercial or industrial bill. The 5.0% penalty on delinquent bills may not be applied to any balance to which the penalty has already been applied. Any service the Company provides to the state of Texas shall not be assessed a fee, penalty, interest, or other charge to the state for delinquent payment of a bill.
- (c) **Overbilling.** If charges are found to be higher than authorized in the Company's tariffs, then the Customer's bill shall be corrected.
- (1) The correction shall be made for the entire period of the overbilling.
- (2) If the Company corrects the overbilling within three billing cycles of the error, it need not pay interest on the amount of the correction.
- (2) If the Company does not correct the overcharge within three billing cycles of the error, it shall pay interest on the amount of the overcharge at the rate set by the Commission each year.
- (A) The interest rate shall be based on an average of prime commercial paper rates for the previous 12 months.
- (B) Interest on overcharges that are not adjusted by the Company within three billing cycles of the bill in error shall accrue from the date of payment or from the date of the bill in error.
- (C) All interest shall be compounded monthly based on the annual rate.
- (D) Interest shall not apply to leveling plans or estimated billings.

PUBLIC UTILITY COMMISSION OF TEXAS
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JUL 27 '07 DOCKET 32766

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ELECTRIC TARIFF

RULES, REGULATIONS AND CONDITIONS OF SERVICE

18. BILLING

- (d) **Underbilling.** If charges are found to be lower than authorized by the Company's tariffs, or if the Company failed to bill the Customer for service, then the Customer's bill may be corrected.
- (1) The Company may backbill the Customer for the amount that was underbilled. The backbilling shall not collect charges that extend more than six months from the date the error was discovered unless the underbilling is a result of theft of service by the Customer.
- (2) The Company may disconnect service if the Customer fails to pay underbilled charges.
- (3) If the underbilling is \$50 or more, the Company shall offer the Customer a deferred payment plan option for the same length of time as that of the underbilling. A deferred payment plan need not be offered to a Customer whose underpayment is due to theft of service.
- (4) The Company shall not charge interest on underbilled amounts unless such amounts are found to be the result of theft of service (meter tampering, bypass, or diversion) by the Customer, as defined in §25.126 of the Commission's Substantive Rules. Interest on underbilled amounts shall be compounded monthly at the annual rate and shall accrue from the day the Customer is found to have first stolen (tampered, bypassed or diverted) the service.

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RULES, REGULATIONS AND CONDITIONS OF SERVICE

18. BILLING

(e) Disputed bills.

- (1) If there is a dispute between a Customer and the Company about a bill for service, the Company shall investigate and report the results to the Customer. If the dispute is not resolved, the Company shall inform the Customer of the complaint procedures of the Commission pursuant to §25.30 of the Commission's Substantive Rules (relating to Complaints).
- (2) A Customer's service shall not be disconnected for nonpayment of the disputed portion of the bill until the dispute is completely resolved by the Company.
- (3) If the Customer files a complaint with the Commission, a Customer's service shall not be disconnected for nonpayment of the disputed portion of the bill before the Commission completes its informal complaint resolution process and informs the Customer of its determination.
- (4) The Customer is obligated to pay any billings not disputed.


- (f) Payment arrangements.** A payment arrangement is any agreement between the Company and a Customer that allows a Customer to pay the outstanding bill after its due date but before the due date of the next bill. If the Company issued a disconnection notice before the payment arrangement was made, that disconnection should be suspended until after the due date for the payment arrangement. If a Customer does not fulfill the terms of the payment arrangements, the Company may disconnect service after the later of the due date for the payment arrangement or the disconnection date indicated in the disconnection notice, pursuant to §25.29 of the Commission's Substantive Rules without issuing an additional disconnection notice.

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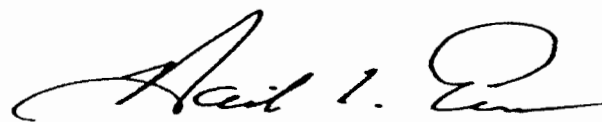
18. BILLING

- (g) **Deferred payment plans.** A deferred payment plan is any written arrangement between the Company and a Customer that allows a Customer to pay an outstanding bill in installments that extend beyond the due date of the next bill. A deferred payment plan may be established in person or by telephone, and all deferred payment plans shall be put in writing.
- (1) The Company shall offer a deferred payment plan to any residential Customer, including a guarantor of any residential Customer, who has expressed an inability to pay all of the bill, if that Customer has not been issued more than two disconnection notices during the preceding 12 months.
- (2) Every deferred payment plan shall provide that the delinquent amount may be paid in equal installments lasting at least three billing cycles.
- (3) When a Customer has received service from the Company for less than three months, the Company is not required to offer a deferred payment plan if the Customer lacks:
- (A) sufficient credit; or
- (B) a satisfactory history of payment for service from a previous utility.

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RULES, REGULATIONS AND CONDITIONS OF SERVICE

18. BILLING

(4) Every deferred payment plan offered by the Company:

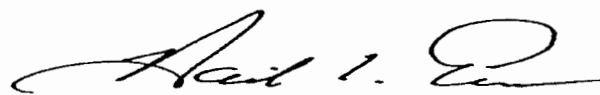
- (A) shall state, immediately preceding the space provided for the Customer's signature and in boldface type no smaller than 14 point size, the following: "If you are not satisfied with this contract, or if agreement was made by telephone and you feel this contract does not reflect your understanding of that agreement, contact the Company immediately and do not sign this contract. If you do not contact the Company, or if you sign this agreement, you may give up your right to dispute the amount due under the agreement except for the Company's failure or refusal to comply with the terms of this agreement." In addition, where the Customer and the Company's representative or agent meet in person, the Company's representative shall read the preceding statement to the Customer. The Company shall provide information to the Customer in English and Spanish as necessary to make the preceding boldface language understandable to the Customer;
- (B) may include a 5.0% penalty for late payment but shall not include a finance charge;
- (C) shall state the length of time covered by the plan;
- (D) shall state the total amount to be paid under the plan;
- (E) shall state the specific amount of each installment;
- (F) shall allow the Company to disconnect service if the Customer does not fulfill the terms of the deferred payment plan, and shall state the terms for disconnection;
- (G) shall not refuse a Customer participation in such a program on the basis of race, color, sex, nationality, religion, or marital status;
- (H) shall be signed by the Customer and a copy of the signed plan must be provided to the Customer. If the agreement is made over the telephone, then the Company shall send a copy of the plan to the Customer for signature; and
- (I) shall allow either the Customer or the Company to initiate a renegotiation of the deferred payment plan if the Customer's economic or financial circumstances change substantially during the time of the deferred payment plan.

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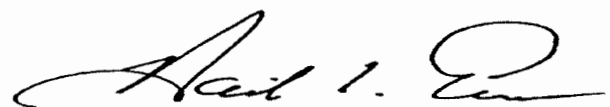
18. BILLING

- (5) The Company may disconnect a Customer who does not meet the terms of a deferred payment plan. However, the Company may not disconnect service until a disconnection notice has been issued to the Customer indicating that the Customer has not met the terms of the plan. The notice and disconnection shall conform with the disconnection rules in §25.29 of the Commission's Substantive Rules. The Company may renegotiate the deferred payment plan agreement prior to disconnection. If the Customer did not sign the deferred payment plan, and is not otherwise fulfilling the terms of the plan, and the Customer was previously provided a disconnection notice for the outstanding amount, no additional disconnection notice shall be required.

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