

**SOUTHWESTERN PUBLIC SERVICE COMPANY**

**THIRTY-THIRD REVISED RATE NO. 4  
CANCELING THIRTY-SECOND REVISED RATE NO. 4**

NEW MEXICO  
PUBLIC REGULATION  
COMMISSION  
FILED

**PURCHASES FROM QUALIFYING FACILITIES**

**Tariff No. 3018.33**

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**APPLICABILITY:** This Tariff shall apply to purchases by Company of as-available Energy from a Qualifying Facility ("QF"), as that term is defined in this Tariff. This Tariff does not require or provide for any electric service by Company to the QF. The QF may request such service from Company, and if required by Company's applicable tariffs, the QF shall enter into separate contractual agreements with Company.

**TERRITORY:** This Tariff is applicable to the area served by Company in New Mexico.

**DEFINITIONS:**

"Applicable Legal Requirements" means all laws, Environmental Laws, statutes, tariffs, regulations, rules, treaties, ordinances, judgments, directives, Permits, decrees, approvals, interpretations, protocols, operating guides, injunctions, writs, orders, or other similar legal requirements of any Governmental Authority having jurisdiction over the Company or QF that may be in effect from time to time.

"Bid" means a commitment to pay a specific maximum price for a quantity of Energy.

"Company" means Southwestern Public Service Company, a New Mexico Corporation.

"Company's System" means the electric power generation, transmission, substation, and distribution facilities owned or operated by Company.

"Day-Ahead Locational Marginal Price" ("DALMP") means the hourly market-clearing price for Energy at a given Settlement Location as determined by the SPP through its Day-Ahead Market.

"Day-Ahead Market" means the financially binding market for Energy and Operating Reserve that is conducted by SPP on the day prior to the Operating Day.

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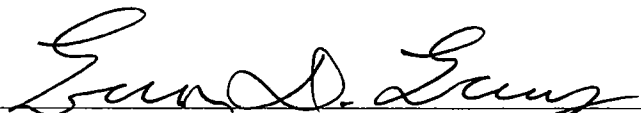
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**DEFINITIONS (cont.):**

“Dispatch Instruction” means the communicated resource target energy MW output level at the end of the Dispatch Interval.

“Dispatch Interval” means the period of time for which SPP issues Dispatch Instructions for Energy and clears Operating Reserve in the Real-Time Balancing Market. The Dispatch Interval is currently 5 minutes.

“Energy” means an amount of electricity that is Bid or Offered, produced, purchased, consumed, sold or transmitted over a period of time, which is measured or calculated in megawatt hours (MWh).

“Environmental Laws” means any federal, state, or local law including statutes, regulations, rulings, orders, administrative interpretations, and other governmental restrictions and requirements relating to the discharge of air pollutants, water pollutants, or processed wastewater or otherwise relating to the environment or hazardous substances.

“FERC” means the Federal Energy Regulatory Commission.

“Final Settlement Statement” means a statement created by the SPP at the end of the normally applicable period for adjustments, corrections or updates to SPP Market settlement statements, or upon adjustments in the event of disputed market settlement statements that result in resettlements. The expected normal Final Settlement Statement is to be delivered by SPP on the forty-seventh (47th) calendar day following the Operating Day.

“Good Utility Practice(s)” means any of the practices, methods, and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods, and acts that, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion

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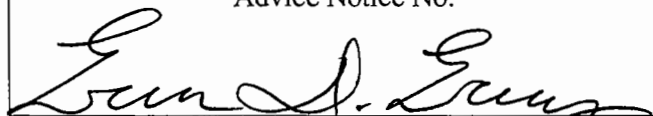
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**DEFINITIONS (cont.)**

of all others, but rather to be reasonably acceptable practices, methods, or acts used in the region.

“Governmental Authority” means any federal, state, local, or other governmental, regulatory, or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power, including without limitation the SPP, the FERC and the NMPRC or any successors thereof; provided, however, that such term does not include the QF, Company or any affiliate thereof.

“Initial Settlement Statement” means a statement created by the SPP at the end of the seventh (7th) calendar day following the Operating Day.

“Interconnection Agreement” means an agreement between the QF and the Interconnection Provider, and, if applicable, the SPP, which provides for interconnection of the QF to the Interconnection Provider’s system, as such agreement may be amended from time to time by mutual agreement of Company and QF or by Applicable Legal Requirements.

“Interconnection Provider” means Company or another person or entity that owns and/or operates the distribution and transmission lines and the other equipment and facilities to which the QF interconnects at the Point of Delivery. A QF must have an Interconnection Agreement with the Interconnection Provider.

“Intermediate QF” means a QF with an aggregate nameplate capacity of more than 10 kW but less than one MW interconnected to SPS’s transmission or distribution system.

“Large QF” means a QF with an aggregate nameplate capability of one MW or greater interconnected to SPS’s transmission or distribution system.

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DEFINITIONS (cont.)

"Locational Marginal Price" ("LMP") means the market clearing price for Energy at a given Settlement Location as determined by the SPP.

"MW" means megawatt.

"MWh" means megawatt hour.

"NAESB" means the North American Energy Standards Board.

"NERC" means the North American Electric Reliability Corporation, or any successor organization.

"NMPRC" means the New Mexico Public Regulation Commission.

"Offer" means a commitment to sell a quantity of Energy at a specific minimum price.

"Operating Day" means the daily period beginning at midnight.

"Operating Reserve" means resource capacity held in reserve for resource contingencies and NERC control performance compliance.

"Parties" means Company and the QF.

"Party" means either Company or the QF.

"Point of Delivery" means the point at which the QF is delivering Energy to the Company's system where Company accepts title to and risk of loss for the Energy delivered by the QF to Company.

"Purchase Agreement" means the agreement that is attached to this schedule.

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**DEFINITIONS (cont.)**

“Qualifying Facility” (“QF”) means a cogeneration facility or small power production facility which meets the criteria for qualification set forth in 18 C.F.R. Section 292.303.

“Real-Time Balancing Market” means the market operated by SPP continuously in real-time to balance generation and load.

“Real-Time Locational Marginal Price” (“RTLMP”) means the five-minute market clearing price for Energy at a given Settlement Location as determined by the SPP through its Real-Time Balancing Market.

“RNU” means the Revenue Neutrality Uplift amounts calculated by the SPP.

“Service Availability Charge” means the amount charged to each QF to recover the costs of preparing and administering invoices.

“Setpoint Instruction” means the real-time desired MW output signal calculated for a specific resource by SPP’s control system.

“Settlement Adjustment Charges” (“SAC”) means the sum of adjustments to the Settlement Interval to account for SPP Market charges or credits applicable to the QF resource, including RNU, URD, and the allocation of unit commitment costs applied as part of SPP Market operations under the SPP Tariff.

“Settlement Interval” means the applicable period of Energy integration for the applicable market settlement function. In the Day-Ahead Market the settlement interval is hourly. In the Real-Time Balancing Market the settlement interval is each 5-minutes starting with the top of each hour.

“Settlement Location” means the location defined for the purpose of commercial operations and settlement in the SPP Market.

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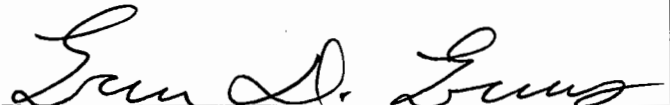
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**DEFINITIONS (cont.)**

“Small QF” means a QF with an aggregate nameplate capability of 10 kW or less interconnected to SPS’s transmission or distribution system facilities.

“SPP” means the Southwest Power Pool, a non-profit corporation organized and existing under the laws of the State of Arkansas.

“SPP Market” means the regional energy market administered by SPP under its Integrated Marketplace tariff, initially scheduled to begin operations in the Spring of 2014, and any successor regional energy market design.

“SPP OATT” means the SPP Regional Open Access Transmission Tariff.

“System Emergency” means a condition on the utility’s system which is likely to result in imminent significant disruption of service to customers or is imminently likely to endanger life or property.

“Tariff” means this tariff, which is Company’s rate schedule for the purchase of as-available energy from QFs in New Mexico.

“Uninstructed Resource Deviation” (“URD”) means the average MW amount of actual resource output in a Dispatch Interval above or below the resource’s average Setpoint Instruction in the Dispatch Interval.

**SPP MARKET REGISTRATION:** Company is a member of the SPP Regional Transmission Organization and participates in the SPP Market, pursuant to Attachment AE of the SPP OATT.

**A. QFs that Elect to Self-Register with SPP**

Any QF that is eligible under the SPP OATT, including a Large QF, may elect to register itself in the SPP Market. If a QF elects to register itself, Company shall purchase the Energy made available to Company by the QF, but the QF shall be responsible for all obligations of a registrant in the SPP

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Market, including settling all applicable SPP Market-related charges directly with the SPP. Schedules to Company shall be based on the portion of forecast output from the resource that the QF elects to sell to Company under this Tariff and scheduled through the Day-Ahead Market.

**B. QFs that Elect to be Registered by Company**

Company will register a Large QF in the SPP Market only if the Large QF agrees to sell 100% of its energy output to Company. Company will not register a Large QF that sells less than 100% of its energy output to the Company. If the Large QF elects to have Company register the QF's facilities in the SPP Market, Company will register the Large QF in the SPP Market and will be responsible for providing the SPP with forecasts of the QF's output and managing the resource's participation in the SPP Market. A Large QF registered by Company shall not settle directly with the SPP for payment of any SPP Market charges.

A Large QF that elects to be registered by Company shall pay a one-time registration fee of \$1,000 at the time it requests registration by Company.

Company will not register an Intermediate QF or a Small QF with the SPP. A resource of less than 1 MW is not required to be registered in the SPP Market.

To the extent the SPP requires resource capability information relating to QF resources in this category, Company will provide such information to the SPP on behalf of the QF. The QF agrees to respond to any requests from Company for information necessary to support such requests for information from the SPP.

**PURCHASE AGREEMENT:** A QF that chooses to sell energy to SPS under this Tariff must execute the standard Purchase Agreement that is attached to this Tariff.

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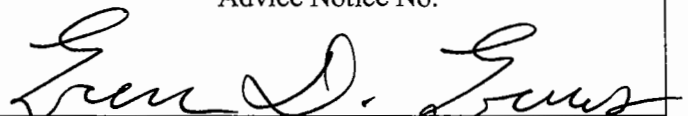
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RATES:

**Service Availability Charge:** If the QF is taking electric service from Company under a New Mexico retail Tariff, there is no extra charge under this Tariff. If the QF is not a New Mexico retail customer of Company, the QF shall pay Company \$215.00 per month.

Company shall pay the QF for all Energy sold to Company by the QF. The method for calculating the rate payable to the QF shall depend on whether the QF elects to register its own facilities in the SPP Market, or whether it elects for Company to register the QF's facilities in the SPP Market.

**A. QFs That Elect to Register in the SPP Market**

A QF that elects to register its facilities in the SPP Market will receive a monthly payment that is the sum of all hourly settlements for that month. The hourly settlement for each hour shall be calculated according to the following formula:

$$\text{Hourly Settlement}_i = \text{DALMP}_{\text{QF},i} \times \text{MWh}_{\text{DAQF},i} \times \text{LF}_{\text{QF}}$$

where:

$\text{DALMP}_{\text{QF},i}$  = The Day-Ahead Locational Marginal Price at the registered resource Settlement Location associated with the QF for Settlement Interval  $i$  as expressed in dollars per megawatt-hour;

$\text{MWh}_{\text{DAQF},i}$  = Megawatt-hours scheduled to Company by QF during Settlement Interval  $i$  of the month in the SPP Day-Ahead Market;

$\text{LF}_{\text{QF}}$  = Predetermined QF-specific loss factor

Self-registered QF resources shall settle all other applicable SPP Market charges and credits directly with the SPP.

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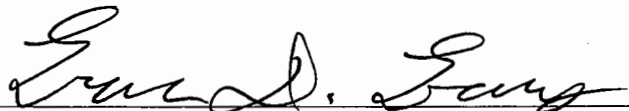
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**RATES (cont.):**

Self-registered QF resources shall arrange for meter output information to be provided directly to the SPP Market for settlements through the meter data agent role established in the SPP Market tariff.

**B. Large QFs That Elect for Company to Register their Facilities in the SPP Market**

A Large QF that elects to have Company register the QF's facilities in the SPP Market will receive a monthly payment that is the sum of all hourly settlements for that month. The hourly settlement for each hour shall be calculated according to the following formula:

**Hourly Settlement<sub>i</sub>** =  $[(RTLMP_{QF,i} / 1000) \times kWh_{QF,i} \times LF_{QF}] - [SPP\ SAC]_{QF,i}$   
**where:**

$RTLMP_{QF,i}$  = The Real-Time Locational Marginal Price at the registered resource Settlement Location associated with the QF for Settlement Interval i as expressed in dollars per megawatt-hour;

$kWh_{QF,i}$  = Kilowatt-hours delivered to Company by QF during Settlement Interval i;

$SPP\ SAC_{QF,i}$  = Charges assessed by SPP in connection with the QF's operation in the SPP Market

$LF_{QF}$  = Predetermined QF-specific loss factor

**C. Intermediate and Small QFs**

An Intermediate QF or Small QF will receive a monthly payment that is the sum of all hourly settlements for that month. The hourly settlement for each hour shall be calculated according to the following formula:

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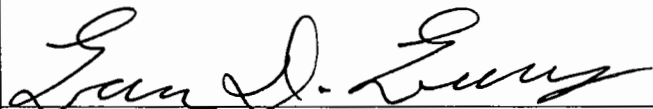
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RATES (cont.):

$$\text{Hourly Settlement}_i = (\text{RTLMP}_{\text{QF},i} / 1000) \times \text{kWh}_{\text{QF},i} \times \text{LF}_{\text{QF}}$$

where:

$\text{RTLMP}_{\text{QF},i}$  = The Real-Time Locational Marginal Price at the Settlement Location associated with the QF for Settlement Interval  $i$  as expressed in dollars per megawatt-hour;

$\text{kWh}_{\text{QF},i}$  = Kilowatt-hours delivered to Company by QF during Settlement Interval  $i$ ;

$\text{LF}_{\text{QF}}$  = Predetermined QF-specific loss factor

Intermediate QFs and Small QFs do not have Settlement Locations. Therefore, the applicable RTLMP will be determined using the electrically closest Settlement Location as a proxy, as determined by Company.

D. Measurement of RTLMPs

RTLMPs used to determine rates applied to the settlement calculations payable to QFs shall be calculated using the shortest applicable SPP Market Settlement Interval LMP that matches the meter interval data available from the QF resource to quantify the QF's output. For example, RTLMPs of QFs with meters capable of measuring output at five-minute intervals will be calculated using five-minute intervals, but RTLMPs of QFs with meters capable of measuring output at hourly intervals will be calculated using hourly intervals.

**PAYMENT:** Company shall send a monthly statement and make a payment on or before the 20th calendar day of the month following the delivery of Energy. The payment will be based on data in the Initial Settlement Statement. Any changes or adjustments made in the Final Settlement Statement will be reflected in the monthly statement following such change or adjustment. The statement will show the summation of the Energy delivered by the QF, the LMP price for the Settlement Interval, any applicable SAC charges or credits assessed by the SPP, and the total credit amount due to the QF or the amount due Company.

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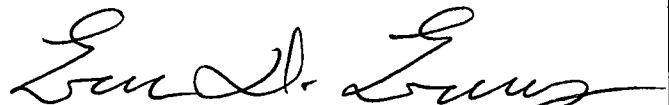
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**DELIVERY ARRANGEMENTS:** For purchases under this schedule, Company shall be responsible for obtaining transmission service to deliver energy from the QF to Company's load.

To the extent permitted under SPP Market tariff rules, Company shall request firm transmission service from the SPP associated with delivery of the QF's Energy to Company's load. If applicable, non-firm transmission service will be utilized during the pendency of the firm transmission request.

If the SPP determines that no transmission upgrades are necessary for firm transmission service from the QF to Company's load, Company shall procure firm transmission service to deliver energy from the QF to Company's load.

If the SPP determines that transmission upgrades are necessary for firm transmission service from the QF to Company's load, Company shall continue to utilize the highest priority available transmission service to deliver energy from the QF to Company's load.

**GENERAL OPERATIONS:** At all times, the QF shall operate, maintain, and repair its facilities in accordance with the terms of this Tariff and any applicable SPP or NERC procedures or requirements, Good Utility Practice(s) and the Interconnection Agreement. The QF shall bear its own costs of operating, maintaining and repairing its facilities.

A Large QF shall provide Company with a dispatch control interface necessary to manage output as required for reliability. In the alternative, the Large QF shall staff and operate its facility as required to be responsive to Company's or SPP's request to curtail deliveries of non-firm energy.

**DATA SHARING:** A Large QF shall inform Company of any planned or unplanned outage or de-rate or any other significant change to the operating capability of the Large QF as soon as reasonably practicable so that Company can effectively manage its

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DATA SHARING (cont.):

obligations under this schedule and in the SPP Market, and to provide such other information regarding the Large QF as may be reasonably required.

For wind or solar resources, the Large QF shall provide to Company the operating specifications of the generating unit(s), along with historical and real-time meteorological data, unit availability, and operating data, including wind turbine operating data, for each of the units comprising the Large QF. The Parties will make reasonable efforts to implement a system to automatically communicate with onsite equipment in order to acquire data for actual monitored real-time data point information using communications mutually agreed upon by the Parties. Until such automated systems are established, upon request by Company, the Large QF will provide its operating specifications to Company, along with unit availability and historical wind speeds for wind Large QFs.

Each QF with wind turbines registered by Company shall provide the following information to Company:

(a) Turbine information:

Turbine manufacturer(s).

Turbine models, including any prefixes and suffixes if available.

Number of turbines.

Nameplate capacity of each turbine.

Hub height of the center of each turbine in meters above ground level.

Rotor blade diameter of each turbine in meters.

Temperature range of operation in degrees Celsius.

(b) Geographic information:

Longitude and latitude of the center of the wind facility.

Longitude and latitude of the met tower/nacelle anemometer.

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Each QF shall provide additional information regarding its operations that Company may reasonably request.

**METERING DEVICES:** The QF shall install Metering Devices consistent with this Tariff and the Purchase Agreement.

For a Large QF, Company shall install the metering necessary to determine separately (1) all the Energy produced by the QF's generator; and (2) all of the power consumed by the QF's loads.

A Large QF shall also install telemetry equipment as required by Company to ensure reliable operations.

All Metering Devices used to provide data for the computation of payments due under this Tariff shall be sealed and the seal may only be broken when the Metering Devices are to be inspected, tested, or adjusted in accordance with this Tariff. Both the QF and Company shall be given the opportunity to be present, with at least fifteen (15) calendar days' prior notice. The number, type, and location of Metering Devices shall be configured to accurately measure power purchases by Company from the QF. Either the QF or Company shall have the right to install and maintain a back-up metering device.

The Metering Devices may be inspected and tested by Company at its option at least once every twelve (12) months while making purchases under this Tariff, and the QF shall provide the appropriate ingress and egress to Company for completing such inspections according to the provisions of this Tariff.

If a Metering Device fails to register, or if the measurement made by a Metering Device is found upon testing to be inaccurate by more than one percent (1.0%), an adjustment shall be made correcting all measurements by the inaccurate or defective Metering Device for both the amount of the inaccuracy and the period of the inaccuracy in the following manner:

If the Metering Device is found to be defective or inaccurate, Company and the QF shall use back-up metering, if installed, to determine the amount of the inaccuracy,

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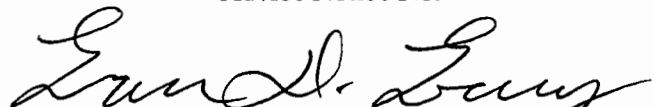
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**METERING DEVICES (cont):**

provided that the back-up metering has been tested and maintained in accordance with the provisions of this Tariff. If back-up metering is installed on the low side of the QF's step-up transformer, if back-up metering is unavailable, or if back-up metering is also found to be inaccurate by more than one percent (1.0%), Company and the QF shall estimate the amount of the necessary adjustment on the basis of the sum of the metered energy adjusted for historical line losses. If such information is not available, the estimate shall be based on deliveries of energy from the QF during periods of similar operating conditions when the Metering Device was metered accurately. The adjustment shall be made for the period during which inaccurate measurements were made.

If the QF and Company cannot agree on the actual period during which the inaccurate measurements were made, the period during which the measurements are to be adjusted shall be the shorter of (a) the last one-half of the period from the last test of the Metering Device to the test that found the Metering Device to be defective or inaccurate, or (b) one hundred eighty (180) calendar days immediately preceding the test that found the Metering Device to be defective or inaccurate.

To the extent that the adjustment period covers a period of deliveries for which payment has already been made by Company, Company shall use the corrected measurements as determined in accordance with this Tariff to re-compute the amount due for the period of the inaccuracy and shall subtract the previous payments by Company for this period from the recomputed amount. If the difference indicates undercompensated production by the QF, the difference shall be paid by Company to the QF; if the difference indicates overcompensation for production by Company, that difference shall be paid by the QF to Company, or at the discretion of Company, may take the form of an offset against payments due to the QF by Company.

Payment of this difference by the owing party shall be made not later than thirty (30) calendar days after the owing party receives notice of the amount due, unless Company elects payment by way of an offset.

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**METERING DEVICES (cont):**

Each Large QF shall provide, at QFs own cost, sufficient communications capabilities to allow Company to remotely read the Metering Devices electronically. Company shall read the Metering Devices monthly. The Large QF shall provide

Company written notice within two (2) calendar days of the connection of any telephone communication hook up to the Metering Device or modifications thereto.

**METERING OPTIONS:**

**A. Options Applicable Intermediate and Large QFs**

QFs shall have the option to elect one of the following types of metering:

**1. Load Displacement**

If the QF elects primarily to serve its own load, Company will interconnect with a single meter or meter set measuring flow from Company to the QF. Billing for any power from Company will be at Company's approved tariff applicable to the service provided to the QF. There will be no additional customer charge and no payment by Company for any excess energy which might be generated by the QF.

**2. Net Metering**

If the QF elects net metering, Company shall install the metering necessary to determine the net energy from the QF to Company or from Company to the QF for each time-of-use or single period, as applicable, during a billing period. The net Energy delivered to either the QF or to Company is the difference between the Energy produced by the QF's generation and the energy that would have otherwise been supplied by Company to the QF absent the QF's generation.

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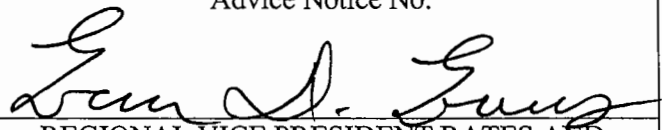
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The net Energy delivered by the QF to Company shall be purchased by Company at Company's applicable time-of-use or single period Energy rate.

The QF shall be billed for the net Energy delivered from Company in accordance with the tariffs that are applicable to the QF absent the QF's generation. The QF shall also be billed for all demand and other charges in accordance with the applicable tariffs. At the end of the billing period, Company shall net all charges owed to Company by the QF and all payments owed by Company to the QF. If a net amount is owed to the QF for the billing period and is less than \$50, the payment amount may be carried over to the following billing period. If a net amount is owed to the QF and is \$50 or more, Company shall make the payment to the QF prior to the end of the next billing period.

If provision of the net metering option requires metering equipment and related facilities that are more costly than would otherwise be necessary absent the requirement for net metering, the QF shall pay all incremental costs associated with installing the more costly metering equipment and facilities.

**3. Separate Load Metering**

If the QF elects separate load metering, Company shall install the metering necessary to determine separately (1) all the Energy produced by the QF's generator; and (2) all of the power consumed by the QF's loads. Company shall purchase all Energy produced by the QF's generator at the utility's applicable rate under this Tariff. The QF shall purchase all power consumed at the rate applicable to a retail customer in the Customer class of which the QF is a member.

**C. Net Metering Provisions Applicable to Small QFs**

When a Small QF is billed under a rate structure that does not include time-of-use Energy pricing, a single Energy meter shall be used to implement net

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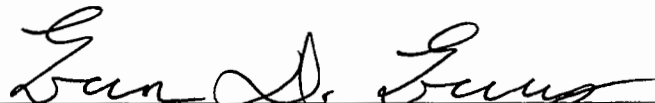
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**METERING OPTIONS (cont.):**

metering of the QF unless an alternative arrangement is agreed to by Company and the QF. If either Company or the QF requests an alternative form of metering or additional metering that is not required to accomplish net metering or is for the convenience of the party, the party requesting the change in metering shall pay for the alternative or additional metering arrangement. If the QF elects to take electric service under any rate structure, including time-of-use, that requires the use of metering apparatus or a metering arrangement that is more costly than would otherwise be necessary absent the requirement for net metering, the QF shall be required to pay the additional incremental cost of the required metering equipment. Within ten days of receiving notification from the QF to interconnect, Company shall notify the QF of any metering costs. Charges for special metering costs shall be paid by the QF, or arrangements for payment agreed to between the QF and Company, prior to Company authorizing interconnected operation.

Company shall calculate the QF's bill for the billing period using net metering and with the following conditions: the QF shall be billed for service in accordance with the rate structure and monthly charges that the QF would be assigned if the QF had not interconnected as a QF. Net Energy produced or consumed on a monthly basis shall be measured in accordance with standard metering practices.

If the electricity supplied by Company exceeds electricity generated by the QF during a billing period, the QF shall be billed for the net Energy supplied by Company under the applicable rates.

If electricity generated by the QF exceeds the electricity supplied by the grid during a billing period, Company shall credit the QF on the next bill for the excess kWh generated, by crediting or paying the QF for the net energy supplied to Company at the applicable monthly energy rate set forth in this Tariff.

**LINE EXTENSIONS:** Company will make line extensions to QFs in accordance with its standard line extension policy.

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**FRANCHISE FEES:** All current and future franchise fees not included in base rates shall be separately assessed in the municipality where the excess franchise fee is authorized. Bills computed under the above rate will be increased by the additional franchise fees imposed by the appropriate municipality or taxing authority in which jurisdiction the customer's consuming facility resides, when applicable. The franchise fee will appear on the bill as a separate item.

**RULES, REGULATIONS AND CONDITIONS OF SERVICE:** Service supplied under this schedule is subject to the terms and conditions set forth in Company's Rules, Regulations and Conditions of Service on file with the New Mexico Public Regulation Commission.

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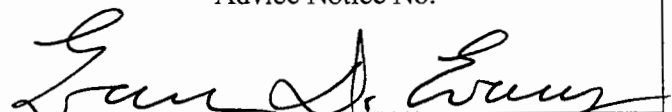
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STANDARD METERING AND BILLING AGREEMENT FOR QUALIFYING FACILITIES

This AGREEMENT is made as of the \_\_\_\_ day of \_\_\_\_, 20\_\_\_\_, by and between \_\_\_\_ ("customer") and Southwestern Public Service Company ("Company") also referred to collectively as "parties" and singularly as "party." Customer receives electric service from Company at \_\_\_\_ [location/address] under account \_\_\_\_\_. Customer has located at these premises a qualifying facility ("QF") as defined by 17.9.570 NMAC, which is interconnected to Company pursuant to an interconnection agreement, attached as Exhibit (1). For good and valuable consideration, customer desires to sell or provide electricity to Company from the QF and Company desires to purchase or accept all the energy produced by the QF that is not consumed by customer, and the parties agree to the following terms and conditions:

A. **DEFINITIONS:** Whenever used in the agreement, the following words and phrases shall have the following meanings:

- (1) agreement shall mean this agreement and all schedules, tariffs, attachments, exhibits, and appendices attached hereto and incorporated herein by reference;
- (2) interconnection facilities shall mean all machinery, equipment, and fixtures required to be installed solely to interconnect and deliver power from the QF to the Company's system, including, but not limited to, connection, transformation, switching, metering, relaying, line and safety equipment and shall include all necessary additions to, and reinforcements of, the Company's system;
- (3) prudent electrical practices shall mean those practices, methods and equipment, as changed from time to time, that are commonly used in prudent electrical engineering and operations to operate electric equipment lawfully, and with safety, dependability, efficiency and economy;
- (4) qualifying facility (QF) means a cogeneration facility or a small power production facility which meets the criteria for qualification contained in 18 C.F.R. Section 292.203;

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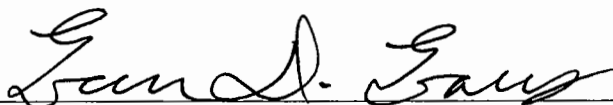
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- (5) point of delivery means the geographical and physical location described on exhibit B hereto; such exhibit depicts the location of the QF's side of interconnection facilities where customer is to (sell and) deliver electric energy pursuant to this agreement or pursuant to a separate wheeling agreement;
- (6) termination means termination of this agreement and the rights and obligations of the parties under this agreement, except as otherwise provided for in this agreement;
- (7) suspension means suspension of the obligation of the Company to interconnect with and purchase electricity from the customer.

**B. TERM OF AGREEMENT:** The original term of this agreement shall be for a period of one (1) year from the date of the execution of this agreement and shall continue thereafter from year to year until terminated as herein provided.

- (1) Termination by customer. Termination of this agreement during and after the original term requires written notice to Company that this agreement will terminate in ninety (90) days. Customer may terminate this agreement without showing good cause.
- (2) Termination by Company. Termination of this agreement during and after the original term requires written notice to customer that this agreement will terminate in ninety (90) days, unless otherwise provided. Company, in the exercise of this right, must show good cause for the termination.
- (3) At any time the QF is sold, leased, assigned, or otherwise transferred, the seller or lessor of the QF shall notify Company and this agreement may be terminated at Company's option, for good cause, regardless of whether such transfer occurs during the original term or any renewal thereof. Such termination may be made with five (5) days written notice by Company.
- (4) Should the customer default in the performance of any of the customer's obligations hereunder, Company may suspend interconnection, purchases, or both and if the default continues for more than 90 days after written notice by Company to Customer, Company may terminate this agreement. Termination or suspension shall not affect the obligation of Company to pay for energy already delivered or of customer to reimburse

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interconnection costs, or any cost then accrued. Upon termination, all amounts owed to the Company will become payable immediately.

**C. METER INSTALLATION, TESTING AND ACCESS TO PREMISES:**

Customer will be metered by a meter or meters as determined by Company to which Company is granted reasonable access.

- (1) Customer shall supply, at its own expense, a suitable location for all meters and associated equipment. Customer shall provide a clearly understandable sketch or one-line diagram showing the qualifying facility, the interconnection equipment, breaker panel(s), disconnect switches and metering, to be attached to this agreement. Such location must conform to Company's meter location policy. The following metering options will be offered by Company: \_\_\_\_\_. Customer shall provide and install a meter socket and any related interconnection equipment per Company's requirements.
- (2) Customer shall deliver the as-available energy to Company at Company's meter.
- (3) Company shall furnish and install a standard meter. Company may meter the customer's usage using two meters for measurement of energy flows in each direction at the point of delivery. If QF's aggregate nameplate capability is 1 MW or greater. QF shall install telemetry equipment as required by Company to ensure reliable operations.
- (4) If either Company or customer requests an alternate form of metering or additional metering that is not required to accomplish net metering or is for the convenience of the party, the party requesting the change in metering shall pay for the alternate or additional metering arrangement. If customer elects to take electric service under any rate structure, including time-of-use, that requires the use of metering apparatus or a metering arrangement that is more costly than would otherwise be necessary absent the requirement for net metering, customer shall be required to pay the additional incremental cost of the required metering equipment. Within ten (10) days of receiving notification from customer of the intent to interconnect, Company will notify the customer of any metering costs. Charges for special metering costs shall be paid by customer, or

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arrangements for payment agreed to between customer and Company, prior to Company authorizing interconnected operation.

- (5) All meter standards and testing shall be in compliance with Company's rules and regulations as approved by the NMPRC and Section XI of Company's Rate No. 4, Purchases From Qualifying Facilities. The metering configuration shall be one of Company's standard metering configurations as set out in Subsection D of 17.9.570.15 NMAC and mutually agreeable to the parties or any other metering configuration mutually agreeable to the parties. The agreed upon configuration is shown on exhibit (2). If the interconnection facilities have been modified pursuant to the interconnection agreement, customer shall permit Company, at any time, to install or modify any equipment, facility or apparatus necessary to protect the safety of its employees or to assure the accuracy of its metering equipment, the cost of which shall be borne by customer. Company shall have the right to disconnect the QF if it has been modified without Company's authorization.
- (6) Company may enter customer's premises to inspect at all reasonable hours customer's protective devices and read or test meter; and pursuant to the interconnection agreement to disconnect, without notice, the interconnection facilities if Company reasonably believes a hazardous condition exists and such immediate action is necessary to protect persons, or Company's facilities, or property of others from damage or interference caused by customer's facilities, or lack of properly operating protective devices.

*[Choose one of the following two options for section D depending upon the size of the QF facility]*

- D. **ENERGY PURCHASE PRICE AND METERING OPTION FOR QFS GREATER THAN 10 KW:** All electric energy delivered and service rendered hereunder shall be delivered and rendered in accordance with the applicable rate schedules and tariffs. Customer has selected the \_\_\_\_\_ metering option defined in this section. It is understood and agreed, however, that said rates are expressly subject to change by any regulatory body having jurisdiction over the subject matter of this agreement. If a new rate schedule or tariff is approved by the

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proper regulatory body, the new rate schedule or tariff shall be applicable to this agreement upon the effective date of such rate schedule or tariff.

(1) **Load displacement option:** Company will interconnect with the customer using a single meter which will be ratcheted and would only measure the flow of energy to the customer. Billing to customer will be at Company's approved tariff rate applicable to the service provided to the QF. There will be no additional customer charge and no payment by Company for any excess power which might be generated by the QF.

(2) **Net metering option:**

(a) Company shall install the metering necessary to determine the net energy delivered from customer to Company or the net energy delivered from Company to customer for each time-of-use or single rate period, as applicable, during a billing period. The net energy delivered to either the QF or to Company is the difference between the energy produced by the QF generation and the energy that would have otherwise been supplied by Company to the QF absent the QF generation.

(b) The net energy delivered from customer to Company shall be purchased by Company at Company's applicable single period energy rate, as described in Section VI of Company's Rate No. 4, Purchases From Qualifying Facilities, and filed with the NMPRC. Customer shall be billed for all net energy delivered from Company in accordance with the tariff that is applicable to customer absent the QF generation. An additional customer charge to cover the added costs of billing and administration may be included in the tariff. At the end of the billing period, Company shall net all charges owed to Company by customer and all payments owed by Company to customer. If a net amount is owed to customer for the billing period, and is less than \$50, the payment amount may be carried over to the following billing period. If a net amount is owed to customer

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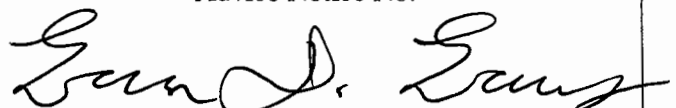
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and is \$50 or more, Company shall make payment to customer prior to the end of the next billing period.

- (c) If provision of the net metering option requires metering equipment and related facilities that are more costly than would otherwise be necessary absent the requirement for net metering, customer shall pay all incremental costs associated with installing the more costly metering equipment and facilities.

(3) **Simultaneous buy/sell option.**

- (a) Company will install the metering necessary to determine separately 1) all of the energy produced by customer's generator and 2) all of the power consumed by customer's loads. Company will purchase all energy produced at Company's applicable time-of-use or single period energy rate, as described in Subsection B of 17.9.570.11 NMAC, for such purchases, and as filed with and approved by the NMPRC. Customer shall purchase all power consumed at its normally applicable tariff rate. An additional customer charge to cover the added costs of billing and administration may be included.
- (b) If provision of the simultaneous buy/sell option requires metering equipment and related facilities that are more costly than would otherwise be necessary absent the requirement for simultaneous buy/sell metering, customer shall pay all incremental costs associated with installing the more costly metering equipment and facilities.

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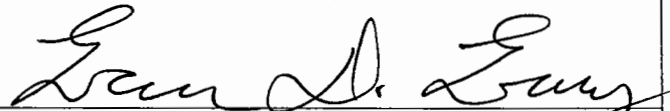
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[D,

**ENERGY PURCHASE PRICE AND METERING FOR QFS 10 KW OR LESS.** When a QF that is 10 kW or less is billed under a rate structure that does not include time-of-use energy pricing, a single energy meter shall be used to implement net metering of the QF unless an alternative arrangement is agreed to by Company and the QF. If either Company or the QF requests an alternative form of metering or additional metering that is not required to accomplish net metering or is for the convenience of the party, the party requesting the change in metering shall pay for the alternative or additional metering arrangement. If the QF elects to take electric service under any rate structure, including time-of-use, that requires the use of metering apparatus or a metering arrangement that is more costly than would otherwise be necessary absent the requirement for net metering, the QF shall be required to pay the additional incremental cost of the required metering equipment. Within ten days of receiving notification from the QF to interconnect, Company shall notify the QF of any metering costs. Charges for special metering costs shall be paid by the QF, or arrangements for payment agreed to between the QF and Company, prior to Company authorizing interconnected operation.

Company shall calculate the QF's bill for the billing period using net metering and with the following conditions: the QF shall be billed for service in accordance with the rate structure and monthly charges that the QF would be assigned if the QF had not interconnected as a QF. Net energy produced or consumed on a monthly basis shall be measured in accordance with standard metering practices.

If the electricity supplied by Company exceeds electricity generated by the QF during a billing period, the QF shall be billed for the net energy supplied by Company under the applicable rates.

If electricity generated by the QF exceeds the electricity supplied by the grid during a billing period, Company shall credit the QF on the next bill for the excess kWh generated, by crediting or paying the QF for the net energy supplied to Company at the applicable monthly energy rate set forth in this Tariff.]

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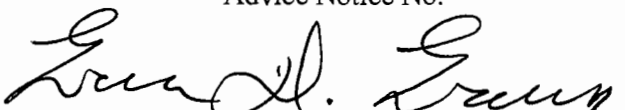
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**E INTERRUPTION OR REDUCTION OF DELIVERIES.**

- (1) Company shall not be obligated to accept or pay for and may require customer to interrupt or reduce deliveries of available energy under the following circumstances:
- (a) it is necessary in order to construct, install, maintain, repair, replace, remove, investigate, or inspect any of its equipment or part of its system or if it reasonably determines that curtailment, interruption, or reduction is necessary because of emergencies, forced outages, force majeure, or compliance with prudent electrical practices; whenever possible, Company shall give customer reasonable notice of the possibility that interruption or reduction of deliveries may be required;
  - (b) there is evidence that customer's QF is interfering with service to other customers or interfering with the operation of Company's equipment; customer may be reconnected by Company when customer makes the necessary changes to comply with the standards required by this agreement;
  - (c) it is necessary to assure safety of Company's personnel; notwithstanding any other provision of this agreement, if at any time Company reasonably determines that the facility may endanger Company personnel or other persons or property or the continued operation of customer's facility may endanger the integrity or safety of Company's electric system, Company shall have the right to disconnect and lock out customer's facility from Company's electric system; customer's facility shall remain disconnected until such time as Company is reasonably satisfied that the conditions referenced in this section have been corrected;
  - (d) there is a failure of customer to adhere to this agreement;
  - (e) if suspension of service is otherwise necessary and allowed under Company's rules and regulations as approved by the NMPRC.

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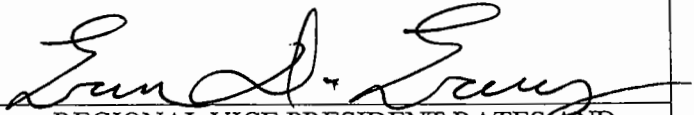
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- (2) Customer shall cooperate with load management plans and techniques as ordered or approved by the NMPRC, and the service to be furnished by Company hereunder may be modified as required to conform thereto.

**F FORCE MAJEURE.** Force majeure shall mean any cause beyond the control of the party affected, including, but not limited to, failure of or threat of failure of facilities, flood, earthquake, tornado, storm, fire, lightning, epidemic, war, riot, civil disturbance or disobedience, (labor dispute,) labor or material shortage, sabotage, restraint by court order or public authority, and action or nonaction, by or failure to obtain the necessary authorizations or approvals from any governmental agency or authority, which by exercise of due diligence such party could not reasonably have been expected to avoid and which by exercise of due diligence, it shall be unable to overcome. If either party, because of force majeure, is rendered wholly or partly unable to perform its obligations under this agreement, except for the obligation to make payments of money, that party shall be excused from whatever performance is affected by the force majeure to the extent so affected, provided that:

- (1) the nonperforming party, within a reasonable time after the occurrence of the force majeure, gives the other party written notice describing the particulars of the occurrence;
- (2) the suspension of performance is of no greater scope and of no longer duration than is required by the force majeure; and
- (3) the nonperforming party uses its best efforts to remedy its inability to perform. This paragraph shall not require the settlement of any strike, walkout, lockout or other labor dispute on terms which, in the sole judgment of the party involved in the dispute, are contrary to its interest. It is understood and agreed that the settlement of strikes, walkouts, lockouts or other labor disputes shall be entirely within the discretion of the party involved in the disputes.

**G INDEMNITY.** Each party shall indemnify the other from liability, loss, costs, and expenses on account of death or injury to persons or damage or destruction of property occasioned by the negligence of the indemnifying party or its agents, officers, employees, contractors, licensees or invitees, or any combination thereof,

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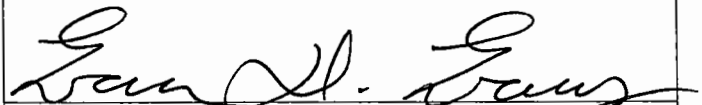
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BY Final Order Case No. 12-00350-UT

Revised 245

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Advice Notice No.



REGIONAL VICE PRESIDENT RATES AND  
REGULATORY AFFAIRS

SOUTHWESTERN PUBLIC SERVICE COMPANY

THIRTY-THIRD REVISED RATE NO. 4  
CANCELING THIRTY-SECOND REVISED RATE NO. 4

PURCHASES FROM QUALIFYING FACILITIES

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except to the extent that such death, injury, damage, or destruction resulted from the negligence of the other party or its agents, officers, employees, contractors, licensees or invitees, or any combination thereof. Provided, however, that:

- (1) each party shall be solely responsible for the claims or any payments to any employee or agent for injuries occurring in connection with their employment or arising out of any Workmen's Compensation Law or Occupational Disease Disablement Law;
- (2) Company shall not be liable for any loss of earnings, revenues, indirect or consequential damages or injury which may occur to customer as a result of interruption or partial interruption (single-phasing) in delivery of service hereunder to customer or by failure to receive service from customer by reason of any cause whatsoever, including negligence; and
- (3) the provisions of this subsection on indemnification shall not be construed so as to relieve any insurer of its obligation to pay any insurance proceeds in accordance with the terms and conditions of any valid insurance policy;
- (4) the indemnifying party shall pay all costs and expenses incurred by the other party in enforcing the indemnity under this agreement including reasonable attorney fees.

**H DEDICATION.** An undertaking by one party to another party under any provision of this agreement shall not constitute the dedication of such party's system or any portion thereof to the public or to the other party and any such undertaking shall cease upon termination of the party's obligations herein.

**I STATUS OF CUSTOMER.** In performing under this agreement, customer shall operate as or have the status of an independent contractor and shall not act as or be an agent, servant, or employee of Company.

**J AMENDMENT, MODIFICATIONS OR WAIVER.** Any amendments or modifications to this agreement shall be in writing and agreed to by both parties. The failure of any party at any time or times to require performance of any provision hereof shall in no manner affect the right at a later time to enforce the same. No waiver by any party of the breach of any term or covenant contained in this

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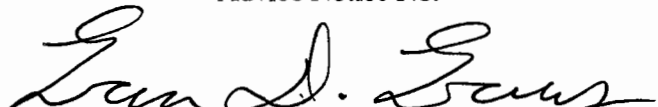
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agreement, whether by conduct or otherwise, shall be deemed to be construed as a further or continuing waiver of any such breach or a waiver of the breach of any other term or covenant unless such waiver is in writing.

**K ASSIGNMENT.** This agreement and all provisions hereof shall inure to and be binding upon the respective parties hereto, their personal representatives, heirs, successors, and assigns. Customer shall not assign this agreement or any part hereof without the prior written consent of Company, otherwise this agreement may be terminated pursuant to paragraph (3) of Subsection B of 17.9.570.15 NMAC.

**L NOTICES.** Any payments, notices, demands or requests required or authorized by this agreement shall be deemed properly given if personally delivered or mailed postage prepaid to:

Customer: \_\_\_\_\_  
New Mexico \_\_\_\_\_ (zip code)

Company: Vice President, Commercial Operations  
Xcel Energy Services Inc.  
1800 Larimer Street, Suite 1000  
Denver, CO 80202

With a copy to:

Purchase Power Analyst  
Xcel Energy Services Inc.  
1800 Larimer Street, Suite 1000  
Denver, CO 80202

The designation of the persons to be notified, or the address thereof, may be changed by notice in writing by one party to the other. Routine notices and notices during system emergency or operational circumstances may be made in person or by telephone. Customer's notices to Company pursuant to this agreement shall refer to the customer's electric service account number set forth in this agreement.

**M MISCELLANEOUS.** This agreement and any amendments thereto, including any tariffs made a part hereof, shall at all times be subject to such changes or

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modifications as shall be ordered from time to time by any regulatory body or court having jurisdiction to require such changes or modification. This agreement (and any tariffs incorporated herein) contains all the agreements and representations of the parties relating to the interconnection and purchases contemplated and no other agreement, warranties, understandings or representations relating thereto shall be binding unless set forth in writing as an amendment hereto.

**N GOVERNING LAW.** This agreement shall be interpreted, governed, and construed under the laws of the state of New Mexico as if executed and to be performed wholly within the state of New Mexico.

**O ATTACHMENTS.** This agreement includes the following exhibits as labeled and incorporated herein by reference:

- (1) interconnection agreement;
- (2) customer's sketch or one line diagram and site drawing, and generation and protection equipment specifications.
- (3) customer's declaration regarding aggregate size of QF and whether customer will register QF with the SPP.

In witness thereof, the parties have executed this agreement on the date set forth herein above.

Date: \_\_\_\_\_

CUSTOMER \_\_\_\_\_ By: \_\_\_\_\_

Date: \_\_\_\_\_

COMPANY \_\_\_\_\_ By: \_\_\_\_\_

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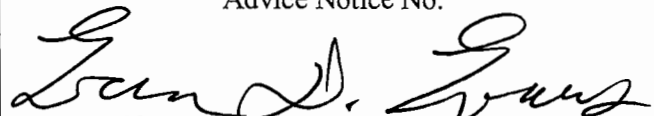
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