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INTERCONNECTION AGREEMENT

This Interconnection Agreement is made and entered into as of the 29th day of September, 2010 (the "Effective Date"), by and between Texas-New Mexico Power Company, a Texas corporation ("TNMP"), and Southwest Texas Electric Cooperative, Inc., a Texas cooperative corporation ("SWTEC"), each hereinafter sometimes referred to individually as "Party" or both referred to collectively as the "Parties."

WITNESSETH

WHEREAS, TNMP and SWTEC each own and operate electric utility systems in Texas for the transmission and/or distribution of electric energy;

WHEREAS, TNMP and SWTEC each are members of ERCOT;

WHEREAS, the Parties wish to terminate and replace the Agreement for Electric Service ("Electric Service Agreement") entered into by TNMP and SWTEC in July 1984; and

WHEREAS, the Parties wish to replace the Electric Service Agreement with this Interconnection Agreement to address the interconnection and operation of the Parties transmission systems consistent with current ERCOT Requirements.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and conditions set forth herein, the Parties agree as follows:

ARTICLE I DEFINITIONS

1.1. Definitions. Unless the context requires otherwise, each term contained in this Agreement with its initial letter capitalized and not otherwise defined herein shall have the meaning set forth below:

"Affected Party" has the meaning assigned to such term in Section 3.5.

"Agreement" or "Interconnection Agreement" means this Interconnection Agreement, including all Exhibits and the Facility Schedule(s) attached hereto, and any and all schedules, attachments and amendments hereafter made in accordance with this Agreement, all of which are incorporated herein and constitute a single, integrated agreement.

"Applicable Legal and Electrical Requirements" means, collectively, Good Utility Practice, the National Electrical Safety Code (as approved by the American National Standards Institute), North American Electric Reliability Corporation ("NERC") Standards, ERCOT Requirements, PUCT Substantive Rules and any and all laws, statutes, acts, constitutions, ordinances, rules, regulations, codes, orders, decrees, injunctions, licenses, permits, consents, approvals, authorizations, agreements or regulations of any federal, state, county, city, municipal, tribal or local government, department, office, agency, court, board or commission having jurisdiction over a Party or the Points of Interconnection.

“Business Day” means any day other than a Saturday, a Sunday and any other day on which the United States Federal Reserve Bank of New York is authorized or required to be closed.

“ERCOT” means the Electric Reliability Council of Texas, Inc., a Texas non-profit corporation, or its successor.

“ERCOT Requirements” means, collectively, (i) the ERCOT Protocols adopted by ERCOT, including any attachments or exhibits referenced therein, as amended from time to time, that contain the scheduling, operating, planning, reliability, and settlement policies, rules, guidelines, procedures, standards, and criteria of ERCOT, (ii) the ERCOT Operating Guides, which supplement the ERCOT Protocols and describe the working relationship between ERCOT and entities within the ERCOT system, and (iii) any other documents adopted by ERCOT or the ERCOT Independent System Operator relating to the interconnection and operation of transmission systems in ERCOT.

“Event of Default” has the meaning assigned to such term in Section 11.2.

“Facility Schedule(s)” means an addendum to this Agreement that describe the Parties’ agreement on ownership, control, location, construction, cost, operation, maintenance and repair responsibilities of the Parties, and that include any additional terms and conditions, that apply specifically to the Points of Interconnection.

“FERC” means the Federal Energy Regulatory Commission or its successor.

“Force Majeure Event” has the meaning assigned to such term in Section 12.1.

“Good Utility Practice” shall have the meaning set forth in PUCT Substantive Rule §25.5(56), or its successor in function, which as of the date of execution of this Agreement states as follows: “Any of the practices, methods, and acts engaged in, or approved by, a significant portion of the electric utility 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 of all others, but rather is intended to include acceptable practices, methods, and acts generally accepted in the region.”

“Governmental Authority” means any federal, state, local or municipal body having jurisdiction over a Party.

“Initiating Party” has the meaning assigned to such term in Section 4.7.

“Other Party” has the meaning given to such term in Section 3.5.

“Points of Interconnection” means the interconnection locations specified on the Facility Schedule(s) where the electrical systems of the Parties are or may be, by the closure of open switches, connected.

“Proposed Upgrade” has the meaning assigned to such term in Section 4.7.

“PUCT” means the Public Utility Commission of Texas or its successor.

“PUCT Substantive Rules” means the substantive rules of the PUCT.

“Receiving Party” has the meaning assigned to such term in Section 4.7.

“Scheduled Completion Date” has the meaning assigned to such term in Section 4.7.

“Suspension Event” has the meaning assigned to such term in Section 11.1.

ARTICLE II

EFFECTIVE DATE AND TERM

2.1. This Agreement shall become effective on and as of the Effective Date, and this Agreement shall remain in full force and effect until terminated in accordance with Article XI. The Parties will file this Agreement with the PUCT within thirty (30) days from the date of execution.

2.2. This Agreement, including all attached Exhibits and the Facility Schedule(s), which are expressly made a part hereof for all purposes, constitutes the entire agreement and understanding between the Parties with regard to the interconnection of the facilities of the Parties at the Points of Interconnection expressly provided for in this Agreement. The Parties are not bound by or liable for any statement, representation, promise, inducement, understanding, or undertaking of any kind or nature (whether written or oral) with regard to the subject matter hereof not set forth or provided for herein. This Agreement replaces all prior agreements and undertakings, oral or written, between the Parties with regard to the subject matter hereof, including, without limitation, the Electric Service Agreement, and all such agreements and undertakings are agreed by the Parties to no longer be of any force or effect. It is expressly acknowledged that the Parties may have other agreements covering other services not expressly provided for herein, which agreements are unaffected by this Agreement.

ARTICLE III

ESTABLISHMENT AND TERMINATION OF POINTS OF INTERCONNECTION

3.1. The Parties agree to interconnect their facilities at the locations, and in accordance with the terms and conditions, specified in the Facility Schedule(s). The Points of Interconnection shall be specified in Exhibit A and the Facility Schedule(s). The Facility Schedule(s) shall specify the responsibilities of the Parties with respect to the establishment of the Point of Interconnection and the ownership, operation, maintenance and control of the interconnection facilities and any additional terms and conditions that apply specifically to the Points of Interconnection.

3.2. From time to time, a Point of Interconnection may be changed, added to, or removed from this Agreement as mutually agreed to in writing by the Parties and/or as ordered by a regulatory authority having jurisdiction thereof. Any such change, addition or removal shall be recorded in Exhibit A and a Facility Schedule that shall be separately executed and attached

hereto. Each Facility Schedule shall be numbered in such a way that the numbering of the other Facility Schedules is not changed.

3.3. Subject to regulatory approval if required, each Party shall have the right, in its sole discretion, to disconnect its facilities from the other Party's facilities at any Point of Interconnection specified herein at any time after the seventh (7th) anniversary of the Effective Date by providing written notice thereof to the other Party specifying the effective date of such disconnection, which date shall be no less than three (3) years after such notice is given; provided that the Parties may agree in a Facility Schedule for a particular Point of Interconnection to different or additional terms for disconnecting the respective Parties' facilities at such Point of Interconnection. Such disconnection shall not constitute a termination of this Agreement. Any such removal shall be recorded in Exhibit A and a Facility Schedule that shall be separately executed and attached hereto. Each Facility Schedule shall be numbered in such a way that the numbering of the other Facility Schedules is not changed. In addition, in the event that the purpose for a Point of Interconnection is to enable a Party to serve load or provide transmission services and thereafter such Party no longer serves load or provides transmission services from such Point of Interconnection, such Party shall notify the other Party and the Parties shall, within thirty (30) days of such notification, open the switch at the Point of Interconnection to de-energize the facilities at such Point of Interconnection. Such de-energizing of a Point of Interconnection shall not constitute a termination of this Agreement.

3.4. In the event that either (a) the Receiving Party notifies the Initiating Party, within sixty (60) days after receipt of notice from the Initiating Party of a Proposed Upgrade pursuant to Section 4.7, that the Receiving Party will disconnect its facilities from the Initiating Party's facilities at the applicable Point of Interconnection upon completion of the Proposed Upgrade, or (b) the Receiving Party is prohibited by an order from ERCOT, the PUCT or other Governmental Authority from making the modifications, upgrades and enhancements to its system or facilities as are necessary in order to remain interconnected at the applicable Point of Interconnection upon the completion of the Proposed Upgrade, then the Receiving Party shall disconnect its facilities from the Initiating Party's facilities at the applicable Point of Interconnection upon completion of the Proposed Upgrade. Such disconnection shall not constitute a termination of this Agreement.

3.5. Each Party agrees that it shall not cause there to be a synchronous or asynchronous interconnection between ERCOT and any other transmission facilities operated outside of ERCOT, unless ordered by FERC pursuant to Section 210 of the Federal Power Act. If a Party (the "Other Party") causes the other Party (the "Affected Party"), due to its interconnection with the Affected Party, to become a "public utility" under the Federal Power Act or become subject to the plenary jurisdiction of the FERC, the Affected Party may immediately disconnect its facilities from the Other Party's facilities at any or all Points of Interconnection by providing written notice thereof to the Other Party.

3.6. Each Party shall comply with any order, instruction or authorization by ERCOT, the PUCT or other Governmental Authority that orders, instructs or authorizes a Party to disconnect its facilities from the other Party's facilities or terminate this Agreement.

ARTICLE IV
CONSTRUCTION, OPERATION AND MAINTENANCE OF FACILITIES

4.1. Unless otherwise specified in the applicable Facility Schedule, each Party will, at its own risk, cost and expense, design, install, construct, operate, maintain, repair, test and inspect, the transmission and distribution lines and related facilities (including all apparatus and necessary protective devices) which it now or hereafter may own located at or connected to each Point of Interconnection and shall do so in accordance with Applicable Legal and Electrical Requirements. Within a reasonable period of time after completion of construction of facilities at a Point of Interconnection, or any material change in such facilities, the Party owning such facilities agrees to provide to the other Party current as-built drawings of such facilities.

4.2. Subject to any necessary ERCOT approval, each Party shall provide necessary equipment outages to allow the other Party to perform periodic maintenance, repair, or replacement of its facilities. Maintenance by either Party that will cause a deviation from normal power and energy flow at a Point of Interconnection will be scheduled with ERCOT approval, at a mutually agreeable time, unless conditions exist which a Party believes, in accordance with Good Utility Practice, may endanger persons or property.

4.3. All testing of the Parties' facilities that affects the operation of the Point of Interconnection, and all clearances, switching, and tagging, will be scheduled and coordinated as mutually agreed to by the Parties in accordance Good Utility Practice, ERCOT Requirements and the procedures agreed to between the Parties.

4.4. Each Party shall provide, at its own expense, the necessary communication and telemetering facilities it needs for the control and operation of its transmission and distribution facilities. All communication and telemetering facilities required herein shall be selected, installed, tested, operated and maintained by the Party owning such equipment in accordance with Good Utility Practice, ERCOT Requirements, and the Facility Schedule. Where practical and mutually agreeable, telemetering facilities may be shared between the Parties to minimize equipment and costs. Telemetered data shall be the responsibility of the Party as identified in the Facility Schedule.

4.5. The Party that does not own the metering equipment shall be permitted to witness any testing, inspection, maintenance or alteration of such metering equipment owned by the other Party. The owner of such equipment shall notify the other Party at least five (5) Business Days in advance, if reasonably possible, of all tests and inspections so that representatives of the other Party may be present. After proper notification to the other Party, the owner may proceed with the scheduled tests or inspections regardless of whether a witness is present.

4.6. If any test or inspection of metering equipment shows that it does not meet the accuracy requirements established by ERCOT Requirements, the meter or other equipment found to be inaccurate or defective shall be promptly repaired, adjusted or replaced by the owner. Should metering equipment fail to register, the power delivered and received shall be determined in accordance with ERCOT Requirements.

4.7. In the event a Party (the "Initiating Party") intends to make any modification, upgrade or enhancement to its system or facilities (a "Proposed Upgrade"), that will require the other Party (the "Receiving Party") to install or construct equipment and facilities or make any modification, upgrade or enhancement to its system or facilities in order remain interconnected at a Point of Interconnection, the Initiating Party shall notify the Receiving Party in writing, which notice shall set forth the scheduled completion date for the Proposed Upgrade (the "Scheduled Completion Date"). In the event the Proposed Upgrade will result in a change in the voltage at the applicable Point of Interconnection, the Initiating Party shall provide such notice at least twelve (12) months prior to the Scheduled Completion Date. Unless either (i) within sixty (60) days after receipt of such notice the Receiving Party provides written notice to the Initiating Party that the Receiving Party will disconnect its facilities from the Initiating Party's facilities at the applicable Point of Interconnection upon completion of the Proposed Upgrade, (ii) the Receiving Party is prohibited by an order from ERCOT, the PUCT or other Governmental Authority from making the modifications, upgrades and enhancements to its system or facilities as are necessary in order to remain interconnected at the applicable Point of Interconnection upon the completion of the Proposed Upgrade, (iii) the Initiating Party is prohibited by an order from ERCOT, the PUCT or other Governmental Authority from making the Proposed Upgrade, or (iv) the Initiating Party chooses not to implement the Proposed Upgrade, in which event the Initiating Party shall promptly notify the Receiving Party, the Receiving Party shall, at its expense, install or construct such equipment and facilities and make such other modifications, upgrades and enhancements to its system or facilities, in accordance with Applicable Legal and Electrical Requirements, as are necessary in order to remain interconnected at the applicable Point of Interconnection upon the completion of the Proposed Upgrade, including, without limitation, such modifications, upgrades and enhancements as are required as a result of any Proposed Upgrade that will result in a change in the voltage at the applicable Point of Interconnection. The Receiving Party shall use commercially reasonable efforts to complete such modifications, upgrades and enhancements to its system by the Scheduled Completion Date. If despite the use of commercially reasonable efforts the Receiving Party is unable to complete such modifications, upgrades and enhancements by the Scheduled Completion Date, the Receiving Party shall use commercially reasonable efforts to complete such modifications, upgrades and enhancements as soon as possible thereafter. In the event that the Receiving Party reasonably determines that it will not be able to complete the required modifications, upgrades and enhancements to its system or facilities by the Scheduled Completion Date, the Receiving Party will promptly notify the Initiating Party of the cause of the delay, the commercially reasonable efforts being taken by the Receiving Party to complete such modifications, upgrades and enhancements as soon as possible, and the good faith estimated completion date of such modifications, upgrades and enhancements. The Parties shall coordinate in good faith the installation and activation of their respective modifications, upgrades or enhancements.

4.8. Each Party shall maintain, in accordance with normal utility accounting procedures, complete books and records of their respective construction costs and expenses associated with the establishment of a Point of Interconnection. Each Party will make available to the other Party for inspection, through its employees, agents or independent public accountants, all records used to establish charges in accordance with this Agreement. All inspections will be performed at the inspecting Party's own expense during normal business hours in the offices of the Party in possession of such records.

4.9. All books, records and other pertinent data associated with this Agreement shall be maintained for the most recent historical four (4) year period for the term of this Agreement and for two (2) years following termination.

ARTICLE V

SYSTEM OPERATIONS

5.1. Operational responsibility by one Party for facilities owned by the other Party will be identified in the Facility Schedule for that particular Point of Interconnection. Unless otherwise provided by the Facility Schedule(s), each Party shall operate the facilities within its transmission network. The Parties will, consistent with maintaining good operating practices, coordinate their operations to maintain continuity of services to their respective customers to the extent practicable. The Parties will, to the extent necessary to support continuity of operations, coordinate the operation on the facilities they operate in the proximity of the Points of Interconnection which may reasonably be expected to affect the operation of facilities on the other Party's system.

5.2. Each Party shall provide the reactive requirements for its own system in accordance with ERCOT Requirements.

5.3. During periods of emergency conditions, or as necessary to restore customer service, either Party may operate equipment that is normally operated by the other Party, provided that authorization to do so must first be received from the Party that normally operates the equipment. Such authorization shall not be unreasonably withheld or delayed. It shall be considered reasonable for the Party that normally operates such equipment to deny such a request by the other Party if the withholding Party will provide such operation within the time frame called for in the circumstances. Such operations by the other Party will be at no cost to the owner or normal operator of the equipment.

5.4. Each Party will determine the operating limits of the facilities that it owns and the operating Party of those facilities will not exceed those limits without prior approval of the Party owning the facilities.

5.5. Interconnection and parallel operations at each Point of Interconnection shall be as specified on the applicable Facility Schedule.

ARTICLE VI

OTHER SERVICES

6.1. This Agreement is applicable only to the interconnection of the facilities of the Parties at the Point(s) of Interconnection and does not obligate either Party to provide, or entitle either Party to receive, any service not expressly provided for herein. Each Party is responsible for making the arrangements necessary to receive any other service that it may desire from the other Party or any third party.

6.2. All transmission and distribution services will be provided and charged under agreements separate from this Agreement in accordance with PUCT Substantive Rules pertaining

to those services and the approved tariffs of the Parties, except for those services set forth in the Facility Schedule(s).

ARTICLE VII

RIGHTS OF ACCESS, EQUIPMENT INSTALLATION AND REMOVAL

7.1. Each Party shall permit duly authorized representatives and employees of the other Party to enter upon its premises for the purpose of inspecting, testing, repairing, renewing or exchanging any or all of the equipment owned by the other Party that is located on such premises or for the purpose of performing any work necessary in the performance of this Agreement.

7.2. Any and all equipment, apparatus, and devices placed or installed, or caused to be placed or installed by one Party on, or in, the premises of the other Party, as specified in the Facility Schedule attached hereto, shall be and remain the property of the Party owning and installing such equipment, apparatus, devices, or facilities, regardless of the mode and manner of annexation or attachment to real property. Upon the termination of this Agreement (or the applicable Point of Interconnection under this Agreement), the Party owning and installing such equipment, apparatus, devices or facilities on the property of the other Party, shall have the right to (a) sell such equipment, apparatus, devices or facilities to the other Party, if the other Party desires to purchase such equipment, apparatus, devices or facilities or (b) enter the premises of the other Party and, within a reasonable time, remove such equipment, apparatus, devices or facilities, at no cost to the owner of the premises.

7.3. Each Party shall clearly mark their respective equipment, apparatus, devices or facilities with appropriate ownership identification, where practical.

ARTICLE VIII

INDEMNIFICATION

EACH PARTY (THE "INDEMNIFYING PARTY") SHALL INDEMNIFY, DEFEND AND HOLD HARMLESS THE OTHER PARTY, ITS AFFILIATES, AND ITS AND ITS AFFILIATES' RESPECTIVE OFFICERS, DIRECTORS, MANAGERS, MEMBERS, EMPLOYEES, REPRESENTATIVES AND AGENTS (THE "INDEMNIFIED PARTIES") FROM AND AGAINST ANY AND ALL CLAIMS, ACTIONS (INCLUDING CLAIMS AND ACTIONS RELATING TO INJURY TO OR DEATH OF ANY PERSON OR DAMAGE TO PROPERTY), DEMANDS, LIABILITIES, OBLIGATIONS, LOSSES, DAMAGES, PENALTIES, COSTS AND EXPENSES (INCLUDING JUDGMENTS, COSTS AND REASONABLE ATTORNEYS' FEES) INCURRED BY OR ASSERTED AGAINST SUCH INDEMNIFIED PARTIES, OR ANY OF THEM, RELATING TO OR ARISING OUT OF THE WILLFUL MISCONDUCT, NEGLIGENCE OR OTHER FAULT OF THE INDEMNIFYING PARTY (INCLUDING ITS AND ITS AFFILIATES' RESPECTIVE DIRECTORS, OFFICERS, MEMBERS, MANAGERS, EMPLOYEES, REPRESENTATIVES, AGENTS AND CONTRACTORS) IN CONNECTION WITH OR RELATING TO THIS AGREEMENT (INCLUDING IN CONNECTION WITH THE DESIGN, INSTALLATION, CONSTRUCTION OR OPERATION OF ITS TRANSMISSION AND DISTRIBUTION SYSTEMS AND FACILITIES DURING THE TERM OF THIS AGREEMENT), EXCEPT TO THE EXTENT SUCH CLAIM, LIABILITY, OBLIGATION, LOSS, DAMAGE, COST OR EXPENSE IS

CAUSED BY THE WILLFUL MISCONDUCT, NEGLIGENCE OR OTHER FAULT OF THE
INDEMNIFIED PARTIES.

ARTICLE IX
NOTICES

Whenever this Agreement requires or permits any consent, approval, notice, request, statement or demand from one Party to another, the consent, approval, notice, request, statement or demand must be in writing to be effective and shall be deemed to be delivered and received (a) if personally delivered or if delivered by courier service (including, overnight courier service), when actually received by the Party to whom notice is sent, (b) if delivered by telex or facsimile with telephonic confirmation, on the day transmitted if such day is a Business Day and delivery thereof is confirmed to have occurred prior to 5:00 p.m. in the time zone of the receiving Party, otherwise it shall be deemed delivered and received on the next Business Day, or (c) if delivered by mail (whether actually received or not), at the close of business on the fifth (5th) Business Day following the day when placed in the mail, postage prepaid, certified or registered, addressed to the appropriate Party, at the address and/or facsimile numbers of such Party set forth below (or at such other address as such Party may designate by written notice to the other Party in accordance with this Section):

If to TNMP:

Texas-New Mexico Power Company
Attn: Director, TNMP Regional Engineering
577 North Garden Ridge Boulevard
Lewisville, TX 75067
Facsimile No.: 972-420-7390
Phone No.: 972-420-4189, extension 4105

If to SWTEC:

Attn: General Manager
Southwest Electric Cooperative, Inc.
P.O. Box 677
Eldorado, Texas 76936-0677
Phone No.: 325-853-2544
Facsimile No.: 325-853-3141

With Copies To:

Attn: President
Golden Spread Electric Cooperative, Inc.
P.O. Box 9898
Amarillo, Texas 79105
Phone No.: 806-379-7766
Facsimile No.: 806-374-2922

and

Attn: Robert O'Neil
Miller, Balis & O'Neil, P.C.
1140 19th Street, Suite 700
Washington, D.C. 20036
Phone No.: 202-296-2960
Facsimile No.: 202-296-0166

ARTICLE X

INVOICING, PAYMENT AND RECORDS

10.1. In the event amounts are payable by one Party to another Party pursuant to the terms hereof, the Party to which payment is owed shall prepare and deliver, within sixty (60) days after the payment obligation arises, an invoice to the other Party for amounts due. All invoices shall include reasonable and appropriate documentation, explanation and detail supporting the amount invoiced.

10.2. All amounts payable by a Party hereunder shall be remitted to the payee on or before thirty (30) days after receipt of the invoice and all reasonable and appropriate supporting documentation. If any payment is due on a day that is not a Business Day, such payment shall be due on the immediately succeeding Business Day. When payments are made by mail, invoices are considered as having been paid on the date of receipt by the payee. Within thirty (30) days of execution of this Agreement, the Parties will exchange instructions regarding the transfer of funds to be used to pay invoices hereunder, including instructions regarding how to make payments by wire transfer. Each Party may change the designated bank to which such payments are to be sent by giving written notice to the other Party at least ten (10) Business Days in advance of the due date. If any payment is not remitted and received in full on the date due, the overdue amount shall bear interest, calculated in accordance with PUCT Substantive Rule §25.202(a)(2), or its successor, from the due date until such overdue amount and interest is paid in full. Any payment received by a Party after the due date shall include such interest.

10.3. In the event that a Party disputes all or any portion of an invoice submitted by the other Party, such Party may withhold payment of any amount disputed in good faith, provided such Party gives written notice to the other Party, on or before the due date for the invoice, setting forth the amount of the dispute and the basis therefor. The Parties shall work in good faith and cooperatively to resolve any invoice dispute. In the event that any amount withheld by a Party is ultimately determined to be payable by such Party, the amount payable shall include interest, calculated in accordance with PUCT Substantive Rule §25.202(a)(2), or its successor, from the date such amount would have been due but for such dispute and the date such amount is paid.

10.4. Notwithstanding any other provision of this Agreement, notice of any invoice dispute or error shall be given to the other Party not later than twelve (12) months after the date of such invoice. If notice of such dispute or error is not given within such required time period, the Party failing to give such notice shall have thereby waived all rights to dispute such invoice and

shall have thereby released and forever discharged the other Party from all claims, actions, costs, expenses, obligations and liabilities arising out of such invoice dispute or error relating thereto.

ARTICLE XI

SUSPENSION AND TERMINATION

11.1. As used herein, the term "Suspension Event" shall mean any failure of a Party to make any payment hereunder when due or perform any material obligation as and when provided herein, or any breach by such Party of a material provision or term of this Agreement, which failure or breach continues unremedied for a period of thirty (30) days after receipt by the defaulting Party of written notice from the other Party identifying such failure or breach. Upon the occurrence and during the continuation of a Suspension Event, without limiting any other rights or remedies available to it, the other Party may suspend performance of its obligations hereunder (other than for payment of money owed) by giving written notice thereof to the defaulting Party, which suspension shall be effective immediately upon receipt of such notice by the defaulting Party, unless otherwise specified in such notice, in which case such suspension shall be effective on the date specified; provided that any such suspension by a Party hereunder shall not, in and of itself, entitle such Party to disconnect its facilities from the defaulting Party's facilities at any Point of Interconnection.

11.2. As used herein, the term "Event of Default" shall mean any failure of a Party to make any payment hereunder when due or perform any material obligation as and when provided herein, or any breach by such Party of a material provision or term of this Agreement, and either (a) such failure or breach continues unremedied for a period of thirty (30) days after receipt by the defaulting Party of written notice from the other Party identifying such failure or breach or (b) if such failure or breach is not capable of being cured within such thirty (30) day period, the defaulting Party (i) fails to commence to cure such failure or breach within such thirty (30) day period, (ii) fails to thereafter diligently proceed to cure such failure or breach or (iii) such failure or breach continues unremedied for a period of two hundred ten (210) days after receipt by the defaulting Party of written notice from the other Party identifying such failure or breach.

11.3. This Agreement may be terminated as follows:

(a) This Agreement may be terminated at any time upon the mutual written agreement of the Parties, which agreement shall specify the effective date of such termination.

(b) At any time after the seventh (7th) anniversary of the Effective Date, either Party may, in its sole discretion, terminate this Agreement by giving the other Party written notice thereof specifying the effective date of such termination, which date shall be no less than three (3) years after such notice is given.

(c) Upon the occurrence of an Event of Default, the non-defaulting Party may terminate this Agreement by giving the defaulting Party written notice thereof specifying the effective date of such termination, which date shall be no more than thirty (30) days after such notice is given.

(d) In the event that a regulatory authority having jurisdiction over the Parties orders a change in any of the provisions of this Agreement, the Parties agree to negotiate in good faith a replacement provision that will most nearly accomplish the purpose and intent of the original provision and that is consistent with the regulatory order. If the Parties cannot reach agreement on the replacement provision within sixty (60) days after the effectiveness of the regulatory order, despite the use of good faith efforts, and if the changed provision is an essential provision of this Agreement, either Party may terminate this Agreement by giving the other Party written notice thereof specifying the effective date of such termination, which date shall be no more than ninety (90) days, and no less than thirty (30) days, after such notice is given.

(e) Notwithstanding the provisions of Section 13.12, if a Party's rights or obligations hereunder are materially and adversely affected as a result of any provision of this Agreement, or the application of any provision hereof to any Party or circumstance, being finally determined to be invalid, illegal or unenforceable, such Party may terminate this Agreement by giving the other Party written notice thereof specifying the effective date of such termination, which date shall be no more than ninety (90) days, and no less than thirty (30) days, after such notice is given.

11.4. In the event of a termination under Section 11.3, this Agreement shall terminate on the effective date specified therefor in the termination notice or termination agreement, as the case may be. Upon termination of this Agreement, the Parties shall discontinue use of the facilities of the other and the Parties shall disconnect the existing Points of Interconnection. The following rights and obligations of the Parties hereunder shall survive termination of this Agreement: (a) rights and obligations accrued as of the termination, (b) rights and obligations arising out of events occurring prior to the termination, (c) rights and obligations under Articles VII, VIII, X, XI and XIII, and (d) all other rights and obligations of the Parties which by their terms, nature or by implication are expressly stated to, or are intended to, survive termination.

ARTICLE XII **FORCE MAJEURE**

12.1. As used herein, the term "Force Majeure Event" shall mean events and circumstances arising after the Effective Date that are beyond the reasonable control of the Party claiming the Force Majeure Event, and without the fault or negligence of such Party, which materially prevents or impairs the performance of such Party's obligation hereunder, including but not limited to acts of God, storm, flood, lightening, earthquake, fire, explosion, failure or imminent failure of facilities, civil disturbance, strike or other labor disturbance, sabotage, war, terrorist activity, national emergency, or order, instruction or restraint by any Governmental Authority, but does not include events and circumstances that affect the cost or availability of equipment, labor, materials or supplies of the Party desiring to claim a Force Majeure Event.

12.2. To the extent provided herein, neither Party shall be responsible or liable for, or deemed in breach of this Agreement because of any failure or delay in complying with its obligations or any provision hereunder to the extent that such failure or delay has been caused by a Force Majeure Event, and in such event:

(a) except as otherwise provided herein, the performance by the Party claiming the Force Majeure Event of its obligations hereunder shall be suspended on the condition that: (i)

such Party promptly gives the other Party written notice of the occurrence of a Force Majeure Event, together with all reasonable and appropriate supporting documentation, and thereafter keeps the other Party informed with respect thereto; (ii) such suspension of performance shall be of no greater scope and of no longer duration than is required by the effects of the Force Majeure Event; and (iii) the Party claiming the Force Majeure Event uses its commercially reasonable efforts promptly and diligently remedy its inability to perform; and

(b) except as otherwise provided herein, the performance by the Party not claiming the Force Majeure Event of its obligations hereunder shall be suspended to the extent such Party is unable to perform such obligations as a result of the other Party's suspension of obligations pursuant to the preceding clause (a); provided that such suspension of performance shall be of no greater scope and of no longer duration than is required by any suspension of performance pursuant to the preceding clause (a).

12.3. The payment of money owed shall not be excused because of a Force Majeure Event. In addition, a Party shall not be excused under this Article from timely performance of its obligations hereunder to the extent that the claimed Force Majeure Event was caused by any negligent or intentional acts, errors, or omissions, or for any breach or default of this Agreement by such Party.

ARTICLE XIII

MISCELLANEOUS

13.1. Assignment. Except as expressly permitted in this Agreement, neither Party shall assign this Agreement or any portion hereof, or any of the rights or obligations hereunder, whether by operation of law or otherwise, without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed; provided that neither Party will be required to consent to any assignment which would, in its reasonable determination, subject it to additional federal or state regulation, subject it to the imposition of material additional costs of performance which the Party requesting assignment does not agree to reimburse, or diminish the reliability of its transmission and distribution system. Notwithstanding the foregoing, either Party may, without the consent of the other Party, assign this Agreement for collateral security purposes to lenders, or to a trustee pursuant to an indenture, providing secured financing for that Party, provided that such Party will require any secured party, trustee or mortgagee to notify the other Party of such assignment. The respective obligations of the Parties under this Agreement may not be changed, modified, amended or enlarged, in whole or in part, by reason of the sale, merger or other business combination of either Party with any other person or entity. Notwithstanding the foregoing, a Party may assign, without the written consent of the other Party, its interest in this Agreement, in whole or in part, to a successor that has acquired an interest in all or a substantial portion of its transmission and distribution business. This Agreement shall inure to the benefit of, and be binding upon, the successors and permitted assigns of the Parties.

13.2. WAIVER OF CONSEQUENTIAL DAMAGES. IN NO EVENT SHALL EITHER PARTY OR ITS AFFILIATES OR MEMBERS BE LIABLE UNDER THIS AGREEMENT OR OTHERWISE FOR ANY INDIRECT, CONSEQUENTIAL, SPECIAL, PUNITIVE OR INCIDENTAL DAMAGES OR COSTS OF THE OTHER PARTY OR ITS AFFILIATES, WHETHER BASED IN CONTRACT, TORT (INCLUDING, WITHOUT

LIMITATION, NEGLIGENCE, INTENTIONAL TORT OR STRICT LIABILITY), WARRANTY, COMMON LAW, STATUTE OR OTHERWISE, AND EACH PARTY HEREBY WAIVES, RELEASES AND DISCHARGES ANY AND ALL SUCH INDIRECT, CONSEQUENTIAL, SPECIAL, PUNITIVE AND INCIDENTAL DAMAGES AND COSTS. FOR PURPOSES HEREOF, CONSEQUENTIAL DAMAGES SHALL INCLUDE, WITHOUT LIMITATION, LOSS OF REVENUE, COST OF CAPITAL, LOSS OF BUSINESS REPUTATION AND OPPORTUNITY.

13.3. Remedies. All rights and remedies of the Parties shall be cumulative, and may, to the extent permitted by law, be exercised concurrently or separately, and the exercise of one right or remedy shall not be deemed to be an election of such right or remedy or to preclude or waive the exercise of any other right or remedy. The non-defaulting Party's rights under this Agreement are in addition to and not in limitation or exclusion of, any other rights the non-defaulting Party has, whether by contract, operation of law, in equity or otherwise.

13.4. Representation and Warranties. Each Party represents and warrants that this Agreement has been duly authorized by all necessary action by such Party, has been duly executed and delivered by such Party, and constitutes the legal, valid and binding agreement of such Party enforceable against such Party in accordance with its terms, except to the extent that its enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the rights of creditors generally or by general principles of equity.

13.5. Non-Dedication of Systems. Any undertaking by a Party to the other Party under this Agreement shall not constitute the dedication of the electrical system or any portion thereof of that Party to the public or to the other Party, and it is understood and agreed that any such undertaking shall cease upon the termination of this Agreement.

13.6. Taxes. All present or future federal, state, municipal, local, use, utility, sales or other taxes (other than taxes based on income, earnings or net worth) lawfully imposed by reason of any service performed by TNMP pursuant to this Agreement, or any compensation paid to TNMP, hereunder shall be the responsibility of SWTEC. All present or future federal, state, municipal, local, use, utility, sales or other taxes (other than taxes based on income, earnings or net worth) lawfully imposed by reason of any service performed by SWTEC pursuant to this Agreement, or any compensation paid to SWTEC, hereunder shall be the responsibility of TNMP. Each Party shall be responsible for ad valorem taxation, if applicable, related to its ownership of any equipment located at the facilities at the Points of Interconnection and shall be solely responsible for payment of any such taxes lawfully imposed on or assessed against its separate interest in such facilities. If a Party is required to remit or pay taxes that are the other Party's responsibility hereunder, the Party responsible for such taxes shall reimburse the other Party for such taxes. Any Party entitled to and claiming an exemption from any such taxes shall furnish the other Party any necessary documentation thereof.

13.7. Relationship of the Parties. It is not the intention of the Parties to create, nor shall this Agreement be construed as creating, a partnership, association, joint venture or trust, as imposing a trust or partnership covenant, obligation or liability on or with regard to the Parties or as rendering the Parties liable as partners or trustees. Neither Party shall be under the control of or

shall be deemed to control the other Party. Neither Party shall be the agent of or have a right or power to bind the other Party.

13.8. Amendment. This Agreement may be amended only by the mutual written agreement of the Parties executed after the Effective Date.

13.9. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED, CONSTRUED, INTERPRETED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT REGARD TO ANY CONFLICTS OF LAWS PRINCIPLES THAT COULD REQUIRE APPLICATION OF THE LAWS OF ANY OTHER JURISDICTION. THE LAWS OF THE STATE OF TEXAS SHALL GOVERN ANY DISPUTE, CONTROVERSY, REMEDY, OR CLAIM BETWEEN THE PARTIES ARISING OUT OF, RELATING TO, OR IN ANY WAY CONNECTED WITH THIS AGREEMENT, INCLUDING WITHOUT LIMITATION, THE EXISTENCE, VALIDITY, PERFORMANCE, BREACH, OR TERMINATION THEREOF.

13.10. No Third-Party Beneficiaries. Except for the rights of the Indemnified Parties under Article VIII, this Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any person or entity other than the Parties, and the obligations herein undertaken are solely for the use and benefit of the Parties, their successors in interest and, where permitted, their assigns.

13.11. No Waiver. No delay, failure or refusal on the part of a Party to exercise or enforce any right under this Agreement shall impair such right or be construed as a waiver of such right or any obligation of the other Party, nor shall any single or partial exercise of any right hereunder preclude other or further exercise of any right. The failure of a Party to give notice to the other Party of a breach of this Agreement shall not constitute a waiver thereof. Any waiver of any obligation or right hereunder shall not constitute a waiver of any other obligation or right, then existing or arising in the future. To be effective, a waiver of any obligation or right must be in writing and signed by the Party waiving such obligation or right.

13.12. Severability. If any provision of this Agreement, or the application of any provision hereof to any Party or circumstance, is held to be illegal, invalid or unenforceable, such provision or the application of such provision, as the case may be, shall be fully severable, and the application of the remainder of such provision to such Party or circumstance, the application of such provision to the other Party or other circumstances, and the remainder of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or application of such provision, as the case may be, or by its severance from this Agreement. Furthermore, in lieu of such illegal, invalid or unenforceable provision or application of such provision, there shall be added automatically as a part of this Agreement a provision as similar in its terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

13.13. Electric Service Agreement Terminated. The Parties agree that the Electric Service Agreement is terminated and of no force and effect.

13.14. Interpretation. Unless the context of this Agreement otherwise requires:

(a) the headings contained in this Agreement are used solely for convenience and do not constitute a part of this Agreement between the Parties, nor should they be used to aid in any manner to construe or interpret this Agreement;

(b) the gender of all words used herein shall include the masculine, feminine and neuter and the number of all words shall include the singular and plural words;

(c) references to "includes," "including" and similar phrases shall mean "including, without limitation";

(d) the terms "hereof," "herein," "hereto," "hereunder," and similar words refer to this entire Agreement and not to any particular Article, Section, Exhibit, Facility Schedule or any other subdivision of this Agreement;

(e) references to "Article," "Section," "Exhibit" or "Facility Schedule" are to this Agreement unless specified otherwise;

(f) reference to "Agreement" or any other agreement or document shall be construed as a reference to such agreement or document as the same may be amended, modified, supplemented or restated, and shall include a reference to any document which amends, modifies, supplements or restates, or is entered into, made or given pursuant to or in accordance with its terms;

(g) reference to any document or instrument required to be "in writing," "written" or similar words shall mean a written document signed by the Party sought to be bound thereby;

(h) references to any Party shall be construed as a reference to such Party's successors and permitted assigns; and

(i) for the purposes of determining rights, responsibilities and compliance with this Agreement, reference to any law, rule, regulation, code or standard, including Good Utility Practice, the National Electrical Safety Code (as approved by the American National Standards Institute), NERC Standards, ERCOT Requirements and PUCT Substantive Rules, shall be construed as a reference to such law, rule, regulation, code or standard, as the same may have been amended, modified or re-enacted, as in effect at the time the relevant action is taken, or required to be taken, or otherwise at the applicable point in time.

13.15. Multiple Counterparts. This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be signed by their respective duly authorized representatives.

SOUTHWEST TEXAS ELECTRIC
COOPERATIVE, INC.

TEXAS-NEW MEXICO POWER COMPANY

By: William W. Whitten
Name: William W. Whitten
Title: General Manager

By: Neal Walker
Name: Neal Walker
Title: Vice President, TNMP Operations

EXHIBIT A

LIST OF FACILITY SCHEDULES AND POINTS OF INTERCONNECTION

Facility Schedule(s) Number	Name of Point of Interconnection	Interconnection Voltage (kV)	Effective Date
1	White Baker 69kV	69	September 29, 2010

FACILITY SCHEDULE

White Baker 69kV

1. **Name:** **White Baker 69kV**
2. **Facility Location:** This Point of Interconnection is located at the existing SWTEC White Baker Substation south of IH 10 and west of the intersection of Highway #11 and IH 10 adjacent to the TNMP White Baker Switching Station. The Point of Interconnection being more specifically defined where the conductors from the SWTEC transformer protection fuses contact the 4-hole pad on TNMP's 69 kV bus.
3. **Delivery Voltage:** 69 kV
4. **Meter Voltage and Location:** Metering is accomplished using SWTEC owned 12.5 kV potential and current metering accuracy transformers located on the secondary side of the 69-12.5 kV substation transformer in SWTEC's White Baker Substation. Metering is equipped with loss compensation capability and is compensated for losses from the White Baker 69 kV Point of Interconnection to the location of the metering instruments on the 12.5 kV secondary bus. The metering shall meet all ERCOT Requirements.
5. **Normal Operation of Interconnection:** Closed
6. **One-Line Diagram Attached:** Yes
7. **Description of Facilities:**

SWTEC leases the land and owns all the facilities constituting the SWTEC White Baker Substation, a 69-12.5kV distribution station, except for TNMP's facilities detailed in the following paragraph.

In the SWTEC White Baker Substation, TNMP owns the 69kV dead-end tower along with the switches (#20A and #20B), the 69 kV by-pass switch (#30) located on the dead-end tower, the bus, bus connections and the three (3) bus support structures.

TNMP leases the land and owns all the equipment constituting the TNMP White Baker Switching Station, a 138-69kV switching station. TNMP owns the 138kV

line to AEP Rio Pecos station and the 69kV line to TNMP Northern Natural station.

8. Operational Responsibilities of Each Party:

TNMP will provide transmission load flow data for the TNMP White Baker Switching Station to ERCOT. TNMP operates and controls all the facilities it owns in the TNMP White Baker Switching Station and the SWTEC White Baker Substation.

SWTEC will provide interchange metering data required to meet all ERCOT Requirements for Non Opt-In Entities. SWTEC operates and controls all the facilities it owns in the SWTEC White Baker Substation.

9. Maintenance Responsibilities of Each Party:

Each Party maintains the facilities it owns.

10. Other Terms and Conditions:

SWTEC will provide up to 50 kVA of 120/240 volt station service to the TNMP control house in the TNMP White Baker Switching Station.

Constructed and owned by SWTEC:

- 1) the service transformer in the SWTEC White Baker Substation for TNMP control house service; including connectors, and a 200 amp main breaker;
- 2) a 4" schedule 40 conduit from the service transformer to the station fence.

Constructed and owned by TNMP:

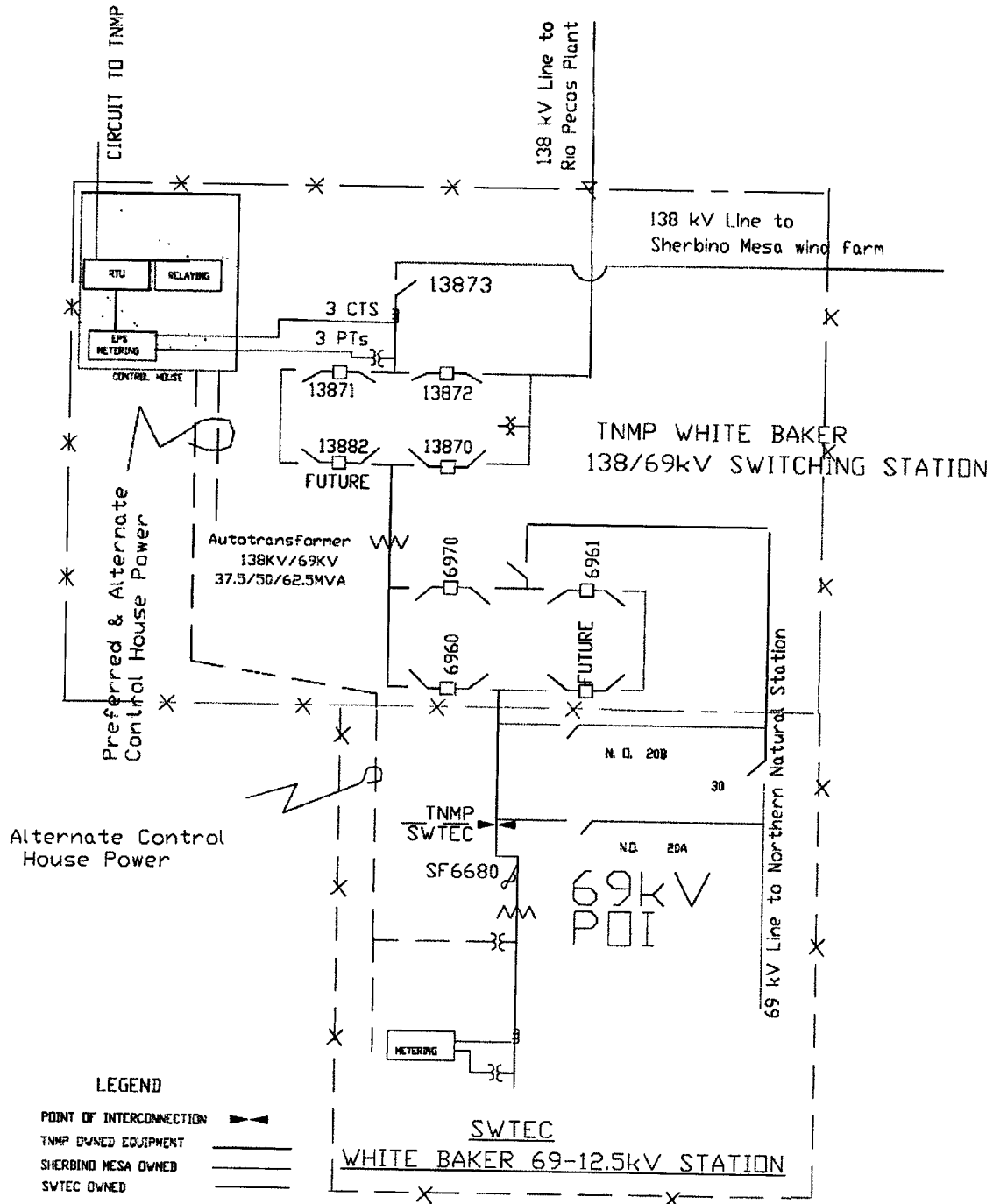
- 1) a 4" schedule 40 conduit from SWTEC conduit at the station fence to the TNMP control house;
- 2) Triplex conductor for station service from SWTEC service transformer to the TNMP control house.

The Parties agree that, in addition to and without impairing the rights set forth in Section 3.3 of the Interconnection Agreement, if the White Baker Substation Point of Interconnection is no longer needed to enable the provision of transmission or distribution services, each Party shall have the right, in its sole discretion, to disconnect its facilities from the other Party's facilities at the White Baker Substation Point of Interconnection by providing written notice thereof to the other Party at least thirty (30) days prior to such disconnection.

The effective date of this Facility Schedule is September 29, 2010.

FACILITY SCHEDULE NO. 1

WHITE BAKER 69kV INTERCONNECT ONLINE DIAGRAM



REVISED 09-21-10