

Control Number: 35077



Item Number: 302

Addendum StartPage: 0

PUBLIC UTILITY COMMISSION OF TEXAS
Substantive Rule 25.195(e)

Project No. 35077

INTERCONNECTION AGREEMENT

DATED: January 9, 2004
Amendment No. 1 June 6, 2007
Amendment No. 2 September 4, 2008
Amendment No. 3 May 7, 2012

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BETWEEN
AEP TEXAS NORTH COMPANY
AND
TEXAS-NEW MEXICO POWER COMPANY

JUNE 7, 2012

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**INTERCONNECTION AGREEMENT
BETWEEN
AEP TEXAS NORTH COMPANY
AND
TEXAS-NEW MEXICO POWER COMPANY**

DATED: JANUARY 9, 2004

**Amendment No. 1 June 6, 2007
Amendment No. 2 September 4, 2008
Amendment No. 3 May 7, 2012**

**INTERCONNECTION AGREEMENT
BETWEEN
AEP TEXAS NORTH COMPANY
AND
TEXAS-NEW MEXICO POWER COMPANY**

This Agreement is made and entered into this 9th day of January, 2004, by and between AEP Texas North Company ("AEP") and Texas-New Mexico Power Company ("TNMP") each sometimes hereinafter referred to individually as "Party" or both referred to collectively as "Parties."

WITNESSETH

WHEREAS, each Party is the owner and operator of transmission and distribution facilities and is engaged in the business of transmitting electric energy to the general public; and

WHEREAS, the Parties are subject to regulation by both the Federal Energy Regulatory Commission ("FERC") and the Public Utility Commission of Texas ("PUCT"); and

WHEREAS, the Parties' transmission systems are operated interconnected to provide reliable and adequate transmission service in and around the City of Fort Stockton, Texas; and

WHEREAS, the Parties entered into an Agreement for Electric Service dated April 27, 1977 that was supplemented and amended on April 14, 1982 and April 19, 1983 ("the Electric Service Agreement"), which provided for the supply of wholesale power to TNMP at several points of delivery, and which provided for the interconnection of the Parties' transmission systems at several locations in and around the City of Fort Stockton, Texas; and

WHEREAS on July 30, 2001 the Parties agreed to terminate the Electric Service Agreement effective July 31, 2001; and

WHEREAS, the Parties desire to continue the interconnection of their respective transmission systems in the respects, and under the terms and conditions set forth below.

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

ARTICLE I – EFFECTIVE DATE AND TERM

1.1 This Agreement and any subsequent addendum to this Agreement shall become

effective on the date accepted by the FERC or any other regulatory agency or agencies having jurisdiction. The Parties shall request an effective date of that first written above in a filing at the FERC and before or any other regulatory agency or agencies having jurisdiction. This Agreement and any subsequent addendum to this Agreement shall remain in effect initially for a period of five (5) years from the effective date of this Agreement and shall continue in effect thereafter, subject to cancellation thereafter for periods of one year each, unless canceled after such initial period or any subsequent period by either Party upon at least one (1) year written notice to the other Party.

ARTICLE II – OBJECTIVE AND SCOPE

2.1 It is the intent of the Parties, by this Agreement, to state the terms and conditions under which the Parties' transmission and distribution systems will be interconnected and to identify the facilities and equipment provided by each Party at the points of interconnection between their systems.

2.2 This Agreement shall apply to the ownership, construction, operation and maintenance of those facilities which are specifically identified and described in the Facility Schedules which are attached hereto and incorporated herein, to permit interchange of power and energy between the Parties.

2.3 This Agreement, including all attached Facility Schedules, 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 if not set forth or provided for herein. This Agreement replaces all other agreements and undertakings, oral and written, between the Parties with regard to the subject matter hereof. 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 – DEFINITIONS

For purposes of this Agreement, the following definitions shall apply:

3.1 Agreement shall mean this Agreement with all schedules and attachments applying hereto, including any schedules and attachments hereafter made and any amendments hereafter made.

3.2 ERCOT shall mean the Electric Reliability Council of Texas, Inc.

3.3 ERCOT Protocols shall mean the documents adopted by ERCOT, and approved by the PUCT, including any attachments or exhibits referenced in the ERCOT Protocols, as amended from time to time, that contain the scheduling, operating, planning, reliability, and settlement (including customer registration) policies, rules guidelines, procedures, standards, and criteria of ERCOT.

3.4 ERCOT Operating Guidelines shall mean the document intended to supplement the ERCOT Protocols that describe the working relationship between the ERCOT control area authority and entities within the ERCOT system that interact with the ERCOT control area authority on a minute-to-minute basis to ensure the reliability and security of the ERCOT system. Specific practices described in these guidelines are consistent with the North American Electric Reliability Council Operating Policies and the ERCOT Protocols.

3.5 Facility Schedule(s) shall mean the addendum(s) to this Agreement that describe the agreement on ownership, cost, operation and maintenance responsibilities of the Parties at the Point(s) of Interconnection and any additional terms and conditions of this Agreement that apply specifically to the Point(s) of Interconnection.

3.6 FERC shall mean the Federal Energy Regulatory Commission or its successor in function.

3.7 Good Utility Practice shall mean 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 which, 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 to be acceptable practices, methods, or acts generally accepted in the region. Good Utility Practice may include, but not be limited to, conformance with the applicable and consistently applied reliability criteria, standards and operating guides of ERCOT and the North American Electric Reliability Council, or successor organization.

3.8 Point(s) of Interconnection shall mean the interconnection locations specified on the Facility Schedules where the electrical systems of the Parties are or may be, by the closure of normally open switches, connected.

3.9 PUCT shall mean the Public Utility Commission of Texas or its successor in function.

3.10 PUCT Substantive Rules shall mean the substantive rules applicable to electric service providers. The rules are the statement of general applicability that implements, interprets, or prescribes law or policy, or describes the procedure or practice requirements of the PUCT.

3.11 Interconnect Data shall mean analog mega-watt (MW) and mega-var (MVAR) power flows values, switching device status, and voltage values available at the locations of the Points of Interconnection.

ARTICLE IV – ESTABLISHMENT AND TERMINATION OF POINTS OF INTERCONNECTION

4.1 The Parties agree to interconnect their facilities at the locations, and in accordance with the terms and conditions, specified in the attached Facility Schedules. All Points of Interconnection shall be specified in Exhibit A and the Facility Schedules attached hereto and made a part hereof. The Facility Schedules shall specify the responsibilities of the Parties with respect to ownership, operation, maintenance and control of the connection facilities, in the general form of initial Facility Schedules 1 through 8 which describe the Points of Interconnection existing at the time this Agreement was executed.

4.2 Unless otherwise provided by the Facility Schedules, each Party shall, at each Point of Interconnection, at its own risk and expense, design, install, or cause the design, installation of its transmission and distribution facilities, including all apparatus and necessary protective devices on its side of the Point of Interconnection so as to reasonably minimize the likelihood of voltage and frequency abnormalities, originating in the system of one Party, from affecting or impairing the system of the other Party, or other systems to which system of such Party is interconnected. The Parties agree that all Points of Interconnection will be established in conformance with the ERCOT Operating Guidelines and the ERCOT Protocols, as the same may be amended hereafter. The Parties agree to cause their systems to be constructed in accordance with specifications at least equal to those provided by the National Electrical Safety Code, approved by the American National Standards Institute, in effect at the time of construction. Each Party will be responsible for all equipment and facilities in accordance with the Facility Schedules.

4.3 From time to time, a Point of Interconnection may be added to this Agreement as mutually agreed by the Parties and/or as ordered by a regulatory authority having jurisdiction thereof. Any such addition shall be recorded in Exhibit A and a Facility Schedule beginning with No. 9 that shall be separately executed and attached hereto.

4.4 Unless otherwise provided by the Facility Schedules, and subject to regulatory approval if required, each Party shall have the right in its sole discretion to disconnect from the other Party at any Point of Interconnection specified herein on one (1) year notice or, if it is otherwise mutually agreed to, sooner than one (1) year. Such disconnection shall not affect the term of this Agreement pursuant to Section 1.1.

ARTICLE V. OTHER SERVICES

5.1 This Agreement is applicable only to the interconnection of the facilities of the Parties at the Points 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 either Party may desire from the other Party or any third party.

5.2 All transmission and distribution services will be provided and charged under agreements separate from this Agreement in accordance with PUCT Substantive Rules pertaining to these services and the approved tariffs of the Parties.

ARTICLE VI - SYSTEM OPERATION AND MAINTENANCE

6.1 Unless otherwise provided by the Facility Schedules, each Party shall, at each Point of Interconnection, at its own risk and expense, operate and maintain the facilities (including all apparatus and necessary protective devices) it owns or hereafter may own, so as to reasonably minimize the likelihood of voltage and frequency abnormalities, originating in the system of one Party, from affecting or impairing the system of the other Party, or other systems to which the Party is interconnected. The Parties agree that all Points of Interconnection will be operated and maintained in conformance with ERCOT Operating Guidelines and the ERCOT Protocols, as the same may be amended hereafter.

6.2 Operational responsibility for facilities owned by one Party but installed in another Party's substation or transmission line will be identified in the Facility Schedule for that particular Point of Interconnection.

6.3 During the term of this Agreement, 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. Planned facility maintenance by either Party that will cause a deviation from the normal power and energy flow at a Point of Interconnection will be scheduled according to ERCOT Protocols and ERCOT Operating Guidelines. No changes will be made in the normal operation of a Point of Interconnection without the mutual agreement of the Parties. 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 might reasonably be expected to affect the operation of facilities on the other Party's system.

6.4 Each Party will provide the reactive requirements for its own system in accordance with the ERCOT Operating Guidelines as established from time to time by ERCOT or its successor.

6.5 During periods of emergency conditions declared by the ERCOT Independent

Operator, or its successor, 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.

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 Each Party grants to the other permission to install, maintain and operate, or cause to be installed, maintained and operated, on its premises, the necessary equipment, apparatus and devices required for the performance of this Agreement. Any such installation, maintenance, and operation to be performed, except in the case of emergencies, shall be performed only after a schedule of such activity has been submitted in accordance with ERCOT Operating Guidelines and ERCOT Protocols.

7.3 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, 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 any 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 1) have the right to sell such equipment, apparatus, devices or facilities to the other Party if the other Party wishes to purchase such equipment, apparatus, devices or facilities or 2) to 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. If, upon the termination of any Point of Interconnection under this Agreement, equipment of a Party that is installed on the premises of the other Party is either not sold to the other Party or removed by the owning Party within a reasonable time, it shall be considered abandoned by the owning Party and may be disposed of by the other Party in the manner it shall determine appropriate; provided, however, that any net cost incurred by the disposing Party shall be reimbursed by the abandoning party.

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

ARTICLE VIII – METERING AND RECORDS

8.1 All metering equipment required herein shall be selected, installed, tested, operated and maintained by the Party owning such metering equipment in accordance with Good Utility Practice, applicable ERCOT Operating Guidelines and the ERCOT Protocols.

8.2 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 give reasonable advance notice 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.

8.3 If any test or inspection of metering equipment shows that it does not meet the accuracy requirements established by ERCOT Operating Guidelines and the ERCOT Protocols, 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 Operating Guidelines and the ERCOT Protocols.

8.4 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.

8.5 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 IX – COMMUNICATION AND TELEMETERING FACILITIES

9.1 Each Party shall provide, at its own discretion and expense, the necessary communication and telemetering facilities needed for the control and operation of its transmission system.

9.2 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, applicable ERCOT Operating Guidelines, the ERCOT Protocols, and

the Facility Schedules.

9.3 Where practical and mutually agreeable, telemetering facilities may be shared between the Parties to minimize equipment and costs.

9.4 Telemetered data shall be the responsibility of the Party identified in Exhibit A.

ARTICLE X - TECHNICAL COMMITTEE

10.1 For purposes of administering this Agreement, a Technical Committee shall be created consisting of one representative from each Party. This Technical Committee shall meet as required, with either representative having the right to convene such a meeting upon reasonable notice to the other representative.

10.2 The Technical Committee shall also be directed to establish procedures for investigating the feasibility of establishing additional normally closed point(s) of interconnection between the Parties' transmission systems that would benefit either Party. Assuming any such investigation results in a finding that the establishment and use of such interconnection would be beneficial to either Party, would not impair the quality of the other Party's existing or planned services and would not require the construction by the other Party of any new transmission facilities, or otherwise increase the cost to the other Party, the Parties agree that, subject to agreement as to ownership, cost, operational responsibility, and scheduling, they will use their best efforts to cooperate with each other in establishing such interconnection.

ARTICLE XI - INDEMNIFICATION

11.1 EACH PARTY SHALL INDEMNIFY, DEFEND AND SAVE HARMLESS THE OTHER PARTY, ITS DIRECTORS, OFFICERS AND AGENTS (INCLUDING, BUT NOT LIMITED TO, DIRECTORS, OFFICERS AND EMPLOYEES OF ITS AFFILIATES AND CONTRACTORS) FROM ANY AND ALL DAMAGES, LOSSES, CLAIMS, INCLUDING CLAIMS AND ACTIONS RELATING TO INJURY TO OR DEATH OF ANY PERSON OR DAMAGE TO PROPERTY, DEMANDS, SUITS, RECOVERIES, COSTS AND EXPENSES, COURT COSTS, ATTORNEY FEES, AND ALL OTHER OBLIGATIONS BY OR TO THIRD PARTIES, ARISING OUT OF OR RESULTING FROM NEGLIGENCE OR OTHER FAULT IN THE DESIGN, CONSTRUCTION OR OPERATION OF THEIR RESPECTIVE FACILITIES DURING THE PERFORMANCE OF THIS AGREEMENT, EXCEPT IN CASES OF NEGLIGENCE OR INTENTIONAL WRONGDOING BY THE OTHER PARTY.

ARTICLE XII –NOTICES

12.1 Notices of an administrative nature, including but not limited to a notice of termination, a request for amendment, a change to a Point of Interconnection or a request for a new Point of Interconnection, shall be forwarded to the designees listed below for each Party and shall be deemed properly given if delivered in writing to the following:

(a) If to AEP:

Director, Transmission and Interconnection Services
American Electric Power Service Corporation
1 Riverside Plaza
Columbus, OH 43215

and

Director, Transmission Planning
American Electric Power Service Corporation
700 Morrison Road
Gahanna, OH 43230

(b) If to TNMP:

Director, Technical Services
Texas-New Mexico Power Company
702 36th Street North
Texas City, Texas 77592-2190

12.2 Both Parties shall maintain a 24 hour System Operations or Call Center. Notices of an operational or technical matter shall be made by one or more of, 1) written correspondence, 2) facsimile, 3) voice call, or 4) e-mail to the other Party. Such notices shall be delivered to the following:

(a) If to AEP:

Manager, Transmission Dispatching
5502 Corporate Dr
Corpus Christi, Texas 78403-2121
361-289-4003, voice
361-289-4030, fax
dkkunkel@aep.com

(b) If to TNMP:

Supervisor, System Operations

1621 Gill Street
Dickinson, Texas 77539
281-337-6589, voice
281-337-6756, fax
smorris@tnpe.com

12.3 The above listed names, titles, and addresses of either Party may be changed upon written notification to the other.

ARTICLE XIII - INVOICING AND PAYMENT

13.1 Invoices for any sums due hereunder will be rendered by each Party to the other at the addresses below or by electronic fund transfers made upon notification of wire instructions by the Party of receipt.

If by mail to AEP:

American Electric Power Service Corporation
Attn: Accounts Payable
P.O. Box 24404
Canton, OH 44701-4404

If by mail to TNMP:

Texas-New Mexico Power Company
Attn: Accounts Payable
702 36th Street North
Texas City, Texas 77592-2190

13.2 The above listed mailing addresses or electronic cash transfer instructions of either Party may be changed by written notification to the other Party.

13.3 Unless otherwise mutually agreed, payments shall be due by the 20th calendar day after the date of issuance of the invoice. Interest will accrue on any unpaid amount, calculated in accordance with applicable rules established by FERC. Payments by mail are considered as having been paid on the date of receipt by the Party.

ARTICLE XIV - SUCCESSORS AND ASSIGNS

14.1 Subject to the provisions of Section 14.2 below, this Agreement shall be binding upon and inure to the benefit of the permitted successors and assigns of the respective Parties.

14.2 Neither Party shall assign its interest in this Agreement in whole or in part without the prior written consent of the other Party. Such consent shall not be unreasonably withheld, provided that neither Party will be required to consent to any assignment which would, in its sole judgment and among other reasons, subject it to additional federal or state regulation, result in the imposition of additional costs of administration which the Party requesting assignments does not agree to reimburse, or in any way diminish the reliability of its system, enlarge its obligations or otherwise create or maintain an unacceptable condition. 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 consent of the other Party, its interest in this Agreement, in whole or in part, to a successor that has an interest to all or a substantial portion of the Party's transmission and distribution business.

14.3 The several provisions of this Agreement are not intended to and shall not create rights of any character whatsoever in favor of any persons, corporations, or associations other than the Parties to this Agreement, and the obligations herein assumed are solely for the use and benefit of the Parties to this Agreement.

ARTICLE XV – GOVERNING LAW AND REGULATION

15.1 This Agreement was executed in the State of Texas and must in all respects be governed by, interpreted, construed, and enforced in accordance with the laws thereof except as to matters exclusively controlled by the Constitution and statutes of the United States of America. This Agreement is subject to all valid applicable federal, state, and local laws, ordinances, and rules and regulations of duly constituted regulatory authorities having jurisdiction.

15.2 After execution by both Parties, AEP will file this Agreement with the FERC with copies of such filing provided to the PUCT.

15.3 This Agreement, and all obligations hereunder, are expressly conditioned upon obtaining approval or authorization or acceptance for filing by any regulatory body, whose approval, authorization or acceptance for filing is required by law. Both Parties hereby agree to support the approval of this Agreement before such regulatory authority and to provide such documents, information and opinions as may be reasonably required or requested by either Party in the course of approval proceedings. Except by mutual agreement, neither Party shall request any regulatory authority having jurisdiction to order a change in this Agreement.

15.4 In the event that a regulatory authority having jurisdiction over the Parties orders a change in the terms of this Agreement, the Parties agree to negotiate in good faith a replacement term that will most nearly accomplish the purpose and intent of the original term consistent with the regulatory order. If the Parties cannot reach an agreement over the new term

and if the old term is an essential provision of this Agreement, either Party may elect to terminate this Agreement, by providing notice of such election to the other upon sixty (60) days prior written notice to the other Party. An election to terminate under this provision shall not affect either Party's duty to perform prior to the effective date of termination.

15.5 In the event any part of this Agreement is declared invalid by a court of competent jurisdiction, the remainder of said Agreement shall remain in full force and effect and shall constitute a binding agreement between the Parties provided, however, that if either Party determines, in its sole discretion, that there is a material change in this Agreement by reason of any provision or application being finally determined to be invalid, illegal or unenforceable, that Party may terminate this Agreement upon sixty (60) days prior written notice to the other Party. An election to terminate under this provision shall not affect either Party's duty to perform prior to the effective date of termination.

ARTICLE XVI – DEFAULT AND FORCE MAJEURE

16.1 Neither Party shall be considered in default with respect to any obligation hereunder, other than the payment of money, if prevented from fulfilling such obligations by reason of any cause beyond its reasonable control, including, but not limited to, outages or interruptions due to weather, accidents, equipment failures or threat of failure, strikes, civil unrest, injunctions or order of governmental authority having jurisdiction. If performance by either Party has been prevented by such event, the affected Party shall promptly and diligently attempt to remove the cause of its failure to perform, except that neither Party shall be obligated to agree to any quick settlement of any strike or labor disturbance, which, in the affected Party's opinion, may be inadvisable or detrimental, or to appeal from any administrative or judicial ruling.

ARTICLE XVII - TERMINATION ON DEFAULT

17.1 Should either of the Parties hereto violate any material provisions of this Agreement, the other Party may terminate this Agreement by giving no less than sixty (60) days' prior written notice of its intention to do so and in accordance with the regulations of any regulatory agency with jurisdiction, but no other remedy or remedies, available under the law, for such violation shall be limited in any way because of this provision or the exercise of the right conferred hereunder.

17.2 The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of this Agreement will not be considered to waive the obligations, rights or duties imposed upon the Parties by this Agreement.

ARTICLE XVIII- MISCELLANEOUS PROVISIONS

18.1 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.

18.2 The several provisions of this Agreement are not intended to and shall not create rights of any character in, nor be enforceable by, parties other than the signatories to this Agreement and their assigns.

18.3 Neither Party shall be liable to the other for any indirect, consequential, incidental, punitive or exemplary damages.

18.4 This Agreement shall not affect the obligations or rights of either Party with respect to other agreements. Both Parties to this Agreement represent that there is no agreement or other obligation binding upon it, which, as such Party is presently aware, would limit the effectiveness or frustrate the purpose of this Agreement.

18.5 This Agreement may be amended only upon mutual agreement of the Parties, which amendment will not be effective until reduced in writing and executed by the Parties.

18.6 The descriptive headings of the various sections of this Agreement have been inserted for convenience of reference only and are to be afforded no significance in the interpretation or construction of this Agreement.

18.7 This Agreement will 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 Interconnection Agreement Between AEP Texas North Company and Texas-New Mexico Power Company to be executed in two (2) counterparts, each of which shall constitute an original, on the day and year first written above.

AEP TEXAS NORTH COMPANY

By: /s/ Richard P. Verret
Richard P. Verret
Vice President

Date: January 9, 2004

TEXAS-NEW MEXICO POWER COMPANY

By: /s/ Doug Hobbs
Doug Hobbs
Sr. Vice-President T&D Operations

Date: November 24, 2003

EXHIBIT A
LIST OF FACILITY SCHEDULES AND POINTS OF INTERCONNECTION

Facilities Schedule No.	Name of Point of Interconnection (# of Points)	Delivery Voltage [kV]	LDF Charge Type ⁽¹⁾	Meter Voltage [kV]	Metering Installed Cost	Estimated Peak Load [kW]	Party Reporting Interconnect Data	Effective Date in this Agreement, Prior Agreements or Amendments
1	Rio Pecos 138 kV (2)	138	T	138			AEP	January 9, 2004 July 30, 2008
2	Rio Pecos 69 kV (0) (terminated)	-	-				-	January 9, 2004 July 30, 2008
3	Fort Stockton Plant 138 kV (1)	138	T	138			AEP	January 9, 2004
4	Fort Stockton Plant 69 kV (1)	69	T	69			-	January 9, 2004
5	Fort Stockton Switching Station (1)	69	T	69			-	January 9, 2004
6	Gomez (2)	69	T	69			TNMP	January 9, 2004
7	Belding (1)	69	T	69			TNMP	January 9, 2004
8	SWTEC White Baker Tap (0) (terminated)	-	-				-	January 9, 2004 July 30, 2008
9	Hackberry Draw (1)	138	T	138			TNMP	June 22, 2005
10	County Road 101 (1)	138	T	138			TNMP	June 15, 2007
11	Musquiz (1)	138	T	138			TNMP	May 7, 2012

Notes:

⁽¹⁾ Indicated Local Distribution Facilities (LDF) Charge(s) determined pursuant to ERCOT Regional Transmission Service Agreement.

T = Transmission Delivery Point (LDF Charge = Metering Charge)

DS = Distribution Station voltage bus connection (LDF Charge = Metering + DS Charge)

OHL = Distribution Overhead Line connection (LDF Charge = Metering + DS + OHL Charge)

FACILITY SCHEDULE NO. 1

1. **Name:** **Rio Pecos 138 kV**
2. **Facility Location:** AEP's Rio Pecos Substation is located approximately 10 miles southwest of the City of McCamey near the City of Girvin, Texas. There are two Points of Interconnection at this location. One Point of Interconnection is located where conductors from TNMP's 16th St. substation line connect to AEP's bus fed by circuit breakers #5530 and #7295 and the other Point of Interconnection is located where conductors from TNMP's White Baker switching station line connect to AEP's bus fed by circuit breakers #5525 and #3805.
3. **Delivery Voltage:** 138 kV
4. **Metered Voltage and Location:** 138 kV metering is accomplished using 138 kV potential and current metering accuracy transformers located in AEP's Rio Pecos 138 kV Substation. Metering does not require loss compensation for these Points of Interconnection.
5. **Normal Operation of Interconnection:** Closed
6. **One Line Diagram Attached:** Yes
7. **Description of Facilities Owned by Each Party:**

AEP owns the following facilities:

 - i) land and all the facilities constituting the Rio Pecos Substation except as noted below in the TNMP ownership list
 - ii) relaying and control cable equipment associated with breaker #5530
 - iii) fiber optic communication termination box located on the dead-end structure.

TNMP owns the following facilities:

 - i) breaker #5530 and switch #5531 within the Rio Pecos Substation
 - ii) 138 kV transmission line from its 16th St Substation in Fort Stockton, Texas
 - iii) 138 kV transmission line from its White Baker switching station, including attached fiber optic communication shield wire to AEP's fiber termination box
8. **Operational Responsibilities of Each Party:**

AEP operates and controls the facilities at its Rio Pecos Substation. AEP provides Interconnect Data to accommodate data transfer via the ERCOT Inter-control Center Communications Protocol (ICCP) network or other mutually agreed upon method.
9. **Maintenance Responsibilities of Each Party:**

AEP maintains all the facilities at its Rio Pecos Substation.

TNMP maintains its transmission lines from the Ft. Stockton 16th St. substation to the Rio Pecos Substation and from the White Baker switching station to the Rio Pecos Substation.

- 10. Other Terms and Conditions: None**

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FACILITY SCHEDULE NO. 2

(Terminated)

- 1. Name: Rio Pecos 69 kV**

FACILITY SCHEDULE NO. 3

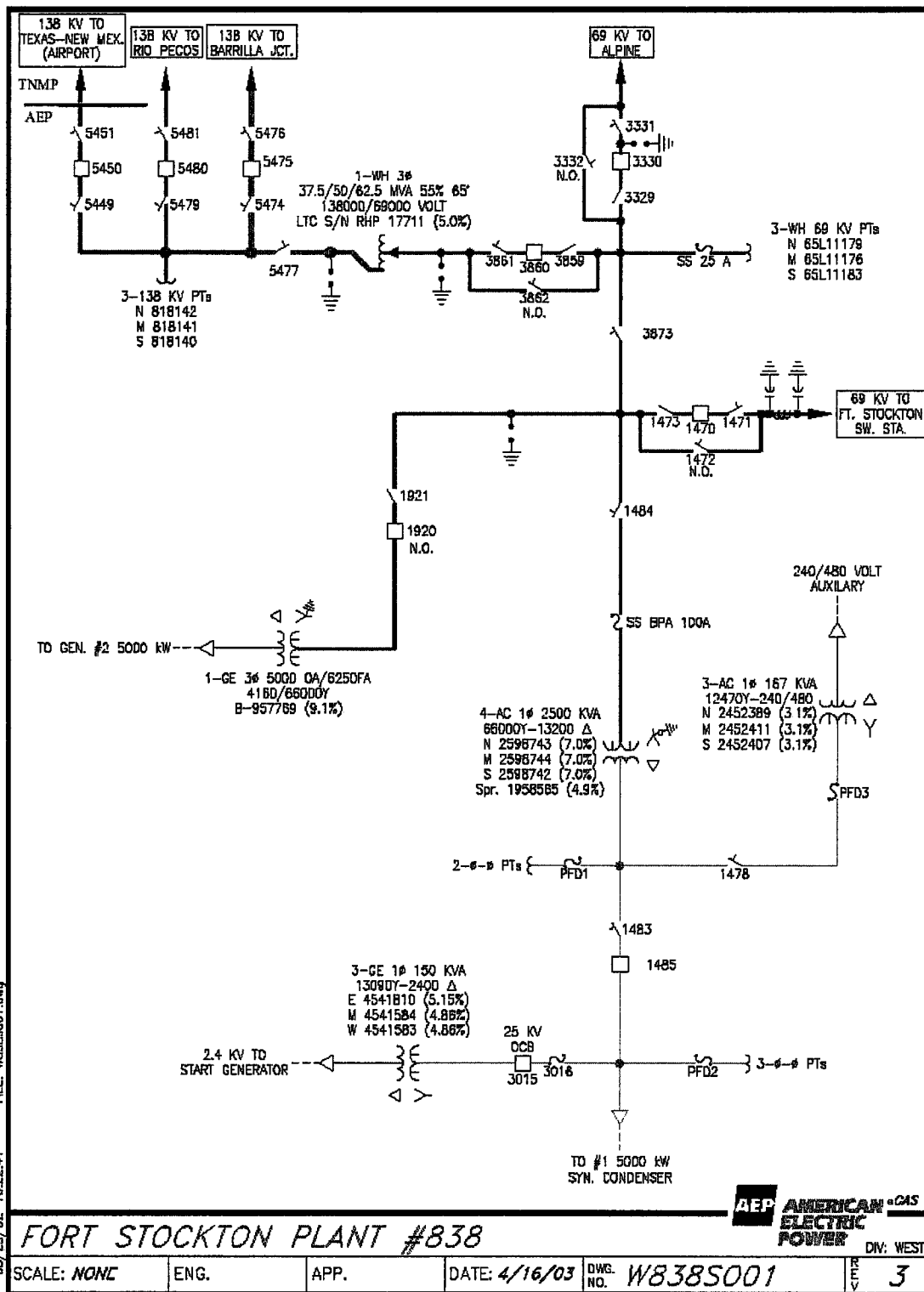
1. **Name:** Fort Stockton Plant 138 kV
2. **Facility Location:** AEP's Fort Stockton Power Plant Station is located approximately 5 ½ miles northwest of the City of Fort Stockton on Highway #285. The Point of Interconnection is located at the dead end above the line side disconnect switch on breaker #5450 that protects TNMP's 138 kV transmission line from its Airport Substation in Fort Stockton, Texas.
3. **Delivery Voltages:** 138 kV
4. **Metered Voltage and Location:** 138 kV metering is accomplished using 138 kV potential and current metering accuracy transformers located in AEP's Fort Stockton Plant Substation. Metering does not require loss compensation for this Point of Interconnection.
5. **Normal Operation of Interconnection:** Closed
6. **One Line Diagram Attached:** Yes
7. **Description of Facilities Owned by Each Party:**

AEP owns the land and all the facilities constituting the Fort Stockton Plant Substation.

TNMP owns the 138 kV transmission line from its Airport Substation.
8. **Operational Responsibilities of Each Party:**

AEP operates and controls all facilities at its Fort Stockton Power Plant Station. AEP provides Interconnect Data to accommodate data transfer via the ERCOT Inter-control Center Communications Protocol (ICCP) network or other mutually agreed upon method.
9. **Maintenance Responsibilities of Each Party:**

Each Party maintains the facilities it owns.
10. **Other Terms and Conditions:** None



FACILITY SCHEDULE NO. 4

1. **Name:** **Fort Stockton Plant 69 kV**
2. **Facility Location:** AEP's Fort Stockton Power Plant Station is located approximately 5 ½ miles northwest of the City of Fort Stockton on Highway #285. The Point of Interconnection is located on the dead end above line side disconnect on breaker #1470 where TNMP's 69 kV transmission line from AEP's Fort Stockton Switching Station is terminated on the dead end transmission structure in the Fort Stockton Power Plant Station.
3. **Delivery Voltages:** 69 kV
4. **Metered Voltage and Location:** Not Metered.
5. **Normal Operation of Interconnection:** Closed
6. **One Line Diagram Attached:** Yes
7. **Description of Facilities Owned by Each Party:**

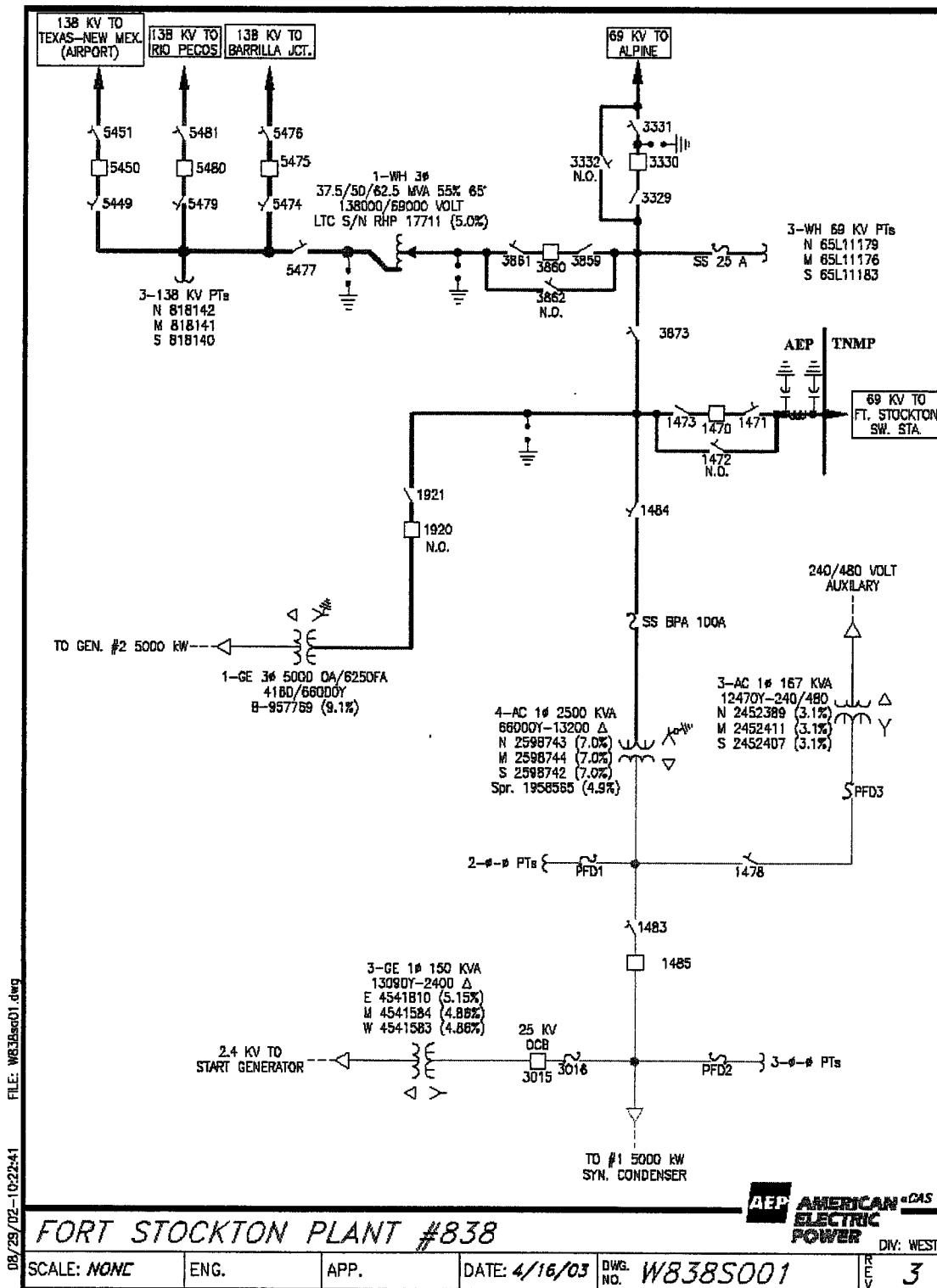
 AEP owns the land and all the facilities constituting the Fort Stockton Plant 69 kV Substation.

 TNMP owns the 69 kV transmission line from AEP's Fort Stockton Switching Station.
8. **Operational Responsibilities of Each Party:**

 AEP operates and controls all facilities at its Fort Stockton Power Plant Station.
9. **Maintenance Responsibilities of Each Party:**

 Each Party maintains the facilities it owns.
10. **Other Terms and Conditions:**

 When the capability is acquired, AEP provides Interconnect Data to accommodate data transfer via the ERCOT Inter-control Center Communications Protocol (ICCP) network or other mutually agreed upon method.



FACILITY SCHEDULE NO. 5

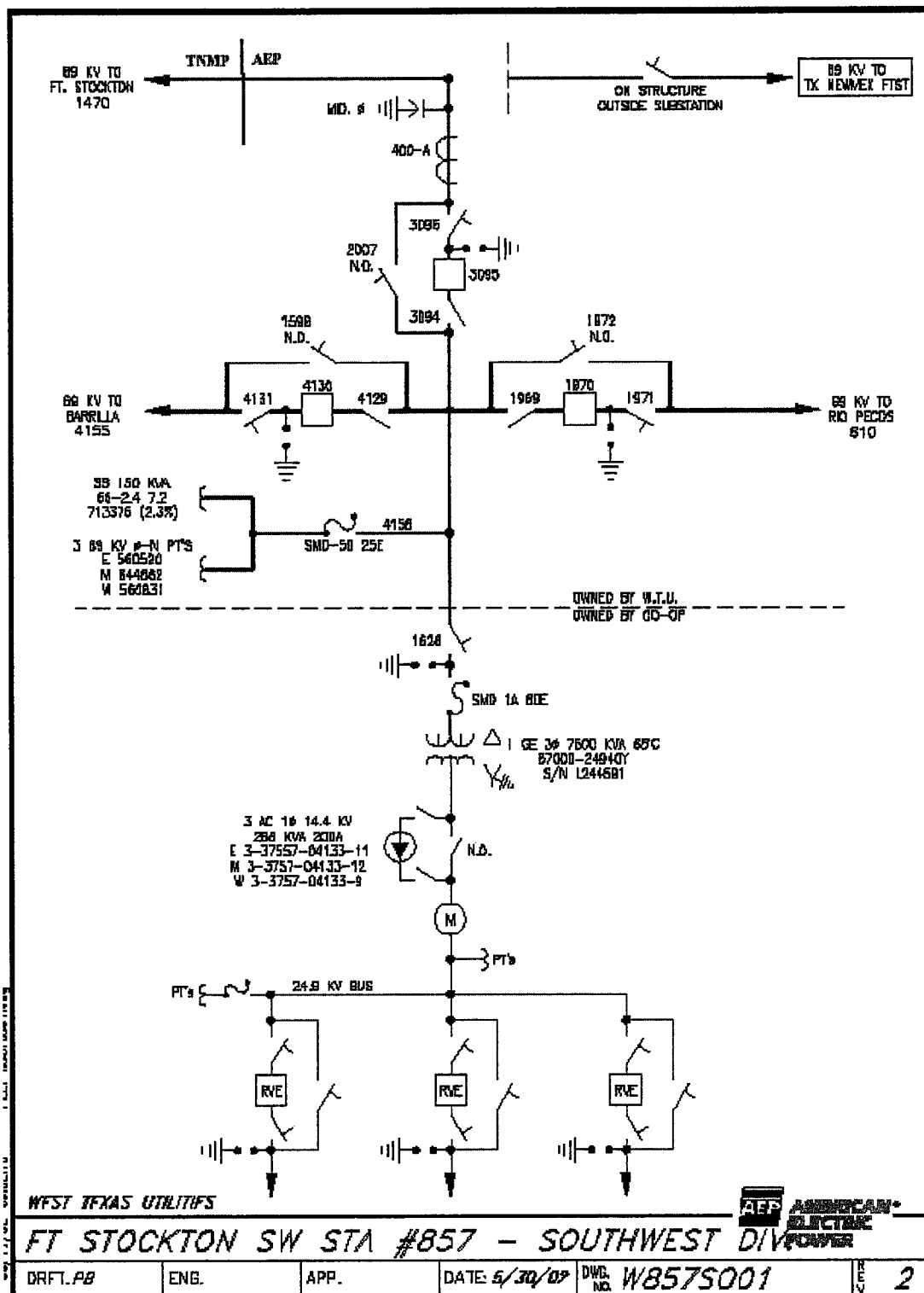
1. **Name:** **Fort Stockton Switching Station**
2. **Facility Location:** AEP's Fort Stockton Switching Station is located approximately 16 miles northwest of the City of Fort Stockton on Highway #285. The Point of Interconnection is located on the dead end above the line side disconnect on breaker #3095 where TNMP's 69 kV transmission line from AEP's Fort Stockton Power Plant Station is terminated on the dead end transmission structure in the Fort Stockton Switching Station.
3. **Delivery Voltage:** 69 kV
4. **Meter Voltage and Location:** Not Metered
5. **Normal Operation of Interconnection:** Closed
6. **One Line Diagram Attached:** Yes
7. **Description of Facilities Owned by Each Party:**

 AEP owns the land and all the facilities constituting the Fort Stockton Switching Station. TNMP owns the 69 kV transmission line from AEP's Fort Stockton Power Plant Station.
8. **Operational Responsibilities of Each Party:**

 AEP operates and controls all facilities at its Fort Stockton Switching Station.
9. **Maintenance Responsibilities of Each Party:**

 Each Party maintains the facilities it owns.
10. **Other Terms and Conditions:**

 When the capability is acquired, AEP provides Interconnect Data to accommodate data transfer via the ERCOT Inter-control Center Communications Protocol (ICCP) network or other mutually agreed upon method.



FACILITY SCHEDULE NO. 6

1. **Name:** **Gomez**
2. **Facility Location:** TNMP's Gomez Substation is located approximately 15 miles north of the City of Fort Stockton, 5.8 miles east of the Fort Stockton Switching Station. There are two (2) Points of Interconnection at this location. Each is located at the in-line switch (switches A6739 and A6740) on AEP's Fort Stockton Switching Station to Pecos Valley 69 kV transmission line.
3. **Delivery Voltage:** 69 kV
4. **Meter Voltage and Location:** Metering is accomplished using 24.9 kV potential and current metering accuracy transformers located on the secondary side of TNMP's 69-24.9 kV substation transformer in TNMP's Gomez Substation. Metering is equipped with loss compensation capability and is compensated for losses from the 69 kV Point of Interconnection to the location of the metering instruments on the 24.9 kV secondary bus.
5. **Normal Operation of Interconnection:** Closed
6. **One Line Diagram Attached:** Yes
7. **Description of Facilities Owned by Each Party:**

TNMP owns the land and all the facilities constituting the Gomez Substation. TNMP also owns the 69 kV in-line switches, tap switch, and 69 kV tap line.

AEP owns the Fort Stockton Switching Station to Pecos Valley 69 kV line.
8. **Operational Responsibilities of Each Party:**

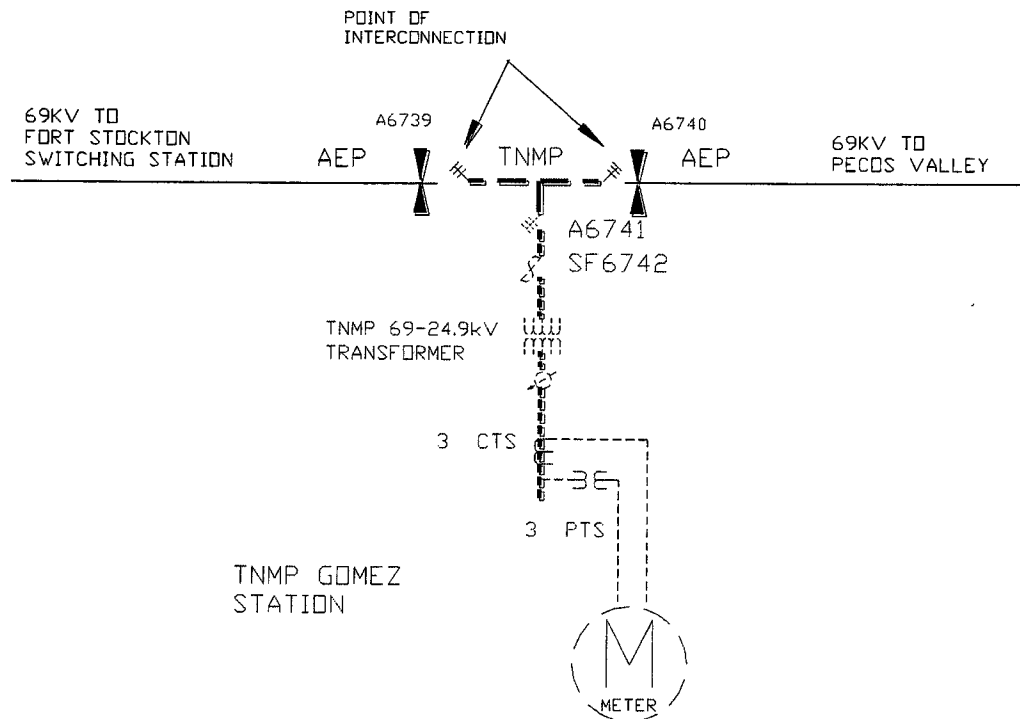
TNMP operates and controls all facilities at its Gomez Substation. TNMP provides Interconnect Data to accommodate data transfer via the ERCOT Inter-control Center Communications Protocol (ICCP) network or other mutually agreed upon method. Status is not available from this site.

AEP operates and controls its Fort Stockton Switching Station to Pecos Valley 69 kV line.
9. **Maintenance Responsibilities of Each Party:**

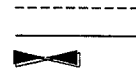
Each Party maintains the facilities it owns.
10. **Other Terms and Conditions:**

The Parties understand and agree that telemetry will be installed in the first quarter of 2004 and until this is accomplished the Interconnect Data will not be available.

FACILITY SCHEDULE NO. 6
 GOMEZ POINT OF INTERCONNECTION
 ONE-LINE DIAGRAM



LEGEND
 TNMP OWNED EQUIPMENT
 AEP OWNED EQUIPMENT
 POINT OF INTERCONNECTION
 REVISED 15-OCT-2003



FACILITY SCHEDULE NO. 7

1. **Name:** **Belding**
2. **Facility Location:** TNMP's Belding Substation is located approximately 15 miles southwest of AEP's Fort Stockton Plant. The Point of Interconnection is at the tap switch (switch A6603) on AEP's Fort Stockton Plant to Alpine 69 kV line.
3. **Delivery Voltage:** 69 kV
4. **Meter Voltage and Location:** Metering is accomplished using 12.5 kV potential and current metering accuracy transformers located on the secondary side of TNMP's 69-12.5 kV substation transformer in TNMP's Belding Substation. Metering is equipped with loss compensation capability and is compensated for losses from the 69 kV Point of Interconnection to the location of the metering instruments on the 12.5 kV secondary bus.
5. **Normal Operation of Interconnection:** Closed
6. **One Line Diagram Attached:** Yes
7. **Description of Facilities Owned by Each Party:**

TNMP owns the land and all the facilities constituting the Belding Substation. TNMP also owns the 69 kV tap line including tap switch A6603.

AEP owns the Fort Stockton Plant to Alpine 69 kV line including the tap structure and in-line switches (#5263 and 5267) at the tap.
8. **Operational Responsibilities of Each Party:**

TNMP operates and controls all facilities at its Belding Substation. TNMP provides Interconnect Data to accommodate data transfer via the ERCOT Inter-control Center Communications Protocol (ICCP) network or other mutually agreed upon method. Status is not available from this site.

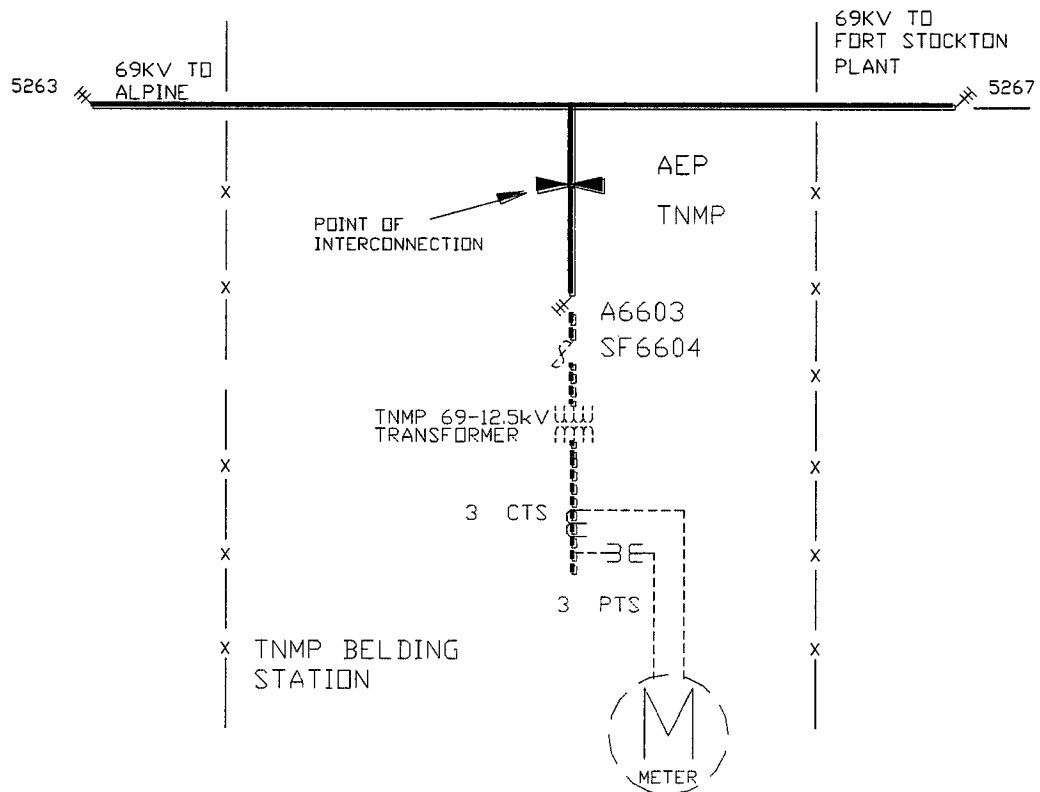
AEP operates and controls its Fort Stockton Plant - Alpine 69 kV transmission line including the in-line switches(#5263 and #5267) at the Belding tap.
9. **Maintenance Responsibilities of Each Party:**

Each Party maintains the facilities it owns.
10. **Other Terms and Conditions:**

The Parties understand and agree that telemetry will be installed in the first quarter of 2004 and until this is accomplished the Interconnect Data will not be available.

FACILITY SCHEDULE NO. 7

BELDING POINT OF INTERCONNECTION ONE-LINE DIAGRAM



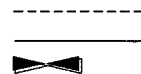
LEGEND

TNMP OWNED EQUIPMENT

AEP OWNED EQUIPMENT

POINT OF
INTERCONNECTION

REVISED 15-OCT-2003



FACILITY SCHEDULE NO. 8
(Terminated)

1. **Name:** **SWTEC White Baker Tap**

FACILITY SCHEDULE NO. 9

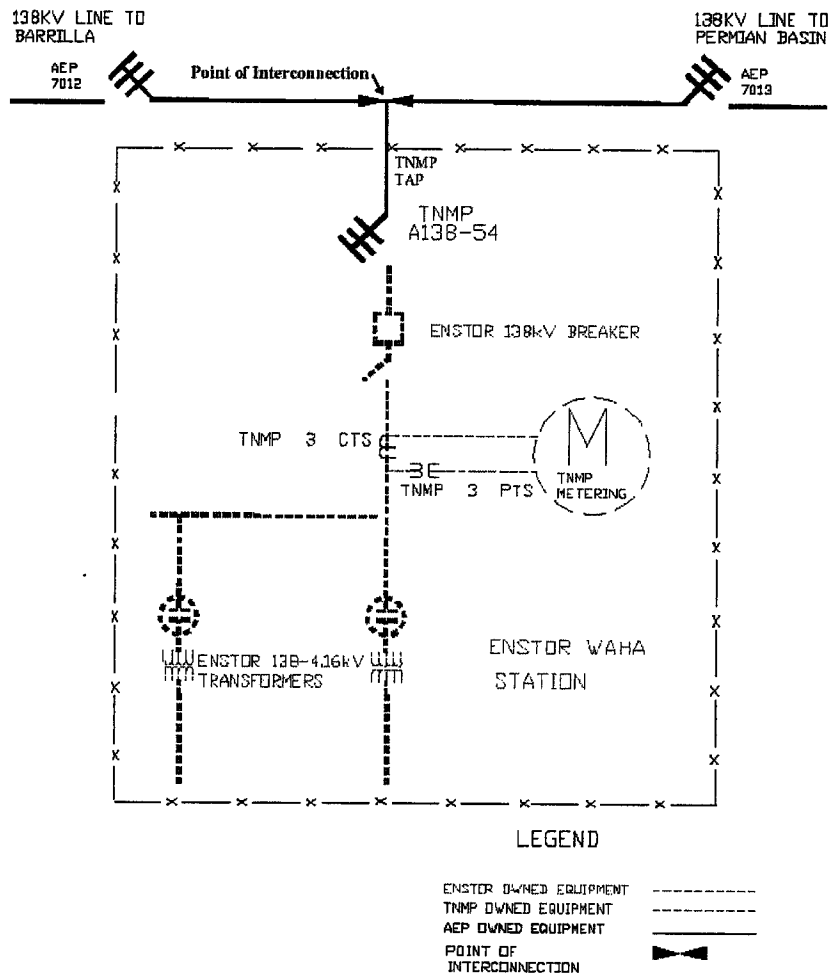
1. **Name:** **Hackberry Draw**
2. **Facility Location:** The Hackberry Draw Point of Interconnection is located at ENSTOR's WAHA Substation which is located at ENSTOR's gas storage facility approximately 25 miles southeast of Pecos, Texas in Reeves County, near the intersection of FM 1450 and County Road 101. The Point of Interconnection is south of FM 1450 and west of County Road 101 on AEP's Permian Basin Substation to Barrilla Substation 138 kV transmission line. The Point of Interconnection being more specifically defined where the conductors from TNMP's switch A138-54 connect to AEP's line that is tapped off of its Permian Basin to Barilla line.
3. **Delivery Voltage:** 138 kV
4. **Meter Voltage and Location:** Metering is accomplished using 138 kV potential and current metering accuracy transformers located in ENSTOR's WAHA Substation. Metering does not require loss compensation for this Point of Interconnection.
5. **Normal Operation of Interconnection:** Closed
6. **One Line Diagram Attached:** Yes
7. **Description of Facilities Owned by Each Party:**
 - a. ENSTOR owns the land and all the facilities constituting the WAHA Substation except for the facilities noted in Items 7b and 7c below.
 - b. TNMP owns switch A138-54, the 138 kV tap line from the AEP tap structure to switch A138-54, including the jumper conductors, the 138 kV metering accuracy potential and metering accuracy current transformers, metering, and the telemetry.
 - c. AEP owns the 138 kV transmission line from Permian Basin Substation to Barrilla Substation, the tap structure and the 138 kV switches on both sides of the tap line.
8. **Operational Responsibilities of Each Party:**

TNMP operates and controls all facilities that it owns in the WAHA Substation. TNMP provides Interconnect Data to accommodate data transfer via the ERCOT Inter-control Center Communications Protocol (ICCP) network or other mutually agreed upon method.

AEP operates and controls its Permian Basin Substation to Barrilla Substation 138 kV line.
9. **Maintenance Responsibilities of Each Party:**

Each Party maintains the facilities it owns.
10. **Other Terms and Conditions:** None

FACILITY SCHEDULE NO. 9
HACKBERRY DRAW POINT OF
INTERCONNECTION
ONE-LINE DIAGRAM



FACILITY SCHEDULE NO. 10

1. **Name:** County Road 101
2. **Facility Location:** The County Road 101 Point of Interconnection is located near the Enterprise County Road 101 Substation approximately 25 miles southeast of Pecos, Texas in Reeves County, near the intersection of FM 1450 and County Road 101. The Point of Interconnection is south of FM 1450 and west of County Road 101 on AEP's Permian Basin Substation to Barrilla Substation 138 kV transmission line. The Point of Interconnection being more specifically defined where the conductors from TNMP's switch A138-82 connect to AEP's line that is tapped off of its Permian Basin to Barilla line.
3. **Delivery Voltage:** 138 kV
4. **Meter Voltage and Location:** Metering is accomplished using 138 kV potential and current metering accuracy transformers located in the Enterprise County Road 101 Substation. Metering does not require loss compensation for this Point of Interconnection.
5. **Normal Operation of Interconnection:** Closed
6. **One Line Diagram Attached:** Yes
7. **Description of Facilities Owned by Each Party:**
 - a. Paso Natural Gas and Enterprise GC own the land and Enterprise GC, L.P. owns all the facilities constituting the Enterprise County Road 101 Substation except for the facilities noted in Items 7b and 7c below.
 - b. TNMP owns switch A138-82, the 138 kV tap line from the AEP tap structure to the Enterprise County Road 101 Substation from the AEP tap structure to switch A138-83 including the source side jumper conductors, the 138 kV metering accuracy potential and metering accuracy current transformers, metering, and the telemetry.
 - c. AEP owns the 138 kV transmission line from Permian Basin Substation to Barrilla Substation, the tap structure and the 138 kV switches on both sides of the tap line.
8. **Operational Responsibilities of Each Party:**

TNMP operates and controls all facilities that it owns. TNMP provides Interconnect Data to accommodate data transfer via the ERCOT Inter-control Center Communications Protocol (ICCP) network or other mutually agreed upon method.

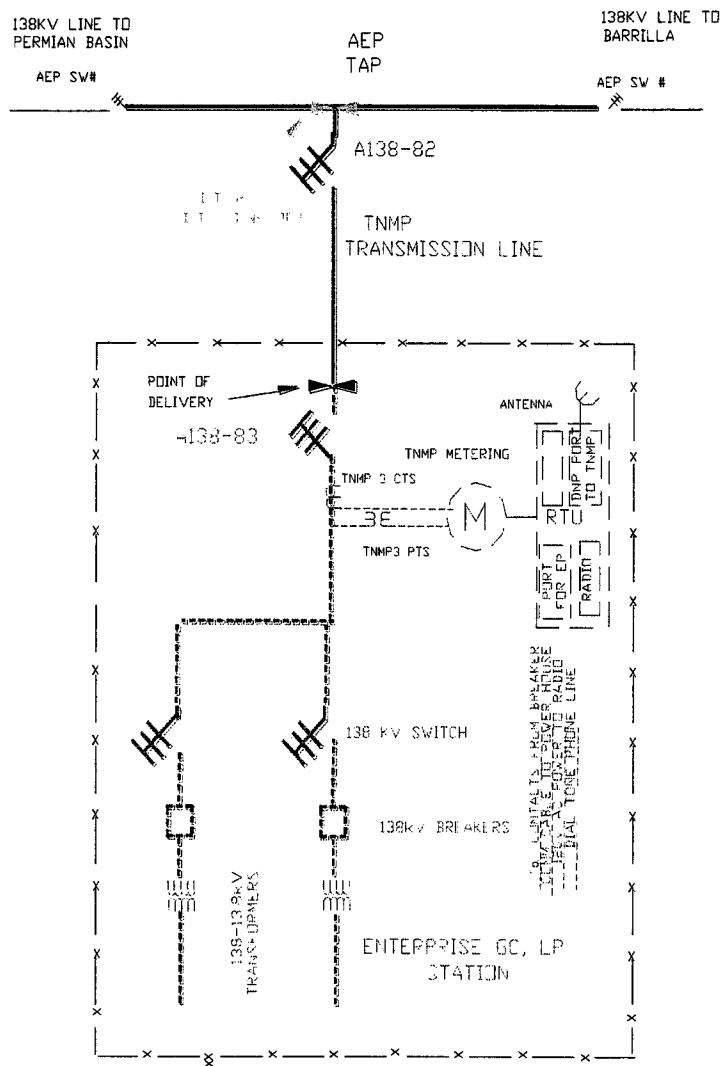
AEP operates and controls its Permian Basin Substation to Barrilla Substation 138 kV line.
9. **Maintenance Responsibilities of Each Party:**

Each Party maintains the facilities it owns.

10. Other Terms and Conditions: None

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ONE-LINE DIAGRAM COUNTY ROAD 101 INTERCONNECT POINT OF DELIVERY TO ENTERPRISE CG, L.P.



LEGEND

ENT. CG, LP OWNED EQUIPMENT -----
TNMP OWNED EQUIPMENT - - - - -
AEP OWNED EQUIPMENT _____

POINT OF
DELIVERY
REVISED Feb 1, 2007
I T O
I T O H L J



FACILITY SCHEDULE NO. 11

1. **Name:** **Musquiz**
2. **Facility Location:** The Musquiz Point of Interconnection ("Musquiz POI") will be located northeast of US 285, between Pecos and Ft Stockton, Texas, in Reeves County. Approximately 19.3 miles northeast of Barrilla Junction on the Barrilla Junction to Permian Basin 138 kV transmission line (31° 14' 17.81" N, 103° 09' 29.23" W). The Musquiz POI will be on the source-side of TNMP's A138-89, motor-operated, 138 kV sectionalizing switch. More specifically the Musquiz POI will be where the jumpers from AEP's slack span physically contact TNMP's A138-89, motor-operated, 138 kV sectionalizing switch.
3. **Delivery Voltage:** 138 kV
4. **Metered Voltage and Location:** Metering will be accomplished using 138 kV potential and current metering accuracy transformers located at the Musquiz POI. Metering does not require loss compensation for this Musquiz POI.
5. **Normal Operation of Interconnection:** Closed
6. **One-Line Diagram Attached:** Yes
7. **Facilities Ownership and Installation Responsibilities of the Parties:**
 - a) **AEP** will install and own the following facilities:
 - i. the Barrilla Junction to Permian Basin 138 kV transmission line
 - ii. two (2) 138 kV sectionalizing switches (#3142 and #3182) in the Barrilla Junction to Permian Basin 138 kV transmission line either side of the Musquiz tap
 - iii. one (1) 138 kV sectionalizing switch #3212 in the 138 kV transmission line to Wolf Bone Ranch substation
 - iv. the slack span from the Musquiz tap to the Musquiz POI
 - v. metering facilities connected to TNMP's 138 kV instrument transformers via secondary wiring
 - vi. associated communications equipment
 - b) **TNMP** will install and own the following facilities
 - i. the A138-89, motor-operated, 138 kV sectionalizing switch in its Wolf Bone Tap station
 - ii. the 138 kV instrument transformers at the Musquiz POI in TNMP's Wolf Bone Tap station utilized by AEP for its metering facilities
 - c) Each Party will provide its own communication circuit from its communications equipment to its control center unless a mutually agreeable alternative solution is reached. TNMP will provide and maintain a monitor-only communications port on its RTU for use by AEP to locally interrogate interconnection data as determined by

mutual agreement or as specified herein. TNMP will provide MW and MVAR load data to AEP via TNMP's monitor-only RTU communications port as described above. Additionally, TNMP will provide MW and MVAR load data to ERCOT via Inter-control Center Communications Protocol (ICCP).

8. Facility Operation Responsibilities of the Parties:

- a. Each Party will control and operate all the facilities it owns that are provided for in this Facility Schedule.

9. Facility Maintenance Responsibilities of the Parties:

- a. Each Party will be responsible for maintenance of the facilities it owns that are provided for in this Facility Schedule.

10. Other Terms and Conditions:

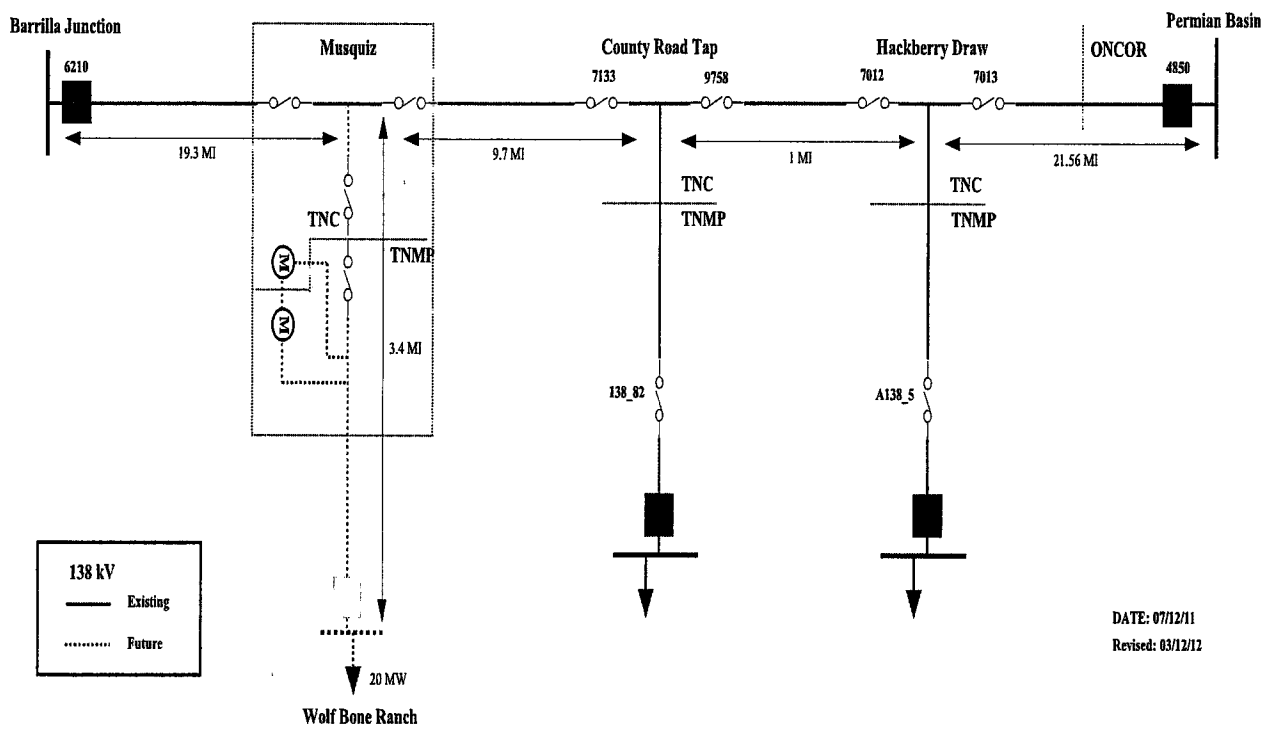
Access to the Parties facilities and equipment installation on a Parties property shall be performed in accordance with Article VII of the IA.

It is understood by the Parties that the facilities described in Section 7(a) of the Facilities Schedule are being installed to enable TNMP to provide retail electric service to Patriot Resources, Inc. at the Wolf Bone Station to be constructed in Reeves County, Texas. AEP agrees to use commercially reasonable efforts to construct and energize the Musquiz POI to make Musquiz POI used and useful to provide capacity and energy to that Musquiz POI by October 31, 2012 (the "Scheduled Completion Date"), subject to the availability to obtain transmission line clearance(s) to complete the work and Force Majeure events. The total installed cost of the AEP facilities described hereinabove is estimated to be One Million One Hundred Fifty-eight Thousand Dollars (\$1,158,000).

In the event that Customer Patriot Resources, Inc. cancels its project prior to the Musquiz POI being energized, TNMP shall promptly notify AEP. Immediately upon receipt of such notice, AEP shall cease all work relating to the installation and construction of its facilities for the Point of Interconnection. If Customer cancels its project prior to the Musquiz POI being energized, or if the Customer's project is not ready to commence commercial operation and begin taking electric service through the Musquiz POI by March 31, 2013, then, subject to the terms and conditions contained herein, TNMP agrees to reimburse AEP for i) the actual costs incurred by AEP, and the costs irrevocably committed to be incurred by AEP, for installing and constructing its facilities for the Point of Interconnection and, ii) the actual costs of removal of the AEP's material and equipment, all as reasonably calculated, and to the extent that such costs cannot be recovered in ERCOT transmission cost of service rates. AEP shall submit to TNMP an invoice for such costs, in accordance with Article XIII. With respect to such invoice, the 20th calendar day period for payment referenced in Section 13.3 shall be extended to seventy-five (75) calendar days after receipt of invoice payment period. AEP shall submit such invoice to TNMP hereunder no later than December 30, 2013, and TNMP shall not be required to

reimburse AEP for any amounts hereunder not invoiced on or before that date.

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**AMENDMENT NO. 3 TO THE
AEP TEXAS NORTH COMPANY
AND
TEXAS NEW MEXICO POWER COMPANY
INTERCONNECTION AGREEMENT**

This **Amendment No. 3 to the AEP Texas North Company and Texas New Mexico Power Company Interconnection Agreement** (this "Amendment") is made by and between **AEP Texas North Company** ("AEP") and **Texas New Mexico Power Company**, ("TNMP") as of the 11th day of April 2012. AEP and TNMP are each sometimes hereinafter referred to individually as a "Party" or collectively as the "Parties."

WITNESSETH

WHEREAS, AEP and TNMP are parties to the certain Interconnection Agreement dated as of January 9, 2004 (the "Interconnection Agreement");

WHEREAS, the Interconnection Agreement provides terms and conditions that allow a Point of Interconnection be added to, deleted from or amended to the Interconnection Agreement as mutually agreed by the Parties, whereby such addition or deletion or amendments be recorded in Exhibit A and a Facility Schedule be added, deleted or amended in such a way that the numbering of the other Facility Schedules in the Interconnection Agreement is not changed; and

WHEREAS, the Parties have agreed to amend the Interconnection Agreement by adding new Facilities Schedules No. 11 that provides for the Musquiz Point of Interconnection.

WHEREAS, the Parties have agreed to amend Exhibit A of the Interconnection Agreement that provides for the List of Facility Schedule and Points of Interconnection.

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

I. CAPITALIZED TERMS

Capitalized terms used but not otherwise defined herein shall have the meanings specified in the Interconnection Agreement, as amended and supplemented by this Amendment.

II. ADDITIONS AND AMENDMENTS

- A. This Amendment shall be effective as of the date first written above, or become effective on such date accepted by Federal Energy Regulatory Commission ("FERC") or any other regulatory agency having jurisdiction (the "Effective Date").

B. Effective as of the Effective Date, Facility Schedule No. 11 attached hereto is hereby added to the Interconnection Agreement and Exhibit A of the Interconnection Agreement is hereby amended and superseded by the revised Exhibit A attached hereto.

III. RATIFICATION OF OTHER TERMS

All terms and conditions of the Interconnection Agreement which are not specifically amended by this Amendment shall remain unchanged and are hereby ratified by the Parties and shall continue to be in full force and effect.

IN WITNESS WHEREOF, the Parties have caused this Amendment to be executed in two (2) counterparts, each of which shall be deemed an original but both shall constitute one and the same instrument.

Texas New Mexico Power Company

By: /s/ Neal Walker
Neal Walker
President

Date: April 11, 2012

AEP Texas North Company

By: /s/ Scott N. Smith
Scott N. Smith
Vice President

Date: May 7, 2012

EXHIBIT A
LIST OF FACILITY SCHEDULES AND POINTS OF INTERCONNECTION

Facilities Schedule No.	Name of Point of Interconnection (# of Points)	Delivery Voltage [kV]	LDF Charge Type ⁽¹⁾	Meter Voltage [kV]	Metering Installed Cost	Estimated Peak Load [kW]	Party Reporting Interconnect Data	Effective Date in this Agreement, Prior Agreements or Amendments
1	Rio Pecos 138 kV (2)	138	T	138	-	-	AEP	January 9, 2004 July 30, 2008
2	Rio Pecos 69 kV (0) Terminated	-	-	-	-	-	-	January 9, 2004 July 30, 2008
3	Fort Stockton Plant 138 kV (1)	138	T	138	-	-	AEP	January 9, 2004
4	Fort Stockton Plant 69 kV (1)	69	T	69	-	-	-	January 9, 2004
5	Fort Stockton Switching Station (1)	69	T	69	-	-	-	January 9, 2004
6	Gomez (2)	69	T	69	-	-	TNMP	January 9, 2004
7	Belding (1)	69	T	69	-	-	TNMP	January 9, 2004
8	SWTEC White Baker Tap (0) Terminated	-	-	-	-	-	-	January 9, 2004 July 30, 2008
9	Hackberry Draw (1)	138	T	138	-	-	TNMP	June 22, 2005
10	County Road 101 (1)	138	T	138	-	-	TNMP	June 15, 2007
11	Musquiz (1)	138	T	138	-	-	TNMP	May 7, 2012

Notes.

(1) Indicated Local Distribution Facilities (LDF) Charge(s) determined pursuant to ERCOT Regional Transmission Service Agreement.

T = Transmission Delivery Point (LDF Charge = Metering Charge)

DS = Distribution Station voltage bus connection (LDF Charge = Metering + DS Charge)

OHL = Distribution Overhead Line connection (LDF Charge = Metering + DS + OHL Charge)

FACILITY SCHEDULE NO. 11

1. **Name:** Musquiz
2. **Facility Location:** The Musquiz Point of Interconnection ("Musquiz POI") will be located northeast of US 285, between Pecos and Ft Stockton, Texas, in Reeves County. Approximately 19.3 miles northeast of Barrilla Junction on the Barrilla Junction to Permian Basin 138 kV transmission line (31° 14' 17.81" N, 103° 09' 29.23" W). The Musquiz POI will be on the source-side of TNMP's A138-89, motor-operated, 138 kV sectionalizing switch. More specifically the Musquiz POI will be where the jumpers from AEP's slack span physically contact TNMP's A138-89, motor-operated, 138 kV sectionalizing switch.
3. **Delivery Voltage:** 138 kV
4. **Metered Voltage and Location:** Metering will be accomplished using 138 kV potential and current metering accuracy transformers located at the Musquiz POI. Metering does not require loss compensation for this Musquiz POI.
5. **Normal Operation of Interconnection:** Closed
6. **One-Line Diagram Attached:** Yes
7. **Facilities Ownership and Installation Responsibilities of the Parties:**
 - a) AEP will install and own the following facilities:
 - i. the Barrilla Junction to Permian Basin 138 kV transmission line
 - ii. two (2) 138 kV sectionalizing switches (#3142 and #3182) in the Barrilla Junction to Permian Basin 138 kV transmission line either side of the Musquiz tap
 - iii. one (1) 138 kV sectionalizing switch #3212 in the 138 kV transmission line to Wolf Bone Ranch substation
 - iv. the slack span from the Musquiz tap to the Musquiz POI
 - v. metering facilities connected to TNMP's 138 kV instrument transformers via secondary wiring
 - vi. associated communications equipment
 - b) TNMP will install and own the following facilities
 - i. the A138-89, motor-operated, 138 kV sectionalizing switch in its Wolf Bone Tap station
 - ii. the 138 kV instrument transformers at the Musquiz POI in TNMP's Wolf Bone Tap station utilized by AEP for its metering facilities
 - c) Each Party will provide its own communication circuit from its communications equipment to its control center unless a mutually agreeable alternative solution is reached. TNMP will provide and maintain a monitor-only communications port on its RTU for use by AEP to locally interrogate interconnection data as determined by

mutual agreement or as specified herein. TNMP will provide MW and MVAR load data to AEP via TNMP's monitor-only RTU communications port as described above. Additionally, TNMP will provide MW and MVAR load data to ERCOT via Inter-control Center Communications Protocol (ICCP).

8. Facility Operation Responsibilities of the Parties:

- a. Each Party will control and operate all the facilities it owns that are provided for in this Facility Schedule.

9. Facility Maintenance Responsibilities of the Parties:

- a. Each Party will be responsible for maintenance of the facilities it owns that are provided for in this Facility Schedule.

10. Other Terms and Conditions:

Access to the Parties facilities and equipment installation on a Parties property shall be performed in accordance with Article VII of the IA.

It is understood by the Parties that the facilities described in Section 7(a) of the Facilities Schedule are being installed to enable TNMP to provide retail electric service to Patriot Resources, Inc. at the Wolf Bone Station to be constructed in Reeves County, Texas. AEP agrees to use commercially reasonable efforts to construct and energize the Musquiz POI to make Musquiz POI used and useful to provide capacity and energy to that Musquiz POI by October 31, 2012 (the "Scheduled Completion Date"), subject to the availability to obtain transmission line clearance(s) to complete the work and Force Majeure events. The total installed cost of the AEP facilities described hereinabove is estimated to be One Million One Hundred Fifty-eight Thousand Dollars (\$1,158,000).

In the event that Customer Patriot Resources, Inc. cancels its project prior to the Musquiz POI being energized, TNMP shall promptly notify AEP. Immediately upon receipt of such notice, AEP shall cease all work relating to the installation and construction of its facilities for the Point of Interconnection. If Customer cancels its project prior to the Musquiz POI being energized, or if the Customer's project is not ready to commence commercial operation and begin taking electric service through the Musquiz POI by March 31, 2013, then, subject to the terms and conditions contained herein, TNMP agrees to reimburse AEP for i) the actual costs incurred by AEP, and the costs irrevocably committed to be incurred by AEP, for installing and constructing its facilities for the Point of Interconnection and, ii) the actual costs of removal of the AEP's material and equipment, all as reasonably calculated, and to the extent that such costs cannot be recovered in ERCOT transmission cost of service rates. AEP shall submit to TNMP an invoice for such costs, in accordance with Article XIII. With respect to such invoice, the 20th calendar day period for payment referenced in Section 13.3 shall be extended to seventy-five (75) calendar days after receipt of invoice payment period. AEP shall submit such invoice to TNMP hereunder no later than December 30, 2013, and TNMP shall not be required to

reimburse AEP for any amounts hereunder not invoiced on or before that date.

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