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PROJECT No. 35077

**INFORMATIONAL FILING OF ERCOT
INTERCONNECTION AGREEMENTS
PURSUANT TO P.U.C. SUBST. R. 25.195(e)**

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June 7, 2012

TABLE OF CONTENTS

<u>Description</u>	<u>Pages</u>
Amendment No. 3 to AEP Texas North Company and Texas-New Mexico Power Company Interconnection Agreement, April 11, 2012.	2-10

**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 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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