

**ASSIGNMENT, ASSUMPTION, TERMINATION AND RELEASE AGREEMENT**

**AMONG**

**PUBLIC SERVICE COMPANY OF NEW MEXICO**

**TUCSON ELECTRIC POWER COMPANY**

**THE CITY OF FARMINGTON, NEW MEXICO**

**M-S-R PUBLIC POWER AGENCY**

**THE INCORPORATED COUNTY OF LOS ALAMOS, NEW MEXICO**

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**

**CITY OF ANAHEIM**

**UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS**

**TRI-STATE GENERATION AND TRANSMISSION ASSOCIATION, INC.**

**PNMR DEVELOPMENT AND MANAGEMENT CORPORATION**

**SEPTEMBER 1, 2017**

## **ASSIGNMENT, ASSUMPTION, TERMINATION AND RELEASE AGREEMENT**

This ASSIGNMENT, ASSUMPTION, TERMINATION AND RELEASE AGREEMENT (“Agreement”), is effective as of September 1, 2017 (“Effective Date”), among PUBLIC SERVICE COMPANY OF NEW MEXICO, a New Mexico corporation (“PNM”); TUCSON ELECTRIC POWER COMPANY, an Arizona corporation (“TEP”); THE CITY OF FARMINGTON, NEW MEXICO, an incorporated municipality and a body politic and corporate, existing as a political subdivision under the constitution and laws of the State of New Mexico (“Farmington”); M-S-R PUBLIC POWER AGENCY, a joint exercise of powers agency organized under the laws of the State of California (“M-S-R”); THE INCORPORATED COUNTY OF LOS ALAMOS, NEW MEXICO, a body politic and corporate, existing as a political subdivision under the constitution and laws of the State of New Mexico (“Los Alamos”); SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY, a joint exercise of powers agency organized under the laws of the State of California (“SCPPA”); CITY OF ANAHEIM, a municipal corporation organized under the laws of the State of California (“Anaheim”); UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS, a political subdivision of the State of Utah (“UAMPS”); TRI-STATE GENERATION AND TRANSMISSION ASSOCIATION, INC., a Colorado cooperative corporation (“Tri-State”); and PNMR DEVELOPMENT AND MANAGEMENT CORPORATION, a New Mexico corporation (“PNMR-D”). PNM, TEP, Farmington, M-S-R, Los Alamos, SCPPA, Anaheim, UAMPS, Tri-State and PNMR-D are hereinafter sometimes referred to individually as a “Party” and collectively as “Parties.”

### **RECITALS**

This Agreement is made with reference to the following facts, among others:

A. The San Juan Project is a four-unit, coal-fired electric generation plant located in San Juan County, near Farmington, New Mexico, also known as the San Juan Generating Station (“SJGS” or the “Project”). On the Effective Date, the owners of the Project are: PNM, TEP, Farmington, M-S-R, Los Alamos, SCPPA, Anaheim, UAMPS and Tri-State. The Amended and Restated San Juan Project Participation Agreement, dated March 23, 2006, as amended (“SJPPA”), governs the operation and maintenance of the Project.

B. On July 31, 2015, the Parties entered into a series of agreements to effectuate the restructuring of the ownership of SJGS and to accommodate the intent of certain Parties to exit from active involvement in the operation of SJGS (“Exiting Participants”). The Parties not exiting the Project are the “Remaining Participants.” These agreements are comprised of the following: (i) the San Juan Project Restructuring Agreement (“Restructuring Agreement”); (ii) the San Juan Decommissioning and Trust Funds Agreement (“Decommissioning Agreement”); (iii) the Amended and Restated Mine Reclamation and Trust Funds Agreement (“Mine Reclamation Agreement”); (iv) the Restructuring Amendment Amending and Restating the Amended and Restated San Juan Project Participation Agreement (“SJPPA Restructuring Amendment”); and (v) the Exit Date Amendment Amending and Restating the Amended and Restated San Juan Project Participation Agreement (“SJPPA Exit Date Amendment”). The

foregoing agreements are sometimes referred to herein collectively as the “Restructuring-related Agreements.”

C. Section 3.1 of the Restructuring Agreement provides that PNMR-D will not acquire an Ownership Interest in the Project until the Exit Date but that PNMR-D will be made a party to the SJPPA upon the effective date of the Restructuring Agreement to set out certain financial obligations that PNMR-D will assume, and rights it will have, in contemplation of its acquisition of an Ownership Interest in the Project on the Exit Date. Section 3.2 of the Restructuring Agreement provides that, as a condition of PNMR-D becoming a party to the SJPPA, PNMR-D’s parent company, PNM Resources, Inc. (“PNMR”), will enter into a parental guaranty of PNMR-D’s obligations under the Restructuring Agreement, the Decommissioning Agreement, the Mine Reclamation Agreement and the SJPPA. Pursuant to this requirement of the Restructuring Agreement, PNMR executed the parental guaranty agreement as of July 1, 2015 (“Parental Guaranty Agreement”). The “Guaranteed Parties” under the Parental Guaranty Agreement are PNM, TEP, M-S-R, Los Alamos, Farmington, Anaheim, UAMPS, SCPPA and Tri-State.

D. Section 6 of the Restructuring Agreement provides for the acquisition by PNMR-D, on the Exit Date, of a portion of the respective rights, titles and interests in the Project held by M-S-R and Anaheim, including 65 MW of SJGS Unit 4 (a 12.815% ownership of Unit 4).

E. PNMR-D also has various rights and obligations under the terms of the Decommissioning Agreement, the Mine Reclamation Agreement, the SJPPA Restructuring Amendment and the SJPPA Exit Date Amendment. Under the SJPPA Exit Date Amendment, on and after the Exit Date, PNMR-D was to become a full “Participant” in the Project, along with the other Remaining Participants.

F. In New Mexico Public Regulation Commission (“NMPRC”) Case No. 13-00390-UT, the NMPRC entered an order granting PNM a certificate of public convenience and necessity to acquire a 132 MW interest in Unit 4. In addition, the NMPRC authorized PNM to acquire, subject to various terms and conditions, an additional 65 MW interest in SJGS Unit 4. These 65 MW in SJGS Unit 4 that the NMPRC authorized PNM to acquire are the same 65 MW that PNMR-D had agreed in the Restructuring Agreement to acquire from M-S-R and Anaheim. PNM and PNMR-D are affiliates.

G. Consistent with the terms of the order issued in NMPRC Case No. 13-00390-UT, PNM desires to acquire the 65 MW in SJGS Unit 4 which PNMR-D had agreed in the Restructuring Agreement to acquire from M-S-R and Anaheim; and PNMR-D desires to assign to PNM its contractual rights and delegate to PNM its contractual obligations in the Restructuring-related Agreements, including the right to acquire a 65 MW interest in SJGS Unit 4.

H. The assignment of PNMR-D’s rights to PNM, as referenced in Recital G, will require the execution of a new exit date amendment of the SJPPA (“New Exit Date Amendment”) to supersede and replace the SJPPA Exit Date Amendment and to provide for the removal of PNMR-D as a Participant in the Project on and after the Exit Date.

I. The other Parties are willing to assent to the assignment to PNM of PNMR-D's interests, rights and obligations in the Project, including the right to acquire 65 MW in Unit 4; to the assumption by PNM of PNMR-D's obligations under the Restructuring-related Agreements; to the release of PNMR-D from its obligations under the Restructuring-related Agreements; to the termination of the Parental Guaranty Agreement and to other related matters, as herein specified.

## **AGREEMENT**

The Parties, for mutually agreeable consideration and for and in consideration of the mutual covenants to be by them kept and performed, agree as follows.

### **1.0 Term of Agreement**

This Agreement will become effective on the Effective Date and will continue in force and effect until all obligations under the Restructuring-related Agreements have terminated.

### **2.0 Definitions and Rules of Interpretation**

2.1 Definitions. The following terms, when used herein with initial capitalization, have the meanings specified below:

2.1.1 Assignment Transfer Date means the date as of which PNMR-D transfers to PNM and PNM assumes the interests, rights and obligations of PNMR-D under the Restructuring-related Agreements, as provided for in Sections 3.1, 3.2 and 3.3. The Assignment Transfer Date is anticipated to occur on or before but no later than the Exit Date, as determined by PNMR-D and PNM. PNM will provide, in the manner set forth in Section 8.3, written notice to the other Parties of the Assignment Transfer Date at least fifteen (15) days prior to the Assignment Transfer Date.

2.1.2 Decommissioning Agreement has the meaning provided for in Recital B.

2.1.3 Effective Date has the meaning provided for in the preamble.

2.1.4 Exit Date means the date as of which the Exiting Participants transfer all of their respective rights, titles and interests in and to their Ownership Interests to an acquiring Participant as provided for in Section 6 of the Restructuring Agreement and terminate their active involvement in the operation of the SJGS, except as expressly provided for in the Restructuring Agreement, the Decommissioning Agreement and the Mine Reclamation Agreement. The Exit Date is anticipated to be on or about December 31, 2017.

2.1.5 Exiting Participants means those Participants that will transfer all of their respective rights, titles and interests in and to their Ownership Interests to an acquiring Participant and terminate their active involvement in the operation of SJGS as of the Exit

Date, except as expressly provided for in the Restructuring Agreement, the Decommissioning Agreement and the Mine Reclamation Agreement. The Exiting Participants are M-S-R, Anaheim, SCPPA and Tri-State.

2.1.6 Federal Power Act or FPA means 16 U.S.C. §§ 791a *et seq.*

2.1.7 FERC means the Federal Energy Regulatory Commission or any successor thereto.

2.1.8 Governmental Authority means any federal, state, tribal, local, municipal or foreign governmental or regulatory authority, department, agency, commission, body, court or other governmental authority other than a Party.

2.1.9 Guaranteed Parties has the meaning provided for in Recital C and in the Parental Guaranty Agreement.

2.1.10 Law means statutes, rules, regulations, ordinances, orders and codes of federal, state and local Governmental Authorities.

2.1.11 Mine Reclamation Agreement has the meaning provided for in Recital B.

2.1.12 New Exit Date Amendment means the new exit date amendment referenced in Recital H.

2.1.13 NMPRC means the New Mexico Public Regulation Commission or any successor thereto.

2.1.14 Opt-in Participant means a Party which is or has elected to become an “Opt-in Participant,” as that term is defined in the Mine Reclamation Agreement.

2.1.15 Ownership Interest means a Party’s percentage undivided ownership interest in a Unit and in common equipment and facilities and rights incidental thereto, as increased, decreased, acquired or transferred as provided for in the Restructuring Agreement and this Agreement.

2.1.16 Parental Guaranty Agreement has the meaning provided for in Recital C.

2.1.17 Participant means any one of PNM, TEP, Farmington, M-S-R, Los Alamos, SCPPA, Anaheim, UAMPS or Tri-State.

2.1.18 Party means any one of the Participants as well as PNMR-D.

2.1.19 PNMR means PNM Resources, Inc., a New Mexico corporation.

2.1.20 Project has the meaning described in Recital A.

2.1.21 Remaining Participants means those Parties that will continue participation, or acquire an additional Ownership Interest, in the Project on and after the Exit Date and the Assignment Transfer Date; the Remaining Participants are PNM, TEP, Farmington, UAMPS and Los Alamos.

2.1.22 Restructuring Agreement has the meaning provided for in Recital B.

2.1.23 Restructuring-related Agreements has the meaning provided for in Recital B.

2.1.24 SJGS means the San Juan Generating Station.

2.1.25 SJPPA has the meaning provided for in Recital A.

2.1.26 SJPPA Exit Date Amendment means the amendment to the SJPPA referenced in Recital B and superseded and replaced by the New Exit Date Amendment.

2.1.27 SJPPA Restructuring Amendment means the amendment to the SJPPA, referenced in Recital B, which has been accepted for filing by the FERC and is presently in force and effect.

2.1.28 Unit means Unit 1, Unit 2, Unit 3 or Unit 4 of the Project.

2.2 Rules of Interpretation. Unless a clear contrary intention appears, this Agreement will be construed and interpreted as follows:

2.2.1 Any reference to a person includes any individual, partnership, firm, company, corporation, joint venture, trust, association, organization, governmental entity or other entity;

2.2.2 Any reference to a day, week, month or year is to a calendar day, week, month or year;

2.2.3 Any act required to occur by or on a certain day is required to occur before or on that day unless the day falls on a Saturday, Sunday or federal holiday, in which case the act must occur before or on the next business day;

2.2.4 The singular includes the plural and *vice versa*;

2.2.5 Reference to any person includes such person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this Agreement;

2.2.6 Unless expressly stated otherwise, reference to any agreement (including this Agreement), document, instrument or tariff means such agreement, document,

instrument or tariff as amended, supplemented, replaced or modified and in effect from time-to-time;

2.2.7 Reference to any Law means such Law as amended, modified, codified supplemented or reenacted, in whole or in part, and in effect from time-to-time, including, if applicable, rules and regulations promulgated thereunder;

2.2.8 Unless expressly stated otherwise, reference to any article, section, exhibit or appendix means such article, section, exhibit or appendix of this Agreement, as the case may be;

2.2.9 “Hereunder,” “hereof,” “herein,” “hereto” and words of similar import are deemed references to this Agreement as a whole and not to any particular provision hereof;

2.2.10 “Including,” “include” and “includes” are deemed to be followed by the phrase “without limitation” and will not be construed to mean the examples given constitute an exclusive list of the matters covered; and

2.2.11 Relating to the determination of any period of time, “from” means “from and including,” “to” means “to but excluding” and “through” means “through and including.”

### **3.0 Assignment and Assumption of Rights and Obligations**

3.1 PNMR-D’s Assignment of Rights and PNM’s Assumption of Obligations under Restructuring Agreement. Pursuant to Section 22.1.2 of the Restructuring Agreement, PNMR-D hereby agrees to assign to PNM, and on the Assignment Transfer Date will transfer to PNM, at book value, all of PNMR-D’s interests, rights and obligations under the Restructuring Agreement, including the obligation to receive from Anaheim and M-S-R the conveyance of their respective Ownership Interests in the Project. PNM hereby accepts such assignment and expressly and unconditionally agrees, on and after the Assignment Transfer Date, to assume all of PNMR-D’s interests and rights under the Restructuring Agreement and to assume and be bound by all of PNMR-D’s obligations under the Restructuring Agreement. PNM hereby states, and certifies to the other Parties, that its creditworthiness is equal to or higher than that of PNMR-D.

3.2 PNMR-D’s Assignment of Rights and PNM’s Assumption of Obligations under Decommissioning Agreement. Pursuant to Section 12.3 of the Decommissioning Agreement, PNMR-D hereby agrees to assign to PNM, and on the Assignment Transfer Date will transfer to PNM, all of PNMR-D’s rights and obligations under the Decommissioning Agreement. PNM hereby accepts such assignment and expressly and unconditionally agrees, on and after the Assignment Transfer Date, to assume all of PNMR-D’s rights under the Decommissioning Agreement and to

fully perform and discharge all of PNMR-D's obligations under the Decommissioning Agreement.

- 3.3 PNMR-D's Assignment of Rights and PNM's Assumption of Obligations under Mine Reclamation Agreement. Pursuant to Section 16.4 of the Mine Reclamation Agreement, PNMR-D hereby agrees to assign to PNM, and on the Assignment Transfer Date will transfer to PNM, all of PNMR-D's rights and obligations under the Mine Reclamation Agreement. PNM hereby accepts such assignment and expressly and unconditionally agrees, on and after the Assignment Transfer Date, to fully perform and discharge all of PNMR-D's obligations under the Mine Reclamation Agreement. PNM will remain an Opt-in Participant under the Mine Reclamation Agreement with respect to all of its Ownership Interests, including the interests assigned to it and the obligations assumed by it under this Agreement, and will have the obligations of an Opt-in Participant under the Mine Reclamation Agreement as to all of its interests in the Project.

#### **4.0 New Exit Date Amendment**

- 4.1 New Exit Date Amendment. In recognition of the assignment and assumption of rights and obligations provided for in Section 3, the Parties agree to execute a New Exit Date Amendment. The New Exit Date Amendment will reflect the exit from the Project of the Exiting Participants and set forth the terms of the SJPPA under which the Remaining Participants will continue their participation in the Project after the Exit Date and the Assignment Transfer Date, including the Remaining Participants' operation and maintenance of Units 1 and 4.
- 4.2 SJPPA Exit Date Amendment Superseded. The New Exit Date Amendment will supersede and replace the SJPPA Exit Date Amendment.

#### **5.0 PNMR-D Relieved of Certain Obligations**

- 5.1 Relief of Obligations under Restructuring Agreement. Pursuant to Section 22.3 of the Restructuring Agreement, PNM, TEP, Farmington, M-S-R, Los Alamos, SCPPA, Anaheim, UAMPS and Tri-State give their express prior written consent that, as of the Assignment Transfer Date, PNMR-D will be relieved of all of its obligations and duties under the Restructuring Agreement.
- 5.2 Relief of Obligations under Decommissioning Agreement. Pursuant to Section 12.3 of the Decommissioning Agreement, TEP, Farmington, M-S-R, Los Alamos, SCPPA, Anaheim, UAMPS and Tri-State give their express consent to the substitution of PNM in place of PNMR-D as of the Assignment Transfer Date. Pursuant to Section 12.5 of the Decommissioning Agreement, PNM, TEP, Farmington, M-S-R, Los Alamos, SCPPA, Anaheim, UAMPS and Tri-State give their express written consent that, as of the Assignment Transfer Date, PNMR-D will be relieved of all of its obligations and duties under the Decommissioning Agreement.



- 5.3 Relief of Obligations under Mine Reclamation Agreement. Pursuant to Section 16.4 of the Mine Reclamation Agreement, TEP, Farmington, M-S-R, Los Alamos, SCPPA, Anaheim, UAMPS and Tri-State hereby agree to the substitution of PNM in place of PNMR-D as of the Assignment Transfer Date. PNM, TEP, Farmington, M-S-R, Los Alamos, SCPPA, Anaheim, UAMPS and Tri-State agree that, as of the Assignment Transfer Date, PNMR-D will be relieved of all of its obligations and duties under the Mine Reclamation Agreement.
- 5.4 Relief of Obligations under SJPPA. Pursuant to Section 10.6 of the SJPPA, PNM, TEP, Farmington, M-S-R, Los Alamos, SCPPA, Anaheim, UAMPS and Tri-State give their express prior written consent that, as of the Assignment Transfer Date, PNMR-D will be relieved of all of its obligations and duties under the SJPPA.

## **6.0 Release of Parental Guaranty Agreement**

Except with respect to any obligation of PNMR-D arising or asserted to have arisen out of the Restructuring-related Agreements in the period between January 31, 2016 and the Assignment Transfer Date, for which the Parental Guaranty will remain in effect, as of the Assignment Transfer Date the Guaranteed Parties unconditionally release and discharge PNMR from its obligations under the Parental Guaranty Agreement.

## **7.0 Filings with Governmental Authorities**

- 7.1 FERC Filings. (a) No later than thirty (30) days after the Effective Date, PNM and PNMR-D will make a notice filing pursuant to ordering paragraph (C) of the FERC Order Authorizing Acquisition of Jurisdictional Facilities issued on December 30, 2015 in Docket No. EC15-213-000, 153 FERC ¶ 61,377 (2015), notifying FERC of the assignment of PNMR-D's rights and obligations to PNM as provided for in this Agreement; and (b) no later than sixty (60) days prior to the Exit Date, PNM will make an FPA Section 205 filing of the New Exit Date Amendment.
- 7.2 Other Regulatory Filings. Any Party required by Law to obtain approval from a Governmental Authority with regard to this Agreement will take all timely action to obtain such approval and will provide notice of any relevant filing to the other Parties as provided in Section 8.3.

## **8.0 Miscellaneous Provisions**

- 8.1 Governing Law. This Agreement is made under and will be governed by New Mexico law, without regard to conflicts of law or choice of law principles that would require the application of the laws of a different jurisdiction.
- 8.2 Venue. Venue with respect to any judicial proceeding arising out of or relating to this Agreement will lie exclusively in the state or federal courts in Albuquerque,

New Mexico, and the Parties irrevocably consent and submit to the exclusive jurisdiction of such courts for such purpose and irrevocably waive the defense of an inconvenient forum to the maintenance of any such action or proceeding. Service of process may be made in any manner recognized by such courts. A final judgment of the state or federal court will be enforceable in other states under applicable Law.

8.3 Manner of Giving of Notice. Any notice, demand, protest or request provided for in this Agreement, or served, given or made in connection with it, will be deemed properly served, given or made: (i) when delivered personally or by prepaid overnight courier, with a record of receipt; (ii) on the fourth day if mailed by certified mail, return receipt requested; or (iii) on the day of transmission, if sent by facsimile or electronic mail during regular business hours or the day after transmission, if sent after regular business hours (provided, however, that such facsimile or electronic mail will be followed on the same day or next business day with the sending of a duplicate notice, demand or request by a nationally recognized prepaid overnight courier with record of receipt), to the persons specified below:

8.3.1 Public Service Company of New Mexico  
Attn: Vice President, PNM Generation  
2401 Aztec N.E., Bldg. A  
Albuquerque, NM 87107

with a copy to:

Public Service Company of New Mexico  
c/o Secretary  
414 Silver Ave. S.W.  
Albuquerque, NM 87102

8.3.2 Tucson Electric Power Company  
88 E. Broadway Blvd.  
MS HQE901  
Tucson, AZ 85701  
Attn: Corporate Secretary

8.3.3 City of Farmington  
c/o City Clerk  
800 Municipal Drive  
Farmington, NM 87401

with a copy to:

Farmington Electric Utility System  
Electric Utility Director  
101 North Browning Parkway  
Farmington, NM 87401

8.3.4 M-S-R Public Power Agency  
c/o General Manager  
1231 11<sup>th</sup> Street  
Modesto, CA 95354

8.3.5 Southern California Public Power Authority  
c/o Executive Director  
1160 Nicole Court  
Glendora, CA 91740

8.3.6 City of Anaheim  
c/o City Clerk  
200 South Anaheim Boulevard  
Anaheim, CA 92805

with a copy to:

Public Utilities General Manager  
201 South Anaheim Boulevard  
Suite 1101  
Anaheim, CA 92805

8.3.7 Incorporated County of  
Los Alamos, New Mexico  
c/o County Clerk  
1000 Central Ave.  
Suite 240  
Los Alamos, NM 87544

with a copy to:

Incorporated County of  
Los Alamos, New Mexico  
c/o Utilities Manager  
1000 Central Ave.  
Suite 130  
Los Alamos, NM 87544

- 8.3.8 Utah Associated Municipal Power Systems  
c/o General Manager  
155 North 400 West  
Suite 480  
Salt Lake City, UT 84103
- 8.3.9 Tri-State Generation and Transmission  
Association, Inc.  
c/o Chief Executive Officer  
1100 West 116<sup>th</sup> Avenue  
Westminster, CO 80234  
Or P. O. Box 33695  
Denver, CO 80233
- 8.3.10 PNMR Development and Management Corporation  
c/o Corporate Secretary  
PNM Resources  
Corporate Headquarters  
414 Silver Ave. SW  
Albuquerque, NM 87158-1245

A Party may, at any time or from time-to-time, by written notice to the other Parties, change the designation or address of the person so specified as the one to receive notices pursuant to this Agreement.

- 8.4 Other Documents. Each Party agrees, upon request of another Party, to make, execute and deliver any and all documents and instruments reasonably required to carry into effect the terms of this Agreement; provided, that such documents and instruments will not increase or expand the obligations of a Party hereunder.
- 8.5 Captions and Headings. The captions and headings appearing in this Agreement are inserted merely to facilitate reference and will have no bearing upon the interpretation of the provisions hereof.
- 8.6 Prior Obligations Unaffected. Except as otherwise provided herein, nothing in this Agreement will be deemed to relieve the Parties of their obligations in effect prior to the Effective Date and such obligations will continue in full force and effect until satisfied or as otherwise mutually agreed.
- 8.7 Amendment and Modification. Except as otherwise provided herein, this Agreement may be amended, modified or supplemented only by written instrument executed by all of the Parties with the same formality as this Agreement.
- 8.8 Waivers of Compliance. Except as otherwise provided herein, any failure by a Party to comply with any obligation, covenant, agreement or condition of this

Agreement may be waived by the Party entitled to the benefits thereof only by written instrument signed by the Party granting such waiver, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition will not operate as a waiver of, or estoppel with respect to, any earlier or subsequent or other failure.

- 8.9 No Interpretation against Drafter. This Agreement has been drafted with full participation by all of the Parties and their counsel of choice and no provision hereof will be construed against any Party on the ground that such Party or its counsel was the author of such provision. All of the provisions of this Agreement will be construed in a reasonable manner to give effect to the intentions of the Parties in executing this Agreement.
- 8.10 No Third Party Beneficiaries. Except as to Section 6, which pertains to obligations under the Parental Guaranty Agreement executed by PNMR, the terms and provisions of this Agreement are intended solely for the benefit of the Parties and their respective successors and permitted assigns, and it is not the intention of the Parties to confer third-party beneficiary rights upon any other person.
- 8.11 Compliance with Law. The Parties will comply with all applicable Laws in the performance of their respective obligations under this Agreement.
- 8.12 Invalid Provisions. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future Law, and if the rights or obligations of any Party under this Agreement will not be materially and adversely affected thereby, such provision will be fully severable, this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom, and the Parties will negotiate in good faith to attempt to agree upon a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible.
- 8.13 Parties' Cost Responsibilities. Each Party will be solely responsible for its own costs and expenses, including fees and costs of counsel, incurred in connection with the negotiation of this Agreement and with any actions associated with the implementation of this Agreement, including obtaining approvals from Governmental Authorities.
- 8.14 Relationship Among Agreements. Except as expressly set forth in this Agreement, nothing in this Agreement affects in any way the rights and obligations of the parties under the Restructuring-related Agreements, including the right and ability of Exiting Participants to transfer all of their respective rights, titles and interests in and to their Ownership Interests to an acquiring Participant and terminate their active involvement in the operation of SJGS as of the Exit Date. This Agreement supersedes all prior negotiations, agreements and

understandings among the Parties with respect to the assignments, assumptions and releases agreed upon in this Agreement.

- 8.15 Survival of Certain Provisions. Termination of this Agreement will not relieve a Party of any obligation or liability incurred by such Party before and existing as of the termination date, or any obligations resulting from a Party's default hereunder.
- 8.16 Execution in Counterparts. This Agreement may be executed in any number of counterparts, and each executed counterpart will have the same force and effect as an original instrument as if all the Parties to the aggregated counterparts had signed the same instrument. Any signature page of this Agreement may be detached from any counterpart thereof without impairing the legal effect of any signatures thereon and may be attached to any other counterpart of this Agreement identical in form thereto but having attached to it one or more additional pages. Electronic or pdf signatures will have the same effect as an original signature.

**IN WITNESS WHEREOF**, the Parties have caused this Agreement to be executed on their behalf, and the signatories hereto represent that they have been duly authorized to enter into this Agreement on behalf of the Party for whom they signed.

[Signatures appear on the following pages.]

**PUBLIC SERVICE COMPANY OF NEW MEXICO**

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Dated: \_\_\_\_\_

**TUCSON ELECTRIC POWER COMPANY**

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Dated: \_\_\_\_\_

**THE CITY OF FARMINGTON, NEW MEXICO**

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Dated: \_\_\_\_\_

**M-S-R PUBLIC POWER AGENCY**

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Dated: \_\_\_\_\_

**THE INCORPORATED COUNTY OF LOS ALAMOS, NEW MEXICO**

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Dated: \_\_\_\_\_

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Dated: \_\_\_\_\_

**CITY OF ANAHEIM**

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

Its: \_\_\_\_\_

Dated: \_\_\_\_\_

**UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS**

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

Its: \_\_\_\_\_

Dated: \_\_\_\_\_

**TRI-STATE GENERATION AND TRANSMISSION ASSOCIATION, INC.**

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

Its: \_\_\_\_\_

Dated: \_\_\_\_\_

**PNMR DEVELOPMENT AND MANAGEMENT CORPORATION**

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

Its: \_\_\_\_\_

Dated: \_\_\_\_\_