

FIFTH REVISED NETWORK OPERATING AGREEMENT
BETWEEN
INCORPORATED COUNTY OF LOS ALAMOS
AND
PUBLIC SERVICE COMPANY OF NEW MEXICO

TABLE OF CONTENTS

	<u>Page No.</u>
Recitals.....	1
Section 1: Definitions	3
Section 2: Effective Date, Term and Termination	3
Section 3: Network Operating Committee.....	4
Section 4: Points of Interconnection and Metering.....	5
Section 5: Operating Standards.....	7
Section 6: Operational Requirements	8
Section 7: Scheduling	14
Section 8: Clearance and Safety Issues.....	14
Section 9: PNM Confidentiality Obligations	15
Section 10: Liability and Indemnity	15
Section 11: No Assignment Apart from Assignment of Fifth Revised Service Agreement.....	17
Section 12: No Change in Basic Obligations.....	17
Section 13: General Information.....	17
Section 14: Amendments	19
Section 15: Construction of Agreement.....	19
Section 16: Preservation of Obligations	19
Section 17: Other Obligations Preserved	19
Section 18: Governing Law	19
Section 19: Severability	19
Section 20: Headings for Convenience Only.....	20
Section 21: Relationship of the Parties	20
Section 22: No Third Party Beneficiaries	20
Section 23: No Dedication of Facilities.....	21
Section 24: Non Waiver.....	21

Section 25: Exhibits Incorporated.....	21
Section 26: Further Actions and Documents	21
Section 27: Special Arrangements	21

Exhibits

	<u>Page No.</u>
Exhibit A - Definitions.....	A-1
Exhibit B - Points of Interconnection, Special Delivery Arrangements and Points of Delivery..	B-1
Exhibit C - Load and Resource Balance	C-1
Exhibit D - Description of County Interruptible Load.....	D-1

**FIFTH REVISED NETWORK OPERATING AGREEMENT
BETWEEN
PUBLIC SERVICE COMPANY OF NEW MEXICO
AND
INCORPORATED COUNTY OF LOS ALAMOS**

THIS FIFTH REVISED NETWORK OPERATING AGREEMENT (“Fifth Revised Operating Agreement”) is entered into this day of 2021, by and between **PUBLIC SERVICE COMPANY OF NEW MEXICO** (“PNM”), a New Mexico corporation and **INCORPORATED COUNTY OF LOS ALAMOS** a body politic and corporate, existing as a political subdivision under the constitution and laws of the state of New Mexico, (“County”). PNM and County are sometimes hereafter referred to individually as a “Party” and collectively as the “Parties”.

RECITALS

WHEREAS, County is engaged in the generation, transmission and distribution of electric power and energy for the Los Alamos service area principally within the County of Los Alamos, New Mexico;

WHEREAS, Department of Energy/National Nuclear Security Administration owns and operates the transmission facilities for the Los Alamos service area and has entered into a cooperative agreement with the County;

WHEREAS, PNM is a public utility engaged in the generation, transmission and wholesale sale of electric power and energy in Arizona and in the transmission, distribution and retail and wholesale sale of electric power and energy in New Mexico;

WHEREAS, County requested Network Integration Transmission Service (“Network Service”) under the terms and conditions of the PNM Open Access Transmission Service (“PNM Tariff”);

WHEREAS, the Parties entered into the Network Operating Agreement (“Operating Agreement”) and a Service Agreement for Network Integration Transmission Service (“Service

Agreement”) pursuant to which PNM has provided Network Service to County in accordance with the PNM Tariff since July 30, 2002;

WHEREAS, the Parties amended and restated the terms and conditions of the Operating Agreement and the Service Agreement and superseded both the Operating Agreement and the Service Agreement with the First Revised Operating Agreement and the First Revised Service Agreement respectively;

WHEREAS, the Parties amended and restated the terms and conditions of the First Revised Operating Agreement and the First Revised Service Agreement and superseded both the First Revised Operating Agreement and the First Revised Service Agreement with the Second Revised Operating Agreement and the Second Revised Service Agreement respectively;

WHEREAS, the Parties amended and restated the terms and conditions of the Second Revised Operating Agreement and the Second Revised Service Agreement and superseded both the Second Revised Operating Agreement and the Second Revised Service Agreement with the Third Revised Operating Agreement and the Third Revised Service Agreement respectively;

WHEREAS, the Parties amended and restated the terms and conditions of the Third Revised Operating Agreement and the Third Revised Service Agreement and superseded both the Third Revised Operating Agreement and the Third Revised Service Agreement with the Fourth Revised Operating Agreement and the Fourth Revised Service Agreement respectively;

WHEREAS, this Fifth Revised Operating Agreement shall amend and restate the terms and conditions of the Fourth Revised Operating Agreement and will supersede the Fourth Revised Operating Agreement;

WHEREAS, this Fifth Revised Operating Agreement, including Exhibits, is being entered into by County and PNM contemporaneously with the Fifth Revised Service Agreement for Network Service. The Fifth Revised Service Agreement, this Fifth Revised Operating Agreement and the PNM Tariff establish the terms and conditions under which County shall receive Network Service from PNM.

NOW, THEREFORE, in consideration of the mutual benefits to the Parties, the Parties agree as follows:

Section 1: Definitions

For purposes of this Fifth Revised Operating Agreement, capitalized terms not defined elsewhere in this Fifth Revised Operating Agreement or in the PNM Tariff shall have the definitions specified in Exhibit A.

Section 2: Effective Date, Term and Termination

2.0 The Effective Date of this Fifth Revised Operating Agreement shall be the date on which this Fifth Revised Operating Agreement has been executed by both Parties, subject to any required acceptance for filing by the FERC, unless some other effective date shall be assigned by the FERC (the “Effective Date”). PNM shall provide County with a copy of the proposed FERC filing so that County can provide comments to PNM within seven (7) business days thereafter. Not later than thirty (30) days following the date of this Fifth Revised Operating Agreement, PNM shall file this Fifth Revised Operating Agreement with the FERC pursuant to the Federal Power Act with a request that the Commission permit it to become effective as of the date of execution. County shall support the PNM filing by filing a timely motion at the FERC to intervene in support of the PNM filing and by taking other action which County deems appropriate in support of the PNM filing.

2.1 If the FERC does not accept this Fifth Revised Operating Agreement for filing without change or modification and unless such change or modification is mutually agreeable to the Parties as evidenced by their written agreement, County and PNM agree to work together in good faith to agree upon terms and conditions that are acceptable to them and to the FERC. If the Parties are unable to reach such agreement within thirty (30) days (or such longer period as they may mutually agree upon) from the date of the FERC order declining to accept this Fifth Revised Operating Agreement: (i) this Fifth Revised Operating Agreement shall become null and void; (ii) all obligations under this Fifth Revised Operating Agreement shall terminate; and (iii) service shall continue to be provided pursuant to the applicable terms, covenants and conditions of the Fourth Revised Service Agreement and the Fourth Revised Operating Agreement.

2.2 A termination of the Fifth Revised Service Agreement shall constitute a termination of this Fifth Revised Operating Agreement and the rights and obligations of the Parties associated with such termination shall be as provided in the applicable terms, covenants and conditions of the Fifth Revised Service Agreement.

2.3 Unless terminated earlier in accordance with the provisions of Section 2.1, this Fifth Revised Operating Agreement shall remain in effect for the term of the Fifth Revised Service Agreement and shall terminate on the same date as the Fifth Revised Service Agreement.

Section 3: Network Operating Committee

Consistent with Section 35.3 of the PNM Tariff, a Network Operating Committee is established to coordinate operating criteria for the Parties' respective responsibilities under this Fifth Revised Operating Agreement.

3.1 Membership. The Network Operating Committee shall be composed of representatives (the "Operating Representatives") of PNM and those Transmission Customers (including County) that have Network Operating Agreements with PNM. The PNM and County "Operating Representatives" hereunder shall be the same individuals who are designated in accordance with the Fifth Revised Service Agreement.

3.2 Responsibilities. The Network Operating Committee shall: (i) adopt rules and procedures consistent with this Fifth Revised Operating Agreement and other PNM Network Operating Agreements and the PNM Tariff governing operating and technical requirements necessary for implementing the PNM Tariff, (ii) review Network Resources and Network Loads on an annual basis in order to assess the adequacy of the transmission system, and (iii) obtain from PNM the operating policies, procedures and guidelines for network interconnection and operation. The Network Operating Committee shall have no authority to modify any of the provisions of this Fifth Revised Operating Agreement, the Fifth Revised Service Agreement, or the PNM Tariff.

3.3 Meetings. The Network Operating Committee shall meet no less than once each calendar year to discuss and address the specific operating concerns of PNM and the Transmission Customers ("Operating Meeting"). PNM shall prepare minutes of the Operating Meeting as soon as practical following each Operating Meeting.

Section 4: Points of Interconnection and Metering

4.1 Points of Interconnection and Metering Locations.

4.1.1 Exhibit B to this Fifth Revised Operating Agreement lists the Points of Interconnection between the County Facilities and PNM. The Parties shall amend Exhibit B as necessary or appropriate to reflect additions to or modifications of any Points of Interconnection. All such additions to or modifications of any Points of Interconnection or any equipment installation must adhere to and be consistent with PNM's interconnection requirements. Upon any request by PNM, County shall make available to PNM corresponding maps and single-line diagrams that are in its possession of any or all Points of Interconnection listed on Exhibit B.

4.1.2 The Parties agree to exchange measurements at metered tie points and scheduled deliveries at unmetered tie points on an hourly basis to enable the Parties to determine County's monthly network load. The Parties agree to identify the locations of all metered and unmetered tie points required by this Fifth Revised Operating Agreement and any necessary billing adjustments if the location of any metering system is not at a Metered Point of Interconnection. Within sixty (60) days of acceptance of this Fifth Revised Operating Agreement by FERC, PNM and County will review all metering locations between County, PNM and third parties relevant to this Fifth Revised Operating Agreement. PNM and County shall conduct and complete a review of the adequacy of all such metering and metering communications between PNM, County and third parties. Thereafter, the Parties shall develop a timeline for installation and/or replacement of metering and associated communications facilities so as to meet NERC compliance criteria, ANSI revenue class metering standards, and the data needs of PNM and County. The Parties shall also agree upon meter multiplier or conversion values for the meters. The Parties will complete all such installations and/or replacements within two (2) years after recommended solutions are agreed to between the Parties. The Parties agree to keep such information current and to advise each other of any additions or modifications to the metering systems as such additions or modifications occur.

4.2 Metering Systems Requirements.

4.2.1 In carrying out its responsibilities under this Section 4.2, the Parties shall permit a representative of the other Party to be present to witness the performance of such responsibilities.

4.2.2 With respect to Points of Interconnection at which not all lines are metered, or at which the metering systems do not satisfy the requirements of this Fifth Revised Operating Agreement, PNM may at County's expense, add additional metering systems as necessary or appropriate to provide accurate usage in compliance with the standards established by ANSI. Provided, however, PNM shall be responsible for all costs associated with replacement metering for the PNM Buckman load. The Parties shall maintain the status and control of such metering system in accordance with ANSI standards.

4.2.3 At locations where metering is used to determine billing for Network Service, the only acceptable metering systems will be those that meet the requirements of ANSI for revenue class metering. Metering may be installed and maintained by County as a redundant system to PNM's metering.

4.2.4 The Parties shall be responsible for the installation, testing, calibration, maintenance, replacement and reading of, and all collection of recorded demand interval information from all metering systems at the Points of Interconnection. Each Party shall provide the other Party such metering information as is necessary for both reliable operations and for billing purposes including instrument transformer ratios and meter multipliers. County shall be responsible for any metering systems (real time), including the maintenance, replacement of, reading of, and the collection of any generation resource 1 MW or greater connected to County's distribution system.

4.2.5 The Parties shall ensure that all metering systems for the Points of Interconnection are at all times sealed or otherwise secured against tampering and that any seals or other security devices on such systems are opened only when the systems are inspected, tested or adjusted in accordance with the requirements of this Fifth Revised Operating Agreement.

4.2.6 Either Party shall have the right at any time, and from time to time, upon forty-eight (48) hours' notice to the other Party, to have additional tests or inspections of the metering systems performed, and if necessary, recalibrate, with both Parties represented at the test. The expenses of the test or inspections or recalibrations requested by a Party shall be borne by the requesting Party if the other Party's meters are found to be accurate within one percent (1%); otherwise, the cost thereof shall be paid by the non-requesting Party. Each Party shall adjust, repair or replace any

component of any metering system found to be defective or inaccurate, and shall promptly notify the other Party thereof. Each Party shall provide the other Party a copy of all records and documentation of any tests and inspections.

4.2.7 If any metering system at the Points of Interconnection fails to register, or if any measurement made by any such metering system during any test or inspection carried out pursuant to Section 4.2.6 exceeds the accuracy limits established by the Parties consistent with standards established by ANSI, the Party owning the meter shall correct all measurements for the actual period during which such inaccurate measurements were made, if such period can be determined. If such period cannot be determined, such Party shall correct all measurements for the period equal to the lesser of (i) one-half the period from the date of the last preceding test or (ii) the six months immediately preceding the test. Should any metering system at any time fail to register, or should the registration by any such system be so erratic as to be meaningless, the Party owning the meter shall determine delivered capacity and energy based upon the best available data, using a method agreed upon by the Parties. If the Parties are unable to agree upon any such method, the Party owning the meter shall issue billings based upon its own good faith estimate of delivered capacity and energy, and any dispute between the Parties regarding such billings shall be resolved in accordance with the dispute resolution provisions of the PNM Tariff.

4.2.8 Each Party shall have the right annually to audit the other Party's compliance with the requirements of this Section 4.2. The requesting Party shall provide the other Party with reasonable advance notice of any such audit, and such Party shall cooperate therewith. The requesting Party shall be responsible for the costs and expenses of any such audit unless the results thereof demonstrate that the other Party has failed to comply with any of the requirements of this Section 4.2, in which event the other Party shall have sole responsibility for the costs and expenses of such audit.

Section 5: Operating Standards

5.1 County shall comply with applicable WECC and NERC Reliability Criteria in operating County Facilities. Since DOE/NNSA owns and operates the transmission facilities within the Los Alamos Import Boundary, the County may designate a Los Alamos National Laboratory representative to serve as their representative for all matters related to DOE/NNSA-

owned transmission facilities. If County breaches or violates WECC and NERC Reliability Criteria, then, in addition to any other remedies available hereunder to PNM, PNM shall have the right to: (i) compel specific performance of applicable WECC and NERC Reliability Criteria; and (ii) obtain reimbursement, to the extent not prohibited by applicable law, of any fines or penalties incurred by PNM as a result of such breach or violation. In the event that PNM determines that County may be, or may become liable for reimbursement of any such fines or penalties under this Section 5.1, PNM shall immediately provide written notice thereof to County, in order that County may, at the earliest feasible opportunity, contest or take other available action to avoid or minimize such fines or penalties.

5.2 PNM shall comply with WECC and NERC Reliability Criteria in operating its facilities. If PNM breaches or violates WECC and NERC Reliability Criteria, then, in addition to any other remedies available hereunder to County, County shall have the right to: (i) compel specific performance of WECC and NERC Reliability Criteria; and (ii) obtain reimbursement, to the extent not prohibited by applicable law, of any fines or penalties incurred by County as a result of such breach or violation. In the event that County determines that PNM may be, or become, liable for reimbursement of any such fines or penalties under this Section 5.2, County shall immediately provide written notice thereof to PNM in order that PNM may, at the earliest feasible opportunity, contest or take other available action to avoid or minimize such fines or penalties.

5.3 The E&O Representatives as established in Section 4 of the Fifth Revised Service Agreement shall review and discuss the implementation of any necessary changes in facilities and operating practices or procedures as a result of changes in NERC or WECC reliability criteria.

Section 6: Operational Requirements

Since DOE/NNSA owns and operates the transmission facilities within the Los Alamos service area, the County may designate a Los Alamos National Laboratory representative to serve as their representative for operational requirements in section 6.

6.1 Reactive Power Requirements. Neither Party shall be entitled to receive kilovars from the other Party nor obligated to supply kilovars (collectively referred to as “Reactive Power”) to the other Party. The Parties recognize that PNM and County along with other members of the

Network Operating Committee have jointly developed a voltage profile for each of its Network Integration Transmission customers at the various points of interconnection. Currently County and PNM have agreed that the Static Var Compensator (the “SVC”) should be operated in the automatic voltage control mode. Such operation will cause the SVC, to either supply or absorb Reactive Power resulting in a variance in the desired reactive power exchange between the Parties. Further, the Parties recognize that variances in the desired Reactive Power exchange may occur related to those instances established in Section 6.1.1 and Section 6.1.2.

6.1.1 County shall ensure that all of its generators interconnected within the PNM control area, and third party generators connected to County’s transmission system within the PNM control area, maintain a composite power delivery at continuous rated power output at the point where the generator interconnects to the transmission facilities the power factor range of at least 0.95 leading to 0.95 lagging. The Parties acknowledge that the County’s existing Abiquiu and El Vado hydro generation units are not currently in compliance with the FERC Standard Small Generator Interconnection reactive power requirements range set forth above. The Parties further acknowledge that operation of the SVC in the automatic voltage control mode consistent with Section 6.1 herein currently compensates for the inadequate generation reactive power requirements at Abiquiu and El Vado. Periodically the Parties agree to evaluate and determine the effectiveness of the SVC to address the generation reactive power requirements and to take the necessary steps to address any degradation in meeting such reactive power requirements.

6.1.2 County shall ensure that County generators interconnected within the PNM control area, and third party generators connected to the County transmission system within the PNM control area, will operate to voltage schedules mutually acceptable to both Parties.

6.2 Under-frequency, Under-voltage and Manual Load Shedding.

6.2.1 Both Parties shall have in place a coordinated under-frequency and under-voltage load shedding program to shed the necessary amount of load in each island area to arrest frequency decay, minimize loss of load and permit timely system restoration. Information on these plans shall be provided by each Party to the other and the plans shall

be reviewed and updated yearly, and shall meet the requirement of WECC and NERC Reliability Criteria. The Parties shall evaluate and coordinate the under-frequency and under-voltage load shedding programs as appropriate and consistent with WECC and NERC Reliability Criteria.

6.2.2 The Parties shall maintain manual load shedding plans for their individual systems, and shall coordinate such plans to ensure optimal mutual benefit. Seasonal plans shall be developed to allow for variations in seasonal load profiles. Operating personnel shall have written authority to implement manual load shedding as required by NERC and WECC criteria.

6.2.2.1 County system dispatchers shall implement manual load shedding when directed by the Control Area Operator whenever system conditions require such actions. Interruptible loads, if available, shall be shed first.

6.2.2.2 County system dispatchers may implement manual load shedding for localized problems on County's system that do not directly affect the interconnected systems without prior notification to the Control Area Operator. Notification shall be made to the Control Area Operator as soon as possible following any such manual load shedding within County's system within the bounds of the Control Area.

6.3 Generator Interconnections.

6.3.1 County is within PNM's control area and must adhere to the same Safety and Reliability Requirements as PNM. To protect the Parties' transmission systems, County shall not allow any third-party electric generating facility that is 1 MW or greater individually or sum total at a single Point of Interconnection and that will operate within the PNM control area to connect to County's Facilities until County has coordinated with PNM for County to conduct any studies required to determine the impacts of the proposed third-party facility on the Parties' systems. The impacts of the proposed generating facility on the Parties' systems and methods of mitigation for any issues identified in the studies, if any, shall be agreed to by the Parties and incorporated into the interconnection agreement

for the proposed generating facility. Interconnection of such generating facility shall not occur unless either (i) the owner or operator of such generating facility has executed an agreement with County assuring the generation facility operates in accordance with the Safety and Reliability Requirements acceptable to PNM, or (ii) PNM and County have jointly determined to exempt such generation facility from any such requirements.

6.3.2 County shall install (or cause to be installed), if necessary, and maintain (or cause to be maintained) appropriate equipment to prevent the unscheduled flow of energy onto the PNM transmission system following an Electric Disturbance from any generation facility that is connected to County's Electric System and operating within the PNM Control Area that has been exempted by PNM pursuant to Section 6.3.1(ii).

6.3.3 Neither the execution of an agreement governing the operation of generation by the owner or operator of an electric generating facility nor any exemption granted by the Parties pursuant to the provisions of Section 6.3.1(ii) shall relieve County from any responsibility to protect PNM's Electric System or impose any responsibility or liability on PNM for damage to County's Electric System or injury or damage to any person or property.

6.3.4 The Parties shall comply with all WECC and NERC generation requirements and criteria to the extent that they may be deemed applicable to the operation (by PNM or County) of electrical equipment and facilities within PNM's Control Area. All future NERC and WECC sanctions or penalties incurred by PNM that are attributed directly to County's operations shall be County's sole responsibility. All future NERC and WECC sanctions or penalties incurred by County that are attributed directly to PNM's operations shall be PNM's sole responsibility. All future NERC and WECC sanctions or penalties incurred by the Parties together shall be shared in proportion to each Party's contribution to the condition precipitating such sanction or penalty. The Parties agree to perform an evaluation at least once every two (2) years from the Effective Date to determine County's requirements related to all future NERC and WECC requirements and to make appropriate adjustments as required.

6.3.5 The Parties shall comply with all future NERC and WECC criteria and standards related to the coordinated planning and interconnection requirements inclusive of transmission facility installations and generation resources.

6.4 Maintenance. County shall maintain its Electric System in accordance with all applicable Safety and Reliability Requirements. Each Party shall notify the other Party in advance of finalizing any equipment maintenance schedule that would affect the other Party, and shall consult with the other Party, and make reasonable efforts to accommodate the other Party's needs, in scheduling equipment maintenance.

6.5 Protective Devices. Each Party reserves the right to install, operate and maintain such protective devices as it deems necessary to separate the County Facilities from the PNM transmission system sufficiently to avoid injury or damage; provided that each Party shall install, operate and maintain such protective devices in accordance with all applicable Safety and Reliability Requirements. Each Party shall notify the other of any and all such protective devices that it installs, and of the settings of such devices.

6.6 Opening of Interconnection Facilities. County shall have the unilateral right to open Interconnection Facilities in the event of, and for the duration of, any emergency on its Electric System, if such separation would reasonably be expected to mitigate or remedy the emergency. County shall promptly notify PNM of any such opening of Interconnection Facilities, unless such information has already been provided to PNM by automatic data transfer. During an Electrical Disturbance, PNM shall have the right to open or order opened, any Interconnection Facility in accordance with Good Utility Practice. In accordance with Good Utility Practice, each Party shall coordinate with the other Party the removal from service of any of its facilities that may adversely impact the other Parties facilities.

6.7 Compliance with Regional Security Plan. County shall comply with all PNM directives resulting from directives given to PNM by the Reliability Coordinator, or its successor. All such applicable directives shall be consistently applied to all PNM transmission service customers.

6.8 Provision of Data for PNM Operations, Planning and Reliability Functions.

6.8.1 County shall furnish to PNM such data and reports (including but not limited to computer-generated simulations), and such available load forecasts (by Point of Interconnection, if requested by PNM), as PNM reasonably requests from time to time in connection with PNM's operations and planning functions. In addition, County shall furnish to PNM such data and reports (including but not limited to technical data regarding load characteristics required by PNM, under WECC and NERC requirements, for system analysis studies) as PNM reasonably requests from time to time in connection with PNM's reliability functions. County shall provide any such requested data, reports or forecasts, in the form kept by it or such form as may be reasonably specified by PNM, within a reasonable time following any such request. Any Confidential Information of County included in such data, reports or forecasts shall be subject to the provisions of Section 9.

6.8.2 The Parties shall work together to verify that the current equipment ratings at the PNM stations, PNM lines, County stations and County lines are accurate and shall ensure such rating verifications are completed within one year from the execution of this Fifth Revised Operating Agreement. The Parties may upon mutual agreement extend the completion of the verification of the equipment ratings.

6.9 Liability for Noncompliance. Without in any way limiting any provision of Section 10, (i) County shall, subject to the provisions of Section 10, have sole responsibility for any Losses, liabilities, damages, costs and expenses to the extent caused by, resulting from or arising out of any failure on the part of County to comply with any of its responsibilities under this Section 6; and (ii) PNM shall, subject to the provisions of Section 10, have sole responsibility for any Losses, liabilities, damages, costs and expenses to the extent caused by, resulting from or arising out of any failure on the part of PNM to comply with any of its responsibilities under this Section 6.

6.10 Annual Load and Resource Information Updates. Pursuant to Section 31.6 of the PNM Tariff (or successor section), County shall, by March 1 of each year, provide PNM an update to its projected 10-year Network Service requirements, including projected loads and resources pursuant to Exhibit C and projected interruptible loads pursuant to Exhibit D.

Section 7: Scheduling

7.1 Pre-Scheduling.

7.1.1 Mountain Standard Time Zone (“MST”) shall be the scheduling standard.

7.1.2 All pre-schedules must be submitted via the NERC E-tagging process in accordance with applicable pre-scheduling timing requirements as specified in applicable NERC reliability standards and applicable business practice standards. These schedules will also be a rollup to a Net Schedule number, which will be confirmed for each hour. NERC E-Tags are required for all schedules in accordance with applicable NERC reliability standards and WECC business practice standards.

7.1.3 If the E-Tag Delivery System is not operational, the Load Serving Entity (“LSE”) must make arrangements with another LSE to submit E-Tag.



Section 8: Clearance and Safety Issues

Since DOE/NNSA owns and operates the transmission facilities within the Los Alamos service area, the County may designate a Los Alamos National Laboratory representative to serve as their representative for clearance and safety issue requirements in section 8.

8.1 Without limiting the provisions of Section 6.5, County shall cooperate with PNM to facilitate maintenance of the PNM transmission system by disconnecting County Facilities from the PNM transmission system when so requested by PNM for maintenance purposes. Whenever disconnecting County Facilities from the PNM transmission system, County shall perform such disconnection in accordance with Good Utility Practice.

8.2 The Parties recognize the need to develop and maintain certain switching procedures in conjunction with the interconnection of certain new transmission facilities to the PNM transmission system. Such switching procedures will allow the Parties to coordinate the

various operational activities that may affect the Points of Interconnection between PNM and County.

8.3 The Parties acknowledge that the Southern Technical Area Station (“STA Station”) is interconnected to the PNM transmission system that County shall be responsible for ensuring the operation, maintenance, and capital replacement of facilities at STA Station and will coordinate with PNM any activities at STA Station that could affect the PNM transmission system. Each Party shall bear the cost of maintaining their respective facilities in good working order including normal and emergency maintenance and the cost to repair, replace, or upgrade necessary to operate the facilities in good working order.

Section 9: PNM Confidentiality Obligations

9.1 Protection of Confidential Information. PNM shall maintain the confidentiality of all information provided to PNM pursuant to this Fifth Revised Operating Agreement that is designated by County as Confidential Information, provided however, that PNM shall be entitled to disclose such Confidential Information if PNM is required to make such disclosure by administrative or judicial order or as may otherwise be required by law.

9.2 Disclosure Pursuant to Administrative or Judicial Order. PNM shall promptly, and in any event at the earliest practicable opportunity prior to any disclosure of Confidential Information pursuant to any administrative or judicial order or legal requirement, notify County of any petition for or requirement by administrative or judicial order for PNM to disclose Confidential Information of County to any third party. County may, in its sole discretion and at its sole cost and expense, undertake any challenge to such disclosure. PNM shall reasonably cooperate with County, at County’s sole cost and expense, to minimize or eliminate any such disclosure requirement consistent with applicable law, and to obtain proprietary or confidential treatment of Confidential Information by any person to whom such information is disclosed pursuant to this section.

Section 10: Liability and Indemnity

10.1 To the extent permitted by law, each Party shall indemnify and save the other Party and the directors, officers, employees and agents of such other Party harmless from any and all

liability, loss, damage, claim, costs and expenses (including attorney fees) on account of injury to persons (including death) or damage or destruction of property, occasioned by the negligence, whether active or passive, of the indemnifying Party and its officers, directors, employees or agents in the performance of this Fifth Revised Operating Agreement; provided, however:

10.1.1 Each Party shall be solely responsible to its own employees for all claims or benefits due for injuries in the course of their employment or arising out of any workers' compensation law. Neither Party shall seek reimbursement or subrogation from the other Party for any benefits paid to the employees of either Party pursuant to any workers' compensation law except as necessary to prevent double recovery by the employee.

10.1.2 Each Party hereby releases the other Party, its officers, directors, employees and agents from any and all liability or responsibility for any loss, damage or injury caused by fire or other casualty for which insurance is carried by the injured Party at the time of such loss, damage or injury, to the extent of any recovery by the injured Party under such insurance.

10.2 Neither Party and its directors, officers, employees or agents shall be liable for any loss of earnings, revenues, indirect or consequential damages or injury which may occur to the other Party as a result of outages in delivery of service hereunder.

10.3 To the extent permitted by law, County shall hold harmless and indemnify PNM from and against any liability for death, injury, loss or damage to County's customers arising out of electric service to such customers caused by the performance of either Party under this Fifth Revised Operating Agreement, except in the case of PNM's gross negligence or willful misconduct.

10.4 County assumes all responsibility for the Electric Power and Energy delivered hereunder after it has been delivered to and received by County.

10.5 The Parties do not believe that the provision of either Sections 56-7-1 or 56-7-2, New Mexico Statutes Annotated, 1978 compilation (as such sections may be amended), are applicable to this Fifth Revised Operating Agreement. If an arbitrator or a court of competent jurisdiction nevertheless determines that those provisions are applicable to this Fifth Revised

Operating Agreement, then any agreement contained herein to indemnify against liability, claims, damages, losses or expenses, including attorneys' fees, for or arising out of either:

- (i) death or bodily injury to persons, or
- (ii) damages or injury to property

shall only be valid to the extent authorized by the applicable provision.

Section 11: No Assignment Apart from Assignment of Fifth Revised Service Agreement

11.1 No interests in this Fifth Revised Operating Agreement may be assigned except in connection with an assignment of a Party's rights and interests in the Fifth Revised Service Agreement and in accordance with the provisions of the Fifth Revised Service Agreement pertaining to assignments.

11.2 If PNM separates its generation assets and activities from its transmission and distribution assets and activities the Parties hereto understand and agree that, upon the date PNM implements separation, this Fifth Revised Operating Agreement will become the obligation of the legal entity which assumes ownership and responsibility for the transmission and distribution assets and activities.

11.3 The assignment by either Party shall not release said Party from any of its obligations under the Fifth Revised Service Agreement without the written consent of the other Party, which consent shall not be unreasonably withheld.

Section 12: No Change in Basic Obligations

This Fifth Revised Operating Agreement is not intended to alter the basic obligation of PNM to provide transmission service to County under the Fifth Revised Service Agreement or the basic obligation of County to receive service under the Fifth Revised Service Agreement.

Section 13: General Information

Each Party shall provide the other Party current lists of operating personnel, organizational charts, phone numbers, pager numbers, operating procedures, and any other operations related

information so requested by the other Party. Information posted on the Open Access Same Time Information System ("OASIS") by the Parties shall be deemed to partially satisfy this requirement. Any notice, demand or request required or permitted under this Fifth Revised Operating Agreement shall be in writing and shall be deemed properly served, given or made to the address of the receiving Party set forth below: (i) upon delivery if delivered in person, (ii) upon the date of receipt if sent by United States mail, return receipt requested; (iii) upon receipt of confirmation by return electronic facsimile if sent by facsimile with telephonic confirmation; (iv) upon delivery if delivered by prepaid commercial courier service; or (v) e-mail with telephonic confirmation. Notwithstanding the requirement of this Section 13, where any provision of this Fifth Revised Operating Agreement requires a Party to furnish any particular data, information or notice in a specific manner or within a specific time period, such provision shall control.

To The Incorporated County of Los Alamos
 1000 Central Ave., Suite 130
 Los Alamos, New Mexico 87544

Attention: Utilities Manager

Facsimile No. (505) 662-8005
Telephone No. (505) 662-8333

To Public Service Company of New Mexico
 Director, Power Operations Mail Stop EP-11
 Alvarado Square
 Albuquerque, New Mexico 87158

Facsimile No. (505)-241-6891
Telephone No. (505)-241-2400

And a copy to:

Public Service Company of New Mexico
Director, Transmission & Substation Engineering
MS Z220
2401 Aztec Rd. NE
Albuquerque NM 87107

Telephone: (505) 241-0641
Facsimile: (505) 241-4363
E-mail address: laurie.williams@pnmresources.com

Section 14: Amendments

This Fifth Revised Operating Agreement constitutes the entire agreement of the Parties and is a complete merger of prior negotiations and agreements. This Fifth Revised Operating Agreement may not be modified by either Party except by subsequent mutual agreement of the Parties through a written instrument duly executed by the Parties.

Section 15: Construction of Agreement

Ambiguities or uncertainties in the wording of this Fifth Revised Operating Agreement shall not be construed for or against any Party, but shall be construed in a manner that most accurately reflects the purpose of this Fifth Revised Operating Agreement and the nature of the rights and obligations of the Parties with respect to the matter being construed.

Section 16: Preservation of Obligations

Upon termination of this Fifth Revised Operating Agreement, all unsatisfied obligations of each Party shall be preserved until satisfied.

Section 17: Other Obligations Preserved

In carrying out the requirements of this Fifth Revised Operating Agreement, neither Party shall be required to take actions that would violate any NERC or WECC reliability criteria, standards, guidelines and operating procedures, any FERC rules or regulations, any Federal Communications Commission licenses, or applicable laws or regulation.

Section 18: Governing Law

This Fifth Revised Operating Agreement is made under and shall be governed by the laws of the State of New Mexico, except as governed by federal law.

Section 19: Severability

If following the Effective Date, any term, covenant or condition of this Fifth Revised Operating Agreement or the application or effect of any such term, covenant, or condition is held invalid as

to any person, entity or circumstances or is determined to be unjust, unreasonable, unlawful, imprudent or otherwise not in the public interest by any court or government agency of competent jurisdiction, then such term, covenant or condition shall remain in force and effect to the maximum extent permitted by law, and all other terms, covenants and conditions of this Fifth Revised Operating Agreement, and the application thereof, shall not be affected thereby, but shall remain in force and effect and the Parties shall be relieved of their obligations only to the extent necessary to eliminate such regulatory or other determination unless a court or governmental agency of competent jurisdiction holds that such provisions are not separable from all other provisions of this Fifth Revised Operating Agreement; provided, however that if such invalidity or unenforceability results in a material failure of consideration or imposes a significant disadvantage on one of the Parties, the Parties shall attempt to negotiate a modification of terms of the Fifth Revised Operating Agreement in order to restore the original balance of benefits, and if such modification is not agreed upon, either Party may seek reformation of this Fifth Revised Operating Agreement in a court of competent jurisdiction.

Section 20: Headings for Convenience Only

The section headings in this Fifth Revised Operating Agreement are intended for convenience and reference only, and are not intended to define, limit or describe the scope or intent of any provisions of this Fifth Revised Operating Agreement.

Section 21: Relationship of the Parties

Nothing contained herein shall be construed to create an association, joint venture, trust or partnership, or to impose a trust or partnership covenant or obligation, or liability on or with regard to either or both of the Parties. Each Party shall be individually responsible for its own covenants, obligations and liabilities under this Fifth Revised Operating Agreement.

Section 22: No Third Party Beneficiaries

This Fifth Revised Operating Agreement shall not be construed to create rights in, or to grant remedies to, any third party as a beneficiary of this Fifth Revised Operating Agreement or of any duty, obligation or undertaking established herein.

Section 23: No Dedication of Facilities

No undertaking by either Party to the other Party under or pursuant to any provision of this Fifth Revised Operating Agreement shall constitute or be deemed to constitute a dedication of all or any portion of the PNM transmission system to the public or to County, or all or any portion of the Electrical System of County to the public or to PNM.

Section 24: Non Waiver

Any waiver at any time by a Party of its rights with respect to any default under this Fifth Revised Operating Agreement, or with respect to any other matter arising in connection with this Fifth Revised Operating Agreement, shall not constitute or be deemed a waiver with respect to any other default or other matter arising in connection with this Fifth Revised Operating Agreement. Any waiver must be delivered in writing executed by an authorized representative of the Party granting such waiver. Any delay short of the statutory period of limitations in asserting or enforcing any right shall not constitute or be deemed a waiver.

Section 25: Exhibits Incorporated

The exhibits to this Fifth Revised Operating Agreement, as they may be amended or revised from time to time, are attached to this Fifth Revised Operating Agreement and are incorporated by reference as if herein fully set forth.

Section 26: Further Actions and Documents

Each Party agrees to do all things, including but not limited to the preparation, execution delivery, filing and recording of any instruments or agreements, reasonably requested by the other Party to carry out the provisions of this Fifth Revised Operating Agreement.

Section 27: Special Arrangements

Notwithstanding any other provision of the Fifth Revised Operating Agreement, the Parties may agree to specific arrangements that differ from the requirements of the Fifth Revised Operating Agreement, as necessary, to accommodate special circumstances, technical limitations or legal requirements (whether statutory, regulatory or contractual) specific to County. Any such

arrangements shall be written and executed by both Parties and set forth in an Exhibit to this Fifth Revised Operating Agreement and shall be subject to the required approval of regulatory authority.

IN WITNESS WHEREOF, the Parties have caused this Fifth Revised Operating Agreement to be executed and effective as of the date first set forth above.

THE INCORPORATED COUNTY OF LOS
ALAMOS

BY: _____

NAME: Philo Shelton III

TITLE: Utilities Manager

PUBLIC SERVICE COMPANY OF
NEW MEXICO

BY: _____

NAME: Todd Fridley

TITLE: Vice President
New Mexico Operations

Exhibit A

DEFINITIONS

“ANSI” means the American National Standards Institute.

“Control Area Operator” means Public Service Company of New Mexico or its successor.

“County Facilities” means the electric transmission and distribution equipment the operation or maintenance of which is controlled by County or by DOE/NNSA and which is not a part of the PNM transmission system but which is physically interconnected with third party facilities.

“Confidential Information” means any documents, data or other information received by a Party, whether in written, oral or machine readable form, which the provider has identified in writing to be confidential, provided that Confidential Information shall not include (i) information subject to disclosure on the OASIS, (ii) information that becomes available to the public on a non-confidential basis, other than as a result of the provider’s breach of its confidentiality obligations, (iii) information received from a third party without claim of confidentiality, or (iv) information independently developed.

“E-Tag” means a transaction described as an "energy schedule" transferred over a prescribed path for a specific duration and time frame.

“E-Tag Delivery System” means an electronic documentation of an energy transaction that requires coordination of and approval from all operating entities involved – origin, intermediate, and destination. The transaction is described within the E-Tag as an “energy schedule” to be transferred over a prescribed path for a specific duration and time frame. E-Tags are transmitted via computer-to-computer, point-to-point method over the public Internet.

“Electric Disturbance” means any sudden unexpected, changed or abnormal electric condition occurring in or on an Electric System that may cause damage. A single Electric Disturbance shall be deemed to continue from its inception until all affected Electric Systems are

restored to a stable condition of normal voltage and frequency and are capable of carrying normal electrical loads. The effects of a single Electric Disturbance shall be deemed to include: (a) all effects of such Electric Disturbance on the Electric System in or on which such Electric Disturbance originates; and (b) all effects of such Electric Disturbance on all Electric Systems directly or indirectly interconnected with such Electric System.

“Electric System” means a single integrated electric power grid usually characterized by ownership, rental, lease, control or operation by a single person or entity. An “Electric System” consists of electric distribution facilities or generating facilities or transmission facilities, or any combination of the three, and includes transmission lines, distribution lines, substations, switching stations, generating plants and all associated equipment for generating, transmitting, distributing or controlling flow of power. The term “Electric System” shall include any devices or equipment by which information is originated on an Electric System or by the person operating such system, by which such information is transmitted, and by which such information is received either for information or for operation of the system, whether by the originating system or by another system.

“FERC” means the Federal Energy Regulatory Commission, or any successor thereto.

“Glossary of Terms” means NERC’s Glossary of Terms Used in NERC Reliability Standards updated as of June 28, 2021 and as further updated and revised from time-to-time.

“Good Utility Practice” means any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts 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.

“Interconnection Facilities” means those facilities operated by PNM or County required for the operation of one or more Points of Interconnection.

“Load Serving Entity” shall be as set forth in NERC’s Glossary of Terms, as modified from time to time.

“Loss” or “Losses” mean physical damage to an Electric System; loss or damage resulting from making an Electric System or any portion thereof inoperable; and loss or damage consequential to either such loss or damage, including loss of use.

“Metered Interconnection Point” means a point of delivery between the Parties or an interconnection point between County and a third party as further described on Exhibit B.

“NERC” means the North American Electric Reliability Corporation or its successor organization.

“Network Load” shall be as defined in the PNM Tariff.

“Network Operating Committee” shall be as defined in the PNM Tariff.

“Network Resources” shall be as defined in the PNM Tariff.

“Network Service” shall be Network Integration Transmission Service as defined in the PNM Tariff.

“Net Schedule” shall mean an agreed upon schedule between the Parties.

“Operating Representative” means the representatives of PNM and the County established pursuant to the Fifth Revised Operating Agreement.

“PNM Tariff” means the PNM Open Access Transmission Tariff for the provision of Network Service by PNM, including Ancillary Services, as accepted for filing or approved by FERC.

“Reactive Power” means the portion of apparent power that is measured in VARs and that is supplied or absorbed by rotating equipment or by electrostatic equipment, such as capacitors, reactors or power lines.

“Reliability Coordinator” shall be as set forth in NERC’s Glossary of Terms, as modified from time to time.

“Safety and Reliability Requirements” means all that is required by Good Utility Practice, together with all applicable laws and governmental rules, regulations, orders and all mandatory provisions of the applicable NERC Reliability Criteria and standards.

“WECC” means the Western Electricity Coordinating Council or its successor organization.

“WECC Regional Security Plan” means a plan adopted and approved by the WECC to meet NERC requirements for a security process for Balancing Authority operations within the WECC.

“WECC and NERC Reliability Criteria” means the reliability standards established by NERC, WECC and local reliability criteria, as amended from time to time, including any appropriate requirements of the Nuclear Regulatory Commission.

Exhibit B

POINTS OF INTERCONNECTION

1. The STA end of the BA Switching Station to STA Station transmission line which is metered at the STA Station (“STA Interconnection”).
2. The Norton Switching Station to ETA Station transmission line ownership boundary located on the Los Alamos side of the dead-end structure located on the east side of the Rio Grande River crossing approximately five line miles from the Norton Station and metered at Norton Station with subtractive required adjustments to remove: a) Buckman load metered at 12.5kV; b) the Buckman 115/12.5kV transformer losses (to be calculated real-time); and c) the 115kV line losses between Norton Station and the ownership boundary located on the Los Alamos side of the dead-end structure located on the east side of the Rio Grande River crossing (“Norton Interconnection”).
3. Other Points of Interconnection may be established by mutual agreement of the Parties.

Special Delivery Arrangements

The County requires certain specific delivery arrangements to facilitate receipt of power and energy from County’s El Vado and Abiquiu Hydro Facilities located in northern New Mexico. These arrangements are fully described in Exhibit D to the Fifth Revised Service Agreement and are pictorially represented in Attachment 1 to Exhibit D to the Fifth Revised Service Agreement.

POINTS OF DELIVERY

Four Corners	345 kV
San Juan	345 kV

Exhibit C
LOAD AND RESOURCE BALANCE

Exhibit D

DESCRIPTION OF COUNTY INTERRUPTIBLE LOAD

County's interruptible load consists of County owned water well pumping that range from one to six megawatts (6MW). The water system operator must be called by the County Power Operations Center to interrupt the load.