

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF PUBLIC SERVICE)
COMPANY OF NEW MEXICO'S)
CONSOLIDATED APPLICATION FOR)
APPROVALS FOR THE ABANDONMENT,)
FINANCING, AND RESOURCE REPLACEMENT)
FOR SAN JUAN GENERATING STATION)
PURSUANT TO THE ENERGY TRANSITION ACT)**

19-____-UT

DIRECT TESTIMONY

OF

ELISABETH A. EDEN

July 1, 2019

**NMPRC CASE NO. 19-____-UT
INDEX TO THE DIRECT TESTIMONY OF
ELISABETH A. EDEN**

**WITNESS FOR
PUBLIC SERVICE COMPANY OF NEW MEXICO**

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PNM Exhibit EAE-1	Resume of Elisabeth A. Eden
PNM Exhibit EAE-2	Estimated Upfront Financing Costs for Issuance of Bonds
PNM Exhibit EAE-3	Estimated Annual Ongoing Financing Costs for Bonds (Other than Debt Service on the Bonds)
PNM Exhibit EAE-4	Draft form of Energy Transition Property Purchase and Sale Agreement
PNM Exhibit EAE-5	Draft form of Indenture
PNM Exhibit EAE-6	Draft form of Energy Transition Property Servicing Agreement
PNM Exhibit EAE-7	Draft form of Administration Agreement
PNM Exhibit EAE-8	Draft form of Amended and Restated LLC Agreement for SPE

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I. INTRODUCTION AND PURPOSE

Q. PLEASE STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.

A. My name is Elisabeth A. Eden. I was the Vice President and Treasurer of PNMR Services Company ("PNMR Services") for three years, and I am currently the Vice President of Human Resources for PNMR Services. I have been assigned to this role since April 28, 2018. My address is 414 Silver Ave. SW, Albuquerque, New Mexico 87102.

Q. PLEASE DESCRIBE YOUR RESPONSIBILITIES WHEN YOU WERE VICE PRESIDENT AND TREASURER OF PNMR SERVICES.

A. I had responsibility for providing financial support for PNM Resources, Inc. ("PNMR") and its subsidiaries, including Public Service Company of New Mexico (the "Company" or "PNM"). My treasury responsibilities included the formulation and implementation of specific financing strategies, direction and management of professional finance staff and external resources, interaction with credit rating agencies, management of financial institution relationships for PNMR and its subsidiaries, and management of corporate and trust investments. A copy of my resume is attached as PNM Exhibit EAE-1.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. I support the portions of PNM's Consolidated Application requesting a financing order ("Financing Order") to be issued by the New Mexico Public Regulation

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Commission (“Commission”) under the Energy Transition Act (“ETA”). Approval of the Financing Order will authorize the issuance of energy transition bonds (“Energy Transition Bonds” or “Bonds”) by a newly created special purpose entity (that will be a wholly-owned subsidiary of PNM (the “SPE” or “Issuer”)), to finance the recovery by PNM of the energy transition costs (“Energy Transition Costs”) identified in the Financing Order. PNM’s Consolidated Application requests approvals to abandon San Juan coal plant, certification of new resources necessitated by the abandonment of San Juan coal plant and issuance of the Financing Order. The issuance of Energy Transition Bonds will benefit customers by addressing San Juan coal plant abandonment costs at a lower cost than would be available through traditional rate-making treatment.

Q. WHAT MATTERS WILL YOU ADDRESS THROUGH YOUR TESTIMONY?

A. My testimony will (i) provide the background on PNM’s request for a Financing Order, (ii) generally describe the proposed securitization transaction to issue Energy Transition Bonds to finance the Energy Transition Costs; (iii) provide an overview of the estimated financing costs (as defined in Section 2(K) of the ETA) that PNM expects to incur in connection with the issuance of Energy Transition Bonds (the “Financing Costs”), other than the estimated financing costs relating to debt service on the Energy Transition Bonds, which are described in the testimony of PNM Witness Atkins, (iv) describe and estimate the payments

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(based on the percentages of the Bond proceeds as set forth in Section 16(J) of the ETA) that are a part of the Energy Transition Costs set forth in Section 2(H)(4) of the ETA, and (v) to confirm PNM's commitment to use commercially reasonable efforts to obtain the lowest cost objective (as defined in Section 2(N) of the ETA) and PNM's commitment to file with the Commission (a) following the issuance of the Bonds, (1) a description of the final structure and pricing of the Bonds, (2) updated financing costs and payment amount required pursuant to Section 16 of the ETA, and (3) an updated calculation of the Energy Transition Charges, and (b) the other reports and information described in my testimony.

Q. ARE YOU SPONSORING ANY EXHIBITS?

A. Yes. I am sponsoring the following exhibits described below and attached to my testimony:

- PNM Exhibit EAE-1: Resume of Elisabeth A. Eden
- PNM Exhibit EAE-2: Estimated upfront Financing Costs for issuance of the Energy Transition Bonds
- PNM Exhibit EAE-3: Estimated Annual Ongoing Financing Costs in connection with the Energy Transition Bonds (other than debt service on the Bonds)

In addition, I am sponsoring the exhibits set forth below, which are draft forms of the principal financing documents that PNM expects will be required in the issuance of the Energy Transition Bonds, based on consultations with the PNM Witness Atkins and legal counsel:

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- 1 • PNM Exhibit EAE-4: Draft form of Energy Transition Property Purchase
2 and Sale Agreement (the “Purchase Agreement”) between PNM, as seller
3 and the SPE and purchaser;
- 4 • PNM Exhibit EAE-5: Draft form of indenture (the “Indenture”) between
5 the SPE, as Bond Issuer and the trustee for the bondholders (the
6 “Trustee”);
- 7 • PNM Exhibit EAE-6: Draft form of Energy Transition Property Servicing
8 Agreement (the “Servicing Agreement”) among PNM, the Issuer and the
9 Trustee;
- 10 • PNM Exhibit EAE-7: Draft form of Administration Agreement
11 (“Administration Agreement”) between PNM, as administrator and the
12 SPE;
- 13 • PNM Exhibit EAE-8: Draft form of Amended and Restated LLC
14 Agreement (“SPE LLC Agreement”)

15 The Purchase Agreement, Indenture, Servicing Agreement, Administration
16 Agreement, and SPE LLC Agreement are collectively referred to in my testimony
17 as the “Transaction Documents”.

18
19 PNM Witness Atkins is discussing the details of Transaction Documents,
20 including the principal terms and conditions thereof.

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II. PNM'S REQUEST FOR A FINANCING ORDER

**Q. WHAT IS PNM REQUESTING FROM THE COMMISSION IN REGARD
TO THE PROPOSED FINANCING TRANSACTIONS?**

A. PNM is requesting that the Commission determine that the Consolidated Application satisfies the requirements of Section 4 of the ETA and approve the issuance of the requested Financing Order under the ETA that will contain the necessary approvals and authorizations from the Commission, including approvals, among other things:

- to form the SPE, as described in the testimony of PNM Witness Atkins;
- for the SPE to issue Energy Transition Bonds, in one or more series, for a scheduled final maturity of no more than 25 years, provided that a rated final maturity may exceed 25 years, as described in the testimony of PNM Witness Atkins;
- to use the Energy Transition Bonds to finance the maximum amount of Energy Transition Costs as described in the testimony of PNM Witness Monroy, as may be adjusted pursuant to Section 4(B)(6) of the ETA;
- to recover the Energy Transition Costs as described in the testimony of PNM Witness Monroy as may be adjusted pursuant to Section 4(B)(6) of the ETA through the Energy Transition Charges;
- to approve the Energy Transition Charges necessary to recover the Energy Transition Costs, as described in the testimony of PNM Witness Settlage;

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- 1 • to approve the ongoing adjustment mechanism for the Energy Transition
2 Charges in compliance with Section 6 of the ETA, as described in
3 testimony of PNM Witness Settlage (the “True-Up Adjustment
4 Mechanism”);
- 5 • creation of the energy transition property described in and created by the
6 Financing Order (the “Energy Transition Property”) that may be sold by
7 PNM to the SPE pursuant to the Purchase Agreement and used to pay, and
8 secure payment of, the Energy Transition Bonds authorized in the
9 Financing Order, as described in the testimony of PNM Witness Atkins;
- 10 • to provide that creation of the Energy Transition Property will be
11 simultaneous with the sale of the Energy Transition Property to the SPE
12 and the SPE’s pledge of the Energy Transition Property to secure the
13 Energy Transition Bonds, as required by Section 5(G) of the ETA;
- 14 • for PNM and the SPE, as the case may be, to enter into the Transaction
15 Documents and to enter into any appropriate ancillary agreements
16 designed to promote the credit quality and marketability of the Energy
17 Transition Bonds, as described in the testimony of PNM Witness Atkins;
- 18 • approval of PNM’s proposed ratemaking method, as described in the
19 testimony of PNM Witness Monroy, for the reconciliation of the
20 differences between the estimated upfront Energy Transition Costs that are
21 included in the Energy Transition Bond issuance and the actual final
22 upfront Energy Transitions Costs; and

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- 1 • approval of PNM’s proposed ratemaking method, as described in the
2 testimony of PNM Witness Monroy, to protect customers in the instance
3 that customers begin to pay for the Energy Transition Charge and
4 customers base rates have not been adjusted to reflect the removal of the
5 undepreciated investment of San Juan coal plant.

6
7 A proposed draft form of the Financing Order is provided as Appendix 3 to the
8 Consolidated Application.

9
10 **Q. IS PNM REQUIRED BY LAW TO SEEK COMMISSION AUTHORITY**
11 **FOR THESE FINANCING TRANSACTIONS?**

12 **A.** Yes. PNM is governed by the terms of the New Mexico Public Utility Act (“the
13 PUA”) and the ETA. Section 5(D) of the ETA provides that the issuance of a
14 Financing Order shall be the only approval required for the authority granted in
15 the Financing Order. As a result, PNM is not required to file a separate financing
16 application pursuant to Section 62-6-6 of the PUA.

17
18 **Q. DID PNM INCLUDE THE PROPOSED ENERGY TRANSITION BONDS**
19 **IN ITS MOST RECENT ANNUAL INFORMATIONAL FILING (“AIFF”)**
20 **FOR THE PERIOD MAY 1, 2019 TO APRIL 30, 2020?**

21 **A.** Yes. The AIFF was filed with the Commission on April 30, 2019.

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1 **Q. IS PNM REQUESTING THAT THE COMMISSION ISSUE A**
2 **FINANCING ORDER AUTHORIZING THE PROPOSED**
3 **TRANSACTIONS WITHIN SIX MONTHS AFTER THE DATE HEREOF?**

4 **A.** Yes. PNM respectfully requests that the Commission, pursuant to Section 5(A) of
5 the ETA, issue an order within six months of the date of the filing of PNM's
6 Consolidated Application in this proceeding.

7

8 **III. OVERVIEW OF THE PROPOSED SECURITIZATION**

9 **Q. PLEASE PROVIDE AN OVERVIEW OF PNM'S REQUEST TO FINANCE**
10 **ENERGY TRANSITION COSTS THROUGH A SECURITIZATION**
11 **TRANSACTION AUTHORIZED BY THE ETA.**

12 **A.** The testimony of PNM Witness Atkins provides an overview of utility
13 securitizations in general and PNM's securitization proposal specifically. PNM
14 proposes that the Commission approve the issuance of Energy Transition Bonds
15 to finance PNM's Energy Transition Costs. PNM will form the SPE, which will
16 be a wholly owned subsidiary of PNM, and the SPE will issue the Energy
17 Transition Bonds.

18

19 **Q. PLEASE IDENTIFY THE ENERGY TRANSITION COSTS THAT PNM IS**
20 **SEEKING TO FINANCE AND RECOVER THROUGH THE ISSUANCE**
21 **OF ENERGY TRANSITION BONDS.**

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1 **A.** PNM proposes to issue Energy Transition Bonds to finance (1) the estimated costs
2 associated with the abandonment of San Juan coal plant, as provided in Section
3 2(H)(2) of the ETA (“Abandonment Costs”), as described in the testimony of
4 PNM Witnesses Fallgren and Monroy, (2) any payments required under Section
5 16 of the ETA (“Section 16 Payments”), as described further in the testimony of
6 PNM Witness Darnell and (3) Financing Costs associated with the Energy
7 Transition Bonds, as described further herein.

8
9 **Q. WHAT AMOUNT OF ENERGY TRANSITION BONDS WOULD BE**
10 **REQUIRED TO FINANCE THE ENERGY TRANSITION COSTS**
11 **IDENTIFIED ABOVE?**

12 **A.** The Company’s current estimate of the aggregate amount of these costs is
13 approximately \$361 million, as described in the testimony of PNM Witness
14 Monroy. In accordance with Section 4(B)(6) of the ETA, the Company will
15 provide the Commission updated upfront Financing Costs and Section 16
16 Payments amounts following the issuance of the Energy Transition Bonds. The
17 Company proposes that the maximum principal amount of the Energy Transition
18 Bonds to be issued pursuant the Financing Order would be equal to the sum of
19 (A) the approximately \$331.6 million of estimated Abandonment Costs set forth
20 in this Consolidated Application, (B) Section 16 Payments (updated as of the time
21 of issuance and provided to the Commission following issuance in accordance
22 with Section 4(B)(6) of the ETA), and (C) upfront Financing Costs (updated as of
23 the time of issuance and provided to the Commission following issuance in

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1 accordance with Section 4(B)(6) of the ETA). If the Company identifies
2 additional Abandonment Costs or any costs required to comply with changes in
3 law as provided in Section 2(H)(3) of the ETA, the Company may seek an
4 amendment to the Financing Order pursuant to Section 7(B)(2) of the ETA to
5 update the maximum principal amount of the Energy Transition Bonds that may
6 be issued.

7
8 As detailed in my testimony below, once the Energy Transition Bonds are issued,
9 there will be ongoing Financing Costs associated with the Energy Transition
10 Bonds. The Energy Transition Charges to be imposed following the issuance of
11 the Energy Transition Bonds will provide for recovery of these ongoing Financing
12 Costs.

13
14 **Q. HOW WILL THE FINANCING OF ENERGY TRANSITION COSTS**
15 **THROUGH A SECURITIZATION UNDER THE ETA BENEFIT**
16 **CUSTOMERS?**

17 **A.** As described in detail in the testimony of PNM Witness Monroy, the issuance of
18 Energy Transition Bonds to finance PNM's recovery of Energy Transition Costs
19 will result in lower revenue requirements than recovery of these costs through
20 traditional rate-making treatment. The beneficial provisions of the ETA will
21 allow the financing of the Energy Transition Costs through the SPE, which will be
22 capitalized with an equity contribution from PNM representing 0.5% of the SPE's
23 total capital and the issuance of the Energy Transition Bonds representing 99.5%

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1 of the SPE's total capital. This mix of capital will provide for a substantially
2 lower weighted-average cost of capital than would be available if PNM were to
3 recover the Energy Transition Costs through traditional rate-making treatment,
4 resulting in lower costs to customers. Under the traditional rate-making formula
5 in place today, customers would pay a weighted average cost of capital of 7.20%,
6 but by using securitized Energy Transition Bonds, the cost paid by customers is
7 much lower.

8
9 **Q. WILL PNM CONTRIBUTE ANY EQUITY CAPITAL TO THE SPE?**

10 **A.** Yes. The SPE will be capitalized through the issuance of the Energy Transition
11 Bonds and a concurrent equity capital contribution from PNM. PNM's capital
12 contribution will be deposited with the Trustee for the Energy Transition Bonds in
13 a capital subaccount to be maintained under the Indenture. Unless a higher equity
14 capitalization is necessary to satisfy rating agency stress tests or other applicable
15 requirements at the time of issuance of the Bonds, PNM will contribute equity
16 capital to the SPE that will equal 0.5% of the total capital of the SPE (with the
17 Energy Transition Bonds representing the remaining 99.5% of the capitalization
18 of the SPE). For example, if the SPE issues \$361 million in aggregate principal
19 amount of Energy Transition Bonds, then PNM will be required to contribute
20 approximately \$1,815,000 to the capital subaccount from PNM's own funds (and
21 not from customer collections). In no event will PNM's equity capital
22 contribution be less than 0.5% of the total capital of the SPE, which is the
23 minimum capitalization level required under Section 4(B)(8) of the ETA.

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1

2 **Q. DOES PNM INTEND TO USE THE PROCEEDS FROM THE ENERGY**
3 **TRANSITION BONDS FOR PURPOSES AUTHORIZED UNDER THE**
4 **ETA?**

5 **A.** Yes. In accordance with Section 10 of the ETA, PNM intends to use the proceeds
6 of the issuance of the Energy Transition Bonds only (1) for purposes related to
7 providing utility service to customers, including paying certain Abandonment
8 Costs (such as severance and job training payments) financed with the Bonds, (2)
9 to make required Section 16 Payments (3) to pay Financing Costs, and (4) to pay
10 Change in Law Costs, if any.

11

12 Specifically, the SPE will issue the Energy Transition Bonds and will receive the
13 proceeds of the sale of the Energy Transition Bonds. The SPE will use the
14 proceeds it receives from the sale of the Energy Transition Bonds to (i) pay the
15 upfront Financing Costs incurred in connection with the issuance of the Bonds
16 (including reimbursement to PNM of any such costs paid by PNM) and (ii)
17 purchase the Energy Transition Property from PNM pursuant to the terms of the
18 Purchase Agreement. The Purchase Agreement is further described in the
19 testimony of PNM Witness Atkins. The SPE will pledge the Energy Transition
20 Property to the Trustee as collateral for the benefit of the holders of the Energy
21 Transition Bonds, as described in the testimony of PNM Witness Atkins.

22

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1 PNM will use the proceeds it receives from the sale of the Energy Transition
2 Property to the SPE (i) to make required Section 16 Payments and (ii) for
3 purposes of providing utility service to customers, including paying certain
4 Abandonment Costs financed with the Bonds.

5
6 **Q. WILL PNM FILE PERIODIC REPORTS WITH THE COMMISSION**
7 **SHOWING THE RECEIPT AND DISBURSEMENT OF THE ENERGY**
8 **TRANSITION BOND PROCEEDS?**

9 **A.** Yes. As contemplated by Section 5(J) of the ETA, the Company will file periodic
10 reports with the Commission showing the receipt and disbursement of the Energy
11 Transition Bond proceeds. Under the proposed form of Financing Order attached
12 as Appendix 3 to the Consolidated Application, PNM will file a report, within 30
13 days following receipt of the proceeds from the sale of the Energy Transition
14 Bonds and annually thereafter until all bond proceeds have been disbursed (the
15 “Disbursement Reports”), specifying (1) the gross amount of proceeds arising
16 from the sale of the Energy Transition Bonds, (2) any amounts expended for
17 payment of upfront Financing Costs (including reimbursement to PNM for such
18 costs paid by PNM), (3) the amount of Section 16 Payments made, (4) the amount
19 of proceeds remaining after such payments, and (5) the use of the remaining
20 proceeds for purposes related to providing utility service to customers.

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Q. HAS THE COMPANY DEVELOPED A PRELIMINARY STRUCTURE FOR THE ISSUANCE OF THE ENERGY TRANSITION BONDS, INCLUDING A PROPOSED MATURITY FOR THE BONDS?

A. Yes. A preliminary financing structure and terms developed in the context of current market conditions is included in PNM Exhibit CNA-4 to the testimony of PNM Witness Atkins. PNM expects that the Energy Transition Bonds will be issued in multiple tranches with varying maturities. PNM will target ratings of AAA for the Energy Transition Bonds. As discussed in the testimony of PNM Witness Atkins, the Energy Transition Bonds will be structured in a manner that is designed to provide for essentially levelized annual payments over the life of the Bonds.

As described further in the testimony of PNM Witness Atkins, rating agency requirements and investor demand at the time of pricing will determine the number, size and tenor of the series and tranches offered to investors, and as a result, an example of the structures and pricing terms is provided on an estimated basis, and the actual structures and pricing may differ.

Q. IS THE PROPOSED RECOVERY PERIOD FOR THE ENERGY TRANSITION BONDS CONSISTENT WITH THE ETA?

A. Yes. The preliminary financing structure included in PNM Exhibit CNA-4 to the testimony of PNM Witness Atkins reflects a proposed scheduled final maturity of the Energy Transition Bonds of 25 years and a proposed final legal maturity of 28

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1 years consistent with Section 5(H) of the ETA. The actual scheduled final
2 maturity and final legal maturity for the Energy Transition may differ from the
3 projections in PNM Exhibit CNA-4 based on market conditions and rating agency
4 requirements at the time of issuance, but in no event will the scheduled final
5 maturity exceed 25 years.

6
7 **Q. WHEN ARE THE ENERGY TRANSITION BONDS EXPECTED TO BE**
8 **ISSUED?**

9 **A.** PNM expects to issue the Bonds as promptly as possible after the last of the
10 following events have occurred: 1) issuance of a final non-appealable Financing
11 Order acceptable to PNM; 2) the abandonment of San Juan coal plant; 3) delivery
12 of any necessary Securities and Exchange Commission ("SEC") approvals under
13 the Securities Act of 1933; and 4) completion of the rating agency process. After
14 the last of the listed events has occurred, the Company and its lead underwriter(s)
15 will consult and refine the marketing timetable for the bonds, taking into account
16 such items as general fixed income market conditions, timing of potential Federal
17 Reserve interest rate announcements, and potential upcoming holidays and "slow
18 weeks" for the market.

19
20 **Q. WILL PNM PROVIDE THE COMMISSION WITH COPIES OF ANY**
21 **FILINGS MADE WITH THE SEC WITH RESPECT TO THE PROPOSED**
22 **SECURITIZATION?**

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1 **A.** Yes. Under the proposed form of Financing Order attached as Appendix 3 to the
2 Consolidated Application, PNM will provide the Commission with a copy of each
3 registration statement, prospectus, Form 8-K or other filing made with the SEC in
4 connection with the Securitization within 5 business days following the date of
5 such filing with the SEC.

6
7 **Q. WILL PNM NOTIFY THE COMMISSION THAT THE ENERGY**
8 **TRANSITION BONDS HAVE BEEN ISSUED?**

9 **A.** Yes. In accordance with Section 4(B)(6) of the ETA, PNM will file with the
10 Commission within 30 days after the issuance of the Energy Transition Bonds, a
11 report describing the final structure and pricing of the Bonds, updated Financing
12 Costs and payment amount required pursuant to Section 16 of the ETA, and an
13 updated calculation of the Energy Transition Charges. In addition, PNM will file
14 final forms of the Transaction Documents.

15
16 **IV. ESTIMATED FINANCING COSTS**

17 **Q. PLEASE DESCRIBE THE ESTIMATED FINANCING COSTS.**

18 **A.** The estimated Financing Costs in connection with the proposed issuance of
19 Energy Transition Bonds will include both upfront Financing Costs incurred at
20 the time of issuance of the Energy Transition and ongoing Financing Costs that
21 will be incurred while the Energy Transition Bonds remain outstanding.

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1 Estimated upfront Financing Costs for the proposed issuance of Energy Transition
2 Bonds of approximately \$8.7 million are shown in more detail in PNM Exhibit
3 EAE-2. The portion of the estimated upfront Financing Costs related to PNM's
4 Consolidated Application to abandon San Juan coal plant and obtain the
5 Financing Order are discussed in the testimony of PNM Witness Monroy. As
6 shown in more detail in PNM Exhibit EAE-3, the estimated annual ongoing
7 Financing Costs (other than debt service, for which estimates are contained in the
8 testimony of PNM Witness Atkins) for the proposed issuance of Energy
9 Transition Bonds are approximately \$515,000.

10
11 **Q. HOW DID PNM DEVELOP ITS ESTIMATED UPFRONT AND**
12 **ONGOING FINANCING COSTS?**

13 **A.** PNM developed its estimates of upfront and ongoing Financing Costs by
14 reviewing publicly available data regarding the costs incurred by other utilities in
15 similar securitization transactions.

16
17 These estimates are subject to change, as the costs are dependent upon the timing
18 of issuance, market conditions at the time of issuance and other factors beyond the
19 control of PNM, including, but not limited to, rating agency fee changes and
20 requirements.

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1 **Q. PLEASE IDENTIFY UPFRONT FINANCING COSTS THAT MAY BE**
2 **INCURRED IN CONNECTION WITH THE ISSUANCE OF THE**
3 **ENERGY TRANSITION BONDS.**

4 **A.** The estimated upfront Financing Costs, which will be financed with a portion of
5 the proceeds of the Energy Transition Bonds, include (i) the fees and expenses
6 incurred by PNM in connection with the application to abandon San Juan coal
7 plant and obtain the Financing Order, including costs set forth in Section 2(K) of
8 the ETA and the bond counsel fee to Commission staff as contemplated by
9 Section 5(L) of the ETA, and (ii) the fees and expenses associated with issuing
10 the Energy Transition Bonds. Examples of these costs are included in PNM
11 Exhibit EAE-2. The fees and expenses incurred by PNM in connection with the
12 Consolidated Application to abandon San Juan coal plant and to obtain the
13 Financing Order are described in the testimony of PNM Witness Monroy.

14

15 **Q. PLEASE DISCUSS THE BASIS OF THE ESTIMATED FEES IN PNM**
16 **EXHIBIT EAE-2.**

17 **A.** These estimated fees are based on a review of the fees incurred by other utilities
18 in similar transactions, vendor estimates and regulatory filing fees, and PNM's
19 estimates of these types of fees based on previous financings.

20

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1 **Q. DOES THE COMPANY EXPECT TO INCUR ANY THIRD-PARTY**
2 **CONSENT FEES AS CONTEMPLATED BY SECTION 2(K)(5) OF THE**
3 **ETA?**

4 **A. The Company does not anticipate incurring any such fees.**
5

6 **Q. PLEASE DISCUSS THE ESTIMATED ANNUAL ONGOING FINANCING**
7 **COSTS (OTHER THAN DEBT SERVICE) REFLECTED IN PNM**
8 **EXHIBIT EAE-3.**

9 **A. In addition to the debt service on the Energy Transition Bonds, there will be other**
10 ongoing expenses that will be incurred throughout the life of the Energy
11 Transition Bonds in order to support the ongoing operations of the SPE. These
12 other ongoing costs are estimated to be approximately \$515,000 annually, and
13 will include servicing fees, administration costs, auditing fees, legal fees, rating
14 agency surveillance fees, Trustee fees, independent director or manager fees, the
15 return on the invested capital, and other miscellaneous fees and expenses.

16
17 **Q. WHAT IS THE ESTIMATED SERVICING FEE AND HOW WILL IT BE**
18 **CALCULATED?**

19 **A. In consideration for its servicing responsibilities, the servicer, initially PNM, will**
20 receive the periodic servicing fee (reflected in Line 1 of PNM Exhibit EAE-3)
21 which will be recovered through the Energy Transition Charges. As discussed in
22 the testimony of PNM Witness Atkins, in order to support the bankruptcy analysis
23 necessary to achieve the highest credit rating for the Energy Transition Bonds, the

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1 servicing fee must be at market-based rates. Such servicing responsibilities will
2 be set forth in the Servicing Agreement, which is discussed by PNM Witness
3 Atkins, and include such items such as billing, monitoring, collecting and
4 remitting the Energy Transition Charges.

5
6 The annual servicing fee to be paid to the Company is currently estimated to be
7 0.05% of the original principal amount of the Energy Transition Bonds, payable
8 on each securitization bond payment date. Because a third-party replacement
9 servicer would likely charge more if it were to perform the same functions, the
10 Servicing Agreement provides for a higher annual servicing fee of up to 0.60% of
11 such original principal amount of the Energy Transition Bonds. The Company
12 proposes that the Company may not resign from its duties as servicer unless (i)
13 the Company determines that performance of its duties as servicer is no longer
14 permissible under applicable law, or (ii) the Company shall have received the
15 consent of the Commission and confirmation that the resignation will not result in
16 a suspension, reduction or withdrawal of the then current ratings on the Energy
17 Transition Bonds.

18
19 The servicing fee estimates described above represent reasonable good faith
20 estimates of market-based fees for servicing securitization bonds and are
21 consistent with the rates in other recent transactions.

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1 **Q. PLEASE DISCUSS THE RETURN ON INVESTED CAPITAL**
2 **REFLECTED IN LINE 2 OF PNM EXHIBIT EAE-3.**

3 **A.** As previously discussed, PNM will make a capital contribution to the SPE at the
4 time the Energy Transition Bonds are issued. This capital contribution, which
5 will be at least 0.5% of the total capital of the SPE as required by Section 4(B)(8)
6 of the ETA, will be deposited into a capital subaccount with the Trustee. The
7 capital subaccount will serve as collateral to facilitate the timely payment of
8 principal of and interest on the Energy Transition Bonds. To the extent that the
9 capital subaccount must be drawn upon to pay these amounts due to a shortfall in
10 Energy Transition Charge collections, the capital subaccount will be replenished
11 to its original level through the True-Up Adjustment Mechanism as described by
12 PNM Witness Settlement. The funds in the capital subaccount will be invested by
13 the Trustee in high quality, short-term investments and, if necessary, such funds
14 (including investment earnings) will be used by the Trustee to pay interest and
15 principal on the Energy Transition Bonds and the other ongoing Financing Costs
16 of the SPE. PNM proposes that the rate of return on its invested capital be equal
17 to the interest rate on the longest maturing tranche of the Energy Transition
18 Bonds. This return on invested capital will be a component of the ongoing
19 Financing Costs that will be recovered through the Energy Transition Charges.
20 The invested capital will return to PNM upon retirement of the bonds.

21

**DIRECT TESTIMONY
OF ELISABETH A. EDEN
NMPRC CASE NO. 19-____-UT**

1 **Q. PLEASE DISCUSS THE ANNUAL ADMINISTRATION FEE.**

2 **A.** The SPE will require ongoing administrative services, such as corporate
3 maintenance, reporting and internal accounting functions. The SPE will have no
4 staff, so these services will be performed by PNM pursuant to the Administration
5 Agreement. PNM proposes an annual fee of \$50,000 plus out-of-pocket expenses
6 for performing these services. In establishing the proposed fee for administrative
7 services, PNM has reviewed the administration fee amounts in other utility
8 securitization transactions. The proposed fee amount is consistent with amounts
9 included in comparable other utility securitization transactions. As discussed in
10 the testimony of PNM Witness Atkins, in order to support the bankruptcy analysis
11 necessary to achieve the highest credit rating for the Energy Transition Bonds, the
12 administration fee must be at market-based rates.

13

14 **Q. PLEASE DISCUSS THE OTHER ESTIMATED ANNUAL ONGOING**
15 **FINANCING COSTS SET FORTH IN PNM EXHIBIT EAE-3.**

16 **A.** In addition, there are other costs such as estimated annual auditor fees, rating
17 agency fees, legal fees, Trustee fees, independent director or manager fees and
18 other miscellaneous related costs. These costs were also developed utilizing fees
19 incurred by other utilities for similar transactions, vendor estimates, and PNM's
20 estimates based on past financings.

21

**DIRECT TESTIMONY
OF ELISABETH A. EDEN
NMPRC CASE NO. 19-____-UT**

1 **Q. WHAT HAPPENS TO ANY DIFFERENCE BETWEEN THE ACTUAL**
2 **AND ESTIMATED LEVELS OF THESE OTHER ONGOING FINANCING**
3 **COSTS?**

4 **A.** The Company will adjust the Energy Transition Charges through the True-Up
5 Adjustment Mechanism described in the testimony of PNM Witness Settlage.

6

7 **Q. DOES PNM ANTICIPATE THAT THE ENERGY TRANSITION BONDS**
8 **WILL PAY FIXED OR FLOATING INTEREST RATES?**

9 **A.** Based on the recommendations included in the testimony of PNM Witness
10 Atkins, PNM will issue the Energy Transition Bonds at interest rates fixed
11 through maturity to create a predictable payment obligation.

12

13 **V. ESTIMATED PAYMENTS REQUIRED UNDER SECTION 16 OF**
14 **THE ETA.**

15 **Q. PLEASE EXPLAIN PNM'S REQUEST TO FINANCE PAYMENTS**
16 **REQUIRED UNDER SECTION 16 OF THE ETA.**

17 **A.** Section 1(H)(4) of the ETA provides that the Energy Transition Costs that may be
18 financed through the issuance of Energy Transition Bonds include any payments
19 required pursuant to Section 16 of the ETA. Section 16(J) of the ETA requires
20 that within 30 days after receiving the proceeds of Energy Transition Bonds,
21 PNM will be required to transfer the following percentages of the financed
22 amount of the Energy Transition Bonds as follows:

**DIRECT TESTIMONY
OF ELISABETH A. EDEN
NMPRC CASE NO. 19-____-UT**

- 1 • 0.50% to the Indian affairs department for deposit in the energy transition
2 Indian affairs fund established under the ETA;
- 3 • 1.65% to the economic development department for deposit in the energy
4 transition economic development assistance fund established under the
5 ETA; and
- 6 • 3.35% to the workforce solutions department in the energy transition
7 displaced worker assistance fund established under the ETA.

8 With regard to the requirements of Section 16 of the ETA, using an illustrative
9 issuance of \$361 million of Energy Transition Bonds, PNM would be required to
10 make a payment of (1) \$1.8 million of the proceeds of the Energy Transition
11 Bonds for deposit in the energy transition Indian affairs fund, (2) \$6.0 million of
12 the proceeds of the Energy Transition Bonds for deposit in the energy transition
13 economic development assistance fund, and (3) \$12.1 million of the proceeds of
14 the Energy Transition Bonds for deposit in the energy transition displaced worker
15 assistance fund. PNM Witness Monroy provides a more specific calculation of
16 the illustrative amounts in Table HEM-2.

17
18 As described in the testimony of PNM Witness Darnell the Section 16 Payments
19 are designed to fund programs to benefit the communities impacted by the
20 proposed closure of San Juan coal plant. PNM may make payments of amounts
21 representing a portion of the Section 16 Payments to the agencies administering
22 these programs in advance of the issuance of the Energy Transition Bonds, as
23 described in the testimony of PNM Witness Darnell. In such a case, a portion of

**DIRECT TESTIMONY
OF ELISABETH A. EDEN
NMPRC CASE NO. 19-____-UT**

1 the proceeds of the Energy Transition Bonds would be used to fund the remaining
2 required Section 16 Payments and to reimburse PNM for the amounts previously
3 paid.

VI. LOWEST COST OBJECTIVE

6 **Q. DOES PNM COMMIT THAT COMMERCIALY REASONABLE**
7 **EFFORTS WILL BE USED TO OBTAIN THE LOWEST COST**
8 **OBJECTIVE?**

9 **A.** Yes. PNM will use commercially reasonable efforts to design the structuring,
10 marketing and pricing of the Energy Transition Bonds to result in the lowest
11 Energy Transition Charges consistent with prevailing market conditions at the
12 time of pricing of the Bonds and the structure and terms of the Bonds approved in
13 the Financing Order. PNM believes that the Commission's approval of a
14 Financing Order substantially in the form filed with the Consolidated Application
15 (and including all of the key provisions identified in the testimony of PNM
16 Witness Atkins) will best position the Company to achieve the lowest cost
17 objective.

VII. CONCLUSION

20 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

21 **A.** Yes, it does.

GCG#525645

Résumé of Elisabeth A. Eden

PNM Exhibit EAE-1

Is contained in the following 2 pages.

ELISABETH A. EDEN
EDUCATIONAL AND PROFESSIONAL SUMMARY

Name: Elisabeth A. Eden

Address: PNM Resources, Inc.
MS 0705
414 Silver SW
Albuquerque, NM 87102

Position: Vice President, Human Resources

Education: Bachelor of Business Administration, University of New Mexico, 1989
Master of Business Administration, University of New Mexico, 1992
Chartered Financial Analyst charter holder, 2005

Employment: Employed by PNM Resources/Public Service Company of New Mexico since 2001

Positions held within the Company include:

Vice President and Treasurer
Executive Director, Financial Planning and Business Analysis
Assistant Treasurer
Director, Corporate Strategy
Senior Manager, Corporate Strategy
Project Manager, Investor Relations
Senior Investment Analyst, Treasury
Planner, Gas Supply

Testimony Filed:

- Application of Texas-New Mexico Power Company for Authority to Change Rates – PUCT Docket No. 48401 filed May 30, 2018.
- In the Matter of the Application of Public Service Company of New Mexico for Revision of Its Retail Electric Rates Pursuant to Advice Notice No. 533 – NMPRC – Case No. 16-00276-UT, filed December 7, 2016.
- In the Matter of the Application of Public Service Company of New Mexico for Revision of its Retail Electric Rates Pursuant to Advice No. 513 – NMPRC – Case No. 15-00261-UT, filed August 27, 2015.

- In the Matter of the Application of Public Service Company of New Mexico for Revision of its Retail Electric Rates Pursuant to Advice No. 507 – NMPRC – Case No. 14-003332-UT, filed December 11, 2014.
- In the Matter of the Application of Public Service Company of New Mexico for Authorizations Pertaining to (a) a New Unsecured Revolving Credit Facility of up to \$400 Million, (b) an Increase in the Amount of the Intercompany Loan Agreement With PNM Resources, Inc. to \$100 Million, and (c) the Issuance of up to \$250 Million in Senior Unsecured Notes – NMPRC Case No. 10-00269-UT, filed September 1, 2010.
- In the Matter of the Application of Public Service Company of New Mexico for Authorizations Pertaining to the Issuance of up to \$403,845,000 of Pollution Control Revenue Refunding Bonds – NMPRC – Case No. 10-00029-UT, filed February 10, 2010.
- Application of Texas-New Mexico Power Company for Authority to Change Rates – PUCT – Docket No. 38480, (SOAH Docket No. 473-10-6053) filed August 26, 2010.
- In the Matter of the Application of Public Service Company of New Mexico for Authorizations Pertaining to the (1) Issuance of up to \$20,000,000 of Pollution Control Revenue Refunding Bonds, and (2) Exercise of Extension Options Under Its \$400 Million Credit Facility, NMPRC – Case No. 12-00096-UT, filed April 4, 2012.

Estimated Upfront Financing Costs

PNM Exhibit EAE-2

Is contained in the following 1 page.

ESTIMATED UPFRONT FINANCING COSTS
PNM Exhibit EAE-2

As of July 1, 2019

Line Number	Description	Estimated Amount
1	Underwriting Discount	\$1,805,000
2	Financial Advisor Structuring Fee	\$470,000
3	Legal Fees	\$2,700,000
4	Rating Agency Fees	\$541,500
5	Trustee Fees and Expenses	\$25,000
6	Accounting and Auditor Fees	\$200,000
7	Printing/Filing and Marketing Expenses	\$30,000
8	SEC Registration Fees	\$43,753
9	Organization of SPE	\$20,000
10	Servicer Set-Up Fees	\$88,000
11	Original Issue Discount ⁽¹⁾	\$0
12	Credit Enhancements ⁽²⁾	\$0
13	NMPRC Bond Counsel ⁽³⁾	\$0
14	Fees for Other Consultants-Consolidated Application Costs ⁽⁴⁾	\$2,650,000
15	Miscellaneous Expenses	\$100,000
16	Total	\$8,673,253

⁽¹⁾ To be determined at issuance; anticipated to be less than 0.05% of principal amount of the bonds.

⁽²⁾ No credit enhancement costs are expected at issuance.

⁽³⁾ No cost assumption made. Costs to be updated upon any State Board of Finance approval of reasonable fees for PRC staff bond counsel proposals.

⁽⁴⁾ Addressed in the testimony of PNM Witness Monroy.

This scheduled does not reflect estimated upfront Financing Costs relating to PNM's application to abandon SJGS and obtain the Financing Order, which estimates are addressed in the testimony of PNM Witness Monroy.

Estimated Annual Ongoing Financing Costs for Bonds (Other than Debt Service
on the Bonds)

PNM Exhibit EAE-3

Is contained in the following 1 page.

ESTIMATED ANNUAL ONGOING FINANCING COSTS
(OTHER THAN DEBT SERVICE ON THE BONDS)
PNM Exhibit EAE-3

As of July 1, 2019

Line Number	Description	Estimated Amount
1	PNM Servicing Fee ⁽¹⁾	\$180,500
2	Return on Capital Contribution	\$74,597
3	Administration Fee	\$50,000
4	Auditor Fees	\$50,000
5	Legal Fees	\$30,000
6	Rating Agency Fees	\$50,000
7	Trustee Fees and Expenses	\$10,000
8	Independent Director/Manager Fees	\$5,000
9	Credit Enhancements ⁽²⁾	\$0
10	Miscellaneous	\$65,000
11	Total	\$515,097

⁽¹⁾ Assumes PNM will act as the servicer with a fee equal to 0.05% of the aggregate initial principal amount of the Bonds. The estimated fee for a third-party servicer would be equal to 0.60% of the aggregate initial principal amount of the Bonds.

⁽²⁾ No credit enhancement costs are expected.

Draft form of Energy Transition Property Purchase and Sale Agreement

PNM Exhibit EAE-4

Is contained in the following 25 pages.

**DRAFT FORM OF
ENERGY TRANSITION PROPERTY PURCHASE AND SALE AGREEMENT**

by and between

[SPE],

Issuer

and

PUBLIC SERVICE COMPANY OF NEW MEXICO,

Seller

Acknowledged and Accepted by

[TRUSTEE], as Indenture Trustee

Dated as of [_____]

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EXHIBIT

Exhibit A Form of Bill of Sale

APPENDIX

Appendix A Definitions and Rules of Construction

This ENERGY TRANSITION PROPERTY PURCHASE AND SALE AGREEMENT, dated as of [____], is by and between [SPE], a Delaware limited liability company, and PUBLIC SERVICE COMPANY OF NEW MEXICO (the “Seller”), a New Mexico corporation, and acknowledged and accepted by [TRUSTEE], a [____], as indenture trustee.

RECITALS

WHEREAS, the Issuer desires to purchase the Series Property created pursuant to the Energy Transition Act;

WHEREAS, the Seller is willing to sell its rights and interests under the Financing Order to the Issuer, whereupon such rights and interests will become the Series Property;

WHEREAS, the Issuer, in order to finance the purchase of the Series Property, will issue the Series A Bonds under the Indenture; and

WHEREAS, the Issuer, to secure its obligations under the Series A Bonds and the Indenture, will pledge, among other things, all right, title and interest of the Issuer in and to the Series Property and this Sale Agreement to the Indenture Trustee for the benefit of the Secured Parties.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto agree as follows:

ARTICLE I. DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1.01. Definitions and Rules of Construction. Capitalized terms used but not otherwise defined in this Sale Agreement shall have the respective meanings given to such terms in Appendix A of the Indenture dated as of the date hereof (as amended, modified or supplemented from time to time in accordance with the provisions thereof, the “Indenture”), between the [SPE] and [TRUSTEE]. Not all terms defined in Appendix A of the Indenture are used in this Sale Agreement. The rules of construction set forth in Appendix A of the Indenture shall apply to this Sale Agreement; however for purposes of this Sale Agreement, unless otherwise indicated herein, the terms Series Charges, Series Closing Date, Series Collateral and Series Property mean the Series Charges, Series Closing Date, Series Collateral and Series Property for the Series A Bonds.

ARTICLE II. CONVEYANCE OF ENERGY TRANSITION PROPERTY

SECTION 2.01. Conveyance of Series Property.

(a) In consideration of the Issuer’s delivery to or upon the order of the Seller of \$[____], subject to the conditions specified in Section 2.02, the Seller does hereby irrevocably sell, transfer, assign, set over and otherwise convey to the Issuer, without recourse or warranty, except as set forth herein, all right, title and interest of the Seller in, to and under the Series Property (such sale, transfer, assignment, setting over and conveyance of the Series

Property includes, to the fullest extent permitted by the Energy Transition Act and the New Mexico UCC, the assignment of all revenues or other proceeds of or arising from the Series Charges related to the Series Property, as the same may be adjusted from time to time pursuant to the Financing Order and the Energy Transition Act). Such sale, transfer, assignment, setting over and conveyance is hereby expressly stated to be a sale or other absolute transfer and, pursuant to Section 14(A) of the Energy Transition Act, shall be treated as an absolute transfer and true sale and not as a pledge of or secured transaction relating to the Seller's right, title, and interest in, to, and under the Series Property. The Seller and the Issuer agree that after giving effect to the sale, transfer, assignment, setting over and conveyance contemplated hereby the Seller has no right, title or interest in, to or under the Series Property to which a security interest could attach because (i) it has sold, transferred, assigned, set over and conveyed all right, title and interest in and to the Series Property to the Issuer, (ii) as provided in Section 14 of the Energy Transition Act, all right, title and interest shall have passed to the Issuer and (iii) as provided in Section 14(B) of the Energy Transition Act, appropriate financing statements shall have been filed and such transfer is perfected against all third parties, except creditors holding a prior security interest, ownership interest or assignment in the Series Property previously perfected in accordance with Section of the Energy Transition Act. If such sale, transfer, assignment, setting over and conveyance is held by any court of competent jurisdiction not to be an absolute transfer and true sale as provided in Section 14(A) of the Energy Transition Act, then such sale, transfer, assignment, setting over and conveyance shall be treated as a pledge of the Series Property and as the creation of a security interest (within the meaning of the Energy Transition Act and the UCC) in the Series Property and, without prejudice to its position that it has absolutely transferred all of its rights in the Series Property to the Issuer, the Seller hereby grants a security interest in the Series Property to the Issuer (and to the Indenture Trustee for the benefit of the Secured Parties) to secure their respective rights under the Basic Documents to receive the Series Charges and all other Series Property.

(b) Subject to Section 2.02, the Issuer does hereby purchase the Series Property from the Seller for the consideration set forth in Section 2.01(a).

SECTION 2.02. Conditions to Conveyance of Series Property. The obligation of the Seller to sell, and the obligation of the Issuer to purchase, Series Property on the Series Closing Date shall be subject to the satisfaction or waiver of each of the following conditions:

(a) on or prior to the Series Closing Date, the Seller shall have delivered to the Issuer a duly executed Bill of Sale identifying and conveying the Series Property on the Series Closing Date;

(b) on or prior to the Series Closing Date, the Seller shall have obtained the Financing Order creating the Series Property;

(c) as of the Series Closing Date, the Seller is not insolvent and will not have been made insolvent by such sale and the Seller is not aware of any pending insolvency with respect to itself;

(d) as of the Series Closing Date, (i) the representations and warranties of the Seller in this Sale Agreement must be true and correct with the same force and effect as if made

on that date (except to the extent they relate to an earlier date), (ii) on and as of the Series Closing Date no breach of any covenant or agreement of the Seller contained in this Sale Agreement has occurred and is continuing and (iii) no Servicer Default shall have occurred and be continuing;

(e) as of the Series Closing Date, (i) the Issuer shall have sufficient funds available to pay the purchase price for the Series Property to be conveyed on such date and (ii) all conditions to the issuance of the Series A Bonds intended to provide such funds set forth in the Indenture and the applicable Series Supplement shall have been satisfied or waived;

(f) on or prior to the Series Closing Date, the Seller shall have taken all action required to transfer to the Issuer ownership of the Series Property on such date, free and clear of all Liens other than Liens created by the Issuer pursuant to the Basic Documents and to perfect such transfer, including filing any statements or filings under the Energy Transition Act or the New Mexico UCC; and the Issuer or the Servicer, on behalf of the Issuer, shall have taken any action required for the Issuer to grant the Indenture Trustee a Lien and first priority perfected security interest in the Series Collateral and maintain such security interest as of the Series Closing Date;

(g) the Seller shall have received and delivered to the Rating Agencies and the Issuer any Opinions of Counsel required by the Rating Agencies;

(h) the Seller shall have received and delivered to the Issuer and the Indenture Trustee an opinion or opinions of outside tax counsel (as selected by the Seller, and in form and substance reasonably satisfactory to the Issuer and the Indenture Trustee) to the effect that (i) the Issuer will not be subject to U.S. federal income tax as an entity separate from its sole owner and that the Series A Bonds will be treated as debt of the Issuer's sole owner for U.S. federal income tax purposes and (ii) for U.S. federal income tax purposes, the Seller will not be treated as recognizing gross income upon the issuance of the Series A Bonds;

(i) on and as of the Series Closing Date, each of the Certificate of Formation, the LLC Agreement, the Servicing Agreement, this Sale Agreement, the Indenture, the applicable Series Supplement, the Financing Order and the Energy Transition Act shall be in full force and effect;

(j) the Seller shall have delivered to the Indenture Trustee and the Issuer an Officer's Certificate confirming the satisfaction of each condition precedent specified in this Section 2.02;

(k) the Seller shall have received the purchase price for the Series Property.

ARTICLE III. REPRESENTATIONS AND WARRANTIES OF SELLER

Subject to Section 3.09, the Seller makes the following representations and warranties, as of the Series Closing Date, and the Seller acknowledges that the Issuer has relied thereon in acquiring the Series Property. The representations and warranties shall survive the sale and transfer of Series Property to the Issuer and the pledge thereof to the Indenture Trustee pursuant

to the Indenture. The Seller agrees that (i) the Issuer may assign the right to enforce the following representations and warranties to the Indenture Trustee and (ii) the following representations and warranties inure to the benefit of the Issuer and the Indenture Trustee.

SECTION 3.01. Organization and Good Standing. The Seller is a corporation duly organized, validly existing and in good standing under the laws of the state of New Mexico, with requisite power and authority to own its properties and conduct its business as of the Series Closing Date.

SECTION 3.02. Due Qualification. The Seller is duly qualified to do business and is in good standing, and has obtained all necessary licenses and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business shall require such qualifications, licenses or approvals (except where the failure to so qualify or obtain such licenses and approvals would not be reasonably likely to have a material adverse effect on the Seller's business, operations, assets, revenues or properties, the Series Property, the Issuer or the Series A Bonds).

SECTION 3.03. Power and Authority. The Seller has the requisite corporate power and authority to execute and deliver this Sale Agreement and to carry out its terms. The Seller has full corporate power and authority to own the Series Property and to sell and assign the Series Property to the Issuer and the Seller has duly authorized such sale and assignment to the Issuer by all necessary corporate action. The execution, delivery and performance of obligations under this Sale Agreement have been duly authorized by all necessary corporate action on the part of the Seller under its organizational documents and laws.

SECTION 3.04. Binding Obligation. This Sale Agreement constitutes a legal, valid and binding obligation of the Seller, enforceable against the Seller in accordance with its terms, subject to bankruptcy, receivership, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing), regardless of whether considered in a proceeding in equity or at law.

SECTION 3.05. No Violation. The consummation of the transactions contemplated by this Sale Agreement and the fulfillment of the terms hereof do not: (a) conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time) a default under, the Seller's organizational documents or any indenture, or other material agreement or instrument to which the Seller is a party or by which it is bound; or (b) result in the creation or imposition of any Lien upon any of the Seller's properties pursuant to the terms of any such indenture, agreement or other instrument (other than any Lien that may be granted in the Issuer's favor or any Lien under the Basic Documents or any Liens created by the Issuer pursuant to the Energy Transition Act) or violate any existing law or any order, rule or regulation applicable to the Seller issued by any Governmental Authority having jurisdiction over the Seller or its properties.

SECTION 3.06. No Proceedings. [Except as disclosed in Schedule 3.06], there are no proceedings pending or, to the Seller's knowledge, investigations pending or threatened or proceedings threatened, before any Governmental Authority having jurisdiction over the Seller

or its properties: (a) asserting the invalidity of the Basic Documents, the Series A Bonds, the Energy Transition Act or the Financing Order; (b) seeking to prevent the issuance of the Series A Bonds or the consummation of any of the transactions contemplated by the Basic Documents; (c) seeking a determination or ruling that could reasonably be expected to materially and adversely affect the performance by the Seller of its obligations under, or the validity or enforceability of, the Basic Documents, the related Series of Series A Bonds or the Financing Order; or (d) challenging the Seller's treatment of the Series A Bonds as debt of the Seller for U.S. federal income tax purposes.

SECTION 3.07. Approvals. No governmental approvals, authorizations, consents, orders or other actions or filings, other than filings under the Energy Transition Act or with the New Mexico Secured Transaction Registry or the UCC of Delaware, are required for the Seller to execute, deliver and perform its obligations under this Sale Agreement except those which have previously been obtained or made or are required to be made by the Servicer in the future pursuant to the Servicing Agreement. The Seller has provided the Commission with a copy of each registration statement, prospectus, Current Report on Form 8-K or other filing made with the SEC as part of the transactions contemplated hereby.

SECTION 3.08. The Series Property.

(a) Information. Subject to Section 3.08(h), at the Series Closing Date, all written information, as amended or supplemented from time to time, provided by the Seller to the Issuer with respect to the Series Property (including the Expected Sinking Fund Schedule and the Financing Order) is true and correct in all material respects.

(b) True-Sale and Absolute Transfer. It is the intention of the parties hereto that the transfer, sale, assignment and conveyance of the Series Property herein contemplated constitutes a sale or other absolute transfer of all of the Seller's right, title and interest in the Series Property to the Issuer; upon the execution and delivery of this Sale Agreement and the Bill of Sale on the Series Closing Date, the Series Property shall be validly transferred, sold and assigned to the Issuer and the Seller will have no right, title or interest in the Series Property and the Series Property would not be part of the estate of the Seller as debtor in the event of a filing of a bankruptcy petition by or against the Seller under any bankruptcy law. The Seller hereby represents that no portion of the Series Property has been sold, transferred, assigned, pledged or otherwise conveyed by the Seller to any person other than the Issuer, and, to the Seller's knowledge (after due inquiry), no security agreement, financing statement or equivalent security or lien instrument listing the Seller as debtor covering all or a portion of the Series Property is on file or of record in any jurisdiction, except such as may have been filed or recorded in favor of the Issuer or the Indenture Trustee in connection with the Basic Documents.

(c) Title. The Seller is the sole owner of the Series Property sold to the Issuer on the Series Closing Date and such sale is made free and clear of all Liens other than Liens created by the Issuer pursuant to Indenture. All actions or filings, including filings under the Energy Transition Act and the UCC, necessary to give the Issuer a valid ownership interest in the Series Property and to grant the Indenture Trustee a first priority perfected security interest in the Series Property, free and clear of all Liens of the Seller or any other Person have been taken or made.

(d) Financing Order; Other Approvals. On the Series Closing Date, under the laws of the State of New Mexico (including the Energy Transition Act) and the United States in effect on the Series Closing Date: (i) the Financing Order pursuant to which the Series Property has been created is in full force and effect and is Final; (ii) as of the issuance of the Series A Bonds, the Series A Bonds are entitled to the protections provided by the Energy Transition Act and, accordingly, the Financing Order and the Series Charges are not revocable by the Commission; (iii) revisions to Public Service Company of New Mexico's electric tariff to implement the Series Charges have been filed and, in accordance with the Energy Transition Act, the Series Charges will become effective 15 days after such filing, such revisions are consistent with the Financing Order, and, pursuant to the Energy Transition Act, any electric tariff implemented consistent with a Financing Order issued by the Commission is not subject to modification by the Commission except for True-Up Adjustments made in accordance with the Energy Transition Act; (iv) the process by which the Financing Order creating the Series Property was adopted and approved complies with all applicable laws, rules and regulations; (v) the Financing Order is not subject to appeal and is legally enforceable, and the process by which it was issued complied with all applicable laws, rules and regulations and (vi) no Governmental Approvals, authorizations, consents, orders or other actions or filings, other than filings under the Energy Transition Act or the UCC of New Mexico or Delaware, are required for the Seller to execute, deliver and perform its obligations under this Sale Agreement except those which have previously been obtained or made or are required to be made by the Servicer in the future pursuant to the Servicing Agreement.

(e) State Action. Under the Energy Transition Act, the State of New Mexico may not take or permit any action that would impair the value of the Series Property or reduce or alter, except for the True-Up Adjustment, or impair the Series Charges to be imposed, collected and remitted to the Issuer, for the benefit of the Holders of the Series A Bonds until the principal of, interest on, and redemption premium (if any) or other charges incurred in connection with the Series A Bonds are paid in full. Furthermore, under the contract clauses of the Constitution of the State of New Mexico and the United States Constitution, the State of New Mexico, including the Commission, could not take any action of a legislative character, including repeal or amendment of the Energy Transition Act or the Financing Order that substantially impairs the value of the Series Property or substantially reduces or alters, except for the True-Up Adjustment, or substantially impairs the Series Charges to be imposed, collected and remitted to the Issuer for the benefit of the Holders of the Series A Bonds, unless such action is a reasonable exercise of the State of New Mexico's sovereign powers and of a character reasonable and appropriate to further a significant and legitimate public purpose and, under the takings clauses of the constitution of the State of New Mexico and the United States Constitution, the State of New Mexico, including the Commission, could not repeal or amend the Energy Transition Act or the Financing Order or take any other action in contravention of the State Pledge, without paying just compensation to the Holders of the Series A Bonds, as determined by a court of competent jurisdiction, if such action constitutes a permanent appropriation of a substantial property interest of the Holders of the Series A Bonds in the Series Property and deprives the Holders of the Series A Bonds of their reasonable expectations arising from their investment in the Series A Bonds. However, there is no assurance that, even if a court were to award just compensation, it would be sufficient to pay the full amount of principal of, interest on and redemption premium (if any) on the Series A Bonds.

(f) Assumptions. On the Series Closing Date, based upon the information available to the Seller on such date, the assumptions used in calculating the Series Charges are reasonable and are made in good faith. Notwithstanding the foregoing, the Seller makes no representation or warranty, express or implied, that amounts actually collected arising from those Series Charges will in fact be sufficient to meet the payment obligations on the related Series A Bonds or that the assumptions used in calculating such Series Charges will in fact be realized.

(g) Creation of Series Property.

(i) For purposes of the Energy Transition Act, the Series Property constitutes a present property right that will continue to exist until the Series A Bonds issued pursuant to the Financing Order and all Financing Costs of the Series A Bonds are paid in full; and

(ii) the Series Property consists of (A) all rights and interest of the Seller under the Financing Order, including the right to impose, charge, collect and receive Series Charges in an amount necessary to provide for full payment and recovery of all Energy Transition Costs identified in the Financing Order; (B) the right under the Financing Order to obtain True-Up Adjustments of the Series Charges; and (C) all revenues or other proceeds arising out of the rights and interests described in (A) and (B).

(h) Nature of Representations and Warranties. The representations and warranties set forth in this Section 3.08, insofar as they involve conclusions of law, are made not on the basis that the Seller purports to be a legal expert or to be rendering legal advice, but rather to reflect the parties' good faith understanding of the legal basis on which the parties are entering into this Sale Agreement and the other Basic Documents and the basis on which the Holders are purchasing the Series A Bonds, and to reflect the parties' agreement that, if such understanding turns out to be incorrect or inaccurate, the Seller will be obligated to indemnify the Issuer and its permitted assigns (to the extent required by and in accordance with Section 5.01), and that the Issuer and its permitted assigns will be entitled to enforce any rights and remedies under the Basic Documents on account of such inaccuracy to the same extent as if the Seller had breached any other representations or warranties hereunder.

(i) Prospectus. As of the date hereof, the information describing the Seller under the caption "[Public Service Company of New Mexico's Review of Energy Transition Property]" and "[Public Service Company of New Mexico—The Depositor, Sponsor, Seller and Initial Servicer]" in the prospectus dated [] relating to the Series A Bonds is true and correct in all material respects.

(j) Solvency. After giving effect to the sale of the Series Property hereunder, the Seller:

(i) is solvent and expects to remain solvent;

(ii) is adequately capitalized to conduct its business and affairs considering its size and the nature of its business and intended purpose;

(iii) is not engaged in nor does it expect to engage in a business for which its remaining property represents unreasonably small capital;

(iv) reasonably believes that it will be able to pay its debts as they come due; and

(v) is able to pay its debts as they mature and does not intend to incur, or believes that it will not incur, indebtedness that it will not be able to repay at its maturity.

(k) No Court Order. There is no order by any court providing for the revocation, alteration, limitation or other impairment of the Energy Transition Act, the Financing Order, the Series Property or the Series Charges or any rights arising under any of them or that seeks to enjoin the performance of any obligations under the Financing Order.

(l) Survival of Representations and Warranties The representations and warranties set forth in this Section 3.08 shall survive the execution and delivery of this Sale Agreement and may not be waived by any party hereto except pursuant to a written agreement executed in accordance with Article VI and as to which the Rating Agency Condition has been satisfied.

SECTION 3.09. Limitations on Representations and Warranties. Without prejudice to any of the other rights of the parties, the Seller will not be in breach of any representation or warranty as a result of a change in law by means of any legislative enactment, constitutional amendment or voter referendum. **Notwithstanding anything in this Sale Agreement to the contrary, the Seller makes no representation that amounts collected will be sufficient to meet the obligations on the Series A Bonds.**

ARTICLE IV. COVENANTS OF THE SELLER

SECTION 4.01. Existence. Subject to Section 5.02, so long as any of the Series A Bonds are Outstanding, the Seller (a) will keep in full force and effect its existence and remain in good standing or equivalent status under the laws of the jurisdiction of its organization and (b) will obtain and preserve its qualifications to do business in each jurisdiction in which such qualification is or will be necessary to protect the validity and enforceability of this Sale Agreement and each other instrument or agreement to which the Seller is a party necessary to the proper administration of this Sale Agreement and the transactions contemplated hereby.

SECTION 4.02. No Liens. Except for the conveyances under this Sale Agreement or any Lien for the benefit of the Issuer, the Holders of the Series A Bonds or the Indenture Trustee, the Seller will not sell, pledge, assign or transfer to any other person, or grant, create, incur, assume or suffer to exist any Lien on, any of the Series Property, or any interest therein. The Seller will not at any time assert any Lien against or with respect to any Series Property, and will defend the right, title and interest of the Issuer and of the Indenture Trustee, on behalf of the Secured Parties, in, to and under the Series Property against all claims of third parties claiming through or under the Seller.

SECTION 4.03. Use of Proceeds. The Seller will use the proceeds of the sale of the related Series Property in accordance with the Financing Order.

SECTION 4.04. Delivery of Collections. In the event that the Seller receives any Energy Transition Charge Collections or other payments in respect of the Series Charges or the proceeds thereof, other than in its capacity as the Servicer, the Seller agrees to pay to the Servicer, on behalf of the Issuer, all payments received by it in respect thereof as soon as practicable after receipt thereof. Prior to such remittance to the Servicer by the Seller, the Seller agrees that such amounts are held by it in trust for the Issuer and the Indenture Trustee.

SECTION 4.05. Notice of Liens. The Seller shall notify the Issuer and the Indenture Trustee promptly after becoming aware of any Lien on any of the Series Property, other than the conveyances hereunder and any Lien pursuant to the Basic Documents, including the Lien in favor of the Indenture Trustee for the benefit of the Holders of the Series A Bonds.

SECTION 4.06. Compliance with Law. The Seller hereby agrees to comply with its organizational or governing documents and all laws, treaties, rules, regulations and determinations of any Governmental Authority applicable to it, except to the extent that failure to so comply would not materially adversely affect the Issuer's or the Indenture Trustee's interests in the Series Property under any of the Basic Documents to which the Seller is party or of Seller's performance of its material obligations under this Sale Agreement or under any of the other Basic Documents to which it is a party.

SECTION 4.07. Covenants Related to Series A Bonds and Series Property.

(a) So long as any of the Series A Bonds are Outstanding, the Seller shall treat the Series Property as the Issuer's property for all purposes other than financial accounting or tax purposes.

(b) So long as any of the Series A Bonds are Outstanding, the Seller shall treat such Series A Bonds as debt of the Issuer and not that of the Seller, except for financial accounting and tax purposes. For U.S. federal income tax purposes and, to the extent consistent with applicable state, local and other tax law, for purposes of state, local or other taxes, so long as any of the Series A Bonds are Outstanding, the Seller agrees to treat such Series A Bonds as indebtedness of the Seller (as the sole owner of the Issuer) secured by the related Series Collateral unless otherwise required by appropriate taxing authorities.

(c) So long as any of the Series A Bonds are Outstanding, the Seller shall disclose in its financial statements that the Issuer and not the Seller is the owner of the Series Property and that the assets of the Issuer are not available to pay creditors of the Seller or its Affiliates (other than the Issuer).

(d) So long as any of the Series A Bonds are Outstanding, the Seller shall not own or purchase any Series A Bonds.

(e) So long as the Series A Bonds are Outstanding, the Seller shall disclose the effects of all transactions between the Seller and the Issuer in accordance with generally accepted accounting principles.

(f) The Seller agrees that, upon the sale by the Seller of the Series Property to the Issuer pursuant to this Sale Agreement, (i) to the fullest extent permitted by law, including applicable Commission Regulations and the Energy Transition Act, the Issuer shall have all of the rights originally held by the Seller with respect to the Series Property, including the right (subject to the terms of the Servicing Agreement) to exercise any and all rights and remedies to collect any amounts payable by any Customer in respect of the Series Property, notwithstanding any objection or direction to the contrary by the Seller (and the Seller agrees not to make any such objection or to take any such contrary action) and (ii) any payment by any Customer directly to the Issuer shall discharge such Customer's obligations, if any, in respect of the Series Property to the extent of such payment, notwithstanding any objection or direction to the contrary by the Seller.

(g) So long as any of the Series A Bonds are Outstanding, (i) in all proceedings relating directly or indirectly to the Series Property, the Seller shall affirmatively certify and confirm that it has sold all of its rights and interests in and to such property (other than for financial accounting or tax purposes), (ii) the Seller shall not make any statement or reference in respect of the Series Property that is inconsistent with the ownership interest of the Issuer (other than for financial accounting or tax purposes), (iii) the Seller shall not take any action in respect of the Series Property except solely in its capacity as the Servicer thereof pursuant to the Servicing Agreement or as otherwise contemplated by the Basic Documents, and (iv) neither the Seller nor the Issuer shall take any action, file any tax return or make any election inconsistent with the treatment of the Issuer, for U.S. federal income tax purposes and, to the extent consistent with applicable state tax law, state income and franchise tax purposes, as a disregarded entity that is not separate from the Seller (or, if relevant, from another sole owner of the Issuer).

SECTION 4.08. Protection of Title. The Seller shall execute and file such filings, including filings with the New Mexico Secured Transaction Registry pursuant to the Energy Transition Act, and cause to be executed and filed such filings, all in such manner and in such places as may be required by law to fully preserve, maintain, protect and perfect the ownership interest of the Issuer, and the back-up precautionary security interest of the Issuer pursuant to Section 2.01, and the first priority security interest of the Indenture Trustee in the Series Property, including all filings (including but not limited to continuation statements) required under the Energy Transition Act and the UCC relating to the transfer of the ownership of the rights and interest in the Series Property by the Seller to the Issuer or the pledge of the Issuer's interest in the Series Property to the Indenture Trustee. The Seller shall deliver or cause to be delivered to the Issuer and the Indenture Trustee file-stamped copies of, or filing receipts for, any document filed as provided above, as soon as available following such filing. The Seller shall institute any action or proceeding necessary to compel performance by the Commission, the State of New Mexico or any of their respective agents of any of their obligations or duties under the Energy Transition Act or the Financing Order and the Seller agrees to take such legal or administrative actions, including defending against or instituting and pursuing legal actions and appearing or testifying at hearings or similar proceedings, in each case as may be reasonably necessary (a) to seek to protect the Issuer and the Secured Parties from claims, state actions or other actions or proceedings of third parties that, if successfully pursued, would result in a breach of any representation set forth in Article III or any covenant set forth in Article IV and (b) to seek to block or overturn any attempts to cause a repeal of, modification of or supplement to the

Energy Transition Act or the Financing Order, or the rights of Holders of the Series A Bonds by legislative enactment or constitutional amendment that would be materially adverse to the Issuer or the Secured Parties or that would otherwise cause an impairment of the rights of the Issuer or the Secured Parties. The costs of any such actions or proceedings undertaken by the Seller will be reimbursed by the Issuer as an Operating Expense.

SECTION 4.09. Nonpetition Covenants. Notwithstanding any prior termination of this Sale Agreement or the Indenture, the Seller shall not, prior to the date that is one year and one day after the termination of the Indenture and payment in full of the Series A Bonds or any other amounts owed under the Indenture, petition or otherwise invoke or cause the Issuer to invoke the process of any Governmental Authority for the purpose of commencing or sustaining a voluntary case against the Issuer under any U.S. federal or state bankruptcy, insolvency or similar law, appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official or any substantial part of the property of the Issuer, or ordering the winding up or liquidation of the affairs of the Issuer.

SECTION 4.10. Taxes. So long as any of the Series A Bonds are outstanding, the Seller shall, and shall cause each of its Affiliates to, pay all material taxes, assessments and governmental charges imposed upon it or any of its properties or assets or with respect to any of its franchises, business, income or property before any penalty accrues thereon if the failure to pay any such taxes, assessments and governmental charges would, after any applicable grace periods, notices or other similar requirements, result in a Lien on the Series Property; provided, that no such tax need be paid if the Seller or one of its Affiliates is contesting the same in good faith by appropriate proceedings promptly instituted and diligently conducted and if the Seller or such Affiliate has established appropriate reserves as shall be required in conformity with generally accepted accounting principles.

SECTION 4.11. Notice of Breach to Rating Agencies, Etc. Promptly after obtaining knowledge thereof, in the event of a breach in any material respect (without regard to any materiality qualifier contained in such representation, warranty or covenant) of any of the Seller's representations, warranties or covenants contained herein, the Seller shall promptly notify the Issuer, the Indenture Trustee and the Rating Agencies of such breach. For the avoidance of doubt, any breach that would adversely affect scheduled payments on the Series A Bonds will be deemed to be a material breach for purposes of this Section 4.11.

SECTION 4.12. Filing Requirements. The Seller shall comply with all filing requirements, including any post-closing filings, in accordance with the Financing Order and the Energy Transition Act.

SECTION 4.13. Further Assurances. Upon the request of the Issuer, the Seller shall execute and deliver such further instruments and do such further acts as may be reasonably necessary to carry out the provisions and purposes of this Sale Agreement.

SECTION 4.14. Intercreditor Agreement. The Seller shall not become a party to any (i) trade receivables purchase and sale agreement or similar arrangement under which it sells all or any portion of its accounts receivables owing from New Mexico electric distribution customers unless the Indenture Trustee, the Seller and the other parties to such additional

arrangement shall have entered into an intercreditor agreement in connection therewith and the terms of the documentation evidencing such trade receivables purchase and sale arrangement or similar arrangement shall expressly exclude Series Property (including Series Charges) from any receivables or other assets pledged or sold under such arrangement or (ii) sale agreement selling to any other Affiliate property consisting of charges similar to the Charges sold pursuant to this Sale Agreement, payable by Customers pursuant to the Energy Transition Act or any similar law, unless the Seller and the other parties to such arrangement shall have entered into an intercreditor agreement in connection with any agreement or similar arrangement described in this Section 4.14.

ARTICLE V. THE SELLER

SECTION 5.01. Liability of Seller; Indemnities.

(a) The Seller shall be liable in accordance herewith only to the extent of the obligations specifically undertaken by the Seller under this Sale Agreement.

(b) The Seller shall indemnify the Issuer and the Indenture Trustee (for the benefit of the Secured Parties) and each of their respective officers, directors, employees, trustees, managers and agents for, and defend and hold harmless each such Person from and against, any and all taxes (other than taxes imposed on Holders as a result of their ownership of a Series A Bond) that may at any time be imposed on or asserted against any such Person as a result of the sale and assignment of the Series Property to the Issuer, including any franchise, sales, gross receipts, general corporation, tangible personal property, privilege or license taxes, but excluding any taxes imposed as a result of a failure of such Person to withhold or remit taxes with respect to payments on any Series A Bond, it being understood that the Holders shall be entitled to enforce their rights against the Seller under this Section 5.01(b) solely through a cause of action brought for their benefit by the Indenture Trustee as set forth in the Indenture.

(c) The Seller shall indemnify the Issuer and the Indenture Trustee (for the benefit of the Secured Parties) and each of their respective officers, directors, employees, trustees, managers and agents for, and defend and hold harmless each such Person from and against, any and all taxes (other than taxes imposed on Holders as a result of their ownership of a Series A Bond) that may at any time be imposed on or asserted against any such Person as a result of the Issuer's ownership and assignment of the Series Property, the issuance and sale by the Issuer of the Series A Bonds or the other transactions contemplated in the Basic Documents, including any franchise, sales, gross receipts, general corporation, tangible personal property, privilege or license taxes, but excluding any taxes imposed as a result of a failure of such Person to withhold or remit taxes with respect to payments on any Series A Bond.

(d) The Seller shall Indemnify the Issuer, the Indenture Trustee (for the benefit of the Secured Parties) and each of their respective officers, directors, employees and agents for, and defend and hold harmless each such Person from and against, all Losses that may be imposed on, incurred by or asserted against each such Person, in each such case, as a result of

the Seller's breach of any of its representations, warranties or covenants contained in this Sale Agreement.

(e) Indemnification under Sections 5.01(b), 5.01(c), 5.01(d) and 5.01(f) shall include reasonable out-of-pocket fees and expenses of investigation and litigation (including reasonable attorneys' fees and expenses), except as otherwise expressly provided in this Sale Agreement.

(f) The Seller shall indemnify the Indenture Trustee (for itself) and each Independent Manager, and any of their respective officers, directors, employees and agents (each, an "Indemnified Person"), for, and defend and hold harmless each such Person from and against, any and all Losses incurred by any of such Indemnified Persons as a result of the Seller's breach of any of its representations and warranties or covenants contained in this Sale Agreement, except to the extent of Losses either resulting from the willful misconduct, bad faith or gross negligence of such Indemnified Person or resulting from a breach of a representation or warranty made by such Indemnified Person in any of the Basic Documents that gives rise to the Seller's breach. The Seller shall not be required to indemnify an Indemnified Person for any amount paid or payable by such Indemnified Person in the settlement of any action, proceeding or investigation without the prior written consent of the Seller, which consent shall not be unreasonably withheld. Promptly after receipt by an Indemnified Person of notice of the commencement of any action, proceeding or investigation, such Indemnified Person shall, if a claim in respect thereof is to be made against the Seller under this Section 5.01(f), notify the Seller in writing of the commencement thereof. Failure by an Indemnified Person to so notify the Seller shall relieve the Seller from the obligation to indemnify and hold harmless such Indemnified Person under this Section 5.01(f) only to the extent that the Seller suffers actual prejudice as a result of such failure. With respect to any action, proceeding or investigation brought by a third party for which indemnification may be sought under this Section 5.01(f), the Seller shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Person, the defense of any such action, proceeding or investigation (in which case the Seller shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Person except as set forth below); provided, that the Indemnified Person shall have the right to participate in such action, proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Seller's election to assume the defense of any action, proceeding or investigation, the Indemnified Person shall have the right to employ separate counsel (including local counsel), and the Seller shall bear the reasonable fees, costs and expenses of such separate counsel if (i) the defendants in any such action include both the Indemnified Person and the Seller and the Indemnified Person shall have reasonably concluded that there may be legal defenses available to it that are different from or additional to those available to the Seller, (ii) the Seller shall not have employed counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person within a reasonable time after notice of the institution of such action, (iii) the Seller shall authorize the Indemnified Person to employ separate counsel at the expense of the Seller or (iv) in the case of the Indenture Trustee, such action exposes the Indenture Trustee to a material risk of criminal liability or forfeiture or a Servicer Default has occurred and is continuing. Notwithstanding the foregoing, the Seller shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Persons other than one local counsel, if appropriate.

(g) The Seller shall indemnify the Servicer (if the Servicer is not the Seller) for the costs of any action instituted by the Servicer pursuant to Section 5.02(d) of the Servicing Agreement that are not paid as Operating Expenses in accordance with the priorities set forth in Section 8.02(e) of the Indenture.

(h) The remedies provided in this Sale Agreement are the sole and exclusive remedies against the Seller for breach of its representations and warranties in this Sale Agreement.

(i) Indemnification under this Section 5.01 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Energy Transition Act or the Financing Order and shall survive the resignation or removal of the Indenture Trustee or the termination of this Sale Agreement and will rank pari passu with other general, unsecured obligations of the Seller. The Seller shall not indemnify any party under this Section 5.01 for any changes in law after the Series Closing Date, whether such changes in law are effected by means of any legislative enactment, any constitutional amendment or any final and non-appealable judicial decision.

SECTION 5.02. Merger, Conversion or Consolidation of, or Assumption of the Obligations of, Seller. Any Person (a) into which the Seller may be merged or consolidated and which succeeds to all or substantially all of the electric distribution business of the Seller, (b) which results from the division of the Seller into two or more Persons and which succeeds to all or substantially all of the electric distribution business of the Seller, (c) which may result from any merger or consolidation to which the Seller shall be a party and which succeeds to all or substantially all of the electric distribution business of the Seller, (d) which may succeed to the properties and assets of the Seller substantially as a whole and which succeeds to all or substantially all of the electric distribution business of the Seller, or (e) which may otherwise succeed to all or substantially all of the electric distribution business of the Seller, which Person in any of the foregoing cases executes an agreement of assumption to perform every obligation of the Seller under this Sale Agreement, shall be the successor to the Seller hereunder without the execution or filing of any document or any further act by any of the parties to this Sale Agreement; provided, however, that: (i) immediately after giving effect to such transaction, no representation or warranty made pursuant to Article III shall have been breached and no Servicer Default, and no event that, after notice or lapse of time, or both, would become a Servicer Default, shall have occurred and be continuing, (ii) the Seller shall have delivered to the Issuer and the Indenture Trustee an Officer's Certificate and an Opinion of Counsel each stating that such consolidation, reorganization, merger or succession and such agreement of assumption comply with this Section 5.02 and that all conditions precedent, if any, provided for in this Sale Agreement relating to such transaction have been complied with, (iii) the Seller shall have delivered to the Issuer and the Indenture Trustee an Opinion of Counsel stating that, in the opinion of such counsel, either (A) all filings to be made by the Seller or the Seller, in its capacity as Seller or as Servicer, including filings under the Energy Transition Act with the New Mexico Secured Transaction Registry and the UCC, that are necessary or advisable to fully preserve and protect the respective interests of the Issuer and the Indenture Trustee in the Series Property have been executed and filed, and reciting the details of such filings, or (B) no such action is necessary to preserve and protect such interests, (iv) the Seller shall have given the Rating Agencies prior written notice of such transaction and (v) the Seller shall have delivered to

the Issuer, the Indenture Trustee and the Rating Agencies an Opinion of Counsel from external tax counsel stating that, for U.S. federal income tax purposes, such consolidation, conversion, merger or succession and such agreement of assumption will not result in a material U.S. federal income tax consequence to the Issuer, the Seller, the Indenture Trustee or the Holders of Series A Bonds. When any Person (or more than one Person) acquires the properties and assets of the Seller substantially as a whole or otherwise becomes the successor, whether by merger, conversion, consolidation, sale, transfer, lease, management contract or otherwise, to all or substantially all of the assets of the Seller in accordance with the terms of this Section 5.02, then, upon satisfaction of all of the other conditions of this Section 5.02, the preceding Seller shall automatically and without further notice be released from all of its obligations hereunder.

SECTION 5.03. Limitation on Liability of Seller and Others. The Seller and any director, officer, employee or agent of the Seller may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising hereunder. Subject to Section 4.08, the Seller shall not be under any obligation to appear in, prosecute or defend any legal action that is not incidental to its obligations under this Sale Agreement and that in its opinion may involve it in any expense or liability.

ARTICLE VI. MISCELLANEOUS PROVISIONS

SECTION 6.01. Amendment.

This Sale Agreement may be amended in writing by the Seller and the Issuer with (a) the prior written consent of the Indenture Trustee (b) the satisfaction of the Rating Agency Condition and (c) if any amendment would adversely affect in any material respect the interest of any Holder of the Series A Bonds, the consent of a majority of the Holders of each affected Tranche of Series A Bonds. In determining whether a majority of Holders of the Series A Bonds have consented, Series A Bonds owned by the Issuer or any Affiliate of the Issuer shall be disregarded, except that, in determining whether the Indenture Trustee shall be protected in relying upon any such consent, the Indenture Trustee shall only be required to disregard any Series A Bonds it actually knows to be so owned. Promptly after the execution of any such amendment or consent, the Issuer shall furnish copies of such amendment or consent to each of the Rating Agencies.

Prior to the execution of any amendment to this Sale Agreement, the Issuer and the Indenture Trustee shall be entitled to receive and rely upon (i) an Opinion of Counsel, which counsel may be an employee of or counsel to the Issuer or the Seller and which shall be reasonably satisfactory to the Indenture Trustee, or, in the Indenture Trustee's sole judgment, external counsel of the Seller stating that the execution of such amendment is authorized and permitted by this Sale Agreement and that all conditions precedent provided for in this Sale Agreement relating to such amendment have been complied with and (ii) the Opinion of Counsel referred to in Section 3.01(c)(i) of the Servicing Agreement. The Issuer and the Indenture Trustee may, but shall not be obligated to, enter into any such amendment that affects the Indenture Trustee's own rights, duties or immunities under this Sale Agreement or otherwise.

SECTION 6.02. Notices. Any notice, report or other communication given hereunder shall be in writing and shall be effective (i) upon receipt when sent through the mails, registered or certified mail, return receipt requested, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt, (ii) upon receipt when sent by an overnight courier, (iii) on the date personally delivered to an authorized officer of the party to which sent or (iv) on the date transmitted by facsimile or other electronic transmission with a confirmation of receipt in all cases, addressed as follows:

(a) in the case of the Seller, to Public Service Company of New Mexico, at 414 Silver Ave. SW, Albuquerque, New Mexico 87102, Attention: [•], Telephone: [•];

(b) in the case of the Issuer, to [SPE], at 414 Silver Ave. SW, Albuquerque, New Mexico 87102, Attention: [•], Telephone: [•];

(c) in the case of the Indenture Trustee, to the Corporate Trust Office;

(d) [in the case of Fitch, to Fitch Ratings, 33 Whitehall Street, New York, New York 10004, Attention: ABS Surveillance, Telephone: (212) 908-0500, Facsimile: (212) 908-0355];

(e) [in the case of Moody's, to Moody's Investor Services, inc., ABS/RMBS Monitoring Department, 25th Floor, 7 World Trade Center, 250 Greenwich Street, New York, New York, Email: servicereports@moodys.com]; and

(f) [in the case of S&P, to Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, Structured Credit Surveillance, 55 Water Street, New York, New York 10041, Telephone: (212) 438-8991, Email: servicer_reports@standardandpoors.com (all such notices to be delivered to S&P in writing by email)].

Each party hereto may, by notice given in accordance herewith to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications shall be sent.

SECTION 6.03. Assignment. Notwithstanding anything to the contrary contained herein, except as provided in Section 5.02, this Sale Agreement may not be assigned by the Seller.

SECTION 6.04. Limitations on Rights of Third Parties. The provisions of this Sale Agreement are solely for the benefit of the Seller, the Issuer, the Indenture Trustee (for the benefit of the Secured Parties) and the other Persons expressly referred to herein, and such Persons shall have the right to enforce the relevant provisions of this Sale Agreement. Nothing in this Sale Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Series Property or under or in respect of this Sale Agreement or any covenants, conditions or provisions contained herein.

SECTION 6.05. Severability. Any provision of this Sale Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the

extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 6.06. Separate Counterparts. This Sale Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 6.07. Governing Law. This Sale Agreement shall be construed in accordance with the laws of the State of New Mexico, without reference to its conflict of law provisions, and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws.

SECTION 6.08. Assignment to Indenture Trustee. The Seller hereby acknowledges and consents to any mortgage, pledge, assignment and grant of a security interest by the Issuer to the Indenture Trustee pursuant to the Indenture for the benefit of the Secured Parties of all right, title and interest of the Issuer in, to and under this Sale Agreement, the Series Property and the revenues or other proceeds thereof and the assignment of any or all of the Issuer's rights hereunder to the Indenture Trustee for the benefit of the Secured Parties.

SECTION 6.09. Limitation of Liability. It is expressly understood and agreed by the parties hereto that this Sale Agreement is executed and delivered by the Indenture Trustee, not individually or personally but solely as Indenture Trustee on behalf of the Secured Parties, in the exercise of the powers and authority conferred and vested in it. The Indenture Trustee in acting hereunder is entitled to all rights, benefits, protections, immunities and indemnities accorded to it under the Indenture.

SECTION 6.10. Waivers. Any term or provision of this Sale Agreement may be waived, or the time for its performance may be extended, by the party or parties entitled to the benefit thereof; provided, however, that no such waiver delivered by the Issuer shall be effective unless the Indenture Trustee has given its prior written consent thereto. Any such waiver shall be validly and sufficiently authorized for the purposes of this Sale Agreement if, as to any party, it is authorized in writing by an authorized representative of such party, with prompt written notice of any such waiver to be provided to the Rating Agencies. The failure of any party hereto to enforce at any time any provision of this Sale Agreement shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Sale Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Sale Agreement shall be held to constitute a waiver of any other or subsequent breach.

{REMAINDER OF PAGE INTENTIONALLY LEFT BLANK}

IN WITNESS WHEREOF, the parties hereto have caused this Sale Agreement to be duly executed by their respective officers as of the day and year first above written.

[SPE]
as Issuer

By: _____
Name:
Title:

PUBLIC SERVICE COMPANY OF NEW
MEXICO
as Seller

By: _____
Name:
Title:

ACKNOWLEDGED AND ACCEPTED:

[TRUSTEE],
as Indenture Trustee

By: _____
Name:
Title:

Signature Page to Energy Transition Property Purchase and Sale Agreement

EXHIBIT A
FORM OF BILL OF SALE

See attached

BILL OF SALE

This Bill of Sale is being delivered pursuant to the Energy Transition Property Purchase and Sale Agreement, dated as of [] (the “Sale Agreement”), by and between Public Service Company of New Mexico (the “Seller”) and [SPE] (the “Issuer”). All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Sale Agreement.

In consideration of the Issuer’s delivery to or upon the order of the Seller of \$[], the Seller does hereby irrevocably sell, transfer, assign, set over and otherwise convey to the Issuer, without recourse or warranty, except as set forth in the Sale Agreement, all right, title and interest of the Seller in and to the Series Property created or arising under the Financing Order dated [] issued by the New Mexico Public Regulation Commission under the Energy Transition Act (such sale, transfer, assignment, setting over and conveyance of the Series Property includes, to the fullest extent permitted by the Energy Transition Act, the rights and interests of the Seller under the Financing Order, including the right of the Seller and any Successor or assignee of the Seller to impose, charge, collect and receive Series Charges in an amount necessary to provide for full payment and recovery of all Energy Transition Costs identified in the Financing Order, the right under the Financing Order to obtain True-Up Adjustments of the Series Charges, and all revenue or other proceeds arising out of the rights and interests created under the Financing Order). Such sale, transfer, assignment, setting over and conveyance is hereby expressly stated to be a sale or other absolute transfer and, pursuant to Section 14(A) of the Energy Transition Act, shall be treated as an absolute transfer and true sale and not as a pledge of or secured transaction relating to the Seller’s right, title, and interest in, to, and under the Series Property. The Seller and the Issuer agree that after giving effect to the sale, transfer, assignment, setting over and conveyance contemplated hereby the Seller has no right, title or interest in, to, or under the Series Property to which a security interest could attach because (i) it has sold, transferred, assigned, set over and conveyed all right, title and interest in and to the Series Property to the Issuer, (ii) as provided in Section 14 of the Energy Transition Act, all right, title and interest shall have passed to the Issuer and (iii) as provided in Section 14(B) of the Energy Transition Act, appropriate financing statements have been filed and such transfer is perfected against all third parties, except creditors holding a prior security interest, ownership interest or assignment in the Series Property previously perfected in accordance with Section of the Energy Transition Act. If such sale, transfer, assignment, setting over and conveyance is held by any court of competent jurisdiction not to be an absolute transfer and true sale as provided in Section 14(A) of the Energy Transition Act, then such sale, transfer, assignment, setting over and conveyance shall be treated as a pledge of the Series Property and as the creation of a security interest (within the meaning of the Energy Transition Act and the UCC) in the Series Property and, without prejudice to its position that it has absolutely transferred all of its rights in the Series Property to the Issuer, the Seller hereby grants a security interest in the Series Property to the Issuer (and to the Indenture Trustee for the benefit of the Secured Parties) to secure their respective rights under the Basic Documents to receive the Series Charges and all other Series Property.

The Issuer does hereby purchase the Series Property from the Seller for the consideration set forth in the preceding paragraph.

Each of the Seller and the Issuer acknowledges and agrees that the purchase price for the Series Property sold pursuant to this Bill of Sale and the Sale Agreement is equal to its fair market value at the time of sale.

The Seller confirms that (i) each of the representations and warranties on the part of the Seller contained in the Sale Agreement are true and correct in all respects on the date hereof as if made on the date hereof and (ii) each condition precedent that must be satisfied under Section 2.02 of the Sale Agreement has been satisfied upon or prior to the execution and delivery of this Bill of Sale by the Seller.

This Bill of Sale may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

This Bill of Sale shall be construed in accordance with the laws of the State of New Mexico, without reference to its conflict of law provisions, and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such law.

IN WITNESS WHEREOF, the Seller and the Issuer have duly executed this Bill of Sale
as of this [] day of [], [____].

[SPE],
as Issuer

By: _____
Name:
Title:

PUBLIC SERVICE COMPANY OF NEW
MEXICO,
as Seller

By: _____
Name:
Title:

Draft Form of Indenture

PNM Exhibit EAE-5

Is contained in the following 131 pages.

DRAFT FORM OF

INDENTURE

by and between

[SPE],

Issuer

and

[TRUSTEE],

Indenture Trustee and Securities Intermediary

Dated as of [•], 20[•]

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APPENDIX

Appendix A	Definitions and Rules of Construction
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TRUST INDENTURE ACT CROSS REFERENCE TABLE

TRUST INDENTURE ACT SECTION		INDENTURE SECTION
310	(a)(1)	6.11
	(a)(2)	6.11
	(a)(3)	6.10(b)(i)
	(a)(4)	Not applicable
	(a)(5)	6.11
	(b)	6.11
311	(a)	6.12
	(b)	6.12
312	(a)	7.01 and 7.02
	(b)	7.02(b)
	(c)	7.02(c)
313	(a)	7.04
	(b)(1)	7.04
	(b)(2)	7.04
	(c)	7.03(a) and 7.04
	(d)	Not applicable
	(e)	3.09, 4.01 and 7.03(a)
314	(a)	3.06 and 4.01
	(b)	2.10, 4.01, 8.04(b) and 10.01(a)
	(c)(1)	2.10, 4.01, 8.04(b) and 10.01(a)
	(c)(2)	2.10, 4.01, 8.04(b) and 10.01(a)
	(c)(3)	2.10, 4.01, 4.02 and 10.01(a)
	(d)	2.10, 8.04(b) and 10.01
	(e)	10.01(a)
	(f)	10.01(a)
315	(a)	6.01(b)(i) and 6.01(b)(ii)

TRUST INDENTURE ACT SECTION		INDENTURE SECTION
	(b)	6.05
	(c)	6.01(a)
	(d)	6.01(c)(i), 6.01(c)(ii) and SECTION 6.01(c)(iii)
	(e)	5.13
316	(a) (last sentence)	Appendix A — definition of “Outstanding”
	(a)(1)(A)	5.11
	(a)(1)(B)	5.12
	(a)(2)	Not applicable
	(b)	5.07
	(c)	Appendix A — definition of “Record Date”
317	(a)(1)	5.03(a)
	(a)(2)	5.03(c)(iv)
	(b)	3.03
318	(a)	10.06
	(b)	10.06
	(c)	10.06

THIS CROSS REFERENCE TABLE SHALL NOT, FOR ANY PURPOSE, BE DEEMED TO BE PART OF THIS INDENTURE.

This INDENTURE, dated as of [•], 20[•], is by and between [SPE], a Delaware limited liability company, and [TRUSTEE], in its capacity as trustee for the benefit of the Secured Parties and in its separate capacity as a securities intermediary.

In consideration of the mutual agreements herein contained, each party hereto agrees as follows for the benefit of the other party hereto and each of the Holders:

RECITALS OF THE ISSUER

The Issuer has duly authorized the execution and delivery of this Indenture and the creation and issuance of one or more Series of Energy Transition Bonds issuable hereunder, which will be of substantially the tenor set forth in a Series Supplement for each Series. Each such Series of Energy Transition Bonds will be issued only under a separate Series Supplement to this Indenture duly executed and delivered by the Issuer and the Indenture Trustee.

Each Series of Energy Transition Bonds shall be non-recourse obligations and shall be secured by and payable solely out of the proceeds of the Series Property and the other Series Collateral as provided herein. If and to the extent that such proceeds of the Series Property and the other Series Collateral are insufficient to pay all amounts owing with respect to a Series of Energy Transition Bonds, then, except as otherwise expressly provided hereunder, the Holders shall have no Claim in respect of such insufficiency against the Issuer or the Indenture Trustee, and the Holders, by their acceptance of the Energy Transition Bonds, waive any such Claim.

All things necessary to (a) make the Energy Transition Bonds, when executed by the Issuer and authenticated and delivered by the Indenture Trustee hereunder and duly issued by the Issuer, valid obligations, and (b) make this Indenture a valid agreement of the Issuer, in each case, in accordance with their respective terms, have been done.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That the Issuer, in consideration of the premises herein contained and of the purchase of Energy Transition Bonds by the Holders and of other good and lawful consideration, the receipt and sufficiency of which are hereby acknowledged, and to secure, equally and ratably without prejudice, priority or distinction, except as specifically otherwise set forth in this Indenture, the payment of the Energy Transition Bonds, the payment of all other amounts due under or in connection with this Indenture (including all fees, expenses, counsel fees and other amounts due and owing to the Indenture Trustee) and the performance and observance of all of the covenants and conditions contained herein or in the Energy Transition Bonds, has hereby executed and delivered this Indenture and by these presents does hereby and by one or more Series Supplements will convey, grant, assign, transfer and pledge, in each case, in and unto the Indenture Trustee, its successors and assigns forever, for the benefit of the Secured Parties of the related Series, all and singular the property described in one or more Series Supplements (such property with respect to a particular Series herein referred to as "Series Collateral") and all such property, collectively, hereinafter referred to as the "Collateral"). Each Series Supplement will more particularly describe the obligations of the Issuer secured by the applicable Series Collateral.

AND IT IS HEREBY COVENANTED, DECLARED AND AGREED between the parties hereto that all Energy Transition Bonds are to be issued, countersigned and delivered and that all of the Collateral is to be held and applied, subject to the further covenants, conditions, releases, uses and trusts hereinafter set forth, and the Issuer, for itself and any successor, does hereby covenant and agree to and with the Indenture Trustee and its successors in said trust, for the benefit of the Secured Parties, as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION; INCORPORATION BY REFERENCE

Section 1.01. Definitions and Rules of Construction. Capitalized terms used but not otherwise defined in this Indenture shall have the respective meanings given to such terms in Appendix A, which is hereby incorporated by reference into this Indenture as if set forth fully in this Indenture. Not all terms defined in Appendix A are used in this Indenture. The rules of construction set forth in Appendix A shall apply to this Indenture and are hereby incorporated by reference into this Indenture as if set forth fully in this Indenture.

Section 1.02. Incorporation by Reference of Trust Indenture Act. Whenever this Indenture refers to a provision of the Trust Indenture Act, that provision is incorporated by reference in and made a part of this Indenture. The following Trust Indenture Act terms used in this Indenture have the following meanings:

“indenture securities” means the Energy Transition Bonds.

“indenture security holder” means a Holder.

“indenture to be qualified” means this Indenture.

“indenture trustee” or “institutional trustee” means the Indenture Trustee.

“obligor” on the indenture securities means the Issuer and any other obligor on the indenture securities.

All other Trust Indenture Act terms used in this Indenture that are defined by the Trust Indenture Act, defined by Trust Indenture Act reference to another statute or defined by SEC rule have the meanings assigned to them by such definitions.

ARTICLE II

THE ENERGY TRANSITION BONDS

Section 2.01. Form. The Energy Transition Bonds and the Indenture Trustee’s certificate of authentication shall be in substantially the forms set forth in Exhibit A, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture or by the related Series Supplement and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may,

consistently herewith, be determined by the officers executing the Energy Transition Bonds, as evidenced by their execution of the Energy Transition Bonds.

The Energy Transition Bonds shall be typewritten, printed, lithographed or engraved or produced by any combination of these methods (with or without steel engraved borders), all as determined by the officers executing the Energy Transition Bonds, as evidenced by their execution of the Energy Transition Bonds.

Each Energy Transition Bond shall be dated the date of its authentication.

Section 2.02. Denominations: Energy Transition Bonds Issuable in Series. The Energy Transition Bonds of each Series shall be issuable in the Authorized Denominations specified in the applicable Series Supplement.

The Energy Transition Bonds shall, at the election of and as authorized by a Responsible Officer of the Issuer, and set forth in a Series Supplement, be issued in one or more Series (each of which may be comprised of one or more Tranches), and shall be designated generally as the “Series { } Senior Secured Energy Transition Bonds” of the Issuer, with such further particular designations added or incorporated in such title for the Energy Transition Bonds of any particular Series or Tranche as a Responsible Officer of the Issuer may determine. Each Series of Energy Transition Bond shall bear the designation so selected for the Series or Tranche to which it belongs. All Energy Transition Bonds of a Series shall be identical in all respects except for the denominations thereof, the Holder thereof, the numbering thereon and the legends thereon, unless such Series of Energy Transition Bonds are comprised of one or more Tranches, in which case all of such Series of Energy Transition Bonds of the same Tranche shall be identical in all respects except for the denominations thereof, the Holder thereof, the numbering thereon, the legends thereon and the CUSIP number thereon. All Energy Transition Bonds of a Series and of a particular Tranche shall be in all respects equally and ratably entitled to the benefits hereof without preference, priority or distinction on account of the actual time or times of authentication and delivery, all in accordance with the terms and provisions of this Indenture.

Each Series of Energy Transition Bonds shall be created by a Series Supplement authorized by a Responsible Officer of the Issuer, which Series Supplement shall specify and establish the terms and provisions of such Series, including the following (which terms and provisions may differ as between Tranches):

- (a) designation of the Series and, if applicable, the Tranches thereof;
- (b) the principal amount of the Series (and, if more than one Tranche is issued, the respective principal amounts of such Tranches);
- (c) the Bond Interest Rate of the Series and, if applicable, each Tranche thereof or the formula, if any, used to calculate Bond Interest Rate or Bond Interest Rates for the Series and, if applicable, each Tranche thereof;
- (d) the Payment Dates for the Series and, if applicable, each Tranche thereof;

- (e) the Scheduled Payment Dates for the Series, and if applicable, for each Tranche thereof;
- (f) the Scheduled Final Payment Date(s) of the Series, and if applicable, for each Tranche thereof;
- (g) the Final Maturity Date(s) of the Series, and if applicable, for each Tranche thereof;
- (h) the issuance date for the Series;
- (i) the Authorized Denominations for the Series;
- (j) the Expected Sinking Fund Schedule(s) for the Series, and if applicable, for each Tranche thereof;
- (k) the place or places for the payment of interest, principal and premium, if any;
- (l) any additional Secured Parties;
- (m) the identity of the Indenture Trustee;
- (n) the Energy Transition Charges for the Series and the Series Collateral;
- (o) whether or not the Energy Transition Bonds are to be Book-Entry Energy Transition Bonds and the extent to which Section 2.11 should apply; and
- (p) any other terms of the Series of Energy Transition Bonds (or Tranches thereof) that are not inconsistent with the provisions of this Indenture and as to which the Rating Agency Condition is satisfied.

Section 2.03. Execution, Authentication and Delivery. The Energy Transition Bonds shall be executed on behalf of the Issuer by any of its Responsible Officers. The signature of any such Responsible Officer on the Energy Transition Bonds may be manual or facsimile.

Energy Transition Bonds bearing the manual or facsimile signature of individuals who were at any time Responsible Officers of the Issuer shall bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of the Energy Transition Bonds or did not hold such offices at the date of the Energy Transition Bonds.

At any time and from time to time after the execution and delivery of this Indenture and the related Series Supplement, the Issuer may deliver Energy Transition Bonds executed by the Issuer to the Indenture Trustee pursuant to an Issuer Order for authentication; and the Indenture Trustee shall authenticate and deliver the Energy Transition Bonds as in this Indenture and the related Series Supplement provided and not otherwise.

No Energy Transition Bond shall be entitled to any benefit under this Indenture or related Series Supplement or be valid or obligatory for any purpose, unless there appears on such Energy Transition Bond a certificate of authentication substantially in the form provided for therein executed by the Indenture Trustee by the manual signature of one of its authorized signatories, and such certificate upon any Energy Transition Bond shall be conclusive evidence, and the only evidence, that such Energy Transition Bond has been duly authenticated and delivered hereunder.

Section 2.04. Temporary Energy Transition Bonds. Pending the preparation of Definitive Energy Transition Bonds pursuant to Section 2.13, the Issuer may execute, and upon receipt of an Issuer Order the Indenture Trustee shall authenticate and deliver, Temporary Energy Transition Bonds that are printed, lithographed, typewritten, mimeographed or otherwise produced, of the tenor of the Definitive Energy Transition Bonds in lieu of which they are issued and with such variations not inconsistent with the terms of this Indenture and the related Series Supplement as the officers executing the Energy Transition Bonds may determine, as evidenced by their execution of the Energy Transition Bonds.

If Temporary Energy Transition Bonds are issued, the Issuer will cause Definitive Energy Transition Bonds to be prepared without unreasonable delay. After the preparation of Definitive Energy Transition Bonds, the Temporary Energy Transition Bonds shall be exchangeable for Definitive Energy Transition Bonds upon surrender of the Temporary Energy Transition Bonds at the office or agency of the Issuer to be maintained as provided in Section 3.02, without charge to the Holder. Upon surrender for cancellation of any one or more Temporary Energy Transition Bonds, the Issuer shall execute and the Indenture Trustee shall authenticate and deliver in exchange therefor a like principal amount of Definitive Energy Transition Bonds of authorized denominations. Until so delivered in exchange, the Temporary Energy Transition Bonds shall in all respects be entitled to the same benefits under this Indenture as Definitive Energy Transition Bonds.

Section 2.05. Registration; Registration of Transfer and Exchange of Energy Transition Bonds. The Issuer shall cause to be kept a register (the "Energy Transition Bond Register") in which, subject to such reasonable regulations as it may prescribe, the Issuer shall provide for the registration of Energy Transition Bonds and the registration of transfers of Energy Transition Bonds. The Indenture Trustee shall be "Energy Transition Bond Registrar" for the purpose of registering the Energy Transition Bonds and transfers of Energy Transition Bonds as herein provided. Upon any resignation of any Energy Transition Bond Registrar, the Issuer shall promptly appoint a successor or, if it elects not to make such an appointment, assume the duties of Energy Transition Bond Registrar.

If a Person other than the Indenture Trustee is appointed by the Issuer as Energy Transition Bond Registrar, the Issuer will give the Indenture Trustee prompt written notice of the appointment of such Energy Transition Bond Registrar and of the location, and any change in the location, of the Energy Transition Bond Register, and the Indenture Trustee shall have the right to inspect the Energy Transition Bond Register at all reasonable times and to obtain copies thereof, and the Indenture Trustee shall have the right to rely conclusively upon a certificate executed on behalf of the Energy Transition Bond Registrar by a Responsible Officer thereof as

to the names and addresses of the Holders and the principal amounts and number of the Energy Transition Bonds (separately stated by Series, and if applicable by Tranche).

Upon surrender for registration of transfer of any Energy Transition Bond at the office or agency of the Issuer to be maintained as provided in Section 3.02, provided that the requirements of Section 8-401 of the UCC are met, the Issuer shall execute, and the Indenture Trustee shall authenticate and the Holder shall obtain from the Indenture Trustee, in the name of the designated transferee or transferees, one or more new Energy Transition Bonds in any Authorized Denominations, of the same Series (and, if applicable, Tranche) and aggregate principal amount.

At the option of the Holder, Energy Transition Bonds may be exchanged for other Energy Transition Bonds in any Authorized Denominations, of the same Series (and, if applicable, Tranche) and aggregate principal amount, upon surrender of the Energy Transition Bonds to be exchanged at such office or agency as provided in Section 3.02. Whenever any Energy Transition Bonds are so surrendered for exchange, the Issuer shall, provided that the requirements of Section 8-401 of the UCC are met, execute, and, upon any such execution, the Indenture Trustee shall authenticate and the Holder shall obtain from the Indenture Trustee, the Energy Transition Bonds that the Holder making the exchange is entitled to receive.

All Energy Transition Bonds issued upon any registration of transfer or exchange of other Energy Transition Bonds shall be the valid obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Energy Transition Bonds surrendered upon such registration of transfer or exchange.

Every Energy Transition Bond presented or surrendered for registration of transfer or exchange shall be duly endorsed by, or be accompanied by: (a) a written instrument of transfer in form satisfactory to the Indenture Trustee duly executed by the Holder thereof or such Holder's attorney duly authorized in writing, with such signature guaranteed by an institution that is a member of: (i) The Securities Transfer Agent Medallion Program (STAMP); (ii) The New York Stock Exchange Medallion Program (MSP); (iii) The Stock Exchange Medallion Program (SEMP); or (iv) such other signature guaranty program acceptable to the Indenture Trustee; and (b) such other documents as the Indenture Trustee may require.

No service charge shall be made to a Holder for any registration of transfer or exchange of Energy Transition Bonds, but the Issuer or the Indenture Trustee may require payment of a sum sufficient to cover any tax or other governmental charge or any fees or expenses of the Indenture Trustee that may be imposed in connection with any registration of transfer or exchange of Energy Transition Bonds, other than exchanges pursuant to Section 2.04 or Section 2.06 not involving any transfer

The preceding provisions of this Section 2.05 notwithstanding, the Issuer shall not be required to make, and the Energy Transition Bond Registrar need not register, transfers or exchanges of any Energy Transition Bond that has been submitted within 15 days preceding the due date for any payment with respect to such Energy Transition Bond until after such due date has occurred.

Section 2.06. Mutilated, Destroyed, Lost or Stolen Energy Transition Bonds. If (a) any mutilated Energy Transition Bond is surrendered to the Indenture Trustee or the Indenture Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Energy Transition Bond and (b) there is delivered to the Indenture Trustee such security or indemnity as may be required by it to hold the Issuer and the Indenture Trustee harmless, then, in the absence of notice to the Issuer, the Energy Transition Bond Registrar or the Indenture Trustee that such Energy Transition Bond has been acquired by a Protected Purchaser, the Issuer shall, provided that the requirements of Section 8-401 of the UCC are met, execute, and, upon the Issuer's written request, the Indenture Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Energy Transition Bond, a replacement Energy Transition Bond of like Series, Tranche and principal amount, bearing a number not contemporaneously outstanding; provided, however, that, if any such destroyed, lost or stolen Energy Transition Bond, but not a mutilated Energy Transition Bond, shall have become or within seven days shall be due and payable, instead of issuing a replacement Energy Transition Bond, the Issuer may pay such destroyed, lost or stolen Energy Transition Bond when so due or payable without surrender thereof. If, after the delivery of such replacement Energy Transition Bond or payment of a destroyed, lost or stolen Energy Transition Bond pursuant to the proviso to the preceding sentence, a Protected Purchaser of the original Energy Transition Bond in lieu of which such replacement Energy Transition Bond was issued presents for payment such original Energy Transition Bond, the Issuer and the Indenture Trustee shall be entitled to recover such replacement Energy Transition Bond (or such payment) from the Person to whom it was delivered or any Person taking such replacement Energy Transition Bond from such Person to whom such replacement Energy Transition Bond was delivered or any assignee of such Person, except a Protected Purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Issuer or the Indenture Trustee in connection therewith.

Upon the issuance of any replacement Energy Transition Bond under this Section 2.06, the Issuer and/or the Indenture Trustee may require the payment by the Holder of such Energy Transition Bond of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other reasonable expenses (including the fees and expenses of the Indenture Trustee and the Energy Transition Bond Registrar) in connection therewith.

Every replacement Energy Transition Bond issued pursuant to this Section 2.06 in replacement of any mutilated, destroyed, lost or stolen Energy Transition Bond shall constitute an original additional contractual obligation of the Issuer, whether or not the mutilated, destroyed, lost or stolen Energy Transition Bond shall be found at any time or enforced by any Person, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Energy Transition Bonds duly issued hereunder.

The provisions of this Section 2.06 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Energy Transition Bonds.

Section 2.07. Persons Deemed Owner. Prior to due presentment for registration of transfer of any Energy Transition Bond, the Issuer, the Indenture Trustee, the Energy

Transition Bond Registrar and any agent of the Issuer or the Indenture Trustee may treat the Person in whose name any Energy Transition Bond is registered (as of the day of determination) as the owner of such Energy Transition Bond for the purpose of receiving payments of principal of and premium, if any, and interest on such Energy Transition Bond and for all other purposes whatsoever, whether or not such Energy Transition Bond be overdue, and none of the Issuer, the Indenture Trustee or any agent of the Issuer or the Indenture Trustee shall be affected by notice to the contrary.

Section 2.08. Payment of Principal, Premium, if any, and Interest; Interest on Overdue Principal; Principal, Premium, if any, and Interest Rights Preserved.

(a) The Energy Transition Bonds shall accrue interest as provided in applicable Series Supplement at the applicable Bond Interest Rate, and such interest shall be payable on each applicable Payment Date. Any installment of interest, principal or premium, if any, payable on any Energy Transition Bond that is punctually paid or duly provided for on the applicable Payment Date shall be paid to the Person in whose name such Energy Transition Bond (or one or more Predecessor Energy Transition Bonds) is registered on the Record Date for the applicable Payment Date by check mailed first-class, postage prepaid, to the Person whose name appears as the Registered Holder (or by wire transfer to an account maintained by such Holder) in accordance with payment instructions delivered to the Indenture Trustee by such Holder, and, with respect to Book-Entry Energy Transition Bonds, payments will be made by wire transfer in immediately available funds to the account designated by the Holder of the applicable Global Energy Transition Bond unless and until such Global Energy Transition Bond is exchanged for Definitive Energy Transition Bonds (in which event payments shall be made as provided above) and except for the final installment of principal and premium, if any, payable with respect to such Energy Transition Bond on a Payment Date, which shall be payable as provided below.

(b) The principal of each Energy Transition Bond of each Series (and, if applicable, Tranche) shall be paid, to the extent funds are available therefor in the Collection Account for such Series, in installments on each Payment Date specified in the applicable Series Supplement; provided, that installments of principal not paid when scheduled to be paid in accordance with the Expected Sinking Fund Schedule shall be paid upon receipt of money available for such purpose, in the order set forth in the Expected Sinking Fund Schedule. Failure to pay principal in accordance with such Expected Sinking Fund Schedule because moneys are not available pursuant to Section 8.02 to make such payments shall not constitute a Default or Event of Default under this Indenture; provided, however, that failure to pay the entire unpaid principal amount of the Energy Transition Bonds of a Series or Tranche upon the Final Maturity Date for the Energy Transition Bonds of such Series or Tranche shall constitute an Event of Default under this Indenture as set forth in Section 5.01. Notwithstanding the foregoing, the entire unpaid principal amount of the Energy Transition Bonds of any Series shall be due and payable, if not previously paid, on the date on which an Event of Default shall have occurred and be continuing, if the Indenture Trustee or the Holders of any Series of Energy Transition Bonds representing a majority of the Outstanding Amount of the related Series of Energy Transition Bonds have declared such Energy Transition Bonds to be immediately due and payable in the manner provided in Section 5.02. All payments of principal and premium, if any, on such Energy Transition Bonds shall be made pro rata to the Holders entitled thereto unless otherwise

provided in the applicable Series Supplement. The Indenture Trustee shall notify the Person in whose name an Energy Transition Bond is registered at the close of business on the Record Date preceding the Payment Date on which the Issuer expects that the final installment of principal of and premium, if any, and interest on such Energy Transition Bond will be paid. Such notice shall be mailed no later than five days prior to such final Payment Date and shall specify that such final installment will be payable only upon presentation and surrender of such Energy Transition Bond and shall specify the place where such Energy Transition Bond may be presented and surrendered for payment of such installment.

(c) If interest on the Energy Transition Bonds of any Series is not paid when due, such defaulted interest shall be paid (plus interest on such defaulted interest at the applicable Bond Interest Rate to the extent lawful) to the Persons who are Holders on a subsequent Special Record Date, which date shall be at least 15 Business Days prior to the Special Payment Date. The Issuer shall fix or cause to be fixed any such Special Record Date and Special Payment Date, and, at least ten days before any such Special Record Date, the Issuer shall mail to each affected Holder a notice that states the Special Record Date, the Special Payment Date and the amount of defaulted interest (plus interest on such defaulted interest) to be paid.

Section 2.09. Cancellation. All Energy Transition Bonds surrendered for payment, registration of transfer or exchange shall, if surrendered to any Person other than the Indenture Trustee, be delivered to the Indenture Trustee and shall be promptly canceled by the Indenture Trustee. The Issuer may at any time deliver to the Indenture Trustee for cancellation any Energy Transition Bonds previously authenticated and delivered hereunder that the Issuer may have acquired in any manner whatsoever, and all Energy Transition Bonds so delivered shall be promptly canceled by the Indenture Trustee. No Energy Transition Bonds shall be authenticated in lieu of or in exchange for any Energy Transition Bonds canceled as provided in this Section 2.09, except as expressly permitted by this Indenture. All canceled Energy Transition Bonds may be held or disposed of by the Indenture Trustee in accordance with its standard retention or disposal policy as in effect at the time.

Section 2.10. Outstanding Amount; Authentication and Delivery of Energy Transition Bonds. The aggregate Outstanding Amount of Energy Transition Bonds that may be authenticated and delivered under this Indenture shall not exceed the aggregate of the amount of Energy Transition Bonds that are authorized in the Financing Order, together with any Subsequent Financing Order, if any, but otherwise shall be unlimited.

Energy Transition Bonds of each new Series may at any time be executed by the Issuer and delivered to the Indenture Trustee for authentication and thereupon the same shall be authenticated and delivered by the Indenture Trustee upon Issuer Request and upon delivery by the Issuer to the Indenture Trustee of the following (and if applicable, subject further to the requirements of Section 3.21):

(a) Issuer Action. An Issuer Order authorizing and directing the authentication and delivery of the Series of Energy Transition Bonds by the Indenture Trustee and specifying the principal amount of Energy Transition Bonds to be authenticated.

(b) Authorizations. Copies of (i) the Financing Order or Subsequent Financing Order, as applicable, which shall be in full force and effect and be Final, (ii) certified resolutions of the Managers or Member of the Issuer authorizing the execution and delivery of the Series Supplement and the execution, authentication and delivery of the Series of Energy Transition Bonds and (iii) a Series Supplement duly executed by the Issuer.

(c) Opinions. An opinion or opinions, portions of which may be delivered by one or more counsel for the Issuer, portions of which may be delivered by one or more counsel for the Servicer, and portions of which may be delivered by one or more counsel for the Seller, dated the Series Closing Date, in each case subject to the customary exceptions, qualifications and assumptions contained therein, to the collective effect, that (i) all conditions precedent provided for in this Indenture relating to (A) the authentication and delivery of the Issuer's Series of Energy Transition Bonds and (B) the execution of the related Series Supplement to this Indenture dated the Series Closing Date have been complied with, (ii) the execution of the Series Supplement to this Indenture dated the Series Closing Date is permitted by this Indenture, (iii) such action has been taken with respect to the recording and filing of this Indenture, any indentures supplemental hereto and any other requisite documents, and with respect to the execution and filing of any filings with the Commission, the Secretary of State of the State of Delaware or the New Mexico Secured Transaction Registry pursuant to the Energy Transition Act and the Financing Order or Subsequent Financing Order, as applicable, financing statements and continuation statements, as are necessary to perfect and make effective the Lien and the perfected security interest created by this Indenture and applicable Series Supplement, and, based on a review of a current report of a search of the appropriate governmental filing office, no other Lien that can be perfected solely by the filing of financing statements under the applicable UCC ranks equal or prior to the Lien of the Indenture Trustee in the Series Collateral, and reciting the details of such action, or stating that, in the opinion of such counsel, no such action is necessary to make effective such Lien, together with (A) with respect to Series A Bonds, the other Opinions of Counsel described in Sections [] through [] of the Underwriting Agreement for such Series (other than Sections [] and [] thereof) relating to the Issuer's Energy Transition Bonds and (B) with respect to any other Series of Energy Transition Bonds, such Opinions of Counsel as set forth in the Series Supplement for such Series.

(d) Authorizing Certificate. An Officer's Certificate, dated the Series Closing Date, of the Issuer certifying that (i) the Issuer has duly authorized the execution and delivery of this Indenture and the related Series Supplement and the execution and delivery of the Series of Energy Transition Bonds and (ii) the related Series Supplement is in the form attached thereto and complies with the requirements of Section 2.02.

(e) The Collateral. The Issuer shall have made or caused to be made all filings with the Commission and the New Mexico Secured Transaction Registry pursuant to the Financing Order or Subsequent Financing Order, as applicable, and the Energy Transition Act and all other filings necessary to perfect the Grant of the Series Collateral to the Indenture Trustee and the Lien of this Indenture and the related Series Supplement, including but not limited to UCC Financing Statements in Delaware or New Mexico as applicable.

(f) Series Supplement. A Series Supplement for the Series of Energy Transition Bonds applied for, which shall set forth the provisions and form of the Energy Transition Bonds of such Series (and, if applicable, each Tranche thereof).

(g) Certificates of the Issuer and the Seller.

(i) An Officer's Certificate from the Issuer, dated as of the Series Closing Date:

(A) to the effect that (1) the Issuer is not in Default under this Indenture and that the issuance of the Energy Transition Bonds of such Series will not result in any Default or in any breach of any of the terms, conditions or provisions of or constitute a default under the Financing Order or any Subsequent Financing Order, as applicable, or any indenture, mortgage, deed of trust or other agreement or instrument to which the Issuer is a party or by which it or its property is bound or any order of any court or administrative agency entered in any Proceeding to which the Issuer is a party or by which it or its property may be bound or to which it or its property may be subject and (2) all conditions precedent provided in this Indenture relating to the execution, authentication and delivery of the Energy Transition Bonds of such Series have been complied with;

(B) to the effect that: the Issuer has not assigned any interest or participation in the Series Collateral except for the Grant contained in this Indenture and the related Series Supplement; the Issuer has the power and right to Grant the Series Collateral to the Indenture Trustee as security hereunder and thereunder; and the Issuer, subject to the terms of this Indenture, has Granted to the Indenture Trustee a first priority perfected security interest in all of its right, title and interest in and to such Series Collateral free and clear of any Lien arising as a result of actions of the Issuer or through the Issuer, except Permitted Liens;

(C) to the effect that the Issuer has appointed the firm of Independent registered public accountants as contemplated in Section 8.06;

(D) to the effect that the respective Sale Agreement, Servicing Agreement and Administration Agreement are, to the knowledge of the Issuer (and assuming such agreements are enforceable against all parties thereto other than the Issuer and Public Service Company of New Mexico), in full force and effect and, to the knowledge of the Issuer, that no party is in default of its obligations under such agreements; and

(E) certifying that the Energy Transition Bonds of such Series have received the ratings from the Rating Agencies if required by the Underwriting Agreement for such Series as a condition to the issuance of such Energy Transition Bonds.

(ii) An officer's certificate from the Seller, dated as of the Series Closing Date, to the effect that:

(A) in the case of the Series Property identified in the Bill of Sale for such Series, immediately prior to the conveyance thereof to the Issuer pursuant to the Sale Agreement for such Series: the Seller was the original and the sole owner of such Series Property, free and clear of any Lien; the Seller had not assigned any interest or participation in such Series Property and the proceeds thereof other than to the Issuer pursuant to the Sale Agreement for such Series; the Seller has the power, authority and right to own, sell and assign such Series Property and the proceeds thereof to the Issuer; the Seller has its chief executive office in the State of New Mexico; and the Seller, subject to the terms of the Sale Agreement for such Series, has validly sold and assigned to the Issuer all of its right, title and interest in and to such Series Property and the proceeds thereof, free and clear of any Lien (other than Permitted Liens) and such sale and assignment is absolute and irrevocable and has been perfected;

(B) in the case of the Series Property identified in the Bill of Sale, immediately prior to the conveyance thereof to the Issuer pursuant to the Sale Agreement for such Series, the attached copy of the Financing Order or Subsequent Financing Order, as applicable, creating such Series Property is true and complete and is in full force and effect; and

(C) the Required Capital Level has been deposited or caused to be deposited by the Seller with the Indenture Trustee for crediting to the Capital Subaccount for such Series.

(h) Accountant's Certificate or Letter. One or more certificates or letters, addressed to the Issuer, of a firm of Independent registered public accountants of recognized national reputation to the effect that (i) such accountants are Independent with respect to the Issuer within the meaning of this Indenture and are independent public accountants within the meaning of the standards of the Public Company Accounting Oversight Board and (ii) with respect to the Series Collateral, they have applied such procedures as instructed by the addressees of such certificate or letter.

(i) Requirements of Series Supplement. Such other funds, accounts, documents, certificates, agreements, instruments or opinions as may be required by the terms of the Series Supplement.

(j) Other Requirements. Such other documents, certificates, agreements, instruments or opinions as the Indenture Trustee may reasonably require.

Section 2.11. Book-Entry Energy Transition Bonds. Unless the Series Supplement provides otherwise, all of the Energy Transition Bonds shall be issued in Book-Entry Form, and the Issuer shall execute and the Indenture Trustee shall, in accordance with this Section 2.11 and the Issuer Order, authenticate and deliver one or more Global Energy Transition Bonds, evidencing the Energy Transition Bonds, which (a) shall be an aggregate original principal amount equal to the aggregate original principal amount of the Energy Transition Bonds to be issued pursuant to the Issuer Order, (b) shall be registered in the name of the Clearing Agency therefor or its nominee, which shall initially be Cede & Co., as nominee for

The Depository Trust Company, the initial Clearing Agency, (c) shall be delivered by the Indenture Trustee pursuant to such Clearing Agency's or such nominee's instructions and (d) shall bear a legend substantially to the effect set forth in Exhibit A to the Form of Series Supplement.

Each Clearing Agency designated pursuant to this Section 2.11 must, at the time of its designation and at all times while it serves as Clearing Agency hereunder, be a "clearing agency" registered under the Exchange Act and any other applicable statute or regulation.

No Holder of Energy Transition Bonds issued in Book-Entry Form shall receive a Definitive Energy Transition Bond representing such Holder's interest in any of the Energy Transition Bonds, except as provided in Section 2.13. Unless (and until) certificated, fully registered Energy Transition Bonds (the "Definitive Energy Transition Bonds") have been issued to the Holders pursuant to Section 2.13 or pursuant to the Series Supplement relating thereto:

- (i) the provisions of this Section 2.11 shall be in full force and effect;
- (ii) the Issuer, the Servicer, the Paying Agent, the Energy Transition Bond Registrar and the Indenture Trustee may deal with the Clearing Agency for all purposes (including the making of distributions on the Energy Transition Bonds and the giving of instructions or directions hereunder) as the authorized representative of the Holders;
- (iii) to the extent that the provisions of this Section 2.11 conflict with any other provisions of this Indenture, the provisions of this Section 2.11 shall control;
- (iv) the rights of Holders shall be exercised only through the Clearing Agency and the Clearing Agency Participants and shall be limited to those established by law and agreements between such Holders and the Clearing Agency and/or the Clearing Agency Participants. Pursuant to the Letter of Representations, unless and until Definitive Energy Transition Bonds are issued pursuant to Section 2.13, the initial Clearing Agency will make book-entry transfers among the Clearing Agency Participants and receive and transmit distributions of principal of and interest on the Book-Entry Energy Transition Bonds to such Clearing Agency Participants; and
- (v) whenever this Indenture requires or permits actions to be taken based upon instruction or directions of the Holders evidencing a specified percentage of the Outstanding Amount of Energy Transition Bonds, the Clearing Agency shall be deemed to represent such percentage only to the extent that it has received instructions to such effect from the Holders and/or the Clearing Agency Participants owning or representing, respectively, such required percentage of the beneficial interest in the Energy Transition Bonds and has delivered such instructions to a Responsible Officer of the Indenture Trustee.

Section 2.12. Notices to Clearing Agency. Unless and until Definitive Energy Transition Bonds shall have been issued to Holders pursuant to Section 2.13, whenever notice, payment or other communications to the holders of Book-Entry Energy Transition Bonds is required under this Indenture, the Indenture Trustee, the Servicer and the Paying Agent, as

applicable, shall give all such notices and communications specified herein to be given to Holders to the Clearing Agency.

Section 2.13. Definitive Energy Transition Bonds. If (a) (i) the Issuer advises the Indenture Trustee in writing that the Clearing Agency is no longer willing or able to properly discharge its responsibilities under any Letter of Representations and (ii) the Issuer is unable to locate a qualified successor Clearing Agency, (b) the Issuer, at its option, advises the Indenture Trustee in writing that it elects to terminate the book-entry system through the Clearing Agency or (c) after the occurrence of an Event of Default hereunder, Holders holding Energy Transition Bonds aggregating a majority of the aggregate Outstanding Amount of Energy Transition Bonds of all Series maintained as Book-Entry Energy Transition Bonds advise the Indenture Trustee, the Issuer and the Clearing Agency (through the Clearing Agency Participants) in writing that the continuation of a book-entry system through the Clearing Agency is no longer in the best interests of the Holders, the Issuer shall notify the Clearing Agency, the Indenture Trustee and all such Holders in writing of the occurrence of any such event and of the availability of Definitive Energy Transition Bonds to the Holders requesting the same. Upon surrender to the Indenture Trustee of the Global Energy Transition Bonds by the Clearing Agency accompanied by registration instructions from such Clearing Agency for registration, the Issuer shall execute, and the Indenture Trustee shall authenticate and deliver, Definitive Energy Transition Bonds in accordance with the instructions of the Clearing Agency. None of the Issuer, the Energy Transition Bond Registrar, the Paying Agent or the Indenture Trustee shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be fully protected in relying on, such instructions. Upon the issuance of Definitive Energy Transition Bonds, the Indenture Trustee shall recognize the Holders of the Definitive Energy Transition Bonds as Holders hereunder without need for any consent or acknowledgement from the Holders.

Definitive Energy Transition Bonds will be transferable and exchangeable at the offices of the Energy Transition Bond Registrar.

Section 2.14. CUSIP Number. The Issuer in issuing any Energy Transition Bonds may use a “CUSIP” number and, if so used, the Indenture Trustee shall use the CUSIP number provided to it by the Issuer in any notices to the Holders thereof as a convenience to such Holders; provided, that any such notice may state that no representation is made as to the correctness or accuracy of the CUSIP number printed in the notice or on the Energy Transition Bonds and that reliance may be placed only on the other identification numbers printed on the Energy Transition Bonds. The Issuer shall promptly notify the Indenture Trustee in writing of any change in the CUSIP number with respect to any Energy Transition Bond.

Section 2.15. Letter of Representations. The Issuer shall comply with the terms of each Letter of Representations applicable to the Issuer.

Section 2.16. Tax Treatment. The Issuer and the Indenture Trustee, by entering into this Indenture, and the Holders and any Persons holding a beneficial interest in any Energy Transition Bond, by acquiring any Energy Transition Bond or interest therein, (a) express their intention that, solely for the purposes of U.S. federal taxes and, to the extent consistent with applicable state, local and other tax law, solely for the purposes of state, local and other taxes, the Energy Transition Bonds qualify under applicable tax law as indebtedness of the Member

secured by the respective Series Collateral and (b) solely for the purposes of U.S. federal taxes and, to the extent consistent with applicable state, local and other tax law, solely for purposes of state, local and other taxes, so long as any of the Energy Transition Bonds are outstanding, agree to treat the Energy Transition Bonds as indebtedness of the Member secured by the respective Series Collateral unless otherwise required by appropriate taxing authorities.

Section 2.17. State Pledge. Under the laws of the State of New Mexico in effect on the date hereof, pursuant to Section 19 of the Energy Transition Act, the State of New Mexico has pledged to and agreed with the Holders, any Assignees and any Financing Parties that the State of New Mexico shall not take or permit any action that impairs the value of the Property, except as allowed pursuant to Section 6 of the Energy Transition Act, or reduces, alters or impairs Charges that are imposed, collected and remitted for the benefit of the Holders, any Assignees and any Financing Parties, until the entire principal of, interest on and redemption premium on the Energy Transition Bonds, all Financing Costs and all amounts paid to an Assignee or Financing Party under an Ancillary Agreement are paid in full and performed in full.

The Issuer hereby acknowledges that the purchase of any Energy Transition Bond by a Holder or the purchase of any beneficial interest in an Energy Transition Bond by any Person and the Indenture Trustee's obligations to perform hereunder are made in reliance on such agreement and pledge by the State of New Mexico.

Section 2.18. Security Interests. The Issuer hereby makes the following representations and warranties. Other than the security interests granted to the Indenture Trustee pursuant to this Indenture in the applicable Series Supplement, the Issuer has not pledged, granted, sold, conveyed or otherwise assigned any interests or security interests in the Collateral and no security agreement, financing statement or equivalent security or Lien instrument listing the Issuer as debtor covering all or any part of the Collateral is on file or of record in any jurisdiction, except such as may have been filed, recorded or made by the Issuer in favor of the Indenture Trustee on behalf of the Secured Parties in connection with this Indenture. This Indenture and the applicable Series Supplement constitute a valid and continuing lien on, and first priority perfected security interest in, the Series Collateral in favor of the Indenture Trustee on behalf of the Secured Parties, which lien and security interest is prior to all other Liens and is enforceable as such as against creditors of and purchasers from the Issuer in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally or by general equitable principles, whether considered in a proceeding at law or in equity and by an implied covenant of good faith and fair dealing. With respect to all Series Collateral, this Indenture, together with the related Series Supplement, creates a valid and continuing first priority perfected security interest (as defined in the UCC) in such related Series Collateral, which security interest is prior to all other Liens and is enforceable as such as against creditors of and purchasers from the Issuer in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally or by general equitable principles, whether considered in a proceeding at law or in equity and by an implied covenant of good faith and fair dealing. The Issuer has good and marketable title to the Collateral free and clear of any Lien of any Person other than Permitted Liens. All of the Collateral constitutes Property or accounts, deposit accounts, investment property or general intangibles (as each such

term is defined in the UCC), except that proceeds of the Collateral may also take the form of instruments. The Issuer has taken, or caused the Servicer to take, all action necessary to perfect the security interest in the Collateral granted to the Indenture Trustee, for the benefit of the Secured Parties. The Issuer has filed (or has caused the Servicer to file) all appropriate financing statements in the proper filing offices in the appropriate jurisdictions under applicable law in order to perfect the security interest in the Collateral granted to the Indenture Trustee. The Issuer has not authorized the filing of and is not aware, after due inquiry, of any financing statements against the Issuer that include a description of the Collateral other than those filed in favor of the Indenture Trustee. The Issuer is not aware of any judgment or tax lien filings against the Issuer. The Collection Account for each Series (including all subaccounts thereof) constitutes a “securities account” within the meaning of the UCC. The Issuer has taken all steps necessary to cause the Securities Intermediary of each such securities account to identify in its records the Indenture Trustee as the Person having a security entitlement against the Securities Intermediary in such securities account, no Collection Account is in the name of any Person other than the Indenture Trustee, and the Issuer has not consented to the Securities Intermediary of the Collection Account for each Series to comply with entitlement orders of any Person other than the Indenture Trustee. All of the Collateral constituting investment property has been and will have been credited to the Collection Account for each Series or a subaccount thereof, and the Securities Intermediary for the Collection Account for each Series has agreed to treat all assets credited to the Collection Account for each Series as “financial assets” within the meaning of the UCC. Accordingly, the Indenture Trustee has a first priority perfected security interest in the Collection Account for each Series, all funds and financial assets on deposit therein, and all securities entitlements relating thereto. The representations and warranties set forth in this Section 2.18 shall survive the execution and delivery of this Indenture and the issuance of any Energy Transition Bonds, shall be deemed re-made on each date on which any funds in the Collection Account for each Series are distributed to the Issuer as provided in Section 8.04 or otherwise released from the Lien of the Indenture and may not be waived by any party hereto except pursuant to a supplemental indenture executed in accordance with Article IX and as to which the Rating Agency Condition has been satisfied.

ARTICLE III

COVENANTS

Section 3.01. Payment of Principal, Premium, if any, and Interest. The principal of and premium, if any, and interest on the Energy Transition Bonds shall be duly and punctually paid by the Issuer, or the Servicer on behalf of the Issuer, in accordance with the terms of the Energy Transition Bonds and this Indenture and the applicable Series Supplement; provided, that, except on a Final Maturity Date of a Series or Tranche or upon the acceleration of a Series of Energy Transition Bonds following the occurrence of an Event of Default, the Issuer shall only be obligated to pay the principal of such Energy Transition Bonds on each Payment Date therefor to the extent moneys are available for such payment pursuant to Section 8.02. Amounts properly withheld under the Code, the Treasury regulations promulgated thereunder or other tax laws by any Person from a payment to any Holder of interest or principal or premium, if any, shall be considered as having been paid by the Issuer to such Holder for all purposes of this Indenture.

Section 3.02. Maintenance of Office or Agency. The Issuer shall initially maintain in Albuquerque, New Mexico an office or agency where Energy Transition Bonds may be surrendered for registration of transfer or exchange. The Issuer shall give prompt written notice to the Indenture Trustee of the location, and of any change in the location, of any such office or agency. The Issuer hereby initially appoints the Indenture Trustee to serve as its agent for the foregoing purposes, and the Corporate Trust Office of the Indenture Trustee shall serve as the offices provided above in this Section 3.02. If at any time the Issuer shall fail to maintain any such office or agency or shall fail to furnish the Indenture Trustee with the address thereof, such surrenders may be made at the office of the Indenture Trustee located at the Corporate Trust Office, and the Issuer hereby appoints the Indenture Trustee as its agent to receive all such surrenders.

Section 3.03. Money for Payments To Be Held in Trust. As provided in Section 8.02(a), all payments of amounts due and payable with respect to any Energy Transition Bonds that are to be made from amounts withdrawn from the Collection Account pursuant to Section 8.02(d) shall be made on behalf of the Issuer by the Indenture Trustee or by another Paying Agent, and no amounts so withdrawn from the Collection Account for payments with respect to any Energy Transition Bonds shall be paid over to the Issuer except as provided in this Section 3.03 and Section 8.02.

Each Paying Agent shall meet the eligibility criteria set forth for any Indenture Trustee under Section 6.11. The Issuer will cause each Paying Agent other than the Indenture Trustee to execute and deliver to the Indenture Trustee an instrument in which such Paying Agent shall agree with the Indenture Trustee (and if the Indenture Trustee acts as Paying Agent, it hereby so agrees), subject to the provisions of this Section 3.03, that such Paying Agent will:

(a) hold all sums held by it for the payment of amounts due with respect to the Energy Transition Bonds in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided and pay such sums to such Persons as herein provided;

(b) give the Indenture Trustee, unless the Indenture Trustee is the Paying Agent, and the Rating Agencies written notice of any Default by the Issuer of which it has actual knowledge in the making of any payment required to be made with respect to the Energy Transition Bonds;

(c) at any time during the continuance of any such Default, upon the written request of the Indenture Trustee, forthwith pay to the Indenture Trustee all sums so held in trust by such Paying Agent;

(d) immediately, with notice to the Rating Agencies, resign as a Paying Agent and forthwith pay to the Indenture Trustee all sums held by it in trust for the payment of Energy Transition Bonds if at any time the Paying Agent determines that it has ceased to meet the standards required to be met by a Paying Agent at the time of such determination; and

(e) comply with all requirements of the Code, the Treasury regulations promulgated thereunder and other tax laws with respect to the withholding from any payments

made by it on any Energy Transition Bonds of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, by Issuer Order direct any Paying Agent to pay to the Indenture Trustee all sums held in trust by such Paying Agent, such sums to be held by the Indenture Trustee upon the same trusts as those upon which the sums were held by such Paying Agent; and, upon such payment by any Paying Agent to the Indenture Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Subject to applicable laws with respect to escheatment of funds, any money held by the Indenture Trustee or any Paying Agent in trust for the payment of any amount due with respect to any Energy Transition Bond and remaining unclaimed for two years after such amount has become due and payable shall be discharged from such trust and be paid to the Issuer upon receipt of an Issuer Request; and, subject to Section 10.14, the Holder of such Energy Transition Bond shall thereafter, as an unsecured general creditor, look only to the Issuer for payment thereof (but only to the extent of the amounts so paid to the Issuer), and all liability of the Indenture Trustee or such Paying Agent with respect to such trust money shall thereupon cease; provided, however, that the Indenture Trustee or such Paying Agent, at the request of the Issuer, shall, at the expense of the Issuer, cause to be published once, in a newspaper published in the English language, customarily published on each Business Day and of general circulation in The City of New York, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Issuer. The Indenture Trustee may also adopt and employ, at the expense of the Issuer, any other reasonable means of notification of such repayment (including mailing notice of such repayment to Holders whose right to or interest in moneys due and payable but not claimed is determinable from the records of the Indenture Trustee or of any Paying Agent, at the last address of record for each such Holder).

Section 3.04. Existence. The Issuer shall keep in full effect its existence, rights and franchises as a limited liability company under the laws of the State of Delaware (unless it becomes, or any successor Issuer hereunder is or becomes, organized under the laws of any other State or of the United States of America, in which case the Issuer will keep in full effect its existence, rights and franchises under the laws of such other jurisdiction) and will obtain and preserve its qualification to do business in each jurisdiction in which such qualification is or shall be necessary to protect the validity and enforceability of this Indenture, the other Basic Documents, the Energy Transition Bonds, the Collateral and each other instrument or agreement referenced herein or therein.

Section 3.05. Protection of Collateral. The Issuer shall from time to time execute and deliver all such supplements and amendments hereto and all filings with the Commission, the Secretary of State of the State of Delaware or the New Mexico Secured Transaction Registry pursuant to the Financing Order and any Subsequent Financing Order, as applicable, or to the Energy Transition Act and all financing statements, continuation statements, instruments of further assurance and other instruments, and shall take such other action necessary or advisable, to:

- (a) maintain or preserve the Lien (and the priority thereof) of this Indenture and each Series Supplement or carry out more effectively the purposes hereof;
- (b) perfect, publish notice of or protect the validity of any Grant made or to be made by this Indenture;
- (c) enforce any of the Collateral;
- (d) preserve and defend title to the Collateral and the rights of the Indenture Trustee and the Holders in such Collateral against the Claims of all Persons, including a challenge by any party to the validity or enforceability of the Financing Order or any Subsequent Financing Order, the Series Property or any proceeding relating thereto and institute any action or proceeding necessary to compel performance by the Commission or the State of New Mexico of any of its obligations or duties under the Energy Transition Act, the State Pledge, or the Financing Order or any Subsequent Financing Order; and
- (e) pay any and all taxes levied or assessed upon all or any part of the Collateral.

The Indenture Trustee is specifically permitted and authorized, but not required to file financing statements covering the Collateral, including financing statements that describe the Collateral as “all assets” or “all personal property” of the Issuer and/or reflecting Section 13 of the Energy Transition Act. The Indenture Trustee shall not be responsible for filing any such financing statements.

Section 3.06. Opinions as to Collateral.

(a) Within 90 days after the beginning of each calendar year beginning with the calendar year beginning January 1, 20[•], the Issuer shall furnish to the Indenture Trustee an Opinion of Counsel of the Issuer either stating that, in the opinion of such counsel, such action has been taken with respect to the recording, filing, re-recording and refiling of this Indenture, any indentures supplemental hereto and any other requisite documents, and with respect to the execution and filing of any filings with the Commission, the Secretary of State of the State of Delaware or the New Mexico Secured Transaction Registry pursuant to the Energy Transition Act and the Financing Order and any Subsequent Financing Order, financing statements and continuation statements, as are necessary to maintain the Lien and the perfected security interest created by this Indenture and the Series Supplements and reciting the details of such action, or stating that, in the opinion of such counsel, no such action is necessary to maintain such Lien. Such Opinion of Counsel shall also describe the recording, filing, re-recording and refiling of this Indenture, any indentures supplemental hereto and any other requisite documents and the execution and filing of any filings with the Commission, the Secretary of State of the State of Delaware or the New Mexico Secured Transaction Registry, financing statements and continuation statements that will, in the opinion of such counsel, be required within the 12-month period following the date of such opinion to maintain the Lien and the perfected security interest created by this Indenture and all Series Supplements.

(b) Prior to the effectiveness of any amendment to the applicable Sale Agreement or the applicable Servicing Agreement, the Issuer shall furnish to the Indenture

Trustee an Opinion of Counsel of external counsel of the Issuer either (i) stating that, in the opinion of such counsel, all filings, including UCC financing statements and other filings with the Commission, the Secretary of State of the State of Delaware or the New Mexico Secured Transaction Registry pursuant to the Energy Transition Act or the applicable Financing Order have been executed and filed that are necessary fully to preserve and protect the Lien of the Issuer and the Indenture Trustee in the Series Property and the Series Collateral, respectively, and the proceeds thereof, and reciting the details of such filings or referring to prior Opinions of Counsel in which such details are given, or (ii) stating that, in the opinion of such counsel, no such action shall be necessary to preserve and protect such Lien.

Section 3.07. Performance of Obligations; Servicing; SEC Filings.

(a) The Issuer (i) shall diligently pursue any and all actions to enforce its rights under each instrument or agreement included in the Collateral and (ii) shall not take any action and shall use its best efforts not to permit any action to be taken by others that would release any Person from any of such Person's covenants or obligations under any such instrument or agreement or that would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such instrument or agreement, except, in each case, as expressly provided in this Indenture, the applicable Series Supplement, the applicable Sale Agreement, the applicable Servicing Agreement or such other instrument or agreement.

(b) The Issuer may contract with other Persons selected with due care to assist it in performing its duties under this Indenture, and any performance of such duties by a Person identified to the Indenture Trustee herein or in an Officer's Certificate shall be deemed to be action taken by the Issuer. Initially, the Issuer has contracted with the Servicer to assist the Issuer in performing its duties under this Indenture.

(c) The Issuer shall punctually perform and observe all of its obligations and agreements contained in this Indenture, the applicable Series Supplement, the other Basic Documents and the instruments and agreements included in the Collateral, including filing or causing to be filed all filings with the Commission, the Secretary of State of the State of Delaware or the New Mexico Secured Transaction Registry pursuant to the Energy Transition Act or the applicable Financing Order, all UCC financing statements and all continuation statements required to be filed by it by the terms of this Indenture, the applicable Series Supplement, the applicable Sale Agreement and the applicable Servicing Agreement in accordance with and within the time periods provided for herein and therein.

(d) If the Issuer shall have knowledge of the occurrence of a Servicer Default under the Servicing Agreement for such Series, the Issuer shall promptly give written notice thereof to the Indenture Trustee and the Rating Agencies and shall specify in such notice the response or action, if any, the Issuer has taken or is taking with respect to such Servicer Default. If a Servicer Default shall arise from the failure of the Servicer to perform any of its duties or obligations under the Servicing Agreement with respect to the Series Property, the Series Collateral or the Series Charges, the Issuer shall take all reasonable steps available to it to remedy such failure.

(e) As promptly as possible after the giving of notice of termination to the Servicer and the Rating Agencies of the Servicer's rights and powers pursuant to Section 7.01 of the applicable Servicing Agreement, the Indenture Trustee may and shall, at the written direction of the Holders evidencing a majority of the Outstanding Amount of the Energy Transition Bonds of such Series, appoint a successor Servicer (the "Successor Servicer"), and such Successor Servicer shall accept its appointment by a written assumption in a form acceptable to the Issuer and the Indenture Trustee. A Person shall qualify as a Successor Servicer only if such Person satisfies the requirements of the applicable Servicing Agreement. If, within 30 days after the delivery of the notice referred to above, a new Servicer shall not have been appointed, the Indenture Trustee may petition the Commission or a court of competent jurisdiction to appoint a Successor Servicer. In connection with any such appointment, Public Service Company of New Mexico may make such arrangements for the compensation of such Successor Servicer as it and such successor shall agree, subject to the limitations set forth in Section 8.02 and in the Servicing Agreement.

(f) Upon any termination of the Servicer's rights and powers pursuant to the Servicing Agreement for such Series, the Indenture Trustee shall promptly notify the Issuer, the Holders and the Rating Agencies. As soon as a Successor Servicer is appointed, the Indenture Trustee shall notify the Issuer, the Holders and the Rating Agencies of such appointment, specifying in such notice the name and address of such Successor Servicer.

(g) The Issuer shall (or shall cause the Sponsor to) post on its website (which for this purpose may be the website of any direct or indirect parent company of the Issuer) and, to the extent consistent with the Issuer's and the Sponsor's obligations under applicable law, file with or furnish to the SEC in periodic reports and other reports as are required from time to time under Section 13 or Section 15(d) of the Exchange Act, the following information (other than any such information filed with the SEC and publicly available to investors unless the Issuer specifically requests such items to be posted) with respect to each Series of the Outstanding Energy Transition Bonds, in each case to the extent such information is reasonably available to the Issuer:

(i) statements of any remittances of Series Charges made to the Indenture Trustee (to be included in a Form 10-D or Form 10-K, or successor forms thereto);

(ii) a statement reporting the balances in the Collection Account for such Series and in each subaccount of the Collection Account for such Series as of all Payment Dates (to be included on the next Form 10-D filed) and as of the end of each year (to be included on the next Form 10-K filed);

(iii) the Semi-Annual Servicer's Certificate as required to be submitted pursuant to the applicable Servicing Agreement (to be filed with a Form 10-D, Form 10-K or Form 8-K, or successor forms thereto);

(iv) the Monthly Servicer's Certificate as required to be submitted pursuant to the applicable Servicing Agreement;

(v) the text (or a link to the website where a reader can find the text) of each filing of a True-Up Adjustment and the results of each such filing;

(vi) any change in the long-term or short-term credit ratings of the Servicer assigned by the Rating Agencies;

(vii) material legislative or regulatory developments directly relevant to the Outstanding Energy Transition Bonds (to be filed or furnished in a Form 8-K); and

(viii) any reports and other information that the Issuer is required to file with the SEC under the Exchange Act, including but not limited to periodic and current reports related to a Series of Energy Transition Bonds consistent with the disclosure and reporting regime established in Regulation AB.

Notwithstanding the foregoing, nothing herein shall preclude the Issuer from voluntarily suspending or terminating its filing obligations as Issuer with the SEC to the extent permitted by applicable law. Any such reports or information delivered to the Indenture Trustee for purposes of this Section 3.07(g) is for informational purposes only, and the Indenture Trustee's receipt of such reports or information shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Issuer's compliance with any of its covenants hereunder (as to which the Indenture Trustee is entitled to conclusively rely on an Officer's Certificate).

(h) The Issuer shall direct the Indenture Trustee to post on the Indenture Trustee's website for investors (based solely on information set forth in the Semi-Annual Servicer's Certificate) with respect to each Series of the Outstanding Energy Transition Bonds, to the extent such information is set forth in the Semi-Annual Servicer's Certificate, a statement showing the balance of each Series of Outstanding Energy Transition Bonds that reflects the actual payments made on the Energy Transition Bonds during the applicable period.

The address of the Indenture Trustee's website for investors is [•]. The Indenture Trustee shall immediately notify the Issuer, the Holders and the Rating Agencies of any change to the address of the website for investors.

(i) The Issuer shall make all filings required under the Energy Transition Act relating to the transfer of the ownership or security interest in the Energy Transition Property other than those required to be made by the Seller or the Servicer pursuant to the Basic Documents.

Section 3.08. Certain Negative Covenants. So long as any Energy Transition Bonds are Outstanding, the Issuer shall not:

(a) except as expressly permitted by this Indenture and the other Basic Documents, or in connection with the issuance of Additional Series, sell, transfer, convey, exchange or otherwise dispose of any of the properties or assets of the Issuer, including those included in the Collateral, unless in accordance with Article V;

(b) claim any credit on, or make any deduction from the principal or premium, if any, or interest payable in respect of, the Energy Transition Bonds (other than amounts properly withheld from such payments under the Code, the Treasury regulations promulgated thereunder or other tax laws) or assert any claim against any present or former Holder by reason of the payment of the taxes levied or assessed upon any part of the Collateral;

(c) terminate its existence or dissolve or liquidate in whole or in part, except in a transaction permitted by Section 3.10;

(d) (i) permit the validity or effectiveness of this Indenture or the other Basic Documents to be impaired, or permit the Lien of this Indenture and the Series Supplements to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations with respect to the Energy Transition Bonds under this Indenture except as may be expressly permitted hereby, (ii) permit any Lien (other than the Lien of this Indenture or the Series Supplements) to be created on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the proceeds thereof (other than tax liens arising by operation of law with respect to amounts not yet due) or (iii) permit the Lien of any Series Supplement not to constitute a valid first priority perfected security interest in the related Series Collateral;

(e) elect to be classified as an association taxable as a corporation for U.S. federal income tax purposes or otherwise take any action, file any tax return or make any election inconsistent with the treatment of the Issuer, for U.S. federal income tax purposes and, to the extent consistent with applicable state tax law, state income and franchise tax purposes, as a disregarded entity that is not separate from the sole owner of the Issuer;

(f) change its name, identity or structure or the location of its chief executive office, unless at least ten Business Days prior to the effective date of any such change the Issuer delivers to the Indenture Trustee (with copies to the Rating Agencies) such documents, instruments or agreements, executed by the Issuer, as are necessary to reflect such change and to continue the perfection of the security interest of this Indenture and the Series Supplements;

(g) take any action that is subject to a Rating Agency Condition without satisfying the Rating Agency Condition;

(h) except to the extent permitted by applicable law, voluntarily suspend or terminate its filing obligations with the SEC as described in Section 3.07(g); or

(i) issue any debt obligations other than the Energy Transition Bonds permitted by this Indenture

Section 3.09. Annual Statement as to Compliance. The Issuer will deliver to the Indenture Trustee and the Rating Agencies not later than March 31 of each year (commencing with March 31, 20[•]), an Officer's Certificate stating, as to the Responsible Officer signing such Officer's Certificate, that:

(a) a review of the activities of the Issuer during the preceding 12 months ended December 31 (or, in the case of the first such Officer's Certificate, since the date hereof) and of performance under this Indenture has been made; and

(b) to the best of such Responsible Officer's knowledge, based on such review, the Issuer has in all material respects complied with all conditions and covenants under this Indenture throughout such 12-month period (or such shorter period in the case of the first such Officer's Certificate), or, if there has been a default in the compliance of any such condition or covenant, specifying each such default known to such Responsible Officer and the nature and status thereof.

Section 3.10. Issuer May Consolidate, etc., Only on Certain Terms.

(a) The Issuer shall not consolidate or merge with or into any other Person, unless:

(i) the Person (if other than the Issuer) formed by or surviving such consolidation or merger shall (A) be a Person organized and existing under the laws of the United States of America or any State, (B) expressly assume, by an indenture supplemental hereto, executed and delivered to the Indenture Trustee, in form and substance satisfactory to the Indenture Trustee, the performance or observance of every agreement and covenant of this Indenture and the Series Supplements on the part of the Issuer to be performed or observed, all as provided herein and in the Series Supplements, and (C) assume all obligations and succeed to all rights of the Issuer under each Sale Agreement, Servicing Agreement and each other Basic Document to which the Issuer is a party;

(ii) immediately after giving effect to such merger or consolidation, no Default, Event of Default or Servicer Default shall have occurred and be continuing;

(iii) the Rating Agency Condition shall have been satisfied with respect to such merger or consolidation;

(iv) the Issuer shall have delivered to Public Service Company of New Mexico, the Indenture Trustee and the Rating Agencies an opinion or opinions of outside tax counsel (as selected by the Issuer, in form and substance reasonably satisfactory to Public Service Company of New Mexico and the Indenture Trustee, and which may be based on a ruling from the Internal Revenue Service (unless the Internal Revenue Service has announced that it will not rule on the issues described in this paragraph)) to the effect that the consolidation or merger will not result in a material adverse U.S. federal or state income tax consequence to the Issuer, Public Service Company of New Mexico, the Indenture Trustee or the then-existing Holders;

(v) any action as is necessary to maintain the Lien and the perfected security interest in the Collateral created by this Indenture and the Series Supplements shall have been taken as evidenced by an Opinion of Counsel of external counsel of the Issuer delivered to the Indenture Trustee; and

(vi) the Issuer shall have delivered to the Indenture Trustee an Officer's Certificate and an Opinion of Counsel of external counsel of the Issuer each stating that such consolidation or merger and such supplemental indenture comply with this Indenture and the Series Supplements and that all conditions precedent herein provided for in this Section 3.10(a) with respect to such transaction have been complied with (including any filing required by the Exchange Act).

(b) Except as specifically provided herein, the Issuer shall not sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Collateral, to any Person, unless:

(i) the Person that acquires the properties and assets of the Issuer, the conveyance or transfer of which is hereby restricted, (A) shall be a United States citizen or a Person organized and existing under the laws of the United States of America or any State, (B) expressly assumes, by an indenture supplemental hereto, executed and delivered to the Indenture Trustee, in form and substance satisfactory to the Indenture Trustee, the performance or observance of every agreement and covenant of this Indenture on the part of the Issuer to be performed or observed, all as provided herein and in the Series Supplements, (C) expressly agrees by means of such supplemental indenture that all right, title and interest so sold, conveyed, exchanged, transferred or otherwise disposed of shall be subject and subordinate to the rights of Holders, (D) unless otherwise provided in the supplemental indenture referred to in Section 3.10(b)(i)(B), expressly agrees to indemnify, defend and hold harmless the Issuer and the Indenture Trustee against and from any loss, liability or expense arising under or related to this Indenture, the Series Supplements and the Energy Transition Bonds, (E) expressly agrees by means of such supplemental indenture that such Person (or if a group of Persons, then one specified Person) shall make all filings with the SEC (and any other appropriate Person) required by the Exchange Act in connection with the Collateral and the Energy Transition Bonds and (F) if such sale, conveyance, exchange, transfer or disposal relates to the Issuer's rights and obligations under the Sale Agreement for such Series or the Servicing Agreement for such Series, assumes all obligations and succeeds to all rights of the Issuer under the Sale Agreement for such Series and the Servicing Agreement for such Series, as applicable;

(ii) immediately after giving effect to such transaction, no Default, Event of Default or Servicer Default shall have occurred and be continuing;

(iii) the Rating Agency Condition shall have been satisfied with respect to such transaction;

(iv) the Issuer shall have delivered to Public Service Company of New Mexico, the Indenture Trustee and the Rating Agencies an opinion or opinions of outside tax counsel (as selected by the Issuer, in form and substance reasonably satisfactory to Public Service Company of New Mexico, and which may be based on a ruling from the Internal Revenue Service) to the effect that the disposition will not result in a material adverse U.S. federal or state income tax consequence to the Issuer, Public Service Company of New Mexico, the Indenture Trustee or the then-existing Holders;

(v) any action as is necessary to maintain the Lien and the perfected security interest in the Collateral created by this Indenture and the Series Supplements shall have been taken as evidenced by an Opinion of Counsel of external counsel of the Issuer delivered to the Indenture Trustee; and

(vi) the Issuer shall have delivered to the Indenture Trustee an Officer's Certificate and an Opinion of Counsel of external counsel of the Issuer each stating that such sale, conveyance, exchange, transfer or other disposition and such supplemental indenture comply with this Indenture and the Series Supplements and that all conditions precedent herein provided for in this Section 3.10(b) with respect to such transaction have been complied with (including any filing required by the Exchange Act).

Section 3.11. Successor or Transferee.

(a) Upon any consolidation or merger of the Issuer in accordance with Section 3.10(a), the Person formed by or surviving such consolidation or merger (if other than the Issuer) shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under this Indenture with the same effect as if such Person had been named as the Issuer herein.

(b) Except as set forth in Section 6.07, upon a sale, conveyance, exchange, transfer or other disposition of all the assets and properties of the Issuer in accordance with Section 3.10(b), the Issuer will be released from every covenant and agreement of this Indenture and the other Basic Documents to be observed or performed on the part of the Issuer with respect to the Energy Transition Bonds and the Property immediately following the consummation of such acquisition upon the delivery of written notice to the Indenture Trustee from the Person acquiring such assets and properties stating that the Issuer is to be so released.

Section 3.12. No Other Business. The Issuer shall not engage in any business other than financing, purchasing, owning, administering, managing and servicing the Property and the other Collateral and the issuance of the Energy Transition Bonds in the manner contemplated by the Financing Order and any Subsequent Financing Order and this Indenture and the other Basic Documents and activities incidental thereto.

Section 3.13. No Borrowing. The Issuer shall not issue, incur, assume, guarantee or otherwise become liable, directly or indirectly, for any indebtedness except for the Energy Transition Bonds and any other indebtedness expressly permitted by or arising under the Basic Documents.

Section 3.14. Servicer's Obligations. The Issuer shall enforce the Servicer's compliance with and performance of all of the Servicer's material obligations under the Servicing Agreement.

Section 3.15. Guarantees, Loans, Advances and Other Liabilities. Except as otherwise contemplated by a Sale Agreement, a Servicing Agreement or this Indenture, the Issuer shall not make any loan or advance or credit to, or guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of so doing or otherwise), endorse or otherwise become contingently liable, directly or indirectly, in connection with the obligations, stocks or dividends of, or own, purchase,

repurchase or acquire (or agree contingently to do so) any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other Person.

Section 3.16. Capital Expenditures. Other than the purchase of Series Property from the Seller on a Series Closing Date, the Issuer shall not make any expenditure (by long-term or operating lease or otherwise) for capital assets (either realty or personalty).

Section 3.17. Restricted Payments. Except as provided in Section 8.04(c), the Issuer shall not, directly or indirectly, (a) pay any dividend or make any distribution (by reduction of capital or otherwise), whether in cash, property, securities or a combination thereof, to any owner of an interest in the Issuer or otherwise with respect to any ownership or equity interest or similar security in or of the Issuer, (b) redeem, purchase, retire or otherwise acquire for value any such ownership or equity interest or similar security or (c) set aside or otherwise segregate any amounts for any such purpose; provided, however, that, if no Event of Default shall have occurred and be continuing or would be caused thereby, the Issuer may make, or cause to be made, any such distributions to any owner of an interest in the Issuer or otherwise with respect to any ownership or equity interest or similar security in or of the Issuer using funds distributed to the Issuer pursuant to Section 8.02(e)(x) to the extent that such distributions would not cause the balance of the Capital Subaccount to decline below the Required Capital Level. The Issuer will not, directly or indirectly, make payments to or distributions from the Collection Account except in accordance with this Indenture and the other Basic Documents.

Section 3.18. Notice of Events of Default. The Issuer agrees to give the Indenture Trustee and the Rating Agencies prompt written notice of each Default or Event of Default hereunder as provided in Section 5.01, and each default on the part of the Seller or the Servicer of its obligations under the Sale Agreement or the Servicing Agreement, respectively.

Section 3.19. Further Instruments and Acts. Upon request of the Indenture Trustee, the Issuer shall execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture and to maintain the first priority perfected security interest of the Indenture Trustee in the Collateral.

Section 3.20. Inspection. The Issuer agrees that, on reasonable prior notice, it will permit any representative of the Indenture Trustee, during the Issuer's normal business hours, to examine all the books of account, records, reports and other papers of the Issuer, to make copies and extracts therefrom, to cause such books to be audited annually by Independent registered public accountants, and to discuss the Issuer's affairs, finances and accounts with the Issuer's officers, employees and Independent registered public accountants, all at such reasonable times and as often as may be reasonably requested. The Indenture Trustee shall and shall cause its representatives to hold in confidence all such information except to the extent disclosure may be required by law (and all reasonable applications for confidential treatment are unavailing) and except to the extent that the Indenture Trustee may reasonably determine that such disclosure is consistent with its obligations hereunder. Notwithstanding anything herein to the contrary, the preceding sentence shall not be construed to prohibit (a) disclosure of any and all information that is or becomes publicly known, or information obtained by the Indenture Trustee from sources other than the Issuer, provided such parties are rightfully in possession of

such information, (b) disclosure of any and all information (i) if required to do so by any applicable statute, law, rule or regulation, (ii) pursuant to any subpoena, civil investigative demand or similar demand or request of any court or regulatory authority exercising its proper jurisdiction, (iii) in any preliminary or final prospectus, registration statement or other document a copy of which has been filed with the SEC, (iv) to any affiliate, independent or internal auditor, agent, employee or attorney of the Indenture Trustee having a need to know the same, provided that such parties agree to be bound by the confidentiality provisions contained in this Section 3.20, or (v) to any Rating Agency or (c) any other disclosure authorized by the Issuer.

Section 3.21. Additional Series.

(a) On the basis of the Financing Order or any Subsequent Financing Order, the Issuer may, in its sole discretion, acquire additional and separate Series Collateral and issue one or more Additional Series that are backed by such separate additional Series Collateral. Any Additional Series may include terms and provisions unique to that Additional Series.

(b) The Issuer shall not issue additional Energy Transition Bonds if the Additional Series would result in the then-current ratings on any Outstanding Series of Energy Transition Bonds being reduced or withdrawn.

(c) In addition to all applicable requirements of Section 2.10 hereof, the following conditions must be satisfied in connection with any Additional Series:

(i) the Rating Agency Condition for the Series A Bonds shall have been satisfied and such new Series of Bonds shall be rated “AAA” by **[APPLICABLE RATINGS AGENCIES]**;

(ii) each Additional Series shall have recourse only to the assets pledged in connection with such Additional Series, shall be nonrecourse to any of the Issuer’s other assets and shall not constitute a claim against the Issuer if cash flow from the pledged assets is insufficient to pay such Additional Series in full;

(iii) the Issuer has delivered to the Indenture Trustee and each Rating Agency then rating any series of Outstanding Energy Transition Bonds an Opinion of Counsel of a nationally recognized firm experienced in such matters to the effect that after such issuance, in the opinion of such counsel, if the Seller were to become a debtor in a case under the United States Bankruptcy Code (Title 11, U.S.C.), a federal court exercising bankruptcy jurisdiction and exercising reasonable judgment after full consideration of all relevant factors would not order substantive consolidation of the assets and liabilities of the Issuer with those of the bankruptcy estate of the Seller and that there has been a true sale of the Series Property with respect to such Additional Series, subject to the customary exceptions, qualifications and assumptions contained therein;

(iv) the Issuer has delivered to the Indenture Trustee an Officer’s Certificate from the Issuer certifying that the Additional Series shall have the benefit of a True-Up Adjustment;

(v) the transaction documentation for such Additional Series provides that holders of the Energy Transition Bonds of such Additional Series will not file or join in the filing of any bankruptcy petition against the Issuer;

(vi) if the holders of the Energy Transition Bonds of any Additional Series are deemed to have any interest in any of the Series Collateral pledged under a Series Supplement (other than the Series Supplement related to such Additional Series, if any), the Holders of such Energy Transition Bonds must agree that any such interest is subordinate to the claims and rights of the holders of such other related Series of Energy Transition Bonds;

(vii) the Additional Series shall have its own Collection Account; and

(viii) the Additional Series shall bear its own trustee fees and servicer fees and a pro rata portion of fees due under the Administration Agreement.

Section 3.22. Sale Agreement, Servicing Agreement and Administration Agreement Covenants.

(a) The Issuer agrees to take all such lawful actions to enforce its rights under the Sale Agreement for such Series, the Servicing Agreement for such Series, the Administration Agreement and the other Basic Documents, and to compel or secure the performance and observance by the Seller, the Servicer, the Administrator and Public Service Company of New Mexico of each of their respective obligations to the Issuer under or in connection with the Sale Agreement for such Series, the Servicing Agreement for such Series, the Administration Agreement and the other Basic Documents in accordance with the terms thereof. So long as no Event of Default occurs and is continuing, but subject to Section 3.22(f), the Issuer may exercise any and all rights, remedies, powers and privileges lawfully available to the Issuer under or in connection with the Sale Agreement, the Servicing Agreement and the Administration Agreement; provided, that such action shall not adversely affect the interests of the Holders in any material respect.

(b) If an Event of Default occurs and is continuing, the Indenture Trustee may, and at the direction (which direction shall be in writing) of the Holders of a majority of the Outstanding Amount of the Energy Transition Bonds of all Tranches affected thereby, shall, exercise all rights, remedies, powers, privileges and claims of the Issuer against the Seller, Public Service Company of New Mexico, the Administrator and the Servicer, as the case may be, under or in connection with the Sale Agreement for such Series, the Servicing Agreement for such Series and the Administration Agreement, including the right or power to take any action to compel or secure performance or observance by the Seller, Public Service Company of New Mexico, the Administrator or the Servicer of each of their obligations to the Issuer thereunder and to give any consent, request, notice, direction, approval, extension or waiver under the Sale Agreement for such Series, the Servicing Agreement for such Series and the Administration Agreement, and any right of the Issuer to take such action shall be suspended.

(c) Except as set forth in Section 3.22(d), the Administration Agreement, the Sale Agreement for such Series and the Servicing Agreement for such Series may be amended in

accordance with the provisions thereof, so long as the Rating Agency Condition is satisfied in connection therewith, at any time and from time to time, without the consent of the Holders of the Energy Transition Bonds, but with the acknowledgement of the Indenture Trustee; provided, that the Indenture Trustee shall provide such acknowledgement upon receipt of an Officer's Certificate of the Issuer evidencing satisfaction of such Rating Agency Condition and an Opinion of Counsel of external counsel of the Issuer evidencing that such amendment is in accordance with the provisions of such Basic Document.

(d) Except as set forth in Section 3.22(e), if the Issuer, the Seller, Public Service Company of New Mexico, the Administrator, the Servicer or any other party to the respective agreement proposes to amend, modify, waive, supplement, terminate or surrender, or agree to any amendment, modification, waiver, supplement, termination or surrender of, the terms of the Sale Agreement, the Administration Agreement or the Servicing Agreement, or waive timely performance or observance by the Seller, Public Service Company of New Mexico, the Administrator, the Servicer or any other party under the Sale Agreement, the Administration Agreement or the Servicing Agreement, in each case in such a way as would materially and adversely affect the interests of any Holder of Energy Transition Bonds, the Issuer shall first notify the Rating Agencies of the proposed amendment, modification, waiver, supplement, termination or surrender and shall promptly notify the Indenture Trustee and the Holders of the Energy Transition Bonds in writing of the proposed amendment, modification, waiver, supplement, termination or surrender and whether the Rating Agency Condition has been satisfied with respect thereto (or, pursuant to an Issuer Request, the Indenture Trustee shall so notify the Holders of the Energy Transition Bonds on the Issuer's behalf). The Indenture Trustee shall consent to such proposed amendment, modification, waiver, supplement, termination or surrender only if the Rating Agency Condition is satisfied and only with the prior written consent of the Holders of a majority of the Outstanding Amount of Energy Transition Bonds of each Series or Tranche materially and adversely affected thereby. If any such amendment, modification, waiver, supplement, termination or surrender shall be so consented to by the Indenture Trustee or such Holders, the Issuer agrees to execute and deliver, in its own name and at its own expense, such agreements, instruments, consents and other documents as shall be necessary or appropriate in the circumstances.

(e) If the Issuer or the Servicer proposes to amend, modify, waive, supplement, terminate or surrender, or to agree to any amendment, modification, supplement, termination, waiver or surrender of, the process for True-Up Adjustments, the Issuer shall notify the Indenture Trustee and the Holders of the Energy Transition Bonds and the Commission in writing of such proposal (or, pursuant to an Issuer Request, the Indenture Trustee shall so notify the Holders of the Energy Transition Bonds on the Issuer's behalf) and the Indenture Trustee shall consent thereto only with the prior written consent of the Holders of a majority of the Outstanding Amount of Energy Transition Bonds of each Series or Tranche affected thereby and only if the Rating Agency Condition has been satisfied with respect thereto.

(f) Promptly following a default by the Seller under the Sale Agreement for such Series, by the Administrator under the Administration Agreement, or the occurrence of a Servicer Default under the Servicing Agreement for such Series, and at the Issuer's expense, the Issuer agrees to take all such lawful actions as the Indenture Trustee may request to compel or secure the performance and observance by each of the Seller and the Administrator or the

Servicer of their obligations under and in accordance with the Sale Agreement for such Series, the Servicing Agreement for such Series and the Administration Agreement, as the case may be, in accordance with the terms thereof, and to exercise any and all rights, remedies, powers and privileges lawfully available to the Issuer under or in connection with such agreements to the extent and in the manner directed by the Indenture Trustee, including the transmission of notices of any default by the Seller, the Administrator or the Servicer, respectively, thereunder and the institution of legal or administrative actions or Proceedings to compel or secure performance of their obligations under the Sale Agreement for such Series, the Servicing Agreement for such Series or the Administration Agreement, as applicable.

Section 3.23. Taxes. So long as any of the Energy Transition Bonds are Outstanding, the Issuer shall pay all taxes, assessments and governmental charges imposed upon it or any of its properties or assets or with respect to any of its franchises, business, income or property before any penalty accrues thereon if the failure to pay any such taxes, assessments and governmental charges would, after any applicable grace periods, notices or other similar requirements, result in a Lien on the Collateral; provided, that no such tax need be paid if the Issuer is contesting the same in good faith by appropriate proceedings promptly instituted and diligently conducted and if the Issuer has established appropriate reserves as shall be required in conformity with generally accepted accounting principles.

Section 3.24. Notices from Holders. The Issuer shall promptly transmit any notice received by it from the Holders to the Indenture Trustee.

Section 3.25. Volcker Rule. The Issuer is structured so as not to be a “covered fund” under the regulations adopted to implement Section 619 of the Dodd Frank Wall Street Reform and Consumer Protection Act, commonly known as the “Volcker Rule.”

ARTICLE IV

SATISFACTION AND DISCHARGE; DEFEASANCE

Section 4.01. Satisfaction and Discharge of Indenture; Defeasance.

(a) This Indenture shall cease to be of further effect with respect to the Energy Transition Bonds of any Series, and the Indenture Trustee, on reasonable written demand of and at the expense of the Issuer, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture with respect to the Energy Transition Bonds of such Series, when:

(i) Either:

(A) all Energy Transition Bonds of such Series theretofore authenticated and delivered (other than (1) Energy Transition Bonds that have been destroyed, lost or stolen and that have been replaced or paid as provided in Section 2.06 and (2) Energy Transition Bonds for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust, as provided in the last paragraph of Section 3.03) have been delivered to the Indenture Trustee for cancellation; or

(B) either (1) the Scheduled Final Payment Date has occurred with respect to all Energy Transition Bonds of such Series not theretofore delivered to the Indenture Trustee for cancellation or (2) the Energy Transition Bonds of such Series will be due and payable on their respective Scheduled Final Payment Dates within one year, and, in any such case, the Issuer has irrevocably deposited or caused to be irrevocably deposited in trust with the Indenture Trustee (i) cash and/or (ii) U.S. Government Obligations that through the scheduled payments of principal and interest in respect thereof in accordance with their terms are in an amount sufficient to pay principal, interest and premium, if any, on the Energy Transition Bonds of such Series not theretofore delivered to the Indenture Trustee for cancellation, Ongoing Financing Costs and all other sums payable hereunder by the Issuer with respect to the Energy Transition Bonds of such Series when scheduled to be paid and to discharge the entire indebtedness on the Energy Transition Bonds of such Series when due;

(ii) the Issuer has paid or caused to be paid all other sums payable hereunder by the Issuer with respect to such Series; and

(iii) the Issuer has delivered to the Indenture Trustee an Officer's Certificate, an Opinion of Counsel of external counsel of the Issuer and (if required by the Trust Indenture Act or the Indenture Trustee) an Independent Certificate from a firm of registered public accountants, each meeting the applicable requirements of Section 10.01(a) and each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture with respect to the Energy Transition Bonds of such Series have been complied with.

(b) Subject to Section 4.01(c) and Section 4.02, the Issuer at any time may terminate (i) all its obligations under this Indenture with respect to the Energy Transition Bonds of any Series ("Legal Defeasance Option") or (ii) its obligations under Section 3.04, Section 3.05, Section 3.06, Section 3.07, Section 3.08, Section 3.09, Section 3.10, Section 3.12, Section 3.13, Section 3.14, Section 3.15, Section 3.16, Section 3.17, Section 3.18 and Section 3.19 and the operation of Section 5.01(c) with respect to the Energy Transition Bonds of any Series ("Covenant Defeasance Option"). The Issuer may exercise the Legal Defeasance Option with respect to any Series of the Energy Transition Bonds notwithstanding its prior exercise of the Covenant Defeasance Option with respect to such Series.

If the Issuer exercises the Legal Defeasance Option with respect to any Series, the maturity of the Energy Transition Bonds of such Series may not be accelerated because of an Event of Default. If the Issuer exercises the Covenant Defeasance Option with respect to any Series, the maturity of the Energy Transition Bonds of such Series may not be accelerated because of an Event of Default specified in Section 5.01(c).

Upon satisfaction of the conditions set forth herein to the exercise of the Legal Defeasance Option or the Covenant Defeasance Option with respect to any Series of the Energy Transition Bonds, the Indenture Trustee, on reasonable written demand of and at the expense of the Issuer, shall execute proper instruments acknowledging satisfaction and discharge of the obligations that are terminated pursuant to such exercise.

(c) Notwithstanding Section 4.01(a) and Section 4.01(b), (i) rights of registration of transfer and exchange, (ii) substitution of mutilated, destroyed, lost or stolen Energy Transition Bonds, (iii) rights of Holders to receive payments of principal, premium, if any, and interest, (iv) Section 4.03 and Section 4.04, (v) the rights, obligations and immunities of the Indenture Trustee hereunder (including the rights of the Indenture Trustee under Section 6.07 and the obligations of the Indenture Trustee under Section 4.03) and (vi) the rights of Holders as beneficiaries hereof with respect to the property deposited with the Indenture Trustee payable to all or any of them, each shall survive until the Energy Transition Bonds of the Series as to which this Indenture or certain obligations hereunder have been satisfied and discharged pursuant to Section 4.01(a) or Section 4.01(b). Thereafter the obligations in Section 6.07 and Section 4.04 with respect to such Series shall survive.

Section 4.02. Conditions to Defeasance. The Issuer may exercise the Legal Defeasance Option or the Covenant Defeasance Option with respect to any Series of the Energy Transition Bonds only if:

(a) the Issuer has irrevocably deposited or caused to be irrevocably deposited in trust with the Indenture Trustee (i) cash and/or (ii) U.S. Government Obligations that through the scheduled payments of principal and interest in respect thereof in accordance with their terms are in an amount sufficient to pay principal, interest and premium, if any, on the Energy Transition Bonds of such Series not therefore delivered to the Indenture Trustee for cancellation and Ongoing Financing Costs and all other sums payable hereunder by the Issuer with respect to the Energy Transition Bonds of such Series when scheduled to be paid and to discharge the entire indebtedness on the Energy Transition Bonds of such Series when due;

(b) the Issuer delivers to the Indenture Trustee a certificate from a nationally recognized firm of Independent registered public accountants expressing its opinion that the payments of principal of and interest on the deposited U.S. Government Obligations when due and without reinvestment plus any deposited cash will provide cash at such times and in such amounts (but, in the case of the Legal Defeasance Option only, not more than such amounts) as will be sufficient to pay in respect of the Energy Transition Bonds of such Series (i) principal in accordance with the Expected Sinking Fund Schedule therefor, (ii) interest when due and (iii) Ongoing Financing Costs and all other sums payable hereunder by the Issuer with respect to the Energy Transition Bonds of such Series;

(c) in the case of the Legal Defeasance Option, 95 days after the deposit is made and during the 95-day period no Default specified in Section 5.01(e) or Section 5.01(f) occurs that is continuing at the end of the period;

(d) no Default has occurred and is continuing on the day of such deposit and after giving effect thereto;

(e) in the case of an exercise of the Legal Defeasance Option, the Issuer shall have delivered to the Indenture Trustee an Opinion of Counsel of external counsel of the Issuer stating that (i) the Issuer has received from, or there has been published by, the Internal Revenue Service a ruling or (ii) since the date of execution of this Indenture, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon

such opinion shall confirm that, the Holders of the Energy Transition Bonds of such Series will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such legal defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such legal defeasance had not occurred;

(f) in the case of an exercise of the Covenant Defeasance Option, the Issuer shall have delivered to the Indenture Trustee an Opinion of Counsel of external counsel of the Issuer to the effect that the Holders of the Energy Transition Bonds of such Series will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such covenant defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred;

(g) the Issuer delivers to the Indenture Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent to the Legal Defeasance Option or the Covenant Defeasance Option, as applicable, have been complied with as required by this Article IV;

(h) the Issuer delivers to the Indenture Trustee an Opinion of Counsel of external counsel of the Issuer to the effect that: (i) in a case under the Bankruptcy Code in which Public Service Company of New Mexico (or any of its Affiliates, other than the Issuer) is the debtor, the court would hold that the deposited moneys or U.S. Government Obligations would not be in the bankruptcy estate of Public Service Company of New Mexico (or any of its Affiliates, other than the Issuer, that deposited the moneys or U.S. Government Obligations); and (ii) in the event Public Service Company of New Mexico (or any of its Affiliates, other than the Issuer, that deposited the moneys or U.S. Government Obligations) were to be a debtor in a case under the Bankruptcy Code, the court would not disregard the separate legal existence of Public Service Company of New Mexico (or any of its Affiliates, other than the Issuer, that deposited the moneys or U.S. Government Obligations) and the Issuer so as to order substantive consolidation under the Bankruptcy Code of the Issuer's assets and liabilities with the assets and liabilities of Public Service Company of New Mexico or such other Affiliate; and

(i) the Rating Agency Condition shall have been satisfied with respect to the exercise of any Legal Defeasance Option or Covenant Defeasance Option.

Notwithstanding any other provision of this Section 4.02, no delivery of moneys or U.S. Government Obligations to the Indenture Trustee shall terminate any obligation of the Issuer to the Indenture Trustee under this Indenture or the applicable Series Supplement or any obligation of the Issuer to apply such moneys or U.S. Government Obligations under Section 4.03 until principal of and premium, if any, and interest on the Energy Transition Bonds of such Series shall have been paid in accordance with the provisions of this Indenture and the applicable Series Supplement.

Section 4.03. Application of Trust Money. All moneys or U.S. Government Obligations deposited with the Indenture Trustee pursuant to Section 4.01 or Section 4.02 shall be held in trust and applied by it, in accordance with the provisions of the Energy Transition

Bonds and this Indenture, to the payment, either directly or through any Paying Agent, as the Indenture Trustee may determine, to the Holders of the particular Energy Transition Bonds for the payment of which such moneys have been deposited with the Indenture Trustee, of all sums due and to become due thereon for principal, premium, if any, and interest; but such moneys need not be segregated from other funds except to the extent required herein or in the applicable Servicing Agreement or required by law. Notwithstanding anything to the contrary in this Article IV, the Indenture Trustee shall deliver or pay to the Issuer from time to time upon Issuer Request any moneys or U.S. Government Obligations held by it pursuant to Section 4.02 that, in the opinion of a nationally recognized firm of Independent registered public accountants expressed in a written certification thereof delivered to the Indenture Trustee (and not at the cost or expense of the Indenture Trustee), are in excess of the amount thereof that would be required to be deposited for the purpose for which such moneys or U.S. Government Obligations were deposited; provided, that any such payment shall be subject to the satisfaction of the Rating Agency Condition.

Section 4.04. Repayment of Moneys Held by Paying Agent. In connection with the satisfaction and discharge of this Indenture or the Covenant Defeasance Option or Legal Defeasance Option with respect to any Series of Energy Transition Bonds, all moneys with respect to such Series then held by any Paying Agent other than the Indenture Trustee under the provisions of this Indenture shall, upon demand of the Issuer, be paid to the Indenture Trustee to be held and applied according to Section 3.03 and thereupon such Paying Agent shall be released from all further liability with respect to such moneys.

ARTICLE V

REMEDIES

Section 5.01. Events of Default. “Event of Default” with respect to any Series means any one or more of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) default in the payment of any interest on any Energy Transition Bond of such Series when the same becomes due and payable (whether such failure to pay interest is caused by a shortfall in Charges received or otherwise), and such default shall continue for a period of five Business Days;

(b) default in the payment of the then unpaid principal of any Energy Transition Bond of such Series on the Final Maturity Date for such Series, or, if applicable, any Tranche on the Tranche Maturity Date for such Tranche;

(c) default in the observance or performance of any covenant or agreement of the Issuer made in this Indenture (other than defaults specified in Section 5.01(a) or Section 5.01(b)), and such default shall continue or not be cured, for a period of 30 days after the earlier of (i) the date that there shall have been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Holders of at least 25 percent

of the Outstanding Amount of the Energy Transition Bonds of such Series, a written notice specifying such default and requiring it to be remedied and stating that such notice is a “Notice of Default” hereunder or (ii) the date that the Issuer has actual knowledge of the default;

(d) any representation or warranty of the Issuer made in this Indenture, the applicable Series Supplement or in any certificate or other writing delivered pursuant hereto or the Series Supplement or in connection herewith proving to have been incorrect in any material respect as of the time when the same shall have been made, and the circumstance or condition in respect of which such representation or warranty was incorrect shall not have been eliminated or otherwise cured, within 30 days after the earlier of (i) the date that there shall have been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Holders of at least twenty-five (25) percent of the Outstanding Amount of the Energy Transition Bonds of such Series, a written notice specifying such incorrect representation or warranty and requiring it to be remedied and stating that such notice is a “Notice of Default” hereunder or (ii) the date the Issuer has actual knowledge of the default;

(e) the filing of a decree or order for relief by a court having jurisdiction in the premises in respect of the Issuer or any substantial part of the Series Collateral in an involuntary case or proceeding under any applicable U.S. federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer or for any substantial part of the Series Collateral, or ordering the winding-up or liquidation of the Issuer’s affairs, and such decree or order shall remain unstayed and in effect for a period of 90 consecutive days;

(f) the commencement by the Issuer of a voluntary case under any applicable U.S. federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or the consent by the Issuer to the entry of an order for relief in an involuntary case or proceeding under any such law, or the consent by the Issuer to the appointment or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer or for any substantial part of the Series Collateral, or the making by the Issuer of any general assignment for the benefit of creditors, or the failure by the Issuer generally to pay its debts as such debts become due, or the taking of action by the Issuer in furtherance of any of the foregoing;

(g) any act or failure to act by the State of New Mexico or any of its agencies (including the Commission), officers or employees that violates the State Pledge or is not in accordance with the State Pledge; or

(h) any other event designated as such in the applicable Series Supplement.

The Issuer shall deliver to a Responsible Officer of the Indenture Trustee and to the Rating Agencies, within five days after a Responsible Officer of the Issuer has knowledge of the occurrence thereof, written notice in the form of an Officer’s Certificate of any event (i) that is an Event of Default under Section 5.01(a), Section 5.01(b), Section 5.01(f), Section 5.01(g) or Section 5.01(h) or (ii) that with the giving of notice, the lapse of time, or both, would become an Event of Default under Section 5.01(c), Section 5.01(d) or Section 5.01(e), including, in each case, the status of such Default or Event of Default and what action the Issuer is taking or proposes to take with respect thereto. An Event of Default with respect to one Series of Energy

Transition Bonds will not trigger an Event of Default with respect to any other Outstanding Series of Energy Transition Bonds.

Section 5.02. Acceleration of Maturity; Rescission and Annulment. If an Event of Default (other than an Event of Default under Section 5.01(g)) should occur and be continuing with respect to any Series, then and in every such case the Indenture Trustee or the Holders representing a majority of the Outstanding Amount of the Energy Transition Bonds of such Series may declare the Energy Transition Bonds of such Series to be immediately due and payable, by a notice in writing to the Issuer (and to the Indenture Trustee if given by Holders), and upon any such declaration the unpaid principal amount of the Energy Transition Bonds of such Series, together with accrued and unpaid interest thereon through the date of acceleration, shall become immediately due and payable.

At any time after such declaration of acceleration of maturity has been made and before a judgment or decree for payment of the money due has been obtained by the Indenture Trustee as hereinafter in this Article V provided, the Holders representing a majority of the Outstanding Amount of the Energy Transition Bonds of such Series, by written notice to the Issuer and the Indenture Trustee, may rescind and annul such declaration and its consequences if:

(a) the Issuer has paid or deposited with the Indenture Trustee a sum sufficient to pay:

(i) all payments of principal of and premium, if any, and interest on all Energy Transition Bonds of such Series due and owing at such time as if such Event of Default had not occurred and was not continuing and all other amounts that would then be due hereunder or upon the Energy Transition Bonds if the Event of Default giving rise to such acceleration had not occurred; and

(ii) all sums paid or advanced by the Indenture Trustee hereunder and the reasonable compensation, expenses; provided, that, the Indenture Trustee shall not be obligated to pay or advance any sums hereunder from its own funds after an Event of Default, disbursements and advances of the Indenture Trustee and its agents and counsel; and

(b) all Events of Default with respect to such Series, other than the nonpayment of the principal of the Energy Transition Bonds of such Series that has become due solely by such acceleration, have been cured or waived as provided in Section 5.12.

No such rescission shall affect any subsequent default or impair any right consequent thereto.

Section 5.03. Collection of Indebtedness and Suits for Enforcement by Indenture Trustee.

(a) If an Event of Default under Section 5.01(a) or Section 5.01(b) has occurred and is continuing, subject to Section 10.16, the Indenture Trustee, in its own name and as trustee of an express trust, may institute a Proceeding for the collection of the sums so due and unpaid, and may prosecute such Proceeding to judgment or final decree, and, subject to the limitations on recourse set forth herein, may enforce the same against the Issuer or other obligor

upon the Energy Transition Bonds of such Series and collect in the manner provided by law out of the property of the Issuer or other obligor upon the Energy Transition Bonds of such Series wherever situated the moneys payable, or the Series Collateral and the proceeds thereof, the whole amount then due and payable on the Energy Transition Bonds of such Series for principal, premium, if any, and interest, with interest upon the overdue principal and premium, if any, and, to the extent payment at such rate of interest shall be legally enforceable, upon overdue installments of interest, at the respective rate borne by the Energy Transition Bonds of such Series or the applicable Tranche of such Series and in addition thereto such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee and its agents and counsel.

(b) If an Event of Default (other than Event of Default under Section 5.01(g)) occurs and is continuing, the Indenture Trustee shall, as more particularly provided in Section 5.04, proceed to protect and enforce its rights and the rights of the Holders, by such appropriate Proceedings as the Indenture Trustee shall deem most effective to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy or legal or equitable right vested in the Indenture Trustee by this Indenture and each Series Supplement or by law, including foreclosing or otherwise enforcing the Lien of the Collateral securing the Energy Transition Bonds or applying to a court of competent jurisdiction for sequestration of revenues arising with respect to the Property.

(c) If an Event of Default under Section 5.01(e) or Section 5.01(f) has occurred and is continuing, the Indenture Trustee, irrespective of whether the principal of any Energy Transition Bonds shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Indenture Trustee shall have made any demand pursuant to the provisions of this Section 5.03, shall be entitled and empowered, by intervention in any Proceedings related to such Event of Default or otherwise:

(i) to file and prove a claim or claims for the whole amount of principal, premium, if any, and interest owing and unpaid in respect of the Energy Transition Bonds and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Indenture Trustee (including any claim for reasonable compensation to the Indenture Trustee and each predecessor Indenture Trustee, and their respective agents, attorneys and counsel, and for reimbursement of all expenses and liabilities incurred, and all advances made, by the Indenture Trustee and each predecessor Indenture Trustee, except as a result of negligence or bad faith) and of the Holders allowed in such Proceedings;

(ii) unless prohibited by applicable law and regulations, to vote on behalf of the Holders in any election of a trustee in bankruptcy, a standby trustee or Person performing similar functions in any such Proceedings;

(iii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute all amounts received with respect to the claims of the Holders and of the Indenture Trustee on their behalf; and

(iv) to file such proofs of claim and other papers and documents as may be necessary or advisable in order to have the claims of the Indenture Trustee or the Holders allowed in any judicial proceeding relative to the Issuer, its creditors and its property;

and any trustee, receiver, liquidator, custodian or other similar official in any such Proceeding is hereby authorized by each of such Holders to make payments to the Indenture Trustee, and, in the event that the Indenture Trustee shall consent to the making of payments directly to such Holders, to pay to the Indenture Trustee such amounts as shall be sufficient to cover reasonable compensation to the Indenture Trustee, each predecessor Indenture Trustee and their respective agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by the Indenture Trustee and each predecessor Indenture Trustee except as a result of negligence or bad faith.

(d) Nothing herein contained shall be deemed to authorize the Indenture Trustee to authorize or consent to or vote for or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Energy Transition Bonds or the rights of any Holder thereof or to authorize the Indenture Trustee to vote in respect of the claim of any Holder in any such proceeding except, as aforesaid, to vote for the election of a trustee in bankruptcy or similar Person.

(e) All rights of action and of asserting claims under this Indenture, or under any of the Energy Transition Bonds of any Series, may be enforced by the Indenture Trustee without the possession of any of the Energy Transition Bonds of any Series or the production thereof in any trial or other Proceedings relative thereto, and any such action or proceedings instituted by the Indenture Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment, subject to the payment of the expenses, disbursements and compensation of the Indenture Trustee, each predecessor Indenture Trustee and their respective agents and attorneys, shall be for the ratable benefit of the Holders of the Energy Transition Bonds of such Series.

Section 5.04. Remedies; Priorities.

(a) If an Event of Default (other than an Event of Default under Section 5.01(g)) shall have occurred and be continuing with respect to a Series, the Indenture Trustee may do one or more of the following (subject to Section 5.05):

(i) institute Proceedings in its own name and as trustee of an express trust for the collection of all amounts then payable on the Energy Transition Bonds of such Series or under this Indenture with respect thereto, whether by declaration of acceleration or otherwise, and, subject to the limitations on recovery set forth herein, enforce any judgment obtained, and collect from the Issuer or any other obligor moneys adjudged due, upon the Energy Transition Bonds of such Series;

(ii) institute Proceedings from time to time for the complete or partial foreclosure of this Indenture with respect to the Series Collateral;

(iii) exercise any remedies of a secured party under the UCC, the Energy Transition Act or any other applicable law and take any other appropriate action to protect and enforce the rights and remedies of the Indenture Trustee and the Holders of the Energy Transition Bonds of such Series;

(iv) at the written direction of the Holders of a majority of the Outstanding Amount of the Energy Transition Bonds of such Series, either sell the Series Collateral or any portion thereof or rights or interest therein, at one or more public or private sales called and conducted in any manner permitted by law, or elect that the Issuer maintain possession of all or a portion of the Series Collateral pursuant to Section 5.05 and continue to apply the Energy Transition Charge Collection as if there had been no declaration of acceleration; and

(v) exercise all rights, remedies, powers, privileges and claims of the Issuer against the Seller, the Administrator or the Servicer under or in connection with, and pursuant to the terms of, the Sale Agreement, the Administration Agreement or the Servicing Agreement;

provided, however, that the Indenture Trustee may not sell or otherwise liquidate any portion of the Series Collateral following such an Event of Default, other than an Event of Default described in Section 5.01(a) or Section 5.01(b), with respect to a Series unless (A) the Holders of 100 percent of the Outstanding Amount of the Energy Transition Bonds of such Series consent thereto, (B) the proceeds of such sale or liquidation distributable to the Holders are sufficient to discharge in full all amounts then due and unpaid upon the Energy Transition Bonds of such Series for principal, premium, if any, and interest after taking into account payment of all amounts due prior thereto pursuant to the priorities set forth in Section 8.02(e) or (C) the Indenture Trustee determines that the Series Collateral will not continue to provide sufficient funds for all payments on the Energy Transition Bonds of such Series as they would have become due if the Energy Transition Bonds had not been declared due and payable, and the Indenture Trustee obtains the written consent of Holders of at least two-thirds of the Outstanding Amount of the Energy Transition Bonds of such Series. In determining such sufficiency or insufficiency with respect to clause (B) above and clause (C) above, the Indenture Trustee may, but need not, obtain and conclusively rely upon an opinion of an Independent investment banking or accounting firm of national reputation as to the feasibility of such proposed action and as to the sufficiency of the Series Collateral for such purpose.

(b) If an Event of Default under Section 5.01(g) shall have occurred and be continuing, the Indenture Trustee, for the benefit of the Secured Parties of the related Series, shall be entitled and empowered, to the extent permitted by applicable law, to institute or participate in Proceedings necessary to compel performance of or to enforce the State Pledge and to collect any monetary damages incurred by the Holders or the Indenture Trustee as a result of any such Event of Default, and may prosecute any such Proceeding to final judgment or decree. Such remedy shall be the only remedy that the Indenture Trustee may exercise if the only Event of Default that has occurred and is continuing is an Event of Default under Section 5.01(g).

(c) If the Indenture Trustee collects any money pursuant to this Article V, it shall pay out such money in accordance with the priorities set forth in Section 8.02(e).

Section 5.05. Optional Preservation of the Collateral. If the Energy Transition Bonds of any Series have been declared to be due and payable under Section 5.02 following an Event of Default and such declaration and its consequences have not been rescinded and annulled, the Indenture Trustee may, but need not, elect to maintain possession of all or a portion of the related Series Collateral. It is the desire of the parties hereto and the Holders that there be at all times sufficient funds for the payment of principal of and premium, if any, and interest on the Energy Transition Bonds, and the Indenture Trustee shall take such desire into account when determining whether or not to maintain possession of the Series Collateral. In determining whether to maintain possession of the Series Collateral or sell or liquidate the same, the Indenture Trustee may, but need not, obtain and conclusively rely upon an opinion of an Independent investment banking or accounting firm of national reputation as to the feasibility of such proposed action and as to the sufficiency of the Series Collateral for such purpose.

Section 5.06. Limitation of Suits. No Holder of any Energy Transition Bond of any Series shall have any right to institute any Proceeding, judicial or otherwise, to avail itself of any remedies provided in the Energy Transition Act or to avail itself of the right to foreclose on the Series Collateral or otherwise enforce the Lien and the security interest on the Series Collateral with respect to this Indenture and the related Series Supplement, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

- (a) such Holder previously has given written notice to the Indenture Trustee of a continuing Event of Default with respect to such Series;
- (b) the Holders of a majority of the Outstanding Amount of the Energy Transition Bonds of such Series have made written request to the Indenture Trustee to institute such Proceeding in respect of such Event of Default in its own name as Indenture Trustee hereunder;
- (c) such Holder or Holders have offered to the Indenture Trustee indemnity satisfactory to it against the costs, expenses and liabilities to be incurred in complying with such request;
- (d) the Indenture Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute such Proceedings; and
- (e) no direction inconsistent with such written request has been given to the Indenture Trustee during such 60-day period by the Holders of a majority of the Outstanding Amount of the Energy Transition Bonds of all Series;

it being understood and intended that no one or more Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Holders or to obtain or to seek to obtain priority or preference over any other Holders or to enforce any right under this Indenture, except in the manner herein provided.

In the event the Indenture Trustee shall receive conflicting or inconsistent requests and indemnity from two or more groups of Holders, each representing less than a majority of the Outstanding Amount of the Energy Transition Bonds of all Series, the Indenture

Trustee in its sole discretion may file a petition with a court of competent jurisdiction to resolve such conflict or determine what action, if any, shall be taken, notwithstanding any other provisions of this Indenture.

Section 5.07. Unconditional Rights of Holders To Receive Principal, Premium, if any, and Interest. Notwithstanding any other provisions in this Indenture, the Holder of any Energy Transition Bond shall have the right, which is absolute and unconditional, (a) to receive payment of (i) the interest, if any, on such Energy Transition Bond on the due dates thereof expressed in such Energy Transition Bond or in this Indenture or (ii) the unpaid principal, if any, of the Energy Transition Bonds on the Final Maturity Date or Tranche Maturity Date therefor and (b) to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of such Holder.

Section 5.08. Restoration of Rights and Remedies. If the Indenture Trustee or any Holder has instituted any Proceeding to enforce any right or remedy under this Indenture and such Proceeding has been discontinued or abandoned for any reason or has been determined adversely to the Indenture Trustee or to such Holder, then and in every such case the Issuer, the Indenture Trustee and the Holders shall, subject to any determination in such Proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Indenture Trustee and the Holders shall continue as though no such Proceeding had been instituted.

Section 5.09. Rights and Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Indenture Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.10. Delay or Omission Not a Waiver. No delay or omission of the Indenture Trustee or any Holder to exercise any right or remedy accruing upon any Default or Event of Default shall impair any such right or remedy or constitute a waiver of any such Default or Event of Default or an acquiescence therein. Every right and remedy given by this Article V or by law to the Indenture Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Indenture Trustee or by the Holders, as the case may be.

Section 5.11. Control by Holders. The Holders of a majority of the Outstanding Amount of the Energy Transition Bonds of all Series (or, if less than all Series or Tranches are affected, the affected Series or Tranche or Tranches) shall have the right to direct the time, method and place of conducting any Proceeding for any remedy available to the Indenture Trustee with respect to the Energy Transition Bonds of such Series or Tranche or Tranches or exercising any trust or power conferred on the Indenture Trustee with respect to such Series or Tranche or Tranches; provided, that:

(a) such direction shall not be in conflict with any rule of law or with this Indenture or any Series Supplement and shall not involve the Indenture Trustee in any personal liability or expense;

(b) subject to other conditions specified in Section 5.04, any direction to the Indenture Trustee to sell or liquidate any Series Collateral shall be by the Holders representing 100 percent of the Outstanding Amount of the Energy Transition Bonds in the affected Series;

(c) if the conditions set forth in Section 5.05 have been satisfied and the Indenture Trustee elects to retain the Series Collateral pursuant to Section 5.05, then any direction to the Indenture Trustee by Holders representing less than 100 percent of the Outstanding Amount of the Energy Transition Bonds of the affected Series to sell or liquidate the Series Collateral shall be of no force and effect; and

(d) the Indenture Trustee may take any other action deemed proper by the Indenture Trustee that is not inconsistent with such direction;

provided, however, that the Indenture Trustee's duties shall be subject to Section 6.01, and the Indenture Trustee need not take any action that it determines might involve it in liability or might materially adversely affect the rights of any Holders not consenting to such action. Furthermore and without limiting the foregoing, the Indenture Trustee shall not be required to take any action for which it reasonably believes that it will not be indemnified to its satisfaction against any cost, expense or liabilities.

Section 5.12. Waiver of Past Defaults. Prior to the declaration of the acceleration of the maturity of the Energy Transition Bonds of all Series as provided in Section 5.02, the Holders representing a majority of the Outstanding Amount of the Energy Transition Bonds of an affected Series may waive any past Default or Event of Default and its consequences except a Default (a) in payment of principal of or premium, if any, or interest on any of the Energy Transition Bonds or (b) in respect of a covenant or provision hereof that cannot be modified or amended without the consent of the Holder of each Energy Transition Bond of all Series or Tranches affected. In the case of any such waiver, the Issuer, the Indenture Trustee and the Holders shall be restored to their former positions and rights hereunder, respectively, but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereto.

Upon any such waiver, such Default shall cease to exist and be deemed to have been cured and not to have occurred, and any Event of Default arising therefrom shall be deemed to have been cured and not to have occurred, for every purpose of this Indenture, but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereto

Section 5.13. Undertaking for Costs. All parties to this Indenture agree, and each Holder of any Energy Transition Bond by such Holder's acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Indenture Trustee for any action taken, suffered or omitted by it as Indenture Trustee, the filing by any

party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section 5.13 shall not apply to (a) any suit instituted by the Indenture Trustee, (b) any suit instituted by any Holder, or group of Holders, in each case holding in the aggregate more than ten percent of the Outstanding Amount of the Energy Transition Bonds of a Series or (c) any suit instituted by any Holder for the enforcement of the payment of (i) interest on any Energy Transition Bond on or after the due dates expressed in such Energy Transition Bond and in this Indenture or (ii) the unpaid principal, if any, of any Energy Transition Bond on or after the Final Maturity Date or Tranche Maturity Date therefor.

Section 5.14. Waiver of Stay or Extension Laws. The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon or plead or, in any manner whatsoever, claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Indenture Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

Section 5.15. Action on Energy Transition Bonds. The Indenture Trustee's right to seek and recover judgment on the Energy Transition Bonds or under this Indenture shall not be affected by the seeking, obtaining or application of any other relief under or with respect to this Indenture. Neither the Lien of this Indenture nor any rights or remedies of the Indenture Trustee or the Holders shall be impaired by the recovery of any judgment by the Indenture Trustee against the Issuer or by the levy of any execution under such judgment upon any portion of the Collateral or any other assets of the Issuer.

ARTICLE VI

THE INDENTURE TRUSTEE

Section 6.01. Duties of Indenture Trustee.

(a) If an Event of Default has occurred and is continuing, the Indenture Trustee shall exercise the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(i) the Indenture Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Indenture Trustee; and

(ii) in the absence of bad faith on its part, the Indenture Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Indenture Trustee and

conforming to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).

(c) The Indenture Trustee may not be relieved from liability for its own negligent action, its own bad faith, its own negligent failure to act or its own willful misconduct, except that:

(i) this Section 6.01(c) does not limit the effect of Section 6.01(b);

(ii) the Indenture Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer unless it is proved that the Indenture Trustee was negligent in ascertaining the pertinent facts; and

(iii) the Indenture Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it hereunder.

(d) Every provision of this Indenture that in any way relates to the Indenture Trustee is subject to Section 6.01(a), Section 6.01(b) and Section 6.01(c).

(e) The Indenture Trustee shall not be liable for interest on any money received by it except as the Indenture Trustee may agree in writing with the Issuer.

(f) Money held in trust by the Indenture Trustee need not be segregated from other funds held by the Indenture Trustee except to the extent required by law or the terms of this Indenture, any Sale Agreement or Servicing Agreement or the Administration Agreement.

(g) No provision of this Indenture shall require the Indenture Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds to believe that repayments of such funds or indemnity satisfactory to it against such risk or liability is not reasonably assured to it.

(h) Every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Indenture Trustee shall be subject to the provisions of this Section 6.01 and to the provisions of the Trust Indenture Act.

(i) In the event that the Indenture Trustee is also acting as Paying Agent or Energy Transition Bond Registrar hereunder, the protections of this Article VI shall also be afforded to the Indenture Trustee in its capacity as Paying Agent or Energy Transition Bond Registrar.

(j) Except for the express duties of the Indenture Trustee with respect to the administrative functions set forth in the Basic Documents, the Indenture Trustee shall have no obligation to administer, service or collect Property or to maintain, monitor or otherwise supervise the administration, servicing or collection of the Charges.

(k) Under no circumstance shall the Indenture Trustee be liable for any indebtedness of the Issuer, the Servicer or the Seller evidenced by or arising under the Energy Transition Bonds or the Basic Documents.

(l) Commencing with March 15, 20[•], on or before March 15th of each fiscal year ending December 31, so long as the Issuer is required to file Exchange Act reports, the Indenture Trustee shall (i) deliver to the Issuer a report (in form and substance reasonably satisfactory to the Issuer and addressed to the Issuer and signed by an authorized officer of the Indenture Trustee) regarding the Indenture Trustee's assessment of compliance, during the preceding fiscal year ended December 31, with each of the applicable servicing criteria specified on Exhibit C as required under Rule 13a-18 and Rule 15d-18 under the Exchange Act and Item 1122 of Regulation AB and (ii) deliver to the Issuer a report of an Independent registered public accounting firm reasonably acceptable to the Issuer that attests to and reports on, in accordance with Rule 1-02(a)(3) and Rule 2-02(g) of Regulation S-X under the Securities Act and the Exchange Act, the assessment of compliance made by the Indenture Trustee and delivered pursuant to Section 6.01(l)(i).

Section 6.02. Rights of Indenture Trustee.

(a) The Indenture Trustee may conclusively rely and shall be fully protected in relying on any document believed by it to be genuine and to have been signed or presented by the proper person. The Indenture Trustee need not investigate any fact or matter stated in such document.

(b) Before the Indenture Trustee acts or refrains from acting, it may require and shall be entitled to receive an Officer's Certificate or an Opinion of Counsel, which counsel may be an employee of or counsel to the Issuer or the Seller and which shall be reasonably satisfactory to the Indenture Trustee, or, in the Indenture Trustee's sole judgment, external counsel of the Issuer (at no cost or expense to the Indenture Trustee) that such action is required or permitted hereunder. The Indenture Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officer's Certificate or Opinion of Counsel.

(c) The Indenture Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys or a custodian or nominee, and the Indenture Trustee shall not be responsible for any misconduct or negligence on the part of, or for the supervision of, any such agent, attorney, custodian or nominee appointed with due care by it hereunder. The Indenture Trustee shall give prompt written notice to the Issuer, in which case the Issuer shall then give prompt written notice to the Rating Agencies, of the appointment of any such agent, custodian or nominee to whom it delegates any of its express duties under this Indenture; provided, that the Indenture Trustee shall not be obligated to give such notice (i) if the Issuer or the Holders have directed the Indenture Trustee to appoint such agent, custodian or nominee (in which event the Issuer shall give prompt notice to the Rating Agencies of any such direction) or (ii) of the appointment of any agents, custodians or nominees made at any time that an Event of Default on account of non-payment of principal or interest on the Energy Transition Bonds or bankruptcy or insolvency of the Issuer has occurred and is continuing.

(d) The Indenture Trustee shall not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within its rights or powers; provided, however, that the Indenture Trustee's conduct does not constitute willful misconduct, negligence or bad faith.

(e) The Indenture Trustee may consult with counsel, and the advice or opinion of counsel with respect to legal matters relating to this Indenture and the Energy Transition Bonds shall be full and complete authorization and protection from liability in respect to any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel.

(f) The Indenture Trustee shall be under no obligation to take any action or exercise any of the rights or powers vested in it by this Indenture or any other Basic Document, or to institute, conduct or defend any litigation hereunder or thereunder or in relation hereto or thereto, at the request, order or direction of any of the Holders pursuant to the provisions of this Indenture and each Series Supplement or otherwise, unless it shall have received security or indemnity satisfactory to it against the costs, expenses and liabilities that may be incurred.

(g) The Indenture Trustee may conclusively rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(h) Any request or direction of the Issuer mentioned herein shall be sufficiently evidenced by an Issuer Request or an Issuer Order.

(i) Whenever in the administration of this Indenture the Indenture Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Indenture Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, conclusively rely upon an Officer's Certificate.

(j) The Indenture Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Indenture Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Indenture Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Issuer, personally or by agent or attorney at the sole cost of the Issuer, and shall incur no liability or additional liability of any kind by reason of such inquiry or investigation.

(k) In no event shall the Indenture Trustee be responsible or liable for special, indirect or consequential loss or damage of any kind whatsoever (including loss of profit) irrespective of whether the Indenture Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(l) In no event shall the Indenture Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services, it being understood that the Indenture Trustee shall use reasonable efforts that are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

Section 6.03. Individual Rights of Indenture Trustee. The Indenture Trustee in its individual or any other capacity may become the owner or pledgee of Energy Transition Bonds and may otherwise deal with the Issuer or its Affiliates with the same rights it would have if it were not Indenture Trustee. Any Paying Agent, Energy Transition Bond Registrar, co-registrar or co-paying agent or agent appointed under Section 3.02 may do the same with like rights. However, the Indenture Trustee must comply with Section 6.11 and Section 6.12.

Section 6.04. Indenture Trustee's Disclaimer.

(a) The Indenture Trustee shall not be responsible for and makes no representation (other than as set forth in Section 6.13) as to the validity or adequacy of this Indenture or the Energy Transition Bonds, it shall not be accountable for the Issuer's use of the proceeds from the Energy Transition Bonds, and it shall not be responsible for any statement of the Issuer in this Indenture or in any document issued in connection with the sale of the Energy Transition Bonds or in the Energy Transition Bonds other than the Indenture Trustee's certificate of authentication. The Indenture Trustee shall not be responsible for the form, character, genuineness, sufficiency, value or validity of any of the Collateral (or for the perfection or priority of the Liens thereon), or for or in respect of the Energy Transition Bonds (other than the certificate of authentication for the Energy Transition Bonds) or the Basic Documents, and the Indenture Trustee shall in no event assume or incur any liability, duty or obligation to any Holder, other than as expressly provided in this Indenture. The Indenture Trustee shall not be liable for the default or misconduct of the Issuer, the Seller or the Servicer under the Basic Documents or otherwise, and the Indenture Trustee shall have no obligation or liability to perform the obligations of such Persons.

(b) The Indenture Trustee shall not be responsible for (i) the validity of the title of the Issuer to the Collateral, (ii) insuring the Collateral or (iii) the payment of taxes, charges, assessments or Liens upon the Collateral or otherwise as to the maintenance of the Collateral. The Indenture Trustee shall have no duty to ascertain or inquire as to the performance or observance of any of the terms of this Indenture or any of the other Basic Documents. The Indenture Trustee shall not be responsible for filing any financing or continuation statements or recording any documents or instruments in any public office at any time or times or otherwise perfecting or maintaining the perfection of any security interest in the Collateral.

Section 6.05. Notice of Defaults. If a Default occurs and is continuing with respect to any Series, the Indenture Trustee shall mail to each Rating Agency and each Holder of Energy Transition Bonds of all Series notice of the Default within ten Business Days after actual

notice of such Default was received by a Responsible Officer of the Indenture Trustee (provided that the Indenture Trustee shall give the Rating Agencies prompt notice of any payment default in respect of the Energy Transition Bonds). Except in the case of a Default in payment of principal of and premium, if any, or interest on any Energy Transition Bond, the Indenture Trustee may withhold the notice of the Default if and so long as a committee of its Responsible Officers in good faith determines that withholding such notice is in the interests of Holders. In no event shall the Indenture Trustee be deemed to have knowledge of a Default unless a Responsible Officer of the Indenture Trustee shall have actual knowledge of a Default or shall have received written notice thereof.

Section 6.06. Reports by Indenture Trustee to Holders.

(a) So long as Energy Transition Bonds are Outstanding and the Indenture Trustee is the Energy Transition Bond Registrar and Paying Agent, upon the written request of any Holder or the Issuer, within the prescribed period of time for tax reporting purposes after the end of each calendar year, the Indenture Trustee shall deliver to each relevant current or former Holder such information in its possession as may be required to enable such Holder to prepare its U.S. federal income and any applicable local or state tax returns. If the Energy Transition Bond Registrar and Paying Agent is other than the Indenture Trustee, such Energy Transition Bond Registrar and Paying Agent, within the prescribed period of time for tax reporting purposes after the end of each calendar year, shall deliver to each relevant current or former Holder such information in its possession as may be required to enable such Holder to prepare its U.S. federal income and any applicable local or state tax returns.

(b) On or prior to each Payment Date or Special Payment Date therefor, the Indenture Trustee will deliver to each Holder of the Energy Transition Bonds on such Payment Date or Special Payment Date a statement as provided and prepared by the Servicer, which will include (to the extent applicable) the following information (and any other information so specified in the Series Supplement for such Series) as to the Energy Transition Bonds with respect to such Payment Date or Special Payment Date or the period since the previous Payment Date, as applicable:

- (i) the amount of the payment to Holders allocable to principal, if any;
- (ii) the amount of the payment to Holders allocable to interest;
- (iii) the aggregate Outstanding Amount of the Energy Transition Bonds, before and after giving effect to any payments allocated to principal reported under Section 6.06(b)(i);
- (iv) the difference, if any, between the amount specified in Section 6.06(b)(iii) and the Outstanding Amount specified in the related Expected Sinking Fund Schedule;
- (v) any other transfers and payments to be made on such Payment Date or Special Payment Date, including amounts paid to the Indenture Trustee and to the Servicer; and

(vi) the amounts on deposit in the Capital Subaccount and the Excess Funds Subaccount, after giving effect to the foregoing payments

(c) The Issuer shall send a copy of each of the Certificate of Compliance delivered to it pursuant to Section 3.03 of the Servicing Agreement and the Annual Accountant's Report delivered to it pursuant to Section 3.04 of the Servicing Agreement to the Rating Agencies, the Indenture Trustee and to the Servicer for posting on the 17g-5 Website in accordance with Rule 17g-5 under the Exchange Act. A copy of such certificate and report may be obtained by any Holder by a request in writing to the Indenture Trustee.

(d) The Indenture Trustee may consult with counsel and the advice or opinion of such counsel with respect to legal matters relating to this Indenture and the Energy Transition Bonds shall be full and complete authorization and protection from liability with respect to any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel. Any reasonable legal fees incurred by the Indenture Trustee shall be payable to the Indenture Trustee from amounts held in the Collection Account in accordance with the provisions set forth in Section 8.02(e).

Section 6.07. Compensation and Indemnity. The Issuer shall pay to the Indenture Trustee from time to time reasonable compensation for its services. The Indenture Trustee's compensation shall not, to the extent permitted by law, be limited by any law on compensation of a trustee of an express trust. The Issuer shall reimburse the Indenture Trustee for all reasonable out-of-pocket expenses incurred or made by it, including costs of collection, in addition to the compensation for its services. Such expenses shall include the reasonable compensation and expenses, disbursements and advances of the Indenture Trustee's agents, counsel, accountants and experts. The Issuer shall indemnify and hold harmless the Indenture Trustee and its officers, directors, employees and agents against any and all cost, damage, loss, liability, tax or expense (including reasonable attorneys' fees and expenses) incurred by it in connection with the administration and the enforcement of this Indenture, each Series Supplement and the other Basic Documents and the Indenture Trustee's rights, powers and obligations under this Indenture, each Series Supplement and the other Basic Documents and the performance of its duties hereunder and thereunder and obligations under or pursuant to this Indenture, each Series Supplement and the other Basic Documents other than any such tax on the compensation of the Indenture Trustee for its services as Indenture Trustee. The Indenture Trustee shall notify the Issuer as soon as is reasonably practicable of any claim for which it may seek indemnity. Failure by the Indenture Trustee to so notify the Issuer shall not relieve the Issuer of its obligations hereunder. The Issuer shall defend the claim, the Indenture Trustee may have separate counsel, and the Issuer shall pay the reasonable fees and expenses of such counsel. The Issuer need not reimburse any expense or indemnify against any loss, liability or expense incurred by the Indenture Trustee through the Indenture Trustee's own willful misconduct, negligence or bad faith.

The payment obligations to the Indenture Trustee pursuant to this Section 6.07 shall survive the discharge of this Indenture and the Series Supplements or the earlier resignation or removal of the Indenture Trustee. When the Indenture Trustee incurs expenses after the occurrence of a Default specified in Section 5.01(e) or Section 5.01(f) with respect to the Issuer,

the expenses are intended to constitute expenses of administration under the Bankruptcy Code or any other applicable U.S. federal or state bankruptcy, insolvency or similar law

Section 6.08. Replacement of Indenture Trustee and Securities Intermediary.

(a) The Indenture Trustee may resign at any time upon 30 days' prior written notice to the Issuer subject to Section 6.08(c). The Holders of a majority of the Outstanding Amount of the Energy Transition Bonds may remove the Indenture Trustee by so notifying the Indenture Trustee not less than 31 days prior to the date of removal and may appoint a successor Indenture Trustee. The Issuer shall remove the Indenture Trustee if:

- (i) the Indenture Trustee fails to comply with Section 6.11;
- (ii) the Indenture Trustee is adjudged a bankrupt or insolvent;
- (iii) a receiver or other public officer takes charge of the Indenture Trustee or its property;
- (iv) the Indenture Trustee otherwise becomes incapable of acting; or
- (v) the Indenture Trustee fails to provide to the Issuer any information reasonably requested by the Issuer pertaining to the Indenture Trustee and necessary for the Issuer or the Sponsor to comply with its respective reporting obligations under the Exchange Act and Regulation AB and such failure is not resolved to the Issuer's and the Indenture Trustee's mutual satisfaction within a reasonable period of time.

Any removal or resignation of the Indenture Trustee shall also constitute a removal or resignation of the Securities Intermediary.

(b) If the Indenture Trustee gives notice of resignation or is removed or if a vacancy exists in the office of Indenture Trustee for any reason (the Indenture Trustee in such event being referred to herein as the retiring Indenture Trustee), the Issuer shall promptly appoint a successor Indenture Trustee and Securities Intermediary.

(c) A successor Indenture Trustee shall deliver a written acceptance of its appointment as the Indenture Trustee and as the Securities Intermediary to the retiring Indenture Trustee and to the Issuer. Thereupon the resignation or removal of the retiring Indenture Trustee shall become effective, and the successor Indenture Trustee shall have all the rights, powers and duties of the Indenture Trustee and Securities Intermediary, as applicable, under this Indenture and the other Basic Documents. No resignation or removal of the Indenture Trustee pursuant to this Section 6.08 shall become effective until acceptance of the appointment by a successor Indenture Trustee having the qualifications set forth in Section 6.11. Notice of any such appointment shall be promptly given to each Rating Agency by the successor Indenture Trustee. The successor Indenture Trustee shall mail a notice of its succession to Holders. The retiring Indenture Trustee shall promptly transfer all property held by it as Indenture Trustee to the successor Indenture Trustee.

(d) If a successor Indenture Trustee does not take office within 60 days after the retiring Indenture Trustee resigns or is removed, the retiring Indenture Trustee, the Issuer or the Holders of a majority in Outstanding Amount of the Energy Transition Bonds may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(e) If the Indenture Trustee fails to comply with Section 6.11, any Holder may petition any court of competent jurisdiction for the removal of the Indenture Trustee and the appointment of a successor Indenture Trustee.

(f) Notwithstanding the replacement of the Indenture Trustee pursuant to this Section 6.08, the Issuer's obligations under Section 6.07 shall continue for the benefit of the retiring Indenture Trustee.

Section 6.09. Successor Indenture Trustee by Merger. If the Indenture Trustee consolidates with, merges or converts into, or transfers all or substantially all its corporate trust business or assets to, another corporation or banking association, the resulting, surviving or transferee corporation or banking association without any further act shall be the successor Indenture Trustee; provided, however, that, if such successor Indenture Trustee is not eligible under Section 6.11, then the successor Indenture Trustee shall be replaced in accordance with Section 6.08. Notice of any such event shall be promptly given to each Rating Agency by the successor Indenture Trustee.

In case at the time such successor or successors by merger, conversion, consolidation or transfer shall succeed to the trusts created by this Indenture any of the Energy Transition Bonds shall have been authenticated but not delivered, any such successor to the Indenture Trustee may adopt the certificate of authentication of any predecessor trustee and deliver the Energy Transition Bonds so authenticated; and, in case at that time any of the Energy Transition Bonds shall not have been authenticated, any successor to the Indenture Trustee may authenticate the Energy Transition Bonds either in the name of any predecessor hereunder or in the name of the successor to the Indenture Trustee; and in all such cases such certificates shall have the full force that it is anywhere in the Energy Transition Bonds or in this Indenture provided that the certificate of the Indenture Trustee shall have.

Section 6.10. Appointment of Co-Trustee or Separate Trustee.

(a) Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirement of any jurisdiction in which any part of the trust created by this Indenture or the Collateral may at the time be located, the Indenture Trustee shall have the power and may execute and deliver all instruments to appoint one or more Persons to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the trust created by this Indenture or the Collateral, and to vest in such Person or Persons, in such capacity and for the benefit of the Secured Parties, such title to the Collateral, or any part hereof, and, subject to the other provisions of this Section 6.10, such powers, duties, obligations, rights and trusts as the Indenture Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 6.11 and no notice to Holders of the appointment of any co-trustee or separate

trustee shall be required under Section 6.08. Notice of any such appointment shall be promptly given to each Rating Agency by the Indenture Trustee.

(b) Every separate trustee and co-trustee shall, to the extent permitted by law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Indenture Trustee shall be conferred or imposed upon and exercised or performed by the Indenture Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Indenture Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed the Indenture Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Collateral or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Indenture Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(iii) the Indenture Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to the Indenture Trustee shall be deemed to have been given to each of the then-separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article VI. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Indenture Trustee or separately, as may be provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection to, the Indenture Trustee. Every such instrument shall be filed with the Indenture Trustee.

(d) Any separate trustee or co-trustee may at any time constitute the Indenture Trustee, its agent or its attorney-in-fact with full power and authority, to the extent not prohibited by law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Indenture Trustee, to the extent permitted by law, without the appointment of a new or successor trustee.

Section 6.11. Eligibility; Disqualification. The Indenture Trustee shall at all times satisfy the requirements of Section 310(a)(1) of the Trust Indenture Act, Section 310(a)(5) of the Trust Indenture Act and Section 26(a)(1) of the Investment Company Act. The Indenture Trustee shall have a combined capital and surplus of at least \$50,000,000 as set forth in its most

recent published annual report of condition and shall have a long-term debt rating from each of [RATING AGENCIES] in one of its generic rating categories that signifies investment grade. The Indenture Trustee shall comply with Section 310(b) of the Trust Indenture Act, including the optional provision permitted by the second sentence of Section 310(b)(9) of the Trust Indenture Act; provided, however, that there shall be excluded from the operation of Section 310(b)(1) of the Trust Indenture Act any indenture or indentures under which other securities of the Issuer are outstanding if the requirements for such exclusion set forth in Section 310(b)(1) of the Trust Indenture Act are met.

Section 6.12. Preferential Collection of Claims Against Issuer. The Indenture Trustee shall comply with Section 311(a) of the Trust Indenture Act, excluding any creditor relationship listed in Section 311(b) of the Trust Indenture Act. An Indenture Trustee who has resigned or been removed shall be subject to Section 311(a) of the Trust Indenture Act to the extent indicated therein.

Section 6.13. Representations and Warranties of Indenture Trustee. The Indenture Trustee hereby represents and warrants that:

- (a) the Indenture Trustee is a [•] validly existing and in good standing under the laws of [•]; and
- (b) the Indenture Trustee has full power, authority and legal right to execute, deliver and perform its obligations under this Indenture and the other Basic Documents to which the Indenture Trustee is a party and has taken all necessary action to authorize the execution, delivery and performance of obligations by it of this Indenture and such other Basic Documents.

Section 6.14. Annual Report by Independent Registered Public Accountants. The Indenture Trustee hereby covenants that it will cooperate fully with the firm of Independent registered public accountants performing the procedures required under Section 3.04 of the Servicing Agreement, it being understood and agreed that the Indenture Trustee will so cooperate in conclusive reliance upon the direction of the Issuer, and the Indenture Trustee makes no independent inquiry or investigation to, and shall have no obligation or liability in respect of, the sufficiency, validity or correctness of such procedures.

Section 6.15. Custody of Collateral. The Indenture Trustee shall hold such of the Collateral (and any other collateral that may be granted to the Indenture Trustee) as consists of instruments, deposit accounts, negotiable documents, money, goods, letters of credit and advices of credit in the State of New York. The Indenture Trustee shall hold such of the Collateral as constitute investment property through the Securities Intermediary (which, as of the date hereof, is [•]). The initial Securities Intermediary hereby agrees (and each future Securities Intermediary shall agree) with the Indenture Trustee that (a) such investment property shall at all times be credited to a securities account of the Indenture Trustee, (b) the Securities Intermediary shall treat the Indenture Trustee as entitled to exercise the rights that comprise each financial asset credited to such securities account, (c) all property credited to such securities account shall be treated as a financial asset, (d) the Securities Intermediary shall comply with entitlement orders originated by the Indenture Trustee without the further consent of any other Person, (e) the Securities Intermediary will not agree with any Person other than the Indenture Trustee to

comply with entitlement orders originated by such other Person, (f) such securities accounts and the property credited thereto shall not be subject to any Lien or right of set-off in favor of the Securities Intermediary or anyone claiming through it (other than the Indenture Trustee) and (g) such agreement shall be governed by the internal laws of the State of New York. Terms used in the preceding sentence that are defined in the UCC and not otherwise defined herein shall have the meaning set forth in the UCC. Except as permitted by this Section 6.15 or elsewhere in this Indenture, the Indenture Trustee shall not hold Collateral through an agent or a nominee.

ARTICLE VII

HOLDERS' LISTS AND REPORTS

Section 7.01. Issuer to Furnish Indenture Trustee Names and Addresses of Holders. The Issuer will furnish or cause to be furnished to the Indenture Trustee (a) not more than five days after the earlier of (i) each Record Date with respect to each Series and (ii) six months after the last Record Date with respect to each Series, a list, in such form as the Indenture Trustee may reasonably require, of the names and addresses of the Holders of such Series as of such Record Date, and (b) at such other times as the Indenture Trustee may request in writing, within 30 days after receipt by the Issuer of any such request, a list of similar form and content as of a date not more than ten days prior to the time such list is furnished; provided, however, that, so long as the Indenture Trustee is the Energy Transition Bond Registrar, no such list shall be required to be furnished.

Section 7.02. Preservation of Information; Communications to Holders.

(a) The Indenture Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of the Holders contained in the most recent list furnished to the Indenture Trustee as provided in Section 7.01 and the names and addresses of Holders received by the Indenture Trustee in its capacity as Energy Transition Bond Registrar. The Indenture Trustee may destroy any list furnished to it as provided in Section 7.01 upon receipt of a new list so furnished.

(b) Holders may communicate pursuant to Section 312(b) of the Trust Indenture Act with other Holders with respect to their rights under this Indenture or under the Energy Transition Bonds. In addition, upon the written request of any Holder or group of Holders of any Series or of all Outstanding Series of Energy Transition Bonds evidencing at least 10 percent of the Outstanding Amount of the Energy Transition Bonds of that Series or of all Series, as applicable, the Indenture Trustee shall afford the Holder or Holders making such request a copy of a current list of Holders for purposes of communicating with other Holders with respect to their rights hereunder; provided, that the Indenture Trustee gives prior written notice to the Issuer of such request.

(c) The Issuer, the Indenture Trustee and the Energy Transition Bond Registrar shall have the protection of Section 312(c) of the Trust Indenture Act.

Section 7.03. Reports by Issuer.

(a) The Issuer shall:

(i) so long as the Issuer or the Sponsor is required to file such documents with the SEC, provide to the Indenture Trustee, within 15 days after the Issuer is required to file the same with the SEC, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the SEC may from time to time by rules and regulations prescribe) that the Issuer or the Sponsor may be required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act;

(ii) provide to the Indenture Trustee and file with the SEC, in accordance with rules and regulations prescribed from time to time by the SEC, such additional information, documents and reports with respect to compliance by the Issuer with the conditions and covenants of this Indenture as may be required from time to time by such rules and regulations; and

(iii) supply to the Indenture Trustee (and the Indenture Trustee shall transmit by mail to all Holders described in Section 313(c) of the Trust Indenture Act), such summaries of any information, documents and reports required to be filed by the Issuer pursuant to Section 7.03(a)(i) and Section 7.03(a)(ii) as may be required by rules and regulations prescribed from time to time by the SEC.

Except as may be provided by Section 313(c) of the Trust Indenture Act, the Issuer may fulfill its obligation to provide the materials described in this Section 7.03(a) by providing such materials in electronic format.

(b) Unless the Issuer otherwise determines, the fiscal year of the Issuer shall end on December 31 of each year and will promptly notify the Indenture Trustee regarding any change in the fiscal year.

Section 7.04. Reports by Indenture Trustee. If required by Section 313(a) of the Trust Indenture Act, within 60 days after March 30 of each year, commencing with March 30, 20[•], the Indenture Trustee shall mail to each Holder as required by Section 313(c) of the Trust Indenture Act a brief report dated as of such date that complies with Section 313(a) of the Trust Indenture Act. The Indenture Trustee also shall comply with Section 313(b) of the Trust Indenture Act; provided, however, that the initial report if required to be so issued shall be delivered not more than 12 months after the initial issuance of each Series of the Energy Transition Bonds.

A copy of each report at the time of its mailing to Holders shall be filed by the Servicer with the SEC and each stock exchange, if any, on which the Energy Transition Bonds are listed. The Issuer shall notify the Indenture Trustee in writing if and when the Energy Transition Bonds are listed on any stock exchange.

ARTICLE VIII

ACCOUNTS, DISBURSEMENTS AND RELEASES

Section 8.01. Collection of Money. Except as otherwise expressly provided herein, the Indenture Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance of any fiscal agent or other intermediary, all money and other property payable to or receivable by the Indenture Trustee pursuant to this Indenture and the other Basic Documents. The Indenture Trustee shall apply all such money received by it as provided in this Indenture. Except as otherwise expressly provided in this Indenture, if any default occurs in the making of any payment or performance under any agreement or instrument that is part of the Collateral, the Indenture Trustee may take such action as may be appropriate to enforce such payment or performance, subject to Article VI, including the institution and prosecution of appropriate Proceedings. Any such action shall be without prejudice to any right to claim a Default or Event of Default under this Indenture and any right to proceed thereafter as provided in Article V.

Section 8.02. Collection Account.

(a) Prior to the Series Closing Date for the first Series issued hereunder, the Issuer shall open or cause to be opened with the Securities Intermediary located at the Indenture Trustee's office, or at another Eligible Institution, one or more segregated trust accounts in the Indenture Trustee's name for the deposit of Energy Transition Charge Collections for each Series of Bonds and all other amounts received with respect to the Series Collateral servicing such Series of Bonds (each a "Collection Account" and collectively, the "Collection Accounts"). The Indenture Trustee shall hold each Collection Account for the benefit of the related Holders, the Indenture Trustee and the other persons indemnified hereunder. There shall be established by the Indenture Trustee in respect of each Collection Account three subaccounts: a general subaccount (the "General Subaccount"); an excess funds subaccount (the "Excess Funds Subaccount"); and a capital subaccount (the "Capital Subaccount" and, together with the General Subaccount and the Excess Funds Subaccount, the "Subaccounts"). For administrative purposes, the Subaccounts may be established by the Securities Intermediary as separate accounts. Such separate accounts will be recognized individually as a Subaccount and collectively as the "Collection Account". Prior to or concurrently with the issuance of each Series of Energy Transition Bonds, the Member shall deposit into the Capital Subaccount for such Series an amount equal to the Required Capital Level. All amounts in the Collection Account for such Series not allocated to any other subaccount shall be allocated to the General Subaccount for such Series. Prior to the initial Payment Date for each Series, all amounts in the Collection Account for such Series (other than funds deposited into the Capital Subaccount for such Series up to the Required Capital Level) shall be allocated to the General Subaccount for such Series. All references to a Collection Account shall be deemed to include reference to all subaccounts contained therein. Withdrawals from and deposits to each of the foregoing subaccounts of a Collection Account shall be made as set forth in Section 8.02(d) and Section 8.02(e). The Collection Account for such Series shall at all times be maintained in an Eligible Account and will be under the sole dominion and exclusive control of the Indenture Trustee, through the Securities Intermediary, and only the Indenture Trustee shall have access to the applicable Collection Account for the purpose of making deposits in and withdrawals from the applicable

Collection Account in accordance with this Indenture. Funds in a Collection Account shall not be commingled with any other moneys. All moneys deposited from time to time in the Collection Account for such Series, all deposits therein pursuant to this Indenture and all investments made in Eligible Investments as directed in writing by the Issuer with such moneys, including all income or other gain from such investments, shall be held by the Securities Intermediary in the Collection Account for such Series as part of the Series Collateral as herein provided. The Securities Intermediary shall have no liability in respect of losses incurred as a result of the liquidation of any Eligible Investment prior to its stated maturity or its date of redemption or the failure of the Issuer or the Servicer to provide timely written investment direction.

(b) The Securities Intermediary hereby confirms that (i) each Collection Account is, or at inception will be established as, a “securities account” as such term is defined in Section 8-501(a) of the UCC, (ii) it is a “securities intermediary” (as such term is defined in Section 8-102(a)(14) of the UCC) and is acting in such capacity with respect to such accounts, (iii) the Indenture Trustee for the benefit of the Secured Parties is the sole “entitlement holder” (as such term is defined in Section 8-102(a)(7) of the UCC) with respect to such accounts and (iv) no other Person shall have the right to give “entitlement orders” (as such term is defined in Section 8-102(a)(8)) with respect to such accounts. The Securities Intermediary hereby further agrees that each item of property (whether investment property, financial asset, security, instrument or cash) received by it will be credited to the applicable Collection Account and shall be treated by it as a “financial asset” within the meaning of Section 8-102(a)(9) of the UCC. Notwithstanding anything to the contrary, the State of New York shall be deemed to be the jurisdiction of the Securities Intermediary for purposes of Section 8-110 of the UCC, and the Collection Accounts (as well as the securities entitlements related thereto) shall be governed by the laws of the State of New York.

(c) The Indenture Trustee shall have sole dominion and exclusive control over all moneys in the applicable Collection Account through the Securities Intermediary and shall apply such amounts therein as provided in this Section 8.02.

(d) Energy Transition Charge Collections shall be deposited in the applicable General Subaccount as provided in Section 6.11 of the Servicing Agreement. All deposits to and withdrawals from a Collection Account, all allocations to the subaccounts of a Collection Account and any amounts to be paid to the Servicer under Section 8.02(e) shall be made by the Indenture Trustee in accordance with the written instructions provided by the Servicer in the Monthly Servicer’s Certificate or the Semi-Annual Servicer’s Certificate.

(e) On each Payment Date for any Series of Bonds, the Indenture Trustee shall apply all amounts on deposit in the applicable Collection Account, including all Investment Earnings thereon, in accordance with the Semi-Annual Servicer’s Certificate, in the following priority:

(i) payment of the Indenture Trustee’s fees, expenses and outstanding indemnity amounts shall be paid to the Indenture Trustee (subject to Section 6.07) in an amount not to exceed the amount set forth in the applicable Series Supplement;

(ii) payment of the Servicing Fee with respect to such Payment Date, plus any unpaid Servicing Fees for prior Payment Dates shall be paid to the Servicer;

(iii) payment of the allocable share of the Administration Fee for such Payment Date shall be paid to the Administrator and the Independent Manager Fee for such Payment Date shall be paid to the Independent Managers, and in each case with any unpaid Administration Fees or Independent Manager Fees from prior Payment Dates;

(iv) payment of all other ordinary periodic Operating Expenses for such Payment Date not described above shall be paid to the parties to which such Operating Expenses are owed;

(v) payment of Periodic Interest for such Payment Date with respect to such Series or Tranche, including any overdue Periodic Interest (together with, to the extent lawful, interest on such overdue Periodic Interest at the applicable Bond Interest Rate), with respect to the Energy Transition Bonds shall be paid to the Holders of Energy Transition Bonds;

(vi) payment of the principal required to be paid on the Energy Transition Bonds of the Series on the Final Maturity Date or Tranche Maturity Date or as a result of an acceleration upon an Event of Default shall be paid to the Holders of Energy Transition Bonds;

(vii) payment of Periodic Principal for such Payment Date, including any previously unpaid Periodic Principal, with respect to the Energy Transition Bonds shall be paid to the Holders of Energy Transition Bonds, pro rata if there is a deficiency;

(viii) payment of the allocable share of any other unpaid Operating Expenses (including any such amounts owed to the Indenture Trustee but unpaid due to the limitation in Section 8.02(e)(i)) and any remaining amounts owed pursuant to the Basic Documents shall be paid to the parties to which such Operating Expenses or remaining amounts are owed;

(ix) replenishment of the amount, if any, by which the Required Capital Level exceeds the amount in the Capital Subaccount as of such Payment Date shall be allocated to the Capital Subaccount;

(x) the Return on Invested Capital then due and payable shall be paid to Public Service Company of New Mexico;

(xi) the balance, if any, shall be allocated to the Excess Funds Subaccount; and

(xii) after the Energy Transition Bonds have been paid in full and discharged, and all of the other foregoing amounts are paid in full, together with all amounts due and payable to the Indenture Trustee under Section 6.07 or otherwise, the balance (including all amounts then held in the Capital Subaccount and the Excess Funds

Subaccount), if any, shall be paid to the Issuer, free from the Lien of this Indenture and the applicable Series Supplement.

All payments to the Holders of the Energy Transition Bonds pursuant to Section 8.02(e)(v), Section 8.02(e)(vi) and Section 8.02(e)(vii) shall be made to such Holders pro rata based on the respective amounts of interest and/or principal owed, unless, in the case of a Series of Energy Transition Bonds comprised of two or more Tranches, the Series Supplement provides otherwise. Payments in respect of principal of and premium, if any, and interest on any Tranche of Energy Transition Bonds will be made on a pro rata basis among all the Holders of such Tranche. In the case of an Event of Default, then, in accordance with Section 5.04(c), in respect of any application of moneys pursuant to Section 8.02(e)(v) or Section 8.02(e)(vi), moneys will be applied pursuant to Section 8.02(e)(v) and Section 8.02(e)(vi), as the case may be, in such order, on a pro rata basis, based upon the interest or the principal owed.

(f) If on any Payment Date, or, for any amounts payable under Section 8.02(e)(i), Section 8.02(e)(ii), Section 8.02(e)(iii) and Section 8.02(e)(iv), on any Business Day, funds on deposit in the General Subaccount are insufficient to make the payments contemplated by Section 8.02(e)(i), Section 8.02(e)(ii), Section 8.02(e)(iii), Section 8.02(e)(iv), Section 8.02(e)(v), Section 8.02(e)(vi), Section 8.02(e)(vii), Section 8.02(e)(viii) and Section 8.02(e)(ix), the Indenture Trustee shall (i) first, draw from amounts on deposit in the Excess Funds Subaccount, and (ii) second, draw from amounts on deposit in the Capital Subaccount, in each case, up to the amount of such shortfall in order to make the payments contemplated by Section 8.02(e)(i), Section 8.02(e)(ii), Section 8.02(e)(iii), Section 8.02(e)(iv), Section 8.02(e)(v), Section 8.02(e)(vi), Section 8.02(e)(vii) and Section 8.02(e)(viii). In addition, if on any Payment Date funds on deposit in the General Subaccount are insufficient to make the allocations contemplated by Section 8.02(e)(ix), the Indenture Trustee shall draw any amounts on deposit in the Excess Funds Subaccount to make such allocations to the Capital Subaccount.

(g) On any Business Day upon which the Indenture Trustee receives a written request from the Administrator stating that any Operating Expense payable by the Issuer (but only as described in Section 8.02(e)(i), Section 8.02(e)(ii), Section 8.02(e)(iii) and Section 8.02(e)(iv)) will become due and payable prior to the next Payment Date, and setting forth the amount and nature of such Operating Expense, as well as any supporting documentation that the Indenture Trustee may reasonably request, the Indenture Trustee, upon receipt of such information, will make payment of such Operating Expenses on or before the date such payment is due from amounts on deposit in the General Subaccount, the Excess Funds Subaccount and the Capital Subaccount, in that order and only to the extent required to make such payment.

Section 8.03. General Provisions Regarding the Collection Account.

(a) So long as no Default or Event of Default shall have occurred and be continuing, all or a portion of the funds in the Collection Account for each Series shall be invested in Eligible Investments and reinvested by the Indenture Trustee upon Issuer Order; provided, however, that such Eligible Investments shall not mature or be redeemed later than the Business Day prior to the next Payment Date or Special Payment Date for the related Series or Tranche, if applicable, for the Energy Transition Bonds. All income or other gain from investments of moneys deposited in the Collection Account for the relevant Series shall be

deposited by the Indenture Trustee in such Collection Account, and any loss resulting from such investments shall be charged to the Collection Account for the relevant Series. The Issuer will not direct the Indenture Trustee to make any investment of any funds or to sell any investment held in any Collection Account unless the security interest Granted and perfected in such account will continue to be perfected in such investment or the proceeds of such sale, in either case without any further action by any Person, and, in connection with any direction to the Indenture Trustee to make any such investment or sale, if requested by the Indenture Trustee, the Issuer shall deliver to the Indenture Trustee an Opinion of Counsel of external counsel of the Issuer (at the Issuer's cost and expense) to such effect. In no event shall the Indenture Trustee be liable for the selection of Eligible Investments or for investment losses incurred thereon. The Indenture Trustee shall have no liability in respect of losses incurred as a result of the liquidation of any Eligible Investment prior to its stated maturity or its date of redemption or the failure of the Issuer or the Servicer to provide timely written investment direction. The Indenture Trustee shall have no obligation to invest or reinvest any amounts held hereunder in the absence of written investment direction pursuant to an Issuer Order.

(b) Subject to Section 6.01(c), the Indenture Trustee shall not in any way be held liable by reason of any insufficiency in the Collection Account resulting from any loss on any Eligible Investment included therein except for losses attributable to the Indenture Trustee's failure to make payments on such Eligible Investments issued by the Indenture Trustee, in its commercial capacity as principal obligor and not as trustee, in accordance with their terms.

(c) If (i) the Issuer shall have failed to give written investment directions for any funds on deposit in the Collection Account to the Indenture Trustee by 11:00 a.m. New York City time (or such other time as may be agreed by the Issuer and Indenture Trustee) on any Business Day or (ii) a Default or Event of Default shall have occurred and be continuing with respect to the Energy Transition Bonds but the Energy Transition Bonds shall not have been declared due and payable pursuant to Section 5.02, then the Indenture Trustee shall, to the fullest extent practicable, invest and reinvest funds in such Collection Account in Eligible Investments specified in the most recent written investment directions delivered by the Issuer to the Indenture Trustee; provided, that if the Issuer has never delivered written investment directions to the Indenture Trustee, the Indenture Trustee shall not invest or reinvest such funds in any investments.

(d) The parties hereto acknowledge that the Servicer may, pursuant to the Servicing Agreement, select Eligible Investments on behalf of the Issuer.

(e) Except as otherwise provided hereunder or agreed in writing among the parties hereto, the Issuer shall retain the authority to institute, participate and join in any plan of reorganization, readjustment, merger or consolidation with respect to the issuer of any Eligible Investments held hereunder, and, in general, to exercise each and every other power or right with respect to each such asset or investment as Persons generally have and enjoy with respect to their own assets and investment, including power to vote upon any Eligible Investments.

Section 8.04. Release of Collateral.

(a) So long as the Issuer is not in default hereunder and no Default hereunder would occur as a result of such action, the Issuer, through the Servicer, may collect, sell or otherwise dispose of written-off receivables relating to any Series Collateral, at any time and from time to time in the ordinary course of business, without any notice to, or release or consent by, the Indenture Trustee, but only as and to the extent permitted by the Basic Documents; provided, however, that any and all proceeds of such dispositions shall become the applicable Series Collateral and be deposited to the applicable General Subaccount immediately upon receipt thereof by the Issuer or any other Person, including the Servicer. Without limiting the foregoing, the Servicer, may, at any time and from time to time without any notice to, or release or consent by, the Indenture Trustee, sell or otherwise dispose of any Collateral previously written-off as a defaulted or uncollectible account in accordance with the terms of the Servicing Agreement and the requirements of the proviso in the preceding sentence.

(b) The Indenture Trustee may, and when required by the provisions of this Indenture shall, execute instruments to release property from the Lien of this Indenture, or convey the Indenture Trustee's interest in the same, in a manner and under circumstances that are not inconsistent with the provisions of this Indenture. No party relying upon an instrument executed by the Indenture Trustee as provided in this Article VIII shall be bound to ascertain the Indenture Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any moneys. The Indenture Trustee shall release property from the Lien of this Indenture pursuant to this Section 8.04(b) only upon receipt of an Issuer Request accompanied by an Officer's Certificate, an Opinion of Counsel of external counsel of the Issuer (at the Issuer's cost and expense) and (if required by the Trust Indenture Act) Independent Certificates in accordance with Section 314(c) of the Trust Indenture Act and Section 314(d)(1) of the Trust Indenture Act meeting the applicable requirements of Section 10.01.

(c) The Indenture Trustee shall, at such time as there are no Energy Transition Bonds Outstanding for the related Series and all sums payable to the Indenture Trustee pursuant to Section 6.07 or otherwise have been paid, release any remaining portion of the Series Collateral that secured the Energy Transition Bonds for the related Series from the Lien of this Indenture and release to the Issuer or any other Person entitled thereto any funds or investments then on deposit in or credited to the Collection Account for such Series.

Section 8.05. Opinion of Counsel. The Indenture Trustee shall receive at least seven days' notice when requested by the Issuer to take any action pursuant to Section 8.04, accompanied by copies of any instruments involved, and the Indenture Trustee shall also require, as a condition to such action, an Opinion of Counsel of external counsel of the Issuer, in form and substance satisfactory to the Indenture Trustee, stating the legal effect of any such action, outlining the steps required to complete the same, and concluding that all conditions precedent to the taking of such action have been complied with and such action will not materially and adversely impair the security for the Energy Transition Bonds or the rights of the Holders in contravention of the provisions of this Indenture and any Series Supplement; provided, however, that such Opinion of Counsel shall not be required to express an opinion as to the fair value of the Collateral. Counsel rendering any such opinion may rely, without independent investigation,

on the accuracy and validity of any certificate or other instrument delivered to the Indenture Trustee in connection with any such action.

Section 8.06. Reports by Independent Registered Public Accountants. As of the date hereof, the Issuer shall appoint a firm of Independent registered public accountants of recognized national reputation for purposes of preparing and delivering the reports or certificates of such accountants required by this Indenture and the Series Supplements. In the event such firm requires the Indenture Trustee to agree to the procedures performed by such firm, the Issuer shall direct the Indenture Trustee in writing to so agree, it being understood and agreed that the Indenture Trustee will deliver such letter of agreement in conclusive reliance upon the direction of the Issuer, and the Indenture Trustee makes no independent inquiry or investigation to, and shall have no obligation or liability in respect of, the sufficiency, validity or correctness of such procedures. Upon any resignation by, or termination by the Issuer of, such firm, the Issuer shall provide written notice thereof to the Indenture Trustee and shall promptly appoint a successor thereto that shall also be a firm of Independent registered public accountants of recognized national reputation. If the Issuer shall fail to appoint a successor to a firm of Independent registered public accountants that has resigned or been terminated within 15 days after such resignation or termination, the Indenture Trustee shall promptly notify the Issuer of such failure in writing. If the Issuer shall not have appointed a successor within ten days thereafter, the Indenture Trustee shall promptly appoint a successor firm of Independent registered public accountants of recognized national reputation; provided, that the Indenture Trustee shall have no liability with respect to such appointment. The fees of such Independent registered public accountants and its successor shall be payable by the Issuer.

ARTICLE IX

SUPPLEMENTAL INDENTURES

Section 9.01. Supplemental Indentures Without Consent of Holders.

(a) Without the consent of the Holders of any Energy Transition Bonds but with prior notice to the Rating Agencies, the Issuer and the Indenture Trustee, when authorized by an Issuer Order, at any time and from time to time, may enter into one or more indentures supplemental hereto (which shall conform to the provisions of the Trust Indenture Act as in force at the date of the execution thereof), in form satisfactory to the Indenture Trustee, for any of the following purposes:

(i) to correct or amplify the description of any property, including the Collateral, at any time subject to the Lien of this Indenture, or better to assure, convey and confirm unto the Indenture Trustee any property subject or required to be subjected to the Lien of this Indenture and the Series Supplements, or to subject to the Lien of this Indenture and the Series Supplements additional property;

(ii) to evidence the succession, in compliance with the applicable provisions hereof, of another Person to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the Energy Transition Bonds;

(iii) to add to the covenants of the Issuer, for the benefit of the Secured Parties, or to surrender any right or power herein conferred upon the Issuer;

(iv) to convey, transfer, assign, mortgage or pledge any property to or with the Indenture Trustee;

(v) to cure any ambiguity, to correct or supplement any provision herein or in any supplemental indenture, including any Series Supplement, that may be inconsistent with any other provision herein or in any supplemental indenture, including any Series Supplement, or to make any other provisions with respect to matters or questions arising under this Indenture or in any supplemental indenture; provided, that (A) such action shall not, as evidenced by an Opinion of Counsel of external counsel of the Issuer, adversely affect in any material respect the interests of the Holders of the Energy Transition Bonds and (B) the Rating Agency Condition shall have been satisfied with respect thereto;

(vi) to evidence and provide for the acceptance of the appointment hereunder by a successor trustee with respect to the Energy Transition Bonds and to add to or change any of the provisions of this Indenture as shall be necessary to facilitate the administration of the trusts hereunder by more than one trustee, pursuant to the requirements of Article VI;

(vii) to modify, eliminate or add to the provisions of this Indenture to such extent as shall be necessary to effect the qualification of this Indenture under the Trust Indenture Act and to add to this Indenture such other provisions as may be expressly required by the Trust Indenture Act;

(viii) to qualify the Energy Transition Bonds for registration with a Clearing Agency;

(ix) to satisfy any Rating Agency requirements;

(x) to set forth the terms of any Series that has not theretofore been authorized by a Series Supplement; or

(xi) to authorize the appointment of any fiduciary for any Tranche required or advisable with the listing of any Tranche on any stock exchange and otherwise amend this Indenture to incorporate changes requested or required by any government authority, stock exchange authority or fiduciary or any Tranche in connection with such listing.

The Indenture Trustee is hereby authorized to join in the execution of any such supplemental indenture and to make any further appropriate agreements and stipulations that may be therein contained.

(b) The Issuer and the Indenture Trustee, when authorized by an Issuer Order, may, also without the consent of any of the Holders of the Energy Transition Bonds, enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to, or

changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Holders of the Energy Transition Bonds under this Indenture; provided, however, that (i) such action shall not, as evidenced by an Opinion of Counsel of nationally recognized counsel of the Issuer experienced in structured finance transactions, adversely affect in any material respect the interests of the Holders and (ii) the Rating Agency Condition shall have been satisfied with respect thereto.

Section 9.02. Supplemental Indentures with Consent of Holders. The Issuer and the Indenture Trustee, when authorized by an Issuer Order, also may, with prior notice to the Rating Agencies and with the consent of the Holders of a majority of the Outstanding Amount of the Energy Transition Bonds of each Series or Tranche to be affected, by Act of such Holders delivered to the Issuer and the Indenture Trustee, enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Holders of the Energy Transition Bonds under this Indenture; provided, however, that no such supplemental indenture shall, without the consent of the Holder of each Outstanding Energy Transition Bond of each Series or Tranche affected thereby:

(i) change the date of payment of any installment of principal of or premium, if any, or interest on any Energy Transition Bond of such Series or Tranche, or reduce the principal amount thereof, the interest rate thereon or premium, if any, with respect thereto;

(ii) change the provisions of this Indenture and the related applicable Series Supplement relating to the application of collections on, or the proceeds of the sale of, the Series Collateral to payment of principal of or premium, if any, or interest on the Energy Transition Bonds of such Series or Tranche, or change any place of payment where, or the coin or currency in which, any Energy Transition Bond of such Series or Tranche or the interest thereon is payable;

(iii) reduce the percentage of the Outstanding Amount of the Energy Transition Bonds or of a Series or Tranche thereof, the consent of the Holders of which is required for any such supplemental indenture, or the consent of the Holders of which is required for any waiver of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences provided for in this Indenture;

(iv) reduce the percentage of the Outstanding Amount of the Energy Transition Bonds required to direct the Indenture Trustee to direct the Issuer to sell or liquidate the Series Collateral pursuant to Section 5.04;

(v) modify any provision of this Section 9.02 or any provision of the other Basic Documents similarly specifying the rights of the Holders to consent to modification thereof, except to increase any percentage specified herein or to provide that those provisions of this Indenture or the other Basic Documents referenced in this Section 9.02 cannot be modified or waived without the consent of the Holder of each Outstanding Energy Transition Bond affected thereby;

(vi) modify any of the provisions of this Indenture in such manner as to affect the calculation of the amount of any payment of interest, principal or premium, if any, due on any Energy Transition Bond on any Payment Date (including the calculation of any of the individual components of such calculation) or change the Expected Sinking Fund Schedule, Tranche Maturity Date, or Final Maturity Date of Energy Transition Bonds;

(vii) decrease the Required Capital Level with respect to any Series;

(viii) permit the creation of any Lien ranking prior to or on a parity with the Lien of this Indenture with respect to any part of the Collateral or, except as otherwise permitted or contemplated herein, terminate the Lien of this Indenture on any property at any time subject hereto or deprive the Holder of any Energy Transition Bond of the security provided by the Lien of this Indenture;

(ix) cause any material adverse U.S. federal income tax consequence to the Seller, the Issuer, the Managers, the Indenture Trustee or the then-existing Holders; or

(x) impair the right to institute suit for the enforcement of the provisions of this Indenture regarding payment or application of funds.

It shall not be necessary for any Act of Holders under this Section 9.02 to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

Promptly after the execution by the Issuer and the Indenture Trustee of any supplemental indenture pursuant to this Section 9.02, the Issuer shall mail to the Rating Agencies a copy of such supplemental indenture and to the Holders of the Energy Transition Bonds to which such supplemental indenture relates either a copy of such supplemental indenture or a notice setting forth in general terms the substance of such supplemental indenture. Any failure of the Issuer to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

Section 9.03. Execution of Supplemental Indentures. In executing any supplemental indenture permitted by this Article IX or the modifications thereby of the trust created by this Indenture, the Indenture Trustee shall be fully protected in relying upon an Opinion of Counsel stating that the execution of such supplemental indenture is authorized and permitted by this Indenture and all conditions precedent, if any, provided for in this Indenture relating to such supplemental indenture or modification have been satisfied. The Indenture Trustee may, but shall not be obligated to, enter into any such supplemental indenture that affects the Indenture Trustee's own rights, duties, liabilities or immunities under this Indenture or otherwise. All fees and expenses in connection with any such supplemental indenture shall be paid by the requesting party.

Section 9.04. Effect of Supplemental Indenture. Upon the execution of any supplemental indenture pursuant to the provisions hereof, this Indenture shall be and be deemed to be modified and amended in accordance therewith with respect to each Series or Tranche of Energy Transition Bonds affected thereby, and the respective rights, limitations of rights,

obligations, duties, liabilities and immunities under this Indenture of the Indenture Trustee, the Issuer and the Holders shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 9.05. Conformity with Trust Indenture Act. Every amendment of this Indenture and every supplemental indenture executed pursuant to this Article IX shall conform to the requirements of the Trust Indenture Act as then in effect so long as this Indenture shall then be qualified under the Trust Indenture Act.

Section 9.06. Reference in Energy Transition Bonds to Supplemental Indentures. Energy Transition Bonds authenticated and delivered after the execution of any supplemental indenture pursuant to this Article IX may, and if required by the Indenture Trustee shall, bear a notation in form approved by the Indenture Trustee as to any matter provided for in such supplemental indenture. If the Issuer or the Indenture Trustee shall so determine, new Energy Transition Bonds so modified as to conform, in the opinion of the Indenture Trustee and the Issuer, to any such supplemental indenture may be prepared and executed by the Issuer and authenticated and delivered by the Indenture Trustee in exchange for Outstanding Energy Transition Bonds.

ARTICLE X

MISCELLANEOUS

Section 10.01. Compliance Certificates and Opinions, etc.

(a) Upon any application or request by the Issuer to the Indenture Trustee to take any action under any provision of this Indenture, the Issuer shall furnish to the Indenture Trustee (i) an Officer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, (ii) an Opinion of Counsel stating that in the opinion of such counsel the amendment is authorized and permitted and all such conditions precedent, if any, have been complied with and (iii) (if required by the Trust Indenture Act) an Independent Certificate from a firm of registered public accountants meeting the applicable requirements of this Section 10.01, except that, in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

- (i) a statement that each signatory of such certificate or opinion has read or has caused to be read such covenant or condition and the definitions herein relating thereto;
- (ii) (ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(iii) a statement that, in the opinion of each such signatory, such signatory has made such examination or investigation as is necessary to enable such signatory to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(iv) a statement as to whether, in the opinion of each such signatory, such condition or covenant has been complied with.

(b) Prior to the deposit of any Collateral or other property or securities with the Indenture Trustee that is to be made the basis for the release of any property or securities subject to the Lien of this Indenture, the Issuer shall, in addition to any obligation imposed in Section 10.01(a) or elsewhere in this Indenture, furnish to the Indenture Trustee an Officer's Certificate certifying or stating the opinion of each person signing such certificate as to the fair value (within 90 days of such deposit) to the Issuer of the Collateral or other property or securities to be so deposited.

(c) Whenever the Issuer is required to furnish to the Indenture Trustee an Officer's Certificate certifying or stating the opinion of any signer thereof as to the matters described in Section 10.01(b), the Issuer shall also deliver to the Indenture Trustee an Independent Certificate as to the same matters, if the fair value to the Issuer of the securities to be so deposited and of all other such securities made the basis of any such withdrawal or release since the commencement of the then-current fiscal year of the Issuer, as set forth in the certificates delivered pursuant to Section 10.01(b) and this Section 10.01(c), is ten percent or more of the Outstanding Amount of the Energy Transition Bonds, but such a certificate need not be furnished with respect to any securities so deposited, if the fair value thereof to the Issuer as set forth in the related Officer's Certificate is less than the lesser of (A) \$25,000 or (B) one percent of the Outstanding Amount of the Energy Transition Bonds.

(d) Whenever any property or securities are to be released from the Lien of this Indenture other than pursuant to Section 8.02(e), the Issuer shall also furnish to the Indenture Trustee an Officer's Certificate certifying or stating the opinion of each person signing such certificate as to the fair value (within 90 days of such release) of the property or securities proposed to be released and stating that in the opinion of such person the proposed release will not impair the security under this Indenture in contravention of the provisions hereof.

(e) Whenever the Issuer is required to furnish to the Indenture Trustee an Officer's Certificate certifying or stating the opinion of any signatory thereof as to the matters described in Section 10.01(d), the Issuer shall also furnish to the Indenture Trustee an Independent Certificate as to the same matters if the fair value of the property or securities with respect thereto, or securities released from the Lien of this Indenture (other than pursuant to Section 8.02(e)) since the commencement of the then-current calendar year, as set forth in the certificates required by Section 10.01(d) and this Section 10.01(e), equals 10 percent or more of the Outstanding Amount of the Energy Transition Bonds, but such certificate need not be furnished in the case of any release of property or securities if the fair value thereof as set forth in the related Officer's Certificate is less than the lesser of (A) \$25,000 or (B) one percent of the then Outstanding Amount of the Energy Transition Bonds.

(f) Notwithstanding any other provision of this Section 10.01, the Indenture Trustee may (A) collect, liquidate, sell or otherwise dispose of the Energy Transition Property and the other Collateral as and to the extent permitted or required by the Basic Documents and (B) make cash payments out of the Collection Account as and to the extent permitted or required by the Basic Documents.

Section 10.02. Form of Documents Delivered to Indenture Trustee. In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of a Responsible Officer of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his or her certificate or opinion is based are erroneous. Any such certificate of a Responsible Officer or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Servicer or the Issuer stating that the information with respect to such factual matters is in the possession of the Servicer or the Issuer, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Whenever in this Indenture, in connection with any application or certificate or report to the Indenture Trustee, it is provided that the Issuer shall deliver any document as a condition of the granting of such application, or as evidence of the Issuer's compliance with any term hereof, it is intended that the truth and accuracy, at the time of the granting of such application or at the effective date of such certificate or report (as the case may be), of the facts and opinions stated in such document shall in such case be conditions precedent to the right of the Issuer to have such application granted or to the sufficiency of such certificate or report. The foregoing shall not, however, be construed to affect the Indenture Trustee's right to rely conclusively upon the truth and accuracy of any statement or opinion contained in any such document as provided in Article VI.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Section 10.03. Acts of Holders.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by agents duly appointed in writing, and except as herein otherwise expressly provided such action shall become effective when such instrument or instruments are delivered to the

Indenture Trustee and, where it is hereby expressly required, to the Issuer. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the “Act” of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 6.01) conclusive in favor of the Indenture Trustee and the Issuer, if made in the manner provided in this Section 10.03.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved in any manner that the Indenture Trustee deems sufficient.

(c) The ownership of Energy Transition Bonds shall be proved by the Energy Transition Bond Register.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other action by the Holder of any Energy Transition Bonds shall bind the Holder of every Energy Transition Bond issued upon the registration thereof or in exchange therefor or in lieu thereof, in respect of anything done, omitted or suffered to be done by the Indenture Trustee or the Issuer in reliance thereon, whether or not notation of such action is made upon such Energy Transition Bond.

Section 10.04. Notices, etc., to Indenture Trustee, Issuer and Rating Agencies.

Any notice, report or other communication given hereunder shall be in writing and shall be effective (i) upon receipt when sent through the mails, registered or certified mail, return receipt requested, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt, (ii) upon receipt when sent by an overnight courier, (iii) on the date personally delivered to an authorized officer of the party to which sent or (iv) on the date transmitted by facsimile or other electronic transmission with a confirmation of receipt in all cases, addressed as follows:

(a) in the case of the Issuer, to [SPE] at 414 Silver Ave. SW, Albuquerque, New Mexico 87102, Attention: [•], Telephone: [•];

(b) in the case of the Indenture Trustee, to [•];

(c) [in the case of Fitch, to Fitch Ratings, 33 Whitehall Street, New York, New York 10004, Attention: ABS Surveillance, Telephone: (212) 908-0500, Facsimile: (212) 908-0355];

(d) [in the case of S&P, to Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, Structured Credit Surveillance, 55 Water Street, New York, New York 10041, Telephone: (212) 438-8991, Email: servicer_reports@standardandpoors.com (all such notices to be delivered to S&P in writing by email)];

(e) [in the case of Moody’s, to Moody’s Investor Services, inc., ABS/RMBS Monitoring Department, 25th Floor, 7 World Trade Center, 250 Greenwich Street, New York, New York, Email: servicereports@moodys.com]; and

(f) in the case of the Commission, New Mexico Public Regulation Commission, at 1120 Paseo De Peralta, Santa Fe, New Mexico 87501, Telephone: [_____]..

Each party hereto may, by notice given in accordance herewith to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications shall be sent

Section 10.05. Notices to Holders; Waiver. Where this Indenture provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class, postage prepaid to each Holder affected by such event, at such Holder's address as it appears on the Energy Transition Bond Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Holders is given by mail, neither the failure to mail such notice nor any defect in any notice so mailed to any particular Holder shall affect the sufficiency of such notice with respect to other Holders, and any notice that is mailed in the manner herein provided shall conclusively be presumed to have been duly given.

Where this Indenture provides for notice in any manner, such notice may be waived in writing by any Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Indenture Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such a waiver.

In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or similar activity, it shall be impractical to mail notice of any event of Holders when such notice is required to be given pursuant to any provision of this Indenture, then any manner of giving such notice as shall be satisfactory to the Indenture Trustee shall be deemed to be a sufficient giving of such notice.

Where this Indenture provides for notice to the Rating Agencies, failure to give such notice shall not affect any other rights or obligations created hereunder and shall not under any circumstance constitute a Default or Event of Default.

Section 10.06. Conflict with Trust Indenture Act. If any provision hereof limits, qualifies or conflicts with another provision hereof that is required to be included in this Indenture by any of the provisions of the Trust Indenture Act, such required provision shall control.

The provisions of Sections 310 through 317 of the Trust Indenture Act that impose duties on any Person (including the provisions automatically deemed included herein unless expressly excluded by this Indenture) are a part of and govern this Indenture, whether or not physically contained herein.

Section 10.07. Successors and Assigns. All covenants and agreements in this Indenture and the Energy Transition Bonds by the Issuer shall bind its successors and assigns, whether so expressed or not. All agreements of the Indenture Trustee in this Indenture shall bind its successors.

Section 10.08. Severability. Any provision in this Indenture or in the Energy Transition Bonds that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 10.09. Benefits of Indenture. Nothing in this Indenture or in the Energy Transition Bonds, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, and the Holders, and any other party secured hereunder, and any other Person with an ownership interest in any part of the Collateral, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 10.10. Legal Holidays. In any case where the date on which any payment is due shall not be a Business Day, then (notwithstanding any other provision of the Energy Transition Bonds or this Indenture) payment need not be made on such date, but may be made on the next Business Day with the same force and effect as if made on the date on which nominally due, and no interest shall accrue for the period from and after any such nominal date.

Section 10.11. GOVERNING LAW. **This Indenture shall be governed by and construed in accordance with the laws of the State of New York, without reference to its conflict of law provisions (other than Section 5-1401 of the New York General Obligations Law and Sections 9-301 through 9-306 of the NY UCC), and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws; provided, that the creation, attachment and perfection of any Liens created hereunder in Property, and all rights and remedies of the Indenture Trustee and the Holders with respect to the Property, shall be governed by the laws of the State of New Mexico.**

Section 10.12. Counterparts. This Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 10.13. Recording of Indenture. If this Indenture is subject to recording in any appropriate public recording offices, such recording is to be effected by the Issuer and at its expense accompanied by an Opinion of Counsel at the Issuer's cost and expense (which may be counsel to the Indenture Trustee or any other counsel reasonably acceptable to the Indenture Trustee or, if requested by the Indenture Trustee, external counsel of the Issuer) to the effect that such recording is necessary either for the protection of the Holders or any other Person secured hereunder or for the enforcement of any right or remedy granted to the Indenture Trustee under this Indenture.

Section 10.14. No Recourse to Issuer. No recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer or the Indenture Trustee on the Energy Transition Bonds or under this Indenture or any certificate or other writing delivered in connection herewith or therewith, against (a) the Issuer, other than from the Series Collateral, (b) any owner of a membership interest in the Issuer (including Public Service Company of New Mexico) or (c) any shareholder, partner, owner, beneficiary, agent, officer or employee of the

Indenture Trustee, the Managers or any owner of a membership interest in the Issuer (including Public Service Company of New Mexico) in its respective individual capacity, or of any successor or assign of any of them in their respective individual or corporate capacities, except as any such Person may have expressly agreed in writing. Notwithstanding any provision of this Indenture or any Series Supplement to the contrary, Holders shall look only to the Series Collateral with respect to any amounts due to the Holders hereunder and under each Series of Energy Transition Bonds and, in the event such Series Collateral is insufficient to pay in full the amounts owed on the Energy Transition Bonds, shall have no recourse against the Issuer in respect of such insufficiency. Each Holder by accepting an Energy Transition Bond specifically confirms the nonrecourse nature of these obligations and waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Energy Transition Bonds.

Section 10.15. Basic Documents. The Indenture Trustee is hereby authorized to execute and deliver the Servicing Agreement and to execute and deliver any other Basic Document that it is requested to acknowledge.

Section 10.16. No Petition. The Indenture Trustee, by entering into this Indenture, and each Holder, by accepting an Energy Transition Bond (or interest therein) issued hereunder, hereby covenant and agree that they shall not, prior to the date that is one year and one day after the termination of this Indenture, acquiesce, petition or otherwise invoke or cause the Issuer or any Manager to invoke the process of any court or government authority for the purpose of commencing or sustaining a case against the Issuer under any bankruptcy or insolvency law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Issuer or any substantial part of its property, or ordering the dissolution, winding up or liquidation of the affairs of the Issuer. Nothing in this Section 10.16 shall preclude, or be deemed to estop, such Holder or the Indenture Trustee (a) from taking or omitting to take any action prior to such date in (i) any case or proceeding voluntarily filed or commenced by or on behalf of the Issuer under or pursuant to any such law or (ii) any involuntary case or proceeding pertaining to the Issuer that is filed or commenced by or on behalf of a Person other than such Holder and is not joined in by such Holder (or any Person to which such Holder shall have assigned, transferred or otherwise conveyed any part of the obligations of the Issuer hereunder) under or pursuant to any such law or (b) from commencing or prosecuting any legal action that is not an involuntary case or proceeding under or pursuant to any such law against the Issuer or any of its properties.

Section 10.17. Securities Intermediary. The Securities Intermediary, in acting under this Indenture, is entitled to all rights, benefits, protections, immunities and indemnities accorded to [•], in its capacity as Indenture Trustee under this Indenture.

Section 10.18. Rule 17g-5 Compliance.

(a) The Indenture Trustee agrees that any notice, report, request for satisfaction of the Rating Agency Condition, document or other information provided by the Indenture Trustee to any Rating Agency under this Indenture or any other Basic Document to which it is a party for the purpose of determining or confirming the credit rating of the Energy Transition Bonds or undertaking credit rating surveillance of the Energy Transition Bonds shall be provided, substantially concurrently, to the Servicer for posting on a password-protected

website (the “17g-5 Website”). The Servicer shall be responsible for posting all of the information on the 17g-5 Website.

(b) The Indenture Trustee will not be responsible for creating or maintaining the 17g-5 Website, posting any information to the 17g-5 Website or assuring that the 17g-5 Website complies with the requirements of this Indenture, Rule 17g-5 under the Exchange Act or any other law or regulation. In no event shall the Indenture Trustee be deemed to make any representation in respect of the content of the 17g-5 Website or compliance by the 17g-5 Website with this Indenture, Rule 17g-5 under the Exchange Act or any other law or regulation. The Indenture Trustee shall have no obligation to engage in or respond to any oral communications with respect to the transactions contemplated hereby, any transaction documents relating hereto or in any way relating to the Energy Transition Bonds or for the purposes of determining the initial credit rating of the Energy Transition Bonds or undertaking credit rating surveillance of the Energy Transition Bonds with any Rating Agency or any of its respective officers, directors or employees. The Indenture Trustee shall not be responsible or liable for the dissemination of any identification numbers or passwords for the 17g-5 Website, including by the Servicer, the Rating Agencies, a nationally recognized statistical rating organization (“NRSRO”), any of their respective agents or any other party. Additionally, the Indenture Trustee shall not be liable for the use of the information posted on the 17g-5 Website, whether by the Servicer, the Rating Agencies, an NRSRO or any other third party that may gain access to the 17g-5 Website or the information posted thereon.

Section 10.19. Submission to Non-Exclusive Jurisdiction; Waiver of Jury Trial. Each of the Issuer and the Indenture Trustee hereby irrevocably submits to the non-exclusive jurisdiction of any New York State court sitting in The Borough of Manhattan in The City of New York or any U.S. federal court sitting in The Borough of Manhattan in The City of New York in respect of any suit, action or proceeding arising out of or relating to this Indenture and the Energy Transition Bonds and irrevocably accepts for itself and in respect of its respective property, generally and unconditionally, jurisdiction of the aforesaid courts. Each of the Issuer and the Indenture Trustee irrevocably waives, to the fullest extent that it may effectively do so under applicable law, trial by jury.

Section 10.20. Certain Tax Laws. In order to comply with applicable tax laws, rules and regulations (inclusive of directives, guidelines and interpretations promulgated by competent authorities) in effect from time to time to which a foreign financial institution, issuer, trustee, paying agent, holder or other institution is or has agreed to be subject related to the Basic Documents, the Issuer agrees (a) to provide to the Indenture Trustee sufficient information about Holders or other applicable parties and/or transactions (including any modification to the terms of such transactions) so as to enable the Indenture Trustee to determine whether it has tax-related obligations under such applicable tax laws, rules and regulations (inclusive of directives, guidelines and interpretations promulgated by competent authorities) and (b) that the Indenture Trustee shall be entitled to make any withholding or deduction from payments under the Basic Documents to the extent necessary to comply with such applicable tax laws, rules and regulations (inclusive of directives, guidelines and interpretations promulgated by competent authorities) for which the Indenture Trustee shall not have any liability.

{SIGNATURE PAGE FOLLOWS}

IN WITNESS WHEREOF, the Issuer, the Indenture Trustee and the Securities Intermediary have caused this Indenture to be duly executed by their respective officers thereunto duly authorized and duly attested, all as of the day and year first above written.

[SPE],
as Issuer

By: _____
Name: []
Title: []

[TRUSTEE],
as Indenture Trustee and as Securities
Intermediary

By: _____
Name: []
Title: []

STATE OF NEW MEXICO)
MEXICO

COUNTY OF)
BERNALILLO

The foregoing instrument was acknowledged before me this day of [•], 20[•], by [], [] of [SPE], a Delaware limited liability company, on behalf of the company.

{Seal}

, Notary Public
State of New Mexico, County of Bernalillo
My Commission Expires:
Acting in the County of Mecklenburg

STATE OF NEW)
YORK

ss.

COUNTY OF NEW)
YORK

The foregoing instrument was acknowledged before me this day of [•], 20[•], by [], [] of [TRUSTEE], as Indenture Trustee and Securities Intermediary, on behalf of the bank.

, Notary Public,

State of New York

No.

Qualified in New York County

Certificate Filed in New York County

Commission Expires

EXHIBIT A

FORM OF ENERGY TRANSITION BOND

See attached.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE REGISTERED FORM, THIS SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO THE NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS SECURITY IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY, A NEW YORK CORPORATION, TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY SECURITY ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON OR ENTITY IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

No. { }	\${ }
Tranche Designation { }	CUSIP No.: { }

THE PRINCIPAL OF THIS SERIES { }, TRANCHE { } SENIOR SECURED ENERGY TRANSITION BOND, (THIS “ENERGY TRANSITION BOND”) WILL BE PAID IN INSTALLMENTS AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS ENERGY TRANSITION BOND AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ABOVE. THE HOLDER OF THIS ENERGY TRANSITION BOND HAS NO RECOURSE TO THE ISSUER HEREOF AND AGREES TO LOOK ONLY TO THE SERIES COLLATERAL, AS DESCRIBED IN THE INDENTURE, FOR PAYMENT OF ANY AMOUNTS DUE HEREUNDER. ALL OBLIGATIONS OF THE ISSUER OF THIS ENERGY TRANSITION BOND UNDER THE TERMS OF THE INDENTURE WILL BE RELEASED AND DISCHARGED UPON PAYMENT IN FULL HEREOF OR AS OTHERWISE PROVIDED IN SECTION 3.10(b) OR ARTICLE IV OF THE INDENTURE. THE HOLDER OF THIS ENERGY TRANSITION BOND HEREBY COVENANTS AND AGREES THAT PRIOR TO THE DATE THAT IS ONE YEAR AND ONE DAY AFTER THE PAYMENT IN FULL OF THIS ENERGY TRANSITION BOND, IT WILL NOT INSTITUTE AGAINST, OR JOIN ANY OTHER PERSON IN INSTITUTING AGAINST, THE ISSUER ANY BANKRUPTCY, REORGANIZATION, ARRANGEMENT, INSOLVENCY OR LIQUIDATION PROCEEDINGS OR OTHER SIMILAR PROCEEDING UNDER THE LAWS OF THE UNITED STATES OR ANY STATE OF THE UNITED STATES. NOTHING IN THIS PARAGRAPH SHALL PRECLUDE, OR BE DEEMED TO ESTOP, SUCH HOLDER (A) FROM TAKING OR OMITTING TO TAKE ANY ACTION PRIOR TO SUCH DATE IN (I) ANY CASE OR PROCEEDING VOLUNTARILY FILED OR COMMENCED BY OR ON BEHALF OF THE ISSUER UNDER OR PURSUANT TO ANY SUCH LAW OR (II) ANY INVOLUNTARY CASE OR PROCEEDING PERTAINING TO THE ISSUER THAT IS FILED OR COMMENCED BY OR ON BEHALF OF A PERSON OTHER THAN SUCH HOLDER AND IS NOT JOINED IN BY SUCH HOLDER (OR ANY PERSON TO WHICH SUCH HOLDER SHALL HAVE ASSIGNED, TRANSFERRED OR

OTHERWISE CONVEYED ANY PART OF THE OBLIGATIONS OF THE ISSUER HEREUNDER) UNDER OR PURSUANT TO ANY SUCH LAW OR (B) FROM COMMENCING OR PROSECUTING ANY LEGAL ACTION THAT IS NOT AN INVOLUNTARY CASE OR PROCEEDING UNDER OR PURSUANT TO ANY SUCH LAW AGAINST THE ISSUER OR ANY OF ITS PROPERTIES.

ENERGY TRANSITION BONDS ISSUED PURSUANT TO THE ENERGY TRANSITION ACT SHALL NOT CONSTITUTE A DEBT OR PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF THE STATE OF NEW MEXICO OR OF ANY COUNTY, MUNICIPALITY OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF NEW MEXICO.

[SPE]

SERIES { } SENIOR SECURED ENERGY TRANSITION BONDS, TRANCHE{ }

BOND INTEREST RATE	ORIGINAL PRINCIPAL AMOUNT	SCHEDULED FINAL PAYMENT DATE	FINAL MATURITY DATE
{ } % \$	{ }	{ }, 20{ }	{ }, 20{ }

[SPE], a limited liability company created under the laws of the State of Delaware (herein referred to as the “Issuer”), for value received, hereby promises to pay to { }, or registered assigns, the Original Principal Amount shown above in semi-annual installments on the Payment Dates and in the amounts specified below or, if less, the amounts determined pursuant to Section 8.02 of the Indenture, in each year, commencing on the date determined as provided below and ending on or before the Final Maturity Date shown above and to pay interest, at the Bond Interest Rate shown above, on each { } and { } or, if any such day is not a Business Day, the next Business Day, commencing on { }, 20{ } and continuing until the earlier of the payment in full of the principal hereof and the Final Maturity Date (each, a “Payment Date”), on the principal amount of this Energy Transition Bond. Interest on this Energy Transition Bond will accrue for each Payment Date from the most recent Payment Date on which interest has been paid to but excluding such Payment Date or, if no interest has yet been paid, from the date of issuance. Interest will be computed on the basis of { }. Such principal of and interest on this Energy Transition Bond shall be paid in the manner specified below.

The principal of and interest on this Energy Transition Bond are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. All payments made by the Issuer with respect to this Energy Transition Bond shall be applied first to interest due and payable on this Energy Transition Bond as provided above and then to the unpaid principal of and premium, if any, on this Energy Transition Bond, all in the manner set forth in the Indenture.

Unless the certificate of authentication hereon has been executed by the Indenture Trustee whose name appears below by manual signature, this Energy Transition Bond shall not be entitled to any benefit under the Indenture referred to below or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this instrument to be signed, manually or in facsimile, by its Responsible Officer.

Date: { }, 20{ }

[SPE],
as Issuer

By: _____
Name: []
Title: []

INDENTURE TRUSTEE'S
CERTIFICATE OF AUTHENTICATION

Dated: { }, 20{ }

This is one of the Series { }, Tranche { } Senior Secured Energy Transition
Bonds, designated above and referred to in the within-mentioned Indenture.

[TRUSTEE],
as Indenture Trustee

By: _____
Name: []
Title: []

This Senior Secured Energy Transition Bond, Series { }, Tranche { } is one of a duly authorized issue of Series { } Senior Secured Energy Transition Bonds of the Issuer (herein called the “Series { } Bonds”), which Bonds are issuable in one or more Series, which Series are issuable in one or more Tranches. The Series { } Bonds consist of { } Tranches, including the Tranche { } Series { } Senior Secured Energy Transition Bonds, which include this Senior Secured Energy Transition Bond (herein called the “Tranche { } Energy Transition Bonds”), all issued and to be issued under that certain Indenture dated as of [•], 20[•] (as supplemented by the Series Supplement (as defined below), the “Indenture”), between the Issuer and [•], in its capacity as indenture trustee (the “Indenture Trustee”, which term includes any successor indenture trustee under the Indenture) and in its separate capacity as a securities intermediary (the “Securities Intermediary”, which term includes any successor securities intermediary under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights and obligations thereunder of the Issuer, the Indenture Trustee and the Holders of the Bonds. For purposes herein, “Series Supplement” means that certain Series Supplement dated as of { }, 20 { } between the Issuer and the Indenture Trustee. All terms used in this Tranche { } Energy Transition Bond that are defined in the Indenture, as amended, restated, supplemented or otherwise modified from time to time, shall have the meanings assigned to such terms in the Indenture.

All Tranches of Series { } Bonds are and will be equally and ratably secured by the Series Collateral pledged as security therefor as provided in the Indenture.

The principal of this Tranche { } Energy Transition Bond shall be payable on each Payment Date only to the extent that amounts in the Collection Account for the Series { } Bonds are available therefor, and only until the outstanding principal balance thereof on the preceding Payment Date (after giving effect to all payments of principal, if any, made on the preceding Payment Date) has been reduced to the principal balance specified in the Expected Sinking Fund Schedule that is attached to the Series Supplement as Schedule A, unless payable earlier because an Event of Default shall have occurred and be continuing and the Indenture Trustee or the Holders representing a majority of the Outstanding Amount of the Bonds of this Series have declared the Series { } Bonds to be immediately due and payable in accordance with Section 5.02 of the Indenture (unless such declaration shall have been rescinded and annulled in accordance with Section 5.02 of the Indenture). However, actual principal payments may be made in lesser than expected amounts and at later than expected times as determined pursuant to Section 8.02 of the Indenture. The entire unpaid principal amount of this Tranche { } Energy Transition Bond shall be due and payable on the Final Maturity Date hereof. Notwithstanding the foregoing, the entire unpaid principal amount of the Bonds shall be due and payable, if not then previously paid, on the date on which an Event of Default shall have occurred and be continuing and the Indenture Trustee or the Holders of the Bonds representing a majority of the Outstanding Amount of the Bonds of this Series have declared the Energy Transition Bonds to be immediately due and payable in the manner provided in Section 5.02 of the Indenture (unless such declaration shall have been rescinded and annulled in accordance with Section 5.02 of the Indenture). All principal payments on the Tranche { } Energy Transition Bonds shall be made pro rata to the Holders of the Tranche { } Energy Transition Bonds entitled thereto based on the respective principal amounts of the Tranche { } Energy Transition Bonds held by them.

Payments of interest on this Tranche { } Energy Transition Bond due and payable on each Payment Date, together with the installment of principal or premium, if any, shall be made by check mailed first-class, postage prepaid, to the Person whose name appears as the Registered Holder of this Tranche { } Energy Transition Bond (or one or more Predecessor Energy Transition Bonds) on the Energy Transition Bond Register as of the close of business on the Record Date or in such other manner as may be provided in the Indenture or the Series Supplement, except that (a) upon application to the Indenture Trustee by any Holder owning a Global Energy Transition Bond evidencing this Tranche { } Energy Transition Bond not later than the applicable Record Date, payment will be made by wire transfer to an account maintained by such Holder, and (b) if this Tranche { } Energy Transition Bond is held in Book-Entry Form, payments will be made by wire transfer in immediately available funds to the account designated by the Holder of the applicable Global Energy Transition Bond evidencing this Tranche { } Energy Transition Bond unless and until such Global Energy Transition Bond is exchanged for Definitive Energy Transition Bonds (in which event payments shall be made as provided above) and except for the final installment of principal and premium, if any, payable with respect to this Tranche { } Energy Transition Bond on a Payment Date, which shall be payable as provided below. Such checks shall be mailed to the Person entitled thereto at the address of such Person as it appears on the Energy Transition Bond Register as of the applicable Record Date without requiring that this Tranche { } Energy Transition Bond be submitted for notation of payment. Any reduction in the principal amount of this Tranche { } Energy Transition Bond (or any one or more Predecessor Energy Transition Bonds) effected by any payments made on any Payment Date shall be binding upon all future Holders of this Tranche { } Energy Transition Bond and of any Energy Transition Bond issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted hereon. If funds are expected to be available, as provided in the Indenture, for payment in full of the then-remaining unpaid principal amount of this Tranche { } Energy Transition Bond on a Payment Date, then the Indenture Trustee, in the name of and on behalf of the Issuer, will notify the Person who was the Registered Holder hereof as of the Record Date preceding such Payment Date by notice mailed no later than five days prior to such final Payment Date and shall specify that such final installment will be payable only upon presentation and surrender of this Tranche { } Energy Transition Bond and shall specify the place where this Tranche { } Energy Transition Bond may be presented and surrendered for payment of such installment.

The Issuer shall pay interest on overdue installments of interest at the Bond Interest Rate to the extent lawful.

This Tranche { } Energy Transition Bond is a “energy transition bond” as such term is defined in the Energy Transition Act. Principal and interest due and payable on this Tranche { } Energy Transition Bond are payable from and secured primarily by Series Property created and established by the Financing Order obtained from the New Mexico Public Regulation Commission pursuant to the Energy Transition Act. Series Property consists of the rights and interests of the Seller in the Financing Order, including the right to impose, charge, collect and receive Series Charges in an amount necessary to provide for full payment and recovery of all energy transition costs identified in the Financing Order, the right under the Financing Order to obtain True-Up Adjustments of the Series Charges, and all revenues or other proceeds arising from those rights and interests.

Under the laws of the State of New Mexico in effect on the date hereof, pursuant to Section 19 of the Energy Transition Act, the State of New Mexico has pledged to and agreed with the Holders, any Assignee and any Financing Parties that the State of New Mexico shall not take or permit any action that impairs the value of the Series Property, except as allowed pursuant to Section 6 of the Energy Transition Act, or reduces, alters or impairs Series Charges that are imposed, collected and remitted for the benefit of Holders, any Assignee and any Financing Parties, until the entire principal of, interest on and redemption premium on this Tranche { } Energy Transition Bond, all Financing Costs and all amounts to be paid to an Assignee or Financing Party under an Ancillary Agreement are paid in full and performed in full.

The Issuer and Public Service Company of New Mexico hereby acknowledge that the purchase of this Energy Transition Bond by the Holder hereof or the purchase of any beneficial interest herein by any Person are made in reliance on the foregoing pledge.

As provided in the Indenture and subject to certain limitations set forth therein, the transfer of this Tranche { } Energy Transition Bond may be registered on the Energy Transition Bond Register upon surrender of this Tranche { } Energy Transition Bond for registration of transfer at the office or agency designated by the Issuer pursuant to the Indenture, duly endorsed by, or accompanied by, (a) a written instrument of transfer in form satisfactory to the Indenture Trustee duly executed by the Holder hereof or such Holder's attorney duly authorized in writing, with such signature guaranteed by: (i) The Securities Transfer Agent Medallion Program (STAMP); (ii) The New York Stock Exchange Medallion Program (MSP); (iii) The Stock Exchange Medallion Program (SEMP); or (iv) such other signature guaranty program acceptable to the Indenture Trustee, and (b) such other documents as the Indenture Trustee may require, and thereupon one or more new Energy Transition Bonds of Authorized Denominations and in the same aggregate principal amount will be issued to the designated transferee or transferees. No service charge will be charged for any registration of transfer or exchange of this Tranche { } Energy Transition Bond, but the transferor may be required to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any such registration of transfer or exchange, other than exchanges pursuant to Section 2.04 or Section 2.06 of the Indenture not involving any transfer.

Each Holder, by acceptance of a Tranche { } Energy Transition Bond, covenants and agrees that no recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer or the Indenture Trustee on the Tranche { } Energy Transition Bonds or under the Indenture or any certificate or other writing delivered in connection therewith, against (a) any owner of a membership interest in the Issuer (including Public Service Company of New Mexico) or (b) any shareholder, partner, owner, beneficiary, agent, officer or employee of the Indenture Trustee, the Managers or any owner of a membership interest in the Issuer (including Public Service Company of New Mexico) in its respective individual or corporate capacities, or of any successor or assign of any of them in their individual or corporate capacities, except as any such Person may have expressly agreed in writing. Each Holder by accepting a Tranche { } Energy Transition Bond specifically confirms the nonrecourse nature of these obligations and waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Tranche { } Energy Transition Bonds.

Prior to the due presentment for registration of transfer of this Tranche { } Energy Transition Bond, the Issuer, the Indenture Trustee and any agent of the Issuer or the Indenture Trustee may treat the Person in whose name this Tranche { } Energy Transition Bond is registered (as of the day of determination) as the owner hereof for the purpose of receiving payments of principal of and premium, if any, and interest on this Tranche { } Energy Transition Bond and for all other purposes whatsoever, whether or not this Tranche { } Energy Transition Bond be overdue, and none of the Issuer, the Indenture Trustee or any such agent shall be affected by notice to the contrary.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Holders of the Energy Transition Bonds under the Indenture at any time by the Issuer with the consent of the Holders representing a majority of the Outstanding Amount of all Energy Transition Bonds at the time outstanding of each Series or Tranche to be affected and upon the satisfaction of the Rating Agency Condition. The Indenture also contains provisions permitting the Holders representing specified percentages of the Outstanding Amount of the Energy Transition Bonds of all Series, on behalf of the Holders of all the Energy Transition Bonds, to waive compliance by the Issuer with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Tranche { } Energy Transition Bond (or any one of more Predecessor Energy Transition Bonds) shall be conclusive and binding upon such Holder and upon all future Holders of this Tranche { } Energy Transition Bond and of any Tranche { } Energy Transition Bond issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Tranche { } Energy Transition Bond. The Indenture also permits the Indenture Trustee to amend or waive certain terms and conditions set forth in the Indenture without the consent of Holders of the Energy Transition Bonds issued thereunder.

The Indenture contains provisions for defeasance at any time of (a) the entire indebtedness of the Issuer on an Energy Transition Bond of a Series and (b) certain restrictive covenants and the related Events of Default of a Series, upon compliance by the Issuer with certain conditions set forth in the Indenture, which provisions apply to this Tranche { } Energy Transition Bond.

The term "Issuer" as used in this Tranche { } Energy Transition Bond includes any successor to the Issuer under the Indenture.

The Issuer is permitted by the Indenture, under certain circumstances, to merge or consolidate, subject to the rights of the Indenture Trustee and the Holders under the Indenture.

The Tranche { } Energy Transition Bonds are issuable only in registered form in denominations as provided in the Indenture and the Series Supplement subject to certain limitations therein set forth.

This Tranche { } Energy Transition Bond, the Indenture and the Series Supplement shall be construed in accordance with the laws of the State of New York, without reference to its conflict of law provisions (other than Section 5-1401 of the New York General Obligations Law and Sections 9-301 through 9-306 of the NY UCC), and the

obligations, rights and remedies of the parties hereunder and thereunder shall be determined in accordance with such laws; provided, that the creation, attachment and perfection of any Liens created under the Indenture in Property, and all rights and remedies of the Indenture Trustee and the Holders with respect to the Property, shall be governed by the laws of the State of New Mexico.

No reference herein to the Indenture and no provision of this Tranche { } Energy Transition Bond or of the Indenture shall alter or impair the obligation, which is absolute and unconditional, to pay the principal of and interest on this Tranche { } Energy Transition Bond at the times, place and rate and in the coin or currency herein prescribed.

The Issuer and the Indenture Trustee, by entering into the Indenture, and the Holders and any Persons holding a beneficial interest in any Tranche { } Energy Transition Bond, by acquiring any Tranche { } Energy Transition Bond or interest therein, (a) express their intention that, solely for the purpose of U.S. federal taxes and, to the extent consistent with applicable state, local and other tax law, solely for the purpose of state, local and other taxes, the Tranche { } Energy Transition Bonds qualify under applicable tax law as indebtedness of the sole owner of the Issuer secured by the Series Collateral and (b) solely for purposes of U.S. federal taxes and, to the extent consistent with applicable state, local and other tax law, solely for purposes of state, local and other taxes, so long as any of the Tranche { } Energy Transition Bonds are outstanding, agree to treat the Tranche { } Energy Transition Bonds as indebtedness of the sole owner of the Issuer secured by the Series Collateral unless otherwise required by appropriate taxing authorities.

ABBREVIATIONS

The following abbreviations, when used above on this Energy Transition Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM	as tenants in common
TEN ENT	as tenants by the entireties
JT TEN	as joint tenants with right of survivorship and not as tenants in common
UNIF GIFT MIN	____ (Custodian)
ACT	Custodian (minor) Under Uniform Gifts to Minor Act (____) (State)

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

Social Security or taxpayer I.D. or other identifying number of assignee

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

(name and address of assignee)

the within Tranche { } Energy Transition Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney, to transfer said Tranche { } Energy Transition Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed: _____

The signature to this assignment must correspond with the name of the registered owner as it appears on the within Tranche { } Energy Transition Bond in every particular, without alteration, enlargement or any change whatsoever.

NOTE: Signature(s) must be guaranteed by an institution that is a member of: (i) The Securities Transfer Agent Medallion Program (STAMP); (ii) The New York Stock Exchange Medallion Program (MSP); (iii) the Stock Exchange Medallion Program (SEMP); or (iv) such other signature guaranty program acceptable to the Indenture Trustee.

EXHIBIT B

FORM OF SERIES SUPPLEMENT

See attached.

This SERIES SUPPLEMENT, dated as of { }, 20 { } (this “Supplement”), is by and between [SPE], a limited liability company created under the laws of the State of Delaware (the “Issuer”), and [TRUSTEE] (“Bank”), in its capacity as indenture trustee (the “Indenture Trustee”) for the benefit of the Secured Parties under the Indenture dated as of { }, 20 { }, by and between the Issuer and [TRUSTEE], in its capacity as Indenture Trustee and in its separate capacity as a securities intermediary (the “Indenture”).

PRELIMINARY STATEMENT

Section 9.01 of the Indenture provides, among other things, that the Issuer and the Indenture Trustee may at any time enter into an indenture supplemental to the Indenture for the purposes of authorizing the issuance by the Issuer of a Series of the Energy Transition Bonds and specifying the terms thereof. The Issuer has duly authorized the creation of a Series of the Energy Transition Bonds with an initial aggregate principal amount of \${ } to be known as Series { } Senior Secured Energy Transition Bonds (the “Series { } Energy Transition Bonds”), and the Issuer and the Indenture Trustee are executing and delivering this Supplement in order to provide for the Series { } Energy Transition Bonds.

All terms used in this Supplement that are defined in the Indenture, either directly or by reference therein, have the meanings assigned to them therein, except to the extent such terms are defined or modified in this Supplement or the context clearly requires otherwise. In the event that any term or provision contained herein shall conflict with or be inconsistent with any term or provision contained in the Indenture, the terms and provisions of this Supplement shall govern.

GRANTING CLAUSE

With respect to the Series { } Energy Transition Bonds, the Issuer hereby Grants to the Indenture Trustee, as Indenture Trustee for the benefit of the Secured Parties of the Series { } Energy Transition Bonds, all of the Issuer’s right, title and interest (whether now owned or hereafter acquired or arising) in and to (a) the Series Property created under and pursuant to the Financing Order and the Energy Transition Act, and transferred by the Seller to the Issuer on the date hereof pursuant to the Sale Agreement (including, to the fullest extent permitted by law, the right to impose, charge, collect and receive Series Charges in an amount necessary to provide for full payment and recovery of all energy transition costs identified in the Financing Order, the right under the Financing Order to obtain True-Up Adjustments of the Series Charges, and all revenues or other proceeds arising from those rights and interests), (b) all Series Charges related to the Series Property, (c) the Sale Agreement and the Bill of Sale executed in connection therewith and all property and interests in property transferred under the Sale Agreement and the Bill of Sale with respect to the Series Property and the Series { } Energy Transition Bonds, (d) the Servicing Agreement, the Administration Agreement and any subservicing, agency, intercreditor, administration or collection agreements executed in connection therewith, to the extent related to the foregoing Series Property and the Series { } Energy Transition Bonds, (e) the Collection Account for the Series { } Energy Transition Bonds, all subaccounts thereof and all amounts of cash, instruments, investment property or other assets on deposit therein or credited thereto from time to time and all financial assets and securities entitlements carried therein or credited thereto, (f) all rights to compel the Servicer to file for and obtain periodic adjustments to the Series Charges in accordance with Section 6 of the Energy Transition Act and

the Financing Order, (g) all present and future claims, demands, causes and choses in action in respect of any or all of the foregoing, whether such claims, demands, causes and choses in action constitute Series Property, accounts, general intangibles, instruments, contract rights, chattel paper or proceeds of such items or any other form of property, (h) all accounts, chattel paper, deposit accounts, documents, general intangibles, goods, instruments, investment property, letters of credit, letters-of-credit rights, money, commercial tort claims and supporting obligations related to the foregoing, and (i) all payments on or under, and all proceeds in respect of, any or all of the foregoing (the “Series { } Collateral”), **it being understood that the following do not constitute Series { } Collateral:** (x) cash that has been released pursuant to the terms of the Indenture, including Section 8.02(e)(x) of the Indenture and, following retirement of all Outstanding Series { } Energy Transition Bonds, pursuant to Section 8.02(e)(xii) of the Indenture, (y) amounts deposited with the Issuer on the Series Closing Date, for payment of costs of issuance with respect to the Series { } Energy Transition Bonds (together with any interest earnings thereon) or (z) proceeds from the sale of the Series { } Energy Transition Bonds required to pay the purchase price for the Series Property and paid pursuant to the Sale Agreement for such Series and upfront Financing Costs, it being understood that such amounts described in clause (x) and clause (y) above shall not be subject to Section 3.17 of the Indenture. For the avoidance of doubt, any Series Property created with respect to an Additional Series shall not be Series { } Collateral.

The foregoing Grant is made in trust to secure the Secured Obligations equally and ratably without prejudice, priority or distinction, except as expressly provided in the Indenture, to secure compliance with the provisions of the Indenture with respect to the Series { } Energy Transition Bonds, all as provided in the Indenture and to secure the performance by the Issuer of all of its obligations under the Indenture. The Indenture and this Supplement constitute a security agreement within the meaning of the Energy Transition Act and under the UCC to the extent that the provisions of the UCC are applicable hereto.

The Indenture Trustee, as indenture trustee on behalf of the Secured Parties of the Series { } Energy Transition Bonds, acknowledges such Grant and accepts the trusts under this Supplement and the Indenture in accordance with the provisions of this Supplement and the Indenture.

SECTION 1. Designation. The Series { } Energy Transition Bonds shall be designated generally as the Energy Transition Bonds{, and further denominated as Tranches { } through { } }.

SECTION 2. Initial Principal Amount; Bond Interest Rate; Scheduled Final Payment Date; Final Maturity Date; Required Capital Level. The Series { } Energy Transition Bonds {of each Tranche} shall have the initial principal amount, bear interest at the rates per annum (the “Bond Interest Rate”) and shall have the Scheduled Final Payment Dates and the Final Maturity Dates set forth below:

Weighted Average Life	Initial Principal Amount	Bond Interest Rate	Scheduled Final Payment Date	Final Maturity Date
{ }	\$ { }	{ }%	{ }, 20{ }	{ }, 20{ }
{ }	\$ { }	{ }%	{ }, 20{ }	{ }, 20{ }
{ }	\$ { }	{ }%	{ }, 20{ }	{ }, 20{ }

{ }	\$ { }	{ }%	{ }, 20{ }	{ }, 20{ }
{ }	\$ { }	{ }%	{ }, 20{ }	{ }, 20{ }

The Bond Interest Rate shall be computed on the basis of a 360-day year of twelve 30-day months.

The Required Capital Level for the Series { } Energy Transition Bonds shall be equal to \$[•]; provided that in no event shall the sum of the Required Capital Level for Series{ } Energy Transition Bonds and the Required Capital Level for all other outstanding series of Energy Transition Bonds be less than 0.5% of the total capital of the Issuer.

SECTION 3. Authentication Date; Payment Dates; Expected Sinking Fund Schedule for Principal; Periodic Interest; Book-Entry Energy Transition Bonds; Waterfall Caps.

(a) Authentication Date. The Series { } Energy Transition Bonds that are authenticated and delivered by the Indenture Trustee to or upon the order of the Issuer on { } (the “Series Closing Date”) shall have as their date of authentication { }.

(b) Payment Dates. The “Payment Dates” for the Series { } Energy Transition Bonds are { } and { } of each year or, if any such date is not a Business Day, the next Business Day, commencing on { }, 20{ } and continuing until the earlier of repayment of the Series { } Energy Transition Bonds in full and the Final Maturity Date.

(c) Expected Sinking Fund Schedule for Principal. Unless an Event of Default shall have occurred and be continuing, on each Payment Date, the Indenture Trustee shall distribute to the Holders of record as of the related Record Date amounts payable pursuant to Section 8.02(c) of the Indenture as principal, in the following order and priority: (1) to the holders of the Series { }, Tranche { } Energy Transition Bonds, until the Outstanding Amount of such Series { }, Tranche { } Energy Transition Bonds thereof has been reduced to zero; (2) to the holders of the Series { }, Tranche { } Energy Transition Bonds, until the Outstanding Amount of such Series { }, Tranche { } Energy Transition Bonds thereof has been reduced to zero; (3) to the holders of the Series { }, Tranche { } Energy Transition Bonds, until the Outstanding Amount of such Series { }, Tranche { } of Energy Transition Bonds thereof has been reduced to zero; (4) to the holders of the Series { }, Tranche { } Energy Transition Bonds, until the Outstanding Amount of such Series { }, Tranche { } of Energy Transition Bonds thereof has been reduced to zero and (5) to the holders of the Series { }, Tranche { } Energy Transition Bonds, until the Outstanding Amount of such Series { }, Tranche { } of Energy Transition Bonds thereof has been reduced to zero; provided, however, that in no event shall a principal payment pursuant to this Section 3(c) on any Tranche on a Payment Date be greater than the amount necessary to reduce the Outstanding Amount of such Tranche of Energy Transition Bonds to the amount specified in the Expected Sinking Fund Schedule that is attached as Schedule A hereto for such Tranche and Payment Date}.

(d) Periodic Interest. “Periodic Interest” will be payable on {each Tranche of} the Series { } Energy Transition Bonds on each Payment Date in an amount equal to one-half of the product of (i) the applicable Bond Interest Rate and (ii) the Outstanding Amount of the {related Tranche of} Series { } Energy Transition Bonds as of the close of business on the preceding Payment Date after giving effect to all payments of principal made to the Holders of

the {related Tranche of} Series { } Energy Transition Bonds on such preceding Payment Date; provided, however, that, with respect to the initial Payment Date, or if no payment has yet been made, interest on the outstanding principal balance will accrue from and including the Series Closing Date to, but excluding, the following Payment Date.

(e) Book-Entry Energy Transition Bonds. The Series { } Energy Transition Bonds shall be Book-Entry Energy Transition Bonds, and the applicable provisions of Section 2.11 of the Indenture shall apply to the Series { } Energy Transition Bonds.

(f) Waterfall Caps. The amount payable with respect to the Series { } Energy Transition Bonds pursuant to Section 8.02(e)(i) of the Indenture shall not exceed \${ } annually.

SECTION 4. Authorized Denominations. The Series { } Energy Transition Bonds shall be issuable in denominations of {\$2,000 and integral multiples of \$1,000 in excess thereof, except for one bond, which may be a smaller denomination} (the “Authorized Denominations”).

SECTION 5. Delivery and Payment for the Series { } Energy Transition Bonds; Form of the Series { } Energy Transition Bonds. The Indenture Trustee shall deliver the Series { } Energy Transition Bonds to the Issuer when authenticated in accordance with Section 2.03 of the Indenture. The Series { } Energy Transition Bonds {of each Tranche} shall be in the form of Exhibit{s} { } hereto.

SECTION 6. Ratification of Indenture. As supplemented by this Supplement, the Indenture is in all respects ratified and confirmed and the Indenture, as so supplemented by this Supplement, shall be read, taken and construed as one and the same instrument. This Supplement amends, modifies and supplements the Indenture only insofar as it relates to the Series { } Energy Transition Bonds.

SECTION 7. Counterparts. This Supplement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all of such counterparts shall together constitute but one and the same instrument.

SECTION 8. Governing Law. **This Supplement shall be governed by and construed in accordance with the laws of the State of New York, without reference to its conflict of law provisions (other than Section 5-1401 of the New York General Obligations Law and Sections 9-301 through 9-306 of the NY UCC), and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws; provided, that, except as set forth in Section 8.02(b) of the Indenture, the creation, attachment and perfection of any Liens created under the Indenture in Property, and all rights and remedies of the Indenture Trustee and the Holders with respect to the Property, shall be governed by the laws of the State of New Mexico.**

SECTION 9. Issuer Obligation. No recourse may be taken directly or indirectly by the Holders with respect to the obligations of the Issuer on the Series { } Energy Transition Bonds, under the Indenture or this Supplement or any certificate or other writing delivered in connection herewith or therewith, against (a) any owner of a beneficial interest in

the Issuer (including Public Service Company of New Mexico) or (b) any shareholder, partner, owner, beneficiary, officer, director, employee or agent of the Indenture Trustee, the Managers or any owner of a beneficial interest in the Issuer (including Public Service Company of New Mexico) in its individual capacity, or of any successor or assign of any of them in their respective individual or corporate capacities, except as any such Person may have expressly agreed. Each Holder by accepting a Series { } Energy Transition Bond specifically confirms the nonrecourse nature of these obligations and waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Series { } Energy Transition Bonds.

SECTION 10. Indenture Trustee Disclaimer. The Indenture Trustee is not responsible for the validity or sufficiency of this Supplement or for the recitals contained herein.

SECTION 11. Submission to Non-Exclusive Jurisdiction; Waiver of Jury Trial. **Each of the Issuer and the Indenture Trustee hereby irrevocably submits to the non-exclusive jurisdiction of any New York State court sitting in The Borough of Manhattan in The City of New York or any U.S. federal court sitting in The Borough of Manhattan in The City of New York in respect of any suit, action or proceeding arising out of or relating to this Supplement and the Series { } Energy Transition Bonds and irrevocably accepts for itself and in respect of its respective property, generally and unconditionally, jurisdiction of the aforesaid courts. Each of the Issuer and the Indenture Trustee irrevocably waives, to the fullest extent that it may effectively do so under applicable law, trial by jury.**

IN WITNESS WHEREOF, the Issuer and the Indenture Trustee have caused this Supplement to be duly executed by their respective officers thereunto duly authorized as of the day and year first above written.

[SPE],
as Issuer

By: _____
Name: []
Title: []

[TRUSTEE],
as Indenture Trustee and as Securities
Intermediary

By: _____
Name: []
Title: []

SCHEDULE A
TO SERIES SUPPLEMENT

EXPECTED SINKING FUND SCHEDULE

OUTSTANDING PRINCIPAL BALANCE

Date	Tranche { }	Tranche { }	Tranche { }	Tranche { }	Tranche { }
Series Closing Date	\$()	\$()	\$()	\$()	\$()
{ }, 20{ }	\$()	\$()	\$()	\$()	\$()
{ }, 20{ }	\$()	\$()	\$()	\$()	\$()
{ }, 20{ }	\$()	\$()	\$()	\$()	\$()

EXHIBIT { }
TO SERIES SUPPLEMENT

FORM OF {Series { } Tranche { } OF} ENERGY TRANSITION BONDS

{ }

EXHIBIT C

SERVICING CRITERIA TO BE ADDRESSED
BY INDENTURE TRUSTEE IN ASSESSMENT OF COMPLIANCE

Regulation AB Reference	Servicing Criteria	Applicable Indenture Trustee Responsibility
	General Servicing Considerations	
1122(d)(1)(i)	Policies and procedures are instituted to monitor any performance or other triggers and events of default in accordance with the transaction agreements.	
1122(d)(1)(ii)	If any material servicing activities are outsourced to third parties, policies and procedures are instituted to monitor the third party's performance and compliance with such servicing activities.	
1122(d)(1)(iii)	Any requirements in the transaction agreements to maintain a back-up servicer for the pool assets are maintained.	
1122(d)(1)(iv)	A fidelity bond and errors and omissions policy is in effect on the party participating in the servicing function throughout the reporting period in the amount of coverage required by and otherwise in accordance with the terms of the transaction agreements.	
1122(d)(1)(v)	Aggregation of information, as applicable, is mathematically accurate and the information conveyed accurately reflects the information.	
	Cash Collection and Administration	
1122(d)(2)(i)	Payments on pool assets are deposited into the appropriate custodial bank accounts and related bank clearing accounts no more than two business days following receipt, or such other number of days specified in the transaction agreements.	X
1122(d)(2)(ii)	Disbursements made via wire transfer on behalf of an obligor or to an investor are made only by authorized personnel.	X
1122(d)(2)(iii)	Advances of funds or guarantees regarding collections, cash flows or distributions, and any interest or other fees charged for such advances, are made, reviewed and approved as specified in the transaction agreements.	
1122(d)(2)(iv)	The related accounts for the transaction, such as cash reserve accounts or accounts established as a form of overcollateralization, are separately maintained (e.g., with respect to commingling of cash) as set forth in the transaction agreements.	X
1122(d)(2)(v)	Each custodial account is maintained at a federally insured depository institution as set forth in the transaction agreements. For purposes of this criterion, "federally insured depository institution" with respect to a foreign financial institution means a foreign financial institution that meets the requirements of Rule 13k-1(b)(1) under the Exchange Act.	
1122(d)(2)(vi)	Unissued checks are safeguarded so as to prevent unauthorized access.	
1122(d)(2)(vii)	Reconciliations are prepared on a monthly basis for all asset-backed securities related bank accounts, including custodial accounts and related bank clearing accounts. These reconciliations are: (A) mathematically accurate; (B) prepared within 30 calendar days after the bank statement cutoff date, or such other number of days specified in the transaction agreements; (C) reviewed and approved by someone other than the person who prepared the reconciliation; and (D) contain explanations for reconciling items. These reconciling items are resolved within 90 calendar days of their original identification, or such other number of days specified in the transaction agreements.	

Investor Remittances and Reporting		
1122(d)(3)(i)	Reports to investors, including those to be filed with the SEC, are maintained in accordance with the transaction agreements and applicable SEC requirements. Specifically, such reports: (A) are prepared in accordance with timeframes and other terms set forth in the transaction agreements; (B) provide information calculated in accordance with the terms specified in the transaction agreements; (C) are filed with the SEC as required by its rules and regulations; and (D) agree with investors' or the trustee's records as to the total unpaid principal balance and number of pool assets serviced by the servicer.	
1122(d)(3)(ii)	Amounts due to investors are allocated and remitted in accordance with timeframes, distribution priority and other terms set forth in the transaction agreements.	X
1122(d)(3)(iii)	Disbursements made to an investor are posted within two business days to the servicer's investor records, or such other number of days specified in the transaction agreements.	X

Regulation AB Reference	Servicing Criteria	Applicable Indenture Trustee Responsibility
1122(d)(3)(iv)	Amounts remitted to investors per the investor reports agree with cancelled checks, or other form of payment, or custodial bank statements.	X
	Pool Asset Administration	
1122(d)(4)(i)	Collateral or security on pool assets is maintained as required by the transaction agreements or related pool asset documents.	X
1122(d)(4)(ii)	Pool assets and related documents are safeguarded as required by the transaction agreements.	
1122(d)(4)(iii)	Any additions, removals or substitutions to the asset pool are made, reviewed and approved in accordance with any conditions or requirements in the transaction agreements.	
1122(d)(4)(iv)	Payments on pool assets, including any payoffs, made in accordance with the related pool asset documents are posted to the servicer's obligor records maintained no more than two business days after receipt, or such other number of days specified in the transaction agreements, and allocated to principal, interest or other items (e.g., escrow) in accordance with the related pool asset documents.	
1122(d)(4)(v)	The servicer's records regarding the pool assets agree with the servicer's records with respect to an obligor's unpaid principal balance.	
1122(d)(4)(vi)	Changes with respect to the terms or status of an obligor's pool assets (e.g., loan modifications or re-aging) are made, reviewed and approved by authorized personnel in accordance with the transaction agreements and related pool asset documents.	
1122(d)(4)(vii)	Loss mitigation or recovery actions (e.g., forbearance plans, modifications and deeds in lieu of foreclosure, foreclosures and repossessions, as applicable) are initiated, conducted and concluded in accordance with the timeframes or other requirements established by the transaction agreements.	
1122(d)(4)(viii)	Records documenting collection efforts are maintained during the period a pool asset is delinquent in accordance with the transaction agreements. Such records are maintained on at least a monthly basis, or such other period specified in the transaction agreements, and describe the entity's activities in monitoring delinquent pool assets, including, for example, phone calls, letters and payment rescheduling plans in cases where delinquency is deemed temporary (e.g., illness or unemployment).	
1122(d)(4)(ix)	Adjustments to interest rates or rates of return for pool assets with variable rates are computed based on the related pool asset documents.	
1122(d)(4)(x)	Regarding any funds held in trust for an obligor (such as escrow accounts): (A) such funds are analyzed, in accordance with the obligor's pool asset documents, on at least an annual basis, or such other period specified in the transaction agreements; (B) interest on such funds is paid, or credited, to obligors in accordance with applicable pool asset documents and state laws; and (C) such funds are returned to the obligor within 30 calendar days of full repayment of the related pool assets, or such other number of days specified in the transaction agreements.	
1122(d)(4)(xi)	Payments made on behalf of an obligor (such as tax or insurance payments) are made on or before the related penalty or expiration dates, as indicated on the appropriate bills or notices for such payments, provided that such support has been received by the	

- servicer at least 30 calendar days prior to these dates, or such other number of days specified in the transaction agreements.
- 1122(d)(4)(xii) Any late payment penalties in connection with any payment to be made on behalf of an obligor are paid from the servicer's funds and not charged to the obligor, unless the late payment was due to the obligor's error or omission.
- 1122(d)(4)(xiii) Disbursements made on behalf of an obligor are posted within two business days to the obligor's records maintained by the servicer, or such other number of days specified in the transaction agreements.
- 1122(d)(4)(xiv) Delinquencies, charge-offs and uncollectible accounts are recognized and recorded in accordance with the transaction agreements.
- 1122(d)(4)(xv) Any external enhancement or other support, identified in Item 1114(a)(1) through (3) or Item 1115 of Regulation AB, is maintained as set forth in the transaction agreements.

APPENDIX A

DEFINITIONS AND RULES OF CONSTRUCTION

A. Defined Terms. The following terms have the following meanings:

“17g-5 Website” is defined in Section 10.18(a) of the Indenture.

“Account Records” is defined in Section 1(a)(i) of the Administration Agreement.

“Act” is defined in Section 10.03(a) of the Indenture.

“Additional Series” means issuance by the Issuer of any series of Energy Transition Bonds issued after the date hereof, that will be undertaken only if (i) such issuance has been authorized by the Commission, (ii) the Rating Agency Condition has been satisfied and it is a condition of issuance for each Series of Energy Transition Bonds that the new Series receive a rating or ratings as required by the Financing Order or a Subsequent Financing Order, (iii) the Issuer has delivered to the Indenture Trustee an Opinion of Counsel of a nationally recognized firm experienced in such matters to the effect that after such issuance, in the opinion of such counsel, if either or both of Public Service Company of New Mexico or the Seller were to become a debtor in a case under the United States Bankruptcy Code (Title 11, U.S.C.), a federal court exercising bankruptcy jurisdiction and exercising reasonable judgment after full consideration of all relevant factors would not order substantive consolidation of the assets and liabilities of the Issuer with those of the bankruptcy estate of Public Service Company of New Mexico or the Seller, subject to the customary exceptions, qualifications and assumptions contained therein.

“Administration Agreement” means the Administration Agreement, dated as of the date hereof, by and between Public Service Company of New Mexico and the Issuer.

“Administration Fee” is defined in Section 2 of the Administration Agreement.

“Administrator” means Public Service Company of New Mexico, as Administrator under the Administration Agreement, or any successor Administrator to the extent permitted under the Administration Agreement.

“Affiliate” means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, “control” when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Amendatory Schedule” means a revision to service riders or any other notice filing filed with the Commission in respect of the Energy Transition Rate Schedule pursuant to a True-Up Adjustment.

“Ancillary Agreement” has the meaning set forth in Section 2(B) of the Energy Transition Act.

“Annual Accountant’s Report” is defined in Section 3.04(a) of the Servicing Agreement.

“Assignee” means the Issuer and any other assignee (as defined in Section 2(C) of the Energy Transition Act) with respect to any Property.

“Authorized Denomination” means, with respect to any Energy Transition Bond, the authorized denomination therefor specified in the Series Supplement, which shall be at least \$2,000 and, except as otherwise provided in the Series Supplement, integral multiples of \$1,000 in excess thereof, except for one Energy Transition Bond which may be of a smaller denomination.

“Bankruptcy Code” means Title 11 of the United States Code (11 U.S.C. §§ 101 et seq.).

“Basic Documents” means the Indenture, each Series Supplement, the Certificate of Formation, the LLC Agreement, the Administration Agreement, and, with respect to each Series, the applicable Sale Agreement, Bill of Sale, Servicing Agreement, Letter of Representations, Underwriting Agreement and all other documents and certificates delivered in connection therewith.

“Bill of Sale” means a bill of sale substantially in the form of Exhibit A to the Sale Agreement delivered pursuant to Section 2.02(a) of the Sale Agreement.

“Billed Energy Transition Charges” means the amounts of Energy Transition Charges billed by the Servicer.

“Bills” means each of the regular monthly bills, summary bills, opening bills and closing bills issued to Customers by Public Service Company of New Mexico in its capacity as Servicer.

“Bond Interest Rate” means, with respect to any Series or Tranche of Energy Transition Bonds, the rate at which interest accrues on the Energy Transition Bonds of such Series or Tranche, as specified in the applicable Series Supplement.

“Book-Entry Form” means, with respect to any Energy Transition Bond, that such Energy Transition Bond is not certificated and the ownership and transfers thereof shall be made through book entries by a Clearing Agency as described in Section 2.11 of the Indenture and the Series Supplement pursuant to which such Energy Transition Bond was issued.

“Book-Entry Energy Transition Bonds” means any Energy Transition Bonds issued in Book-Entry Form; provided, however, that, after the occurrence of a condition whereupon book-entry registration and transfer are no longer permitted and Definitive Energy Transition Bonds are to be issued to the Holder of such Energy Transition Bonds, such Energy Transition Bonds shall no longer be “Book-Entry Energy Transition Bonds”.

“Business Day” means any day other than a Saturday, a Sunday or a day on which banking institutions in Albuquerque, New Mexico or New York, New York are, or DTC or the Corporate Trust Office is, authorized or obligated by law, regulation or executive order to be closed.

“Capital Contribution” means the amount of cash contributed to the Issuer by Public Service Company of New Mexico as specified in the LLC Agreement.

“Capital Subaccount” is defined in Section 8.02(a) of the Indenture.

“Certificate of Compliance” means the certificate referred to in Section 3.03 of the Servicing Agreement and substantially in the form of Exhibit E to the Servicing Agreement.

“Certificate of Formation” means the Certificate of Formation filed with the Secretary of State of the State of Delaware on [•], 20[•] pursuant to which the Issuer was formed.

“Charge” means any energy transition charges as defined in Section 2(G) of the Energy Transition Act that are authorized by the Financing Order or any Subsequent Financing Order.

“Claim” means a “claim” as defined in Section 101(5) of the Bankruptcy Code.

“Clearing Agency” means an organization registered as a “clearing agency” pursuant to Section 17A of the Exchange Act.

“Clearing Agency Participant” means a securities broker, dealer, bank, trust company, clearing corporation or other financial institution or other Person for whom from time to time a Clearing Agency effects book entry transfers and pledges of securities deposited with such Clearing Agency.

“Code” means the Internal Revenue Code of 1986.

“Collateral” is defined in the preamble of the Indenture.

“Collection Account” is defined in Section 8.02(a) of the Indenture for such Series.

“Collection in Full of the Charges” means the day on which the aggregate amounts on deposit in the General Subaccount and the Excess Funds Subaccount are sufficient to pay in full all the Outstanding Energy Transition Bonds and to replenish any shortfall in the Capital Subaccount.

“Commission” means the New Mexico Public Regulation Commission.

“Commission Regulations” means any regulations, including temporary regulations, promulgated by the Commission pursuant to New Mexico law.

“Company Minutes” is defined in Section 1(a)(iv) of the Administration Agreement.

“Corporate Trust Office” means the office of the Indenture Trustee at which, at any particular time, its corporate trust business shall be administered, which office as of the date hereof is located at [•]; Telephone: [•]; Facsimile: [•], or at such other address as the Indenture Trustee may designate from time to time by notice to the Holders of Energy Transition Bonds and the Issuer, or the principal corporate trust office of any successor trustee designated by like notice.

“Covenant Defeasance Option” is defined in Section 4.01(b) of the Indenture.

“Customer” means any existing or future customer (including individuals, corporations, other businesses, and federal, state and local governmental entities) (a) receiving transmission or distribution service from Public Service Company of New Mexico or its successors or assignees under Commission-approved rate schedules or special contracts or (b) who acquires electricity from an alternative or subsequent electricity supplier in the service area of Public Service Company of New Mexico, to the extent that such acquisition is permitted by New Mexico law.

“Daily Remittance” is defined in Section 6.11(a) of the Servicing Agreement.

“Default” means any occurrence that is, or with notice or the lapse of time or both would become, an Event of Default.

“Definitive Energy Transition Bonds” is defined in Section 2.11 of the Indenture.

“Delaware UCC” means the Uniform Commercial Code as in effect on the Series Closing Date in the State of Delaware.

“DTC” means The Depository Trust Company.

“Eligible Account” means a segregated non-interest-bearing trust account with an Eligible Institution.

“Eligible Institution” means:

(a) the corporate trust department of the Indenture Trustee or a subsidiary thereof, so long as any of the securities of the Indenture Trustee has a credit rating from each Rating Agency in one of its generic rating categories that signifies investment grade; or

(b) a depository institution organized under the laws of the United States of America or any State (or any domestic branch of a foreign bank) (i) that has either (A) a long-term issuer rating of “AA-” or higher by S&P, “A2” or higher by Moody’s and “AA” or higher by Fitch, if rated by Fitch, or (B) a short-term issuer rating of “A-1+” or higher by S&P, “P-1” or higher by Moody’s and “F1” or higher by Fitch, if rated by Fitch, or any other long-term, short-term or certificate of deposit rating acceptable to the Rating Agencies, and (ii) whose deposits are insured by the Federal Deposit Insurance Corporation.

If so qualified under clause (b) of this definition, the Indenture Trustee may be considered an Eligible Institution for the purposes of clause (a) of this definition.

“Eligible Investments” means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, bank deposit products of or bankers’ acceptances issued by, any depository institution (including, but not limited to, bank deposit products of the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America or any State thereof and subject to supervision and examination by U.S. federal or state banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least “A-1” and “P-1” or their equivalents by each of S&P and Moody’s and, if Fitch provides ratings thereon by Fitch, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Energy Transition Bonds;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity, and other than commercial paper of Public Service Company of New Mexico or any of its Affiliates), which at the time of purchase is rated at least “A-1” and “P-1” or their equivalents by each of S&P and Moody’s or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Energy Transition Bonds;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its Affiliates is investment manager or advisor) from Moody’s, S&P and Fitch, if rated by Fitch;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America or its agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under Section 15 of the Exchange Act (any such broker/dealer being referred to in this definition as a “broker/dealer”), the unsecured short-term debt obligations of which are rated at least “P-1” by Moody’s, “A-1+” by S&P and, if Fitch provides a rating thereon, “F-1+” by Fitch at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least “P-1” by Moody’s, “A-1+” by S&P and, if Fitch provides a rating thereon, “F-1+” by Fitch at the time of purchase so long as the

obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the Business Day preceding the next Payment Date or Special Payment Date, if applicable (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing: (1) no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A1" from Moody's and also has a long-term unsecured debt rating of at least "A" from S&P; (2) no securities or investments described in clauses (b) through (d) above that have maturities of more than 30 days but less than or equal to 3 months shall be "Eligible Investments" unless the issuer thereof has a long-term unsecured debt rating of at least "A1" from Moody's and a short-term unsecured debt rating of at least "P-1" from Moody's; and (3) no securities or investments described in clauses (b) through (d) above that have maturities of more than 3 months shall be "Eligible Investments" unless the issuer thereof has a long-term unsecured debt rating of at least "A1" from Moody's and a short-term unsecured debt rating of at least "P-1" from Moody's.

"Energy Transition Act" means the laws of the State of New Mexico adopted in March 2019 enacted as SB 489, and titled "Energy Transition Act" as may be amended from time to time.

"Energy Transition Bond Register" is defined in Section 2.05 of the Indenture.

"Energy Transition Bond Registrar" is defined in Section 2.05 of the Indenture.

"Energy Transition Bonds" means all Series of the Energy Transition bonds issued under the Indenture.

"Energy Transition Charge Collections" means Charges actually received by the Servicer to be remitted to the Collection Account.

"Energy Transition Charge Payments" means the payments made by Customers based on the Charges.

"Energy Transition Costs" means an energy transition costs (as defined in Section 2(H) of the Energy Transition Act) allowed to be recovered under the Financing Order or any Subsequent Financing Order.

"Energy Transition Property Records" is defined in Section 5.01 of the Servicing Agreement.

"Energy Transition Rate Class" means one of the separate rate classes to whom Charges are allocated for ratemaking purposes in accordance with the Financing Order or any Subsequent Financing Order, as applicable.

“Energy Transition Rate Schedule” means the Tariff sheets to be filed with the Commission stating the amounts of the Charges, as such Tariff sheets may be amended or modified from time to time pursuant to a True-Up Adjustment.

“Event of Default” is defined in Section 5.01 of the Indenture.

“Excess Funds Subaccount” is defined in Section 8.02(a) of the Indenture.

“Exchange Act” means the Securities Exchange Act of 1934.

“Expected Sinking Fund Schedule” means, with respect to any Tranche, the expected sinking fund schedule related thereto set forth in the applicable Series Supplement.

“Federal Book-Entry Regulations” means 31 C.F.R. Part 357 et seq. (Department of Treasury).

“Federal Funds Rate” means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for such day on such transactions received by the Servicer from three federal funds brokers of recognized standing selected by it.

“Final” means, with respect to the Financing Order or Subsequent Financing Order, that the Financing Order or such Subsequent Financing Order has become final, that the Financing Order or such Subsequent Financing Order is not being appealed and that the time for filing an appeal thereof has expired.

“Final Maturity Date” means, with respect to each Series or Tranche of Energy Transition Bonds, the final maturity date therefor as specified in the applicable Series Supplement.

“Financing Costs” means all financing costs as defined in Section 2(K) of the Energy Transition Act allowed to be recovered by Public Service Company of New Mexico under the Financing Order or any Subsequent Financing Order, as applicable.

“Financing Order” means the financing order issued by the Commission to Public Service Company of New Mexico on [•], 20[•], Docket No. [•], authorizing the creation of the Energy Transition Property with respect to the Series A Bonds.

“Financing Party” means any and all of the following: the Holders, the Indenture Trustee, Public Service Company of New Mexico, collateral agents, any party under the Basic Documents, or any other person acting for the benefit of the Holders.

“Fitch” means Fitch Ratings or any successor thereto. References to Fitch are effective so long as Fitch is a Rating Agency.

“General Subaccount” is defined in Section 8.02(a) of the Indenture for such Series.

“Global Energy Transition Bond” means an Energy Transition Bond to be issued to the Holders thereof in Book-Entry Form, which Global Energy Transition Bond shall be issued to the Clearing Agency, or its nominee, in accordance with Section 2.11 of the Indenture and a Series Supplement.

“Governmental Authority” means any nation or government, any U.S. federal, state, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

“Grant” means mortgage, pledge, bargain, sell, warrant, alienate, remise, release, convey, grant, transfer, create, grant a lien upon, a security interest in and right of set-off against, deposit, set over and confirm pursuant to the Indenture and the Series Supplement. A Grant of the Collateral shall include all rights, powers and options (but none of the obligations) of the granting party thereunder, including the immediate and continuing right to claim for, collect, receive and give receipt for payments in respect of the Collateral and all other moneys payable thereunder, to give and receive notices and other communications, to make waivers or other agreements, to exercise all rights and options, to bring Proceedings in the name of the granting party or otherwise and generally to do and receive anything that the granting party is or may be entitled to do or receive thereunder or with respect thereto.

“Holder” means the Person in whose name an Energy Transition Bond is registered on the Energy Transition Bond Register.

“Indemnified Losses” is defined in Section 5.03 of the Servicing Agreement.

“Indemnified Party” is defined in Section 6.02(a) of the Servicing Agreement.

“Indemnified Person” is defined in Section 5.01(f) of the Sale Agreement.

“Indenture” means the Indenture, dated as [•], 20[•], by and between the Issuer and [•], as Indenture Trustee and as Securities Intermediary.

“Indenture Trustee” means [•], a [•], as indenture trustee for the benefit of the Secured Parties, or any successor indenture trustee for the benefit of the Secured Parties, under the Indenture.

“Independent” means, when used with respect to any specified Person, that such specified Person (a) is in fact independent of the Issuer, any other obligor on the Energy Transition Bonds, the Seller, the Servicer and any Affiliate of any of the foregoing Persons, (b) does not have any direct financial interest or any material indirect financial interest in the Issuer, any such other obligor, the Seller, the Servicer or any Affiliate of any of the foregoing Persons and (c) is not connected with the Issuer, any such other obligor, the Seller, the Servicer or any Affiliate of any of the foregoing Persons as an officer, employee, promoter, underwriter, trustee,

partner, director (other than as an independent director or manager) or person performing similar functions.

“Independent Certificate” means a certificate to be delivered to the Indenture Trustee under the circumstances described in, and otherwise complying with, the applicable requirements of Section 10.01 of the Indenture, made by an Independent appraiser or other expert appointed by an Issuer Order and consented to by the Indenture Trustee, and such certificate shall state that the signer has read the definition of “Independent” in the Indenture and that the signer is Independent within the meaning thereof.

“Independent Manager” is defined in Section 4.01(a) of the LLC Agreement.

“Independent Manager Fee” is defined in Section 4.01(a) of the LLC Agreement.

“Insolvency Event” means, with respect to a specified Person: (a) the filing of a decree or order for relief by a court having jurisdiction in the premises in respect of such specified Person or any substantial part of its property in an involuntary case under any applicable U.S. federal or state bankruptcy, insolvency or other similar law in effect as of the date hereof or thereafter, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such specified Person or for any substantial part of its property, or ordering the winding-up or liquidation of such specified Person’s affairs, and such decree or order shall remain unstayed and in effect for a period of 60 consecutive days; or (b) the commencement by such specified Person of a voluntary case under any applicable U.S. federal or state bankruptcy, insolvency or other similar law in effect as of the Series Closing Date or thereafter, or the consent by such specified Person to the entry of an order for relief in an involuntary case under any such law, or the consent by such specified Person to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such specified Person or for any substantial part of its property, or the making by such specified Person of any general assignment for the benefit of creditors, or the failure by such specified Person generally to pay its debts as such debts become due, or the taking of action by such specified Person in furtherance of any of the foregoing.

“Interim True-Up Adjustment” means either an Optional Interim True-Up Adjustment made in accordance with Section 4.01(b)(ii) of the Servicing Agreement or a Non-standard True-Up Adjustment made in accordance with Section 4.01(b)(iii) of the Servicing Agreement.

“Investment Company Act” means the Investment Company Act of 1940.

“Investment Earnings” means investment earnings on funds deposited in the Collection Account net of losses and investment expenses.

“Issuer” means [SPE], a Delaware limited liability company, named as such in the Indenture until a successor replaces it and, thereafter, means the successor and, for purposes of any provision contained herein and required by the Trust Indenture Act, each other obligor on the Energy Transition Bonds.

“Issuer Documents” is defined in Section 1(a)(iv) of the Administration Agreement.

“Issuer Order” means a written order signed in the name of the Issuer by any one of its Responsible Officers and delivered to the Indenture Trustee or Paying Agent, as applicable.

“Issuer Request” means a written request signed in the name of the Issuer by any one of its Responsible Officers and delivered to the Indenture Trustee or Paying Agent, as applicable.

“Legal Defeasance Option” is defined in Section 4.01(b) of the Indenture.

“Letter of Representations” means any applicable agreement between the Issuer and the applicable Clearing Agency, with respect to such Clearing Agency’s rights and obligations (in its capacity as a Clearing Agency) with respect to any Book-Entry Energy Transition Bonds.

“Lien” means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind.

“LLC Agreement” means the Amended and Restated Limited Liability Company Issuer, dated as of [•], 20[•].

“Losses” means (a) any and all amounts of principal of and interest on the Energy Transition Bonds not paid when due or when scheduled to be paid in accordance with their terms and the amounts of any deposits by or to the Issuer required to have been made in accordance with the terms of the Basic Documents or the Financing Order or Subsequent Financing Order that are not made when so required and (b) any and all other liabilities, obligations, losses, claims, damages, payments, costs or expenses of any kind whatsoever.

“Manager” means each manager of the Issuer under the LLC Agreement.

“Member” has the meaning specified in the first paragraph of the LLC Agreement.

“Monthly Servicer’s Certificate” is defined in Section 3.01(b)(i) of the Servicing Agreement.

“Moody’s” means Moody’s Investors Service, Inc. References to Moody’s are effective so long as Moody’s is a Rating Agency.

“New Mexico Secured Transactions Registry” means the centralized database in which all initial financing statements, amendments, assignments, and other statements of charge authorized to be filed with the New Mexico Secretary of State.

“New Mexico UCC” means the Uniform Commercial Code as in effect on the Series Closing Date in the State of New Mexico.

“Non-standard True-Up Adjustment” means any Non-standard True-Up Adjustment made pursuant to Section 4.01(b)(iii) of the Servicing Agreement.

“NRSRO” is defined in Section 10.18(b) of the Indenture.

“NY UCC” means the Uniform Commercial Code as in effect on the date hereof in the State of New York.

“Officer’s Certificate” means a certificate signed by a Responsible Officer of the Issuer under the circumstances described in, and otherwise complying with, the applicable requirements of Section 10.01 of the Indenture, and delivered to the Indenture Trustee.

“Ongoing Financing Costs” means the Financing Costs described as such in the Financing Order or the Subsequent Financing Order, as applicable, including Operating Expenses and any other costs identified in the Basic Documents; provided, however, that Ongoing Financing Costs do not include the Issuer’s costs of issuance of the Energy Transition Bonds.

“Operating Expenses” means all unreimbursed fees, costs and out-of-pocket expenses of the Issuer, including all amounts owed by the Issuer to the Indenture Trustee (including indemnities, legal, audit fees and expenses) or any Manager, the Servicing Fee, the Administration Fee, legal and accounting fees, Rating Agency fees and any taxes, fees, charges or other assessments owed by Issuer relating to the Energy Transition Bonds, including on investment income in the Collection Account.

“Opinion of Counsel” means one or more written opinions of counsel, who may, except as otherwise expressly provided in the Basic Documents, be employees of or counsel to the party providing such opinion of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party.

“Optional Interim True-Up Adjustment” means any Optional Interim True-Up Adjustment made pursuant to Section 4.01(b)(ii) of the Servicing Agreement.

“Outstanding” means, as of the date of determination, all Energy Transition Bonds theretofore authenticated and delivered under the Indenture, except:

- (a) Energy Transition Bonds theretofore canceled by the Energy Transition Bond Registrar or delivered to the Energy Transition Bond Registrar for cancellation;
- (b) Energy Transition Bonds or portions thereof the payment for which money in the necessary amount has been theretofore deposited with the Indenture Trustee or any Paying Agent in trust for the Holders of such Energy Transition Bonds; and
- (c) Energy Transition Bonds in exchange for or in lieu of other Energy Transition Bonds that have been issued pursuant to the Indenture unless proof satisfactory to the Indenture Trustee is presented that any such Energy Transition Bonds are held by a Protected Purchaser;

provided, that, in determining whether the Holders of the requisite Outstanding Amount of the Energy Transition Bonds or any Series or Tranche thereof have given any request, demand, authorization, direction, notice, consent or waiver under any Basic Document, Energy Transition Bonds owned by the Issuer, any other obligor upon the Energy Transition Bonds, the Member, the Seller, the Servicer or any Affiliate of any of the foregoing Persons shall be disregarded and deemed not to be Outstanding (unless one or more such Persons owns 100% of such Energy Transition Bonds), except that, in determining whether the Indenture Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Energy Transition Bonds that the Indenture Trustee actually knows to be so owned shall be so disregarded. Energy Transition Bonds so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Indenture Trustee the pledgee's right so to act with respect to such Energy Transition Bonds and that the pledgee is not the Issuer, any other obligor upon the Energy Transition Bonds, the Member, the Seller, the Servicer or any Affiliate of any of the foregoing Persons.

"Outstanding Amount" means the aggregate principal amount of all Energy Transition Bonds, or, if the context requires, all Energy Transition Bonds of a Series or Tranche, Outstanding at the date of determination.

"Paying Agent" means, with respect to the Indenture, the Indenture Trustee and any other Person appointed as a paying agent for the Energy Transition Bonds pursuant to the Indenture.

"Payment Date" means, with respect to any Series or Tranche of Energy Transition Bonds, the dates specified in the applicable Series Supplement; provided, that if any such date is not a Business Day, the Payment Date shall be the Business Day succeeding such date.

"Periodic Billing Requirement" means, for any Remittance Period, the aggregate amount of Charges calculated by the Servicer as necessary to be billed during such period in order to collect the Periodic Revenue Requirement on a timely basis.

"Periodic Interest" means, with respect to any Payment Date, the periodic interest for such Payment Date as specified in the Series Supplement.

"Periodic Revenue Requirement" for any Remittance Period means the total dollar amount of Energy Transition Charge Collections reasonably calculated by the Servicer in accordance with Section 4.01 of the Servicing Agreement as necessary to be received during such Remittance Period (after giving effect to the allocation and distribution of amounts on deposit in the Excess Funds Subaccount at the time of calculation and that are projected to be available for payments on the Energy Transition Bonds at the end of such Remittance Period and including any shortfalls in Periodic Revenue Requirements for any prior Remittance Period) in order to ensure that, as of the last Payment Date occurring in such Remittance Period, (a) all accrued and unpaid principal of and interest on the Energy Transition Bonds then due shall have been paid in full on a timely basis, (b) the Outstanding Amount of the Energy Transition Bonds is equal to the Projected Unpaid Balance on each Payment Date during such Remittance Period, (c) the balance on deposit in the Capital Subaccount equals the Required Capital Level and (d)

all other fees and expenses due and owing and required or allowed to be paid under Section 8.02 of the Indenture as of such date shall have been paid in full; provided, that, with respect to any Semi-Annual True-Up Adjustment or Interim True-Up Adjustment occurring after the date that is one year prior to the last Scheduled Final Payment Date for the Energy Transition Bonds, the Periodic Revenue Requirements shall be calculated to ensure that sufficient Energy Transition Charges will be collected to retire the Energy Transition Bonds in full as of the next Payment Date.

“Periodic Principal” means, with respect to any Payment Date, the excess, if any, of the Outstanding Amount of Energy Transition Bonds over the outstanding principal balance specified for such Payment Date on the Expected Sinking Fund Schedule.

“Permitted Lien” means the Lien created by the Indenture.

“Permitted Successor” is defined in Section 5.02 of the Sale Agreement.

“Person” means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

“Predecessor Energy Transition Bond” means, with respect to any particular Energy Transition Bond, every previous Energy Transition Bond evidencing all or a portion of the same debt as that evidenced by such particular Energy Transition Bond, and, for the purpose of this definition, any Energy Transition Bond authenticated and delivered under Section 2.06 of the Indenture in lieu of a mutilated, lost, destroyed or stolen Energy Transition Bond shall be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Energy Transition Bond.

“Premises” is defined in Section 1(g) of the Administration Agreement.

“Proceeding” means any suit in equity, action at law or other judicial or administrative proceeding.

“Projected Unpaid Balance” means, as of any Payment Date, the sum of the projected outstanding principal amount of each Tranche of the Energy Transition Bonds of such Series for such Payment Date set forth in the Expected Sinking Fund Schedule.

“Property” means all energy transition property as defined in Section 2(I) of the Energy Transition Act created pursuant to the Financing Order or a Subsequent Financing Order and under the Energy Transition Act, including the right to impose, charge, collect and receive the Charges in an amount necessary to provide for full payment and recovery of all energy transition costs identified in the Financing Order, the right under the Financing Order to obtain True-Up Adjustments of the Series Charges, and all revenues or other proceeds arising from those rights and interests.

“Protected Purchaser” has the meaning specified in Section 8-303 of the UCC.

“Public Service Company of New Mexico” means Public Service Company of New Mexico, a New Mexico corporation.

“Rating Agency” means, with respect to any Series or Tranche of Energy Transition Bonds, any of Moody’s, S&P or Fitch that provides a rating with respect to the Energy Transition Bonds. If no such organization (or successor) is any longer in existence, “Rating Agency” shall be a nationally recognized statistical rating organization or other comparable Person designated by the Issuer, notice of which designation shall be given to the Indenture Trustee and the Servicer.

“Rating Agency Condition” means, with respect to any action, at least ten Business Days’ prior written notification to each Rating Agency of such action, and written confirmation from each of [RATING AGENCIES] to the Servicer, the Indenture Trustee and the Issuer that such action will not result in a suspension, reduction or withdrawal of the then current rating by such Rating Agency of any Series or Tranche of Energy Transition Bonds; provided, that, if, within such ten Business Day period, any Rating Agency (other than [RATING AGENCIES]) has neither replied to such notification nor responded in a manner that indicates that such Rating Agency is reviewing and considering the notification, then (a) the Issuer shall be required to confirm that such Rating Agency has received the Rating Agency Condition request and, if it has, promptly request the related Rating Agency Condition confirmation and (b) if the Rating Agency neither replies to such notification nor responds in a manner that indicates it is reviewing and considering the notification within five Business Days following such second request, the applicable Rating Agency Condition requirement shall not be deemed to apply to such Rating Agency. For the purposes of this definition, any confirmation, request, acknowledgment or approval that is required to be in writing may be in the form of electronic mail or a press release (which may contain a general waiver of a Rating Agency’s right to review or consent).

“Record Date” means one Business Day prior to the applicable Payment Date.

“Registered Holder” means the Person in whose name an Energy Transition Bond is registered on the Energy Transition Bond Register.

“Regulation AB” means the rules of the SEC promulgated under Subpart 229.1100 — Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1123.

“Reimbursable Expenses” is defined in Section 2 of the Administration Agreement and Section 6.06(a) of the Servicing Agreement.

“Released Parties” is defined in Section 6.02(d) of the Servicing Agreement.

“Remittance Period” means, each six month period (i) commencing on [_____] and ending on [_____] ¹, and (ii) commencing on [_____] and ending on [_____] ²; provided

¹ Will begin on the first of the yearly semi-annual bond payment dates and end on the day before the other semi-annual bond payment date.

² Will begin on the other semi-annual bond payment date and end on the day before the first yearly semi-annual bond payment date.

that (a) the initial Remittance Period for any Series shall be from the Series Closing Date to the first Payment Date for such Series and (b) during the two-year period preceding the Final Maturity Date of the latest maturing Tranche of any Series of Energy Transition Bonds, each three month period (i) commencing on [] and ending on [], (ii) commencing on [] and ending on [], (iii) commencing on [] and ending on [], and (iv) commencing on [] and ending on [].

“Required Capital Level” means, with respect to any Series of Energy Transition Bonds, the amount specified as such in the Series Supplement therefor.

“Requirement of Law” means any foreign, U.S. federal, state or local laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any Governmental Authority or common law.

“Responsible Officer” means, with respect to: (a) the Issuer, any Manager or any duly authorized officer; (b) the Indenture Trustee, any officer within the Corporate Trust Office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Indenture Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Indenture and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer’s knowledge and familiarity with the particular subject); (c) any corporation (other than the Indenture Trustee), the Chief Executive Officer, the President, any Vice President, the Chief Financial Officer, the Treasurer, any Assistant Treasurer or any other duly authorized officer of such Person who has been authorized to act in the circumstances; (d) any partnership, any general partner thereof; and (e) any other Person (other than an individual), any duly authorized officer or member of such Person, as the context may require, who is authorized to act in matters relating to such Person.

“Return on Invested Capital” means, for any Payment Date with respect to any Remittance Period, the sum of (i) rate of return, payable to Public Service Company of New Mexico, on its Capital Contribution equal to the rate of interest payable on the longest maturing Tranche of such Series of Energy Transition Bonds plus (ii) any Return on Invested Capital not paid on any prior Payment Date.

“S&P” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business. References to S&P are effective so long as S&P is a Rating Agency.

“Sale Agreement” means the Energy Transition Property Purchase and Sale Agreement, dated as of the date hereof, or any subsequent Energy Transition Property Purchase and Sale Agreement relating to another Series of Energy Transition Bonds by and between the Issuer and Public Service Company of New Mexico, and acknowledged and accepted by the Indenture Trustee.

“Scheduled Final Payment Date” means, with respect to each Series of Energy Transition Bonds, the date when all interest and principal is scheduled to be paid with respect to that applicable Series in accordance with the Expected Sinking Fund Schedule, as specified in

the Series Supplement. For the avoidance of doubt, the Scheduled Final Payment Date with respect to any Series shall be the last Scheduled Payment Date set forth in the Expected Sinking Fund Schedule relating to such Series. The “last Scheduled Final Payment Date” means the Scheduled Final Payment Date of the latest maturing Tranche of a Series of Energy Transition Bonds.

“Scheduled Payment Date” means, with respect to each Series or Tranche of Energy Transition Bonds, each Payment Date on which principal for such Series or Tranche is to be paid in accordance with the Expected Sinking Fund Schedule for such Series or Tranche.

“SEC” means the Securities and Exchange Commission.

“Secured Obligations” means the payment of principal of and premium, if any, interest on, and any other amounts owing in respect of, the Energy Transition Bonds and all fees, expenses, counsel fees and other amounts due and payable to the Indenture Trustee.

“Secured Parties” means the Indenture Trustee, the Holders and any credit enhancer described in a Series Supplement.

“Securities Act” means the Securities Act of 1933.

“Securities Intermediary” means [•], [•], solely in the capacity of a “securities intermediary” as defined in the NY UCC and Federal Book-Entry Regulations or any successor securities intermediary under the Indenture.

“Seller” is defined in the preamble to the Sale Agreement.

“Semi-Annual Servicer’s Certificate” is defined in Section 4.01(c)(ii) of the Servicing Agreement.

“Semi-Annual True-Up Adjustment” means each adjustment to the Energy Transition Charges made in accordance with Section 4.01(b)(i) of the Servicing Agreement.

“Semi-Annual True-Up Adjustment Date” means (A) with respect to the Series A Bonds, [•] and [•] of each year, commencing in [•], 20[•] and (b) with respect to any other Series of Energy Transition Bonds, as provided in the applicable Series Supplement.

“Series” means any series of Energy Transition Bonds.

“Series A Bonds” means the Series A Senior Secured Energy Transition Bonds issued by the Issuer on [•], 20[•].

“Series Charges” means Charges for the benefit of a particular Series of Energy Transition Bonds.

“Series Closing Date” means the date on which a Series of the Energy Transition Bonds are originally issued in accordance with Section 2.10 of the Indenture and the respective Series Supplement.

“Series Collateral” means Collateral for the benefit of a particular Series of Energy Transition Bonds.

“Series Property” means Property for the benefit of a particular Series of Energy Transition Bonds.

“Series Supplement” means an indenture supplemental to the Indenture in the form attached as Exhibit B to the Indenture that authorizes the issuance of Energy Transition Bonds.

“Servicer” means Public Service Company of New Mexico, as Servicer under the Servicing Agreement.

“Servicer Business Day” means any day other than a Saturday, a Sunday or a day on which banking institutions in Albuquerque, New Mexico or New York, New York are authorized or obligated by law, regulation or executive order to be closed, on which the Servicer maintains normal office hours and conducts business.

“Servicer Default” is defined in Section 7.01 of the Servicing Agreement.

“Servicer Policies and Practices” means, with respect to the Servicer’s duties under Exhibit A to the Servicing Agreement, the policies and practices of the Servicer applicable to such duties that the Servicer follows with respect to comparable assets that it services for itself and, if applicable, others.

“Servicing Agreement” means the Energy Transition Property Servicing Agreement, dated as of the date hereof, or any subsequent Energy Transition Property Servicing Agreement relating to another Series of Energy Transition Bonds by and between the Issuer and Public Service Company of New Mexico, and acknowledged and accepted by the Indenture Trustee.

“Servicing Fee” is defined in Section 6.06(a) of the Servicing Agreement.

“Servicing Standard” means the obligation of the Servicer to calculate, apply, remit and reconcile proceeds of the Property, including Energy Transition Charge Payments, and all other Collateral for the benefit of the Issuer and the Holders (a) with the same degree of care and diligence as the Servicer applies with respect to payments owed to it for its own account, (b) in accordance with all applicable procedures and requirements established by the Commission for collection of electric utility tariffs and (c) in accordance with the other terms of the Servicing Agreement.

“Special Payment Date” means the date on which, with respect to any Series or Tranche of Energy Transition Bonds, any payment of principal of or interest (including any interest accruing upon default) on, or any other amount in respect of, the Energy Transition Bonds of such Series or Tranche that is not actually paid within five days of the Payment Date applicable thereto is to be made by the Indenture Trustee to the Holders.

“Special Record Date” means, with respect to any Special Payment Date, the close of business on the fifteenth day (whether or not a Business Day) preceding such Special Payment Date.

“Sponsor” means Public Service Company of New Mexico, in its capacity as “sponsor” of the Energy Transition Bonds within the meaning of Regulation AB.

“State” means any one of the fifty states of the United States of America or the District of Columbia.

“State Pledge” means the pledge of the State of New Mexico as set forth in Section 19 of the Energy Transition Act.

“Subaccounts” is defined in Section 8.02(a) of the Indenture.

“Subsequent Financing Order” means, a financing order of the Commission under the Energy Transition Act issued to Public Service Company of New Mexico subsequent to the Financing Order.

“Successor” means any successor to Public Service Company of New Mexico under the Energy Transition Act, whether pursuant to any bankruptcy, reorganization or other insolvency proceeding or pursuant to any merger, conversion, acquisition, sale or transfer, by operation of law, as a result of electric utility restructuring, or otherwise.

“Successor Servicer” is defined in Section 3.07(e) of the Indenture.

“Tariff” means the most current version on file with the Commission of [•], 20[•].

“Tax Returns” is defined in Section 1(a)(iii) of the Administration Agreement.

“Temporary Energy Transition Bonds” means Energy Transition Bonds executed and, upon the receipt of an Issuer Order, authenticated and delivered by the Indenture Trustee pending the preparation of Definitive Energy Transition Bonds pursuant to Section 2.04 of the Indenture.

“Termination Notice” is defined in Section 7.01 of the Servicing Agreement.

“Tranche” means any one of the groupings of Energy Transition Bonds of a Series differentiated by payment date schedule, maturity date, interest rate or sinking fund schedule, as specified in the applicable Series Supplement.

“Tranche Maturity Date” means, with respect to any Tranche of Energy Transition Bonds, the maturity date therefor, as specified in the Series Supplement therefor.

“True-Up Adjustment” means any Semi-Annual True-Up Adjustment or Interim True-Up Adjustment, as the case may be.

“Trust Indenture Act” means the Trust Indenture Act of 1939 as in force on the Series Closing Date, unless otherwise specifically provided.

“UCC” means the Uniform Commercial Code as in effect in the relevant jurisdiction.

“Underwriters” means the underwriters who purchase Energy Transition Bonds of any Series from the Issuer and sell such Energy Transition Bonds in a public offering.

“Underwriting Agreement” means the Underwriting Agreement, dated [•], 20[•], by and among Public Service Company of New Mexico, the representatives of the several Underwriters named therein and the Issuer, or any subsequent Underwriting Agreement relating to another Series of Energy Transition Bonds.

“U.S. Government Obligations” means direct obligations (or certificates representing an ownership interest in such obligations) of the United States of America (including any agency or instrumentality thereof) for the payment of which the full faith and credit of the United States of America is pledged and that are not callable at the option of the issuer thereof.

B. Rules of Construction. Unless the context otherwise requires, in each Basic Document to which this Appendix A is attached:

(a) All accounting terms not specifically defined herein shall be construed in accordance with United States generally accepted accounting principles. To the extent that the definitions of accounting terms in any Basic Document are inconsistent with the meanings of such terms under generally accepted accounting principles or regulatory accounting principles, the definitions contained in such Basic Document shall control.

(b) The term “including” means “including without limitation”, and other forms of the verb “include” have correlative meanings.

(c) All references to any Person shall include such Person’s permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities.

(d) Unless otherwise stated in any of the Basic Documents, in the computation of a period of time from a specified date to a later specified date, the word “from” means “from and including” and each of the words “to” and “until” means “to but excluding”.

(e) The words “hereof”, “herein” and “hereunder” and words of similar import when used in any Basic Document shall refer to such Basic Document as a whole and not to any particular provision of such Basic Document. References to Articles, Sections, Appendices and Exhibits in any Basic Document are references to Articles, Sections, Appendices and Exhibits in or to such Basic Document unless otherwise specified in such Basic Document.

(f) The various captions (including the tables of contents) in each Basic Document are provided solely for convenience of reference and shall not affect the meaning or interpretation of any Basic Document.

(g) The definitions contained in this Appendix A apply equally to the singular and plural forms of such terms, and words of the masculine, feminine or neuter gender shall mean and include the correlative words of other genders.

(h) Unless otherwise specified, references to an agreement or other document include references to such agreement or document as from time to time amended, restated, reformed, supplemented or otherwise modified in accordance with the terms thereof (subject to any restrictions on such amendments, restatements, reformations, supplements or modifications set forth in such agreement or document) and include any attachments thereto.

(i) References to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor.

(j) The word “will” shall be construed to have the same meaning and effect as the word “shall”.

(k) The word “or” is not exclusive.

(l) All terms defined in the relevant Basic Document to which this Appendix A is attached shall have the defined meanings when used in any certificate or other document made or delivered pursuant thereto unless otherwise defined therein.

(m) A term has the meaning assigned to it.

Draft Form of Energy Transition Property Servicing Agreement

PNM Exhibit EAE-6

Is contained in the following 55 pages.

DRAFT FORM OF
ENERGY TRANSITION PROPERTY SERVICING AGREEMENT

by and between

**[SPE],
Issuer**

and

**PUBLIC SERVICE COMPANY OF NEW MEXICO,
Servicer**

Acknowledged and Accepted by

**[TRUSTEE],
as Indenture Trustee**

Dated as of [_____]

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EXHIBITS

Exhibit A	Servicing Procedures
Exhibit B	Form of Monthly Servicer's Certificate
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Exhibit E	Form of Certificate of Compliance
Exhibit F	Expected Amortization Schedule

APPENDIX

Appendix A	Definitions and Rules of Construction
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This ENERGY TRANSITION PROPERTY SERVICING AGREEMENT, dated as of [____], is by and between [SPE], a Delaware limited liability company, as Issuer, and PUBLIC SERVICE COMPANY OF NEW MEXICO, a New Mexico corporation, as Servicer, and acknowledged and accepted by [TRUSTEE], a [____], as Indenture Trustee.

RECITALS

WHEREAS, pursuant to the Energy Transition Act and the Financing Order, Public Service Company of New Mexico, in its capacity as seller, and the Issuer are concurrently entering into the Sale Agreement pursuant to which the Seller is selling and the Issuer is purchasing certain Property created pursuant to the Energy Transition Act and the Financing Order described therein;

WHEREAS, in connection with its ownership of the Series Property relating to the Series A Bonds and in order to collect the associated Series Charges, the Issuer desires to engage the Servicer to carry out the functions described herein and the Servicer desires to be so engaged;

WHEREAS, the Issuer desires to engage the Servicer to act on its behalf in obtaining True-Up Adjustments from the Commission and the Servicer desires to be so engaged; and

WHEREAS, the Energy Transition Charge Collections for the Series A Bonds may be commingled with other funds collected by the Servicer;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto agree as follows:

ARTICLE I DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.01 Definitions and Rules of Construction. Capitalized terms used but not otherwise defined in this Servicing Agreement shall have the respective meanings given to such terms in Appendix A of the Indenture dated as of the date hereof (as amended, modified or supplemented from time to time in accordance with the provisions thereof, the “Indenture”), between the [SPE] and the [TRUSTEE]. Not all terms defined in Appendix A of the Indenture are used in this Servicing Agreement. The rules of construction set forth in Appendix A of the Indenture shall apply to this Servicing Agreement; however for purposes of this Servicing Agreement, unless otherwise indicated herein, the terms Series Charges, Series Closing Date, Series Collateral and Series Property mean the Series Charges, Series Closing Date, Series Collateral and Series Property for the Series A Bonds.

ARTICLE II APPOINTMENT AND AUTHORIZATION

Section 2.01 Appointment of Servicer; Acceptance of Appointment. The Issuer hereby appoints the Servicer, and the Servicer hereby accepts such appointment, to perform the Servicer’s obligations pursuant to this Servicing Agreement on behalf of and for the benefit of the Issuer or any assignee thereof in accordance with the terms of this Servicing Agreement and applicable law as it applies to the Servicer in its capacity as servicer hereunder. This

appointment and the Servicer's acceptance thereof may not be revoked except in accordance with the express terms of this Servicing Agreement.

Section 2.02 Authorization. With respect to all or any portion of the Series Property, the Servicer shall be, and hereby is, authorized and empowered by the Issuer to (a) execute and deliver, on behalf of itself and/or the Issuer, as the case may be, any and all instruments, documents or notices, and (b) on behalf of itself and/or the Issuer, as the case may be, make any filing and participate in proceedings of any kind with any Governmental Authority, including with the Commission. The Issuer shall execute and deliver to the Servicer such documents as have been prepared by the Servicer for execution by the Issuer and shall furnish the Servicer with such other documents as may be in the Issuer's possession, in each case as the Servicer may determine to be necessary or appropriate to enable it to carry out its servicing and administrative duties hereunder. Upon the Servicer's written request, the Issuer shall furnish the Servicer with any powers of attorney or other documents necessary or appropriate to enable the Servicer to carry out its duties hereunder.

Section 2.03 Dominion and Control Over the Series Property. Notwithstanding any other provision herein, the Issuer shall have dominion and control over the Series Property, and the Servicer, in accordance with the terms hereof, is acting solely as the servicing agent and custodian for the Issuer with respect to the Series Property and the Energy Transition Property Records for the Series A Bonds. The Servicer shall not take any action that is not authorized by this Servicing Agreement, that would contravene the Commission Regulations or the Financing Order, that is not consistent with its customary procedures and practices or that shall impair the rights of the Issuer or the Indenture Trustee (on behalf of the Holders) in the Series Property, in each case unless such action is required by applicable law or court or regulatory order.

ARTICLE III ROLE OF SERVICER

Section 3.01 Duties of Servicer. The Servicer, as agent for the Issuer, shall have the following duties:

(a) Duties of Servicer Generally.

(i) The Servicer's duties in general shall include: management, servicing and administration of the Series Property; calculating usage and demand, billing the Series Charges, collecting the Series Charges from Customers and posting all collections, responding to inquiries by Customers, the Commission or any other Governmental Authority with respect to the Series Property or Series Charges; investigating and handling delinquencies (and furnishing reports with respect to such delinquencies to the Issuer), processing and depositing collections and making periodic remittances; furnishing periodic and current reports to the Issuer, the Indenture Trustee and the Rating Agencies; making all filings with the Commission and taking such other action as may be necessary to perfect the Issuer's ownership interests in and the Indenture Trustee's first priority Lien on the Series Property; making all filings and taking such other action as may be necessary to perfect and maintain the perfection and priority of the Indenture Trustee's Lien on all Series Collateral; selling as the agent for the Issuer, as its interests

may appear, defaulted or written off accounts in accordance with the Servicer's usual and customary practices; taking all necessary action in connection with True-Up Adjustments as set forth herein; and performing such other duties as may be specified under the Financing Order to be performed by it. Anything to the contrary notwithstanding, the duties of the Servicer set forth in this Servicing Agreement shall be qualified in their entirety by any Commission Regulations, the Financing Order and the U.S. federal securities laws and the rules and regulations promulgated thereunder, including Regulation AB, as in effect at the time such duties are to be performed. Without limiting the generality of this Section 3.01(a)(i), in furtherance of the foregoing, the Servicer hereby agrees that it shall also have, and shall comply with, the duties and responsibilities relating to data acquisition, usage, demand and bill calculation, billing, customer service functions, collections, posting, payment processing and remittance set forth in Exhibit A.

(ii) Commission Regulations Control. Notwithstanding anything to the contrary in this Servicing Agreement, the duties of the Servicer set forth in this Servicing Agreement shall be qualified and limited in their entirety by the Energy Transition Act, the Financing Order and any Commission Regulations as in effect at the time such duties are to be performed.

(b) Reporting Functions.

(i) Monthly Servicer's Certificate. On or before the last Servicer Business Day of each month, the Servicer shall prepare and deliver to the Issuer, the Indenture Trustee and the Rating Agencies a written report substantially in the form of Exhibit B (a "Monthly Servicer's Certificate") setting forth certain information relating to Energy Transition Charge Payments in connection with the Series Charges received by the Servicer during the preceding month; provided, however, that, for any month in which the Servicer is required to deliver a Semi-Annual Servicer's Certificate pursuant to Section 4.01(c)(ii), the Servicer shall prepare and deliver the Monthly Servicer's Certificate no later than the date of delivery of such Semi-Annual Servicer's Certificate.

(ii) Notification of Laws and Regulations. The Servicer shall immediately notify the Issuer, the Indenture Trustee, and the Rating Agencies in writing of any Requirement of Law or Commission Regulations hereafter promulgated that have a material adverse effect on the Servicer's ability to perform its duties under this Servicing Agreement.

(iii) Other Information. Upon the reasonable request of the Issuer, the Indenture Trustee or any Rating Agency, the Servicer shall provide to the Issuer, the Indenture Trustee or such Rating Agency, as the case may be, any public financial information in respect of the Servicer, or any material information regarding the Series Property to the extent it is reasonably available to the Servicer, as may be reasonably necessary and permitted by law to enable the Issuer, the Indenture Trustee or the Rating Agencies to monitor the performance by the Servicer hereunder. In addition, so long as any of the Series A Bonds are outstanding, the Servicer shall provide the Issuer and the Indenture Trustee, within a reasonable time after written request therefor, any

information available to the Servicer or reasonably obtainable by it that is necessary to calculate the Series Charges applicable to each Energy Transition Rate Class.

(iv) Preparation of Reports. The Servicer shall prepare and deliver such additional reports as required under this Servicing Agreement, including a copy of each Semi-Annual Servicer's Certificate described in Section 4.01(c)(ii), the annual statements of compliance, attestation reports and other certificates described in Section 3.03 and the Annual Accountant's Report described in Section 3.04. In addition, the Servicer shall prepare, procure, deliver and/or file, or cause to be prepared, procured, delivered or filed, any reports, attestations, exhibits, certificates or other documents required to be delivered or filed with the SEC (and/or any other Governmental Authority) by the Issuer or the Sponsor under the U.S. federal securities or other applicable laws or in accordance with the Basic Documents, including filing with the SEC, if applicable and required by applicable law, a copy or copies of (A) the Monthly Servicer's Certificates described in Section 3.01(b)(i) (under Form 10-D or any other applicable form), (B) the Semi-Annual Servicer's Certificates described in Section 4.01(c)(ii) (under Form 10-D or any other applicable form), (C) the annual statements of compliance, attestation reports and other certificates described in Section 3.03 and (D) the Annual Accountant's Report (and any attestation required under Regulation AB) described in Section 3.04. In addition, the appropriate officer or officers of the Servicer shall (in its separate capacity as Servicer) sign the Sponsor's annual report on Form 10-K (and any other applicable SEC or other reports, attestations, certifications and other documents), to the extent that the Servicer's signature is required by, and consistent with, the U.S. federal securities laws and/or any other applicable law.

(c) Opinions of Counsel. The Servicer shall obtain on behalf of the Issuer and deliver to the Issuer and the Indenture Trustee:

(i) promptly after the execution and delivery of this Servicing Agreement and of each amendment hereto, an Opinion of Counsel from external counsel of the Issuer either (A) to the effect that, in the opinion of such counsel, all filings, including filings with the New Mexico Secured Transactions Registry and the Secretary of State of the State of Delaware, that are necessary under the UCC and the Energy Transition Act to fully preserve, protect and perfect the Liens of the Indenture Trustee in the Series Property have been authorized, executed and filed, and reciting the details of such filings or referring to prior Opinions of Counsel in which such details are given, or (B) to the effect that, in the opinion of such counsel, no such action shall be necessary to preserve, protect and perfect such Liens; and

(ii) within 90 days after the beginning of each calendar year beginning with the first calendar year beginning more than three months after the date hereof, an Opinion of Counsel, which counsel may be an employee of or counsel to the Issuer or the Servicer and which shall be reasonably satisfactory to the Indenture Trustee, or, in the Indenture Trustee's sole judgment, external counsel of the Issuer, dated as of a date during such 90-day period, either (A) to the effect that, in the opinion of such counsel, all filings, including filings with the New Mexico Secured Transactions Registry and the Secretary of State of the State of Delaware, have been authorized, executed and filed that are

necessary under the UCC and the Energy Transition Act to fully preserve, protect and perfect the Liens of the Indenture Trustee in the Series Property, and reciting the details of such filings or referring to prior Opinions of Counsel in which such details are given, or (B) to the effect that, in the opinion of such counsel, no such action shall be necessary to preserve, protect and perfect such Liens.

Each Opinion of Counsel referred to in Section 3.01(c)(i) or Section 3.01(c)(ii) above shall specify any action necessary (as of the date of such opinion) to be taken in the following year to preserve, protect and perfect such interest or Lien.

Section 3.02 Servicing and Maintenance Standards. The Servicer will monitor payments and impose collection policies on Customers, as permitted under the Financing Order and the rules of the Commission. On behalf of the Issuer, the Servicer shall: (a) manage, service, administer, bill, collect, receive and post collections in respect of the Series Property with reasonable care and in material compliance with each applicable Requirement of Law, including all applicable Commission Regulations and guidelines, using the same degree of care and diligence that the Servicer exercises with respect to similar assets for its own account and, if applicable, for others; (b) follow standards, policies and procedures in performing its duties as Servicer that are customary in the electric distribution industry; (c) use all reasonable efforts, consistent with its customary servicing procedures, to enforce, and maintain rights in respect of, the Series Property and to bill, collect, receive and post the Series Charges; (d) comply with each Requirement of Law, including all applicable Commission Regulations and guidelines, applicable to and binding on it relating to the Series Property; (e) file all reports with the Commission required by the Financing Order; (f) file and maintain the effectiveness of UCC financing statements filed with the New Mexico Secured Transaction Registry with respect to the property transferred under the Sale Agreement; and (g) take such other action on behalf of the Issuer to ensure that the Lien of the Indenture Trustee on the Series Collateral remains perfected and of first priority. The Servicer shall follow such customary and usual practices and procedures as it shall deem necessary or advisable in its servicing of all or any portion of the Series Property, which, in the Servicer's judgment, may include the taking of legal action, at the Issuer's expense but subject to the priority of payments set forth in Section 8.02(e) of the Indenture.

Section 3.03 Annual Reports on Compliance with Regulation AB.

(a) The Servicer shall deliver to the Issuer, the Indenture Trustee and the Rating Agencies, on or before the earlier of (a) March 31 of each year or (b) with respect to each calendar year during which the Issuer's annual report on Form 10-K is required to be filed in accordance with the Exchange Act and the rules and regulations thereunder, the date on which such annual report on Form 10-K is required to be filed in accordance with the Exchange Act and the rules and regulations thereunder, certificates from a Responsible Officer of the Servicer (i) containing, and certifying as to, the statements of compliance required by Item 1123 of Regulation AB, as then in effect, and (ii) containing, and certifying as to, the statements and assessment of compliance required by Item 1122(a) of Regulation AB, as then in effect. These certificates may be in the form of, or shall include the forms attached as Exhibit D and Exhibit E,

with, in the case of Exhibit D, such changes as may be required to conform to the applicable securities law.

(b) The Servicer shall use commercially reasonable efforts to obtain, from each other party participating in the servicing function, any additional certifications as to the statements and assessment required under Item 1122 or Item 1123 of Regulation AB to the extent required in connection with the filing of the annual report on Form 10-K; provided, however, that a failure to obtain such certifications shall not be a breach of the Servicer's duties hereunder. The parties acknowledge that the Indenture Trustee's certifications shall be limited to the Item 1122 certifications described in Exhibit C of the Indenture.

(c) The initial Servicer, in its capacity as Sponsor, shall post on its or its parent company's website and cause the Issuer to file with or furnish to the SEC, in periodic reports and other reports as are required from time to time under Section 13 or Section 15(d) of the Exchange Act, the information described in Section 3.07(g) of the Indenture to the extent such information is reasonably available to the Sponsor.

(d) Except to the extent permitted by applicable law, the Issuer shall not voluntarily suspend or terminate its filing obligations as issuing entity with the SEC as described in Section 3.03(c).

Section 3.04 Annual Report by Independent Registered Public Accountants.

(a) The Servicer shall cause a firm of Independent registered public accountants (which may provide other services to the Servicer or the Seller) to prepare annually, and the Servicer shall deliver annually to the Issuer, the Indenture Trustee and the Rating Agencies on or before the earlier of (i) March 31 of each year, beginning [____], or (ii) with respect to each calendar year during which the Issuer's annual report on Form 10-K is required to be filed in accordance with the Exchange Act and the rules and regulations thereunder, the date on which such annual report on Form 10-K is required to be filed in accordance with the Exchange Act and the rules and regulations thereunder, a report (the "Annual Accountant's Report") that attests to, and reports on, the assessment of compliance made by the Servicer and delivered pursuant to Section 3.03. Such attestation shall be in accordance with Rules 1-02(a)(3) and 2-02(g) of Regulation S-X under the Securities Act and the Exchange Act.

(b) The Annual Accountant's Report delivered pursuant to Section 3.04(a) shall also indicate that the accounting firm providing such report is independent of the Servicer in accordance with the rules of the Public Company Accounting Oversight Board and shall include any attestation report required under Item 1122(b) of Regulation AB, as then in effect. The costs of the Annual Accountant's Report shall be reimbursable as an Operating Expense under the Indenture.

**ARTICLE IV
SERVICES RELATED TO TRUE-UP ADJUSTMENTS**

Section 4.01 True-Up Adjustments. From time to time, until the Collection in Full of the Charges for the Series A Bonds, the Servicer shall identify the need for Semi-Annual True-Up Adjustments, Optional Interim True-Up Adjustments and Non-standard True-Up

Adjustments and shall take all reasonable action to obtain and implement such True-Up Adjustments, all in accordance with the following:

(a) Expected Sinking Fund Schedule. The Expected Sinking Fund Schedule for the Series A Bonds is attached hereto as Exhibit F. If the Expected Sinking Fund Schedule is revised, the Servicer shall send a copy of such revised Expected Sinking Fund Schedule to the Issuer, the Indenture Trustee and the Rating Agencies promptly thereafter.

(b) True-Up Adjustments.

(i) Semi-Annual True-Up Adjustments and Filings. No later than 30 days before each Semi-Annual True-Up Adjustment Date, the Servicer shall: (A) update the data and assumptions underlying the calculation of the Series Charges, including projected customer count, electricity usage and demand during the next Remittance Period for each Energy Transition Rate Class, as applicable, and including Periodic Principal, interest and estimated expenses and fees of the Issuer to be paid during such period, the timing of collections (which may be estimated using a weighted average balance of days outstanding) and write-offs; (B) determine the Periodic Revenue Requirement and Periodic Billing Requirement for the next Remittance Period based on such updated data and assumptions; (C) determine the Series Charges to be allocated to each Energy Transition Rate Class during the next Remittance Period based on such Periodic Billing Requirement and the terms of the Financing Order, the Tariff and any other tariffs filed pursuant thereto; (D) make all required public notices and other filings with the Commission to reflect the revised Series Charges, including any Amendatory Schedule; and (E) take all reasonable actions and make all reasonable efforts to effect such Semi-Annual True-Up Adjustment and to enforce the provisions of the Energy Transition Act and the Financing Order. The Servicer shall implement the revised Series Charges, if any, resulting from such Semi-Annual True-Up Adjustment as of the Semi-Annual True-Up Adjustment Date.

(ii) Optional Interim True-Up Adjustments and Filings. In addition to the Semi-Annual True-Up Adjustments described in Section 4.01(b)(i), the Servicer may initiate an Optional Interim True-Up Adjustment (in the same manner as provided for the Semi-Annual True-Up Adjustments) at any time if the Servicer forecasts that Energy Transition Charge Collections during the current or succeeding Remittance Period will be insufficient (A) to make all scheduled payments of Periodic Principal and interest due in respect of any Energy Transition Bonds on a timely basis during such Remittance Period, (B) to pay Operating Expenses on a timely basis and (C) to replenish any draws on the Capital Subaccount.

(iii) Non-standard True-Up Adjustments and Filings. In the event that the Servicer determines that a Non-standard True-Up Adjustment is required at any time to be effective in connection with a base rate change that includes any change in the cost allocation among customers used in determining the Series Charges, the Servicer shall promptly (A) recalculate the Series Charges to reallocate the Series Charges among customers in accordance with the procedures for Non-standard True-Up Adjustments set forth in the Financing Order; (B) make all required public notices and other filings with

the Commission to reflect the revised Series Charges, including any Amendatory Schedule; and (C) take all reasonable actions and make all reasonable efforts to effect such Non-standard True-Up Adjustment and to enforce the provisions of the Energy Transition Act and the Financing Order. The Servicer shall implement the revised Series Charges, if any, resulting from such Non-standard True-Up Adjustment on the Non-standard True-Up Adjustment date. For the avoidance of doubt, no Semi-Annual True-Up Adjustment or Optional Interim True-Up Adjustment shall be considered a Non-standard True-Up Adjustment solely because Series Charges are allocated under such Semi-Annual True-Up Adjustment or Optional Interim True-Up Adjustment in the same manner as in a preceding Non-standard True-Up Adjustment.

(c) Reports.

(i) Notification of Amendatory Schedule Filings and True-Up Adjustments. Whenever the Servicer files an Amendatory Schedule with the Commission or implements revised Series Charges with notice to the Commission without filing an Amendatory Schedule if permitted by the Financing Order, the Servicer shall send a copy of such filing or notice (together with a copy of all notices and documents that, in the Servicer's reasonable judgment, are material to the adjustments effected by such Amendatory Schedule or notice) to the Issuer, the Indenture Trustee and the Rating Agencies concurrently therewith. If, for any reason any revised Series Charges are not implemented and effective on the applicable date set forth herein, the Servicer shall notify the Issuer, the Indenture Trustee and each Rating Agency by the end of the second Servicer Business Day after such applicable date.

(ii) Semi-Annual Servicer's Certificate. Not later than five Servicer Business Days prior to each Payment Date or Special Payment Date, the Servicer shall deliver a written report substantially in the form of Exhibit C (the "Semi-Annual Servicer's Certificate") to the Issuer, the Indenture Trustee and the Rating Agencies, which shall include all of the following information (to the extent applicable and including any other information so specified in the Series Supplement) as to the Series A Bonds with respect to such Payment Date or Special Payment Date or the period since the previous Payment Date, as applicable:

(A) the amount of the payment to Holders allocable to principal, if any;

(B) the amount of the payment to Holders allocable to interest;

(C) the aggregate Outstanding Amount of the Series A Bonds, before and after giving effect to any payments allocated to principal reported under Section 4.01(c)(ii)(A);

(D) the difference, if any, between the amount specified in Section 4.01(c)(ii)(C) and the Outstanding Amount specified in the Expected Sinking Fund Schedule;

(E) any other transfers and payments to be made on such Payment Date or Special Payment Date, including amounts paid to the Indenture Trustee and to the Servicer; and

(F) the amounts on deposit in the Capital Subaccount and the Excess Funds Subaccount, after giving effect to the foregoing payments.

(iii) Reports to Customers.

(A) After each revised Series Charge has gone into effect pursuant to a True-Up Adjustment, the Servicer shall, to the extent and in the manner and time frame required by any applicable Commission Regulations, cause to be prepared and delivered to Customers any required notices announcing such revised Series Charges.

(B) The Servicer shall comply with the requirements of the Financing Order with respect to the filing of the Energy Transition Rate Schedule to ensure that the Series Charges are separate and apart from the Servicer's other charges and appear as a separate line item on the Bills sent to Customers.

Section 4.02 Limitation of Liability.

(a) The Issuer and the Servicer expressly agree and acknowledge that:

(i) In connection with any True-Up Adjustment, the Servicer is acting solely in its capacity as the servicing agent hereunder.

(ii) None of the Servicer, the Issuer or the Indenture Trustee is responsible in any manner for, and shall have no liability whatsoever as a result of, any action, decision, ruling or other determination made or not made, or any delay (other than any delay resulting from the Servicer's failure to make any filings required by Section 4.01 in a timely and correct manner or any breach by the Servicer of its duties under this Servicing Agreement that adversely affects the Series Property or the True-Up Adjustments), by the Commission in any way related to the Series Property or in connection with any True-Up Adjustment, the subject of any filings under Section 4.01, any proposed True-Up Adjustment or the approval of any revised Series Charges and the scheduled adjustments thereto.

(iii) Except to the extent that the Servicer is liable under Section 6.02, the Servicer shall have no liability whatsoever relating to the calculation of any revised Series Charges and the scheduled adjustments thereto, including as a result of any inaccuracy of any of the assumptions made in such calculation regarding expected customer count, energy usage volume and demand and the timing of collections, write-offs and estimated expenses and fees of the Issuer, so long as the Servicer has acted in good faith and has not acted in a grossly negligent manner in connection therewith, nor shall the Servicer have any liability whatsoever as a result of any Person, including the Holders, not receiving any payment, amount or return anticipated or expected or in respect of any Series A Bond.

(b) Notwithstanding the foregoing, this Section 4.02 shall not relieve the Servicer of liability for any misrepresentation by the Servicer under Section 6.01 or for any breach by the Servicer of its other obligations under this Servicing Agreement.

ARTICLE V THE ENERGY TRANSITION PROPERTY

Section 5.01 Custody of Energy Transition Property Records. To assure uniform quality in servicing the Series Property and to reduce administrative costs, the Issuer hereby revocably appoints the Servicer, and the Servicer hereby accepts such appointment, to act as the agent of the Issuer as custodian of any and all documents and records that the Seller shall keep on file, in accordance with its customary procedures, relating to the Series Property, including copies of the Financing Order and Amendatory Schedules relating thereto and all documents filed with the Commission in connection with any True-Up Adjustment and computational records relating thereto (collectively for the Series A Bonds, the “Energy Transition Property Records”), which are hereby constructively delivered to the Indenture Trustee, as pledgee of the Issuer with respect to all Series Property.

Section 5.02 Duties of Servicer as Custodian.

(a) Safekeeping. The Servicer shall hold the Energy Transition Property Records on behalf of the Issuer and the Indenture Trustee and maintain such accurate and complete accounts, records and computer systems pertaining to the Energy Transition Property Records as shall enable the Issuer and the Indenture Trustee, as applicable, to comply with this Servicing Agreement, the Sale Agreement and the Indenture. In performing its duties as custodian, the Servicer shall act with reasonable care, using that degree of care and diligence that the Servicer exercises with respect to comparable assets that the Servicer services for itself or, if applicable, for others. The Servicer shall promptly report to the Issuer, the Indenture Trustee and the Rating Agencies any failure on its part to hold the Energy Transition Property Records and maintain its accounts, records and computer systems as herein provided and promptly take appropriate action to remedy any such failure. Nothing herein shall be deemed to require an initial review or any periodic review by the Issuer or the Indenture Trustee of the Energy Transition Property Records. The Servicer’s duties to hold the Energy Transition Property Records set forth in this Section 5.02, to the extent the Energy Transition Property Records have not been previously transferred to a successor Servicer pursuant to ARTICLE VII, shall terminate one year and one day after the earlier of (i) the date on which the Servicer is succeeded by a successor Servicer in accordance with ARTICLE VII and (ii) the first date on which no Series A Bonds are Outstanding.

(b) Maintenance of and Access to Records. The Servicer shall maintain the Energy Transition Property Records at 414 Silver Ave. SW, Albuquerque, New Mexico 87102, or at such other office as shall be specified to the Issuer and the Indenture Trustee by written notice at least 30 days prior to any change in location. The Servicer shall make available for inspection, audit and copying to the Issuer and the Indenture Trustee or their respective duly authorized representatives, attorneys or auditors the Energy Transition Property Records at such times during normal business hours as the Issuer or the Indenture Trustee shall reasonably request and that do not unreasonably interfere with the Servicer’s normal operations. Nothing in this Section

5.02(b) shall affect the obligation of the Servicer to observe any applicable law (including any Commission Regulation) prohibiting disclosure of information regarding Customers, and the failure of the Servicer to provide access to such information as a result of such obligation shall not constitute a breach of this Section 5.02(b).

(c) Release of Documents. Upon instruction from the Indenture Trustee in accordance with the Indenture, the Servicer shall release any Energy Transition Property Records to the Indenture Trustee, the Indenture Trustee's agent or the Indenture Trustee's designee, as the case may be, at such place or places as the Indenture Trustee may designate, as soon as practicable. Nothing in this Section 5.02(c) shall affect the obligation of the Servicer to observe any applicable law (including any Commission Regulation) prohibiting disclosure of information regarding Customers, and the failure of the Servicer to provide access to such information as a result of such obligation shall not constitute a breach of this Section 5.02(c).

(d) Defending Series Property Against Claims. To the extent not undertaken by the Seller pursuant to Section 4.08 of the Sale Agreement, the Servicer shall, on behalf of the Issuer and the Holders, institute any action or proceeding necessary to compel performance by the Commission or the State of New Mexico of any of their obligations or duties under the Energy Transition Act and the Financing Order, including defending against or instituting and pursuing legal actions and appearing or testifying at hearings or similar proceedings, as may be reasonably necessary to attempt to block or overturn any attempts to cause a repeal of, modification of or supplement to the Energy Transition Act or the Financing Order, or the rights of holders of Series Property by legislative enactment, constitutional amendment or other means that would be adverse to Holders or any series of Energy Transition Bonds. The costs of any such action shall be payable as an Operating Expense in accordance with the priorities set forth in Section 8.02(d) of the Indenture and any additional indenture. The Servicer's obligations pursuant to this Section 5.02 shall survive and continue notwithstanding the fact that the payment of Operating Expenses pursuant to Section 8.02 of the Indenture and any supplemental indenture may be delayed; provided, that, the Servicer is obligated to institute and maintain such action or proceedings only if it is being reimbursed on a current basis for its costs and expenses in taking such actions in accordance with Section 8.02 of the Indenture and any additional indenture, and is not required to advance its own funds to satisfy these obligations.

Section 5.03 Custodian's Indemnification. The Servicer as custodian shall indemnify the Issuer, any Independent Manager and the Indenture Trustee (for itself and for the benefit of the Holders) and each of their respective officers, directors, employees and agents for, and defend and hold harmless each such Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "Indemnified Losses") that may be imposed on, incurred by or asserted against each such Person as the result of any grossly negligent act or omission in any way relating to the maintenance and custody by the Servicer, as custodian, of the Energy Transition Property Records; provided, however, that the Servicer shall not be liable for any portion of any such amount resulting from the willful misconduct, bad faith or gross negligence of the Issuer, any Independent Manager or the Indenture Trustee, as the case may be. Indemnification under this Section 5.03 shall survive resignation or removal of the Indenture Trustee or any Independent Manager and shall include reasonable out-of-pocket fees and expenses of investigation and litigation (including reasonable attorneys' fees and expenses).

Section 5.04 Effective Period and Termination. The Servicer's appointment as custodian shall become effective as of the Series Closing Date and shall continue in full force and effect until terminated pursuant to this Section 5.04. If the Servicer shall resign as Servicer in accordance with the provisions of this Servicing Agreement or if all of the rights and obligations of the Servicer shall have been terminated under Section 7.01, the appointment of the Servicer as custodian shall be terminated effective as of the date on which the termination or resignation of the Servicer is effective. Additionally, if not sooner terminated as provided above, the Servicer's obligations as custodian shall terminate one year and one day after the date on which no Series A Bonds are Outstanding.

ARTICLE VI THE SERVICER

Section 6.01 Representations and Warranties of Servicer. The Servicer makes the following representations and warranties, as of the Series Closing Date, and as of such other dates as expressly provided in this Section 6.01, on which the Issuer and the Indenture Trustee are deemed to have relied in entering into this Servicing Agreement relating to the servicing of the Series Property. The representations and warranties shall survive the execution and delivery of this Servicing Agreement, the sale of the Series Property and the pledge thereof to the Indenture Trustee pursuant to the Indenture.

(a) Organization and Good Standing. The Servicer is duly organized, validly existing and is in good standing under the laws of the state of its organization, with requisite corporate power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it, to service the Series Property and hold the records related to the Series Property, and to execute, deliver and carry out the terms of this Servicing Agreement.

(b) Due Qualification. The Servicer is duly qualified to do business, is in good standing and has obtained all necessary licenses and approvals in all jurisdictions in which the ownership or lease of property or the conduct of its business (including the servicing of the Series Property as required under this Servicing Agreement) requires such qualifications, licenses or approvals (except where a failure to qualify would not be reasonably likely to have a material adverse effect on the Servicer's business, operations, assets, revenues or properties or to its servicing of the Series Property).

(c) Power and Authority. The execution, delivery and performance of the terms of this Servicing Agreement have been duly authorized by all necessary corporate action on the part of the Servicer under its organizational or governing documents and laws.

(d) Binding Obligation. This Servicing Agreement constitutes a legal, valid and binding obligation of the Servicer enforceable against the Servicer in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and other laws relating to or affecting creditors' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing), regardless of whether considered in a proceeding in equity or at law.

(e) No Violation. The consummation of the transactions contemplated by the Servicing Agreement do not: (i) conflict with, result in any breach of or constitute (with or without notice or lapse of time) a default under the Servicer's organizational documents or any indenture or other agreement or instrument to which the Servicer is a party or by which it or any of its property is bound; (ii) result in the creation or imposition of any Lien upon the Servicer's properties pursuant to the terms of any such indenture or agreement or other instrument (other than any Lien that may be granted under the Basic Documents); or (iii) violate any existing law or any existing order, rule or regulation applicable to the Servicer of any Governmental Authority having jurisdiction over the Servicer or its properties.

(f) No Proceedings. To the Servicer's knowledge, there are no proceedings or investigations pending or, to the Servicer's knowledge, threatened against the Servicer before any court, federal or state regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Servicer or its properties: (i) seeking to prevent issuance of the Series A Bonds or the consummation of the transactions contemplated by this Servicing Agreement or any of the other Basic Documents, or, if applicable, any supplement to the Indenture or amendment to the Sale Agreement; (ii) seeking any determination or ruling that could reasonably be expected to materially and adversely affect the performance by the Servicer of its obligations under, or the validity or enforceability against the Servicer of, this Servicing Agreement or any of the other Basic Documents or, if applicable, any supplement to the Indenture or amendment to the Sale Agreement; or (iii) relating to the Servicer and which could reasonably be expected to materially and adversely affect the treatment of the Series A Bonds for federal or state income, gross receipts or franchise tax purposes;

(g) Approvals. No governmental approvals, authorizations, consents, orders or other actions or filings with any Governmental Authority are required for the Servicer to execute, deliver and perform its obligations under the Servicing Agreement except those that have previously been obtained or made, those that are required to be made by the Servicer in the future pursuant to Article IV and those that the Servicer may need to file in the future to continue the effectiveness of any financing statements; and

(h) Reports and Certificates. Each report and certificate delivered in connection with any filing made to the Commission by the Servicer on behalf of the Issuer with respect to the Series Charges or True-Up Adjustments will constitute a representation and warranty by the Servicer that each such report or certificate, as the case may be, is true and correct in all material respects; provided, however, that, to the extent any such report or certificate is based in part upon or contains assumptions, forecasts or other predictions of future events, the representation and warranty of the Servicer with respect thereto will be limited to the representation and warranty that such assumptions, forecasts or other predictions of future events are reasonable based upon historical performance (and facts known to the Servicer on the date such report or certificate is delivered). The Servicer, the Indenture Trustee and the Issuer are not responsible as a result of any action, decision, ruling or other determination made or not made, or any delay (other than any delay resulting from the Servicer's failure to make any filings with the New Mexico Commission required by this Servicing Agreement in a timely and correct manner or any breach by the Servicer of its duties under the Servicing Agreement that adversely affects the Series Property or the True-Up Adjustments), by the New Mexico Commission in any way related to the Series Property or in connection with any True-Up Adjustment, the subject of any such

filings, any proposed True-Up Adjustment or the approval of any revised Series Charges and the scheduled adjustments thereto. Except to the extent that the Servicer otherwise is liable under the provisions of this Servicing Agreement, the Servicer shall have no liability whatsoever relating to the calculation of any revised Energy Transition charges and the scheduled adjustments thereto, including as a result of any inaccuracy of any of the assumptions made in such calculations, so long as the Servicer has acted in good faith and has not acted in a grossly negligent manner in connection therewith, nor shall the Servicer have any liability whatsoever as a result of any person or entity, including the Holders, not receiving any payment, amount or return anticipated or expected or in respect of any Energy Transition Bond generally.

Section 6.02 Indemnities of Servicer; Release of Claims. The Servicer shall be liable in accordance herewith only to the extent of the obligations specifically undertaken by the Servicer under this Servicing Agreement.

(a) The Servicer shall indemnify the Issuer, the Indenture Trustee (for itself and for the benefit of the Holders) and the Independent Manager and each of their respective trustees, officers, directors, employees and agents (each, an “Indemnified Party”), for, and defend and hold harmless each such Person from and against, any and all Indemnified Losses imposed on, incurred by or asserted against any such Person as a result of (i) the Servicer’s willful misconduct, bad faith or gross negligence in the performance of, or reckless disregard of, its duties or observance of its covenants under the Servicing Agreement, (ii) the Servicer’s material breach of any of its representations or warranties that results in a Servicer Default under this Servicing Agreement; and (iii) litigation and related expenses relating to the Servicer’s status and obligations as Servicer (other than any proceeding the Servicer is required to institute under this Servicing Agreement), except to the extent of Indemnified Losses either resulting from the willful misconduct, bad faith or gross negligence of such Person seeking indemnification hereunder or resulting from a breach of a representation or warranty made by such Person seeking indemnification hereunder in any of the Basic Documents that gives rise to the Servicer’s breach.

(b) For purposes of Section 6.02(a), in the event of the termination of the rights and obligations of Public Service Company of New Mexico (or any successor thereto pursuant to Section 6.03) as Servicer pursuant to Section 7.01, or a resignation by such Servicer pursuant to this Servicing Agreement, such Servicer shall be deemed to be the Servicer pending appointment of a successor Servicer pursuant to Section 7.02.

(c) Indemnification under this Section 6.02 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Energy Transition Act or the Financing Order and shall survive the resignation or removal of the Indenture Trustee or any Independent Manager or the termination of this Servicing Agreement and shall include reasonable out-of-pocket fees and expenses of investigation and litigation (including reasonable attorneys’ fees and expenses).

(d) Except to the extent expressly provided in this Servicing Agreement or the other Basic Documents (including the Servicer’s claims with respect to the Servicing Fee and the payment of the purchase price of Series Property), the Servicer hereby releases and discharges the Issuer, any Independent Manager and the Indenture Trustee, and each of their respective

officers, directors and agents (collectively, the “Released Parties”), from any and all actions, claims and demands whatsoever, whenever arising, which the Servicer, in its capacity as Servicer or otherwise, shall or may have against any such Person relating to the Series Property or the Servicer’s activities with respect thereto, other than any actions, claims and demands arising out of the willful misconduct, bad faith or gross negligence of the Released Parties.

(e) The Servicer shall not be required to indemnify an Indemnified Party for any amount paid or payable by such Indemnified Party in the settlement of any action, proceeding or investigation without the written consent of the Servicer, which consent shall not be unreasonably withheld. Promptly after receipt by an Indemnified Party of notice (or, in the case of the Indenture Trustee, receipt of notice by a Responsible Officer only) of the commencement of any action, proceeding or investigation, such Indemnified Party shall, if a claim in respect thereof is to be made against the Servicer under this Section 6.02, notify the Servicer in writing of the commencement thereof. Failure by an Indemnified Party to so notify the Servicer shall relieve the Servicer from the obligation to indemnify and hold harmless such Indemnified Party under this Section 6.02 only to the extent that the Servicer suffers actual prejudice as a result of such failure. With respect to any action, proceeding or investigation brought by a third party for which indemnification may be sought under this Section 6.02, the Servicer shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Party, the defense of any such action, proceeding or investigation (in which case the Servicer shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Party except as set forth below); provided, that the Indemnified Party shall have the right to participate in such action, proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Servicer’s election to assume the defense of any action, proceeding or investigation, the Indemnified Party shall have the right to employ separate counsel (including local counsel), and the Servicer shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Party and the Servicer and the Indemnified Party shall have reasonably concluded that there may be legal defenses available to it that are different from or additional to those available to the Servicer, (ii) the Servicer shall not have employed counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party within a reasonable time after notice of the institution of such action, (iii) the Servicer shall authorize the Indemnified Party to employ separate counsel at the expense of the Servicer or (iv) in the case of the Indenture Trustee, such action exposes the Indenture Trustee to a material risk of criminal liability or forfeiture or a Servicer Default has occurred and is continuing. Notwithstanding the foregoing, the Servicer shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Parties other than one local counsel, if appropriate. The Servicer will not, without the prior written consent of the Indemnified Party, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought under this Section 6.02 (whether or not the Indemnified Party is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Party from all liability arising out of such claim, action, suit or proceeding.

Section 6.03 Binding Effect of Servicing Obligations. The obligations to continue to provide service and to collect and account for Series Charges will be binding upon the Servicer,

any Successor and any other entity that provides distribution services to a Person that is a New Mexico customer of Public Service Company of New Mexico or any Successor so long as the Series Charges have not been fully collected and posted. Any Person (a) into which the Servicer may be merged, converted or consolidated and that is a Permitted Successor, (b) that may result from any merger, conversion or consolidation to which the Servicer shall be a party and that is a Permitted Successor, (c) that may succeed to the properties and assets of the Servicer substantially as a whole and that is a Permitted Successor or (d) that otherwise is a Permitted Successor, which Person in any of the foregoing cases executes an agreement of assumption to perform all of the obligations of the Servicer hereunder, shall be the successor to the Servicer under this Servicing Agreement without further act on the part of any of the parties to this Servicing Agreement; provided, however, that (i) immediately after giving effect to such transaction, no representation or warranty made pursuant to Section 6.01 shall have been breached and no Servicer Default and no event that, after notice or lapse of time, or both, would become a Servicer Default shall have occurred and be continuing, (ii) the Servicer shall have delivered to the Issuer and the Indenture Trustee an Officer's Certificate and an Opinion of Counsel from external counsel stating that such consolidation, conversion, merger or succession and such agreement of assumption complies with this Section 6.03 and that all conditions precedent, if any, provided for in this Servicing Agreement relating to such transaction have been complied with, (iii) the Servicer shall have delivered to the Issuer, the Indenture Trustee and the Rating Agencies an Opinion of Counsel from external counsel of the Servicer either (A) stating that, in the opinion of such counsel, all filings to be made by the Servicer, including filings with the Commission pursuant to the Energy Transition Act and the UCC, have been executed and filed and are in full force and effect that are necessary to fully preserve, perfect and maintain the priority of the interests of the Issuer and the Liens of the Indenture Trustee in the Series Property and reciting the details of such filings or (B) stating that, in the opinion of such counsel, no such action shall be necessary to preserve and protect such interests, (iv) the Servicer shall have delivered to the Issuer, the Indenture Trustee and the Rating Agencies an Opinion of Counsel from independent tax counsel stating that, for U.S. federal income tax purposes, such consolidation, conversion, merger or succession and such agreement of assumption will not result in a material adverse U.S. federal income tax consequence to the Issuer or the Holders of Series A Bonds and (v) the Servicer shall have given the Rating Agencies prior written notice of such transaction. When any Person (or more than one Person) acquires the properties and assets of the Servicer substantially as a whole or otherwise becomes the successor, by merger, conversion, consolidation, sale, transfer, lease or otherwise, to all or substantially all the assets of the Servicer in accordance with the terms of this Section 6.03, then, upon satisfaction of all of the other conditions of this Section 6.03, the preceding Servicer shall automatically and without further notice be released from all its obligations hereunder (except for responsibilities for its actions prior to such release).

Section 6.04 Limitation on Liability of Servicer and Others.

(a) Except as otherwise provided under this Servicing Agreement, neither the Servicer nor any of the directors, officers, employees or agents of the Servicer shall be liable to the Issuer or any other Person for any action taken or for refraining from the taking of any action pursuant to this Servicing Agreement or for good faith errors in judgment; provided, however, that this provision shall not protect the Servicer or any such Person against any liability that would otherwise be imposed by reason of gross negligence, recklessness or willful misconduct in

the performance of duties or by reason of reckless disregard of obligations and duties under this Servicing Agreement. The Servicer and any director, officer, employee or agent of the Servicer may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under this Servicing Agreement.

(b) Except as provided in this Servicing Agreement, including Section 5.02(d), the Servicer shall not be under any obligation to appear in, prosecute or defend any legal action relating to the Series Property that is not directly related to one of the Servicer's enumerated duties in this Servicing Agreement or related to its obligation to pay indemnification, and that in its reasonable opinion may cause it to incur any expense or liability; provided, however, that the Servicer may, in respect of any Proceeding, undertake any action that it is not specifically identified in this Servicing Agreement as a duty of the Servicer but that the Servicer reasonably determines is necessary or desirable in order to protect the rights and duties of the Issuer or the Indenture Trustee under this Servicing Agreement and the interests of the Holders and Customers under this Servicing Agreement.

Section 6.05 Public Service Company of New Mexico Not to Resign as Servicer. Subject to the provisions of Section 6.03, Public Service Company of New Mexico shall not resign from the obligations and duties imposed on it as Servicer under this Servicing Agreement except upon either (a) a determination by Public Service Company of New Mexico that the performance of its duties under this Servicing Agreement shall no longer be permissible under applicable law, or (b) satisfaction of the following: (i) the Rating Agency Condition shall have been satisfied and (ii) the Commission shall have approved of such resignation. Notice of any such determination permitting the resignation of Public Service Company of New Mexico shall be communicated to the Issuer, the Commission, the Indenture Trustee and each Rating Agency at the earliest practicable time (and, if such communication is not in writing, shall be confirmed in writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Issuer, the Commission and each Indenture Trustee concurrently with or promptly after such notice. No such resignation shall become effective until a Successor Servicer has assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 7.02.

Section 6.06 Servicing Compensation.

(a) In consideration for its services hereunder, until the Collection in Full of the Charges, the Servicer shall receive an annual fee (the "Servicing Fee") in an amount equal to (i) 0.05% of the aggregate initial principal amount of all Series A Bonds for so long as Public Service Company of New Mexico or an Affiliate of Public Service Company of New Mexico is the Servicer or (ii) if Public Service Company of New Mexico or any of its Affiliates is not the Servicer, an amount agreed upon by the Successor Servicer and the Indenture Trustee, provided, that the annual Servicing Fee shall not exceed 0.60% of the aggregate initial principal amount of all Series A Bonds, unless the Commission has approved the appointment of the Successor Servicer or the Commission does not act to either approve or disapprove such appointment on or before the date which is 45 days after notice of the proposed appointment of the Successor Servicer is provided to the Commission in the same manner substantially as provided in Section 8.01(c). The Servicing Fee owing shall be calculated based on the initial principal amount of the

Series A Bonds and shall be paid semi-annually, with half of the Servicing Fee being paid on each Payment Date, except for the amount of the Servicing Fee to be paid on the first Payment Date in which the Servicing Fee then due will be calculated based on the number of days that this Servicing Agreement has been in effect. In addition, the Servicer shall be entitled to be reimbursed by the Issuer for filing fees and fees and expenses for attorneys, accountants, printing or other professional services retained by the Issuer and paid for by the Servicer (or procured by the Servicer on behalf of the Issuer and paid for by the Servicer) to meet the Issuer's obligations under the Basic Documents ("Reimbursable Expenses"). Except for such Reimbursable Expenses, the Servicer shall be required to pay all other costs and expenses incurred by the Servicer in performing its activities hereunder (but, for the avoidance of doubt, excluding any such costs and expenses incurred by Public Service Company of New Mexico in its capacity as Administrator).

(b) The Servicing Fee set forth in Section 6.06(a) shall be paid to the Servicer by the Indenture Trustee, on each Payment Date in accordance with the priorities set forth in Section 8.02(e) of the Indenture, by wire transfer of immediately available funds from the Collection Account to an account designated by the Servicer. Any portion of the Servicing Fee not paid on any such date shall be added to the Servicing Fee payable on the subsequent Payment Date. In no event shall the Indenture Trustee be liable for the payment of any Servicing Fee or other amounts specified in this Section 6.06; provided, that this Section 6.06 does not relieve the Indenture Trustee of any duties it has to allocate funds for payment for such fees under Section 8.02 of the Indenture.

(c) The Servicer and the Issuer acknowledge and agree that the Servicer's actual collections of Series Charges on some days might exceed the Servicer's deemed collections, and that the Servicer's actual collections of Series Charges on other days might be less than the Servicer's deemed collections. The Servicer and the Issuer further acknowledge and agree that the amount of these variances are likely to be small and are not likely to be biased in favor of over-remittances or under-remittances. Consequently, so long as the Servicer faithfully makes all daily remittances based on weighted average days sales outstanding, as provided for herein, the Servicer and the Issuer agree that no actual or deemed investment earnings shall be payable in respect of such over-remittances or under-remittances. However, the Servicer shall remit at least annually to the Indenture Trustee, for the benefit of the Issuer, any late charges received from Customers in respect of Series Charges.

(d) The foregoing Servicing Fee constitutes a fair and reasonable compensation for the obligations to be performed by the Servicer. Such Servicing Fee shall be determined without regard to the income of the Issuer, shall not be deemed to constitute distributions to the recipient of any profit, loss or capital of the Issuer and shall be considered a fixed Operating Expense of the Issuer subject to the limitations on such expenses set forth in the Financing Order.

(e) Any services required for or contemplated by the performance of the above-referenced services by the Servicer to be provided by unaffiliated third parties may, if provided for or otherwise contemplated by the Financing Order and if the Issuer deems it necessary or desirable, be arranged by the Issuer or by the Servicer at the direction (which may be general or specific) of the Issuer. Costs and expenses associated with the contracting for such third-party professional services may be paid directly by the Issuer or paid by the Servicer and reimbursed

by the Issuer in accordance with Section 6.06(a), or otherwise as the Servicer and the Issuer may mutually arrange.

Section 6.07 Compliance with Applicable Law. The Servicer covenants and agrees, in servicing the Series Property, to comply in all material respects with all laws applicable to, and binding upon, the Servicer and relating to the Series Property, the noncompliance with which would have a material adverse effect on the value of the Series Property; provided, however, that the foregoing is not intended to, and shall not, impose any liability on the Servicer for noncompliance with any Requirement of Law that the Servicer is contesting in good faith in accordance with its customary standards and procedures. It is expressly acknowledged that the payment of fees to the Rating Agencies shall be at the expense of the Issuer and that, if the Servicer advances such payments to the Rating Agencies, the Issuer shall reimburse the Servicer for any such advances.

Section 6.08 Access to Certain Records and Information Regarding Series Property. The Servicer shall provide to the Indenture Trustee access to the Energy Transition Property Records for the Series A Bonds as is reasonably required for the Indenture Trustee to perform its duties and obligations under the Indenture and the other Basic Documents and shall provide access to such records to the Holders as required by applicable law. Access shall be afforded without charge, but only upon reasonable request and during normal business hours at the offices of the Servicer. Nothing in this Section 6.08 shall affect the obligation of the Servicer to observe any applicable law (including any Commission Regulation) prohibiting disclosure of information regarding Customers, and the failure of the Servicer to provide access to such information as a result of such obligation shall not constitute a breach of this Section 6.08.

Section 6.09 Appointments. The Servicer may at any time appoint any Person to perform all or any portion of its obligations as Servicer hereunder; provided, however, that, unless such Person is an Affiliate of Public Service Company of New Mexico, the Rating Agency Condition shall have been satisfied in connection therewith; provided, further, that the Servicer shall remain obligated and be liable under this Servicing Agreement for the servicing and administering of the Series Property in accordance with the provisions hereof without diminution of such obligation and liability by virtue of the appointment of such Person and to the same extent and under the same terms and conditions as if the Servicer alone were servicing and administering the Series Property. The fees and expenses of any such Person shall be as agreed between the Servicer and such Person from time to time, and none of the Issuer, the Indenture Trustee, the Holders or any other Person shall have any responsibility therefor or right or claim thereto. Any such appointment shall not constitute a Servicer resignation under Section 6.05.

Section 6.10 No Servicer Advances. The Servicer shall not make any advances of interest on or principal of the Series A Bonds.

Section 6.11 Remittances.

(a) The Energy Transition Charge Collections on any Servicer Business Day (the “Daily Remittance”) shall be calculated according to the procedures set forth in Exhibit A and remitted by the Servicer as soon as reasonably practicable to the General Subaccount of the Collection Account but in no event later than two Servicer Business Days following such

Servicer Business Day. Prior to each remittance to the General Subaccount of the Collection Account pursuant to this Section 6.11, the Servicer shall provide written notice (which may be via electronic means, including electronic mail) to the Indenture Trustee and, upon request, to the Issuer of each such remittance (including the exact dollar amount to be remitted). The Servicer shall also, promptly upon receipt, remit to the Collection Account any other proceeds of the Series Collateral that it may receive from time to time. Reconciliations of bank statements shall be as set forth in Exhibit A.

(b) The Servicer agrees and acknowledges that it holds all Energy Transition Charge Payments collected by it and any other proceeds for the Series Collateral received by it for the benefit of the Indenture Trustee and the Holders and that all such amounts will be remitted by the Servicer in accordance with this Section 6.11 without any surcharge, fee, offset, charge or other deduction except for and interest earnings permitted by Section 6.06. The Servicer further agrees not to make any claim to reduce its obligation to remit all Energy Transition Charge Payments collected by it in accordance with this Servicing Agreement.

(c) Unless otherwise directed to do so by the Issuer, the Servicer shall be responsible for selecting Eligible Investments in which the funds in the Collection Account shall be invested pursuant to Section 8.03 of the Indenture.

Section 6.12 Maintenance of Operations. Subject to Section 6.03, Public Service Company of New Mexico agrees to continue, unless prevented by circumstances beyond its control, to operate its electric distribution system to provide service so long as it is acting as the Servicer under this Servicing Agreement.

ARTICLE VII DEFAULT

Section 7.01 Servicer Default. If any one or more of the following events (a “Servicer Default”) shall occur and be continuing:

(a) any failure by the Servicer to remit to the Collection Account on behalf of the Issuer any required remittance that shall continue unremedied for a period of five Business Days after written notice of such failure is received by the Servicer from the Issuer or the Indenture Trustee or after discovery of such failure by a Responsible Officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is Public Service Company of New Mexico or an Affiliate thereof, any failure on the part of Public Service Company of New Mexico, as the case may be, duly to observe or to perform in any material respect any covenants or agreements of the Servicer or Public Service Company of New Mexico, as the case may be, set forth in this Servicing Agreement (other than as provided in Section 7.01(a) or Section 7.01(c)) or any other Basic Document to which it is a party, which failure shall (i) materially and adversely affect the rights of the Holders and (ii) continue unremedied for a period of 60 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or Public Service Company of New Mexico, as the case may be, by the Issuer (with a copy to the Indenture Trustee) or to the Servicer or

Public Service Company of New Mexico, as the case may be, by the Indenture Trustee or (B) such failure is discovered by a Responsible Officer of the Servicer;

(c) any failure by the Servicer duly to perform its obligations under Section 4.01(b) in the time and manner set forth therein, which failure continues unremedied for a period of five Business Days;

(d) any representation or warranty made by the Servicer in this Servicing Agreement or any other Basic Document shall prove to have been incorrect in a material respect when made, which has a material adverse effect on the Holders and which material adverse effect continues unremedied for a period of 60 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer (with a copy to the Indenture Trustee) by the Issuer or the Indenture Trustee or (ii) such failure is discovered by a Responsible Officer of the Servicer; or

(e) an Insolvency Event occurs with respect to the Servicer or Public Service Company of New Mexico;

then, and in each and every case, so long as the Servicer Default shall not have been remedied, the Indenture Trustee shall, upon the instruction of Holders evidencing a majority of the Outstanding Amount of the Series A Bonds, by notice then given in writing to the Servicer (and to the Indenture Trustee if given by the Holders) (a "Termination Notice"), terminate all the rights and obligations (other than the obligations set forth in Section 6.02 and the obligation under Section 7.02 to continue performing its functions as Servicer until a successor Servicer is appointed) of the Servicer under this Servicing Agreement. In addition, upon a Servicer Default described in Section 7.01(a), the Holders and the Indenture Trustee as financing parties under the Energy Transition Act (or any of their representatives) shall be entitled to apply to the Commission or a court of appropriate jurisdiction for an order for sequestration and payment of revenues arising with respect to the Series Property. On or after the receipt by the Servicer of a Termination Notice, all authority and power of the Servicer under this Servicing Agreement, whether with respect to the Series A Bonds, the Series Property, the Series Charges or otherwise, shall, without further action, pass to and be vested in such successor Servicer as may be appointed under Section 7.02; and, without limitation, the Indenture Trustee is hereby authorized and empowered to execute and deliver, on behalf of the predecessor Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such Termination Notice, whether to complete the transfer of the Energy Transition Property Records and related documents, or otherwise. The predecessor Servicer shall cooperate with the successor Servicer, the Issuer and the Indenture Trustee in effecting the termination of the responsibilities and rights of the predecessor Servicer under this Servicing Agreement, including the transfer to the successor Servicer for administration by it of all Energy Transition Property Records and all cash amounts that shall at the time be held by the predecessor Servicer for remittance, or shall thereafter be received by it with respect to the Series Property or the Series Charges. As soon as practicable after receipt by the Servicer of such Termination Notice, the Servicer shall deliver the Energy Transition Property Records to the successor Servicer. In case a successor Servicer is appointed as a result of a Servicer Default, all reasonable costs and expenses (including reasonable attorneys' fees and expenses) incurred in connection with transferring the Energy

Transition Property Records to the successor Servicer and amending this Servicing Agreement to reflect such succession as Servicer pursuant to this Section 7.01 shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses. Termination of Public Service Company of New Mexico as Servicer shall not terminate Public Service Company of New Mexico's rights or obligations under the Sale Agreement (except rights thereunder deriving from its rights as the Servicer hereunder).

Section 7.02 Appointment of Successor.

(a) Upon the Servicer's receipt of a Termination Notice pursuant to Section 7.01 or the Servicer's resignation or removal in accordance with the terms of this Servicing Agreement, the predecessor Servicer shall continue to perform its functions as Servicer under this Servicing Agreement and shall be entitled to receive the requisite portion of the Servicing Fee, until a successor Servicer shall have assumed in writing the obligations of the Servicer hereunder as described below. In the event of the Servicer's removal or resignation hereunder, the Indenture Trustee may, at the written direction and with the consent of the Holders of a majority of the Outstanding Amount of the Series A Bonds shall, appoint a successor Servicer with the Issuer's prior written consent thereto (which consent shall not be unreasonably withheld), and the successor Servicer shall accept its appointment by a written assumption in form reasonably acceptable to the Issuer and the Indenture Trustee and provide prompt written notice of such assumption to the Issuer and the Rating Agencies. If, within 30 days after the delivery of the Termination Notice, a new Servicer shall not have been appointed, the Indenture Trustee may, at the direction of the Holders of a majority of the Series A Bonds, petition the Commission or a court of competent jurisdiction to appoint a successor Servicer under this Servicing Agreement. A Person shall qualify as a successor Servicer only if (i) such Person is permitted under Commission Regulations to perform the duties of the Servicer, (ii) the Rating Agency Condition shall have been satisfied and (iii) such Person enters into a servicing agreement with the Issuer having substantially the same provisions as this Servicing Agreement. In no event shall the Indenture Trustee be liable for its appointment of a successor Servicer. The Indenture Trustee's expenses incurred under this Section 7.02(a) shall be at the sole expense of the Issuer and payable from the Collection Account as provided in Section 8.02 of the Indenture.

(b) Upon appointment, the successor Servicer shall be the successor in all respects to the predecessor Servicer and shall be subject to all the responsibilities, duties and liabilities arising thereafter placed on the predecessor Servicer and shall be entitled to the Servicing Fee and all the rights granted to the predecessor Servicer by the terms and provisions of this Servicing Agreement.

Section 7.03 Waiver of Past Defaults. The Indenture Trustee, with the written consent of the Holders evidencing a majority of the Outstanding Amount of the Series A Bonds, may waive in writing any default by the Servicer in the performance of its obligations hereunder and its consequences, except a default in making any required deposits to the Collection Account in accordance with this Servicing Agreement. Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Default arising therefrom shall be deemed to have been remedied for every purpose of this Servicing Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto. Promptly after the execution

of any such waiver, the Servicer shall furnish copies of such waiver to each of the Rating Agencies.

Section 7.04 Notice of Servicer Default. The Servicer shall deliver to the Issuer, the Indenture Trustee and the Rating Agencies, promptly after having obtained knowledge thereof, but in no event later than five Business Days thereafter, written notice of any event that, with the giving of notice or lapse of time, or both, would become a Servicer Default under Section 7.01.

Section 7.05 Cooperation with Successor. The Servicer covenants and agrees with the Issuer that it will, on an ongoing basis, cooperate with the successor Servicer and provide whatever information is, and take whatever actions are, reasonably necessary to assist the successor Servicer in performing its obligations hereunder.

ARTICLE VIII MISCELLANEOUS PROVISIONS

Section 8.01 Amendment.

(a) This Servicing Agreement may be amended in writing by the Servicer and the Issuer with the prior written consent of the Indenture Trustee and the satisfaction of the Rating Agency Condition; provided, that any such amendment may not adversely affect the interest of any Holder in any material respect without the consent of the Holders of a majority of the Outstanding Amount. Promptly after the execution of any such amendment or consent, the Issuer shall furnish copies of such amendment or consent to each of the Rating Agencies.

(b) Prior to the execution of any amendment to this Servicing Agreement, the Issuer and the Indenture Trustee shall be entitled to receive and conclusively rely upon an Opinion of Counsel of external counsel stating that such amendment is authorized and permitted by this Servicing Agreement and all conditions precedent, if any, provided for in this Servicing Agreement relating to such amendment have been satisfied and upon the Opinion of Counsel from external counsel referred to in Section 3.01(c)(i). The Issuer and the Indenture Trustee may, but shall not be obligated to, enter into any such amendment that affects their own rights, duties, indemnities or immunities under this Servicing Agreement or otherwise.

Section 8.02 Maintenance of Accounts and Records.

(a) The Servicer shall maintain accounts and records as to the Series Property accurately and in accordance with its standard accounting procedures and in sufficient detail to permit reconciliation between Energy Transition Charge Payments received by the Servicer and Energy Transition Charge Collections from time to time deposited in the Collection Account.

(b) The Servicer shall permit the Indenture Trustee and its agents at any time during normal business hours, upon reasonable notice to the Servicer and to the extent it does not unreasonably interfere with the Servicer's normal operations, to inspect, audit and make copies of and abstracts from the Servicer's records regarding the Series Property and the Series Charges. Nothing in this Section 8.02(b) shall affect the obligation of the Servicer to observe any applicable law (including any Commission Regulation) prohibiting disclosure of information

regarding Customers, and the failure of the Servicer to provide access to such information as a result of such obligation shall not constitute a breach of this Section 8.02(b).

Section 8.03 Notices. Any notice, report or other communication given hereunder shall be in writing and shall be effective (i) upon receipt when sent through the mails, registered or certified mail, return receipt requested, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt, (ii) upon receipt when sent by an overnight courier, (iii) on the date personally delivered to an authorized officer of the party to which sent or (iv) on the date transmitted by facsimile or other electronic transmission with a confirmation of receipt in all cases, addressed as follows:

(a) in the case of the Servicer, to Public Service Company of New Mexico, at 414 Silver Ave. SW, Albuquerque, New Mexico 87102, Attention: [•], Telephone: [•];

(b) in the case of the Issuer, to [SPE], at at 414 Silver Ave. SW, Albuquerque, New Mexico 87102, Attention: [•], Telephone: [•];

(c) in the case of the Indenture Trustee, to the Corporate Trust Office;

(d) [in the case of Fitch, to Fitch Ratings, 33 Whitehall Street, New York, New York 10004, Attention: ABS Surveillance, Telephone: (212) 908-0500, Facsimile: (212) 908-0355];

(e) [in the case of Moody's, to Moody's Investor Services, inc., ABS/RMBS Monitoring Department, 25th Floor, 7 World Trade Center, 250 Greenwich Street, New York, New York, Email: servicereports@moodys.com];

(f) [in the case of S&P, to Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, Structured Credit Surveillance, 55 Water Street, New York, New York 10041, Telephone: (212) 438-8991, Email: servicer_reports@standardandpoors.com (all such notices to be delivered to S&P in writing by email)]; and

(g) in the case of the Commission, at New Mexico Public Regulation Commission, at 1120 Paseo De Peralta, Santa Fe, New Mexico 87501, Telephone: [_____].

Each party hereto may, by notice given in accordance herewith to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications shall be sent.

Section 8.04 Assignment. Notwithstanding anything to the contrary contained herein, except as provided in Section 6.03 and as provided in the provisions of this Servicing Agreement concerning the resignation of the Servicer, this Servicing Agreement may not be assigned by the Servicer.

Section 8.05 Limitations on Rights of Others. The provisions of this Servicing Agreement are solely for the benefit of the Servicer, the Issuer and, to the extent provided herein or in the other Basic Documents, the Indenture Trustee and the Holders, and the other Persons expressly referred to herein, and such Persons shall have the right to enforce the relevant provisions of this Servicing Agreement. Nothing in this Servicing Agreement, whether express

or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Series Property or Series Collateral or under or in respect of this Servicing Agreement or any covenants, conditions or provisions contained herein. Notwithstanding anything to the contrary contained herein, for the avoidance of doubt, any right, remedy or claim to which any Customer may be entitled pursuant to the Financing Order and to this Servicing Agreement may be asserted or exercised only by the Commission (or by its counsel in the name of the Commission) for the benefit of such Customer.

Section 8.06 Severability. Any provision of this Servicing Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such a construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 8.07 Separate Counterparts. This Servicing Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 8.08 Governing Law. This Servicing Agreement shall be governed by and construed in accordance with the laws of the State of New Mexico, without reference to its conflict of law provisions, and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws.

Section 8.09 Assignment to Indenture Trustee. The Servicer hereby acknowledges and consents to the assignment by the Issuer to the Indenture Trustee of any or all of the Issuer's rights hereunder. In no event shall the Indenture Trustee have any liability for the representations, warranties, covenants, agreements or other obligations of the Issuer hereunder or in any of the certificates delivered pursuant hereto, as to all of which any recourse shall be had solely to the assets of the Issuer subject to the availability of funds therefor under Section 8.02 of the Indenture.

Section 8.10 Nonpetition Covenants. Notwithstanding any prior termination of this Servicing Agreement or the Indenture, the Servicer shall not, prior to the date that is one year and one day after the satisfaction and discharge of the Indenture, acquiesce, petition or otherwise invoke or cause the Issuer to invoke or join with any Person in provoking the process of any Governmental Authority for the purpose of commencing or sustaining an involuntary case against the Issuer under any U.S. federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Issuer for any substantial part of the property of the Issuer or ordering the dissolution, winding up or liquidation of the affairs of the Issuer.

Section 8.11 Limitation of Liability. It is expressly understood and agreed by the parties hereto that this Servicing Agreement is executed and delivered by the Indenture Trustee, not individually or personally but solely as Indenture Trustee in the exercise of the powers and authority conferred and vested in it, and that the Indenture Trustee, in acting hereunder, is

entitled to all rights, benefits, protections, immunities and indemnities accorded to it under the Indenture.

Section 8.12 Rule 17g-5 Compliance. The Servicer agrees that any notice, report, request for satisfaction of the Rating Agency Condition, document or other information provided by the Servicer to any Rating Agency under this Servicing Agreement or any other Basic Document to which it is a party for the purpose of determining the initial credit rating of the Series A Bonds or undertaking credit rating surveillance of the Series A Bonds with any Rating Agency, or satisfy the Rating Agency Condition, shall be substantially concurrently posted by the Servicer on the 17g-5 Website.

Section 8.13 Indenture Trustee Actions. In acting hereunder, the Indenture Trustee shall have the rights, protections and immunities granted to it under the Indenture.

{SIGNATURE PAGE FOLLOWS}

IN WITNESS WHEREOF, the parties hereto have caused this Servicing Agreement to be duly executed by their respective officers as of the day and year first above written.

[SPE],
as Issuer

By: _____
Name:
Title:

PUBLIC SERVICE COMPANY OF NEW
MEXICO,
as Servicer

By: _____
Name:
Title:

ACKNOWLEDGED AND ACCEPTED:

[TRUSTEE],
as Indenture Trustee

By: _____
Name:
Title:

EXHIBIT A

SERVICING PROCEDURES

The Servicer agrees to comply with the following servicing procedures:

SECTION 1. Definitions.

(a) Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the Servicing Agreement (the “Agreement”).

(b) Whenever used in this Annex I, the following words and phrases shall have the following meanings:

“Demand-Billed Customer” means any Customer in an Energy Transition Rate Class for which the Energy Transition Charges are determined on the basis that involves the measurement of demand.

“Usage-Billed Customer” means any Customer in an Energy Transition Rate Class for which the Energy Transition Charges are determined on the basis that involves the measurement of kWh usage.

SECTION 2. Data Acquisition.

(a) Installation and Maintenance of Meters. The Servicer shall cause to be installed, replaced and maintained meters in accordance with the Servicer Policies and Practices.

(b) Meter Reading. In accordance with the Servicer Policies and Practices, the Servicer shall obtain usage measurements for each Usage-Billed Customer or determine any Usage-Billed Customer’s usage on the basis of estimates in accordance with Commission Regulations.

(c) Cost of Metering. The Issuer shall not be obligated to pay any costs associated with the metering duties set forth in this Section 2, including the costs of installing, replacing and maintaining meters, nor shall the Issuer be entitled to any credit against the Servicing Fee for any cost savings realized by the Servicer as a result of new metering and/or billing technologies.

SECTION 3. Usage and Bill Calculation.

The Servicer shall obtain a calculation of each Usage-Billed Customer’s usage (which may be based on data obtained from such Customer’s meter read or on usage estimates determined in accordance with Commission Regulations) in accordance with the Servicer Policies and Practices and shall determine therefrom Billed Energy Transition Charges for the Series A Bonds with respect to such Usage-Billed Customers. The Servicer shall calculate each Demand-Billed Customer’s demand in accordance with the Servicer Policies and Practices and shall determine therefrom Billed Energy Transition Charges for the Series A Bonds with respect to such Demand-Billed Customers.

SECTION 4. Billing.

(a) Commencement of Billing. The Servicer shall implement the Series Charges as provided in the Financing Order and shall thereafter bill each Customer for each Customer's Billed Energy Transition Charges for the Series A Bonds in accordance with the provisions of this Section 4.

(b) Frequency of Bills; Billing Practices. In accordance with the Servicer Policies and Practices, the Servicer shall generate and issue a Bill to each Customer. In the event that the Servicer makes any material modification to the Servicer Policies and Practices, it shall notify the Issuer, the Indenture Trustee and the Rating Agencies as soon as practicable, and in no event later than 60 Servicer Business Days after such modification goes into effect, but the Servicer may not make any modification that will materially adversely affect the Holders.

(c) Format.

(i) The Customer's Bill will contain a separate line item identifying the monthly charge representing the Series Property. The Customer's Bill shall contain in text or in a footnote, text substantially to the effect that the monthly charge representing Series Property has been approved by the Financing Order, and that a portion of the monthly charge is being collected by the Servicer, as servicer, on behalf of the Issuer as owner of the Series Property.

(ii) The Servicer shall conform to such requirements in respect of the format, structure and text of Bills delivered to Customers as Commission Regulations shall from time to time prescribe. To the extent that Bill format, structure and text are not prescribed by applicable law or by Commission Regulations, the Servicer shall, subject to clause (i) of this subsection (c), determine the format, structure and text of all Bills in accordance with its reasonable business judgment, the Servicer Policies and Practices and historical practice.

(d) Delivery. Except as provided in the next sentence, the Servicer shall deliver all Bills to Customers (i) by United States mail in such class or classes as are consistent with the Servicer Policies and Practices or (ii) by any other means, whether electronic or otherwise, that the Servicer may from time to time use in accordance with the Servicer Policies and Practices. The Servicer shall pay from its own funds all costs of issuance and delivery of all Bills that it renders, including printing and postage costs as the same may increase or decrease from time to time.

SECTION 5. Customer Service Functions.

The Servicer shall handle all Customer inquiries and other Customer service matters according to the Servicer Policies and Practices.

SECTION 6. Collections; Payment Processing; Remittance.

(e) Collection Efforts, Policies, Procedures.

(i) The Servicer shall collect Billed Energy Transition Charges for the Series A Bonds (including late charges in respect of Series Charges) from Customers as and when the same become due in accordance with such collection procedures as it follows with respect to comparable assets that it services for itself or others including, in accordance with Commission Regulations and the Servicer Policies and Practices, that:

(A) The Servicer shall prepare and deliver overdue notices to Customers.

(B) The Servicer shall deliver past-due and shut-off notices.

(C) The Servicer may employ the assistance of collection agents.

(D) The Servicer shall apply Customer deposits to the payment of delinquent accounts.

(ii) The Servicer shall not waive any late payment charge or any other fee or charge relating to delinquent payments, if any, or waive, vary or modify any terms of payment of any amounts payable by a Customer, in each case unless such waiver or action: (A) would be in accordance with the Servicer Policies and Practices and (B) would comply in all material respects with applicable law.

(iii) The Servicer shall accept payment from Customers in respect of Billed Energy Transition Charges for the Series A Bonds in such forms and methods and at such times and places in accordance with the Servicer Policies and Practices.

(f) Payment Processing; Allocation; Priority of Payments. The Servicer shall post all payments received to Customer accounts as promptly as practicable, and, in any event, substantially all payments shall be posted no later than two Servicer Business Days after receipt.

(g) Investment of Estimated Energy Transition Charge Payments Received. Prior to remittance on the applicable remittance date, the Servicer may invest estimated Energy Transition Charges Payments at its own risk and for its own benefit, and such investments and funds shall not be required to be segregated from the other investments and funds of the Servicer.

(h) Calculation of Daily Remittance.

(i) The Servicer will remit Series Charges directly to the Indenture Trustee pursuant to Section 6.11 of the Servicing Agreement. The Servicer will remit Series Charges based on estimated collections using a weighted average balance of days outstanding (“ADO”) on Public Service Company of New Mexico’s retail bills. Energy Transition Charge Collections for the Series A Bonds remitted will represent the charges estimated to be received for any period based upon the ADO and an estimated system-wide write-off percentage.

(ii) The Energy Transition Charge Collections for the Series A Bonds will be remitted by the Servicer to the Indenture Trustee as soon as reasonably practicable to the General Subaccount of the Collection Account on each Servicer Business Day, but in no

event later than two Servicer Business Days following such Servicer Business Day. Estimated daily Energy Transition Charge Collections for the Series A Bonds will be remitted to the Indenture Trustee on each Servicer Business Day based upon the ADO and estimated write-offs. Each day on which those remittances are made is referred to as a daily remittance date.

(iii) No less often than annually, the Servicer and the Indenture Trustee will reconcile remittances of estimated Energy Transition Charge Collections for the Series A Bonds with actual Energy Transition Charge Payments for the Series A Bonds received by the Servicer to more accurately reflect the amount of Billed Energy Transition Charges for the Series A Bonds that should have been remitted, based on ADO and the actual system-wide write-off percentage. To the extent the remittances of estimated payments arising from the Series Charges exceed the amounts that should have been remitted based on actual system-wide write-offs, the Servicer will be entitled to withhold the excess amount from any subsequent remittance to the Indenture Trustee until the balance of such excess is reduced to zero. To the extent the remittances of estimated payments arising from the Series Charges are less than the amount that should have been remitted based on actual system wide write-offs, the Servicer will remit the amount of the shortfall to the Indenture Trustee within two Servicer Business Days. Although the Servicer will remit estimated Energy Transition Charge Collections for the Series A Bonds to the Indenture Trustee, the Servicer will not be obligated to make any payments on the Series A Bonds.

(iv) At least annually, the Servicer also will remit to the Indenture Trustee, for the benefit of the Issuer, any late charges received from Customers with respect to the Series Charges.

(v) The Servicer agrees and acknowledges that it holds all Energy Transition Charge Collections for the Series A Bonds received by it and any other proceeds for the Series Collateral received by it for the benefit of the Indenture Trustee and the Holders and that all such amounts will be remitted by the Servicer without any surcharge, fee, offset, charge or other deduction. The Servicer further agrees not to make any claim to reduce its obligation to remit all Energy Transition Charge Payments for the Series A Bonds collected by it in accordance with the Servicing Agreement.

(i) Partial Collections. Upon a partial payment of amounts billed, including amounts billed under special contracts, such partial payments shall be allocated in accordance with applicable Commission requirements and any other requirements of applicable law. As of the date of this Servicing Agreement, (a) the Servicer allocates payments received (i) *first*, to past-due amounts, (ii) *second*, to customer deposit requirements, (iii) *third*, to current customer charges, and (iv) *fourth*, to charges previously written-off, and (b) for amounts billed on the same date, charges are credited based on a priority waterfall, with late payment charges being credited first, Series Charges being credited second, and other charges being credited thereafter in the priority waterfall. If more than one Series of Energy Transition Bonds are Outstanding, partial payments allocable to Series Charges shall be allocated pro rata based upon the amount of Energy Transition Charges owing with respect to each series.

(j) No Advances. The Servicer shall not be obligated to advance any of its own funds to the Issuer.

EXHIBIT B

FORM OF MONTHLY SERVICER'S CERTIFICATE

See Attached

MONTHLY SERVICER'S CERTIFICATE

[SPE]

\$[] Series A Senior Secured Energy Transition Bonds

Pursuant to Section 3.01(b) of the Energy Transition Property Servicing Agreement dated as of [] by and between **Public Service Company of New Mexico**, as Servicer, and **[SPE]**, as Issuer (the "Servicing Agreement"), the Servicer does hereby certify as follows:

Capitalized terms used but not defined in this Monthly Servicer's Certificate have their respective meanings as set forth in the Servicing Agreement. References herein to certain sections and subsections are references to the respective sections or subsections of the Servicing Agreement.

[TABLE]

Executed as of this { } day of { } 20{ }.

**PUBLIC SERVICE COMPANY OF NEW
MEXICO,
as Servicer**

By: _____
Name:
Title:

CC: [SPE]

EXHIBIT C

FORM OF SEMI-ANNUAL SERVICER'S CERTIFICATE

See attached

SEMI-ANNUAL SERVICER'S CERTIFICATE

Pursuant to Section 4.01(c)(ii) of the Energy Transition Property Servicing Agreement, dated as of [] (the "Servicing Agreement"), by and between **PUBLIC SERVICE COMPANY OF NEW MEXICO**, as servicer (the "Servicer"), and [SPE], the Servicer does hereby certify, for the { }, 20{ } Payment Date (the "Current Payment Date"), as follows:

Capitalized terms used but not defined herein have their respective meanings as set forth in the Servicing Agreement. References herein to certain sections and subsections are references to the respective sections of the Servicing Agreement or the Indenture, as the context indicates.

Collection Periods: { } to { }

Payment Date: { }, 20{ }

1. Collections Allocable and Aggregate Amounts Available for the Current Payment Date:

i.	Remittances for the { } Collection Period	\$ { }
ii.	Remittances for the { } Collection Period	\$ { }
iii.	Remittances for the { } Collection Period	\$ { }
iv.	Remittances for the { } Collection Period	\$ { }
v.	Remittances for the { } Collection Period	\$ { }
vi.	Remittances for the { } Collection Period	\$ { }
vii.	Investment Earnings on Capital Subaccount	\$ { }
viii.	Investment Earnings on Excess Funds Subaccount	\$ { }
ix.	Investment Earnings on General Subaccount	\$ { }
x.	General Subaccount Balance (sum of i through ix above)	\$ { }
xi.	Excess Funds Subaccount Balance as of prior Payment Date	\$ { }
xii.	Capital Subaccount Balance as of prior Payment Date	\$ { }
xiii.	Collection Account Balance (sum of xi through xii above)	\$ { }

2. Outstanding Amounts of as of prior Payment Date:

i.	Series A 20[] { } Outstanding Amount	\$ { }
ii.	Series A 20[] { } Outstanding Amount	\$ { }
iii.	Series A 20[] { } Outstanding Amount	\$ { }
iv.	Series A 20[] { } Outstanding Amount	\$ { }
v.	Series A 20[] { } Outstanding Amount	\$ { }
vi.	Aggregate Outstanding Amount of all Series A Bonds	\$ { }

3. Required Funding/Payments as of Current Payment Date:

	Principal	Principal Due
i.	Series A 20[] { }	\$ { }
ii.	Series A 20[] { }	\$ { }
iii.	Series A 20[] { }	\$ { }
iv.	Series A 20[] { }	\$ { }
v.	Series A 20[] { }	\$ { }
vi.	All Series A Bonds	\$ { }

Interest

Tranche	Interest Rate	Days in Interest Period(1)	Principal Balance	Interest Due
vii. Series A 20[] { }	{ }%	{ }	\$ { }	\$ { }
viii. Series A 20[] { }	{ }%	{ }	\$ { }	\$ { }
ix. Series A 20[] { }	{ }%	{ }	\$ { }	\$ { }
x. Series A 20[] { }	{ }%	{ }	\$ { }	\$ { }
xi. Series A 20[] { }	{ }%	{ }	\$ { }	\$ { }
xii.	All Series A Bonds			\$ { }

	Required Level	Funding Required
xiii. Capital Subaccount	\$ { }	\$ { }

4. Allocation of Remittances as of Current Payment Date Pursuant to 8.02(e) of Indenture:

i. Trustee Fees and Expenses; Indemnity Amounts	\$ { }
ii. Servicing Fee	\$ { }
iii. Administration Fee	\$ { }
iv. Operating Expenses	\$ { }

Series A Bonds	Aggregate	Per \$1,000 of Original Principal Amount
v. Semi-Annual Interest (including any past-due for prior periods)		\$ { }
1. Series A 20[] { } Interest Payment	\$ { }	\$ { }
2. Series A 20[] { } Interest Payment	\$ { }	\$ { }
3. Series A 20[] { } Interest Payment	\$ { }	\$ { }
4. Series A 20[] { } Interest Payment	\$ { }	\$ { }
5. Series A 20[] { } Interest Payment	\$ { }	\$ { }
vi. Principal Due and Payable as a Result of an Event of Default or on Final Maturity Date		\$ { }
1. Series A 20[] { } Interest Payment	\$ { }	\$ { }
2. Series A 20[] { } Interest Payment	\$ { }	\$ { }
3. Series A 20[] { } Interest Payment	\$ { }	\$ { }
4. Series A 20[] { } Interest Payment	\$ { }	\$ { }
5. Series A 20[] { } Interest Payment	\$ { }	\$ { }
vii. Semi-Annual Principal		\$ { }
1. Series A 20[] { } Interest Payment	\$ { }	\$ { }
2. Series A 20[] { } Interest Payment	\$ { }	\$ { }

(1)On 30/360 day basis for initial payment date; otherwise use one-half of annual rate.

3. Series A 20[] { }	Interest Payment	\$ { }	\$ { }
4. Series A 20[] { }	Interest Payment	\$ { }	\$ { }
5. Series A 20[] { }	Interest Payment	\$ { }	\$ { }
		\$ { }	
viii. Other unpaid Operating Expenses		\$ { }	
ix. Funding of Capital Subaccount (to required level)		\$ { }	
x. Capital Subaccount Return to Public Service Company of New Mexico		\$ { }	
xi. Deposit to Excess Funds Subaccount		\$ { }	
xii. Released to Issuer upon Retirement of all Series A Bonds		\$ { }	
xiii. Aggregate Remittances as of Current Payment Date		\$ { }	

5. Outstanding Amount and Collection Account Balance as of Current Payment Date (after giving effect to payments to be made on such Payment Date):

i.	Series A 20[] { }	\$ { }
ii.	Series A 20[] { }	\$ { }
iii.	Series A 20[] { }	\$ { }
iv.	Series A 20[] { }	\$ { }
v.	Series A 20[] { }	\$ { }
vi.	Aggregate Outstanding Amount of all Series A Bonds	\$ { }
vii.	Excess Funds Subaccount Balance	\$ { }
viii.	Capital Subaccount Balance	\$ { }
ix.	Aggregate Collection Account Balance	\$ { }

6. Subaccount Withdrawals as of Current Payment Date (if applicable, pursuant to Section 8.02(e) of Indenture):

i.	Excess Funds Subaccount	\$ { }
ii.	Capital Subaccount	\$ { }
iii.	Total Withdrawals	\$ { }

7. Shortfalls in Interest and Principal Payments as of Current Payment Date:

i.	Semi-annual Interest	
	Series A 20[] { } Interest Payment	\$ { }
	Series A 20[] { } Interest Payment	\$ { }
	Series A 20[] { } Interest Payment	\$ { }
	Series A 20[] { } Interest Payment	\$ { }
	Series A 20[] { } Interest Payment	\$ { }
	Total	\$ { }
ii.	Semi-annual Principal	
	Series A 20[] { } Principal Payment	\$ { }
	Series A 20[] { } Principal Payment	\$ { }
	Series A 20[] { } Principal Payment	\$ { }
	Series A 20[] { } Principal Payment	\$ { }
	Series A 20[] { } Principal Payment	\$ { }
	Total	\$ { }

8. Shortfalls in Payment of Return on Invested Capital as of Current Payment Date:

i. Return on Invested Capital \$ { }

9. Shortfalls in Required Subaccount Levels as of Current Payment Date:

i. Capital Subaccount \$ { }

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Semi-Annual Servicer's Certificate this { } day of { }, 20{ }.

**PUBLIC SERVICE COMPANY OF NEW
MEXICO,
as Servicer**

By: _____
Name:
Title:

EXHIBIT D

FORM OF SERVICER CERTIFICATE

See attached

SERVICER CERTIFICATE

The undersigned hereby certifies that the undersigned is the duly elected and acting { } of **PUBLIC SERVICE COMPANY OF NEW MEXICO**, as servicer (the “Servicer”) under the Energy Transition Property Servicing Agreement dated as of [] (the “Servicing Agreement”) by and between the Servicer and [SPE], and further certifies that:

1. The undersigned is responsible for assessing the Servicer’s compliance with the servicing criteria set forth in Item 1122(d) of Regulation AB (the “Servicing Criteria”).

2. With respect to each of the Servicing Criteria, the undersigned has made the following assessment of the Servicing Criteria in accordance with Item 1122(d) of Regulation AB, with such discussion regarding the performance of such Servicing Criteria during the fiscal year covered by the Sponsor’s annual report on Form 10-K:

Regulation AB Reference	Servicing Criteria	Assessment
	General Servicing Considerations	
1122(d)(1)(i)	Policies and procedures are instituted to monitor any performance or other triggers and events of default in accordance with the transaction agreements.	Applicable; assessment below.
1122(d)(1)(ii)	If any material servicing activities are outsourced to third parties, policies and procedures are instituted to monitor the third party’s performance and compliance with such servicing activities.	Not applicable; no servicing activities were outsourced.
1122(d)(1)(iii)	Any requirements in the transaction agreements to maintain a back-up servicer for pool assets are maintained.	Not applicable; transaction agreements do not provide for a back-up servicer.
1122(d)(1)(iv)	A fidelity bond and errors and omissions policy is in effect on the party participating in the servicing function throughout the reporting period in the amount of coverage required by and otherwise in accordance with the terms of the transaction agreements.	Not applicable; transaction agreements do not require a fidelity bond or errors and omissions policy.
1122(d)(1)(v)	Aggregation of information, as applicable, is mathematically accurate and the information conveyed accurately reflects the information.	Applicable
	Cash Collection and Administration	
1122(d)(2)(i)	Payments on pool assets are deposited into the appropriate custodial bank accounts and related bank clearing accounts no more than two business days following receipt, or such other number of days specified in the transaction agreements.	Applicable.
1122(d)(2)(ii)	Disbursements made via wire transfer on behalf of an obligor or to an investor are made only by authorized personnel.	Applicable.

Regulation AB Reference	Servicing Criteria	Assessment
1122(d)(2)(iii)	Advances of funds or guarantees regarding collections, cash flows or distributions, and any interest or other fees charged for such advances, are made, reviewed and approved as specified in the transaction agreements.	Applicable; no advances by the Servicer are permitted under the transaction agreements, except for payments of certain indemnities.
1122(d)(2)(iv)	The related accounts for the transaction, such as cash reserve accounts or accounts established as a form of overcollateralization, are separately maintained (e.g., with respect to commingling of cash) as set forth in the transaction agreements.	Applicable, but no current assessment is required since the related accounts are maintained by the Indenture Trustee.
1122(d)(2)(v)	Each custodial account is maintained at a federally insured depository institution as set forth in the transaction agreements. For purposes of this criterion, “federally insured depository institution” with respect to a foreign financial institution means a foreign financial institution that meets the requirements of Rule 13k-1(b)(1) under the Exchange Act.	Applicable, but no current assessment required; all “custodial accounts” are maintained by the Indenture Trustee.
1122(d)(2)(vi)	Unissued checks are safeguarded so as to prevent unauthorized access.	Not applicable; all payments made by wire transfer.
1122(d)(2)(vii)	Reconciliations are prepared on a monthly basis for all asset-backed securities related bank accounts, including custodial accounts and related bank clearing accounts. These reconciliations are: (A) mathematically accurate; (B) prepared within 30 calendar days after the bank statement cutoff date, or such other number of days specified in the transaction agreements; (C) reviewed and approved by someone other than the person who prepared the reconciliation; and (D) contain explanations for reconciling items. These reconciling items are resolved within 90 calendar days of their original identification, or such other number of days specified in the transaction agreements.	Applicable; assessment below.
1122(d)(3)(i)	<p style="text-align: center;">Investor Remittances and Reporting</p> <p>Reports to investors, including those to be filed with the SEC, are maintained in accordance with the transaction agreements and applicable SEC requirements. Specifically, such reports: (A) are prepared in accordance with timeframes and other terms set forth in the transaction agreements; (B) provide information calculated in accordance with the terms specified in the transaction agreements; (C) are filed with the SEC as required by its rules and regulations; and (D) agree with investors’ or the trustee’s records as to the total unpaid principal balance and number of pool assets serviced by the servicer.</p>	Applicable; assessment below.

Regulation AB Reference	Servicing Criteria	Assessment
1122(d)(3)(ii)	Amounts due to investors are allocated and remitted in accordance with timeframes, distribution priority and other terms set forth in the transaction agreements.	Not applicable; investor records maintained by the Indenture Trustee.
1122(d)(3)(iii)	Disbursements made to an investor are posted within two business days to the servicer's investor records, or such other number of days specified in the transaction agreements.	Applicable.
1122(d)(3)(iv)	Amounts remitted to investors per the investor reports agree with cancelled checks, or other form of payment, or custodial bank statements.	Applicable; assessment below.
Pool Asset Administration		
1122(d)(4)(i)	Collateral or security on pool assets is maintained as required by the transaction agreements or related pool asset documents.	Applicable; assessment below.
1122(d)(4)(ii)	Pool assets and related documents are safeguarded as required by the transaction agreements.	Applicable; assessment below.
1122(d)(4)(iii)	Any additions, removals or substitutions to the asset pool are made, reviewed and approved in accordance with any conditions or requirements in the transaction agreements.	Not applicable; no removals or substitutions of Energy Transition Property are contemplated or allowed under the transaction documents.
1122(d)(4)(iv)	Payments on pool assets, including any payoffs, made in accordance with the related pool asset documents are posted to the servicer's obligor records maintained no more than two business days after receipt, or such other number of days specified in the transaction agreements, and allocated to principal, interest or other items (e.g., escrow) in accordance with the related pool asset agreements.	Applicable; assessment below.
1122(d)(4)(v)	The servicer's records regarding the pool assets agree with the servicer's records with respect to an obligor's unpaid principal balance.	Not applicable; because underlying obligation (Energy Transition Charge) is not an interest-bearing instrument.
1122(d)(4)(vi)	Changes with respect to the terms or status of an obligor's pool assets (e.g., loan modifications or re-agings) are made, reviewed and approved by authorized personnel in accordance with the transaction agreements and related pool asset documents.	Applicable; assessment below.
1122(d)(4)(vii)	Loss mitigation or recovery actions (e.g., forbearance plans, modifications and deeds in lieu of foreclosure, foreclosures and repossessions, as applicable) are initiated, conducted and concluded in accordance with the timeframes or other requirements established by the transaction agreements.	Applicable; limited assessment below. Servicer actions governed by Commission regulations.

Regulation AB Reference	Servicing Criteria	Assessment
1122(d)(4)(viii)	Records documenting collection efforts are maintained during the period a pool asset is delinquent in accordance with the transaction agreements. Such records are maintained on at least a monthly basis, or such other period specified in the transaction agreements, and describe the entity's activities in monitoring delinquent pool assets, including, for example, phone calls, letters and payment rescheduling plans in cases where delinquency is deemed temporary (e.g., illness or unemployment).	Applicable, but does not require assessment since no explicit documentation requirement with respect to delinquent accounts are imposed under the transaction agreements due to availability of "true-up" mechanism; and any such documentation is maintained in accordance with applicable New Mexico commission rules and regulations..
1122(d)(4)(ix)	Adjustments to interest rates or rates of return for pool assets with variable rates are computed based on the related pool asset documents.	Not applicable; Energy Transition Charges are not interest-bearing instruments.
1122(d)(4)(x)	Regarding any funds held in trust for an obligor (such as escrow accounts): (A) such funds are analyzed, in accordance with the obligor's pool asset documents, on at least an annual basis, or such other period specified in the transaction agreements; (B) interest on such funds is paid, or credited, to obligors in accordance with applicable pool asset documents and state laws; and (C) such funds are returned to the obligor within 30 calendar days of full repayment of the related pool assets, or such other number of days specified in the transaction agreements.	Not applicable.
1122(d)(4)(xi)	Payments made on behalf of an obligor (such as tax or insurance payments) are made on or before the related penalty or expiration dates, as indicated on the appropriate bills or notices for such payments, provided that such support has been received by the servicer at least 30 calendar days prior to these dates, or such other number of days specified in the transaction agreements.	Not applicable; Servicer does not make payments on behalf of obligors.
1122(d)(4)(xii)	Any late payment penalties in connection with any payment to be made on behalf of an obligor are paid from the servicer's funds and not charged to the obligor, unless the late payment was due to the obligor's error or omission.	Not applicable; Servicer cannot make advances of its own funds on behalf of customers under the transaction agreements.
1122(d)(4)(xiii)	Disbursements made on behalf of an obligor are posted within two business days to the obligor's records maintained by the servicer, or such other number of days specified in the transaction agreements.	Not applicable; Servicer cannot make advances of its own funds on behalf of customers to pay principal or interest on the bonds.

Regulation AB Reference	Servicing Criteria	Assessment
1122(d)(4)(xiv)	Delinquencies, charge-offs and uncollectible accounts are recognized and recorded in accordance with the transaction agreements.	Applicable; assessment below.
1122(d)(4)(xv)	Any external enhancement or other support, identified in Item 1114(a)(1) through (3) or Item 1115 of Regulation AB, is maintained as set forth in the transaction agreements.	Not applicable; no external enhancement is required under the transaction agreements.

3. To the best of the undersigned's knowledge, based on such review, the Servicer is in compliance in all material respects with the applicable servicing criteria set forth above as of and for the period ended the end of the fiscal year covered by the Issuer's annual report on Form 10-K. {If not true, include description of any material instance of noncompliance.}

4. {[], an independent registered public accounting firm, has issued an attestation report on the Servicer's assessment of compliance with the applicable servicing criteria as of and for the period ended the end of the fiscal year covered by the Issuer's annual report on Form 10-K.}

5. Capitalized terms used but not defined herein have their respective meanings as set forth in the Servicing Agreement.

Executed as of this { } day of { }, 20{ }.

PUBLIC SERVICE COMPANY OF NEW MEXICO,
as Servicer

By: _____
Name:
Title:

EXHIBIT E

FORM OF CERTIFICATE OF COMPLIANCE

See attached

CERTIFICATE OF COMPLIANCE

The undersigned hereby certifies that the undersigned is the duly elected and acting { } of **PUBLIC SERVICE COMPANY OF NEW MEXICO**, as servicer (the “Servicer”) under the Energy Transition Property Servicing Agreement dated as of [] (the “Servicing Agreement”) by and between the Servicer and [SPE], and further certifies that:

1. A review of the activities of the Servicer and of its performance under the Servicing Agreement during the twelve months ended { }, 20{ } has been made under the supervision of the undersigned pursuant to Section 3.03 of the Servicing Agreement.

2. To the undersigned’s knowledge, based on such review, the Servicer has fulfilled all of its obligations in all material respects under the Servicing Agreement throughout the twelve months ended { }, 20{ }, except as set forth on EXHIBIT A hereto.

Executed as of this { } day of { }, 20{ }.

**PUBLIC SERVICE COMPANY OF NEW
MEXICO,
as Servicer**

By: _____
Name:
Title:

EXHIBIT A
TO
CERTIFICATE OF COMPLIANCE

LIST OF SERVICER DEFAULTS

The following Servicer Defaults, or events that with the giving of notice, the lapse of time, or both, would become Servicer Defaults, known to the undersigned occurred during the twelve months ended { }, 20{ }:

Nature of Default	Status
{ }	{ }

EXHIBIT F

EXPECTED SINKING FUND SCHEDULE

See Attached

EXPECTED SINKING FUND SCHEDULE

Outstanding Principal Balance Per Series A Bond

[illegible]

Draft Form of Administration Agreement

PNM Exhibit EAE-7

Is contained in the following 7 pages.

**DRAFT FORM OF
ADMINISTRATION AGREEMENT**

This ADMINISTRATION AGREEMENT, dated as of [●], 20[●], is entered into by and between Public Service Company of New Mexico, a New Mexico corporation, as administrator, and [SPE], LLC, a Delaware limited liability company.

Capitalized terms used but not otherwise defined in this Administration Agreement shall have the respective meanings given to such terms in Appendix A of the Indenture dated as of the date hereof (as amended, modified or supplemented from time to time in accordance with the provisions thereof, the "Indenture"), between the [SPE] and the [TRUSTEE]. Not all terms defined in Appendix A of the Indenture are used in this Administration Agreement. The rules of construction set forth in Appendix A of the Indenture shall apply to this Administration Agreement.

W I T N E S S E T H:

WHEREAS, the Issuer is issuing Series A Energy Transition Bonds pursuant to the Indenture and the Series Supplement dated the date hereof;

WHEREAS, the Issuer has entered into certain agreements in connection with the issuance of Energy Transition Bonds, including (a) the Indenture, (b) the Servicing Agreement for the Series A Energy Transition Bonds, (c) the Sale Agreement for the Series A Energy Transition Bonds and (d) the other Basic Documents to which the Issuer is a party relating to the Series A Energy Transition Bonds;

WHEREAS, pursuant to the Basic Documents, the Issuer is required to perform certain duties in connection with the Basic Documents, the Series A Energy Transition Bonds and the Series Collateral pledged to the Indenture Trustee pursuant to the Indenture and Series Supplement dated the date hereof;

WHEREAS, pursuant to the Indenture, the Issuer may issue Additional Series of Energy Transition Bonds, whereby the Issuer would be required to perform certain duties in connection with the Basic Documents, the Additional Series of Energy Transition Bonds and the Collateral pledged to the Indenture Trustee for such Series pursuant to the Indenture and applicable Series Supplement(s);

WHEREAS, the Issuer has no employees, other than its officers and managers, and does not intend to hire any employees, and consequently desires to have the Administrator perform certain of the duties of the Issuer referred to above and to provide such additional services consistent with the terms of this Administration Agreement and the other Basic Documents as the Issuer may from time to time request; and

WHEREAS, the Administrator has the capacity to provide the services and the facilities required thereby and is willing to perform such services and provide such facilities for the Issuer on the terms set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Duties of the Administrator; Management Services. The Administrator hereby agrees to provide the following corporate management services to the Issuer and to cause third parties to provide professional services required for or contemplated by such services in accordance with the provisions of this Administration Agreement:

(a) furnish the Issuer with ordinary clerical, bookkeeping and other corporate administrative services necessary and appropriate for the Issuer, including the following services:

(i) maintain at the Premises general accounting records of the Issuer (the "Account Records"), subject to year-end audit, in accordance with generally accepted accounting principles, separate and apart from its own accounting records, prepare or cause to be prepared such quarterly and annual financial statements as may be necessary or appropriate and arrange for year-end audits of the Issuer's financial statements by the Issuer's independent accountants;

(ii) prepare and, after execution by the Issuer, file with the SEC and any applicable state agencies documents required to be filed by the Issuer with the SEC and any applicable state agencies, including periodic reports required to be filed under the Exchange Act;

(iii) prepare for execution by the Issuer and cause to be filed such income, franchise or other tax returns of the Issuer as shall be required to be filed by applicable law (the "Tax Returns") and cause to be paid on behalf of the Issuer from the Issuer's funds any taxes required to be paid by the Issuer under applicable law;

(iv) prepare or cause to be prepared for execution by the Issuer's Managers minutes of the meetings of the Issuer's Managers and such other documents deemed appropriate by the Issuer to maintain the separate limited liability company existence and good standing of the Issuer (the "Company Minutes") or otherwise required under the Basic Documents (together with the Account Records, the Tax Returns, the Company Minutes, the LLC Agreement and the Certificate of Formation, the "Issuer Documents") and any other documents deliverable by the Issuer thereunder or in connection therewith; and

(v) hold, maintain and preserve at the Premises (or such other place as shall be required by any of the Basic Documents) executed copies (to the extent applicable) of the Issuer Documents and other documents executed by the Issuer thereunder or in connection therewith;

(b) take such actions on behalf of the Issuer as are necessary or desirable for the Issuer to keep in full effect its existence, rights and franchises as a limited liability company under the laws of the State of Delaware and obtain and preserve its qualification to do business in each jurisdiction in which it becomes necessary to be so qualified;

(c) take such actions on the behalf of the Issuer as are necessary for the issuance and delivery of Energy Transition Bonds;

(d) provide for the performance by the Issuer of its obligations under each of the Basic Documents, and prepare, or cause to be prepared, all documents, reports, filings, instruments, notices, certificates and opinions that it shall be the duty of the Issuer to prepare, file or deliver pursuant to the Basic Documents;

(e) to the full extent allowable under applicable law, enforce each of the rights of the Issuer under the Basic Documents, at the direction of the Indenture Trustee;

(f) provide for the defense, at the direction of the Issuer's Managers, of any action, suit or proceeding brought against the Issuer or affecting the Issuer or any of its assets;

(g) provide office space (the "Premises") for the Issuer and such reasonable ancillary services as are necessary to carry out the obligations of the Administrator hereunder, including telecopying, duplicating and word processing services;

(h) undertake such other administrative services as may be appropriate, necessary or requested by the Issuer; and

(i) provide such other services as are incidental to the foregoing or as the Issuer and the Administrator may agree.

In providing the services under this Section 1 and as otherwise provided under this Administration Agreement, the Administrator will not knowingly take any actions on behalf of the Issuer that (i) the Issuer is prohibited from taking under the Basic Documents, or (ii) would cause the Issuer to be in violation of any U.S. federal, state or local law or the LLC Agreement.

In performing its duties hereunder, the Administrator shall use the same degree of care and diligence that the Administrator exercises with respect to performing such duties for its own account and, if applicable, for others.

Section 2. Compensation. As compensation for the performance of the Administrator's obligations under this Administration Agreement (including the compensation of Persons serving as Manager(s), other than the Independent Manager(s), and officers of the Issuer, but, for the avoidance of doubt, excluding the performance by PNM of its obligations in its capacity as Servicer), the Administrator shall be entitled to \$50,000 annually (the "Administration Fee"), payable by the Issuer in full on the first Payment Date following the issuance of the Series A Energy Transition Bonds and every second Payment Date thereafter. In addition, the Administrator shall be entitled to be reimbursed by the Issuer for all costs and expenses of services performed by unaffiliated third parties and actually incurred by the Administrator in connection with the performance of its obligations under this Administration Agreement in accordance with Section 3 (but, for the avoidance of doubt, excluding any such costs and expenses incurred by PNM in its capacity as Servicer), to the extent that such costs and expenses are supported by invoices or other customary documentation and are reasonably allocated to the Issuer ("Reimbursable Expenses").

Section 3. Third Party Services. Any services required for or contemplated by the performance of the above-referenced services by the Administrator to be provided by unaffiliated third parties (including independent accountants' fees and counsel fees) may, if provided for or otherwise contemplated by the Financing Order or a Subsequent Financing Order and if the Issuer deems it necessary or desirable, be arranged by the Issuer or by the Administrator at the direction (which may be general or specific) of the Issuer. Costs and expenses associated with the contracting for such third-party professional services may be paid directly by the Issuer or paid by the Administrator and reimbursed by the Issuer in accordance with Section 2, or otherwise as the Administrator and the Issuer may mutually arrange.

Section 4. Additional Information to be Furnished to the Issuer. The Administrator shall furnish to the Issuer from time to time such additional information regarding the Series Collateral or the Collateral, as applicable, as the Issuer shall reasonably request.

Section 5. Independence of the Administrator. For all purposes of this Administration Agreement, the Administrator shall be an independent contractor and shall not be subject to the supervision of the Issuer with respect to the manner in which it accomplishes the performance of its obligations hereunder. Unless expressly authorized by the Issuer, the Administrator shall have no authority, and shall not hold itself out as having the authority, to act for or represent the Issuer in any way and shall not otherwise be deemed an agent of the Issuer.

Section 6. No Joint Venture. Nothing contained in this Administration Agreement (a) shall constitute the Administrator and the Issuer as partners or co-members of any partnership, joint venture, association, syndicate, unincorporated business or other separate entity, (b) shall be construed to impose any liability as such on either of them or (c) shall be deemed to confer on either of them any express, implied or apparent authority to incur any obligation or liability on behalf of the other.

Section 7. Other Activities of Administrator. Nothing herein shall prevent the Administrator or any of its members, managers, officers, employees or affiliates from engaging in other businesses or, in its sole discretion, from acting in a similar capacity as an administrator for any other Person even though such Person may engage in business activities similar to those of the Issuer.

Section 8. Term of Agreement; Resignation and Removal of Administrator.

(a) This Administration Agreement shall continue in force until the payment in full of all Series of Energy Transition Bonds and any other amount that may become due and payable under the Indenture, upon which event this Administration Agreement shall automatically terminate.

(b) Subject to Section 8(e) and Section 8(f), the Administrator may resign its duties hereunder by providing the Issuer and the Rating Agencies with at least 60 days' prior written notice.

(c) Subject to Section 8(e) and Section 8(f), the Issuer may remove the Administrator without cause by providing the Administrator and the Rating Agencies with at least 60 days' prior written notice.

(d) Subject to Section 8(e) and Section 8(f), at the sole option of the Issuer, the Administrator may be removed immediately upon written notice of termination from the Issuer to the Administrator and the Rating Agencies if any of the following events shall occur:

(i) the Administrator shall default in the performance of any of its duties under this Administration Agreement and, after notice of such default, shall fail to cure such default within ten days (or, if such default cannot be cured in such time, shall (A) fail to give within ten days such assurance of cure as shall be reasonably satisfactory to the Issuer and (B) fail to cure such default within 30 days thereafter);

(ii) a court of competent jurisdiction shall enter a decree or order for relief, and such decree or order shall not have been vacated within 60 days, in respect of the Administrator in any involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or such court shall appoint a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for the Administrator or any substantial part of its property or order the winding-up or liquidation of its affairs; or

(iii) the Administrator shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, shall consent to the entry of an order for relief in an involuntary case under any such law, shall consent to the appointment

of a receiver, liquidator, assignee, trustee, custodian, sequestrator or similar official for the Administrator or any substantial part of its property, shall consent to the taking of possession by any such official of any substantial part of its property, shall make any general assignment for the benefit of creditors or shall fail generally to pay its debts as they become due.

The Administrator agrees that if any of the events specified in Section 8(d)(ii) or Section 8(d)(iii) shall occur, it shall give written notice thereof to the Issuer and the Indenture Trustee as soon as practicable but in any event within seven days after the happening of such event.

(e) No resignation or removal of the Administrator pursuant to this Section 8 shall be effective until a successor Administrator has been appointed by the Issuer, the Rating Agency Condition shall have been satisfied with respect to the proposed appointment, and such successor Administrator has agreed in writing to be bound by the terms of this Administration Agreement in the same manner as the Administrator is bound hereunder.

(f) The appointment of any successor Administrator shall be effective only after satisfaction of the Rating Agency Condition with respect to the proposed appointment.

Section 9. Action upon Termination, Resignation or Removal. Promptly upon the effective date of termination of this Administration Agreement pursuant to Section 8(a), the resignation of the Administrator pursuant to Section 8(b) or the removal of the Administrator pursuant to Section 8(c) or Section 8(d), the Administrator shall be entitled to be paid a pro-rated portion of the annual fee described in Section 2 through the date of termination and all Reimbursable Expenses incurred by it through the date of such termination, resignation or removal. The Administrator shall forthwith upon such termination pursuant to Section 8(a) deliver to the Issuer all property and documents of or relating to the Collateral then in the custody of the Administrator. In the event of the resignation of the Administrator pursuant to Section 8(b) or the removal of the Administrator pursuant to Section 8(c) or Section 8(d), the Administrator shall cooperate with the Issuer and take all reasonable steps requested to assist the Issuer in making an orderly transfer of the duties of the Administrator.

Section 10. Administrator's Liability. Except as otherwise provided herein, the Administrator assumes no liability other than to render or stand ready to render the services called for herein, and neither the Administrator nor any of its members, managers, officers, employees or affiliates shall be responsible for any action of the Issuer or any of the members, managers, officers, employees or affiliates of the Issuer (other than the Administrator itself). The Administrator shall not be liable for nor shall it have any obligation with regard to any of the liabilities, whether direct or indirect, absolute or contingent, of the Issuer or any of the members, managers, officers, employees or affiliates of the Issuer (other than the Administrator itself).

Section 11. Indemnity.

(a) Subject to the priority of payments set forth in the Indenture, the Issuer shall indemnify the Administrator and its shareholders, directors, officers, employees and affiliates against all losses, claims, damages, penalties, judgments, liabilities and expenses (including all expenses of litigation or preparation therefor whether or not the Administrator is a party thereto) that any of them may pay or incur arising out of or relating to this Administration Agreement and the services called for herein; provided, however, that such indemnity shall not apply to any such loss, claim, damage, penalty, judgment, liability or expense resulting from the Administrator's gross negligence or willful misconduct in the performance of its obligations hereunder.

(b) The Administrator shall indemnify the Issuer and its members, managers, officers and employees against all losses, claims, damages, penalties, judgments, liabilities and expenses (including all expenses of litigation or preparation therefor whether or not the Issuer is a party thereto) that any of them may incur as a result of the Administrator's gross negligence or willful misconduct in the performance of its obligations hereunder.

Section 12. Notices. Any notice, report or other communication given hereunder shall be in writing and shall be effective (i) upon receipt when sent through the mails, registered or certified mail, return receipt requested, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt, (ii) upon receipt when sent by an overnight courier, (iii) on the date personally delivered to an authorized officer of the party to which sent or (iv) on the date transmitted by facsimile or other electronic transmission with a confirmation of receipt in all cases, addressed as follows:

(a) if to the Issuer, to [SPE], LLC, at 414 Silver Ave. SW, Albuquerque, New Mexico 87102-3289, Attention: [●], Telephone: [●];

(b) if to the Administrator, to Public Service Company of New Mexico, at 414 Silver Ave. SW, Albuquerque, New Mexico 87102-3289, Attention: [●], Telephone: [●]; and

(c) if to the Indenture Trustee, to the Corporate Trust Office.

Each party hereto may, by notice given in accordance herewith to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications shall be sent.

Section 13. Amendments.

(a) This Administration Agreement may be amended from time to time by a written amendment duly executed and delivered by each of the Issuer and the Administrator, with the prior written consent of the Indenture Trustee, the satisfaction of the Rating Agency Condition; provided, that any such amendment may not adversely affect the interest of any Holder in any material respect without the consent of the Holders of a majority of the outstanding principal amount of all Energy Transition Bonds. Promptly after the execution of any such amendment or consent, the Issuer shall furnish copies of such amendment or consent to each of the Rating Agencies.

Section 14. Successors and Assigns. This Administration Agreement may not be assigned by the Administrator unless such assignment is previously consented to in writing by the Issuer and the Indenture Trustee and subject to the satisfaction of the Rating Agency Condition in connection therewith. Any assignment with such consent and satisfaction, if accepted by the assignee, shall bind the assignee hereunder in the same manner as the Administrator is bound hereunder. Notwithstanding the foregoing, this Administration Agreement may be assigned by the Administrator without the consent of the Issuer or the Indenture Trustee and without satisfaction of the Rating Agency Condition to a corporation or other organization that is a successor (by merger, reorganization, consolidation or purchase of assets) to the Administrator, including any Permitted Successor; provided, that such successor or organization executes and delivers to the Issuer an agreement in which such corporation or other organization agrees to be bound hereunder by the terms of said assignment in the same manner as the Administrator is bound hereunder. Subject to the foregoing, this Administration Agreement shall bind any successors or assigns of the parties hereto. Upon satisfaction of all of the conditions of this Section 14, the preceding Administrator shall automatically and without further notice be released from all of its obligations hereunder.

Section 15. Governing Law. This Administration Agreement shall be construed in accordance with the laws of the State of New Mexico, without reference to its conflict of law provisions, and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws.

Section 16. Counterparts. This Administration Agreement may be executed in counterparts, each of which when so executed shall be an original, but all of which together shall constitute but one and the same Administration Agreement.

Section 17. Severability. Any provision of this Administration Agreement that is prohibited or unenforceable in any jurisdiction shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 18. Nonpetition Covenant. Notwithstanding any prior termination of this Administration Agreement, the Administrator covenants that it shall not, prior to the date that is one year and one day after payment in full of all Energy Transition Bonds, acquiesce, petition or otherwise invoke or cause the Issuer to invoke the process of any court or government authority for the purpose of commencing or sustaining an involuntary case against the Issuer under any U.S. federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Issuer or any substantial part of its property or ordering the winding up or liquidation of the affairs of the Issuer.

Section 19. Assignment to Indenture Trustee. The Administrator hereby acknowledges and consents to any mortgage, pledge, assignment and grant of a security interest by the Issuer to the Indenture Trustee for the benefit of the Secured Parties pursuant to the Indenture of any or all of the Issuer's rights hereunder and the assignment of any or all of the Issuer's rights hereunder to the Indenture Trustee for the benefit of the Secured Parties.

{REMAINDER OF PAGE INTENTIONALLY LEFT BLANK}

IN WITNESS WHEREOF, the parties have caused this Administration Agreement to be duly executed and delivered as of the day and year first above written.

[SPE], LLC,
as Issuer

By: _____
Name:
Title:

PUBLIC SERVICE COMPANY OF NEW
MEXICO,
as Administrator

By: _____
Name:
Title:

Signature Page to Administration Agreement

Draft Form of Amended and Restated LLC Agreement for SPE

PNM Exhibit EAE-8

Is contained in the following 39 pages.

DRAFT FORM OF

AMENDED AND RESTATED

LIMITED LIABILITY COMPANY AGREEMENT

OF

[SPE], LLC

Dated and Effective as of

[●], 20[●]

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AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT OF
[SPE], LLC

This AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT (this “Agreement”) of [SPE], LLC, a Delaware limited liability company (the “Company”), is made and entered into as of [●], 20[●] by PUBLIC SERVICE COMPANY OF NEW MEXICO, a New Mexico corporation (including any additional or successor members of the Company other than Special Members, the “Member”).

WHEREAS, the Member has caused to be filed a Certificate of Formation with the Secretary of State of the State of Delaware to form the Company under and pursuant to the LLC Act and has entered into a Limited Liability Company Agreement of the Company, dated as of [●], 20[●] (the “Original LLC Agreement”); and

WHEREAS, in accordance with the LLC Act, the Member desires to enter into this Agreement to amend and restate in its entirety the Original LLC Agreement and to set forth the rights, powers and interests of the Member with respect to the Company and its Membership Interest therein and to provide for the management of the business and operations of the Company.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the Member, intending to be legally bound, hereby agrees to amend and restate in its entirety the Original LLC Agreement as follows:

ARTICLE I

GENERAL PROVISIONS

SECTION 1.01. Definitions.

(a) Unless otherwise defined herein or in Appendix A attached hereto, capitalized terms used herein shall have the meanings assigned to them in Appendix A to the Indenture dated as of the date hereof (as amended, modified or supplemented from time to time in accordance with the provisions thereof, the “Indenture”), between the [SPE] and the [TRUSTEE].

(b) All terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein.

(c) The words “hereof,” “herein,” “hereunder” and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement; Article, Section, Schedule, Exhibit, Annex and Attachment references contained in this Agreement are references to Articles, Sections, Schedules, Exhibits, Annexes and Attachments in or to this Agreement unless otherwise specified; and the terms “includes” and “including” shall mean “includes without limitation” and “including without limitation”, respectively.

(d) The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms.

(e) Non-capitalized terms used herein which are defined in the LLC Act, shall, as the context requires, have the meanings assigned to such terms in the LLC Act as of the date hereof, but without giving effect to amendments to the LLC Act.

SECTION 1.02. Sole Member; Registered Office and Agent.

(a) The initial sole member of the Company shall be Public Service Company of New Mexico, a New Mexico corporation, or any successor as sole member pursuant to Sections 1.02(c), 6.06 and 6.07. The registered office and registered agent of the Company in the State of Delaware shall be **[The Corporation Trust Company, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801]**. The Member may change said registered office and agent from one location to another in the State of Delaware. The Member shall provide notice of any such change to the Indenture Trustee.

(b) Upon the occurrence of any event that causes the Member to cease to be a member of the Company (other than upon continuation of the Company without dissolution upon the transfer or assignment by the Member of all of its limited liability company interest in the Company and the admission of the transferee or an additional member of the Company pursuant to Sections 1.02(c), 6.06 and 6.07), each Person acting as an Independent Manager (as defined herein) pursuant to the terms of this Agreement shall, without any action of any Person and simultaneously with the Member ceasing to be a member of the Company, automatically be admitted to the Company as a Special Member and shall continue the Company without dissolution. No Special Member may resign from the Company or transfer its rights as Special Member unless (i) a successor Special Member has been admitted to the Company as Special Member by executing a counterpart to this Agreement, and (ii) such successor has also accepted its appointment as an Independent Manager pursuant to this Agreement; provided, however, the Special Members shall automatically cease to be members of the Company upon the admission to the Company of a substitute Member. Each Special Member shall be a member of the Company that has no interest in the profits, losses and capital of the Company and has no right to receive any distributions of Company assets (and no Special Member shall be treated as a member of the Company for federal income tax purposes). Pursuant to Section 18-301 of the LLC Act, a Special Member shall not be required to make any capital contributions to the Company and shall not receive a limited liability company interest in the Company. A Special Member, in its capacity as Special Member, may not bind the Company. Except as required by any mandatory provision of the LLC Act, each Special Member, in its capacity as Special Member, shall have no right to vote on, approve or otherwise consent to any action by, or matter relating to, the Company, including the merger, consolidation or conversion of the Company. In order to implement the admission to the Company of each Special Member, each Person acting as an Independent Manager pursuant to this Agreement shall execute a counterpart to this Agreement. Prior to its admission to the Company as Special Member, each Person acting as an Independent Manager pursuant to this Agreement shall not be a member of the Company. A "Special Member" means, upon such Person's admission to the Company as a member of the Company pursuant to this Section 1.02(b), a Person acting as an Independent Manager, in such Person's capacity as a member of the Company. A Special Member shall only have the rights and duties expressly set forth in this Agreement. For purposes of this Agreement, a Special Member is not included within the defined term "Member".

(c) The Company may admit additional Members (as distinguished from a transferee admitted pursuant to Sections 6.06 and 6.07) pursuant to with the affirmative vote of a majority of the Managers, which vote must include the affirmative vote of each Independent Manager. Notwithstanding the preceding sentence, it shall be a condition to the admission of any additional

Member that the sole Member shall have received an opinion of outside tax counsel (as selected by the Member in form and substance reasonably satisfactory to the Member and the Indenture Trustee) that the admission of such additional Member shall not cause the Company to be treated, for federal income tax purposes, as having more than a "sole owner" and that the Company shall not be treated, for federal income tax purposes, as an entity separate from such "sole owner".

SECTION 1.03.Other Offices. The Company may have an office at 414 Silver Ave. SW Albuquerque, New Mexico, 87102-3289, or at any other offices that may at any time be established by the Member at any place or places within or outside the State of Delaware. The Member shall provide notice to the Indenture Trustee of any change in the location of the Company's office

SECTION 1.04.Name. The name of the Company shall be "[SPE], LLC". The name of the Company may be changed from time to time by the Member with ten (10) days' prior written notice to the Managers and the Indenture Trustee, and the filing of an appropriate amendment to the Certificate of Formation with the Secretary of State as required by the LLC Act.

SECTION 1.05.Purpose; Nature of Business Permitted; Powers. The Company is intended to qualify as an "Assignee" as defined in Section 2(B) of the Energy Transition Act. The purposes for which the Company is formed are limited to:

(a) acquire, own, hold, administer, service or enter into agreements regarding the receipt and servicing of one or more Energy Transition Properties and the other Energy Transition Bond Collateral, along with certain other related assets;

(b) manage, sell, assign, pledge, collect amounts due on or otherwise deal with the Energy Transition Properties and the other Energy Transition Bond Collateral and related assets to be so acquired in accordance with the terms of the Basic Documents;

(c) negotiate, authorize, execute, deliver, assume the obligations under, and perform its duties under, the Basic Documents and any other agreement or instrument or document relating to the activities set forth in clauses (a) and (b) above; provided, that each party to any such agreement under which material obligations are imposed upon the Company shall covenant that it shall not, prior to the date which is one year and one day after the date on which all Energy Transition Bonds have been paid in full in accordance with their terms and all other amounts owing in connection therewith have been paid in full by the Company, acquiesce, petition or otherwise invoke or cause the Company to invoke the process of any court or Governmental Authority for the purpose of commencing or sustaining an involuntary case against the Company under any federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Company or any substantial part of the property of the Company; or ordering the winding up or liquidation of the affairs of the Company; and provided, further, that the Company shall be permitted to incur additional indebtedness or other liabilities payable to service providers and trade creditors in the ordinary course of business in connection with the foregoing activities;

(d) file with the U.S. Securities and Exchange Commission one or more registration statements, including any pre-effective or post-effective amendments thereto and any registration statement filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended (including any prospectus supplement, prospectus and exhibits contained therein), and file such applications, reports, surety bonds, irrevocable consents, appointments of attorney for service of process and other papers and documents necessary or desirable to register one or more series of Energy Transition Bonds under the securities or "Blue Sky" laws of various jurisdictions;

(e) authorize, execute, deliver, issue and register one or more series of Energy Transition Bonds;

(f) make payments on the Energy Transition Bonds;

(g) pledge its interest in Energy Transition Properties and other Energy Transition Bond Collateral to the Indenture Trustee under the Indenture in order to secure the respective series of Energy Transition Bonds; and

(h) engage in any lawful act or activity and exercise any powers permitted to limited liability companies formed under the laws of the State of Delaware that, in either case, are incidental to, or necessary, suitable or convenient for the accomplishment of the above-mentioned purposes.

The Company shall engage only in any activities related to the foregoing purposes or required or authorized by the terms of the Basic Documents or other agreements referenced above. The Company shall have all powers reasonably incidental, necessary, suitable or convenient to effect the foregoing purposes, including all powers granted under the LLC Act. The Company, the Member, any Manager (other than an Independent Manager), or any officer of the Company, acting singly or collectively, on behalf of the Company, may enter into and perform the Basic Documents and all registration statements, underwriting agreements, documents, agreements, certificates or financing statements contemplated thereby or related thereto, all without any further act, vote or approval of any Member, Manager or other Person, notwithstanding any other provision of this Agreement, the LLC Act, or other applicable law, rule or regulation. Notwithstanding any other provision of this Agreement, the LLC Act or other applicable law, any Basic Document executed prior to the date hereof by any Member, Manager or officer on behalf of the Company is hereby ratified and approved in all respects. The authorization set forth in the two preceding sentences shall not be deemed a restriction on the power and authority of the Member or any Manager, including any Independent Manager, to enter into other agreements or documents on behalf of the Company as authorized pursuant to this Agreement and the LLC Act. The Company shall possess and may exercise all the powers and privileges granted by the LLC Act or by any other law or by this Agreement, together with any powers incidental thereto, insofar as such powers and privileges are incidental, necessary, suitable or convenient to the conduct, promotion or attainment of the business purposes or activities of the Company.

SECTION 1.06. Initial Issuance of Energy Transition Bonds. It is anticipated that the Company's first issuance of Energy Transition Bonds will be a series issued pursuant to the Financing Order filed by the Commission on [●], 20[●].

SECTION 1.07. Additional Issuances of Energy Transition Bonds. The Company may issue one or more additional series of Energy Transition Bonds pursuant to the Financing Order filed by the Commission on [●], 20[●]. The Company also may issue one or more additional series of Energy Transition Bonds if authorized pursuant to a Financing Order adopted in the future by the Commission. Such additional series of Energy Transition Bonds shall be referred to as "Additional Issuances."

(a) Each series of Energy Transition Bonds will be secured by separate Energy Transition Property and other Energy Transition Bond Collateral. Energy Transition Property which is pledged to secure one series of Energy Transition Bonds shall not be pledged to secure any other series of Energy Transition Bonds.

(b) The Company shall not issue any Additional Issuance unless the Rating Agency Condition set forth in the Basic Documents for any outstanding series of Energy Transition Bonds has been satisfied.

(c) The following additional conditions must be satisfied in connection with any Additional Issuance:

- (i) the Additional Issuance shall receive a rating or ratings as required by the applicable Financing Order;
- (ii) each Additional Issuance shall have recourse only to the Energy Transition Bond Collateral pledged in connection with such Additional Issuance, shall be nonrecourse to any of the Company's other assets and shall not constitute a claim against the Company if cash flow from the pledged Energy Transition Bond Collateral is insufficient to pay such Additional Issuance in full;
- (iii) the Company has delivered to the Indenture Trustee an Opinion of Counsel of a nationally recognized firm experienced in such matters to the effect that after such issuance, in the opinion of such counsel, if the Member were to become a debtor in a case under the United States Bankruptcy Code (Title 11, U.S.C.), a federal court exercising bankruptcy jurisdiction and exercising reasonable judgment after full consideration of all relevant factors would not order substantive consolidation of the assets and liabilities of the Company with those of the bankruptcy estate of the Member, subject to the customary exceptions, qualifications and assumptions contained therein;
- (iv) the Company has delivered to the Indenture Trustee a statement that the Energy Transition Bonds issued pursuant to such Additional Issuance shall have the benefit of a true-up mechanism;
- (v) the transaction documentation for such Additional Issuance provides that holders of the Energy Transition Bonds of such Additional Issuance will not file or join in the filing of any bankruptcy petition against the Company;
- (vi) if the holders of the Energy Transition Bonds of any Additional Issuance are deemed to have any interest in any of the Energy Transition Bond Collateral pledged under the applicable Indenture (other than Energy Transition Bond Collateral pledged with respect to such Additional Issuance), the holders of such Energy Transition Bonds must agree that any such interest is subordinate to the claims and rights of the Holders of such other related series of Energy Transition Bonds;
- (vii) the Additional Issuance shall have its own bank accounts or trust accounts; and
- (viii) the Additional Issuance shall bear its own trustees fees and servicer fees, except that the allocation of such fees with respect to any Additional

Issuance shall be governed by the terms of the Indenture and the Servicing Agreement.

SECTION 1.08. Limited Liability Company Agreement; Certificate of Formation. This Agreement shall constitute a “limited liability company agreement” within the meaning of the LLC Act. [●], as an authorized person within the meaning of the LLC Act, has caused a certificate of formation of the Company to be executed and filed in the office of the Secretary of State on [●], 20[●] (such execution and filing being hereby ratified and approved in all respects). The existence of the Company as a separate legal entity shall continue until the cancellation of the Certificate of Formation of the Company as provided in the LLC Act.

SECTION 1.09. Separate Existence. Except for financial reporting purposes (to the extent required by generally accepted accounting principles) and for federal income tax purposes and, to the extent consistent with applicable state tax law, state income and franchise tax purposes, the Member and the Managers shall take all steps necessary to continue the identity of the Company as a separate legal entity and to make it apparent to third Persons that the Company is an entity with assets and liabilities distinct from those of the Member, Affiliates of the Member or any other Person, and that, the Company is not a division of any of the Affiliates of the Company or any other Person. In that regard, and without limiting the foregoing in any manner, the Company shall:

- (a) allocate fairly and reasonably shares expenses, including shared office space;
- (b) maintain the assets of the Company in such a manner that it is not costly or difficult to segregate, identify or ascertain its individual assets from those of any other Person, including any Affiliate;
- (c) conduct all transactions with Affiliates on a basis consistent with an arm’s-length basis;
- (d) not guarantee, become obligated for or pay the debts of any Affiliate or hold the credit of the Company out as being available to satisfy the obligations of any Affiliate or other Person (nor, except as contemplated in the Basic Documents, indemnify any Person for losses resulting therefrom), nor, except as contemplated in the Basic Documents, have any of its obligations guaranteed by any Affiliate or hold the Company out as responsible for the debts of any Affiliate or other Person or for the decisions or actions with respect to the business and affairs of any Affiliate, nor seek or obtain credit or incur any obligation to any third party based upon the creditworthiness or assets of any Affiliate or any other Person (i.e. other than based on the assets of the Company) nor allow any Affiliate to do such things based on the credit of the Company;
- (e) except as expressly otherwise permitted hereunder or under any of the Basic Documents, not permit the commingling or pooling of the Company’s funds or other assets with the funds or other assets of any Affiliate;
- (f) maintain separate deposit and other bank accounts and funds (separately identifiable from those of the Member or any other Person) to which no Affiliate has any access (except PNM in its capacity as Servicer, Administrator or Sponsor), which accounts shall be maintained in the name and, to the extent not inconsistent with applicable federal tax law, with the tax identification number of the Company;

(g) maintain full books of accounts and records (financial or other) and financial statements separate from those of its Affiliates or any other Person, prepared and maintained in accordance with generally accepted accounting principles (including, all resolutions, records, agreements or instruments underlying or regarding the transactions contemplated by the Basic Documents or otherwise) and audited annually by an independent accounting firm which shall provide such audit to the Indenture Trustee;

(h) pay its own liabilities out of its own funds, including fees and expenses of the Administrator pursuant to the Administration Agreement and the Servicer pursuant to any Servicing Agreement;

(i) not hire or maintain any employees, but shall compensate (either directly or through reimbursement of the Company's allocable share of any shared expenses) all consultants, agents and Affiliates, to the extent applicable, for services provided to the Company by such consultants, agents or Affiliates, in each case, from the Company's own funds;

(j) allocate fairly and reasonably the salaries of and the expenses related to providing the benefits of officers or managers shared with the Member, any Special Member or any Manager;

(k) allocate fairly and reasonably any overhead shared with the Member, any Special Member or any Manager;

(l) pay from its own bank accounts for accounting and payroll services, rent, lease and other expenses (or the Company's allocable share of any such amounts provided by one or more other Affiliates) and not have such operating expenses (or the Company's allocable share thereof) paid by any Affiliates; provided, that the Member shall be permitted to pay the initial organization expenses of the Company and certain of the expenses related to the transactions contemplated by the Basic Documents as provided therein;

(m) maintain adequate capitalization to conduct its business and affairs considering the Company's size and the nature of its business and intended purposes and, after giving effect to the transactions contemplated by the Basic Documents, refrain from engaging in a business for which its remaining property represents an unreasonably small capital;

(n) conduct all of the Company's business (whether in writing or orally) solely in the name of the Company through the Member and the Company's Managers, officers and agents and hold the Company out as an entity separate from any Affiliate;

(o) not make or declare any distributions of cash or property to the Member except in accordance with appropriate limited liability company formalities and only consistent with sound business judgment to the extent that it is permitted pursuant to the Basic Documents and not violative of any applicable law;

(p) otherwise practice and adhere to all limited liability company procedures and formalities to the extent required by this Agreement or all other appropriate constituent documents and the laws of its state of formation and all other appropriate jurisdictions;

(q) not appoint an Affiliate or any employee of an Affiliate as an agent of the Company, except as otherwise permitted in the Basic Documents (although such Persons can qualify as a Manager or as an officer of the Company);

(r) not acquire obligations or securities of or make loans or advances to or pledge its assets for the benefit of any Affiliate, the Member or any Affiliate of the Member (other than the Company);

(s) except as expressly provided in the Basic Documents, not permit the Member or any Affiliate to guarantee, pay or become liable for the debts of the Company nor permit any such Person to hold out its creditworthiness as being available to pay the liabilities and expenses of the Company nor, except for the indemnities in this Agreement and the Basic Documents, indemnify any Person for losses resulting therefrom;

(t) maintain separate minutes of the actions of the Member and the Managers, in their capacities as such, including actions with respect to the transactions contemplated by the Basic Documents;

(u) cause (i) all written and oral communications, including letters, invoices, purchase orders, and contracts, of the Company to be made solely in the name of the Company, (ii) the Company to have its own tax identification number (to the extent not inconsistent with applicable federal tax law), stationery, checks and business forms, separate from those of any Affiliate, (iii) all Affiliates not to use the stationery or business forms of the Company, and cause the Company not to use the stationery or business forms of any Affiliate, and (iv) all Affiliates not to conduct business in the name of the Company, and cause the Company not to conduct business in the name of any Affiliate;

(v) direct creditors of the Company to send invoices and other statements of account of the Company directly to the Company and not to any Affiliate and cause the Affiliates to direct their creditors not to send invoices and other statements of accounts of such Affiliates to the Company;

(w) cause the Member to maintain as official records all resolutions, agreements, and other instruments underlying or regarding the transactions contemplated by the Basic Documents;

(x) disclose, and cause the Member to disclose, in its financial statements the effects of all transactions between the Member and the Company in accordance with generally accepted accounting principles, and in a manner which makes it clear that (i) the Company is a separate legal entity, (ii) the assets of the Company (including any Energy Transition Property transferred to the Company pursuant to a Sale Agreement) are not assets of any Affiliate and are not available to pay creditors of any Affiliate and (iii) neither the Member nor any other Affiliate is liable or responsible for the debts of the Company;

(y) treat and cause the Member to treat the transfer of Energy Transition Property from the Member to the Company as a sale under the Energy Transition Act;

(z) except as described herein with respect to tax purposes and financial reporting, describe and cause each Affiliate to describe the Company, and hold the Company out as a separate legal entity and not as a division or department of any Affiliate, and promptly correct any known misunderstanding regarding the Company's identity separate from any Affiliate or any other Person;

(aa) so long as any Energy Transition Bonds of any series are outstanding, treat the Energy Transition Bonds as debt for all purposes and specifically as debt of the Company, other than for financial reporting, state or federal regulatory or tax purposes;

(bb) solely for purposes of federal taxes and, to the extent consistent with applicable state, local and other tax law, solely for purposes of state, local and other taxes, so long as any Energy Transition Bonds of a series are outstanding, treat the Energy Transition Bonds of that series as indebtedness of the Member secured by the applicable Energy Transition Bond Collateral unless otherwise required by appropriate taxing authorities;

(cc) file its own tax returns, if any, as may be required under applicable law, to the extent (i) not part of a consolidated group filing a consolidated return or returns or (ii) not treated as a division or disregarded entity for tax purposes of another taxpayer, and pay any taxes so required to be paid under applicable law;

(dd) maintain its valid existence in good standing under the laws of the State of Delaware and maintain its qualification to do business under the laws of such other jurisdictions as its operations require;

(ee) not form, or cause to be formed, any subsidiaries;

(ff) comply with all laws applicable to the transactions contemplated by this Agreement and the Basic Documents;

(gg) cause the Member to observe in all material respects all limited liability company procedures and formalities, if any, required by this Agreement, the laws of the State of Delaware and all other appropriate jurisdictions;

(hh) except as provided in Section 7.6, at all times have at least one Independent Manager;

(ii) not, directly or indirectly, engage in any business or activity other than the transactions contemplated by this Agreement and the Basic Documents; and

(jj) not make or permit to remain outstanding any loan or advance to, or own or acquire any stock or securities of, any Person, other than as contemplated in this Agreement and the Basic Documents.

SECTION 1.10. Limitation on Certain Activities. Notwithstanding any other provisions of this Agreement, the Company, and the Member or Managers on behalf of the Company, shall not:

(a) engage in any business or activity other than as set forth in Section 1.05 hereof;

(b) without the affirmative vote of the Member and the affirmative vote of all of the Managers, including any Independent Manager, file a voluntary petition for relief under the Bankruptcy Code or similar law, consent to the institution of insolvency or bankruptcy proceedings against the Company or otherwise institute insolvency or bankruptcy proceedings with respect to the Company or take any company action in furtherance of any such filing or institution of a proceeding;

(c) without the affirmative vote of all Managers, including any Independent Manager, and then only to the extent permitted by the Basic Documents, convert, merge or consolidate with any other Person or sell all or substantially all of its assets or acquire all or substantially all of the assets or capital stock or other ownership interest of any other Person;

(d) take any action, file any tax return, or make any election inconsistent with the treatment of the Company, for purposes of federal income taxes and, to the extent consistent with applicable state tax law, state income and franchise tax purposes, as a disregarded entity that is not separate from the Member;

(e) incur any indebtedness or assume or guarantee any indebtedness of any Person (other than the indebtedness incurred under the Basic Documents);

(f) issue any bonds other than Energy Transition Bonds contemplated by the Basic Documents; or

(g) to the fullest extent permitted by law, without the affirmative vote of its Member and the affirmative vote of all Managers, including each Independent Manager, execute any dissolution, liquidation, or winding up of the Company.

So long as any of the Energy Transition Bonds are outstanding, the Company and the Member shall give written notice to each applicable Rating Agency of any action described in clause (b), (c) or (g) of this Section 1.10 which is taken by or on behalf of the Company with the required affirmative vote of the Member and all Managers as therein described.

SECTION 1.11. No State Law Partnership. No provisions of this Agreement shall be deemed or construed to constitute a partnership (including a limited partnership) or joint venture, or the Member a partner or joint venturer of or with any Manager or the Company, for any purposes.

ARTICLE II

CAPITAL

SECTION 2.01. Initial Capital. The initial capital of the Company shall be the sum of cash contributed to the Company by the Member (the "Capital Contribution") in the amount set out opposite the name of the Member on Schedule A hereto, as amended from time to time and incorporated herein by this reference.

SECTION 2.02. Additional Capital Contributions. The assets of the Company are expected to generate a return sufficient to satisfy all obligations of the Company under this Agreement and the other Basic Documents and any other obligations of the Company. It is expected that no capital contributions to the Company will be necessary except in connection with the purchase from time-to-time of Energy Transition Properties. On or prior to the date of issuance of a series of Energy Transition Bonds, the Member shall make an additional contribution to the Company in an amount equal to at least 0.50% of the initial principal amount of such series of Energy Transition Bonds or such greater amount as agreed to by the Member in connection with the issuance by the Company of the series of Energy Transition Bonds, which amount the Company shall deposit into the Capital Subaccount established by the Indenture Trustee as provided in the applicable Indenture. No capital contribution by the Member to the Company will be made for the purpose of mitigating losses on any Energy Transition Property that has previously been transferred to the Company, and all capital contributions shall be made in accordance with all applicable limited liability company procedures and requirements, including proper record keeping by the Member and the Company. Each capital contribution will be acknowledged by a written receipt signed by any one of the Managers. The Managers acknowledge and agree that, notwithstanding anything in this Agreement to the contrary, such additional contribution will be managed by an investment manager selected by the Indenture Trustee who shall invest such amounts only in investments eligible pursuant to

the Basic Documents, and all income earned thereon shall be allocated or paid by the Indenture Trustee in accordance with the provisions of the Indenture.

SECTION 2.03. Capital Account. A Capital Account shall be established and maintained for the Member on the Company's books (the "Capital Account"). An additional, separate Capital Account may be established and maintained pursuant to each Series Supplement, as necessary.

SECTION 2.04. Interest on Capital Account. Except for the Return on Invested Capital, no interest shall be paid or credited to the Member on its Capital Account or upon any undistributed profits left on deposit with the Company. Except as provided herein or by law, the Member shall have no right to demand or receive the return of its Capital Contribution.

ARTICLE III

ALLOCATIONS; BOOKS

SECTION 3.01. Allocations of Income and Loss.

(a) Book Allocations. The net income and net loss of the Company shall be allocated entirely to the Member.

(b) Tax Allocations. Because the Company is not making (and will not make) an election to be treated as an association taxable as a corporation under Section 301.7701-3(a) of the Treasury Regulations, and because the Company is a business entity that has a single owner and is not a corporation, it is expected to be disregarded as an entity separate from its owner for federal income tax purposes under Section 301.7701-3(b)(1) of the Treasury Regulations. Accordingly, all items of income, gain, loss, deduction and credit of the Company for all taxable periods will be treated for federal income tax purposes, and for state and local income and other tax purposes to the extent permitted by applicable law, as realized or incurred directly by the Member. To the extent not so permitted, all items of income, gain, loss, deduction and credit of the Company shall be allocated entirely to the Member as permitted by applicable tax law, and the Member shall pay (or indemnify the Company, the Indenture Trustee and each of their officers, managers, employees or agents for, and defend and hold harmless each such person from and against its payment of) any taxes levied or assessed upon all or any part of the Company's property or assets based on existing law as of the date hereof, including any sales, gross receipts, general corporation, personal property, privilege, franchise or license taxes (but excluding any taxes imposed as a result of a failure of such Person to properly withhold or remit taxes imposed with respect to payments on any Energy Transition Bond). The Indenture Trustee (on behalf of the Secured Parties) shall be a third party beneficiary of the Member's obligations set forth in this Section 3.01, it being understood that Holders shall be entitled to enforce their rights against the Member under this Section 3.01 solely through a cause of action brought for their benefit by the Indenture Trustee.

SECTION 3.02. Company to be Disregarded for Tax Purposes. The Company shall comply with the applicable provisions of the Code and the applicable Treasury Regulations thereunder in the manner necessary to effect the intention of the parties that the Company be treated, for federal income tax purposes, as a disregarded entity that is not separate from the Member pursuant to Treasury Regulations Section 301.7701-1 et seq. and that the Company be accorded such treatment until its dissolution pursuant to Article IX hereof and shall take all actions, and shall refrain from taking any action, required by the Code or Treasury Regulations thereunder in order to maintain such status of the Company. In addition, for federal income tax purposes, the Company may not claim any credit on, or make any deduction from

the principal or premium, if any, or interest payable in respect of, the Energy Transition Bonds (other than amounts properly withheld from such payments under the Code or other tax laws) or assert any claim against any present or former Holder by reason of the payment of the taxes levied or assessed upon any part of the Energy Transition Bond Collateral.

SECTION 3.03. Books of Account. At all times during the continuance of the Company, the Company shall maintain or cause to be maintained full, true, complete and correct books of account in accordance with generally accepted accounting principles, using the fiscal year and taxable year of the Member. In addition, the Company shall keep all records required to be kept pursuant to the LLC Act.

SECTION 3.04. Access to Accounting Records. All books and records of the Company shall be maintained at any office of the Company or at the Company's principal place of business, and the Member, and its duly authorized representative, shall have access to them at such office of the Company and the right to inspect and copy them at reasonable times.

SECTION 3.05. Annual Tax Information. The Managers shall cause the Company to deliver to the Member all information necessary for the preparation of the Member's federal income tax return.

SECTION 3.06. Internal Revenue Service Communications. The Member shall communicate and negotiate with the Internal Revenue Service on any federal tax matter on behalf of the Member and the Company.

ARTICLE IV

MEMBER

SECTION 4.01. Powers. Subject to the provisions of this Agreement and the LLC Act, all powers shall be exercised by or under the authority of, and the business and affairs of the Company shall be controlled by, the Member pursuant to Section 4.04. The Member may delegate any or all such powers to the Managers. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the Member shall have the following powers:

(a) To select and remove the Managers and all officers and agents of the Company, prescribe such powers and duties for them as may be consistent with the LLC Act and other applicable law and this Agreement, fix their compensation, and require from them security for faithful service; provided, that, except as provided in Section 7.06, at all times the Company shall have at least one Independent Manager. Prior to issuance of any Energy Transition Bonds, the Member shall appoint at least one Independent Manager. An "Independent Manager" means an individual who (1) has prior experience as an independent director, independent manager or independent member, (2) is employed by a nationally-recognized company that provides professional independent managers and other corporate services in the ordinary course of its business, (3) is duly appointed as an Independent Manager and (4) is not and has not been for at least five years from the date of his or her or its appointment, and will not while serving as Independent Manager, be any of the following:

- (i) a member, partner, equity holder, manager, director, officer, agent, consultant, attorney, accountant, advisor or employee of the Company or any of its equityholders or Affiliates (other than as an independent director, independent manager or special member of the Company or an Affiliate of the Company that is not in the direct chain of ownership of the Company and that is required by a creditor to be a single purpose

bankruptcy remote entity); provided, that the indirect or beneficial ownership of stock of the Member or its Affiliates through a mutual fund or similar diversified investment vehicle with respect to which the owner does not have discretion or control over the investments held by such diversified investment vehicle shall not preclude such owner from being an Independent Manager;

- (ii) a creditor, supplier or service provider (including provider of professional services) to the Company, the Member or any of their respective equityholders or Affiliates (other than a nationally-recognized company that routinely provides professional Independent Managers and other corporate services to the Company, the Member or any of its Affiliates in the ordinary course of its business);
- (iii) a family member of any of the foregoing; or
- (iv) a Person that controls (whether directly, indirectly or otherwise) any of (i), (ii) or (iii) above.

A natural person who otherwise satisfies the foregoing definition and satisfies subparagraph (i) by reason of being the independent manager or independent director of a “special purpose entity” affiliated with the Company shall be qualified to serve as an Independent Manager of the Company, provided that the fees that such individual earns from serving as an independent manager or independent director of affiliates of the Company in any given year constitute in the aggregate less than five percent (5%) of such individual’s annual income for that year. For purposes of this paragraph, a “special purpose entity” is an entity, whose organizational documents contain restrictions on its activities and impose requirements intended to preserve such entity’s separateness that are substantially similar to the Special Purpose Provisions (as hereinafter defined) of this Agreement.

The Company shall pay each Independent Manager annual fees totaling not more than \$5,000 per year (the “Independent Manager Fee”). Such fees shall be determined without regard to the income of the Company, shall not be deemed to constitute distributions to the recipient of any profit, loss or capital of the Company and shall be considered a fixed Operating Expense of the Company. Each Manager, including each Independent Manager, is hereby deemed to be a “manager” within the meaning of Section 18-101(10) of the LLC Act.

Promptly following any resignation or replacement of any Independent Manager, the Member shall give written notice to each applicable Rating Agency and to the Indenture Trustee of any such resignation or replacement.

(b) Subject to Sections 1.09 and 1.10 and Article VII hereof, to conduct, manage and control the affairs and business of the Company, and to make such rules and regulations therefor consistent with the LLC Act and other applicable law and this Agreement.

(c) To change the registered agent and office of the Company in Delaware from one location to another; to fix and locate from time to time one or more other offices of the Company; and to designate any place within or without the State of Delaware for the conduct of the business of the Company.

SECTION 4.02. Compensation of Member. To the extent permitted by applicable law and the Basic Documents, the Company shall have authority to reimburse the Member for out-of-pocket expenses incurred by the Member in connection with its service to the Company. It is understood that the compensation paid to the Member under the provisions of this Section 4.02 shall be determined without regard to the income of the Company, shall not be deemed to constitute distributions to the recipient of any profit, loss or capital of the Company and shall be considered an Ongoing Financing Cost of the Company subject to the limitations on such expenses set forth in the Financing Order.

SECTION 4.03. Other Ventures. Notwithstanding any duties (including fiduciary duties) otherwise existing at law or in equity, it is expressly agreed that the Member, the Managers and any Affiliates, officers, directors, managers, stockholders, partners or employees of the Member, may engage in other business ventures of any nature and description, whether or not in competition with the Company, independently or with others, and the Company shall not have any rights in and to any independent venture or activity or the income or profits derived therefrom.

SECTION 4.04. Actions by the Member. All actions of the Member may be taken by written resolution of the Member which shall be signed on behalf of the Member by an authorized officer of the Member and filed with the records of the Company.

ARTICLE V

OFFICERS

SECTION 5.01. Designation; Term; Qualifications.

(a) Officers. Subject to the last sentence of this Section 5.01(a) the Managers may, from time to time, designate one or more Persons to be officers of the Company. Any officer so designated shall have such title and authority and perform such duties as the Managers may, from time to time, delegate to them. Each officer shall hold office for the term for which such officer is designated and until its successor shall be duly designated and shall qualify or until its death, resignation or removal as provided in this Agreement. Any Person may hold any number of offices. No officer need be a Manager, the Member, a Delaware resident, or a United States citizen. The Member hereby appoints the Persons identified on Schedule C to be the officers of the Company.

(b) President. The President shall be the chief executive officer of the Company, shall preside at all meetings of the Managers, shall be responsible for the general and active management of the business of the Company and shall see that all orders and resolutions of the Managers are carried into effect. The President or any other officer authorized by the President or the Managers may execute all contracts, except: (i) where required or permitted by law or this Agreement to be otherwise signed and executed, including Section 1.10; and (ii) where signing and execution thereof shall be expressly delegated by the Managers to some other officer or agent of the Company.

(c) Vice President. In the absence of the President or in the event of the President's inability to act, the Vice President, if any (or in the event there be more than one Vice President, the Vice Presidents in the order designated by the Managers, or in the absence of any designation, then in the order of their election), shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice Presidents, if any, shall perform such other duties and have such other powers as the Managers may from time to time prescribe.

(d) Secretary and Assistant Secretary. The Secretary shall be responsible for filing legal documents and maintaining records for the Company. The Secretary shall attend all meetings of the Managers and record all the proceedings of the meetings of the Company and of the Managers in a book to be kept for that purpose and shall perform like duties for the standing committees when required. The Secretary shall give, or shall cause to be given, notice of all meetings of the Member, if any, and special meetings of the Managers, and shall perform such other duties as may be prescribed by the Managers or the President, under whose supervision the Secretary shall serve. The Assistant Secretary, or if there be more than one, the Assistant Secretaries in the order determined by the Managers (or if there be no such determination, then in order of their designation), shall, in the absence of the Secretary or in the event of the Secretary's inability to act, perform the duties and exercise the powers of the Secretary and shall perform such other duties and have such other powers as the Managers may from time to time prescribe.

(e) Treasurer and Assistant Treasurer. The Treasurer shall have the custody of the Company funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Company and shall deposit all moneys and other valuable effects in the name and to the credit of the Company in such depositories as may be designated by the Manager. The Treasurer shall disburse the funds of the Company as may be ordered by the Manager, taking proper vouchers for such disbursements, and shall render to the President and to the Managers, at its regular meetings or when the Managers so require, an account of all of the Treasurer's transactions and of the financial condition of the Company. The Assistant Treasurer, or if there shall be more than one, the Assistant Treasurers in the order determined by the Managers (or if there be no such determination, then in the order of their designation), shall, in the absence of the Treasurer or in the event of the Treasurer's inability to act, perform the duties and exercise the powers of the Treasurer and shall perform such other duties and have such other powers as the Managers may from time to time prescribe.

(f) Officers as Agents. The officers of the Company, to the extent their powers as set forth in this Agreement or otherwise vested in them by action of the Managers are not inconsistent with this Agreement, are agents of the Company for the purpose of the Company's business and, subject to Section 1.10, the actions of the officers taken in accordance with such powers shall bind the Company.

(g) Duties of Managers and Officers. Except to the extent otherwise provided herein, each Manager (other than an Independent Manager) and officer of the Company shall have a fiduciary duty of loyalty and care similar to that of directors and officers of business corporations organized under the General Corporation Law of the State of Delaware.

SECTION 5.02. Removal and Resignation. Any officer of the Company may be removed as such, with or without cause, by the Managers at any time. Any officer of the Company may resign as such at any time upon written notice to the Company. Such resignation shall be made in writing and shall take effect at the time specified therein or, if no time is specified therein, at the time of its receipt by the Managers.

SECTION 5.03. Vacancies. Any vacancy occurring in any office of the Company may be filled by the Managers.

SECTION 5.04. Compensation. The compensation, if any, of the officers of the Company shall be fixed from time to time by the Managers. Such compensation shall be determined without regard to the income of the Company, shall not be deemed to constitute distributions to the recipient of any profit, loss or capital of the Company, shall be payable only to the extent permitted by the Basic Documents and

shall be considered a fixed Operating Expense of the Company subject to the limitations on such expenses set forth in the Financing Order.

ARTICLE VI

MEMBERSHIP INTEREST

SECTION 6.01. General. “Membership Interest” means the limited liability company interest of the Member in the Company. The Membership Interest constitutes personal property and, subject to Section 6.06, shall be freely transferable and assignable in whole but not in part upon registration of such transfer and assignment on the books of the Company in accordance with the procedures established for such purpose by the Managers of the Company.

SECTION 6.02. Distributions. The Member shall be entitled to receive, out of the assets of the Company legally available therefor, distributions payable in cash in such amounts, if any, as the Managers shall declare. Notwithstanding any provision to the contrary contained in this Agreement, the Company shall not make a distribution to the Member on account of its interest in the Company if such distribution would violate the LLC Act or any other applicable law or any Basic Document.

SECTION 6.03. Rights on Liquidation, Dissolution or Winding Up.

(a) In the event of any liquidation, dissolution or winding up of the Company, the Member shall be entitled to all remaining assets of the Company available for distribution to the Member after satisfaction (whether by payment or reasonable provision for payment) of all liabilities, debts and obligations of the Company.

(b) Neither the sale of all or substantially all of the property or business of the Company, nor the merger or consolidation of the Company into or with another Person or other entity, shall be deemed to be a dissolution, liquidation or winding up, voluntary or involuntary, for the purpose of this Section 6.03.

SECTION 6.04. Redemption. The Membership Interest shall not be redeemable.

SECTION 6.05. Voting Rights. Subject to the terms of this Agreement, the Member shall have the sole right to vote on all matters as to which members of a limited liability company shall be entitled to vote pursuant to the LLC Act and other applicable law.

SECTION 6.06. Transfer of Membership Interests.

(a) The Member may transfer its Membership Interest, in whole but not in part, but the transferee shall not be admitted as a Member except in accordance with Section 6.07. Until the transferee is admitted as a Member, the Member shall continue to be the sole member of the Company (subject to Section 1.02) and to be entitled to exercise any rights or powers of a Member of the Company with respect to the Membership Interest transferred.

(b) To the fullest extent permitted by law, any purported transfer of any Membership Interest in violation of the provisions of this Agreement shall be wholly void and shall not effectuate the transfer contemplated thereby. Notwithstanding anything contained herein to the contrary and to the fullest extent permitted by law, the Member may not transfer any Membership Interest in violation of any provision of this Agreement or any Basic Document or in violation of any applicable federal or state securities laws.

SECTION 6.07. Admission of Transferee as Member.

(a) A transferee of a Membership Interest desiring to be admitted as a Member must execute a counterpart of, or an agreement adopting, this Agreement and, except as permitted by paragraph (b) below, shall not be admitted without unanimous affirmative vote of the Managers, which vote must include the affirmative vote of any Independent Manager. Upon admission of the transferee as a Member, the transferee shall have the rights, powers and duties and shall be subject to the restrictions and liabilities of the Member under this Agreement and the LLC Act. The transferee shall also be liable, to the extent of the Membership Interest transferred, for the unfulfilled obligations, if any, of the transferor Member to make capital contributions to the Company, but shall not be obligated for liabilities unknown to the transferee at the time such transferee was admitted as a Member and that could not be ascertained from this Agreement. Except as set forth in paragraph (b) below, whether or not the transferee of a Membership Interest becomes a Member, the Member transferring the Membership Interest is not released from any liability to the Company under this Agreement or the LLC Act.

(b) The approval of the Managers, including any Independent Manager, shall not be required for the transfer of the Membership Interest from the Member to any successor pursuant to Section 5.02 of a Sale Agreement or the admission of such Person as a Member. Once the transferee of a Membership Interest pursuant to this paragraph (b) becomes a Member, the prior Member shall cease to be a member of the Company and shall be released from any liability to the Company under this Agreement and the LLC Act.

ARTICLE VII

MANAGERS

SECTION 7.01. Managers.

(a) Subject to Section 1.09 and 1.10, the business and affairs of the Company shall be managed by or under the direction of two or more Managers designated by the Member. Subject to the terms of this Agreement, the Member may determine at any time in its sole and absolute discretion the number of Managers. Subject in all cases to the terms of this Agreement, the authorized number of Managers may be increased or decreased by the Member at any time in its sole and absolute discretion, upon notice to all Managers; provided, that, except as provided in Section 7.06, at all times the Company shall have at least one Independent Manager. The initial number of Managers shall be three, one of which shall be an Independent Manager. Each Manager designated by the Member shall hold office until a successor is elected and qualified or until such Manager's earlier death, resignation, expulsion or removal. Each Manager shall execute and deliver the Management Agreement in the form attached hereto as Exhibit A. Managers need not be a Member. The initial Managers designated by the Member are listed on Schedule B hereto.

(b) Each Manager shall be designated by the Member and shall hold office for the term for which designated and until a successor has been designated.

(c) The Managers shall be obliged to devote only as much of their time to the Company's business as shall be reasonably required in light of the Company's business and objectives. Subject to Section 7.02, a Manager shall perform his or her duties as a Manager in good faith, in a manner he or she reasonably believes to be in the best interests of the Company,

and with such care as an ordinarily prudent Person in a like position would use under similar circumstances.

(d) Except as otherwise provided in this Agreement, the Managers shall act by the affirmative vote of a majority of the Managers. Each Manager shall have the authority to sign duly authorized agreements and other instruments on behalf of the Company without the joinder of any other Manager.

(e) Subject to the terms of this Agreement, any action may be taken by the Managers without a meeting and without prior notice if authorized by the written consent of a majority of the Managers (or such greater number as is required by this Agreement), which written consent shall be filed with the records of the Company.

(f) Every Manager is an agent of the Company for the purpose of its business, and the act of every Manager, including the execution in the Company name of any instrument for carrying on the business of the Company, binds the Company, unless such act is in contravention of this Agreement or unless the Manager so acting otherwise lacks the authority to act for the Company and the Person with whom he or she is dealing has knowledge of the fact that he or she has no such authority.

(g) To the extent permitted by law, the Managers shall not be personally liable for the Company's debts, obligations or liabilities.

SECTION 7.02. Powers of the Managers. Subject to the terms of this Agreement, the Managers shall have the right and authority to take all actions which the Managers deem incidental, necessary, suitable or convenient for the day-to-day management and conduct of the Company's business.

An Independent Manager may not delegate his, her or its duties, authorities or responsibilities hereunder. If any Independent Manager resigns, dies or becomes incapacitated, or such position is otherwise vacant, no action requiring the unanimous affirmative vote of the Managers shall be taken until a successor Independent Manager is appointed by the Member and qualifies and approves such action.

To the fullest extent permitted by law, including Section 18-1101(c) of the LLC Act, and notwithstanding any duty otherwise existing at law or in equity, the Independent Managers shall consider only the interests of the Company, including its creditors, in acting or otherwise voting on the matters referred to in Section 1.10. Except for duties to the Company as set forth in the immediately preceding sentence (including duties to the Member and the Company's creditors solely to the extent of their respective economic interests in the Company but excluding (i) all other interests of the Member, (ii) the interests of other Affiliates of the Company, and (iii) the interests of any group of Affiliates of which the Company is a part), the Independent Managers shall not have any fiduciary duties to the Member, any Manager or any other Person bound by this Agreement; provided, however, the foregoing shall not eliminate the implied contractual covenant of good faith and fair dealing. To the fullest extent permitted by law, including Section 18-1101(e) of the LLC Act, an Independent Manager shall not be liable to the Company, the Member or any other Person bound by this Agreement for breach of contract or breach of duties (including fiduciary duties), unless the Independent Manager acted in bad faith or engaged in willful misconduct.

No Independent Manager shall at any time serve as trustee in bankruptcy for any Affiliate of the Company.

Subject to the terms of this Agreement, the Managers may exercise all powers of the Company and do all such lawful acts and things as are not prohibited by the LLC Act, other applicable law or this Agreement directed or required to be exercised or done by the Member. All duly authorized instruments, contracts, agreements and documents providing for the acquisition or disposition of property of the Company shall be valid and binding on the Company if executed by one or more of the Managers.

Notwithstanding the terms of Section 7.01, 7.07 or 7.09 or any provision of this Agreement to the contrary, (x) no meeting or vote with respect to any action described in clause (b), (c) or (g) of Section 1.10 or any amendment to any of the Special Purpose Provisions (as hereinafter defined) shall be conducted unless any Independent Manager is present and (y) neither the Company nor the Member, any Manager or any officer on behalf of the Company shall (i) take any action described in clause (b), (c) or (g) of Section 1.10 unless the Independent Manager(s) has consented thereto or (ii) adopt any amendment to any of the Special Purpose Provisions unless the Independent Manager(s) has consented thereto. The vote or consent of an Independent Manager with respect to any such action or amendment shall not be dictated by the Member or any other Manager or officer of the Company.

SECTION 7.03.Compensation. To the extent permitted by applicable law and the Basic Documents, the Company may reimburse any Manager, directly or indirectly, for out-of-pocket expenses incurred by such Manager in connection with its services rendered to the Company. Such compensation shall be determined by the Managers without regard to the income of the Company, shall not be deemed to constitute distributions to the recipient of any profit, loss or capital of the Company and shall be considered a fixed Operating Expense of the Company subject to the limitations on such expenses set forth in the Financing Order.

SECTION 7.04.Removal of Managers.

(a) Subject to Section 4.01, the Member may remove any Manager with or without cause at any time.

(b) Subject to Section 4.01 and 7.05, any removal of a Manager shall become effective on such date as may be specified by the Member and in a notice delivered to any remaining Managers or the Manager designated to replace the removed Manager (except that it shall not be effective on a date earlier than the date such notice is delivered to the remaining Managers or the Manager designated to replace the removed Manager). Should a Manager be removed who is also the Member, the Member shall continue to participate in the Company as the Member and receive its share of the Company's income, gains, losses, deductions and credits pursuant to this Agreement.

SECTION 7.05.Resignation of Manager. A Manager other than an Independent Manager may resign as a Manager at any time by thirty (30) days' prior notice to the Member. An Independent Manager may not withdraw or resign as a Manager of the Company without the consent of the Member. No resignation or removal of an Independent Manager, and no appointment of a successor Independent Manager, shall be effective until such successor (i) shall have accepted his or her appointment as an Independent Manager by a written instrument, which may be a counterpart signature page to the Management Agreement in the form attached hereto as Exhibit A, and (ii) shall have executed a counterpart to this Agreement.

SECTION 7.06.Vacancies.

(a) Subject to Section 4.01, any vacancies among the Managers may be filled by the Member. In the event of a vacancy in the position of Independent Manager, the Member shall, as soon as practicable, appoint a successor Independent Manager.

(b) Notwithstanding anything to the contrary contained in this Agreement, no Independent Manager shall be removed or replaced unless the Company provides the Indenture Trustee with no less than two (2) Business Days' prior written notice of (a) any proposed removal of such Independent Manager, and (b) the identity of the proposed replacement Independent Manager, together with a certification that such replacement satisfies the requirements for an Independent Manager set forth in this Agreement.

SECTION 7.07. Meetings of the Managers. The Managers may hold meetings, both regular and special, within or outside the State of Delaware. Regular meetings of the Managers may be held without notice at such time and at such place as shall from time to time be determined by the Managers. Special meetings of the Managers may be called by the President on not less than one day's notice to each Manager by telephone, facsimile, mail, telegram or any other means of communication, and special meetings shall be called by the President or Secretary in like manner and with like notice upon the written request of any one or more of the Managers.

SECTION 7.08. Electronic Communications. Managers, or any committee designated by the Managers, may participate in meetings of the Managers, or any committee, by means of telephone conference or similar communications equipment that allows all Persons participating in the meeting to hear each other, and such participation in a meeting shall constitute presence in Person at the meeting. If all the participants are participating by telephone conference or similar communications equipment, the meeting shall be deemed to be held at the principal place of business of the Company.

SECTION 7.09. Committees of Managers.

(a) The Managers may, by resolution passed by a majority of the Managers, designate one or more committees, each committee to consist of one or more of the Managers. The Managers may designate one or more Managers as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee.

(b) In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such members constitute a quorum, may unanimously appoint another Manager to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Managers, shall have and may exercise all the powers and authority of the Managers in the management of the business and affairs of the Company. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Managers. Each committee shall keep regular minutes of its meetings and report the same to the Managers when required.

SECTION 7.10. Limitations on Independent Managers. All right, power and authority of each Independent Manager shall be limited to the extent necessary to exercise those rights and perform those duties specifically set forth in this Agreement.

ARTICLE VIII

EXPENSES

SECTION 8.01. Expenses. Except as otherwise provided in this Agreement or the other Basic Documents, the Company shall be responsible for all expenses and the allocation thereof including without limitation:

- (a) all expenses incurred by the Member or its Affiliates in organizing the Company;
- (b) all expenses related to the business of the Company and all routine administrative expenses of the Company, including the maintenance of books and records of the Company, and the preparation and dispatch to the Member of checks, financial reports, tax returns and notices required pursuant to this Agreement;
- (c) all expenses incurred in connection with any litigation or arbitration involving the Company (including the cost of any investigation and preparation) and the amount of any judgment or settlement paid in connection therewith;
- (d) all expenses for indemnity or contribution payable by the Company to any Person;
- (e) all expenses incurred in connection with the collection of amounts due to the Company from any Person;
- (f) all expenses incurred in connection with the preparation of amendments to this Agreement;
- (g) all expenses incurred in connection with the liquidation, dissolution and winding up of the Company; and
- (h) all expenses otherwise allocated in good faith to the Company by the Managers.

ARTICLE IX

PERPETUAL EXISTENCE; DISSOLUTION, LIQUIDATION AND WINDING-UP

SECTION 9.01. Existence.

(a) The Company shall have a perpetual existence. So long as any of the Energy Transition Bonds are outstanding, the Member shall not be entitled to consent to the dissolution of the Company.

(b) Notwithstanding any provision of this Agreement, the Bankruptcy of the Member or Special Member will not cause such Member or Special Member, respectively, to cease to be a member of the Company, and upon the occurrence of such an event, the business of the Company shall continue without dissolution. For purposes of this Section 9.01(b), "Bankruptcy" means, with respect to any Person (A) if such Person (i) makes an assignment for the benefit of creditors, (ii) files a voluntary petition in bankruptcy, (iii) is adjudged a bankrupt or insolvent, or has entered against it an order for relief, in any bankruptcy or insolvency proceedings, (iv) files a petition or answer seeking for itself any reorganization, arrangement, composition, readjustment,

liquidation or similar relief under any statute, law or regulation, (v) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against it in any proceeding of this nature, or (vi) seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator of the Person or of all or any substantial part of its properties, or (B) if 120 days after the commencement of any proceeding against the Person seeking reorganization, arrangement, composition, readjustment, liquidation or similar relief under any statute, law or regulation, if the proceeding has not been dismissed or if within 90 days after the appointment without such Person's consent or acquiescence of a trustee, receiver or liquidator of such Person or of all or any substantial part of its properties, the appointment is not vacated or stayed, or within 90 days after the expiration of any such stay, the appointment is not vacated. The foregoing definition of "Bankruptcy" is intended to replace and shall supersede and replace the definition of "Bankruptcy" set forth in Sections 18-101(1) and 18-304 of the LLC Act. Upon the occurrence of any event that causes the last remaining member of the Company to cease to be a member of the Company or that causes the Member to cease to be a member of the Company (other than upon continuation of the Company without dissolution upon an assignment by the Member of all of its limited liability company interest in the Company and the admission of the transferee pursuant to Sections 6.06 and 6.07), to the fullest extent permitted by law, the personal representative of such member is hereby authorized to, and shall, within ninety (90) days after the occurrence of the event that terminated the continued membership of such member in the Company, agree in writing (i) to continue the Company and (ii) to the admission of the personal representative or its nominee or designee, as the case may be, as a substitute member of the Company, effective as of the occurrence of the event that terminated the continued membership of the last remaining member of the Company or the Member in the Company.

SECTION 9.02. Dissolution. The Company shall be dissolved and its affairs shall be wound up upon the occurrence of the earliest of the following events:

- (a) subject to Section 1.10, the election to dissolve the Company made in writing by the Member and each Manager, including each Independent Manager, as permitted under the Basic Documents and after the discharge in full of all Energy Transition Bonds;
- (b) the termination of the legal existence of the last remaining member of the Company or the occurrence of any event that causes the last remaining member of the Company to cease to be a member of the Company unless the business of the Company is continued without dissolution in a manner permitted by the LLC Act or this Agreement; or
- (c) the entry of a decree of judicial dissolution of the Company pursuant to Section 18-802 of the LLC Act.

SECTION 9.03. Accounting. In the event of the dissolution, liquidation and winding-up of the Company, a proper accounting shall be made of the Capital Account of the Member and of the net income or net loss of the Company from the date of the last previous accounting to the date of dissolution.

SECTION 9.04. Certificate of Cancellation. As soon as possible following the occurrence of any of the events specified in Section 9.02 and the completion of the winding up of the Company, the Person winding up the business and affairs of the Company, as an authorized person, shall cause to be executed a Certificate of Cancellation of the Certificate of Formation and file the Certificate of Cancellation of the Certificate of Formation as required by the LLC Act.

SECTION 9.05. Winding Up. Upon the occurrence of any event specified in Section 9.02, the Company shall continue solely for the purpose of winding up its affairs in an orderly manner, liquidating

its assets, and satisfying the claims of its creditors. The Member, or if there is no Member, the Managers, shall be responsible for overseeing the winding up and liquidation of the Company, shall take full account of the liabilities of the Company and its assets, shall either cause its assets to be sold or distributed, and if sold as promptly as is consistent with obtaining the fair market value thereof, shall cause the proceeds therefrom, to the extent sufficient therefor, to be applied and distributed as provided in Section 9.06.

SECTION 9.06. Order of Payment of Liabilities Upon Dissolution. After determining that all debts and liabilities of the Company, including all contingent, conditional or unmatured liabilities of the Company, in the process of winding-up, including, without limitation, debts and liabilities to the Member in the event it is a creditor of the Company to the extent otherwise permitted by law, have been paid or adequately provided for, the remaining assets shall be distributed in cash or in kind to the Member.

SECTION 9.07. Limitations on Payments Made in Dissolution. Except as otherwise specifically provided in this Agreement, the Member shall only be entitled to look solely to the assets of Company for the return of its positive Capital Account balance and shall have no recourse for its Capital Contribution and/or share of net income (upon dissolution or otherwise) against any Manager.

SECTION 9.08. Limitation on Liability. Except as otherwise provided by the LLC Act and except as otherwise characterized for tax and financial reporting purposes, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and no Member or Manager shall be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a Member or a Manager.

ARTICLE X

INDEMNIFICATION

SECTION 10.01. Indemnity. Subject to the provisions of Section 10.04 hereof and the provisions of the Basic Documents, to the fullest extent permitted by law, the Company shall indemnify any Person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, except an action by or in the right of the Company, by reason of the fact that such Person is or was a Manager, Member, officer, controlling Person, legal representative or agent of the Company, or is or was serving at the request of the Company as a member, manager, director, officer, partner, shareholder, controlling Person, legal representative or agent of another limited liability company, partnership, corporation, joint venture, trust or other enterprise, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by such Person in connection with the action, suit or proceeding if such Person acted in good faith and in a manner which such Person reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to a criminal action or proceeding, had no reasonable cause to believe such Person's conduct was unlawful; provided that such Person shall not be entitled to indemnification if such judgment, penalty, fine or other expense was directly caused by such Person's fraud, gross negligence or willful misconduct or, in the case of an Independent Manager, bad faith or willful misconduct.

SECTION 10.02. Indemnity for Actions By or In the Right of the Company. Subject to the provisions of Section 10.04 hereof and the provisions of the Basic Documents, to the fullest extent permitted by law, the Company shall indemnify any Person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the rights of the Company to procure a judgment in its favor by reason of the fact that such Person is or was a Member, Manager, officer, controlling Person, legal representative or agent of the Company, or is or was serving at the request of the Company as a member, manager, director, officer, partner, shareholder, controlling Person,

legal representative or agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise, against expenses, including amounts paid in settlement and attorneys' fees actually and reasonably incurred by such Person in connection with the defense or settlement of the actions or suit if such Person acted in good faith and in a manner which such Person reasonably believed to be in or not opposed to the best interests of the Company; provided that such Person shall not be entitled to indemnification if such judgment, penalty, fine or other expense was directly caused by such Person's fraud, gross negligence or willful misconduct or, in the case of an Independent Manager, bad faith or willful misconduct. Indemnification may not be made for any claim, issue or matter as to which such Person has been adjudged by a court of competent jurisdiction, after exhaustion of all appeals therefrom, to be liable to the Company or for amounts paid in settlement to the Company, unless and only to the extent that the court in which the action or suit was brought or other court of competent jurisdiction determines upon application that in view of all the circumstances of the case, the Person is fairly and reasonably entitled to indemnity for such expenses as the court deems proper.

SECTION 10.03. Indemnity If Successful. To the fullest extent permitted by law, and subject to the provisions of the Basic Documents, the Company shall indemnify any Person who is or was a Manager, Member, officer, controlling Person, legal representative or agent of the Company, or is or was serving at the request of the Company as a member, manager, director, officer, partner, shareholder, controlling Person, legal representative or agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise against expenses, including reasonable attorneys' fees, actually and reasonably incurred by him or her in connection with the defense of any action, suit or proceeding referred to in Sections 10.01 and 10.02 or in defense of any claim, issue or matter therein, to the extent that such Person has been successful on the merits.

SECTION 10.04. Expenses. Any indemnification under Sections 10.01 and 10.02, as well as the advance payment of expenses permitted under Section 10.05 unless ordered by a court or advanced pursuant to Section 10.05 below, must be made by the Company only as authorized in the specific case upon a determination that indemnification of the Manager, Member, officer, controlling Person, legal representative or agent is proper in the circumstances. The determination must be made:

- (a) by the Member if the Member was not a party to the act, suit or proceeding; or
- (b) if the Member was a party to the act, suit or proceeding by independent legal counsel in a written opinion.

SECTION 10.05. Advance Payment of Expenses. To the extent permitted by the Basic Documents, the expenses of each Person who is or was a Manager, Member, officer, controlling Person, legal representative or agent, or is or was serving at the request of the Company as a member, manager, director, officer, partner, shareholder, controlling Person, legal representative or agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise, incurred in defending a civil or criminal action, suit or proceeding may be paid by the Company as they are incurred and in advance of the final disposition of the action, suit or proceeding, upon receipt of an undertaking by or on behalf of such Person to repay the amount if it is ultimately determined by a court of competent jurisdiction that such Person is not entitled to be indemnified by the Company. The provisions of this Section 10.05 shall not affect any rights to advancement of expenses to which personnel other than the Member or the Managers (other than each Independent Manager) may be entitled under any contract or otherwise by law.

SECTION 10.06. Other Arrangements Not Excluded. The indemnification and advancement of expenses authorized in or ordered by a court pursuant to this Article X:

(a) does not exclude any other rights to which a Person seeking indemnification or advancement of expenses may be entitled under any agreement, decision of the Member, consent or action of the Managers, or otherwise, for either an action of any Person who is or was a Manager, Member, officer, controlling Person, legal representative or agent, or is or was serving at the request of the Company as a member, manager, director, officer, partner, shareholder, controlling Person, legal representative or agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise, in the official capacity of such Person or an action in another capacity while holding such position, except that indemnification and advancement, unless ordered by a court pursuant to Section 10.05 above, may not be made to or on behalf of such Person if a final adjudication established that its acts or omissions involved intentional misconduct, fraud or a knowing violation of the law and were material to the cause of action; and

(b) continues for a Person who has ceased to be a Member, Manager, officer, legal representative or agent and inures to the benefit of the successors, heirs, executors and administrators of such a Person.

ARTICLE XI

MISCELLANEOUS PROVISIONS

SECTION 11.01. No Bankruptcy Petition; Dissolution.

(a) To the fullest extent permitted by law, the Member, each Special Member and each Manager hereby covenant and agree (or shall be deemed to have hereby covenanted and agreed) that, prior to the date which is one year and one day after the termination in accordance with their terms of all Indentures and the payment in full of all series of Energy Transition Bonds and any other amounts owed under any Indenture, it will not acquiesce, petition or otherwise invoke or cause the Company to invoke the process of any court or Governmental Authority for the purpose of commencing or sustaining an involuntary case against the Company under any federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Company or any substantial part of the property of the Company, or ordering the winding up or liquidation of the affairs of the Company; provided, however, that nothing in this Section 11.01 shall constitute a waiver of any right to indemnification, reimbursement or other payment from the Company pursuant to this Agreement. This Section 11.01 is not intended to apply to the filing of a voluntary bankruptcy petition on behalf of the Company which is governed by Section 1.10 of this Agreement.

(b) To the fullest extent permitted by law, the Member, each Special Member and each Manager hereby covenant and agree (or shall be deemed to have hereby covenanted and agreed) that, until the termination in accordance with their terms of all Indentures and the payment in full of all series of Energy Transition Bonds and any other amounts owed under any Indenture, the Member, such Special Member and such Manager will not consent to, or make application for, or institute or maintain any action for, the dissolution of the Company under Section 18-801 or 18-802 of the LLC Act or otherwise.

(c) In the event that the Member, any Special Member or any Manager takes action in violation of this Section 11.01, the Company agrees that it shall file an answer with the court or otherwise properly contest the taking of such action and raise the defense that the Member, the Special Member or Manager, as the case may be, has agreed in writing not to take such action and should be estopped and precluded therefrom and such other defenses, if any, as its counsel advises that it may assert.

(d) The provisions of this Section 11.01 shall survive the termination of this Agreement and the resignation, withdrawal or removal of the Member, any Special Member or any Manager. Nothing herein contained shall preclude participation by the Member, any Special Member or a Manager in assertion or defense of its claims in any such proceeding involving the Company.

SECTION 11.02. Amendments.

(a) The power to alter, amend or repeal this Agreement shall be only with the consent of the Member, provided, that the Company shall not alter, amend or repeal any provision of Sections 1.02(b) and (c), 1.05, 1.09, 1.10, 3.01(b), 3.02, 6.06, 6.07, 7.02, 7.05, 7.06, 9.01, 9.02, 11.02 and 11.06 of this Agreement or the definition of “Independent Manager” contained herein or the requirement that at all times the Company have at least one Independent Manager (collectively, the “Special Purpose Provisions”) without, in each case, the affirmative vote of a majority of the Managers, which vote must include the affirmative vote of any Independent Manager.

So long as any Energy Transition Bonds of any series are outstanding, the Company and the Member shall give written notice to each applicable Rating Agency and to the Indenture Trustee of any amendment to this Agreement. The effectiveness of any amendment of the Special Purpose Provisions shall be subject to the Rating Agency Condition set forth in the Basic Documents (other than an amendment which is necessary: (i) to cure any ambiguity or (ii) to correct or supplement any such provision in a manner consistent with the intent of this Agreement).

(b) The Company’s power to alter or amend the Certificate of Formation shall be vested in the Member. Upon obtaining the approval of any amendment, supplement or restatement as to the Certificate of Formation, the Member on behalf of the Company shall cause a Certificate of Amendment or Amended and Restated Certificate of Formation to be prepared, executed and filed in accordance with the LLC Act.

(c) Notwithstanding anything in this Agreement to the contrary, including Sections 11.02(a) and (b), unless and until any Energy Transition Bonds are issued and outstanding, the Member may, without the need for any consent or action of, or notice to, any other Person, including any Manager, any officer, the Indenture Trustee or any Rating Agency, alter, amend or repeal this Agreement in any manner.

SECTION 11.03. Governing Law. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

SECTION 11.04. Headings. The headings of the various Articles and Sections herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

SECTION 11.05. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 11.06. Assigns. Each and all of the covenants, terms, provisions and agreements contained in this Agreement shall be binding upon and inure to the benefit of the Member, and its permitted successors and assigns.

SECTION 11.07. Enforcement by Each Independent Manager. Notwithstanding any other provision of this Agreement, the Member agrees that this Agreement constitutes a legal, valid and binding agreement of the Member, and is enforceable against the Member by each Independent Manager in accordance with its terms.

SECTION 11.08. Waiver of Partition; Nature of Interest. Except as otherwise expressly provided in this Agreement, to the fullest extent permitted by law, each of the Member and the Special Members hereby irrevocably waives any right or power that such Person might have to cause the Company or any of its assets to be partitioned, to cause the appointment of a receiver for all or any portion of the assets of the Company, to compel any sale of all or any portion of the assets of the Company pursuant to any applicable law or to file a complaint or to institute any proceeding at law or in equity to cause the dissolution, liquidation, winding up or termination of the Company. The Member shall not have any interest in any specific assets of the Company, and the Member shall not have the status of a creditor with respect to any distribution pursuant to this Agreement.

SECTION 11.09. Benefits of Agreement; No Third-Party Rights. Except for the Indenture Trustee and Persons entitled to indemnification hereunder, none of the provisions of this Agreement shall be for the benefit of or enforceable by any creditor of the Company or by any creditor of the Member or Special Member. Nothing in this Agreement shall be deemed to create any right in any Person (other than the Indenture Trustee and Persons entitled to indemnification hereunder) not a party hereto, and this Agreement shall not be construed in any respect to be a contract in whole or in part for the benefit of any third Person.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, this Agreement is hereby executed by the undersigned as the sole Member of the Company and is effective as of the date first written above.

PUBLIC SERVICE COMPANY OF NEW
MEXICO

By: _____
Name:
Title:

ACKNOWLEDGED AND AGREED:

[●],
as Independent Manager

SCHEDULE A

SCHEDULE OF INITIAL CAPITAL CONTRIBUTION OF MEMBER

MEMBER'S NAME	MEMBERSHIP		CAPITAL ACCOUNT
	CAPITAL CONTRIBUTION	INTEREST PERCENTAGE	
Public Service Company of New Mexico	\$ 100	100%	\$ 100

SCHEDULE B
INITIAL MANAGERS

[•]

[•]

[•]

SCHEDULE C
INITIAL OFFICERS

Name	Office
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

EXHIBIT A
MANAGEMENT AGREEMENT

[date of A/R LLC Agreement]

[SPE], LLC
414 Silver Ave. SW
Albuquerque, New Mexico 87102

Re: Management Agreement — [SPE], LLC

Ladies and Gentlemen:

For good and valuable consideration, each of the undersigned Persons, who have been designated as managers of [SPE], LLC, a Delaware limited liability company (the “Company”), in accordance with the Amended and Restated Limited Liability Company Agreement of the Company, dated as of [] (as it may be amended, restated, supplemented or otherwise modified from time to time, the “LLC Agreement”), hereby agree as follows:

1. Each of the undersigned accepts such Person’s rights and authority as a Manager under the LLC Agreement and agrees to perform and discharge such Person’s duties and obligations as a Manager under the LLC Agreement, and further agrees that such rights, authorities, duties and obligations under the LLC Agreement shall continue until such Person’s successor as a Manager is designated or until such Person’s resignation or removal as a Manager in accordance with the LLC Agreement. Each of the undersigned agrees and acknowledges that it has been designated as a “manager” of the Company within the meaning of the Delaware Limited Liability Company Act.

2. Until a year and one day has passed since the date that the last obligation under the Basic Documents was paid, to the fullest extent permitted by law, each of the undersigned agrees, solely in its capacity as a creditor of the Company on account of any indemnification or other payment owing to the undersigned by the Company, not to acquiesce, petition or otherwise invoke or cause the Company to invoke the process of any court or governmental authority for the purpose of commencing or sustaining a case against the Company under any federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Company or any substantial part of the property of the Company, or ordering the winding up or liquidation of the affairs of the Company.

3. THIS MANAGEMENT AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, AND ALL RIGHTS AND REMEDIES SHALL BE GOVERNED BY SUCH LAWS WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS.

Capitalized terms used and not otherwise defined herein have the meanings set forth in the LLC Agreement.

This Management Agreement may be executed in any number of counterparts, each of which shall be deemed an original of this Management Agreement and all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned have executed this Management Agreement as of the day and year first above written.

APPENDIX A

DEFINITIONS

As used in this Agreement, the following terms have the following meanings:

“Additional Issuance” is defined in Section 1.07 of this Agreement.

“Agreement” has the meaning set forth in the preamble to this Agreement.

“Bankruptcy” is defined in Section 9.01(b) of this Agreement.

“Bankruptcy Code” means Title 11 of the United States Code (11 U.S.C. §§ 101 et seq.), as amended from time to time.

“Capital Account” is defined in Section 2.03 of this Agreement.

“Capital Contribution” is defined in Section 2.01 of this Agreement.

“Certificate of Formation” means the Certificate of Formation filed with the Secretary of State on [●], 20[●] pursuant to which the Company was formed.

“Company” has the meaning set forth in the preamble to this Agreement.

“Energy Transition Bond Collateral” means, with respect to a series of Energy Transition Bonds, (a) the Energy Transition Property created under and pursuant to a Financing Order and the Energy Transition Act with respect to that series, and transferred by the Seller to the Company pursuant to a Sale Agreement (including, to the fullest extent permitted by law, the right to impose, charge, collect and receive Energy Transition Charges in an amount necessary to provide for full payment and recovery of all Energy Transition Costs identified in the Financing Order, the right under the Financing Order to obtain True-Up Adjustments of the Energy Transition Charges, and all revenues or other proceeds arising out of the rights and interests created under the Financing Order with respect to that series), (b) all Energy Transition Charges related to the Energy Transition Property with respect to that series, (c) the Sale Agreement and the Bill of Sale executed in connection with that series of Energy Transition Bonds and all property and interests in property transferred under the Sale Agreement and the Bill of Sale with respect to that Energy Transition Property and that series of Energy Transition Bonds, (d) the Servicing Agreement, the Administration Agreement and any intercreditor, subservicing, agency, administration or collection agreements executed in connection therewith, to the extent related to the foregoing Energy Transition Property and that series of Energy Transition Bonds, (e) the Collection Account, all subaccounts thereof and all amounts of cash, instruments, investment property or other assets on deposit therein or credited thereto from time to time and all financial assets and securities entitlements carried therein or credited thereto, with respect to that series of Energy Transition Bonds, (f) all rights to compel the Servicer with respect to a series of Energy Transition Bonds to file for and obtain adjustments to the Energy Transition Charges in accordance with Section 6 of the Energy Transition Act and the Financing Order, (g) all present and future claims, demands, causes and choses in action in respect of any or all of the foregoing, whether such claims, demands, causes and choses in action constitute Energy Transition Property, accounts, general intangibles, instruments, contract rights, chattel paper or proceeds of such items or any other form of property, (h) all accounts, chattel paper, deposit accounts, documents, general intangibles, goods, instruments, investment property, letters of credit, letters-of-credit rights, money, commercial tort claims and supporting obligations related to the foregoing and (i) all payments on or under, and all proceeds in respect of, any or all of the foregoing.

“Energy Transition Charge” means any energy transition charge as defined in Section 2(G) of the Energy Transition Act that is authorized by a Financing Order.

“Energy Transition Property” means all energy transition property as defined in Section 2(I) of the Energy Transition Act created pursuant to the Financing Order or a Subsequent Financing Order and under the Energy Transition Act, including the right to impose, charge, collect and receive the Energy Transition Charges in an amount necessary to provide for full payment and recovery of all energy transition costs identified in the Financing Order, the right under the Financing Order to obtain periodic adjustments of the Energy Transition Charges, and all revenues or other proceeds arising from those rights and interests.

“Financing Order” means the financing order filed by the Commission on [●], 20[●], Docket No. [●], authorizing the creation of Energy Transition Property and the issuance of Energy Transition Bonds in one or more series for the benefit of PNM. “Financing Order” also means any financing order in the future issued by the Commission pursuant to the Energy Transition Act for the benefit of PNM.

“Independent Manager” is defined in Section 4.01(a) of this Agreement.

“Independent Manager Fee” is defined in Section 4.01(a) of this Agreement.

“LLC Act” means the Delaware Limited Liability Company Act, as amended.

“Manager” means each manager of the Company under this Agreement.

“Member” has the meaning set forth in the preamble to this Agreement.

“Membership Interest” is defined in Section 6.01 of this Agreement.

“Original LLC Agreement” has the meaning set forth in the preamble to this Agreement.

“PNM” means Public Service Company of New Mexico, a New Mexico corporation, and any of its successors or permitted assigns.

“Secretary of State” means the Secretary of State of the State of Delaware.

“Special Member” is defined in Section 1.02(b) of this Agreement.

“Special Purpose Provisions” is defined in Section 1.02(a) of this Agreement.

“Treasury Regulations” means the regulations, including proposed or temporary regulations, promulgated under the Code.

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF PUBLIC SERVICE)
COMPANY OF NEW MEXICO'S)
CONSOLIDATED APPLICATION FOR)
APPROVALS FOR THE ABANDONMENT,) 19-_____-UT
FINANCING, AND RESOURCE REPLACEMENT)
FOR SAN JUAN GENERATING STATION)
PURSUANT TO THE ENERGY TRANSITION ACT)**

AFFIDAVIT

[illegible]

ELISABETH A. EDEN, Vice-President Human Resources, PNMR Services

Company, upon being duly sworn according to law, under oath, deposes and states: I have read the foregoing **Direct Testimony of Elisabeth A. Eden** and it is true and accurate based on my own personal knowledge and belief.

SIGNED this 28th day of June, 2019.


ELISABETH A. EDEN

SUBSCRIBED AND SWORN to before me this 28th day of June, 2019.


NOTARY PUBLIC IN AND FOR
THE STATE OF NEW MEXICO

My Commission Expires:

1.21.2020