

JEMEZ MOUNTAINS ELECTRIC COOPERATIVE, INC.

ORIGINAL RATE NO. 19

2012 AUG 17 PM 2 19

NATIVE AMERICAN ACCESS COST RECOVERY

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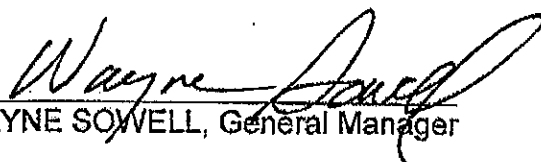
EXPLANATION OF RATE SCHEDULE:

Rate No. 19 is established to provide a mechanism for Jemez Mountains Electric Cooperative, Inc. ("Jemez" or "Cooperative") to recover costs for access to the lands of Native American Governments to operate and maintain the Cooperative's utility plant and facilities. Access costs for utility plant and facilities that are necessary for or otherwise predominantly support the Cooperative's entire system will be recovered from all its customers, while access costs for utility plant and facilities that are necessary for or otherwise predominantly support service to customers located within the outer boundaries of Native American lands will be recovered only from such local customers. Recovery will occur through Rate Riders filed in accordance with this Rate No. 19.

Rate Riders filed in accordance with this Rate No. 19 will consist of separate charges per kWh per month that are applied to either the Entire Customer Base or to Local Customers (as those terms are defined below), and will continue each month until the cost of the access is paid in full. The charge will be shown as a separate line item on the bills entitled "Rate Rider No. [XX]".

This Rate and the Rate Riders filed under this Rate are intended to collect only the costs of the access, applicable taxes, fees and charges in accordance with the Tax Adjustment clause below and certain related costs incurred and are not intended to increase or decrease the Cooperative's margins. All revenues collected from Rate Riders will be allocated to their own single accounts to offset the applicable access expenses paid and any remainder will either be debited or credited to subsequent payments to the Native American Government for rights of way or returned to the customers on a per-kWh basis, whichever may be applicable.

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WAYNE SOWELL, General Manager

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DEFINITIONS:

The following definitions apply to the terms used in this Rate No. 19 and in Rate Riders filed pursuant to this Rate No. 19:

Access Costs means Cooperative expense for Rights of Way on Native American Lands.

Preliminary Costs means external costs incurred by the Cooperative for professional and consulting fees, including engineering, surveying, mapping and appraisal services, in obtaining the Rights of Way. Unless otherwise ordered by the Commission, Preliminary Costs will be deemed to be Local Costs.

Balancing Account means the amount remaining to be either collected from or refunded to customers at the end of the applicable twelve month period. The Balancing Account will either be added to or subtracted from the next period Actual Cost to determine the monthly charge per kWh.

System Costs mean Access Costs of System Rights of Way obtained from a particular Native American Government and, if ordered by the Commission, a share of Preliminary Costs.

System Rights of Way mean Rights of Way for facilities which are necessary for or otherwise predominantly support service to customers located outside the outer boundaries of the Native American Lands of the applicable Native American Government.

Local Costs mean Access Costs of Local Rights of Way obtained from a particular Native American Government plus Preliminary Costs (unless otherwise directed by the Commission) and Initial Interest Expense.

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DEFINITIONS: (continued)

Local Rights of Way mean Rights of Way for facilities which are necessary for or otherwise predominantly support service to Local Customers located within the outer boundaries of the Native American Lands of the applicable Native American Government.

Entire Customer Base means all customers served by the Cooperative, including all Local Customers.

Initial Interest Expense means costs of carrying the initial payment to a Native American Government for Rights of Way from the time of payment until recovery commences under an applicable Rate Rider and shall be calculated at the Cooperative's short-term financing rate in effect on the date the payment is made.

Local Customers means customers of the Cooperative that receive electric service from the Cooperative at locations within the outer boundaries of the Native American Lands of a particular Native American Government, including service locations on the Native American Lands of the applicable Native American Government and service locations on private lands located within the outer boundaries of the Native American Lands of the applicable Native American Government.

Rate Rider means a rate rider filed pursuant to this Rate No. 19 and providing a specific surcharge intended to recover either System Costs or Local Costs allocated to that specific Rate Rider.

Rights of Way means rights granted by a Native American Government to the Cooperative allowing the Cooperative access to maintain and operate its utility plant and facilities on the Native American Lands of the Native American Government, and includes rights of way, easements, leaseholds, licenses, franchises and any similar rights.

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DEFINITIONS: (continued)

Native American Lands mean lands within the jurisdiction of a Native American Government, including lands held in trust by the United States of America for the benefit of a Native American Government, and lands granted or reserved to a Native American Government by treaty or otherwise and subject to Federal restrictions against alienation or encumbrance.

Native American Government means any federally recognized Native American tribe, nation or pueblo with Native American Lands located within the Cooperative's service territory.

APPLICABILITY:

This Schedule shall be applicable to all customers served under all rate schedules but only through Rate Riders filed and approved in accordance with this Schedule. This Schedule is subject to the conditions of approval set forth in the Order on Reconsideration in Case No. 12-00020-UJ, which, among other things, reserve the rights of the Commission to review and modify this Schedule in connection with its review of future Rate Riders filed pursuant to this Schedule. Unless the Commission orders otherwise, however, future changes to this Schedule shall not affect Rate Riders in effect prior to such changes.

TERRITORY:

All territory served by the Cooperative.

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COST RECOVERY:

As to each Native American Government recovery of Access Costs, Preliminary Costs, Initial Interest Expense, and any related fees, charges, and taxes, to the extent not recovered through the Tax Adjustment clause of this Schedule or otherwise recovered through the Cooperative's other service rates, will be allocated between the Entire Customer Base and Local Customers based on the methodology described in this paragraph. Access Costs for a particular Native American Government will be allocated between System Rights of Way and Local Rights of Way in proportion to the surface area of the Rights of Way assigned to each category. System Costs shall be calculated by multiplying the total Access Costs by the ratio of the surface area of the System Rights of Way to the total surface area of the Rights of Way obtained from the applicable Native American Government and, ordered by the Commission, a share of Preliminary Costs. System Costs shall be recovered from the Entire Customer Base on a per-kWh basis through Rate Rider No. 2 described below. Local Costs shall be calculated by multiplying the total Access Costs by the ratio of the surface area of the Local Rights of Way to the total surface area of the Rights of Way obtained from the applicable Native American Government and then adding Preliminary Costs (unless otherwise ordered by the Commission) and Initial Interest Expense. Local Costs for a particular Native American Government shall be recovered from the Local Customers within the outer boundaries of the Native American Lands of that Native American Government on a per-kWh basis through a separate Rate Rider.

RATE RIDER NO 2:

System Costs incurred from all Native American Governments shall be recovered from the Entire Customer Base under Rate Rider No. 2 through a single rate per kWh applicable to all consumption. The rate per kWh shall be modified as necessary to account for and recover new, increased, or decreased System Costs and to address imbalances in the recovery of System Costs. Rate Rider No. 2 is filed with this Rate No. 19 and sets forth the initial rate per kWh, the procedures and

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RATE RIDER NO 2: (continued)


requirements for subsequent changes, and the related Balancing Account and reconciliation requirements and procedures.

ADDITIONAL RATE RIDERS FOR LOCAL COSTS:

The Cooperative may file and amend Rate Riders under this Rate No. 19 for recovery of Local Costs as Access Costs are incurred from additional Native American Governments or increase or decrease as to a particular Native American Government or as necessary to address imbalances in the recovery Local Costs. Each such Rate Rider shall:

1. Identify the Native American Government from which the relevant Rights of Way were acquired.
2. Describe the group of Local Customers to whom the Rate Rider shall be applicable.
3. Identify the aggregate amount of the Local Costs to be recovered and the amount of the Local Costs to be recovered annually. If the amount of the annual recovery of Local Costs will vary, the Rate Rider shall include a schedule of the projected annual recoveries over the life of the applicable Rights of Way.
4. Identify the length of time the Rate Rider is expected to be in effect.
5. State the amount of the charge per kWh effective under the Rate Rider. If the charge will increase or decrease as a result of future changes in the annual recovery of Local Cost, the Rate Rider shall include a schedule of the anticipated future changes in the Rate Rider and the dates when such changes are expected to become effective.

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ADDITIONAL RATE RIDERS FOR LOCAL COSTS: (continued)

6. Include provisions for an annual reconciliation and Balancing Account in substantially the following form:

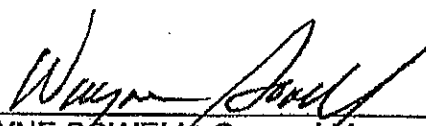
The Cooperative will file annually with the New Mexico Public Regulation Commission, a verified report of the actual Local Costs for the year, kWh sales, revenue received and the Balancing Account along with a revision of this Rate Rider for the next coming year. Sales and revenues may be projected for no more than the last three months of the reporting period to allow for compliance with notice and protest periods under 17.9.540 NMAC, subject to the requirement that all projections be reconciled with actual sales and revenues in the following annual report.

The first year of revenue collection for the Local Costs does not include a Balancing Account. After revenues are received for the first year and subtracted from the actual Local Costs for the first year, a Balancing Account will be carried forward into the next year's Local Costs and the charge per kWh will be updated for the second and subsequent years.

At the end of the recovery period, the Balancing Account will be passed through to the Local Consumers on a per kWh basis, either as a charge or a credit.

The Cooperative will file with each new Rate Rider, supporting information, including (i) a map of the Native American Lands of the applicable Native American Government showing the outer boundaries of the Native American Lands, the boundaries of any privately owned lands within the outer boundaries of the Native American Lands, the location, classification and surface area of System Rights of Way and Local Rights of Way, and the total surface area of all Rights of Way; and (ii) a breakdown of the Local

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ADDITIONAL RATE RIDERS FOR LOCAL COSTS: (continued)

Costs to be recovered and a schedule showing the calculation of the Local Costs and the applicable rate per kWh in reasonable detail.

The Cooperative shall comply with the applicable requirements of 17.9.540 NMAC when filing new or revised Rate Riders.


TAX ADJUSTMENT:

Billing under this Rate No. 19 and all related Rate Riders may be increased by an amount equal to the sum of the taxes payable under the Gross Receipts and Compensating Tax Act and of all other taxes, fees, or charges (exclusive of Ad Valorem, State and Federal Income Taxes) payable by the Utility and levied or assessed by any governmental authority on the public utility service rendered, or on the right or privilege of rendering the service, or on any object or event incidental to the rendition of the service.

CONSISTENCY WITH APPLICABLE TARIFF:

All other components of the rate tariffs that all customers are served under are applicable to this rate tariff as if repeated herein.

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