

REGULATORY INFORMATION DISTRIBUTION SYSTEM (RIDS)

ACCESSION NBR: 9503100292 DOC. DATE: 95/03/08 NOTARIZED: NO DOCKET #

FACIL: STN-50-528 Palo Verde Nuclear Station, Unit 1, Arizona Publi 05000528

STN-50-529 Palo Verde Nuclear Station, Unit 2, Arizona Publi 05000529

AUTH. NAME AUTHOR AFFILIATION

TOY, T.M. Mudge, Rose, Guthrie, Alexander & Ferden

RECIP. NAME RECIPIENT AFFILIATION

PARLER, W.C. Office of Nuclear Reactor Regulation (Post 941001)

SUBJECT: Notifies that on 950308, Public Svc Co of NM, as lessee &
 First Natl Bank of Boston, MA, as owner trustee, executed Amend
 4 to Facility Lease dtd as of 851216 & Amend 3 to Facility
 Lease dtd as of 860818 for PVNGS, Units 1 & 2, respectively.

DISTRIBUTION CODE: A001D COPIES RECEIVED: LTR 1 ENCL 1 SIZE: 20

TITLE: OR Submittal: General Distribution

NOTES: STANDARDIZED PLANT 05000528

Standardized plant. 05000529

	RECIPIENT		COPIES			RECIPIENT		COPIES	
	ID CODE/NAME		LTR	ENCL		ID CODE/NAME		LTR	ENCL
	PD4-2 LA		1	1		PD4-2 PD		1	1
	HOLIAN, B		1	1		TRAN, L		1	1
INTERNAL:	ACRS		6	6		FILE CENTER 01		1	1
	NRR/DRCH/HICB		1	1		NRR/DSSA/SPLB		1	1
	NRR/DSSA/SRXB		1	1		NUDOCS-ABSTRACT		1	1
	OGC/HDS2		1	0					
EXTERNAL:	NOAC		1	1		NRC PDR		1	1

Bill Parker
AEOD/DDA

NOTE TO ALL "RIDS" RECIPIENTS:

PLEASE HELP US TO REDUCE WASTE! CONTACT THE DOCUMENT CONTROL
 DESK, ROOM P1-37 (EXT. 504-2083) TO ELIMINATE YOUR NAME FROM
 DISTRIBUTION LISTS FOR DOCUMENTS YOU DON'T NEED!

TOTAL NUMBER OF COPIES REQUIRED: LTR ~~18~~ 20 ENCL ~~17~~ 19

MUDGE ROSE GUTHRIE ALEXANDER & FERDON

180 MAIDEN LANE

NEW YORK, NY 10038-4996

212-510-7000

FACSIMILE 212-248-2655

TELEX WU 127889

LOS ANGELES

NEW YORK

PARIS

PARSIPPANY

TOKYO

WASHINGTON, D.C.

WEST PALM BEACH

March 8, 1995

Director of Nuclear Regulation
Attention: William C. Parler, Esq.
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

**Sale and Leaseback Transactions by
Public Service Company of New Mexico
NRC Docket Nos. STN 50-528/AND STN 50-529**

Gentlemen:

Reference is made to the letter dated September 2, 1992 to the Director of Nuclear Regulation. In such letter, on behalf of Public Service Company of New Mexico ("PNM"), we informed the Commission with respect to the purchase by PNM of the interests of Burnham Leasing Corporation ("BLC") as owner participant in the above-captioned sale leaseback transactions. As a result of this transaction, PNM became both lessee and the sole owner participant under both transactions to which BLC was formerly a party. The nine other sale and leaseback transactions to which PNM is party with respect to its interests in Palo Verde Nuclear Generating Station Unit 1 and Unit 2 remain unaffected.

On March 8, 1995 PNM, as lessee, and the First National Bank of Boston, as owner trustee, executed Amendment No. 4 to the Facility Lease dated as of December 16, 1985 (the "Unit 1 Lease Amendment"), and Amendment No. 3 to the Facility Lease dated as of August 18, 1986 (the "Unit 2 Lease Amendment" and together with the Unit 1 Lease Amendment, the "Amendments"). These Amendments provide for the special payments of rent under such Facility Leases which payments shall be used for the prepayment of certain Notes currently outstanding under the Trust Indenture, Mortgage, Security Agreement and Assignment of Rents dated as of December 16, 1985,

HL01 \3036\153845.3

6091.220

100050

9503100292 950308
PDR ADDOCK 05000528
P PDR

4. Encl
Add: Bill Parker
AEOD/DOA

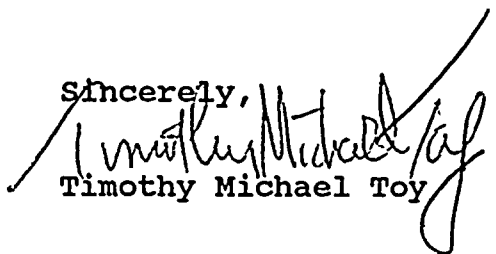
with respect to the Unit 1 Lease Amendment, and the Trust Indenture, Mortgage, Security Agreement and Assignment of Rents dated as of August 12, 1986, with respect to the Unit 2 Lease Amendment.

The execution of the Amendments constitutes the second stage of PNM's process of retirement of the outstanding debt relating to the above-captioned sale and leaseback transactions. Such Facility Leases remain in effect after execution of the Amendments, albeit with reduced rental schedules:

The purpose of this letter is to notify the Commission, as a matter of courtesy, of the above Amendments. Copies of the Amendments for filing with the Commission are enclosed herewith.

If you have any questions, please do not hesitate to call the undersigned at (212) 510-7750.

Sincerely,


Timothy Michael Toy

cc: Arizona Public Service Company
Attention of S. M. Jerringino

Public Service Company of New Mexico
Attention of Mr. Terry Horn

Keleher & McLeod, P.A.
Attention of Charles Moore, Esq.

U.S. Nuclear Regulatory Commission
Attention of Document Control Desk

Arthur Gehr, Esq.

100

100

When Recorded, Return to:

David Sprentall, Esq.
Snell & Wilmer
One Arizona Center
Phoenix, Arizona 85004

CERTAIN RIGHTS OF THE LESSOR UNDER THE FACILITY LEASE AS HERETOFORE AMENDED AND AS AMENDED BY THIS AMENDMENT NO. 4 THERETO HAVE BEEN ASSIGNED TO, AND ARE SUBJECT TO A SECURITY INTEREST IN FAVOR OF, CHEMICAL BANK, AS INDENTURE TRUSTEE UNDER A TRUST INDENTURE, MORTGAGE, SECURITY AGREEMENT AND ASSIGNMENT OF RENTS DATED AS OF DECEMBER 16, 1985, AS AMENDED.

AMENDMENT NO. 4

Dated as of March 8, 1995

to

FACILITY LEASE

Dated as of December 16, 1985, as heretofore amended,
between

THE FIRST NATIONAL BANK OF BOSTON,

not in its individual capacity
but solely as Owner Trustee under
a Trust Agreement dated as of
December 16, 1985 with Public
Service Company of New Mexico,

Lessor

and

PUBLIC SERVICE COMPANY OF NEW MEXICO,

Lessee

Original Facility Lease recorded December 31, 1985, as Instrument No. 85-623268, re-recorded April 17, 1986, as Instrument No. 86-187558, confirmed by document recorded April 25, 1986, as Instrument No. 86-203239, amended by Amendment No. 1 thereto recorded July 17, 1986, as Instrument No. 86-367462, amended by Amendment No. 2 thereto recorded on November 25, 1986, as Instrument No. 86-650739, and amended by Amendment No. 3 thereto recorded on April 7, 1987, as Instrument No. 87-210926, all in Maricopa County, Arizona Recorder's Office.

AMENDMENT NO. 4 dated as of March 8, 1995 (Amendment No. 4) to the Facility Lease dated as of December 16, 1985, as heretofore amended, between THE FIRST NATIONAL BANK OF BOSTON, a national banking association, not in its individual capacity but solely as Owner Trustee under a Trust Agreement dated as of December 16, 1985 with Public Service Company of New Mexico (successor by assignment to Burnham Leasing Corporation) (the Lessor), and PUBLIC SERVICE COMPANY OF NEW MEXICO, a New Mexico corporation (the Lessee).

W I T N E S S E T H:

WHEREAS, the Lessee and the Lessor have heretofore entered into a Facility Lease dated as of December 16, 1985, as heretofore amended (the Facility Lease), providing for the lease by the Lessor to the Lessee of the Undivided Interest and the Real Property Interest; and

WHEREAS, the Lessee and the Lessor desire to amend the Facility Lease as set forth in Section 2 hereof;

NOW, THEREFORE, in consideration of the premises and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Definitions.

For purposes hereof, capitalized terms used herein and not otherwise defined herein or in the recitals shall have the meanings assigned to such terms in Appendix A to the Facility Lease or in the Note Prepayment Agreement (as defined in Section 2(a) below), as the case may be.

SECTION 2. Amendments.

(a) Background. On September 2, 1992, the Lessee became the successor by assignment to the right, title and interest of the original Owner Participant in and to the Transaction Documents and the Trust Estate. Public Service Company of New Mexico ("PNM"), both as the Lessee and the Owner Participant, has determined that, from time to time, it may cause the prepayment, in whole or in part, of the Notes. PNM, Funding Corp, the Owner Trustee and FNB (in its capacity as Owner Trustee under the Trust Agreement dated as of August 12, 1986 with PNM (successor by assignment to the interest of the original owner participant thereunder)) have entered into the Note Prepayment Agreement dated as of January 12, 1995 (the "Note Prepayment Agreement"). Among other things, the Note Prepayment Agreement contemplates that this Amendment No. 4 and the Unit 1 Indenture Supplement will be executed and delivered.

(b) Section 3(a)(ii) of the Facility Lease (as most recently amended by Amendment No. 3 thereto) is hereby amended to read in its entirety as follows:

"(ii)(1) on July 15, 1986 an amount equal to 4.3683233% of Facility Cost, (2) on July 15, 1987 an amount equal to 4.70354% of Facility Cost, (3) on July 15, 1987 and on each Basic Rent Payment Date thereafter to and including January 15, 1995 an amount equal to 4.7006080% of Facility Cost, (4) on July 15, 1995 and on each Basic Rent Payment Date thereafter to and including January 15, 2015 an amount equal to the dollar amount specified opposite such date on Schedule X to Amendment No. 4 dated as of March 8, 1995 to the Facility Lease and (5) on (x) July 15, 1995, (y) each Basic Rent Payment Date thereafter to and including January 15, 2015 and (z) (in the event that (I) the Owner Participant shall have elected to cause the Owner Trustee to prepay a Note in whole or in part in accordance with the terms thereof or (II) the Owner Participant shall have elected to cause the Owner Trustee to make a deposit

pursuant to Section 2.3(c) of the Indenture; the date on which such prepayment or deposit is due being hereinafter called a "Prepayment Date") on each Prepayment Date, an amount equal to the aggregate amount of principal, premium (if any) and accrued interest to the extent due and payable on such date on all Notes then outstanding, or the amount of such deposit, as the case may be;"

(c) Payment of Basic Rent pursuant to Section 3(a)(ii)(5)(z) of the Facility Lease (as added by this Amendment No. 4) are prepayments of Basic Rent that would have otherwise been due and payable absent this Amendment No. 4 and the Note Prepayment Agreement.

(d) Schedules 1, 2 and 3 to the Facility Lease (as most recently added by Amendment No. 2) are hereby deleted. From and after March 8, 1995, as of any Basic Rent Payment Date or any other applicable date, Casualty Value, Special Casualty Value and Termination Value shall equal to the sum of (i) \$10,000,000 and (ii) the unpaid principal amount of the Notes Outstanding on such date (after giving effect to the payment and application of any Basic Rent otherwise payable on such date) plus accrued interest.

(e) Section 3(e) of the Facility Lease shall no longer be applicable to changes in Current Pricing Assumptions.

SECTION 3. Miscellaneous.

(a) Effective Date of Amendments. The amendments set forth in Section 2 hereof shall be and become effective upon the execution hereof by the parties hereto.

(b) Counterpart Execution. This Amendment No. 4 may be executed in any number of counterparts and by each of the parties hereto on separate counterparts; all such counterparts shall together constitute but one and the same instrument.

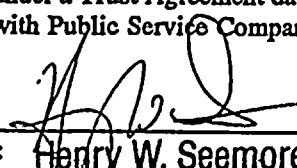
(c) Governing Law. This Amendment No. 4 has been negotiated and delivered in the State of New York and shall be governed by, and be construed in accordance with, the laws of the State of New York, except to the extent that pursuant to the law of the State of Arizona such law is mandatorily applicable hereto.

(d) Disclosure. Pursuant to Arizona Revised Statutes Section 33-401, the beneficiary of the Trust Agreement is Public Service Company of New Mexico, a New Mexico corporation. The address of the beneficiary is Alvarado Square, Albuquerque, New Mexico 87158, Attention: Treasurer. A copy of the Trust Agreement is available for inspection at the offices of the Owner Trustee at Blue Hills Office Park, Mail Stop 45-02-15, 150 Royall Street, Canton, Massachusetts 02021, Attention of Corporate Trust Division.

IN WITNESS WHEREOF, each of the parties hereto has caused this Amendment No. 4 to Facility Lease to be duly executed in Boston, Massachusetts, or Albuquerque, New Mexico, as the case may be, by an officer thereunto duly authorized.

THE FIRST NATIONAL BANK OF BOSTON,

not in its individual capacity but solely as Owner Trustee
under a Trust Agreement dated as of December 16, 1985
with Public Service Company of New Mexico,

By: 
Name: **Henry W. Seemore**
Title: **Senior Account Administrator**

PUBLIC SERVICE COMPANY OF NEW MEXICO

By: _____
Treasurer

CONSENT

In accordance with the provisions of the Collateral Trust Indenture and the Indenture (as such terms are defined in Appendix A to the within-mentioned Facility Lease) and pursuant to the Consolidated Joint Officers' Certificate, Company Request, Lessee Request and Notice dated March 8, 1995, the undersigned, in its respective capacities as trustee under each such indenture, hereby CONSENTS to the foregoing instrument.

CHEMICAL BANK,
as trustee

By: _____
Name:
Title:

IN WITNESS WHEREOF, each of the parties hereto has caused this Amendment No. 4 to Facility Lease to be duly executed in Boston, Massachusetts, or Albuquerque, New Mexico, as the case may be, by an officer thereunto duly authorized.

THE FIRST NATIONAL BANK OF BOSTON,
not in its individual capacity but solely as Owner Trustee
under a Trust Agreement dated as of December 16, 1985
with Public Service Company of New Mexico,

By _____
Name:
Title:

PUBLIC SERVICE COMPANY OF NEW MEXICO

By M. J. Mayle _____
Treasurer

CONSENT

In accordance with the provisions of the Collateral Trust Indenture and the Indenture (as such terms are defined in Appendix A to the within-mentioned Facility Lease) and pursuant to the Consolidated Joint Officers' Certificate, Company Request, Lessee Request and Notice dated March 8, 1995, the undersigned, in its respective capacities as trustee under each such indenture, hereby CONSENTS to the foregoing instrument.

CHEMICAL BANK,
as trustee

By: _____
Name:
Title:

IN WITNESS WHEREOF, each of the parties hereto has caused this Amendment No. 4 to Facility Lease to be duly executed in Boston, Massachusetts, or Albuquerque, New Mexico, as the case may be, by an officer thereunto duly authorized.

THE FIRST NATIONAL BANK OF BOSTON,
not in its individual capacity but solely as Owner Trustee
under a Trust Agreement dated as of December 16, 1985
with Public Service Company of New Mexico,

By _____
Name:
Title:

PUBLIC SERVICE COMPANY OF NEW MEXICO

By _____
Treasurer

CONSENT

In accordance with the provisions of the Collateral Trust Indenture and the Indenture (as such terms are defined in Appendix A to the within-mentioned Facility Lease) and pursuant to the Consolidated Joint Officers' Certificate, Company Request, Lessee Request and Notice dated March 8, 1995, the undersigned, in its respective capacities as trustee under each such indenture, hereby CONSENTS to the foregoing instrument.

CHEMICAL BANK,
as trustee

By: _____
Name: **T. J. FOLEY**
Title: **VICE PRESIDENT**

State of New Mexico

County of Bernallilo

)
)
) ss:

The foregoing instrument was acknowledged before me this 8th day of March, 1995, by Mitch Marzec the Treasurer of PUBLIC SERVICE COMPANY OF NEW MEXICO, a New Mexico corporation, on behalf of the corporation.

Rebecca R. Ball
Notary Public

my commission expires 7-9-97

Commonwealth of Massachusetts

County of _____

)
)
) ss:

The foregoing instrument was acknowledged before me this 8th day of March, 1995, by _____, an _____ of THE FIRST NATIONAL BANK OF BOSTON, a national banking association, on behalf of the banking association as trustee under that certain Trust Agreement dated as of December 16, 1985 with Public Service Company of New Mexico.

Notary Public

State of New Mexico

County of Bernalillo

)
)
) ss:

The foregoing instrument was acknowledged before me this 8th day of March, 1995, by Mitch Marzec the Treasurer of **PUBLIC SERVICE COMPANY OF NEW MEXICO**, a New Mexico corporation, on behalf of the corporation.

Notary Public

Commonwealth of Massachusetts

County of N. SIK

)
)
) ss:

The foregoing instrument was acknowledged before me this 8th day of March, 1995, by **Henry W. Seemore** as authorized officer of **THE FIRST NATIONAL BANK OF BOSTON**, a national banking association, on behalf of the banking association as trustee under that certain Trust Agreement dated as of December 16, 1985 with Public Service Company of New Mexico.

Kecia R. Banks
Notary Public

Kecia R. Banks, NOTARY PUBLIC
My commission expires: January 18, 2002

SCHEDULE X to AMENDMENT NO. 4

Equity Portion of Basic Rent

<u>Basic Rent Payment Date</u>	<u>Amount</u>
July 15, 1995	\$5,832.74
January 15, 1996	\$6,068.99
July 15, 1996	\$6,179.61
January 15, 1997	\$6,301.49
July 15, 1997	\$5,877.49
January 15, 1998	\$6,676.49
July 15, 1998	\$769,852.99
January 15, 1999	\$566,369.99
July 15, 1999	\$1,233,225.49
January 15, 2000	\$599,283.99
July 15, 2000	\$1,303,950.49
January 15, 2001	\$633,068.99
July 15, 2001	\$1,377,803.99
January 15, 2002	\$669,136.99
July 15, 2002	\$1,456,146.49
January 15, 2003	\$706,796.99
July 15, 2003	\$1,538,338.49
January 15, 2004	\$746,460.99
July 15, 2004	\$1,625,791.99
January 15, 2005	\$789,489.49
July 15, 2005	\$1,148,815.99
January 15, 2006	\$1,191,546.49
July 15, 2006	\$1,484,285.49
January 15, 2007	\$1,259,260.99
July 15, 2007	\$1,567,583.49
January 15, 2008	\$1,329,575.99
July 15, 2008	\$1,655,790.99
January 15, 2009	\$1,404,006.49
July 15, 2009	\$1,748,371.49
January 15, 2010	\$1,482,067.49
July 15, 2010	\$1,819,891.49
January 15, 2011	\$6,664.49
July 15, 2011	\$6,544.99
January 15, 2012	\$6,210.49
July 15, 2012	\$6,175.99
January 15, 2013	\$3,252,956.49
July 15, 2013	\$4,578,897.99
January 15, 2014	\$4,578,897.99
July 15, 2014	\$4,578,897.99
January 15, 2015	\$2,122,897.99

When Recorded, Return to:

David Sprentall, Esq.
Snell & Wilmer
One Arizona Center
Phoenix, Arizona 85004

CERTAIN RIGHTS OF THE LESSOR UNDER THE FACILITY LEASE AS HERETOFORE AMENDED AND AS FURTHER AMENDED BY THIS AMENDMENT NO. 3 THERETO HAVE BEEN ASSIGNED TO, AND ARE SUBJECT TO A SECURITY INTEREST IN FAVOR OF, CHEMICAL BANK, AS INDENTURE TRUSTEE UNDER A TRUST INDENTURE, MORTGAGE, SECURITY AGREEMENT AND ASSIGNMENT OF RENTS DATED AS OF AUGUST 12, 1986, AS HERETOFORE AMENDED.

AMENDMENT NO. 3

Dated as of March 8, 1995

to

FACILITY LEASE

Dated as of August 12, 1986, as heretofore amended,
between

THE FIRST NATIONAL BANK OF BOSTON,

not in its individual capacity
but solely as Owner Trustee under
a Trust Agreement dated as of
August 12, 1986 with Public
Service Company of New Mexico,

Lessor

and

PUBLIC SERVICE COMPANY OF NEW MEXICO,

Lessee

Original Facility Lease recorded on August 18, 1986, as Instrument No. 86-439392, amended by Amendment No. 1 thereto recorded on November 25, 1986, as Instrument No. 86-650751, and Amendment No. 2 thereto recorded on December 17, 1986, as Instrument No. 86-695942, all in Maricopa County Recorder's Office.

AMENDMENT NO. 3 dated as of March 8, 1995 (Amendment No. 3) to the Facility Lease dated as of August 12, 1986, as heretofore amended, between **THE FIRST NATIONAL BANK OF BOSTON**, a national banking association, not in its individual capacity but solely as Owner Trustee under a Trust Agreement dated as of August 12, 1986 with Public Service Company of New Mexico (successor by assignment to Burnham Leasing Corporation a New York corporation) (the Lessor), and **PUBLIC SERVICE COMPANY OF NEW MEXICO**, a New Mexico corporation (the Lessee).

W I T N E S S E T H :

WHEREAS, the Lessee and the Lessor have heretofore entered into a Facility Lease, dated as of August 12, 1986, as heretofore amended (the Facility Lease), providing for the lease by the Lessor to the Lessee of the Undivided Interest and the Real Property Interest; and

WHEREAS, the Lessee and the Lessor desire to amend the Facility Lease as set forth in Section 2 hereof;

NOW, THEREFORE, in consideration of the premises and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Definitions.

For purposes hereof, capitalized terms used herein and not otherwise defined herein or in the recitals shall have the meanings assigned to such terms in Appendix A to the Facility Lease or in the Note Prepayment Agreement (as defined in Section 2(a) below), as the case may be.

SECTION 2. Amendments.

(a) Background. On September 2, 1992, the Lessee became the successor by assignment to the right, title and interest of the original Owner Participant in and to the Transaction Documents and the Trust Estate. Public Service Company of New Mexico ("PNM"), both as the Lessee and the Owner Participant, has determined that, from time to time, it may cause the prepayment, in whole or in part, of the Notes. PNM, Funding Corp, the Owner Trustee and FNB (in its capacity as Owner Trustee under the Trust Agreement dated as of December 16, 1985 with PNM (successor by assignment to the interest of the original owner participant thereunder)) have entered into the Note Prepayment Agreement dated as of January 12, 1995 (the "Note Prepayment Agreement"). Among other things, the Note Prepayment Agreement contemplates that this Amendment No. 3 and the Unit 1 Indenture Supplement will be executed and delivered.

(b) Section 3(a)(ii) of the Facility Lease (as most recently amended by Amendment No. 2 thereto) is hereby amended to read in its entirety as follows:

"(ii)(1) on January 15, 1987 and on each Basic Rent Payment Date thereafter to and including January 15, 1995 an amount equal to 4.4195613% of Facility Cost, (2) on July 15, 1995 and on each Basic Rent Payment Date thereafter to and including January 15, 2016 an amount equal to the dollar amount specified opposite such date on Schedule X to Amendment No. 3 dated as of March 8, 1995 to the Facility Lease and (3) on (x) July 15, 1995, (y) each Basic Rent Payment Date thereafter to and including January 15, 2012 and (z) (in the event that (I) the Owner Participant shall have elected to cause the Owner Trustee to prepay a Note in whole or in part in accordance with the terms thereof or (II) the Owner Participant shall have elected to cause the Owner Trustee to make a deposit pursuant to Section 2.3(c) of the Indenture; the date on which such prepayment or deposit is due being hereinafter called a "Prepayment Date") on

each Prepayment Date, an amount equal to the aggregate amount of principal, premium (if any) and accrued interest to the extent due and payable on such date on all Notes then outstanding, or the amount of such deposit, as the case may be;"

(c) Payments of Basic Rent pursuant to Section 3(a)(ii)(3)(z) of the Facility Lease (as added by this Amendment No. 3) are prepayments of Basic Rent that would have otherwise been due and payable absent this Amendment No. 3 and the Note Prepayment Agreement.

(d) Schedules 1, 2 and 3 to the Facility Lease (as most recently added by Amendment No. 1) are hereby deleted. From and after March 8, 1995, as of any Basic Rent Payment Date or any other applicable date, Casualty Value, Special Casualty Value and Termination Value shall equal the sum of (i) \$10,000,000 and (ii) the unpaid principal amount of the Notes Outstanding on such date (after giving effect to the payment and application of any Basic Rent otherwise payable on such date) plus accrued interest.

(e) Section 3(e) of the Facility Lease shall no longer be applicable to changes in Current Pricing Assumptions.

SECTION 3. Miscellaneous.

(a) Effective Date of Amendments. The amendments set forth in Section 2 hereof shall be and become effective upon the execution hereof by the parties hereto.

(b) Counterpart Execution. This Amendment No. 3 may be executed in any number of counterparts and by each of the parties hereto on separate counterparts; all such counterparts shall together constitute but one and the same instrument.

(c) Governing Law. This Amendment No. 3 has been negotiated and delivered in the State of New York and shall be governed by, and construed in accordance with, the laws of the State of New York, except to the extent that pursuant to the law of the State of Arizona such law is mandatorily applicable hereto.

(d) Disclosure. Pursuant to Arizona Revised Statutes Section 33-401, the beneficiary of the Trust Agreement is Public Service Company of New Mexico, a New Mexico corporation. The address of the beneficiary is Alvarado Square, Albuquerque, New Mexico 87158, Attention: Treasurer. A copy of the Trust Agreement is available for inspection at the offices of the Owner Trustee at Blue Hills Office Park, Mail Stop 45-02-15, 150 Royall Street, Canton, Massachusetts 02021, Attention of Corporation Trust Division.

IN WITNESS WHEREOF, each of the parties hereto has caused this Amendment No. 3 to Facility Lease to be duly executed in New York, New York by an officer thereunto duly authorized.

THE FIRST NATIONAL BANK OF BOSTON,

not in its individual capacity but solely as Owner
Trustee under a Trust Agreement dated as of August
12, 1986 with Public Service Company of New
Mexico,

By _____

Name:

Henry W. Seemore

Title:

Senior Account Administrator

**PUBLIC SERVICE COMPANY OF
NEW MEXICO**

By _____

Mitchell J. Marzec
Treasurer

CONSENT

In accordance with the provisions of the Collateral Trust Indenture and the Indenture (as such terms are defined in Appendix A to the within-mentioned Facility Lease) and pursuant to the Consolidated Joint Officers' Certificate, Company Request, Lessee Request and Notice dated March 8, 1995, the undersigned, in its respective capacities as trustee under each such indenture, hereby CONSENTS to the foregoing instrument.

CHEMICAL BANK,
as trustee

By: _____

Name:

Title:

IN WITNESS WHEREOF, each of the parties hereto has caused this Amendment No. 3 to Facility Lease to be duly executed in New York, New York by an officer thereunto duly authorized.

THE FIRST NATIONAL BANK OF BOSTON,
not in its individual capacity but solely as Owner
Trustee under a Trust Agreement dated as of August
12, 1986 with Public Service Company of New
Mexico,

By _____
Name:
Title:

**PUBLIC SERVICE COMPANY OF
NEW MEXICO**

By M. J. Marzec
Mitchell J. Marzec
Treasurer

CONSENT

In accordance with the provisions of the Collateral Trust Indenture and the Indenture (as such terms are defined in Appendix A to the within-mentioned Facility Lease) and pursuant to the Consolidated Joint Officers' Certificate, Company Request, Lessee Request and Notice dated March 8, 1995, the undersigned, in its respective capacities as trustee under each such indenture, hereby CONSENTS to the foregoing instrument.

CHEMICAL BANK,
as trustee

By: _____
Name:
Title:

IN WITNESS WHEREOF, each of the parties hereto has caused this Amendment No. 3 to Facility Lease to be duly executed in New York, New York by an officer thereunto duly authorized.

THE FIRST NATIONAL BANK OF BOSTON,
not in its individual capacity but solely as Owner
Trustee under a Trust Agreement dated as of August
12, 1986 with Public Service Company of New
Mexico,

By _____
Name:
Title:

**PUBLIC SERVICE COMPANY OF
NEW MEXICO**

By _____
Mitchell J. Marzec
Treasurer

CONSENT

In accordance with the provisions of the Collateral Trust Indenture and the Indenture (as such terms are defined in Appendix A to the within-mentioned Facility Lease) and pursuant to the Consolidated Joint Officers' Certificate, Company Request, Lessee Request and Notice dated March 8, 1995, the undersigned, in its respective capacities as trustee under each such indenture, hereby CONSENTS to the foregoing instrument.

CHEMICAL BANK,
as trustee

By: _____
Name: **T. J. FOLEY**
Title: **VICE PRESIDENT**

State of New Mexico)
) ss:
County of Bernallilo).

The foregoing instrument was acknowledged before me this 8th day of March, 1995 by M.J. Marzec the Treasurer of **PUBLIC SERVICE COMPANY OF NEW MEXICO**, a New Mexico corporation, on behalf of the corporation.

Deborah R. Bell
Notary Public

my commission expires 7-9-97

Commonwealth of Massachusetts)
) ss:
County of _____).

The foregoing instrument was acknowledged before me this 8th day of March, 1995 by _____, an _____ of **THE FIRST NATIONAL BANK OF BOSTON**, a national banking association, on behalf of the banking association as trustee under that certain Trust Agreement dated as of August 12, 1986 with Public Service Company of New Mexico.

Notary Public

State of New Mexico)

County of Bernallilo)

ss:

The foregoing instrument was acknowledged before me this 8th day of March, 1995 by M.J. Marzec the Treasurer of **PUBLIC SERVICE COMPANY OF NEW MEXICO**, a New Mexico corporation, on behalf of the corporation.

Notary Public

Commonwealth of Massachusetts)

County of Norfolk)

ss:

The foregoing instrument was acknowledged before me this 8th day of March, 1995 by **Henry W. Seemore**, an authorized officer of **THE FIRST NATIONAL BANK OF BOSTON**, a national banking association, on behalf of the banking association as trustee under that certain Trust Agreement dated as of August 12, 1986 with Public Service Company of New Mexico.

Kecia R. Banks
Notary Public

Kecia R. Banks, NOTARY PUBLIC
My commission expires: January 18, 2002.

SCHEDULE X TO AMENDMENT NO. 3

Equity Portion of Basic Rent

<u>Basic Rent Payment Date</u>	<u>Amount</u>
July 15, 1995	\$383.55
January 15, 1996	\$861.55
July 15, 1996	\$577.05
January 15, 1997	\$664.30
July 15, 1997	\$212.80
January 15, 1998	\$420.80
July 15, 1998	\$201,079.80
January 15, 1999	\$339,192.05
July 15, 1999	\$748,599.55
January 15, 2000	\$363,346.05
July 15, 2000	\$800,864.30
January 15, 2001	\$388,503.55
July 15, 2001	\$855,437.05
January 15, 2002	\$415,222.80
July 15, 2002	\$913,876.05
January 15, 2003	\$443,011.30
July 15, 2003	\$976,739.55
January 15, 2004	\$473,427.30
July 15, 2004	\$1,043,535.05
January 15, 2005	\$506,029.05
July 15, 2005	\$1,114,871.55
January 15, 2006	\$377,425.55
July 15, 2006	\$970,681.05
January 15, 2007	\$830,170.55
July 15, 2007	\$1,038,875.80
January 15, 2008	\$845,643.30
July 15, 2008	\$570.05
January 15, 2009	\$455.55
July 15, 2009	\$852.05
January 15, 2010	\$114.80
July 15, 2010	\$700.55
January 15, 2011	\$964.55
July 15, 2011	\$363.55
January 15, 2012	\$405.05
July 15, 2012	\$2,576,545.80
January 15, 2013	\$4,419,561.30
July 15, 2013	\$4,419,561.30
January 15, 2014	\$4,419,561.30
July 15, 2014	\$4,419,561.30
January 15, 2015	\$4,419,561.30
July 15, 2015	\$4,419,561.30
January 15, 2016	\$4,419,561.30

