THIS FILING IS		
Item 1: [X] An Initial (Original) Submission	OR [ ]	Resubmission No. ____

Form 1 Approved
OMB No.1902-0021
(Expires 12/31/2019)
Form 1-F Approved
OMB No.1902-0029
(Expires 12/31/2019)
Form 3-Q Approved
OMB No.1902-0205
(Expires 12/31/2019)

FERC FINANCIAL REPORT
FERC FORM No. 1: Annual Report of Major Electric Utilities, Licensees and Others and Supplemental Form 3-Q: Quarterly Financial Report

Exact Legal Name of Respondent (Company)	**Year/Period of Report**
El Paso Electric Company	**End of** 2018/Q2

INSTRUCTIONS FOR FILING FERC FORM NOS. 1 and 3-Q

GENERAL INFORMATION

I. Purpose

FERC Form No. 1 (FERC Form 1) is an annual regulatory requirement for Major electric utilities, licensees and others (18 C.F.R. § 141.1). FERC Form No. 3-Q (FERC Form 3-Q)is a quarterly regulatory requirement which supplements the annual financial reporting requirement (18 C.F.R. § 141.400). These reports are designed to collect financial and operational information from electric utilities, licensees and others subject to the jurisdiction of the Federal Energy Regulatory Commission. These reports are also considered to be non-confidential public use forms.

II. Who Must Submit

Each Major electric utility, licensee, or other, as classified in the Commission's Uniform System of Accounts Prescribed for Public Utilities and Licensees Subject To the Provisions of The Federal Power Act (18 C.F.R. Part 101), must submit FERC Form 1 (18 C.F.R. § 141.1), and FERC Form 3-Q (18 C.F.R. § 141.400).

Note: Major means having, in each of the three previous calendar years, sales or transmission service that exceeds one of the following:

(1) one million megawatt hours of total annual sales,
(2) 100 megawatt hours of annual sales for resale,
(3) 500 megawatt hours of annual power exchanges delivered, or
(4) 500 megawatt hours of annual wheeling for others (deliveries plus losses).

III. What and Where to Submit

(a) Submit FERC Forms 1 and 3-Q electronically through the forms submission software. Retain one copy of each report for your files. Any electronic submission must be created by using the forms submission software provided free by the Commission at its web site: http://www.ferc.gov/docs-filing/forms/form-1/elec-subm-soft.asp. The software is used to submit the electronic filing to the Commission via the Internet.

(b) The Corporate Officer Certification must be submitted electronically as part of the FERC Forms 1 and 3-Q filings.

(c) Submit immediately upon publication, by either eFiling or mail, two (2) copies to the Secretary of the Commission, the latest Annual Report to Stockholders. Unless eFiling the Annual Report to Stockholders, mail the stockholders report to the Secretary of the Commission at:

Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

(d) For the CPA Certification Statement, submit within 30 days after filing the FERC Form 1, a letter or report (not applicable to filers classified as Class C or Class D prior to January 1, 1984). The CPA Certification Statement can be either eFiled or mailed to the Secretary of the Commission at the address above.

The CPA Certification Statement should:

a) Attest to the conformity, in all material aspects, of the below listed (schedules and pages) with the Commission's applicable Uniform System of Accounts (including applicable notes relating thereto and the Chief Accountant's published accounting releases), and

b) Be signed by independent certified public accountants or an independent licensed public accountant certified or licensed by a regulatory authority of a State or other political subdivision of the U. S. (See 18 C.F.R. §§ 41.10-41.12 for specific qualifications.)

Reference Schedules	Pages
Comparative Balance Sheet	110-113
Statement of Income	114-117
Statement of Retained Earnings	118-119
Statement of Cash Flows	120-121
Notes to Financial Statements	122-123

e) The following format must be used for the CPA Certification Statement unless unusual circumstances or conditions, explained in the letter or report, demand that it be varied. Insert parenthetical phrases only when exceptions are reported.

"In connection with our regular examination of the financial statements of _____ for the year ended on which we have reported separately under date of ___________ , we have also reviewed schedules ___________________of FERC Form No. 1 for the year filed with the Federal Energy Regulatory Commission, for conformity in all material respects with the requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases. Our review for this purpose included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Based on our review, in our opinion the accompanying schedules identified in the preceding paragraph (except as noted below) conform in all material respects with the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases."

The letter or report must state which, if any, of the pages above do not conform to the Commission's requirements. Describe the discrepancies that exist.

(f) Filers are encouraged to file their Annual Report to Stockholders, and the CPA Certification Statement using eFiling. To further that effort, new selections, "Annual Report to Stockholders," and "CPA Certification Statement" have been added to the dropdown "pick list" from which companies must choose when eFiling. Further instructions are found on the Commission's website at http://www.ferc.gov/help/how-to.asp.

(g) Federal, State and Local Governments and other authorized users may obtain additional blank copies of FERC Form 1 and 3-Q free of charge from http://www.ferc.gov/docs-filing/forms/form-1/form-1.pdf and http://www.ferc.gov/docs-filing/forms.asp#3Q-gas .

IV. When to Submit:

FERC Forms 1 and 3-Q must be filed by the following schedule:

a) FERC Form 1 for each year ending December 31 must be filed by April 18th of the following year (18 CFR § 141.1), and

b) FERC Form 3-Q for each calendar quarter must be filed within 60 days after the reporting quarter (18 C.F.R. § 141.400).

V. Where to Send Comments on Public Reporting Burden.

The public reporting burden for the FERC Form 1 collection of information is estimated to average 1,168 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data-needed, and completing and reviewing the collection of information. The public reporting burden for the FERC Form 3-Q collection of information is estimated to average 168 hours per response.

Send comments regarding these burden estimates or any aspect of these collections of information, including suggestions for reducing burden, to the Federal Energy Regulatory Commission, 888 First Street NE, Washington, DC 20426 (Attention: Information Clearance Officer); and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503 (Attention: Desk Officer for the Federal Energy Regulatory Commission). No person shall be subject to any penalty if any collection of information does not display a valid control number (44 U.S.C. § 3512 (a)).

GENERAL INSTRUCTIONS

I. Prepare this report in conformity with the Uniform System of Accounts (18 CFR Part 101) (USofA). Interpret all accounting words and phrases in accordance with the USofA.

II. Enter in whole numbers (dollars or MWH) only, except where otherwise noted. (Enter cents for averages and figures per unit where cents are important. The truncating of cents is allowed except on the four basic financial statements where rounding is required.) The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting period, and use for statement of income accounts the current year's year to date amounts.

III Complete each question fully and accurately, even if it has been answered in a previous report. Enter the word "None" where it truly and completely states the fact.

IV. For any page(s) that is not applicable to the respondent, omit the page(s) and enter "NA," "NONE," or "Not Applicable" in column (d) on the List of Schedules, pages 2 and 3.

V. Enter the month, day, and year for all dates. Use customary abbreviations. **The "Date of Report" included in the header of each page is to be completed only for resubmissions** (see VII. below).

VI. Generally, except for certain schedules, all numbers, whether they are expected to be debits or credits, must be reported as positive. Numbers having a sign that is different from the expected sign must be reported by enclosing the numbers in parentheses.

VII For any resubmissions, submit the electronic filing using the form submission software only. Please explain the reason for the resubmission in a footnote to the data field.

VIII. Do not make references to reports of previous periods/years or to other reports in lieu of required entries, except as specifically authorized.

IX. Wherever (schedule) pages refer to figures from a previous period/year, the figures reported must be based upon those shown by the report of the previous period/year, or an appropriate explanation given as to why the different figures were used.

Definitions for statistical classifications used for completing schedules for transmission system reporting are as follows:

FNS - Firm Network Transmission Service for Self. "Firm" means service that can not be interrupted for economic reasons and is intended to remain reliable even under adverse conditions. "Network Service" is Network Transmission Service as described in Order No. 888 and the Open Access Transmission Tariff. "Self" means the respondent.

FNO - Firm Network Service for Others. "Firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions. "Network Service" is Network Transmission Service as described in Order No. 888 and the Open Access Transmission Tariff.

LFP - for Long-Term Firm Point-to-Point Transmission Reservations. "Long-Term" means one year or longer and" firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions. "Point-to-Point Transmission Reservations" are described in Order No. 888 and the Open Access Transmission Tariff. For all transactions identified as LFP, provide in a footnote the termination date of the contract defined as the earliest date either buyer or seller can unilaterally cancel the contract.

OLF - Other Long-Term Firm Transmission Service. Report service provided under contracts which do not conform to the terms of the Open Access Transmission Tariff. "Long-Term" means one year or longer and “firm” means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions. For all transactions identified as OLF, provide in a footnote the termination date of the contract defined as the earliest date either buyer or seller can unilaterally get out of the contract.

SFP - Short-Term Firm Point-to-Point Transmission Reservations. Use this classification for all firm point-to-point transmission reservations, where the duration of each period of reservation is less than one-year.

NF - Non-Firm Transmission Service, where firm means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions.

OS - Other Transmission Service. Use this classification only for those services which can not be placed in the above-mentioned classifications, such as all other service regardless of the length of the contract and service FERC Form. Describe the type of service in a footnote for each entry.

AD - Out-of-Period Adjustments. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting periods. Provide an explanation in a footnote for each adjustment.

DEFINITIONS

I. Commission Authorization (Comm. Auth.) -- The authorization of the Federal Energy Regulatory Commission, or any other Commission. Name the commission whose authorization was obtained and give date of the authorization.

II. Respondent -- The person, corporation, licensee, agency, authority, or other Legal entity or instrumentality in whose behalf the report is made.

EXCERPTS FROM THE LAW

Federal Power Act, 16 U.S.C. § 791a-825r

Sec. 3. The words defined in this section shall have the following meanings for purposes of this Act, to with:

(3) 'Corporation' means any corporation, joint-stock company, partnership, association, business trust, organized group of persons, whether incorporated or not, or a receiver or receivers, trustee or trustees of any of the foregoing. It shall not include 'municipalities, as hereinafter defined;

(4) 'Person' means an individual or a corporation;

(5) 'Licensee, means any person, State, or municipality Licensed under the provisions of section 4 of this Act, and any assignee or successor in interest thereof;

(7) 'municipality means a city, county, irrigation district, drainage district, or other political subdivision or agency of a State competent under the Laws thereof to carry and the business of developing, transmitting, unitizing, or distributing power; ......

(11) "project' means. a complete unit of improvement or development, consisting of a power house, all water conduits, all dams and appurtenant works and structures (including navigation structures) which are a part of said unit, and all storage, diverting, or fore bay reservoirs directly connected therewith, the primary line or lines transmitting power there from to the point of junction with the distribution system or with the interconnected primary transmission system, all miscellaneous structures used and useful in connection with said unit or any part thereof, and all water rights, rights-of-way, ditches, dams, reservoirs, Lands, or interest in Lands the use and occupancy of which are necessary or appropriate in the maintenance and operation of such unit;

"Sec. 4. The Commission is hereby authorized and empowered

(a) To make investigations and to collect and record data concerning the utilization of the water 'resources of any region to be developed, the water-power industry and its relation to other industries and to interstate or foreign commerce, and concerning the location, capacity, development -costs, and relation to markets of power sites; ... to the extent the Commission may deem necessary or useful for the purposes of this Act."

"Sec. 304. (a) Every Licensee and every public utility shall file with the Commission such annual and other periodic or special* reports as the Commission may be rules and regulations or other prescribe as necessary or appropriate to assist the Commission in the -proper administration of this Act. The Commission may prescribe the manner and FERC Form in which such reports salt be made, and require from such persons specific answers to all questions upon which the Commission may need information. The Commission may require that such reports shall include, among other things, full information as to assets and Liabilities, capitalization, net investment, and reduction thereof, gross receipts, interest due and paid, depreciation, and other reserves, cost of project and other facilities, cost of maintenance and operation of the project and other facilities, cost of renewals and replacement of the project works and other facilities, depreciation, generation, transmission, distribution, delivery, use, and sale of electric energy. The Commission may require any such person to make adequate provision for currently determining such costs and other facts. Such reports shall be made under oath unless the Commission otherwise specifies*.10

"Sec. 309. The Commission shall have power to perform any and all acts, and to prescribe, issue, make, and rescind such orders, rules and regulations as it may find necessary or appropriate to carry out the provisions of this Act. Among other things, such rules and regulations may define accounting, technical, and trade terms used in this Act; and may prescribe the FERC Form or FERC Forms of all statements, declarations, applications, and reports to be filed with the Commission, the information which they shall contain, and the time within which they shall be field..."

General Penalties

The Commission may assess up to $1 million per day per violation of its rules and regulations. *See* FPA § 316(a) (2005), 16 U.S.C. § 825o(a).

FERC FORM NO. 1/3-Q:
REPORT OF MAJOR ELECTRIC UTILITIES, LICENSEES AND OTHER

IDENTIFICATION

01 Exact Legal Name of Respondent El Paso Electric Company	02 Year/Period of Report End of 2018/Q2
03 Previous Name and Date of Change *(if name changed during year)* / /	
04 Address of Principal Office at End of Period *(Street, City, State, Zip Code)* P.O. Box 982, El Paso, TX 79960-0982; 100 North Stanton, El Paso, TX 79901	
05 Name of Contact Person Russell G. Gibson	06 Title of Contact Person Vice President & Controller
07 Address of Contact Person *(Street, City, State, Zip Code)* P.O. Box 982, El Paso, TX 79960-0982; 100 North Stanton, El Paso, TX 79901	

08 Telephone of Contact Person, *Including Area Code*	09 This Report Is	10 Date of Report *(Mo, Da, Yr)*
(915) 351-4222	(1) [X] An Original (2) [ ] A Resubmission	/ /

QUARTERLY CORPORATE OFFICER CERTIFICATION

The undersigned officer certifies that:

I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.

01 Name	03 Signature	04 Date Signed *(Mo, Da, Yr)*
Russell G. Gibson		
02 Title Vice President & Controller	Russell G. Gibson	08/23/2018

Title 18, U.S.C. 1001 makes it a crime for any person to knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2018/Q2

LIST OF SCHEDULES (Electric Utility)

Enter in column (c) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the respondents are "none," "not applicable," or "NA".

Line No.	Title of Schedule (a)	Reference Page No. (b)	Remarks (c)
1	Important Changes During the Quarter	108-109	
2	Comparative Balance Sheet	110-113	
3	Statement of Income for the Quarter	114-117	
4	Statement of Retained Earnings for the Quarter	118-119	
5	Statement of Cash Flows	120-121	
6	Notes to Financial Statements	122-123	
7	Statement of Accum Comp Income, Comp Income, and Hedging Activities	122 (a)(b)	
8	Summary of Utility Plant & Accumulated Provisions for Dep, Amort & Dep	200-201	
9	Electric Plant In Service and Accum Provision For Depr by Function	208	
10	Transmission Service and Generation Interconnection Study Costs	231	
11	Other Regulatory Assets	232	
12	Other Regulatory Liabilities	278	
13	Elec Operating Revenues (Individual Schedule Lines 300-301)	300-301	
14	Regional Transmission Service Revenues (Account 457.1)	302	Not Applicable
15	Electric Prod, Other Power Supply Exp, Trans and Distrib Exp	324a-324b	
16	Electric Customer Accts, Service, Sales, Admin and General Expenses	325	
17	Transmission of Electricity for Others	328-330	
18	Transmission of Electricity by ISO/RTOs	331	Not Applicable
19	Transmission of Electricity by Others	332	
20	Deprec, Depl and Amort of Elec Plant (403,403.1,404,and 405) (except A	338	
21	Amounts Included in ISO/RTO Settlement Statements	397	Not Applicable
22	Monthly Peak Loads and Energy Output	399	
23	Monthly Transmission System Peak Load	400	
24	Monthly ISO/RTO Transmission System Peak Load	400a	Not Applicable

Name of Respondent	This Report Is:	Date of Report	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2018/Q2

IMPORTANT CHANGES DURING THE QUARTER/YEAR

Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry should be answered. Enter "none," "not applicable," or "NA" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.

1. Changes in and important additions to franchise rights: Describe the actual consideration given therefore and state from whom the franchise rights were acquired. If acquired without the payment of consideration, state that fact.
2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give names of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization.
3. Purchase or sale of an operating unit or system: Give a brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required. Give date journal entries called for by the Uniform System of Accounts were submitted to the Commission.
4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents, and other condition. State name of Commission authorizing lease and give reference to such authorization.
5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased and give reference to Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service. Each natural gas company must also state major new continuing sources of gas made available to it from purchases, development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements, etc.
6. Obligations incurred as a result of issuance of securities or assumption of liabilities or guarantees including issuance of short-term debt and commercial paper having a maturity of one year or less. Give reference to FERC or State Commission authorization, as appropriate, and the amount of obligation or guarantee.
7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.
8. State the estimated annual effect and nature of any important wage scale changes during the year.
9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.
10. Describe briefly any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder reported on Page 104 or 105 of the Annual Report Form No. 1, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.
11. (Reserved.)
12. If the important changes during the year relating to the respondent company appearing in the annual report to stockholders are applicable in every respect and furnish the data required by Instructions 1 to 11 above, such notes may be included on this page.
13. Describe fully any changes in officers, directors, major security holders and voting powers of the respondent that may have occurred during the reporting period.
14. In the event that the respondent participates in a cash management program(s) and its proprietary capital ratio is less than 30 percent please describe the significant events or transactions causing the proprietary capital ratio to be less than 30 percent, and the extent to which the respondent has amounts loaned or money advanced to its parent, subsidiary, or affiliated companies through a cash management program(s). Additionally, please describe plans, if any to regain at least a 30 percent proprietary ratio.

PAGE 108 INTENTIONALLY LEFT BLANK
SEE PAGE 109 FOR REQUIRED INFORMATION.

1. Changes in and Important Additions to Franchise Rights:

On March 20, 2018, the City of El Paso passed an ordinance amending its existing franchise agreement with the Company. The amendment increased the supplemental fee reserved for economic development by an additional 1.00%, increasing the total franchise fee to 5.00% of gross revenues, and extended the expiration date of the franchise agreement by 30 years to July 31, 2060. The 2018 amendment will become effective October 1, 2018.

2. Acquisition of Ownership in Other Companies:

None.

3. Purchase or Sale of an Operating Unit or System:

None.

4. Important Leaseholds That Have Been Acquired or Given, Assigned or Surrendered:

None.

5. Important Extension or Reduction of Transmission or Distribution System:

None.

6. Obligations Incurred as a Result of Issuance of Securities or Assumption of Liabilities or Guarantees:

Issuance of Long-Term Debt, Securities Financing, and Guarantee of Debt. On October 7, 2015, the Company received approval in the New Mexico Public Regulation Commission (the "NMPRC") Case No. 15-00280-UT to guarantee the issuance of up to $65.0 million of long-term debt by the Rio Grande Resources Trust II (the "RGRT") to finance future purchases of nuclear fuel and to refinance existing nuclear fuel debt obligations, which remains effective. On October 4, 2017, the Company received additional approval in NMPRC Case No. 17-00217-UT to amend and extend the Company's Revolving Credit Facility (the "RCF"), issue up to $350.0 million in long-term debt and to redeem and refinance the $63.5 million 2009 Series A 7.25% Pollution Control Bonds and the $37.1 million 2009 Series B 7.25% Pollution Control Bonds, which have optional redemptions beginning in 2019. The NMPRC approval to issue $350.0 million in long-term debt supersedes its prior approval.

On October 31, 2017, the FERC issued an order in Docket No. ES17-54-000 approving the Company's filing to (i) amend and extend the RCF; (ii) issue up to $350.0 million in long-term debt; (iii) guarantee the issuance of up to $65.0 million of long-term debt by the RGRT; and (iv) redeem and refinance the $63.5 million 2009 Series A 7.25% Pollution Control Bonds and the $37.1 million 2009 Series B 7.25% Pollution Control Bonds, which have optional redemptions beginning in 2019. The order also approved the Company's request to continue to utilize the Company's existing RCF with the ability to amend and extend at a future date. The authorization is effective from November 15, 2017 through November 14, 2019 and supersedes prior FERC approvals.

Under these authorizations, on June 28, 2018, the Company issued $125.0 million in aggregate principal amount of 4.22% Senior Notes due August 15, 2028 and the RGRT completed the sale of $65.0 million in aggregate principal amount of its 4.07% Senior Notes due August 15, 2025 as further described below.

$125 Million Senior Notes. On June 28, 2018, the Company entered into a Note Purchase Agreement (the "Agreement") with several institutional purchasers under which the Company issued and sold $125 million aggregate principal amount of the Company's 4.22% Senior Notes due August 15, 2028 (the "Notes"). The net proceeds from the issuance of the Notes were used to repay outstanding short-term borrowings under the RCF for working capital and general corporate purposes. The Company will pay interest on the Notes semi-annually on February 15 and August 15 of each year until

maturity, beginning on February 15, 2019. The Company may redeem the Notes, in whole or in part, at any time at a redemption price equal to 100% of the principal amount to be redeemed together with the interest on such principal amount accrued to the date of redemption, plus a make-whole amount based on the prevailing market interest rates.

$65 Million RGRT Senior Notes. On June 28, 2018, the RGRT, a Texas grantor trust through which the Company finances its portion of nuclear fuel for Palo Verde Nuclear Generating Station ("Palo Verde"), and the Company entered into a Note Purchase Agreement (the "RGRT Agreement") with several institutional purchasers. Under the terms of the RGRT Agreement, the RGRT issued and sold $65 million aggregate principal amount of 4.07% Senior Notes due August 15, 2025 (the "RGRT Notes"). The net proceeds from the RGRT Notes were used to repay outstanding short-term borrowings under the RCF to finance nuclear fuel purchases. The Company guaranteed the payment of principal and interest on the RGRT Notes. The obligations arising from the guarantee of the RGRT notes are reported in obligations under capital leases of nuclear fuel. The RGRT will pay interest on the RGRT Notes semi-annually on February 15 and August 15 of each year until maturity, beginning on February 15, 2019.

Also, see Notes C and K of "Notes to Financial Statements."

7. Changes in Articles of Incorporation:

None.

8. Important Wage Scale Changes:

Base salaries for non-union employees were increased by an average of approximately 3% effective in January 2018 compared to 2017 through the merit award process. The annual effect of this increase was approximately $1.8 million.

9. Materially Important Legal Proceedings:

The Company is a party to various legal actions. In many of these matters, the Company has excess casualty liability insurance that covers the various claims, actions and complaints. Based upon a review of the matters and applicable insurance coverage, the Company believes that none of these matters will have a material adverse effect on the financial position, results of operations or cash flows of the Company.

Also, see Notes C, G, and H of "Notes to Financial Statements."

10. Materially Important Transactions:

None.

11. Reserved

12. Important changes during the year:

2017 Texas Retail Rate Case Filing. On February 13, 2017, the Company filed with the City of El Paso, other municipalities incorporated in the Company's Texas service territory and the Public Utility Commission of Texas ("PUCT") in Docket No. 46831, a request for an increase in non-fuel base revenues ("2017 Texas Retail Rate Case"). On November 2, 2017, the Company filed the Joint Motion to Implement Uncontested Stipulation and Agreement with the Administrative Law Judges for the 2017 Texas Retail Rate Case.

On December 18, 2017, the PUCT issued the PUCT Final Order in Docket No. 46831 ("2017 PUCT Final Order"), which provides, among other things, for the following: (i) an annual non-fuel base rate increase of $14.5 million; (ii) a return on equity of 9.65%; (iii) all new plant in service as filed in the Company's rate filing package was prudent and used and useful and therefore is included in rate base; (iv) recovery of the costs of decommissioning Four Corners in the amount of $5.5 million over a seven year period beginning August 1, 2017; (v) the Company to recover reasonable rate case expenses of approximately $3.4 million through a separate surcharge over a three year period; and (vi) a requirement that the Company file a refund tariff if the federal statutory income tax rate, as it relates to the Company, is decreased before the Company files its next rate case. The 2017 PUCT Final Order also established baseline revenue requirements for recovery of future transmission and distribution investment costs and includes a minimum monthly bill of $30.00 for new residential customers with distributed generation, such as private rooftop solar. Additionally, the 2017 PUCT Final Order allows for the annual recovery of $2.1 million of nuclear decommissioning funding and establishes annual depreciation expense that is approximately $1.9 million lower than the annual amount requested by the Company in its initial filing. Finally, the 2017 PUCT Final Order allows for the Company to recover revenues associated with the relate back of rates to consumption on and after July 18, 2017 through a separate surcharge.

New base rates, including additional surcharges associated with rate case expenses and the relate back of rates to consumption on and after July 18, 2017 through December 31, 2017 were implemented in January 2018.

For financial reporting purposes, the Company deferred any recognition of the Company's request in its 2017 Texas Retail Rate Case until it received the 2017 PUCT Final Order on December 18, 2017. Accordingly, it reported in the fourth quarter of 2017 the cumulative effect of the 2017 PUCT Final Order, which related back to July 18, 2017.

The 2017 PUCT Final Order required the Company to file a refund tariff if the federal statutory income tax rate, as it relates to the Company, were decreased before the Company files its next rate case. Following the enactment of The Federal Tax Cuts and Jobs Act ("TCJA") on December 22, 2017, and in compliance with the 2017 PUCT Final Order, on March 1, 2018, the Company filed with the PUCT and each of its municipalities a proposed refund tariff designed to reduce base charges for Texas customers equivalent to the expected annual decrease of $22.7 million in federal income tax expense resulting from the tax law changes. This filing was assigned PUCT Docket No. 48124. On March 27, 2018, the PUCT approved the Company's proposed refund tariff on an interim basis, subject to refund or surcharge, for customer billing effective April 1, 2018. Each of the Company's municipalities also implemented the Company's proposed tax credits on an interim basis effective April 1, 2018. The refund will be reflected in rates over a period of a year and will be updated annually until new base rates are implemented pursuant to the Company's next rate case filing. No party requested a hearing in the case before the PUCT by the deadline of April 16, 2018, and on April 18, 2018, the PUCT Staff filed its final recommendation supporting approval of the Company's application. The Company filed an agreed proposed order for final approval on behalf of all parties except the City of El Paso on April 30, 2018, and on May 31, 2018, the City of El Paso filed a notice with the PUCT stating that the City Council had authorized agreement with the proposed order. The refund tariff case is pending with the refund tariff subject to a final order from the PUCT.

New Mexico Order Commencing Review of the Effects of the TCJA on Regulated New Mexico Utilities. On January 24, 2018, the NMPRC initiated a proceeding in Case No. 18-00016-UT into the impact of the TCJA on New Mexico regulated utilities. On February 23, 2018, the Company responded to a NMPRC Staff inquiry regarding the proceeding. On April 4, 2018, the NMPRC issued an order requiring the Company to file a proposed interim rate rider to adjust the Company’s New Mexico base revenues in amounts equivalent to the Company’s reduced income tax expense for New Mexico customers resulting from the TCJA, to be implemented on or before May 1, 2018. The NMPRC order further requires that the Company record and track a regulatory liability for the excess accumulated deferred income taxes created by the change in the federal corporate income tax rate, consistent with the effective date of the TCJA, and subject to amortization determined by the NMPRC in the Company’s next general rate case. The Company recorded such a regulatory liability during the quarter ended December 31, 2017. On April 16, 2018, after consultation with the New Mexico Attorney General pursuant to the NMPRC order, the Company filed an interim rate rider, with a proposed effective date of May 1, 2018. The annualized credits expected to be refunded to New Mexico customers approximate $4.9 million. On April 25, 2018, the NMPRC approved the Company's interim rate rider which was implemented in customer bills beginning May 1, 2018.

Federal Energy Regulatory Commission Inquiry Regarding the Effect of the TCJA on Commission-Jurisdictional Rates and Order to Show Cause. On March 15, 2018, the FERC issued two show cause orders under Section 206 of the Federal Power Act and Rule 209(a) of the FERC's Rules of Practice and Procedure, directing 48 individual public utilities with stated transmission rates or transmission formula rates with a fixed line item of 35% for the federal income tax component to, within 60 days of the date of the orders, either (1) propose revisions to their transmission rates under their open access transmission tariffs or transmission owner tariffs on file with the FERC, or (2) show cause why they should not be required to do so. The Company was included in the list of public utilities impacted by the FERC orders. On May 14, 2018, the Company submitted its response, as required by the FERC order, which demonstrated that the reduced annual income tax does not cause the Company's total transmission revenues to become excessive and therefore no rate reduction was justified. Instead, the Company stated in its response that it will make preparations for a future filing in which it will seek approval for revised Open Access Transmission Tariff ("OATT") rates that would include the recovery of an increased total transmission revenue requirement from OATT customers based on current circumstances and appropriate forward looking adjustments. The Company cannot predict the outcome of this matter at this time.

Also, see response to items 1 to 11 and 13 to 14.

13. Changes in officers, directors, major security holders and voting powers of the respondent that may have occurred during the reporting period:

On February 5, 2018, David C. Hawkins was appointed Vice President, Generation and System Planning and Dispatch. Formerly, Mr. Hawkins served as Vice President, System Operations, Resource Planning and Management from June 2014 to February 2018.

On March 1, 2018, Andres R. Ramirez, Vice President, retired from the Company.

On March 5, 2018, Victor F. Rueda was appointed Vice President, Human Resources and Community Outreach. Mr. Rueda served as Vice President of Human Resources of Andeavor (formerly Western Refining, Inc.) from 2006 until 2017.

On April 16, 2018, Elaina L. Ball was appointed Senior Vice President and Chief Administrative Officer. Ms. Ball served as Chief Operating Officer of Austin Energy from 2016 until April 2018.

On April 16, 2018, William A. Stiller was appointed Senior Vice President and Chief Human Resources Officer. Formerly, Mr. Stiller served as Senior Vice President of Public and Customer Affairs and Chief Human Resources Officer from December 2015 to April 2018.

On May 24, 2018, Woodley L. Hunt ceased being a member of the Board of Directors of the Company. In accordance with the director retirement policy in the Company's Corporate Governance Guidelines, Mr. Hunt was not renominated to serve as a director.

On May 24, 2018, James W. Harris ceased being a member of the Board of Directors of the Company. In accordance with the director retirement policy in the Company's Corporate Governance Guidelines, Mr. Harris was not renominated to serve as a director.

On July 1, 2018, Kerry B. Lore, Vice President, retired from the Company.

On July 1, 2018, Guillermo Silva, Jr., Vice President, retired from the Company.

During the reporting period, the shares of El Paso Electric Company stock owned by Vanguard Group, Inc. increased to a total ownership above 10% of El Paso Electric Company outstanding shares. On March 12, 2018, Vanguard Group, Inc. reported to the U.S. Securities and Exchange Commission as Amendment No. 8 to Form 13G that it owns 10.02% of El Paso Electric Company outstanding stock.

14. Cash management programs and events causing the proprietary capital to be less than 30 percent:

None.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2018/Q2

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	**UTILITY PLANT**			
2	Utility Plant (101-106, 114)	200-201	4,993,190,476	4,912,424,556
3	Construction Work in Progress (107)	200-201	169,536,761	146,057,827
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		5,162,727,237	5,058,482,383
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200-201	2,272,918,173	2,240,335,407
6	Net Utility Plant (Enter Total of line 4 less 5)		2,889,809,064	2,818,146,976
7	Nuclear Fuel in Process of Ref., Conv.,Enrich., and Fab. (120.1)	202-203	0	0
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)		0	0
9	Nuclear Fuel Assemblies in Reactor (120.3)		0	0
10	Spent Nuclear Fuel (120.4)		0	0
11	Nuclear Fuel Under Capital Leases (120.6)		196,847,204	195,938,084
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202-203	74,017,510	74,727,129
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)		122,829,694	121,210,955
14	Net Utility Plant (Enter Total of lines 6 and 13)		3,012,638,758	2,939,357,931
15	Utility Plant Adjustments (116)		0	0
16	Gas Stored Underground - Noncurrent (117)		0	0
17	**OTHER PROPERTY AND INVESTMENTS**			
18	Nonutility Property (121)		709,446	709,446
19	(Less) Accum. Prov. for Depr. and Amort. (122)		0	0
20	Investments in Associated Companies (123)		0	0
21	Investment in Subsidiary Companies (123.1)	224-225	0	0
22	(For Cost of Account 123.1, See Footnote Page 224, line 42)			
23	Noncurrent Portion of Allowances	228-229	0	0
24	Other Investments (124)		1,726,080	1,764,256
25	Sinking Funds (125)		0	0
26	Depreciation Fund (126)		0	0
27	Amortization Fund - Federal (127)		0	0
28	Other Special Funds (128)		293,211,074	293,016,062
29	Special Funds (Non Major Only) (129)		0	0
30	Long-Term Portion of Derivative Assets (175)		0	0
31	Long-Term Portion of Derivative Assets – Hedges (176)		0	0
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)		295,646,600	295,489,764
33	**CURRENT AND ACCRUED ASSETS**			
34	Cash and Working Funds (Non-major Only) (130)		0	0
35	Cash (131)		10,983,731	6,701,768
36	Special Deposits (132-134)		0	0
37	Working Fund (135)		684,138	66,552
38	Temporary Cash Investments (136)		254,955	221,525
39	Notes Receivable (141)		0	0
40	Customer Accounts Receivable (142)		61,603,175	54,852,721
41	Other Accounts Receivable (143)		8,865,780	13,880,761
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		1,653,150	2,336,990
43	Notes Receivable from Associated Companies (145)		0	0
44	Accounts Receivable from Assoc. Companies (146)		0	0
45	Fuel Stock (151)	227	2,103,221	2,071,842
46	Fuel Stock Expenses Undistributed (152)	227	0	0
47	Residuals (Elec) and Extracted Products (153)	227	0	0
48	Plant Materials and Operating Supplies (154)	227	47,293,923	48,791,808
49	Merchandise (155)	227	0	0
50	Other Materials and Supplies (156)	227	0	0
51	Nuclear Materials Held for Sale (157)	202-203/227	0	0
52	Allowances (158.1 and 158.2)	228-229	40,257	40,560

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2018/Q2

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)(Continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
53	(Less) Noncurrent Portion of Allowances		0	0
54	Stores Expense Undistributed (163)	227	-5,341	6,086
55	Gas Stored Underground - Current (164.1)		0	0
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		0	0
57	Prepayments (165)		16,072,565	10,297,791
58	Advances for Gas (166-167)		0	0
59	Interest and Dividends Receivable (171)		2,047	3,459
60	Rents Receivable (172)		0	0
61	Accrued Utility Revenues (173)		38,266,000	22,185,000
62	Miscellaneous Current and Accrued Assets (174)		-199,973	-19,103
63	Derivative Instrument Assets (175)		0	0
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)		0	0
65	Derivative Instrument Assets - Hedges (176)		0	0
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176		0	0
67	Total Current and Accrued Assets (Lines 34 through 66)		184,311,328	156,763,780
68	**DEFERRED DEBITS**			
69	Unamortized Debt Expenses (181)		13,136,483	12,843,774
70	Extraordinary Property Losses (182.1)	230a	0	0
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230b	0	0
72	Other Regulatory Assets (182.3)	232	91,329,781	96,746,932
73	Prelim. Survey and Investigation Charges (Electric) (183)		1,272,645	955,259
74	Preliminary Natural Gas Survey and Investigation Charges 183.1)		0	0
75	Other Preliminary Survey and Investigation Charges (183.2)		0	0
76	Clearing Accounts (184)		-67,634	-71,727
77	Temporary Facilities (185)		0	0
78	Miscellaneous Deferred Debits (186)	233	6,218,491	5,815,807
79	Def. Losses from Disposition of Utility Plt. (187)		0	0
80	Research, Devel. and Demonstration Expend. (188)	352-353	0	0
81	Unamortized Loss on Reaquired Debt (189)		15,244,276	15,687,238
82	Accumulated Deferred Income Taxes (190)	234	201,654,467	191,950,416
83	Unrecovered Purchased Gas Costs (191)		0	0
84	Total Deferred Debits (lines 69 through 83)		328,788,509	323,927,699
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		3,821,385,195	3,715,539,174

Name of Respondent	This Report is:	Date of Report (mo, da, yr)	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	end of 2018/Q2

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251	65,828,688	65,828,688
3	Preferred Stock Issued (204)	250-251	0	0
4	Capital Stock Subscribed (202, 205)		0	0
5	Stock Liability for Conversion (203, 206)		0	0
6	Premium on Capital Stock (207)		313,124,650	312,697,384
7	Other Paid-In Capital (208-211)	253	2,888,171	3,390,298
8	Installments Received on Capital Stock (212)	252	0	0
9	(Less) Discount on Capital Stock (213)	254	0	0
10	(Less) Capital Stock Expense (214)	254b	340,939	340,939
11	Retained Earnings (215, 215.1, 216)	118-119	1,227,787,791	1,188,438,459
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	0	0
13	(Less) Reaquired Capital Stock (217)	250-251	418,690,148	420,505,805
14	Noncorporate Proprietorship (Non-major only) (218)		0	0
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	-33,458,826	11,058,360
16	Total Proprietary Capital (lines 2 through 15)		1,157,139,387	1,160,566,445
17	LONG-TERM DEBT			
18	Bonds (221)	256-257	159,835,000	159,835,000
19	(Less) Reaquired Bonds (222)	256-257	0	0
20	Advances from Associated Companies (223)	256-257	0	0
21	Other Long-Term Debt (224)	256-257	1,125,000,000	1,000,000,000
22	Unamortized Premium on Long-Term Debt (225)		6,750,049	6,813,217
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		3,561,953	3,623,116
24	Total Long-Term Debt (lines 18 through 23)		1,288,023,096	1,163,025,101
25	OTHER NONCURRENT LIABILITIES			
26	Obligations Under Capital Leases - Noncurrent (227)		110,000,000	45,000,000
27	Accumulated Provision for Property Insurance (228.1)		0	0
28	Accumulated Provision for Injuries and Damages (228.2)		0	0
29	Accumulated Provision for Pensions and Benefits (228.3)		106,831,071	110,254,454
30	Accumulated Miscellaneous Operating Provisions (228.4)		0	0
31	Accumulated Provision for Rate Refunds (229)		3,088,295	0
32	Long-Term Portion of Derivative Instrument Liabilities		0	0
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges		0	0
34	Asset Retirement Obligations (230)		97,058,822	93,028,714
35	Total Other Noncurrent Liabilities (lines 26 through 34)		316,978,188	248,283,168
36	CURRENT AND ACCRUED LIABILITIES			
37	Notes Payable (231)		56,000,000	85,000,000
38	Accounts Payable (232)		51,958,924	59,270,210
39	Notes Payable to Associated Companies (233)		0	0
40	Accounts Payable to Associated Companies (234)		0	0
41	Customer Deposits (235)		10,667,503	7,013,549
42	Taxes Accrued (236)	262-263	26,257,705	32,817,188
43	Interest Accrued (237)		11,869,769	11,613,171
44	Dividends Declared (238)		0	0
45	Matured Long-Term Debt (239)		0	0

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)(continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
46	Matured Interest (240)		0	0
47	Tax Collections Payable (241)		2,588,228	1,647,615
48	Miscellaneous Current and Accrued Liabilities (242)		22,997,973	20,406,508
49	Obligations Under Capital Leases-Current (243)		25,323,938	89,389,759
50	Derivative Instrument Liabilities (244)		0	0
51	(Less) Long-Term Portion of Derivative Instrument Liabilities		0	0
52	Derivative Instrument Liabilities - Hedges (245)		0	0
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges		0	0
54	Total Current and Accrued Liabilities (lines 37 through 53)		207,664,040	307,158,000
55	DEFERRED CREDITS			
56	Customer Advances for Construction (252)		22,326,386	20,559,598
57	Accumulated Deferred Investment Tax Credits (255)	266-267	19,618,366	20,392,372
58	Deferred Gains from Disposition of Utility Plant (256)		0	0
59	Other Deferred Credits (253)	269	4,661,904	4,433,668
60	Other Regulatory Liabilities (254)	278	300,960,192	297,855,890
61	Unamortized Gain on Reaquired Debt (257)		0	0
62	Accum. Deferred Income Taxes-Accel. Amort.(281)	272-277	0	0
63	Accum. Deferred Income Taxes-Other Property (282)		480,884,182	482,460,890
64	Accum. Deferred Income Taxes-Other (283)		23,129,454	10,804,042
65	Total Deferred Credits (lines 56 through 64)		851,580,484	836,506,460
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		3,821,385,195	3,715,539,174

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2018/Q2

STATEMENT OF INCOME

Quarterly

1. Report in column (c) the current year to date balance. Column (c) equals the total of adding the data in column (g) plus the data in column (i) plus the data in column (k). Report in column (d) similar data for the previous year. This information is reported in the annual filing only.
2. Enter in column (e) the balance for the reporting quarter and in column (f) the balance for the same three month period for the prior year.
3. Report in column (g) the quarter to date amounts for electric utility function; in column (i) the quarter to date amounts for gas utility, and in column (k) the quarter to date amounts for other utility function for the current year quarter.
4. Report in column (h) the quarter to date amounts for electric utility function; in column (j) the quarter to date amounts for gas utility, and in column (l) the quarter to date amounts for other utility function for the prior year quarter.
5. If additional columns are needed, place them in a footnote.

Annual or Quarterly if applicable

5. Do not report fourth quarter data in columns (e) and (f)
6. Report amounts for accounts 412 and 413, Revenues and Expenses from Utility Plant Leased to Others, in another utility columnin a similar manner to a utility department. Spread the amount(s) over lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals.
7. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.

Line No.	Title of Account (a)	(Ref.) Page No. (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
1	UTILITY OPERATING INCOME					
2	Operating Revenues (400)	300-301	412,508,613	423,178,328	236,795,718	251,843,321
3	Operating Expenses					
4	Operation Expenses (401)	320-323	221,469,642	229,278,436	112,258,173	124,706,285
5	Maintenance Expenses (402)	320-323	43,161,337	41,405,540	25,016,892	20,415,098
6	Depreciation Expense (403)	336-337	44,221,702	41,129,935	22,180,393	20,771,515
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-337	-663,782	-527,982	-331,892	-247,536
8	Amort. & Depl. of Utility Plant (404-405)	336-337	3,608,758	2,989,174	1,806,669	1,551,522
9	Amort. of Utility Plant Acq. Adj. (406)	336-337				
10	Amort. Property Losses, Unrecov Plant and Regulatory Study Costs (407)					
11	Amort. of Conversion Expenses (407)					
12	Regulatory Debits (407.3)		1,064,970	674,709	532,485	338,002
13	(Less) Regulatory Credits (407.4)		130,620	130,620	65,310	65,310
14	Taxes Other Than Income Taxes (408.1)	262-263	32,887,526	32,994,704	17,380,705	17,265,156
15	Income Taxes - Federal (409.1)	262-263	669,445	-1,292,159	95,572	-753,821
16	- Other (409.1)	262-263	699,260	429,078	453,918	388,183
17	Provision for Deferred Income Taxes (410.1)	234, 272-277	29,223,853	58,827,470	16,516,522	32,108,797
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272-277	24,587,994	45,200,915	7,860,908	15,487,942
19	Investment Tax Credit Adj. - Net (411.4)	266	-774,006	951,516	-387,003	1,339,758
20	(Less) Gains from Disp. of Utility Plant (411.6)		124,968		124,968	
21	Losses from Disp. of Utility Plant (411.7)					
22	(Less) Gains from Disposition of Allowances (411.8)					
23	Losses from Disposition of Allowances (411.9)					
24	Accretion Expense (411.10)		4,167,346	3,799,524	2,087,975	1,928,613
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		354,892,469	365,328,410	189,559,223	204,258,320
26	Net Util Oper Inc (Enter Tot line 2 less 25) Carry to Pg117,line 27		57,616,144	57,849,918	47,236,495	47,585,001

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2018/Q2

STATEMENT OF INCOME FOR THE YEAR (Continued)

9. Use page 122 for important notes regarding the statement of income for any account thereof.
10. Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in material refund to the utility with respect to power or gas purchases. State for each year effected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power or gas purchases.
11 Give concise explanations concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purches, and a summary of the adjustments made to balance sheet, income, and expense accounts.
12. If any notes appearing in the report to stokholders are applicable to the Statement of Income, such notes may be included at page 122.
13. Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also, give the appropriate dollar effect of such changes.
14. Explain in a footnote if the previous year's/quarter's figures are different from that reported in prior reports.
15. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles report the information in a footnote to this schedule.

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		
Current Year to Date (in dollars) (g)	Previous Year to Date (in dollars) (h)	Current Year to Date (in dollars) (i)	Previous Year to Date (in dollars) (j)	Current Year to Date (in dollars) (k)	Previous Year to Date (in dollars) (l)	Line No.
						1
412,508,613	423,178,328					2
						3
221,469,642	229,278,436					4
43,161,337	41,405,540					5
44,221,702	41,129,935					6
-663,782	-527,982					7
3,608,758	2,989,174					8
						9
						10
						11
1,064,970	674,709					12
130,620	130,620					13
32,887,526	32,994,704					14
669,445	-1,292,159					15
699,260	429,078					16
29,223,853	58,827,470					17
24,587,994	45,200,915					18
-774,006	951,516					19
124,968						20
						21
						22
						23
4,167,346	3,799,524					24
354,892,469	365,328,410					25
57,616,144	57,849,918					26

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2018/Q2

STATEMENT OF INCOME FOR THE YEAR (continued)

Line No.	Title of Account (a)	(Ref.) Page No. (b)	TOTAL Current Year (c)	TOTAL Previous Year (d)	Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
27	Net Utility Operating Income (Carried forward from page 114)		57,616,144	57,849,918	47,236,495	47,585,001
28	Other Income and Deductions					
29	Other Income					
30	Nonutilty Operating Income					
31	Revenues From Merchandising, Jobbing and Contract Work (415)		209,083	124,079	13,504	39,350
32	(Less) Costs and Exp. of Merchandising, Job. & Contract Work (416)		340,905	280,511	112,462	92,253
33	Revenues From Nonutility Operations (417)					
34	(Less) Expenses of Nonutility Operations (417.1)					
35	Nonoperating Rental Income (418)					
36	Equity in Earnings of Subsidiary Companies (418.1)	119				
37	Interest and Dividend Income (419)		3,817,930	3,298,078	2,072,836	1,710,512
38	Allowance for Other Funds Used During Construction (419.1)		1,638,423	1,540,434	718,344	725,774
39	Miscellaneous Nonoperating Income (421)		6,784,978	10,669,670	3,721,497	6,722,511
40	Gain on Disposition of Property (421.1)			838,091		838,091
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		12,109,509	16,189,841	6,413,719	9,943,985
42	Other Income Deductions					
43	Loss on Disposition of Property (421.2)					
44	Miscellaneous Amortization (425)					
45	Donations (426.1)		626,517	625,715	425,508	374,813
46	Life Insurance (426.2)		10,210	-57,503	-40,826	-120,655
47	Penalties (426.3)		-2,046	155	-2,058	
48	Exp. for Certain Civic, Political & Related Activities (426.4)		305,700	393,489	151,246	179,442
49	Other Deductions (426.5)		3,563,512	457,496	-781,051	247,162
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		4,503,893	1,419,352	-247,181	680,762
51	Taxes Applic. to Other Income and Deductions					
52	Taxes Other Than Income Taxes (408.2)	262-263	5,797	5,029	3,151	2,813
53	Income Taxes-Federal (409.2)	262-263	1,737,837	3,036,027	1,735,073	1,907,675
54	Income Taxes-Other (409.2)	262-263	-45,597	87,159	-1,051	49,229
55	Provision for Deferred Inc. Taxes (410.2)	234, 272-277	10,465,413	219,516	144,716	97,258
56	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272-277	10,929,631	66,304	636,391	168
57	Investment Tax Credit Adj.-Net (411.5)					
58	(Less) Investment Tax Credits (420)					
59	TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)		1,233,819	3,281,427	1,245,498	2,056,807
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		6,371,797	11,489,062	5,415,402	7,206,416
61	Interest Charges					
62	Interest on Long-Term Debt (427)		35,344,804	35,817,654	17,775,196	17,923,651
63	Amort. of Debt Disc. and Expense (428)		457,793	573,183	229,456	291,629
64	Amortization of Loss on Reaquired Debt (428.1)		442,962	442,962	221,481	221,481
65	(Less) Amort. of Premium on Debt-Credit (429)		63,168	60,258	31,584	30,129
66	(Less) Amortization of Gain on Reaquired Debt-Credit (429.1)					
67	Interest on Debt to Assoc. Companies (430)					
68	Other Interest Expense (431)		2,594,059	1,231,879	1,617,824	741,535
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		1,670,055	1,501,467	772,107	710,244
70	Net Interest Charges (Total of lines 62 thru 69)		37,106,395	36,503,953	19,040,266	18,437,923
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		26,881,546	32,835,027	33,611,631	36,353,494
72	Extraordinary Items					
73	Extraordinary Income (434)					
74	(Less) Extraordinary Deductions (435)					
75	Net Extraordinary Items (Total of line 73 less line 74)					
76	Income Taxes-Federal and Other (409.3)	262-263				
77	Extraordinary Items After Taxes (line 75 less line 76)					
78	Net Income (Total of line 71 and 77)		26,881,546	32,835,027	33,611,631	36,353,494

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2018/Q2

STATEMENT OF RETAINED EARNINGS

1. Do not report Lines 49-53 on the quarterly version.
2. Report all changes in appropriated retained earnings, unappropriated retained earnings, year to date, and unappropriated undistributed subsidiary earnings for the year.
3. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436 - 439 inclusive). Show the contra primary account affected in column (b)
4. State the purpose and amount of each reservation or appropriation of retained earnings.
5. List first account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items in that order.
6. Show dividends for each class and series of capital stock.
7. Show separately the State and Federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
8. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
9. If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter/Year Year to Date Balance (c)	Previous Quarter/Year Year to Date Balance (d)
	UNAPPROPRIATED RETAINED EARNINGS (Account 216)			
1	Balance-Beginning of Period		1,188,438,459	1,142,889,432
2	Changes			
3	Adjustments to Retained Earnings (Account 439)			
4	Cummulative Effect Retained Earnings Adjustments:			
5	(ASU) 2016-09 Compensation-Stock Compensation (Topic 718):			
6	Improvement to Employee Share-Based Payment Accounting-Federal Income Tax	190		182,628
7	(ASU) 2016-01 Financial Instruments-Overall (Subtopic 825-10):			
8	Recognition and Measurement of Financial Assets-Net of Income Taxes	219	40,724,356	
9	TOTAL Credits to Retained Earnings (Acct. 439)		40,724,356	182,628
10				
11				
12				
13				
14				
15	TOTAL Debits to Retained Earnings (Acct. 439)			
16	Balance Transferred from Income (Account 433 less Account 418.1)		26,881,546	98,703,869
17	Appropriations of Retained Earnings (Acct. 436)			
18				
19				
20				
21				
22	TOTAL Appropriations of Retained Earnings (Acct. 436)			
23	Dividends Declared-Preferred Stock (Account 437)			
24				
25				
26				
27				
28				
29	TOTAL Dividends Declared-Preferred Stock (Acct. 437)			
30	Dividends Declared-Common Stock (Account 438)			
31	Class Common Stock $1 Par Value		-28,256,570	(53,337,470)
32				
33				
34				
35				
36	TOTAL Dividends Declared-Common Stock (Acct. 438)		-28,256,570	(53,337,470)
37	Transfers from Acct 216.1, Unapprop. Undistrib. Subsidiary Earnings			
38	Balance - End of Period (Total 1,9,15,16,22,29,36,37)		1,227,787,791	1,188,438,459
	APPROPRIATED RETAINED EARNINGS (Account 215)			
39				
40				

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2018/Q2

STATEMENT OF RETAINED EARNINGS

1. Do not report Lines 49-53 on the quarterly version.
2. Report all changes in appropriated retained earnings, unappropriated retained earnings, year to date, and unappropriated undistributed subsidiary earnings for the year.
3. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436 - 439 inclusive). Show the contra primary account affected in column (b)
4. State the purpose and amount of each reservation or appropriation of retained earnings.
5. List first account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items in that order.
6. Show dividends for each class and series of capital stock.
7. Show separately the State and Federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
8. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
9. If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter/Year Year to Date Balance (c)	Previous Quarter/Year Year to Date Balance (d)
41				
42				
43				
44				
45	TOTAL Appropriated Retained Earnings (Account 215)			
	APPROP. RETAINED EARNINGS - AMORT. Reserve, Federal (Account 215.1)			
46	TOTAL Approp. Retained Earnings-Amort. Reserve, Federal (Acct. 215.1)			
47	TOTAL Approp. Retained Earnings (Acct. 215, 215.1) (Total 45,46)			
48	TOTAL Retained Earnings (Acct. 215, 215.1, 216) (Total 38, 47) (216.1)		1,227,787,791	1,188,438,459
	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account			
	Report only on an Annual Basis, no Quarterly			
49	Balance-Beginning of Year (Debit or Credit)			
50	Equity in Earnings for Year (Credit) (Account 418.1)			
51	(Less) Dividends Received (Debit)			
52				
53	Balance-End of Year (Total lines 49 thru 52)			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2018/Q2

STATEMENT OF CASH FLOWS

(1) Codes to be used:(a) Net Proceeds or Payments;(b)Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc.
(2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.
(3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid.
(4) Investing Activities: Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.

Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)
1	Net Cash Flow from Operating Activities:		
2	Net Income (Line 78(c) on page 117)	26,881,546	32,835,027
3	Noncash Charges (Credits) to Income:		
4	Depreciation and Depletion	44,221,702	41,129,935
5	Amortization of Other	11,528,698	10,548,749
6	Amortization of Nuclear Fuel	19,661,952	21,186,297
7			
8	Deferred Income Taxes (Net)	4,171,642	13,597,144
9	Investment Tax Credit Adjustment (Net)	-774,006	951,516
10	Net (Increase) Decrease in Receivables	-23,516,479	-32,683,835
11	Net (Increase) Decrease in Inventory	1,905,244	-2,788,136
12	Net (Increase) Decrease in Allowances Inventory	303	-3,335
13	Net Increase (Decrease) in Payables and Accrued Expenses	-3,448,266	-1,319,113
14	Net (Increase) Decrease in Other Regulatory Assets	3,086,984	3,656,167
15	Net Increase (Decrease) in Other Regulatory Liabilities	984,529	58,947
16	(Less) Allowance for Other Funds Used During Construction	1,638,423	1,540,434
17	(Less) Undistributed Earnings from Subsidiary Companies		
18	Other (provide details in footnote):	2,098,254	-5,517,836
19			
20	Deferred Charges and Credits	-2,446,248	-5,702,591
21	Net (Increase) Decrease in Prepayments and Other	-8,192,361	-6,293,849
22	Net Cash Provided by (Used in) Operating Activities (Total 2 thru 21)	74,525,071	68,114,653
23			
24	Cash Flows from Investment Activities:		
25	Construction and Acquisition of Plant (including land):		
26	Gross Additions to Utility Plant (less nuclear fuel)	-120,657,818	-111,155,298
27	Gross Additions to Nuclear Fuel	-21,606,918	-23,408,366
28	Gross Additions to Common Utility Plant		
29	Gross Additions to Nonutility Plant		
30	(Less) Allowance for Other Funds Used During Construction	-1,638,423	-1,540,434
31	Other (provide details in footnote):		
32			
33			
34	Cash Outflows for Plant (Total of lines 26 thru 33)	-140,626,313	-133,023,230
35			
36	Acquisition of Other Noncurrent Assets (d)		
37	Proceeds from Disposal of Noncurrent Assets (d)		
38			
39	Investments in and Advances to Assoc. and Subsidiary Companies		
40	Contributions and Advances from Assoc. and Subsidiary Companies		
41	Disposition of Investments in (and Advances to)		
42	Associated and Subsidiary Companies		
43			
44	Purchase of Investment Securities (a)		
45	Proceeds from Sales of Investment Securities (a)		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2018/Q2

STATEMENT OF CASH FLOWS

(1) Codes to be used:(a) Net Proceeds or Payments;(b)Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc.
(2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.
(3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid.
(4) Investing Activities: Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.

Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)
46	Loans Made or Purchased		
47	Collections on Loans		
48	Insurance Proceeds Received for Equipment	5,350,789	1,725,299
49	Net (Increase) Decrease in Receivables		
50	Net (Increase) Decrease in Inventory		
51	Net (Increase) Decrease in Allowances Held for Speculation		
52	Net Increase (Decrease) in Payables and Accrued Expenses		
53	Investment in Decommissioning Trust Fund (Purchases)	-47,895,729	-65,959,608
54	Investment in Decomissioning Trust Fund (Sales and Maturities)	44,932,637	62,531,189
55	Other (provided details in footnote):	2,134,589	-928,857
56	Net Cash Provided by (Used in) Investing Activities		
57	Total of lines 34 thru 55)	-136,104,027	-135,655,207
58			
59	Cash Flows from Financing Activities:		
60	Proceeds from Issuance of:		
61	Long-Term Debt (b)	125,000,000	
62	Preferred Stock		
63	Common Stock		
64	Other: Financing and Other Capital Lease Obligations- Proceeds	484,559,150	292,404,767
65			
66	Net Increase in Short-Term Debt (c)		
67	Other (provide details in footnote):		
68			
69			
70	Cash Provided by Outside Sources (Total 61 thru 69)	609,559,150	292,404,767
71			
72	Payments for Retirement of:		
73	Long-term Debt (b)		
74	Preferred Stock		
75	Common Stock		
76	Other (provide details in footnote):	-2,143,629	-757,738
77	Financing and Capital Lease Obligations	-512,647,016	-195,094,343
78	Net Decrease in Short-Term Debt (c)		
79			
80	Dividends on Preferred Stock		
81	Dividends on Common Stock	-28,256,570	-26,156,903
82	Net Cash Provided by (Used in) Financing Activities		
83	(Total of lines 70 thru 81)	66,511,935	70,395,783
84			
85	Net Increase (Decrease) in Cash and Cash Equivalents		
86	(Total of lines 22,57 and 83)	4,932,979	2,855,229
87			
88	Cash and Cash Equivalents at Beginning of Period	6,989,845	8,419,955
89			
90	Cash and Cash Equivalents at End of period	11,922,824	11,275,184

Schedule Page: 120 Line No.: 18 Column: a

Other:		2018		2017
Net Gain on Equity Investments	$	(613,614)	$	(7,356,494)
Amortization of Unearned Compensation		2,700,387		2,458,195
Unrealized (Gains) Losses on Investments in Debt Securities		38,176		(116,867)
Other Operating Activities		(26,695)		(502,670)
Total	$	2,098,254	$	(5,517,836)

Schedule Page: 120 Line No.: 55 Column: a

Other:		2018		2017
Net Customer Advances for Construction	$	1,766,788	$	363,622
Net Salvage Value and Cost of Removal		367,801		(1,292,479)
Total	$	2,134,589	$	(928,857)

Schedule Page: 120 Line No.: 76 Column: a

Other:		2018		2017
Stock Awards Withheld for Taxes	$	(1,064,306)	$	(208,943)
Issuance costs related to Senior Notes		(689,339)		0
Issuance costs related to RGRT Senior Notes		(389,984)		0
Costs Related to Revolving Credit Facilities Terms Modification		0		(489,668)
Other Financing Activities		0		(59,127)
Total	$	(2,143,629)	$	(757,738)

NOTES TO FINANCIAL STATEMENTS

1. Use the space below for important notes regarding the Balance Sheet, Statement of Income for the year, Statement of Retained Earnings for the year, and Statement of Cash Flows, or any account thereof. Classify the notes according to each basic statement, providing a subheading for each statement except where a note is applicable to more than one statement.
2. Furnish particulars (details) as to any significant contingent assets or liabilities existing at end of year, including a brief explanation of any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or of a claim for refund of income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on cumulative preferred stock.
3. For Account 116, Utility Plant Adjustments, explain the origin of such amount, debits and credits during the year, and plan of disposition contemplated, giving references to Cormmission orders or other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.
4. Where Accounts 189, Unamortized Loss on Reacquired Debt, and 257, Unamortized Gain on Reacquired Debt, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 17 of the Uniform System of Accounts.
5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.
6. If the notes to financial statements relating to the respondent company appearing in the annual report to the stockholders are applicable and furnish the data required by instructions above and on pages 114-121, such notes may be included herein.
7. For the 3Q disclosures, respondent must provide in the notes sufficient disclosures so as to make the interim information not misleading. Disclosures which would substantially duplicate the disclosures contained in the most recent FERC Annual Report may be omitted.
8. For the 3Q disclosures, the disclosures shall be provided where events subsequent to the end of the most recent year have occurred which have a material effect on the respondent. Respondent must include in the notes significant changes since the most recently completed year in such items as: accounting principles and practices; estimates inherent in the preparation of the financial statements; status of long-term contracts; capitalization including significant new borrowings or modifications of existing financing agreements; and changes resulting from business combinations or dispositions. However were material contingencies exist, the disclosure of such matters shall be provided even though a significant change since year end may not have occurred.
9. Finally, if the notes to the financial statements relating to the respondent appearing in the annual report to the stockholders are applicable and furnish the data required by the above instructions, such notes may be included herein.

PAGE 122 INTENTIONALLY LEFT BLANK
SEE PAGE 123 FOR REQUIRED INFORMATION.

Note 1. Regulatory-Basis Financial Statements

The accompanying regulatory-basis financial statements are presented in accordance with the accounting requirements of the Federal Energy Regulatory Commission (the "FERC") as set forth in its applicable Uniform System of Accounts and published accounting releases which is a comprehensive basis of accounting other than U.S. Generally Accepted Accounting Principles ("GAAP") used in the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2018 filed by El Paso Electric Company with the Securities and Exchange Commission (the "June 30, 2018 Form 10-Q"). Notes A through K of the regulatory-basis financial statements are from the June 30, 2018 Form 10-Q and have been revised where the presentation of regulatory-basis financial statements, in accordance with requirements under the Uniform System of Accounts and published accounting releases of the FERC, result in different financial statement amounts or disclosures than under GAAP. Because many types of transactions are susceptible to varying interpretations, the amounts and classifications reported in the accompanying regulatory-basis financial statements may be subject to change at a later date upon final determination by the FERC. In the remainder of this Note 1, information contained in Notes A through K is supplemented for additional regulatory-basis disclosures.

Regulatory-Basis Financial Statements Compared to GAAP

The significant differences between the Company's regulatory-basis financial statements and those prepared in accordance with GAAP include the application of fresh-start reporting to the GAAP financial statements and the discontinuance and subsequent re-application of the provisions of Financial Accounting Standards Board (the "FASB") accounting guidance for regulated operations. In 1996, the Company adopted fresh-start reporting for its GAAP financial statements in accordance with the FASB guidance related to financial reporting by entities in reorganization under the bankruptcy code. The adoption of fresh-start reporting resulted in the creation of a new reporting entity having no retained earnings or accumulated deficit and significantly altered, compromised, or modified the Company's historical capital structure.

GAAP requires earnings per share information on the income statement and the classification of tax assets related to an uncertainty in income taxes as a reduction to related tax asset rather than as an increase to current liabilities. GAAP also requires the classification of interest and penalties related to uncertain tax positions as tax expense rather than as interest and penalty expense.

In addition, certain items in the accompanying regulatory-basis financial statements are classified differently under FERC requirements than in the Company's GAAP financial statements.

Statement of Cash Flows

Cash and cash equivalents and amortization of other presented on the statement of cash flows for the six months ended June 30, 2018 and 2017 consist of the following (in thousands):

	2018	2017
Cash and Cash Equivalents:		
Cash (131)	$ 10,984	$ 10,742
Working funds (135)	684	333
Temporary cash investments (136)	255	200
Cash and cash equivalents at end of period	$ 11,923	$ 11,275
Amortization of Other:		
ARO depreciation (403.1)	$ (664)	$ (528)
Other utility plant (404)	3,609	2,989
Regulatory assets (407.3)	1,065	675
Regulatory liabilities (407.4)	(131)	(131)
ARO accretion expense (411.10)	4,167	3,800
Debt expense (428)	458	573
Loss on reacquired debt (428.1)	443	443
Debt premium (429)	(63)	(60)
Interest rate lock losses	280	261
Nuclear fuel financing issuance costs	80	84
Dry cask storage amortization	973	1,210
Coal reclamation amortization	330	245
Texas rate case amortization	767	763
New Mexico rate case amortization	215	225
	$ 11,529	$ 10,549

A. Principles of Preparation

These condensed regulatory-basis financial statements should be read in conjunction with the regulatory-basis financial statements and notes thereto in the Annual Report of El Paso Electric Company on FERC Form No. 1 for the fiscal year ended December 31, 2017 ("2017 FERC Form No. 1"). Capitalized terms used in this report and not defined herein have the meaning ascribed to such terms in the 2017 FERC Form No. 1. In the opinion of the Company's management, the accompanying regulatory-basis financial statements contain all adjustments necessary to present fairly the financial position of the Company at June 30, 2018 and December 31, 2017; the results of its operations for the three and six months ended June 30, 2018 and 2017; its comprehensive operations for the six months ended June 30, 2018 and the year ended December 31, 2017; and its cash flows for the six months ended June 30, 2018 and 2017. The results of operations for the three and six months ended June 30, 2018, and comprehensive operations, and the cash flows for the six months ended June 30, 2018 are not necessarily indicative of the results to be expected for the full calendar year.

Basis of Presentation. The Company maintains its accounts in accordance with the accounting requirements of the FERC set forth in its applicable Uniform System of Accounts and published accounting releases, and applies such principles in its regulatory books of account to the rate treatment as ordered by each of the Company's three regulators (the Public Utility Commission of Texas ("the PUCT"), the New Mexico Public Regulation Commission (the "NMPRC"), and the FERC), which is a comprehensive basis of accounting other than GAAP.

Reclassification. Certain amounts in the regulatory-basis financial statements for 2017 have been reclassified to conform with the 2018 presentation. The Company implemented Accounting Standards Update ("ASU") 2016-15, Statement of Cash Flows, in the first quarter of 2018, retrospective to all periods presented in the Company's regulatory-basis financial statements. See "New Accounting Standards Adopted" below for further details.

Use of Estimates. The preparation of regulatory-basis financial statements in conformity with regulatory accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the regulatory-basis financial statements and the reported amounts of revenues and expenses during the reporting period. The Company evaluates its estimates on an on-going basis, including those related to depreciation, unbilled revenue (or "Accrued Utility Revenue"), income taxes, fuel costs, pension and other post-retirement obligations and asset retirement obligations ("AROs"). Actual results could differ from those estimates.

Revenues. The Company recognizes revenue associated with contracts with customers when performance obligations under the terms of the contract with the customer are satisfied. Revenue is measured as the amount of consideration the Company receives in exchange for transferring goods or providing services to the customer. Taxes collected concurrently with revenue producing activities are excluded from revenue. Accrued Utility Revenues are recorded for estimated amounts of energy delivered in the period following the customer's last billing cycle to the end of the reporting period. Accrued Utility Revenues are estimated based on monthly generation volumes and by applying an average revenue/kilowatt-hour ("kWh") to the number of estimated kWhs delivered but not billed. The Company recorded $38.3 million and $22.2 million of Accrued Utility Revenues as of June 30, 2018 and December 31, 2017, respectively. The Company presents revenues net of sales taxes in its regulatory-basis statement of income.

Depreciation. The Company routinely evaluates the depreciable service lives, cost of removal and salvage values of its property, plant and equipment. Depreciation is provided on a straight-line basis over the estimated remaining lives of the assets (ranging in average from 5 to 48 years). When property subject to composite depreciation is retired or otherwise disposed of in the normal course of business, its cost together with the cost of removal, less salvage is charged to accumulated depreciation. For other property dispositions, the applicable cost and accumulated depreciation is removed from the balance sheet accounts and a gain or loss is recognized.

Supplemental Cash Flow Disclosures (in thousands):

	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Cash paid (received) for:		
Interest on long-term debt and borrowings under the revolving credit facility	$ 35,706	$ 35,304
Income tax paid, net	(1,636)	2,251
Non-cash investing and financing activities:		
Changes in accrued plant additions	(906)	(9,105)
Grants of restricted shares of common stock	1,030	1,171
Issuance of performance shares	1,499	932

New Accounting Standards

The new accounting standards discussed below are issued by the FASB and are to be applied to financial statements prepared in accordance with GAAP. Differences may occur between financial statements prepared in accordance with GAAP and financial statements prepared in accordance with the Uniform System of Accounts when these standards are adopted.

New Accounting Standards Adopted

In March 2016, the FASB issued ASU 2016-09, Compensation - Stock Compensation (Topic 718) Improvements to Employee Share-Based Payment Accounting, to simplify the accounting for share-based payment transactions, including the income tax consequences, classification of awards either as equity or liabilities, and classification on the statements of cash flows. The Company adopted the new standard effective January 1, 2017. The adoption of the new standard did not have a material impact on the Company’s financial condition, results of operations or cash flows. The cumulative effect of the adoption of the new standard was to increase net operating loss carryforward deferred tax assets and retained earnings by $0.2 million on January 1, 2017.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), to provide a framework that replaces the existing revenue recognition guidance, and has since modified the standard with several ASUs. The standard provides that an entity should recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. On January 1, 2018, the Company adopted the new accounting standard using the modified retrospective method. There was no cumulative effect adjustment at the initial application of the new standard. In addition, comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. The Company expects the ongoing impact of the new standard to be immaterial to net income. As required by the standard, revenues of $3.8 million related to reimbursed costs of energy efficiency programs approved by the Company's regulators are reported in year-to-date operating revenues from customers prospectively, as opposed to being offset with associated costs within operations and maintenance. Related expenses of an equal amount are reported in operations and maintenance expenses. See Note B, Revenues, for additional information.

In January 2016, the FASB issued ASU 2016-01, Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Liabilities, to enhance the reporting model for financial instruments by addressing certain aspects of recognition, measurement, presentation and disclosure. The Company adopted the new standard effective January 1, 2018. The adoption of ASU 2016-01 eliminates the requirements to classify investments in equity securities with readily determinable fair values into trading or available for sale and requires entities to measure equity investments at fair value and recognize any changes in fair value in the statement of income. ASU 2016-01 requires a modified-retrospective approach and therefore comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. Upon adoption of the new standard, the Company recorded a cumulative effect adjustment, net of income taxes, to increase retained earnings by $40.7 million with an offset to accumulated other comprehensive income ("AOCI"). In addition, the Company recorded net losses of $2.8 million related to equity securities still held at June 30, 2018. In March 2018, the FASB issued ASU 2018-04, Investments - Debt Securities (Topic 320) and Regulated Operations (Topic 980), which provides clarification to ASU 2016-01.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230) Classification of Certain Cash Receipts and Cash Payments, to reduce diversity in practice in how certain cash receipts and cash payments are classified in the statement of cash flows. The Company adopted the new standard effective January 1, 2018. ASU 2016-15 was applied using a retrospective transition method to each period presented. Accordingly, the Company presented in the Regulatory-Basis Statement of Cash Flows insurance proceeds received for equipment of $5.4 million and $1.7 million, respectively, for the six months ended June 30, 2018 and 2017 as cash inflows from investing activities.

In March 2017, the FASB issued ASU 2017-07, Compensation-Retirement Benefits (Topic 715) Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost. ASU 2017-07 amends Accounting Standards Codification ("ASC") 715, Compensation - Retirement Benefits, to require companies to present the service cost component of net benefit cost in the income statement line items where compensation cost is reported. In addition, only the service cost component will be eligible for capitalization in assets. The Company adopted the new standard effective January 1, 2018 for GAAP purposes. In response to industry inquiries surrounding the impact of the implementation of ASU 2017-07 for GAAP purposes, the FERC issued accounting guidance under Docket No. AI18-1-000 on December 28, 2017. FERC determined that companies should continue to record all components of net periodic pension cost in FERC account 926 to promote comparability among utilities. As such, the Company records all components of net periodic pension cost as an operating expense in its regulatory-basis financial statements. The FERC further determined that companies may elect to capitalize only the service cost component of benefit costs as prescribed in ASU 2017-07 and requires companies to disclose the change in accounting practice with respect to capitalization of this election. The Company has elected to conform to the GAAP capitalization policy, which is that only the service cost component is eligible for capitalization. See Note I, Employee Benefits, for additional information.

In March 2018, the FASB issued ASU 2018-05, Income Taxes (Topic 740) Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118 ("SAB 118"), to add various SEC paragraphs for clarification due to the Federal Tax Cuts and Jobs Act of 2017 ("TCJA"). The Company adopted ASU 2018-05 upon issuance and implemented SAB 118 in December of 2017 in conjunction with the enactment of the TCJA.

New Accounting Standards to be Adopted in the Future

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and requiring qualitative and quantitative disclosures on leasing agreements. ASU 2016-02 maintains a distinction between finance leases and operating leases similar to the distinction under previous lease guidance for capital leases and operating leases. The impact of leases reported in the Company's operating results and statement of cash flows is expected to be similar to previous GAAP. ASU 2016-02 requires the recognition in the regulatory-basis balance sheet, by the lessee, of a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. How leases are recorded in regard to financial position represents a significant change from previous GAAP guidance. The lessee is permitted to make an accounting policy election to not recognize lease assets and lease liabilities for short-term leases. Implementation of the standard will be required for reporting periods beginning after December 15, 2018. Adoption of the new lease accounting standard will require the Company to apply the new standard to the earliest period using a modified retrospective approach. The Company is currently in the process of evaluating the impact of the new standard, which includes continuing to monitor activities of the FASB, including the impact of ASU 2018-01, Land Easement Practical expedient for Transition to Topic 842 and ASU 2018-11, Targeted Improvements. ASU 2018-11 allows entities to adopt the standard with a cumulative effect adjustment as of the beginning of the adoption year, while maintaining prior year comparative financial information and disclosures as reported. ASU 2018-01 provides an optional practical expedient to not evaluate existing or expired land easements under Topic 842, if those land easements were not previously accounted for as leases under ASC Topic 840. The Company currently anticipates that it will apply the practical expedient under ASU 2018-01 to its existing or expired land easements as part of its transition to Topic 842. The Company's evaluation process also includes evaluating the impact, if any, on changes to business processes, systems and controls to support recognition and disclosure under the new guidance; however, at this time the Company is unable to determine the impact this standard will have on the regulatory-basis financial statements and related disclosures.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326). ASU 2016-13 changes how companies measure and recognize credit impairment for many financial assets. The new current expected credit loss model will require companies to immediately recognize an estimate of credit losses expected to occur over the remaining life of the financial assets that are in the scope of the standard. The ASU also makes targeted amendments to the current impairment model for available-for-sale debt securities. ASU 2016-13 will be required for reporting periods beginning after December 15, 2019. ASU 2016-13 will be applied in a modified retrospective approach through a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is implemented. The Company is currently assessing the future impact of ASU 2016-13.

In February 2018, the FASB issued ASU 2018-02, Income Statement - Reporting Comprehensive Income (Topic 220), as a result of concerns raised due to the TCJA. More specifically, because the remeasurement of deferred taxes due to the change in the federal corporate income tax rate is required to be included in income from continuing operations, the tax effects of items within AOCI (referred to as stranded tax effects) do not reflect the appropriate tax rate. ASU 2018-02 generally allows companies to reclassify stranded taxes from AOCI to retained earnings. The amount of the adjustment would be the difference between the historical federal corporate income tax rate of 35% and the newly enacted 21% federal corporate income tax rate. The provisions of ASU 2018-02 are effective for fiscal years and interim periods within that reporting period beginning after December 15, 2018. Early adoption is permitted, including adoption in any interim periods for reporting periods for which financial statements have not been issued. The Company is currently evaluating the impact of ASU 2018-02 and its impact on regulated utilities. At June 30, 2018, stranded taxes in AOCI are approximately $7.2 million.

B. Revenues

On January 1, 2018, the Company adopted ASU 2014-09, Revenue from Contracts with Customers (Topic 606), for all of its contracts using the modified retrospective method. There was no cumulative effect adjustment at the initial application of the new standard. In addition, comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. The Company expects the ongoing impact of the new standard to be immaterial to net income and no significant changes in the Company's business processes and internal controls were necessary upon adoption of the new standard.

The following table disaggregates revenue from contracts with customers, for the three and six months ended June 30, 2018 (in thousands):

	June 30, 2018	
	Three Months Ended	**Six Months Ended**
Retail	$ 220,980	$ 367,607
Wholesale	10,957	35,101
Wheeling (transmission)	4,147	8,433
Total revenues from contracts with customers	236,084	411,141
Other	712	1,368
Total operating revenues	$ 236,796	$ 412,509

The Company recognizes revenue when performance obligations under the terms of the contract with the customer are satisfied. Revenue is measured as the amount of consideration the Company receives in exchange for transferring goods or providing services to the customer. Taxes collected concurrently with revenue producing activities are excluded from revenue. The Company has elected the optional invoice practical expedient for Wholesale and Wheeling revenues, as the invoice amount will correspond directly to the value provided by the Company's performance to date.

Retail. Retail contracts represent the Company's primary revenue source. The Company has determined that retail electric service to residential, commercial and industrial, and public authority customers represents an implied daily contract with the customer. The contract is comprised of an obligation to supply and distribute electricity and related capacity. Revenue is recognized, over time, equal to the product of the applicable tariff rates, as approved by the PUCT and the NMPRC, and the volume of the electricity delivered to the customer, or through the passage of time based upon providing the service of standing ready. Accrued Utility Revenues are recognized at month end based on estimated monthly generation volumes and by applying an average revenue per kWh to the number of estimated kWhs delivered but not billed to customers, and recorded as a receivable for the period following the last billing cycle to the end of the reporting period. Retail customers receive a bill monthly, with payment due sixteen days after issuance.

Wholesale. Wholesale contracts primarily include forward power sales into markets outside the Company’s service territory when the Company has competitive generation capacity available, after meeting its regulated service obligations. Pricing is either fixed or based on an index rate with consideration potentially including variable components. Uncertainties regarding the variable consideration will be resolved when the transaction price is known at the point of delivering the energy. The obligation to deliver the electricity is satisfied over time as the customer receives and consumes the electricity. Wholesale customers are invoiced on the 10^{th} day of each month, with payment due by the 20^{th} day of the month. In the case of the sale of renewable energy certificates, the transaction price is allocated to the performance obligation to deliver the confirmed quantity of the certificates based on the stand alone selling price of each certificate. Revenue is recognized as control of the certificates is transferred to the customer. The customer is invoiced upon the completed transfer of the certificates, with payment due within ten business days. Wholesale also includes an annual agreement between the Company and one of its wholesale customers, Rio Grande Electric Cooperative ("RGEC"), which involves the provision of full requirements electric service from the Company to RGEC. The rates for this service are recalculated annually and require FERC approval.

Wheeling (transmission). Wheeling involves the Company providing point-to-point transmission service, which includes the receipt of capacity and energy at designated point(s) and the transfer of such capacity and energy to designated point(s) of delivery on either a firm or non-firm basis for periods of one year or less. The performance obligation to provide capacity and transmit energy is satisfied over time as the Company performs. Transmission customers are invoiced on a monthly basis, with payment due within twenty days of receipt of the invoice.

Other. Other includes alternative revenue program revenue relating to the Company's potential bonus awards from the PUCT and the NMPRC mandated energy efficiency programs. Both the PUCT and the NMPRC allow for the potential to earn an incentive bonus if the Company achieves its approved energy efficiency goals under the applicable programs. The Company recognizes revenue related to the energy efficiency program incentives at the point in time that the amount is objectively determinable generally based upon an approved order from the regulator, is probable of recovery, and if it is expected to be collected within 24 months. Other revenue also includes (i) late payment fees, (ii) leasing income, and (iii) the Company's allocated share, based on ownership, of sales of surplus effluent water from Palo Verde Generating Station ("Palo Verde").

Accounts receivable. Accounts receivable is principally comprised of revenue from contracts with customers. The Company recognizes expense for accounts that are deemed uncollectible in operating expense. The Company recognized $0.5 million and $1.0 million of uncollectible expense for the three and six months ended June 30, 2018, respectively.

C. Regulation

General

The rates and services of the Company are regulated by incorporated municipalities in Texas, the PUCT, the NMPRC, and the FERC. Municipal orders, ordinances and other agreements regarding rates and services adopted by Texas municipalities are subject to review and approval by the PUCT. The FERC has jurisdiction over the Company's wholesale (sales for resale) transactions, transmission service and compliance with federally-mandated reliability standards. The decisions of the PUCT, the NMPRC and the FERC are subject to judicial review.

Texas Regulatory Matters

2015 Texas Retail Rate Case Filing. On August 10, 2015, the Company filed with the City of El Paso, other municipalities incorporated in its Texas service territory, and the PUCT in Docket No. 44941, a request for an annual increase in non-fuel base revenues ("2015 Texas Retail Rate Case"). On July 21, 2016, the parties to PUCT Docket No. 44941 filed the Joint Motion to Implement Uncontested Amended and Restated Stipulation and Agreement which was unopposed by the parties. On August 25, 2016, the PUCT issued the PUCT Final Order in Docket No. 44941 ("2016 PUCT Final Order"). Interim rates associated with the annual non-fuel base rate increase became effective on April 1, 2016. The additional surcharges associated with the incremental Four Corners Generating Station ("Four Corners") costs, rate case expenses and the relate back of rates to consumption on and after January 12, 2016 through March 31, 2016, were implemented on October 1, 2016.

For financial reporting purposes, the Company deferred any recognition of the Company's request in its 2015 Texas Retail Rate Case until it received the 2016 PUCT Final Order on August 25, 2016. Accordingly, it reported in the third quarter of 2016 the cumulative effect of the 2016 PUCT Final Order, which related back to January 12, 2016.

2017 Texas Retail Rate Case Filing. On February 13, 2017, the Company filed with the City of El Paso, other municipalities incorporated in the Company's Texas service territory and the PUCT in Docket No. 46831, a request for an increase in non-fuel base revenues ("2017 Texas Retail Rate Case"). On November 2, 2017, the Company filed the Joint Motion to Implement Uncontested Stipulation and Agreement with the Administrative Law Judges for the 2017 Texas Retail Rate Case.

On December 18, 2017, the PUCT issued the PUCT Final Order in Docket No. 46831 ("2017 PUCT Final Order"), which provides, among other things, for the following: (i) an annual non-fuel base rate increase of $14.5 million; (ii) a return on equity of 9.65%; (iii) all new plant in service as filed in the Company's rate filing package was prudent and used and useful and therefore is included in rate base; (iv) recovery of the costs of decommissioning Four Corners in the amount of $5.5 million over a seven year period beginning August 1, 2017; (v) the Company to recover reasonable rate case expenses of approximately $3.4 million through a separate surcharge over a three year period; and (vi) a requirement that the Company file a refund tariff if the federal statutory income tax rate, as it relates to the Company, is decreased before the Company files its next rate case. The 2017 PUCT Final Order also established baseline revenue requirements for recovery of future transmission and distribution investment costs and includes a minimum monthly bill of $30.00 for new residential customers with distributed generation, such as private rooftop solar. Additionally, the 2017 PUCT Final Order allows for the annual recovery of $2.1 million of nuclear decommissioning funding and establishes annual depreciation expense that is approximately $1.9 million lower than the annual amount requested by the Company in its initial filing. Finally, the 2017 PUCT Final Order allows for the Company to recover revenues associated with the relate back of rates to consumption on and after July 18, 2017 through a separate surcharge.

New base rates, including additional surcharges associated with rate case expenses and the relate back of rates to consumption on and after July 18, 2017 through December 31, 2017, were implemented in January 2018.

For financial reporting purposes, the Company deferred any recognition of the Company's request in its 2017 Texas Retail Rate Case until it received the 2017 PUCT Final Order on December 18, 2017. Accordingly, it reported in the fourth quarter of 2017 the cumulative effect of the 2017 PUCT Final Order, which related back to July 18, 2017.

The 2017 PUCT Final Order required the Company to file a refund tariff if the federal statutory income tax rate, as it relates to the Company, were decreased before the Company files its next rate case. Following the enactment of the TCJA on December 22, 2017, and in compliance with the 2017 PUCT Final Order, on March 1, 2018, the Company filed with the PUCT and each of its municipalities a proposed refund tariff designed to reduce base charges for Texas customers equivalent to the expected annual decrease of $22.7 million in federal income tax expense resulting from the tax law changes. This filing was assigned PUCT Docket No. 48124. On March 27, 2018, the PUCT approved the Company's proposed refund tariff on an interim basis, subject to refund or surcharge, for customer billing effective April 1, 2018. Each of the Company's municipalities also implemented the Company's proposed tax credits on an interim basis effective April 1, 2018. The refund will be reflected in rates over a period of a year and will be updated annually until new base rates are implemented pursuant to the Company's next rate case filing. No party requested a hearing in the case before the PUCT by the deadline of April 16, 2018, and on April 18, 2018, the PUCT Staff filed its final recommendation supporting approval of the Company's application. The Company filed an agreed proposed order for final approval on behalf of all parties except the City of El Paso on April 30, 2018, and on May 31, 2018, the City of El Paso filed a notice with the PUCT stating that the City Council had authorized agreement with the proposed order. The refund tariff case is pending with the refund tariff subject to a final order from the PUCT.

Energy Efficiency Cost Recovery Factor. On May 1, 2017, the Company filed its annual application, which was assigned PUCT Docket No. 47125, to establish its energy efficiency cost recovery factor for 2018. In addition to projected energy efficiency costs for 2018 and a reconciliation of collections to prior year actual costs, the Company requested approval of an incentive bonus for the 2016 energy efficiency program results in accordance with PUCT rules. Interim rates were approved effective January 1, 2018. The Company, the PUCT Staff, and the City of El Paso reached an agreement that includes an incentive bonus of $0.8 million. The agreement was filed on January 25, 2018, and was approved by the PUCT on February 15, 2018.

On May 1, 2018, the Company filed its annual application, which was assigned PUCT Docket No. 48332, to establish its energy efficiency cost recovery factor for 2019. In addition to projected energy efficiency costs for 2019 and a reconciliation to prior year actual costs, the Company requested approval of a $1.0 million incentive bonus for the 2017 energy efficiency program results in accordance with PUCT rules. A hearing on the merits of this case is scheduled to begin on September 5, 2018. The Company cannot predict the outcome of this matter at this time.

Fuel and Purchased Power Costs. The Company's actual fuel costs, including purchased power energy costs, are recovered from customers through a fixed fuel factor. The PUCT has adopted the fuel cost recovery rule (the "Texas Fuel Rule") that allows the Company to seek periodic adjustments to its fixed fuel factor. The Company can seek to revise its fixed fuel factor based upon the approved formula at least four months after its last revision except in the month of December. The Texas Fuel Rule requires the Company to request to refund fuel costs in any month when the over-recovery balance exceeds a threshold material amount and it expects fuel costs to continue to be materially over-recovered. The Texas Fuel Rule also permits the Company to seek to surcharge fuel under-recoveries in any month the balance exceeds a threshold material amount and it expects fuel cost recovery to continue to be materially under-recovered. Fuel over and under-recoveries are considered material when they exceed 4% of the previous twelve months' fuel costs. All such fuel revenue and expense activities are subject to periodic final review by the PUCT in periodic fuel reconciliation proceedings.

On November 30, 2016, the Company filed a request, which was assigned PUCT Docket No. 46610, to increase its fixed fuel factor by approximately 28.8% to reflect increased fuel expenses primarily related to an increase in the price of natural gas used to generate power. The increase in the fixed fuel factor was effective on an interim basis January 1, 2017 and approved by the PUCT on January 10, 2017.

On October 13, 2017, the Company filed a request, which was assigned PUCT Docket No. 47692, to decrease the Texas fixed fuel factor by approximately 19% to reflect decreased fuel expenses primarily related to a decrease in the price of natural gas used to generate power. The decrease in the Texas fixed fuel factor became effective beginning with the November 2017 billing month.

On April 13, 2018, the Company filed a request with the PUCT, which was assigned Docket No. 48264, to decrease the Texas fixed fuel factor by approximately 29% to reflect decreased fuel expenses primarily related to a decrease in the price of natural gas used to generate power. On April 25, 2018, the Company's proposed fuel factors were approved on an interim basis effective for the first billing cycle of the May 2018 billing month. The revised factor was approved by the PUCT and the docket closed on May 22, 2018. The Texas fixed fuel factor will continue thereafter until changed by the PUCT. As of June 30, 2018, the Company had a net fuel over-recovery balance of approximately $8.2 million in Texas.

Fuel Reconciliation Proceeding. On September 27, 2016, the Company filed an application with the PUCT, designated as PUCT Docket No. 46308, to reconcile $436.6 million of Texas fuel and purchased power expenses incurred during the period of April 1, 2013 through March 31, 2016. On June 29, 2017, the PUCT approved a settlement in this proceeding. The settlement provides for the reconciliation of fuel and purchased power costs incurred from April 1, 2013 through March 31, 2016. Additionally, the settlement modifies and tightens the Palo Verde performance rewards measurement bands beginning with the 2018 performance period. The financial results for each of the three, six and twelve-month periods ended June 30, 2017 include a $5.0 million, pre-tax increase to income reflecting the settlement of the Texas fuel reconciliation proceeding. This amount represents Palo Verde performance rewards associated with the 2013 to 2015 performance periods net of disallowed fuel and purchased power costs as approved in the settlement. The April 1, 2016 through June 30, 2018 Texas jurisdictional fuel and purchased power costs subject to prudence review total approximately $304.3 million.

Community Solar. On June 8, 2015, the Company filed a petition with the PUCT to initiate a community solar program that includes the construction and ownership of a 3 Megawatts ("MW") solar photovoltaic system located at Montana Power Station ("MPS"). Participation is on a voluntary basis, and customers contract for a set capacity (Kilowatt ("kW")) amount and receive all energy produced. This case was assigned PUCT Docket No. 44800. The Company filed a settlement agreement among all parties on July 1, 2016, approving the program, and the PUCT approved the settlement agreement and program on September 1, 2016. On April 19, 2017, the Company announced that the entire 3 MW program was fully subscribed by approximately 1,500 Texas customers. The community solar facility began commercial operation on May 31, 2017.

On March 20, 2018, the Company filed a petition with the PUCT and each of its regulatory authorities to expand its community solar program to include 2 MW of solar powered generation from the 10 MW solar photovoltaic facility located at Newman Power Station ("Newman") and to reduce rates under the community solar tariff. The case before the PUCT was assigned Docket No. 48181 and is currently pending. The Company cannot predict the outcome of the case at this time.

Other Required Approvals. The Company has obtained other required approvals for tariffs and other approvals required by the Texas Public Utility Regulatory Act and the PUCT.

New Mexico Regulatory Matters

2015 New Mexico Rate Case Filing. On May 11, 2015, the Company filed a request with the NMPRC, in Case No. 15-00127-UT, for an annual increase in non-fuel base rates. On June 8, 2016, the NMPRC issued the NMPRC Final Order in Case No. 15-00127-UT (the "NMPRC Final Order"), which approved an annual increase in non-fuel base rates of approximately $0.6 million, an increase of approximately $0.5 million in other service fees and a decrease in the Company's allowed return on equity to 9.48%. The NMPRC Final Order concluded that all of the Company's new plant in service was reasonable and necessary and therefore would be recoverable in rates. The Company's rates were approved by the NMPRC effective July 1, 2016, and implemented at such time.

Future New Mexico Rate Case Filing. On April 12, 2017, the NMPRC issued an order in Case No. 15-00109-UT requiring the Company to make a rate filing in New Mexico no later than July 31, 2019, using an appropriate historical test year period.

New Mexico Order Commencing Review of the Effects of the TCJA on Regulated New Mexico Utilities. On January 24, 2018, the NMPRC initiated a proceeding in Case No. 18-00016-UT into the impact of the TCJA on New Mexico regulated utilities. On February 23, 2018, the Company responded to a NMPRC Staff inquiry regarding the proceeding. On April 4, 2018, the NMPRC issued an order requiring the Company to file a proposed interim rate rider to adjust the Company’s New Mexico base revenues in amounts equivalent to the Company’s reduced income tax expense for New Mexico customers resulting from the TCJA, to be implemented on or before May 1, 2018. The NMPRC order further requires that the Company record and track a regulatory liability for the excess accumulated deferred income taxes created by the change in the federal corporate income tax rate, consistent with the effective date of the TCJA, and subject to amortization determined by the NMPRC in the Company’s next general rate case. The Company recorded such a regulatory liability during the quarter ended December 31, 2017. On April 16, 2018, after consultation with the New Mexico Attorney General pursuant to the NMPRC order, the Company filed an interim rate rider with a proposed effective date of May 1, 2018. The annualized credits expected to be refunded to New Mexico customers approximate $4.9 million. On April 25, 2018, the NMPRC approved the Company's interim rate rider, which was implemented in customer bills beginning May 1, 2018.

Fuel and Purchased Power Costs. Historically, fuel and purchased power costs were recovered through base rates and a Fuel and Purchased Power Cost Adjustment Clause (the "FPPCAC") that accounts for changes in the costs of fuel relative to the amount included in base rates. Effective July 1, 2016, with the implementation of the NMPRC Final Order, fuel and purchased power costs are no longer recovered through base rates but are recovered through the FPPCAC. The Company's request to reconcile its fuel and purchased power costs for the period January 1, 2013 through December 31, 2014, also was approved in the NMPRC Final Order. New Mexico jurisdictional costs subject to prudence review are costs from January 1, 2015 through June 30, 2018 that total approximately $190.4 million. At June 30, 2018, the Company had a net fuel under-recovery balance of approximately $1.0 million in New Mexico. As required, the Company filed a request to continue use of its FPPCAC with the NMPRC on January 5, 2018, which was assigned Case No. 18-00006-UT. Hearings in the case were held July 30 through August 6, 2018. The Company cannot predict the outcome of this case at this time.

5 MW Holloman Air Force Base ("HAFB") Facility Certificate of Convenience and Necessity ("CCN"). On October 7, 2015, in Case No. 15-00185-UT, the NMPRC issued a final order approving a CCN for a 5 MW solar power generation facility located on HAFB in the Company's service territory in New Mexico. The Company and HAFB negotiated a retail contract, which includes a power sales agreement for the facility, to replace the existing load retention agreement which was approved by NMPRC final order issued October 5, 2016 in Case No. 16-00224-UT. Construction of the solar generation facility is expected to be completed in the third quarter of 2018.

New Mexico Efficient Use of Energy Recovery Factor. On July 1, 2016, the Company filed its annual application requesting approval of its 2017 Energy Efficiency and Load Management Plan and to establish energy efficiency cost recovery factors for 2017. In addition to projected energy efficiency costs for 2017, the Company requested approval of a $0.4 million incentive for 2017 energy efficiency programs in accordance with NMPRC rules. This application was assigned Case No. 16-00185-UT. On February 22, 2017, the NMPRC issued a final order approving the Company’s 2017 Energy Efficiency and Load Management Plan and authorizing recovery in 2017 of a base incentive of $0.4 million. The Company’s energy efficiency cost recovery factors were approved and effective in customer bills beginning on March 1, 2017. NMPRC rules authorize continuation of the energy efficiency programs and incentive approved in Case No. 16-00185-UT through 2018.

On July 1, 2016, the Company filed its 2015 Annual Report for Energy Efficiency Programs, which included an incentive for verified 2015 program performance of $0.3 million, which was approved in Case No. 13-00176-UT. The Company recorded the $0.3 million approved incentive in operating revenues in the first quarter of 2017. In addition, on June 30, 2017, the Company filed its 2016 Annual Report for Energy Efficiency Programs, which included an incentive for verified 2016 program performance of $0.4 million that was approved in Case No. 13-00176-UT. The Company recorded the $0.4 million approved incentive in operating revenues in the third quarter of 2017.

On July 2, 2018, the Company filed its required application for approval of its 2019-2021 Energy Efficiency and Load Management Plan and cost recovery factor. The application includes a request for a base incentive of 7.1% of program expenditures, or approximately $0.4 million annually for 2019-2021. The application was assigned Case No. 18-00116-UT and is currently pending. The Company cannot predict the outcome of this case at this time.

Community Solar. On April 24, 2018, the Company filed an application with the NMPRC to initiate a community solar program to include construction and ownership of a 2 MW solar photovoltaic system located in Doña Ana County near the City of Las Cruces. Customer participation will be on a voluntary basis, and customers will contract for a set capacity (kW) amount and receive all energy produced by their subscribed capacity. The application was assigned Case No. 18-00099-UT and is currently pending. The Company cannot predict the outcome of this case at this time.

Issuance of Long-Term Debt, Securities Financing, and Guarantee of Debt. On October 7, 2015, the Company received approval in NMPRC Case No. 15-00280-UT to guarantee the issuance of up to $65.0 million of long-term debt by the Rio Grande Resources Trust II (the "RGRT") to finance future purchases of nuclear fuel and to refinance existing nuclear fuel debt obligations, which remains effective. Under this authorization, on June 28, 2018, the RGRT completed the sale of $65.0 million in aggregate principal amount of its 4.07% Senior Notes due August 15, 2025 as further described below (the "RGRT Notes"). On October 4, 2017, the Company received additional approval in NMPRC Case No. 17-00217-UT to amend and extend the Company's Revolving Credit Facility (the "RCF"), issue up to $350.0 million in long-term debt and to redeem and refinance the $63.5 million 2009 Series A 7.25% Pollution Control Bonds and the $37.1 million 2009 Series B 7.25% Pollution Control Bonds, which have optional redemptions beginning in 2019. The NMPRC approval to issue $350.0 million in long-term debt supersedes its prior approval. Under this authorization, on June 28, 2018, the Company issued $125.0 million in aggregate principal amount of the Company's 4.22% Senior Notes due August 15, 2028. See Note K, Long-Term Debt, Financing Obligations and Capital Lease Obligations.

Other Required Approvals. The Company has obtained other required approvals for tariffs and other approvals as required by the New Mexico Public Utility Act and the NMPRC.

Federal Regulatory Matters

Inquiry Regarding the Effect of the TCJA on Commission-Jurisdictional Rates and Order to Show Cause. On March 15, 2018, the FERC issued two show cause orders under Section 206 of the Federal Power Act and Rule 209(a) of the FERC’s Rules of Practice and Procedure, directing 48 individual public utilities with stated transmission rates or transmission formula rates with a fixed line item of 35% for the federal income tax component to, within 60 days of the date of the orders, either (1) propose revisions to their transmission rates under their open access transmission tariffs or transmission owner tariffs on file with the FERC, or (2) show cause why they should not be required to do so. The Company was included in the list of public utilities impacted by the FERC orders. On May 14, 2018, the Company submitted its response, as required by the FERC order, which demonstrated that the reduced annual income tax does not cause the Company's total transmission revenues to become excessive and therefore no rate reduction was justified. Instead, the Company stated in its response that it will make preparations for a future filing in which it will seek approval for revised Open Access Transmission Tariff ("OATT") rates that would include the recovery of an increased total transmission revenue requirement from OATT customers based on current circumstances and appropriate forward-looking adjustments. The Company cannot predict the outcome of this matter at this time.

Issuance of Long-Term Debt, Securities Financing, and Guarantee of Debt. On October 31, 2017, the FERC issued an order in Docket No. ES17-54-000 approving the Company's filing to (i) amend and extend the RCF; (ii) issue up to $350.0 million in long-term debt; (iii) guarantee the issuance of up to $65.0 million of long-term debt by the RGRT; and (iv) redeem and refinance the $63.5 million 2009 Series A 7.25% Pollution Control Bonds and the $37.1 million 2009 Series B 7.25% Pollution Control Bonds, which have optional redemptions beginning in 2019. The order also approved the Company's request to continue to utilize the Company's existing RCF with the ability to amend and extend at a future date. The authorization is effective from November 15, 2017 through November 14, 2019 and supersedes prior FERC approvals. Under this authorization, on June 28, 2018, the Company issued $125.0 million in aggregate principal amount of the Company's 4.22% Senior Notes due August 15, 2028 and the RGRT completed the sale of $65.0 million in aggregate principal amount of its 4.07% Senior Notes due August 15, 2025. See Note K, Long-Term Debt, Financing Obligations and Capital Lease Obligations.

Other Required Approvals. The Company has obtained required approvals for rates, tariffs and other approvals as required by the FERC.

D. Palo Verde

Spent Fuel and Waste Disposal. Pursuant to the Nuclear Waste Policy Act of 1982, as amended in 1987, the U.S. Department of Energy ("DOE") is legally obligated to accept and dispose of all spent nuclear fuel and other high-level radioactive waste generated by all domestic power reactors by 1998. The DOE's obligations are reflected in a contract for Disposal of Spent Nuclear Fuel and/or High Level Radioactive Waste with each nuclear power plant. The DOE failed to begin accepting spent nuclear fuel by 1998. Pursuant to the terms of the August 18, 2014 settlement agreement, and as amended with the DOE, Arizona Public Service Company ("APS") files annual claims for the period July 1 of the then-previous year to June 30 of the then-current year on behalf of itself and those utilities that share in power and energy entitlements, and bear certain allocated costs, with respect to Palo Verde pursuant to the Arizona Nuclear Power Project Participation Agreement dated August 23, 1973, as amended ("ANPP Participation Agreement").

Palo Verde Operations and Maintenance Expense. Included in "Operations and maintenance" in the Company's Regulatory-Basis Statement of Income are expenses associated with Palo Verde as follows (in thousands):

	2018	2017
Three months ended June 30,	$ 24,977	$ 25,931
Six months ended June 30,	47,152	47,539

E. Common Stock

Dividends. The Company paid $14.6 million and $13.6 million in quarterly cash dividends during the three months ended June 30, 2018 and 2017, respectively. The Company paid a total of $28.3 million and $26.2 million in quarterly cash dividends during the six months ended June 30, 2018 and 2017, respectively. On July 19, 2018 the Board of Directors declared a quarterly cash dividend of $0.36 per share payable on September 28, 2018 to shareholders of record as of the close of business on September 14, 2018.

F. Income Taxes

The Company files income tax returns in the United States ("U.S.") federal jurisdiction and in the states of Texas, New Mexico and Arizona. The Company is no longer subject to tax examination by the taxing authorities in the federal, Texas, Arizona, and New Mexico jurisdictions for years prior to 2013.

For the three months ended June 30, 2018 and 2017, the Company’s regulatory-basis effective tax rate was 23.0% and 35.1%, respectively. For the six months ended June 30, 2018 and 2017, the Company’s regulatory-basis effective tax rate was 19.4% and 34.1%, respectively. The federal statutory tax rate is 21% in 2018 and 35% in 2017. The Company's regulatory-basis effective tax rates for all periods in 2018 and 2017 differ from the federal statutory tax rate primarily due to capital gains in the decommissioning trusts which are taxed at the federal rate of 20%, the tax benefit of stock incentive plans, the allowance for equity funds used during construction ("AEFUDC"), and state taxes.

The results for the three and six months ended June 30, 2018, contain provisional estimates of the impact of the TCJA. These amounts are considered provisional because they use estimates for which tax returns have not yet been filed and because estimated amounts may be impacted by future regulatory and accounting guidance if and when issued. The Company will adjust these provisional amounts as further information becomes available and as we refine our calculations. As permitted by recent guidance issued by the SEC, these adjustments will occur during a reasonable “measurement period” not to exceed twelve months from the date of enactment.

In February 2018, the FASB issued ASU 2018-02. The Company is currently evaluating the impact of ASU 2018-02 and its impact on regulated utilities. See Note A, Principles of Preparation - New Accounting Standards to be Adopted in the Future, for additional information.

G. Commitments, Contingencies and Uncertainties

For a full discussion of commitments and contingencies, see Note J of the Notes to Regulatory-Basis Financial Statements in the 2017 FERC Form No. 1. In addition, see Notes C and D above and Notes C and E of the Notes to Regulatory-Basis Financial Statements in the 2017 FERC Form No. 1 regarding matters related to wholesale power sales contracts and transmission contracts subject to regulation and Palo Verde, including decommissioning, spent nuclear fuel and waste disposal, and liability and insurance matters.

Power Purchase and Sale Contracts

To supplement its own generation and operating reserve requirements and to meet required renewable portfolio standards, the Company engages in power purchase arrangements that may vary in duration and amount based on an evaluation of the Company's resource needs, the economics of the transactions and specific renewable portfolio requirements. For a discussion of power purchase and sale contracts that the Company has entered into with various counterparties, see Note J of the Notes to Regulatory-Basis Financial Statements in the 2017 FERC Form No. 1.

Environmental Matters

General. The Company is subject to extensive laws, regulations and permit requirements with respect to air and greenhouse gas emissions, water discharges, soil and water quality, waste management and disposal, natural resources and other environmental matters by federal, state, regional, tribal and local authorities. Failure to comply with such laws, regulations and requirements can result in actions by authorities or other third parties that might seek to impose on the Company administrative, civil and/or criminal penalties or other sanctions. In addition, releases of pollutants or contaminants into the environment can result in costly cleanup liabilities. These laws, regulations and requirements are subject to change through modification or reinterpretation, or the introduction of new laws and regulations, and as a result, the Company may face additional capital and operating costs to comply.

H. Litigation

The Company is involved in various legal, environmental, tax and regulatory proceedings before various courts, regulatory commissions and governmental agencies regarding matters arising in the ordinary course of business. In many of these matters, the Company has excess casualty liability insurance that covers the various claims, actions and complaints. The Company regularly analyzes current information and, as necessary, makes provisions in its regulatory-basis financial statements for probable liabilities for the eventual disposition of these matters. While the outcome of these matters cannot be predicted with certainty, based upon a review of the matters and applicable insurance coverage, the Company believes that none of these matters will have a material adverse effect on the financial position, results of operations or cash flows of the Company. The Company expenses legal costs, including expenses related to loss contingencies, as they are incurred.

See Notes C and G above and Notes C and K of the Notes to Regulatory-Basis Financial Statements in the 2017 FERC Form No. 1 for discussion of the effects of government legislation and regulation on the Company.

I. Employee Benefits

The Company adopted ASU 2017-07, Compensation-Retirement Benefits, effective January 1, 2018 for GAAP purposes. Upon adoption of the new standard, the service cost is included in "Operations and maintenance" in the Company's Statements of Operations. The expected return on plan assets is included in "Investment and interest income, net". The amortization of prior service benefit and amortization of gains are included in "Miscellaneous non-operating income". The amortization of prior service cost and amortization of losses are included in "Miscellaneous non-operating deductions". The interest cost component of net periodic benefit cost is included in "Other interest".

In response to industry inquiries surrounding the impact of the implementation of ASU 2017-07 for GAAP purposes, the FERC issued accounting guidance under Docket No. AI18-1-000 on December 28, 2017. FERC determined that companies should continue to record all components of net periodic pension cost in FERC account 926 to promote comparability among utilities. As such, the Company records all components of net periodic pension cost as an operating expense in its regulatory-basis financial statements. The FERC further determined that companies may elect to capitalize only the service cost component of benefit costs as prescribed in ASU 2017-07 and requires companies to disclose the change in accounting practice with respect to capitalization of this election. The Company has elected to conform to the GAAP capitalization policy, which is that only the service cost component is eligible for capitalization.

The change of the capitalization policy for the six months ended June 30, 2018, primarily resulted in additional capitalized benefits cost of $1.3 million, which would increase rate base in the future, while lowering cost of service by an offsetting amount. As the assets impacted by the change in rate base are depreciated over their useful life, rate base will decrease, offset by an increase in cost of service due to higher depreciation expense. While the Company believes that its Texas and New Mexico regulators are likely to accept the change in policy allowed by the FERC, the outcome of future rate proceedings in our Texas and New Mexico jurisdictions relative to this change cannot be predicted. In the event that one or both of the Company’s regulatory jurisdictions reject the new capitalization policy in the next rate case proceeding, the Company would likely be required to record a regulatory liability and reconcile the capitalized differences between GAAP and regulatory basis financial statements.

Retirement Plans

The net periodic benefit cost recognized for the three and six months ended June 30, 2018 and 2017, is made up of the components listed below as determined using the projected unit credit actuarial cost method (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Components of net periodic benefit cost:				
Service cost	$ 2,757	$ 1,989	$ 5,515	$ 4,259
Interest cost	3,222	3,282	6,445	6,530
Expected return on plan assets	(5,315)	(4,787)	(10,630)	(9,595)
Amortization of:				
Net loss	2,100	2,138	4,200	4,227
Prior service benefit	(877)	(875)	(1,755)	(1,753)
Net periodic benefit cost	$ 1,887	$ 1,747	$ 3,775	$ 3,668

During the six months ended June 30, 2018, the Company contributed $5.8 million of its projected $9.4 million 2018 annual contribution to its retirement plans.

Other Postretirement Benefits

The net periodic benefit recognized for the three and six months ended June 30, 2018 and 2017, is made up of the components listed below (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Components of net periodic benefit:				
Service cost	$ 700	$ 530	$ 1,400	$ 1,118
Interest cost	565	684	1,130	1,362
Expected return on plan assets	(612)	(483)	(1,225)	(953)
Amortization of:				
Prior service benefit	(1,537)	(1,538)	(3,075)	(3,076)
Net gain	(525)	(444)	(1,050)	(839)
Net periodic benefit	$ (1,409)	$ (1,251)	$ (2,820)	$ (2,388)

During the six months ended June 30, 2018, the Company contributed $0.2 million of its projected $0.5 million 2018 annual contribution to its other postretirement benefits plan.

J. Financial Instruments and Investments

The FASB guidance requires the Company to disclose estimated fair values for its financial instruments. The Company has determined that cash and temporary investments, investment in debt securities, accounts receivable, decommissioning trust funds, long-term debt, financial and capital lease obligations, short-term borrowings under the Company's RCF, accounts payable and customer deposits meet the definition of financial instruments. The carrying amounts of cash and temporary investments, accounts receivable, accounts payable and customer deposits approximate fair value because of the short maturity of these items. Investments in debt securities and decommissioning trust funds are carried at estimated fair value.

Long-Term Debt, Financing Obligations, Capital Lease Obligations, and Short-Term Borrowings Under the RCF. The fair values of the Company's long-term debt, financial obligations, capital lease obligations, including the current portion thereof, and short-term borrowings under the RCF are based on estimated market prices for similar issues and are presented below (in thousands):

	June 30, 2018		December 31, 2017	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Pollution Control Bonds	$ 159,835	$ 165,349	$ 159,835	$ 169,186
Senior Notes (1)	1,128,188	1,252,149	1,003,190	1,211,922
RGRT Senior Notes (1)(2)	110,000	111,650	45,000	47,070
RCF (2)	81,324	81,324	174,390	174,390
Total	$ 1,479,347	$ 1,610,472	$ 1,382,415	1,602,568

(1) On June 28, 2018, the Company issued $125 million in aggregate principal amount of the Company's 4.22% Senior Notes due August 15, 2028 and guaranteed the issuance by the RGRT of $65 million in aggregate principal amount of its 4.07% Senior Notes due August 15, 2025. See Note K, Long-Term Debt, Financing Obligations and Capital Lease Obligations.

(2) Nuclear fuel capital lease obligations, as of June 30, 2018 and December 31, 2017, are funded through $110 million and $45 million RGRT Senior Notes and $25.3 million and $89.4 million, respectively, under the RCF. As of June 30, 2018 and December 31, 2017, $56.0 million and $85.0 million, respectively, was outstanding under the RCF for working capital or general corporate purposes. The interest rate on the Company's borrowings under the RCF is reset throughout the quarter reflecting current market rates. Consequently, the carrying value approximates fair value.

Marketable Securities. The Company's marketable securities, included in decommissioning trust funds in the regulatory-basis balance sheets, are reported at fair value which was $287.1 million and $286.9 million at June 30, 2018 and December 31, 2017, respectively. The investments in the Company's Palo Verde nuclear decommissioning trust funds ("NDT") are classified as available for sale debt securities, equity securities and cash and cash equivalents. These investments are recorded at their estimated fair value in accordance with FASB guidance for certain investments in debt and equity securities. On January 1, 2018, the Company adopted ASU 2016-01, Financial Instruments-Overall, which eliminates the requirements to classify investments in equity securities with readily determinable fair values as trading or available for sale and requires entities to recognize changes in fair value for these securities in net income as reported in the Regulatory-Basis Statement of Income. ASU 2016-01 requires a modified-retrospective approach and therefore, comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods.

The reported fair values include gross unrealized losses on securities classified as available for sale whose impairment the Company has deemed to be temporary. The tables below present the gross unrealized losses and the fair value of these securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position (in thousands):

	June 30, 2018					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Description of Securities (1):						
Federal Agency Mortgage Backed Securities	$ 11,527	$ (169)	$ 10,180	$ (460)	$ 21,707	$ (629)
U.S. Government Bonds	34,018	(1,178)	17,625	(1,298)	51,643	(2,476)
Municipal Debt Obligations	5,442	(138)	6,953	(600)	12,395	(738)
Corporate Debt Obligations	26,696	(950)	3,140	(325)	29,836	(1,275)
Total	$ 77,683	$ (2,435)	$ 37,898	$ (2,683)	$ 115,581	$ (5,118)

(1) Includes 158 securities.

	December 31, 2017					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Description of Securities (2)**:**						
Federal Agency Mortgage Backed Securities	$ 4,700	$ (46)	$ 10,099	$ (165)	$ 14,799	$ (211)
U.S. Government Bonds	28,866	(416)	18,186	(969)	47,052	(1,385)
Municipal Debt Obligations	4,290	(73)	9,736	(742)	14,026	(815)
Corporate Debt Obligations	10,685	(107)	4,475	(331)	15,160	(438)
Total Debt Securities	48,541	(642)	42,496	(2,207)	91,037	(2,849)
Domestic Equity Securities	962	(210)	—	—	962	(210)
Total	$ 49,503	$ (852)	$ 42,496	$ (2,207)	$ 91,999	$ (3,059)

(2) Includes 146 securities.

The Company monitors the length of time specific securities trade below their cost basis along with the amount and percentage of the unrealized loss in determining if a decline in fair value below recorded cost of debt securities classified as available for sale is considered to be other than temporary. The Company recognizes impairment losses on certain of its available for sale debt securities deemed to be other than temporary. In accordance with the FASB guidance, these impairment losses are recognized in net income, and a lower cost basis is established for these securities. In addition, the Company will research the future prospects of individual securities as necessary. The Company does not anticipate expending monies held in trust before 2044 or a later period when decommissioning of Palo Verde begins.

For the three and six months ended June 30, 2018 and 2017, the Company did not recognized any other than temporary impairment losses on its available-for-sale securities. Investments categorized as available for sale securities also include gross unrealized gains which have not been recognized in the Company's net income. The table below presents the unrecognized gross unrealized gains and the fair value of these securities, aggregated by investment category (in thousands):

	June 30, 2018		December 31, 2017	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Description of Securities:				
Federal Agency Mortgage Backed Securities	$ 2,758	$ 96	$ 5,933	$ 203
U.S. Government Bonds	1,890	88	11,129	256
Municipal Debt Obligations	1,232	84	2,558	109
Corporate Debt Obligations	7,666	339	19,514	1,067
Total Debt Securities	13,546	607	39,134	1,635
Domestic Equity Securities	—	—	120,065	45,587
International Equity Securities	—	—	28,804	5,908
Cash and Cash Equivalents	—	—	6,864	—
Total	$ 13,546	$ 607	$ 194,867	$ 53,130

The Company's marketable securities include investments in mortgage backed securities, municipal, corporate and federal debt obligations. The contractual year for maturity of these available-for-sale debt securities as of June 30, 2018, is as follows (in thousands):

	Total	2018	2019 through 2022	2023 through 2027	2028 and Beyond
Federal Agency Mortgage Backed Securities	$ 24,465	$ —	$ 15	$ 245	$ 24,205
U.S. Government Bonds	53,533	1,886	28,137	10,872	12,638
Municipal Debt Obligations	13,627	121	5,492	5,789	2,225
Corporate Debt Obligations	37,502	—	17,303	8,471	11,728

The Company's available for sale securities in the NDT are sold from time to time and the Company uses the specific identification basis to determine the amount to reclassify from AOCI into net income. The proceeds from the sale of these securities during the three and six months ended June 30, 2018 and 2017, and the related effects on pre-tax income are as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Proceeds from sales or maturities of available-for-sale securities	$ 2,608	$ 36,476	$ 14,365	$ 62,531
Gross realized gains included in pre-tax income	$ —	$ 5,322	$ 9	$ 7,909
Gross realized losses included in pre-tax income	(147)	(156)	(674)	(552)
Net gains (losses) in other comprehensive income	$ (147)	$ 5,166	$ (665)	$ 7,357

Upon the adoption of ASU 2016-01, Financial Instruments-Overall, on January 1, 2018, the Company records, on a modified-retrospective basis, changes in fair market value for equity securities held in the NDT in the Regulatory-Basis Statement of Income. The unrealized gains and losses recognized during the three and six months ended, June 30, 2018 and related effects on pre-tax income are as follows (in thousands):

	Three Months Ended June 30, 2018	Six Months Ended June 30, 2018
Net gains and (losses) recognized on equity securities	$ 3,249	$ 1,258
Less: Net gains and (losses) recognized on equity securities sold	2,266	4,056
Unrealized gains and (losses) recognized on equity securities still held at reporting date	$ 983	$ (2,798)

Fair Value Measurements. The FASB guidance requires the Company to provide expanded quantitative disclosures for financial assets and liabilities recorded on the regulatory-basis balance sheet at fair value. Financial assets carried at fair value include the Company's decommissioning trust investments and investments in debt securities which are included in Other Special Funds and Other Investments, respectively, in the regulatory-basis balance sheet. The Company has no liabilities that are measured at fair value on a recurring basis. The FASB guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 – Observable inputs that reflect quoted market prices for identical assets and liabilities in active markets. Financial assets utilizing Level 1 inputs include the NDT investments in active exchange-traded equity securities, mutual funds and U.S. Treasury securities that are in a highly liquid and active market. The Institutional Funds are valued using the Net Asset Value ("NAV") provided by the administrator of the fund. The NAV price is quoted on a restrictive market although the underlying investments are traded on active markets. The NAV used for determining the fair value of the Institutional Funds-International Equity investments have readily determinable fair values. Accordingly, such fund values are categorized as Level 1.

- Level 2 – Inputs other than quoted market prices included in Level 1 that are observable for the asset or liability either directly or indirectly. Financial assets utilizing Level 2 inputs include the NDT investments in fixed income securities. The fair value of these financial instruments is based on evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences.

- Level 3 – Unobservable inputs using data that is not corroborated by market data and primarily based on internal Company analysis using models and various other analysis. Financial assets utilizing Level 3 inputs are the Company's investment in debt securities.

The securities in the NDT are valued using prices and other relevant information generated by market transactions involving identical or comparable securities. The FASB guidance identifies this valuation technique as the "market approach" with observable inputs. The Company analyzes available-for-sale securities to determine if losses are other than temporary.

The fair value of the NDT and investments in debt securities at June 30, 2018 and December 31, 2017, and the level within the three levels of the fair value hierarchy defined by the FASB guidance are presented in the table below (in thousands):

Description of Securities	**Fair Value as of June 30, 2018**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Trading Securities:				
Investments in Debt Securities	$ 1,697	$ —	$ —	$ 1,697
Equity Securities:				
Domestic	$ 123,756	$ 123,756	$ —	$ —
International	27,868	27,868	—	—
Total Equity Securities	151,624	151,624	—	—
Available for Sale Debt Securities:				
Federal Agency Mortgage Backed Securities	24,465	—	24,465	—
U.S. Government Bonds	53,533	53,533	—	—
Municipal Debt Obligations	13,627	—	13,627	—
Corporate Debt Obligations	37,502	—	37,502	—
Total Available for Sale Debt Securities	129,127	53,533	75,594	—
Cash and Cash Equivalents	6,375	6,375	—	—
Total	$ 287,126	$ 211,532	$ 75,594	$ —

Description of Securities	**Fair Value as of December 31, 2017**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Trading Securities:				
Investments in Debt Securities	$ 1,735	$ —	$ —	$ 1,735
Available for Sale:				
Federal Agency Mortgage Backed Securities	$ 20,732	$ —	$ 20,732	$ —
U.S. Government Bonds	58,181	58,181	—	—
Municipal Debt Obligations	16,584	—	16,584	—
Corporate Debt Obligations	34,674	—	34,674	—
Subtotal, Debt Securities	130,171	58,181	71,990	—
Domestic	121,027	121,027	—	—
International	28,804	28,804	—	—
Subtotal, Equity Securities	149,831	149,831	—	—
Cash and Cash Equivalents	6,864	6,864	—	—
Total	$ 286,866	$ 214,876	$ 71,990	$ —

There were no transfers in or out of Level 1 and Level 2 fair value measurements categories due to changes in observable inputs during the three and six months ended June 30, 2018 and 2017. There were no purchases, sales, issuances and settlements related to the assets in the Level 3 fair value measurement category during the three and six months ended June 30, 2018 and 2017.

K. Long-Term Debt, Financing Obligations and Capital Lease Obligations

$125 Million Senior Notes. On June 28, 2018, the Company entered into a Note Purchase Agreement (the "Agreement") with several institutional purchasers under which the Company issued and sold $125 million aggregate principal amount of the Company's 4.22% Senior Notes due August 15, 2028 (the "Notes"). The net proceeds from the issuance of the Notes were used to repay outstanding short-term borrowings under the RCF for working capital and general corporate purposes. The Company will pay interest on the Notes semi-annually on February 15 and August 15 of each year until maturity, beginning on February 15, 2019.

The Company may redeem the Notes, in whole or in part, at any time at a redemption price equal to 100% of the principal amount to be redeemed together with the interest on such principal amount accrued to the date of redemption, plus a make-whole amount based on the prevailing market interest rates.

$65 Million RGRT Senior Notes. On June 28, 2018, the RGRT, a Texas grantor trust through which the Company finances its portion of nuclear fuel for Palo Verde, and the Company entered into a Note Purchase Agreement (the "RGRT Agreement") with several institutional purchasers. Under the terms of the RGRT Agreement, the RGRT issued and sold $65 million aggregate principal amount of its 4.07% Senior Notes due August 15, 2025 (the "RGRT Notes"). The net proceeds from the RGRT Notes were used to repay outstanding short-term borrowings under the RCF to finance nuclear fuel purchases. The Company guaranteed the payment of principal and interest on the RGRT Notes. The obligations arising from the guarantee of the RGRT Notes are reported in obligations under capital leases of nuclear fuel. The RGRT will pay interest on the RGRT Notes semi-annually on February 15 and August 15 of each year until maturity, beginning on February 15, 2019.

The RGRT may redeem the RGRT Notes, in whole or in part, at any time at a redemption price equal to 100% of the principal amount to be redeemed together with the interest on such principal amount accrued to the date of redemption, plus a make-whole amount based on the prevailing market interest rates.

The issuance sale of both the Notes and the RGRT Notes was made in reliance on a private placement exemption from the registration provisions of the Securities Act of 1933, as amended.

Name of Respondent El Paso Electric Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q2

STATEMENTS OF ACCUMULATED COMPREHENSIVE INCOME, COMPREHENSIVE INCOME, AND HEDGING ACTIVITIES

1. Report in columns (b),(c),(d) and (e) the amounts of accumulated other comprehensive income items, on a net-of-tax basis, where appropriate.
2. Report in columns (f) and (g) the amounts of other categories of other cash flow hedges.
3. For each category of hedges that have been accounted for as "fair value hedges", report the accounts affected and the related amounts in a footnote.
4. Report data on a year-to-date basis.

Line No.	Item (a)	Unrealized Gains and Losses on Available-for-Sale Securities (b)	Minimum Pension Liability adjustment (net amount) (c)	Foreign Currency Hedges (d)	Other Adjustments (e)
1	Balance of Account 219 at Beginning of Preceding Year	28,462,544			(23,927,881)
2	Preceding Qtr/Yr to Date Reclassifications from Acct 219 to Net Income	(8,523,889)			(1,813,331)
3	Preceding Quarter/Year to Date Changes in Fair Value	20,251,071			7,951,360
4	Total (lines 2 and 3)	11,727,182			6,138,029
5	Balance of Account 219 at End of Preceding Quarter/Year	40,189,726			(17,789,852)
6	Balance of Account 219 at Beginning of Current Year	(534,630)			(17,789,852)
7	Current Qtr/Yr to Date Reclassifications from Acct 219 to Net Income	518,536			(1,334,328)
8	Current Quarter/Year to Date Changes in Fair Value	(3,174,913)			
9	Total (lines 7 and 8)	(2,656,377)			(1,334,328)
10	Balance of Account 219 at End of Current Quarter/Year	(3,191,007)			(19,124,180)

STATEMENTS OF ACCUMULATED COMPREHENSIVE INCOME, COMPREHENSIVE INCOME, AND HEDGING ACTIVITIES

Line No.	Other Cash Flow Hedges Interest Rate Swaps (f)	Other Cash Flow Hedges [Insert Footnote at Line 1 to specify] (g)	Totals for each category of items recorded in Account 219 (h)	Net Income (Carried Forward from Page 117, Line 78) (i)	Total Comprehensive Income (j)
1		(11,650,678)	(7,116,015)		
2		309,164	(10,028,056)		
3			28,202,431		
4		309,164	18,174,375	98,703,869	116,878,244
5		(11,341,514)	11,058,360		
6		(11,341,514)	(29,665,996)		
7		197,875	(617,917)		
8			(3,174,913)		
9		197,875	(3,792,830)	26,881,546	23,088,716
10		(11,143,639)	(33,458,826)		

Schedule Page: 122(a)(b) Line No.: 1 Column: b

The Company's decommissioning trust funds include marketable securities which are reported at fair value. These securities are classified as available for sale under FASB guidance for certain investments in debt and equity securities and are valued using prices and other relevant information generated by market transactions involving identical or comparable securities. Effective January 1, 2018, upon adoption of ASU 2016-01, Financial Instruments-Overall, the Company will no longer classify equity securities as available for sale securities and, as a result, any changes in the fair value will be recognized in net income and not in Accumulated Other Comprehensive Income ("AOCI").

Schedule Page: 122(a)(b) Line No.: 1 Column: e

In accordance with the FERC Guidance Letter related to FASB guidance for employers' accounting for defined benefit pension and other postretirement plans, this amount includes reclassification adjustments of accumulated other comprehensive income as a result of gains or losses, prior service costs or credits and transition assets or obligations related to pension and other postretirement benefit plans.

Schedule Page: 122(a)(b) Line No.: 1 Column: g

During the first quarter of 2005, the Company entered into treasury rate lock agreements to hedge against potential movements in the treasury reference interest rate pending the issuance of 6% Senior Notes. These treasury rate locks were terminated on May 11, 2005. The treasury rate lock agreements met the criteria for hedge accounting and were designated as a cash flow hedge. In accordance with cash flow hedge accounting, the Company recorded the loss associated with the fair value of the cash flow hedge of approximately $14.5 million, net of tax, as a component of accumulated other comprehensive income. In May 2005, the Company began to recognize in earnings (as additional interest expense) the accumulated other comprehensive income associated with the cash flow hedge. During the next twelve month period, approximately $0.6 million pre-tax of this accumulated other comprehensive income item will be reclassified to interest expense.

Schedule Page: 122(a)(b) Line No.: 6 Column: b

Upon adoption of ASU 2016-01, Financial Instruments-Overall, the Company recorded, on January 1, 2018, a cumulative effect adjustment, net of income taxes, to increase retained earnings by $40.7 million with a reduction to AOCI.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2018/Q2

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION. AMORTIZATION AND DEPLETION

Report in Column (c) the amount for electric function, in column (d) the amount for gas function, in column (e), (f), and (g) report other (specify) and in column (h) common function.

Line No.	Classification (a)	Total Company for the Current Year/Quarter Ended (b)	Electric (c)
1	Utility Plant		
2	In Service		
3	Plant in Service (Classified)	4,130,340,859	4,130,340,859
4	Property Under Capital Leases		
5	Plant Purchased or Sold		
6	Completed Construction not Classified	862,849,617	862,849,617
7	Experimental Plant Unclassified		
8	Total (3 thru 7)	4,993,190,476	4,993,190,476
9	Leased to Others		
10	Held for Future Use		
11	Construction Work in Progress	169,536,761	169,536,761
12	Acquisition Adjustments		
13	Total Utility Plant (8 thru 12)	5,162,727,237	5,162,727,237
14	Accum Prov for Depr, Amort, & Depl	2,272,918,173	2,272,918,173
15	Net Utility Plant (13 less 14)	2,889,809,064	2,889,809,064
16	Detail of Accum Prov for Depr, Amort & Depl		
17	In Service:		
18	Depreciation	2,215,352,027	2,215,352,027
19	Amort & Depl of Producing Nat Gas Land/Land Right		
20	Amort of Underground Storage Land/Land Rights		
21	Amort of Other Utility Plant	57,566,146	57,566,146
22	Total In Service (18 thru 21)	2,272,918,173	2,272,918,173
23	Leased to Others		
24	Depreciation		
25	Amortization and Depletion		
26	Total Leased to Others (24 & 25)		
27	Held for Future Use		
28	Depreciation		
29	Amortization		
30	Total Held for Future Use (28 & 29)		
31	Abandonment of Leases (Natural Gas)		
32	Amort of Plant Acquisition Adj		
33	Total Accum Prov (equals 14) (22,26,30,31,32)	2,272,918,173	2,272,918,173

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS
FOR DEPRECIATION. AMORTIZATION AND DEPLETION

Gas (d)	Other (Specify) (e)	Other (Specify) (f)	Other (Specify) (g)	Common (h)	Line No.
					1
					2
					3
					4
					5
					6
					7
					8
					9
					10
					11
					12
					13
					14
					15
					16
					17
					18
					19
					20
					21
					22
					23
					24
					25
					26
					27
					28
					29
					30
					31
					32
					33

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2018/Q2

ELECTRIC PLANT IN SERVICE AND ACCUMULATED PROVISION FOR DEPRECIATION BY FUNCTION

1. Report below the original cost of plant in service by function. In addition to Account 101, include Account 102, and Account 106. Report in column (b) the original cost of plant in service and in column(c) the accumulated provision for depreciation and amortization by function.

Line No.	Item (a)	Plant in Service Balance at End of Quarter (b)	Accumulated Depreciation and Amortization Balance at End of Quarter (c)
1	Intangible Plant	151,488,547	57,566,146
2	Steam Production Plant	523,646,418	246,418,801
3	Nuclear Production Plant	1,848,142,234	1,251,341,436
4	Hydraulic Production - Conventional		
5	Hydraulic Production - Pumped Storage		
6	Other Production	507,530,790	46,800,524
7	Transmission	516,057,561	227,892,906
8	Distribution	1,203,024,471	369,587,818
9	Regional Transmission and Market Operation		
10	General	243,300,455	73,310,542
11	TOTAL (Total of lines 1 through 10)	4,993,190,476	2,272,918,173

Transmission Service and Generation Interconnection Study Costs

1. Report the particulars (details) called for concerning the costs incurred and the reimbursements received for performing transmission service and generator interconnection studies.
2. List each study separately.
3. In column (a) provide the name of the study.
4. In column (b) report the cost incurred to perform the study at the end of period.
5. In column (c) report the account charged with the cost of the study.
6. In column (d) report the amounts received for reimbursement of the study costs at end of period.
7. In column (e) report the account credited with the reimbursement received for performing the study.

Line No.	Description (a)	Costs Incurred During Period (b)	Account Charged (c)	Reimbursements Received During the Period (d)	Account Credited With Reimbursement (e)
1	**Transmission Studies**				
2	TSR 86504365	19,928	186-000	(19,928)	186-000
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21	**Generation Studies**				
22	Fall 2017 Cluster Study	126,938	186-000	(126,938)	186-000
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2018/Q2

OTHER REGULATORY ASSETS (Account 182.3)

1. Report below the particulars (details) called for concerning other regulatory assets, including rate order docket number, if applicable.
2. Minor items (5% of the Balance in Account 182.3 at end of period, or amounts less than $100,000 which ever is less), may be grouped by classes.
3. For Regulatory Assets being amortized, show period of amortization.

Line No.	Description and Purpose of Other Regulatory Assets (a)	Balance at Beginning of Current Quarter/Year (b)	Debits (c)	CREDITS: Written off During the Quarter /Year Account Charged (d)	CREDITS: Written off During the Period Amount (e)	Balance at end of Current Quarter/Year (f)
1	Taxes - Regulatory Assets	55,966,448	225,903		744,642	55,447,709
2						
3	Rio Grande Resources Trust:					
4	Nuclear Fuel Postload Daily Finance Charge	3,644,108	734,320	518	584,880	3,793,548
5						
6	Coal Reclamation	4,560,543		501	165,133	4,395,410
7						
8	Four Corners Decommissioning	6,405,932		407.3	197,586	6,208,346
9						
10	Texas:					
11	2015 Texas Rate Case Costs	1,023,996		928	92,280	931,716
12	2017 Texas Rate Case Costs	3,473,253	4,524	928	282,549	3,195,228
13	Demand Response Program	132,815				132,815
14						
15	Texas Relate Back Surcharge	7,121,739	17,105	131	2,166,212	4,972,632
16	Texas Corporate Tax Compliance Reform	1,455	101,323			102,778
17	Texas Military Base Discount and Recovery	209,336	641,995	142	688,861	162,470
18						
19	New Mexico Renewable Energy:					
20	Credits and Related Costs	5,544,593	919	407.3	278,760	5,266,752
21						
22	New Mexico:					
23	2010 FPPCAC Audit	307,608		407.3	18,093	289,515
24	2015 New Mexico Rate Case Costs	536,794		928	107,358	429,436
25	Demand Response Program	243,475	35,148			278,623
26						
27						
28	Palo Verde Deferred Depreciation	4,225,171		407.3	38,046	4,187,125
29						
30	Net Undercollection of:					
31	New Mexico Fuel Revenues		964,691	440's		964,691
32	New Mexico Renewable Procurement Standard Revenues		570,987	440's		570,987
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44	**TOTAL :**	93,397,266	3,296,915		5,364,400	91,329,781

Schedule Page: 232 Line No.: 1 Column: f

Amortization period ranges from 5 to 40 years.

Schedule Page: 232 Line No.: 4 Column: a

Amortization is based on a pro rata relationship with nuclear fuel amortization.

Schedule Page: 232 Line No.: 6 Column: a

Final coal mine reclamation costs are related to the Company's previous ownership interest in the Four Corners Generation Station ("Four Corners"), and represent the cost to reclaim the land disturbed during the coal mining that was not previously reclaimed while the mine was in operation.

Pursuant to the final order in the 2016 Fuel Reconciliation, PUCT Docket No. 46308, the Texas jurisdiction portion of the final coal reclamation costs are to be recovered through fuel costs over a seven-year period beginning July 2016.

Pursuant to the final order in NMPRC Case No. 15-00109-UT, the New Mexico jurisdiction portion of the final coal reclamation costs are to be recovered through the Fuel and Purchased Power Cost Adjustment Clause ("FPPPCAC") over a seven-year period beginning with the rate case to be filed after closing the sale of the Company's interest in Four Corners on July 6, 2016.

Schedule Page: 232 Line No.: 8 Column: a

On June 10, 2015, the Company filed an application in Texas requesting reasonableness and public interest findings and certain rate and accounting findings related to the Purchase and Sale Agreement reluting to the sale of the Company's interest in Four Corners. This case was assigned PUCT Docket No. 44805. A final order approving the Stipulation and Agreement was adopted by the PUCT on March 30, 2017. The signatories of the Stipulation and Agreement in Docket No. 44805 agreed to support the recovery of the Company's Four Corners' decommissioning costs in the 2017 Texas rate case, PUCT Docket No. 46831. The 2017 PUCT Final Order in Docket No. 46831 approved the recovery of approximately $5.5 million representing the Texas portion to decommission Four Corners.

The NMPRC in Case No. 15-00109-UT also approved the Company's request for an accounting order establishing $1.4 million of costs related to the decommissioning of Four Corners as a regulatory asset to be recovered over a seven-year period beginning in the rate case to be filed after closing the sale of the Company's interest in Four Corners on July 6, 2016.

Schedule Page: 232 Line No.: 11 Column: a

On August 25, 2016, the PUCT issued the 2016 PUCT Final Order in Docket No. 44941 approving the recovery of rate case expenses through a separate sucharge beginning October 1, 2016 and ending September 30, 2018.

Schedule Page: 232 Line No.: 12 Column: a

On December 18, 2017, the PUCT issued the 2017 PUCT Final Order in the Company's rate case in Docket No. 46831 approving the recovery of rate case expenses through a surcharge over three years beginning in January 2018.

Schedule Page: 232 Line No.: 13 Column: a

Represents costs associated with the Company's Demand Response Pilot Program. This progam provides an incentive for customers to switch to eSmart Thermostats, giving the Company the ability to slightly modify the eSmart Thermostats during peak times. These program costs will be requested for recovery in a future rate making proceeding.

Schedule Page: 232 Line No.: 15 Column: a

These costs are related to the recovery of revenues through two separate surcharges; one surcharge for the 2015 Texas Rate Case relate back revenues, and the second surcharge for the 2017 Texas Rate Case relate back revenues.

On August 25, 2016, the PUCT issued the 2016 PUCT Final Order in Docket No. 44941, the Company's 2015 Texas Rate Case, approving the recovery of revenues associated with the relate back of rates to consumption on and after January 12, 2016 through March 31, 2016 through a separate surcharge beginning October 1, 2016 and ending September 30, 2017.

On December 18, 2017, the PUCT issued the 2017 PUCT Final Order in Docket No. 46831, the Company's 2017 Texas Rate Case, approving the recovery of revenues through a separate surcharge associated with the relate back of rates to consumption for the period July 18, 2017 through December 31, 2017. This surcharge was implemented in January 2018 and will be in effect over 12 months.

Schedule Page: 232 Line No.: 16 Column: a

Represents costs associated with the Company's filing of a proposed refund tariff with the PUCT in Docket No. 48124. The tariff is designed to reduce TX base rate charges for the decrease in federal income tax expense resulting from the 2017 Tax Cuts and Jobs Act.

Schedule Page: 232 Line No.: 17 Column: a

Section 36.354 of the Texas Utilities Code requires that each electric utility provide Military Base Rate discounts to military bases in areas where customers choice is not available. In accordance with the final order in PUCT Docket No. 37690, the Military Base Discount Recovery Factor allows the Company to recover the total base rate discount provided to military base facilities from non-military base customers through a recovery factor. The rate is updated annually.

Schedule Page: 232 Line No.: 20 Column: a

In NMPRC Case No.15-00127-UT, the NMPRC approved the Company's request to recover costs related to renewable energy certificates and procurement plan costs over a six-year period beginning July 1, 2016. The Company will request costs incurred after December 31, 2014 as a component of base rates in the Company's next New Mexico rate case filing.

Schedule Page: 232 Line No.: 23 Column: a

Represents costs incurred for a FPPCAC audit. The Company requested such amounts in NMPRC Case No. 15-00127-UT and they are being amortized over a three-year period which began when new rates became effective on July 1, 2016.

Schedule Page: 232 Line No.: 24 Column: a

This balance is related to rate case costs requested in NMPRC Case No. 15-00127-UT and is being amortized over a three-year period beginning July 1, 2016.

Schedule Page: 232 Line No.: 25 Column: a

On February 22, 2017, the NMPRC approved, in Case No. 17-00016-UT, the Company's request to implement a Demand Response Pilot Program pursuant to its proposed Original Rate No. 37. This program provides an incentive for customers to switch to eSmart Thermostats, giving the Company the ability to slightly modify the eSmart Thermostats during peak times. These program costs will be requested for recovery in a future New Mexico rate making proceeding.

Schedule Page: 232 Line No.: 28 Column: a

In NMPRC Case No. 09-00171-UT, the NMPRC extended the depreciable life of Palo Verde an additional 20 years for New Mexico ratemaking purposes, reducing the depreciation expense collected from New Mexico customers in rates, effective January 2010. In April 2011, the NMPRC renewed the operating license for all three units at Palo Verde for an additional 20 years; therefore, the incremental difference in Palo Verde depreciation for the New Mexico jurisdiction is being amortized to account 407.3 over the remaining life of Palo Verde.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2018/Q2

OTHER REGULATORY LIABILITIES (Account 254)

1. Report below the particulars (details) called for concerning other regulatory liabilities, including rate order docket number, if applicable.
2. Minor items (5% of the Balance in Account 254 at end of period, or amounts less than $100,000 which ever is less), may be grouped by classes.
3. For Regulatory Liabilities being amortized, show period of amortization.

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance at Begining of Current Quarter/Year (b)	DEBITS Account Credited (c)	DEBITS Amount (d)	Credits (e)	Balance at End of Current Quarter/Year (f)
1	Regulatory Tax Liabilities	289,977,873	various	203,230		289,774,643
2						
3	Net Overcollection of Fuel Revenues:					
4	Texas	13,268,482	440s	5,113,849		8,154,633
5	New Mexico	884,399	440s	884,399		
6	FERC	37,387	440s	17,996		19,391
7						
8	New Mexico Energy Efficiency Program	1,709,094	451		139,560	1,848,654
9						
10	Texas Energy Efficiency Program	485,545	451		241,194	726,739
11						
12	New Mexico Gain on Sale of Assets	501,442	407.4	65,310		436,132
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41	TOTAL	306,864,222		6,284,784	380,754	300,960,192

Schedule Page: 278 Line No.: 1 Column: f

Amortization period ranges from 5 to 40 years for items not related to the reduction in the federal tax rate in 2017. The recovery period for the regulatory liability in the amount of $256.8 million related to the reduction in the federal tax rate in 2017 will be addressed in the next base rate filings in all jurisdictions.

Schedule Page: 278 Line No.: 8 Column: a

In accordance with the final order in NMPRC Case No. 06-0065-UT, the Company started collecting Energy Efficiency costs, effective May 2009, through a tariff rider approved by the NMPRC through New Mexico Rate 17. The rate is updated annually.

Schedule Page: 278 Line No.: 10 Column: a

In accordance with the final order in PUCT Docket No. 37690, the Company began recovering Energy Efficiency Program costs effective July 2010, through a tariff rider approved by the PUCT through Texas Rate 97. The rate is updated annually.

Schedule Page: 278 Line No.: 12 Column: a

In accordance with the NMPRC Final Order in Case No. 15-00127-UT, effective in July 2016, the Company is sharing its three-year average gains on the sales of assets with its New Mexico customers over a three-year period.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2018/Q2

ELECTRIC OPERATING REVENUES (Account 400)

1. The following instructions generally apply to the annual version of these pages. Do not report quarterly data in columns (c), (e), (f), and (g). Unbilled revenues and MWH related to unbilled revenues need not be reported separately as required in the annual version of these pages.
2. Report below operating revenues for each prescribed account, and manufactured gas revenues in total.
3. Report number of customers, columns (f) and (g), on the basis of meters, in addition to the number of flat rate accounts; except that where separate meter readings are added for billing purposes, one customer should be counted for each group of meters added. The -average number of customers means the average of twelve figures at the close of each month.
4. If increases or decreases from previous period (columns (c),(e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.
5. Disclose amounts of $250,000 or greater in a footnote for accounts 451, 456, and 457.2.

Line No.	Title of Account (a)	Operating Revenues Year to Date Quarterly/Annual (b)	Operating Revenues Previous year (no Quarterly) (c)
1	Sales of Electricity		
2	(440) Residential Sales	163,225,120	161,721,719
3	(442) Commercial and Industrial Sales		
4	Small (or Comm.) (See Instr. 4)	114,516,144	122,686,403
5	Large (or Ind.) (See Instr. 4)	25,667,806	31,485,053
6	(444) Public Street and Highway Lighting	2,421,892	2,744,235
7	(445) Other Sales to Public Authorities	58,281,690	63,298,497
8	(446) Sales to Railroads and Railways		
9	(448) Interdepartmental Sales		
10	TOTAL Sales to Ultimate Consumers	364,112,652	381,935,907
11	(447) Sales for Resale	34,704,840	26,619,792
12	TOTAL Sales of Electricity	398,817,492	408,555,699
13	(Less) (449.1) Provision for Rate Refunds	4,181,297	
14	TOTAL Revenues Net of Prov. for Refunds	394,636,195	408,555,699
15	Other Operating Revenues		
16	(450) Forfeited Discounts	525,888	614,506
17	(451) Miscellaneous Service Revenues	6,932,532	3,420,226
18	(453) Sales of Water and Water Power		
19	(454) Rent from Electric Property	1,367,239	1,356,205
20	(455) Interdepartmental Rents		
21	(456) Other Electric Revenues	613,432	416,964
22	(456.1) Revenues from Transmission of Electricity of Others	8,433,327	8,814,728
23	(457.1) Regional Control Service Revenues		
24	(457.2) Miscellaneous Revenues		
25			
26	TOTAL Other Operating Revenues	17,872,418	14,622,629
27	TOTAL Electric Operating Revenues	412,508,613	423,178,328

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2018/Q2

ELECTRIC OPERATING REVENUES (Account 400)

6. Commercial and industrial Sales, Account 442, may be classified according to the basis of classification (Small or Commercial, and Large or Industrial) regularly used by the respondent if such basis of classification is not generally greater than 1000 Kw of demand. (See Account 442 of the Uniform System of Accounts. Explain basis of classification in a footnote.)
7. See pages 108-109, Important Changes During Period, for important new territory added and important rate increase or decreases.
8. For Lines 2,4,5,and 6, see Page 304 for amounts relating to unbilled revenue by accounts.
9. Include unmetered sales. Provide details of such Sales in a footnote.

MEGAWATT HOURS SOLD		AVG.NO. CUSTOMERS PER MONTH		Line No.
Year to Date Quarterly/Annual (d)	Amount Previous year (no Quarterly) (e)	Current Year (no Quarterly) (f)	Previous Year (no Quarterly) (g)	
				1
1,343,207	1,269,784			2
				3
1,157,138	1,147,967			4
530,793	529,389			5
18,120	18,845			6
744,561	740,092			7
				8
				9
3,793,819	3,706,077			10
1,785,420	1,458,701			11
5,579,239	5,164,778			12
				13
5,579,239	5,164,778			14

Line 12, column (b) includes $ 16,081,000 of unbilled revenues.

Line 12, column (d) includes 130,817 MWH relating to unbilled revenues

Schedule Page: 300 Line No.: 11 Column: d

Includes 465,121 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

Schedule Page: 300 Line No.: 11 Column: e

Includes 454,439 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

Schedule Page: 300 Line No.: 12 Column: d

Includes 465,121 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

Schedule Page: 300 Line No.: 12 Column: e

Includes 454,439 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

Schedule Page: 300 Line No.: 14 Column: d

Includes 465,121 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

Schedule Page: 300 Line No.: 14 Column: e

Includes 454,439 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

Schedule Page: 300 Line No.: 17 Column: b

Below is the detail of Miscellaneous Service Revenues recorded in account 451:

	June 2018
Non Pay Reconnect Charges	1,187,314
Name Change/Cut in Charge	1,158,735
New Service Charges	167,670
Overhead/Underground Connection Charges	367,238
Texas Energy Efficiency Bonus	50,000
Texas and New Mexico Energy Efficiency Cost Recovery	3,799,717
Misc Other	201,858
Total	6,932,532

Schedule Page: 300 Line No.: 17 Column: c

Below is the detail of Miscellaneous Service Revenues recorded in account 451:

	June 2017
Non Pay Reconnect Charges	1,221,205
Name Change/Cut in Charge	1,189,590
New Service Charges	189,992
Overhead/Underground Connection Charges	341,817
Texas Energy Efficiency Bonus	329,437
Misc Other	148,185
Total	3,420,226

Schedule Page: 300 Line No.: 21 Column: b

Includes $217,182 related to the Company's 15.8% share of Palo Verde other electric revenues from APS.

Schedule Page: 300 Line No.: 21 Column: c

Includes $173,214 related to the Company's 15.8% share of Palo Verde other electric revenues from APS.

Schedule Page: 300 Line No.: 27 Column: b

Includes the effect of rate increase approved by the PUCT in the 2017 PUCT Final Order in Docket No. 46831 on December 18, 2017.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2018/Q2

ELECTRIC PRODUCTION, OTHER POWER SUPPLY EXPENSES, TRANSMISSION AND DISTRIBUTION EXPENSES

Report Electric production, other power supply expenses, transmission, regional control and market operation, and distribution expenses through the reporting period.

Line No.	Account (a)	Year to Date Quarter (b)
1	1. POWER PRODUCTION AND OTHER SUPPLY EXPENSES	
2	Steam Power Generation - Operation (500-509)	49,966,091
3	Steam Power Generation - Maintenance (510-515)	20,277,135
4	Total Power Production Expenses - Steam Power	70,243,226
5	Nuclear Power Generation - Operation (517-525)	44,677,813
6	Nuclear Power Generation – Maintenance (528-532)	11,476,160
7	Total Power Production Expenses - Nuclear Power	56,153,973
8	Hydraulic Power Generation - Operation (535-540.1)	
9	Hydraulic Power Generation – Maintenance (541-545.1)	
10	Total Power Production Expenses – Hydraulic Power	
11	Other Power Generation - Operation (546-550.1)	18,393,584
12	Other Power Generation - Maintenance (551-554.1)	2,252,376
13	Total Power Production Expenses - Other Power	20,645,960
14	Other Power Supply Expenses	
15	Purchased Power (555)	24,835,628
16	System Control and Load Dispatching (556)	584,674
17	Other Expenses (557)	
18	Total Other Power Supply Expenses (line 15-17)	25,420,302
19	Total Power Production Expenses (Total of lines 4, 7, 10, 13 and 18)	172,463,461
20	2. TRANSMISSION EXPENSES	
21	Transmission Operation Expenses	
22	(560) Operation Supervision and Engineering	837,872
23		
24	(561.1) Load Dispatch-Reliability	56,271
25	(561.2) Load Dispatch-Monitor and Operate Transmission System	403,087
26	(561.3) Load Dispatch-Transmission Service and Scheduling	446,428
27	(561.4) Scheduling, System Control and Dispatch Services	327,249
28	(561.5) Reliability, Planning and Standards Development	474,775
29	(561.6) Transmission Service Studies	
30	(561.7) Generation Interconnection Studies	
31	(561.8) Reliability, Planning and Standards Development Services	
32	(562) Station Expenses	132,485
33	(563) Overhead Line Expenses	141,806
34	(564) Underground Line Expenses	
35	(565) Transmission of Electricity by Others	3,545,727
36	(566) Miscellaneous Transmission Expenses	3,048,618
37	(567) Rents	144,002
38	(567.1) Operation Supplies and Expenses (Non-Major)	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2018/Q2

ELECTRIC PRODUCTION, OTHER POWER SUPPLY EXPENSES, TRANSMISSION AND DISTRIBUTION EXPENSES

Report Electric production, other power supply expenses, transmission, regional control and market operation, and distribution expenses through the reporting period.

Line No.	Account (a)	Year to Date Quarter (b)
39	TOTAL Transmission Operation Expenses (Lines 22 - 38)	9,558,320
40	Transmission Maintenance Expenses	
41	(568) Maintenance Supervision and Engineering	17,122
42	(569) Maintenance of Structures	19,462
43	(569.1) Maintenance of Computer Hardware	
44	(569.2) Maintenance of Computer Software	
45	(569.3) Maintenance of Communication Equipment	
46	(569.4) Maintenance of Miscellaneous Regional Transmission Plant	
47	(570) Maintenance of Station Equipment	172,140
48	(571) Maintenance Overhead Lines	1,289,672
49	(572) Maintenance of Underground Lines	
50	(573) Maintenance of Miscellaneous Transmission Plant	13,185
51	(574) Maintenance of Transmission Plant	
52	TOTAL Transmission Maintenance Expenses (Lines 41 - 51)	1,511,581
53	Total Transmission Expenses (Lines 39 and 52)	11,069,901
54	3. REGIONAL MARKET EXPENSES	
55	Regional Market Operation Expenses	
56	(575.1) Operation Supervision	
57	(575.2) Day-Ahead and Real-Time Market Facilitation	
58	(575.3) Transmission Rights Market Facilitation	
59	(575.4) Capacity Market Facilitation	
60	(575.5) Ancillary Services Market Facilitation	
61	(575.6) Market Monitoring and Compliance	
62	(575.7) Market Facilitation, Monitoring and Compliance Services	
63	Regional Market Operation Expenses (Lines 55 - 62)	
64	Regional Market Maintenance Expenses	
65	(576.1) Maintenance of Structures and Improvements	
66	(576.2) Maintenance of Computer Hardware	
67	(576.3) Maintenance of Computer Software	
68	(576.4) Maintenance of Communication Equipment	
69	(576.5) Maintenance of Miscellaneous Market Operation Plant	
70	Regional Market Maintenance Expenses (Lines 65-69)	
71	TOTAL Regional Control and Market Operation Expenses (Lines 63,70)	
72	4. DISTRIBUTION EXPENSES	
73	Distribution Operation Expenses (580-589)	7,278,741
74	Distribution Maintenance Expenses (590-598)	3,923,107
75	Total Distribution Expenses (Lines 73 and 74)	11,201,848

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2018/Q2

ELECTRIC CUSTOMER ACCOUNTS, SERVICE, SALES, ADMINISTRATIVE AND GENERAL EXPENSES

Report the amount of expenses for customer accounts, service, sales, and administrative and general expenses year to date.

Line No.	Account (a)	Year to Date Quarter (b)
1	(901-905) Customer Accounts Expenses	9,262,220
2	(907-910) Customer Service and Information Expenses	73,075
3	(911-917) Sales Expenses	
4	8. ADMINISTRATIVE AND GENERAL EXPENSES	
5	Operations	
6	920 Administrative and General Salaries	14,871,662
7	921 Office Supplies and Expenses	2,169,717
8	(Less) 922 Administrative Expenses Transferred-Credit	
9	923 Outside Services Employed	8,005,195
10	924 Property Insurance	1,924,546
11	925 Injuries and Damages	1,962,571
12	926 Employee Pensions and Benefits	13,015,662
13	927 Franchise Requirements	
14	928 Regulatory Commission Expenses	6,611,276
15	(Less) 929 Duplicate Charges-Credit	
16	930.1General Advertising Expenses	370,833
17	930.2Miscellaneous General Expenses	7,747,103
18	931 Rents	160,931
19	TOTAL Operation (Total of lines 6 thru 18)	56,839,496
20	Maintenance	
21	935 Maintenance of General Plant	3,720,978
22	TOTAL Administrative and General Expenses (Total of lines 19 and 21)	60,560,474

Name of Respondent El Paso Electric Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q2

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456.1)
(Including transactions referred to as 'wheeling')

1. Report all transmission of electricity, i.e., wheeling, provided for other electric utilities, cooperatives, other public authorities, qualifying facilities, non-traditional utility suppliers and ultimate customers for the quarter.
2. Use a separate line of data for each distinct type of transmission service involving the entities listed in column (a), (b) and (c).
3. Report in column (a) the company or public authority that paid for the transmission service. Report in column (b) the company or public authority that the energy was received from and in column (c) the company or public authority that the energy was delivered to. Provide the full name of each company or public authority. Do not abbreviate or truncate name or use acronyms. Explain in a footnote any ownership interest in or affiliation the respondent has with the entities listed in columns (a), (b) or (c)
4. In column (d) enter a Statistical Classification code based on the original contractual terms and conditions of the service as follows: FNO - Firm Network Service for Others, FNS - Firm Network Transmission Service for Self, LFP - "Long-Term Firm Point to Point Transmission Service, OLF - Other Long-Term Firm Transmission Service, SFP - Short-Term Firm Point to Point Transmission Reservation, NF - non-firm transmission service, OS - Other Transmission Service and AD - Out-of-Period Adjustments. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting periods. Provide an explanation in a footnote for each adjustment. See General Instruction for definitions of codes.

Line No.	Payment By (Company of Public Authority) (Footnote Affiliation) (a)	Energy Received From (Company of Public Authority) (Footnote Affiliation) (b)	Energy Delivered To (Company of Public Authority) (Footnote Affiliation) (c)	Statistical Classifi-cation (d)
1	El Paso Electric Marketing	Public Service Company of New Mex	El Paso Electric Marketing	NF
2	Rio Grande Electric Co-Op	El Paso Electric Marketing	El Paso Electric Marketing	FNO
3	Arizona Electric Power Cooperative	Salt River Project	Arizona Public Service Company	LFP
4	Arizona Electric Power Cooperative	Salt River Project	Arizona Public Service Company	SFP
5	Arizona Electric Power Cooperative	Arizona Public Service Company	Salt River Project	SFP
6	Coral Power	Salt River Project	Arizona Public Service Company	LFP
7	Coral Power	Salt River Project	Arizona Public Service Company	SFP
8	Eagle Energy Partners	Salt River Project	Salt River Project	SFP
9	Imperial Irrigation District	Salt River Project	Arizona Public Service Company	NF
10	Imperial Irrigation District	Salt River Project	Arizona Public Service Company	SFP
11	Imperial Irrigation District	Salt River Project	Arizona Public Service Company	SFP
12	Imperial Irrigation District	Arizona Public Service Company	Salt River Project	SFP
13	Macquarie Cook Power	Arizona Public Service Company	Salt River Project	NF
14	Macquarie Cook Power	Arizona Public Service Company	Salt River Project	SFP
15	Morgan Stanley	Salt River Project	Arizona Public Service Company	SFP
16	Morgan Stanley	Arizona Public Service Company	Salt River Project	NF
17	Morgan Stanley	Arizona Public Service Company	Salt River Project	SFP
18	Morgan Stanley	Arizona Public Service Company	Salt River Project	SFP
19	PacificCorp Power Marketing	Arizona Public Service Company	Salt River Project	SFP
20	PacificCorp Power Marketing	Arizona Public Service Company	Salt River Project	SFP
21	Powerex	Arizona Public Service Company	Salt River Project	SFP
22	Public Service Company of New Mexico	Public Service Company of New Mex	Public Service Company of New Mex	SFP
23	Public Service Company of New Mexico	Public Service Company of New Mex	Public Service Company of New Mex	SFP
24	Public Service Company of New Mexico	Public Service Company of New Mex	Public Service Company of New Mex	NF
25	Public Service Company of New Mexico	Public Service Company of New Mex	Public Service Company of New Mex	SFP
26	Public Service Company of New Mexico	Public Service Company of New Mex	Tucson Electric Power Company	LFP
27	Public Service Company of New Mexico	Public Service Company of New Mex	Tucson Electric Power Company	SFP
28	Public Service Company of New Mexico	Public Service Company of New Mex	Tucson Electric Power Company	SFP
29	Public Service Company of New Mexico	Public Service Company of New Mex	Public Service Company of New Mex	LFP
30	Public Service Company of New Mexico	Public Service Company of New Mex	Public Service Company of New Mex	NF
31	Public Service Company of New Mexico	Public Service Company of New Mex	Public Service Company of New Mex	SFP
32	Public Service Company of New Mexico	Tucson Electric Power Company	Public Service Company of New Mex	SFP
33	Public Service Company of New Mexico	Public Service Company of New Mex	Public Service Company of New Mex	SFP
34	Public Service Company of New Mexico	Public Service Company of New Mex	Public Service Company of New Mex	SFP
	TOTAL			

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456)(Continued)
(Including transactions reffered to as 'wheeling')

5. In column (e), identify the FERC Rate Schedule or Tariff Number, On separate lines, list all FERC rate schedules or contract designations under which service, as identified in column (d), is provided.
6. Report receipt and delivery locations for all single contract path, "point to point" transmission service. In column (f), report the designation for the substation, or other appropriate identification for where energy was received as specified in the contract. In column (g) report the designation for the substation, or other appropriate identification for where energy was delivered as specified in the contract.
7. Report in column (h) the number of megawatts of billing demand that is specified in the firm transmission service contract. Demand reported in column (h) must be in megawatts. Footnote any demand not stated on a megawatts basis and explain.
8. Report in column (i) and (j) the total megawatthours received and delivered.

FERC Rate Schedule of Tariff Number (e)	Point of Receipt (Subsatation or Other Designation) (f)	Point of Delivery (Substation or Other Designation) (g)	Billing Demand (MW) (h)	TRANSFER OF ENERGY MegaWatt Hours Received (i)	TRANSFER OF ENERGY MegaWatt Hours Delivered (j)	Line No.
OATT	Westmesa	EPE System		47	47	1
OATT	EPE System	Coyote/Farmer	11	18,566	18,566	2
OATT	Palo Verde	Westwing	125	66,468	66,468	3
OATT	Palo Verde	Westwing		385	385	4
OATT	Westwing	Palo Verde		1,740	1,740	5
OATT	Palo Verde	Westwing	125	25,222	25,222	6
OATT	Palo Verde	Westwing		99	99	7
OATT	Jojoba	Palo Verde		5	5	8
OATT	Palo Verde	Westwing		1,061	1,061	9
OATT	Palo Verde	Westwing		1,318	1,318	10
OATT	Palo Verde	Westwing		3,065	3,065	11
OATT	Westwing	Palo Verde		60	60	12
OATT	Westwing	Palo Verde		25	25	13
OATT	Westwing	Palo Verde		918	918	14
OATT	Palo Verde	Westwing		1,013	1,013	15
OATT	Westwing	Palo Verde		401	401	16
OATT	Westwing	Palo Verde		3	3	17
OATT	Westwing	Palo Verde		1,600	1,600	18
OATT	Westwing	Palo Verde		2,400	2,400	19
OATT	Westwing	Palo Verde		1,284	1,284	20
OATT	Westwing	Palo Verde		837	837	21
OATT	Afton	Amrad		1,125	1,125	22
OATT	Afton	Amrad		25,906	25,906	23
OATT	Afton	Luna		13	13	24
OATT	Afton	Luna		22,552	22,552	25
OATT	Afton	Springerville	94	59,726	59,726	26
OATT	Afton	Springerville				27
OATT	Afton	Springerville		2,527	2,527	28
OATT	Afton	Westmesa	141	36,762	36,762	29
OATT	Afton	Westmesa		91	91	30
OATT	Afton	Westmesa		28,544	28,544	31
OATT	Greenlee	Luna		414	414	32
OATT	Las Cruces	Amrad		23	23	33
OATT	Luna	Afton				34
			895	**764,195**	**764,195**	

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456) (Continued)
(Including transactions reffered to as 'wheeling')

9. In column (k) through (n), report the revenue amounts as shown on bills or vouchers. In column (k), provide revenues from demand charges related to the billing demand reported in column (h). In column (l), provide revenues from energy charges related to the amount of energy transferred. In column (m), provide the total revenues from all other charges on bills or vouchers rendered, including out of period adjustments. Explain in a footnote all components of the amount shown in column (m). Report in column (n) the total charge shown on bills rendered to the entity Listed in column (a). If no monetary settlement was made, enter zero (11011) in column (n). Provide a footnote explaining the nature of the non-monetary settlement, including the amount and type of energy or service rendered.
10. The total amounts in columns (i) and (j) must be reported as Transmission Received and Transmission Delivered for annual report purposes only on Page 401, Lines 16 and 17, respectively.
11. Footnote entries and provide explanations following all required data.

REVENUE FROM TRANSMISSION OF ELECTRICITY FOR OTHERS

Demand Charges ($) (k)	Energy Charges ($) (l)	(Other Charges) ($) (m)	Total Revenues ($) (k+l+m) (n)	Line No.
				1
53,972			53,972	2
152,216			152,216	3
	117		117	4
	1,445		1,445	5
153,219			153,219	6
				7
	22		22	8
	1,032		1,032	9
	1,626		1,626	10
	2,817		2,817	11
	398		398	12
	23		23	13
	900		900	14
	978		978	15
	254		254	16
	43		43	17
	1,531		1,531	18
	1,531		1,531	19
	1,412		1,412	20
	791		791	21
	4,313		4,313	22
	129,154		129,154	23
	68		68	24
	112,372		112,372	25
681,972			681,972	26
	40		40	27
				28
361,910			361,910	29
	327		327	30
	132,107		132,107	31
	6,205		6,205	32
	153		153	33
	34		34	34
3,516,806	**630,901**	**0**	**4,147,707**	

Name of Respondent El Paso Electric Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q2

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456.1)
(Including transactions referred to as 'wheeling')

1. Report all transmission of electricity, i.e., wheeling, provided for other electric utilities, cooperatives, other public authorities, qualifying facilities, non-traditional utility suppliers and ultimate customers for the quarter.
2. Use a separate line of data for each distinct type of transmission service involving the entities listed in column (a), (b) and (c).
3. Report in column (a) the company or public authority that paid for the transmission service. Report in column (b) the company or public authority that the energy was received from and in column (c) the company or public authority that the energy was delivered to. Provide the full name of each company or public authority. Do not abbreviate or truncate name or use acronyms. Explain in a footnote any ownership interest in or affiliation the respondent has with the entities listed in columns (a), (b) or (c)
4. In column (d) enter a Statistical Classification code based on the original contractual terms and conditions of the service as follows: FNO - Firm Network Service for Others, FNS - Firm Network Transmission Service for Self, LFP - "Long-Term Firm Point to Point Transmission Service, OLF - Other Long-Term Firm Transmission Service, SFP - Short-Term Firm Point to Point Transmission Reservation, NF - non-firm transmission service, OS - Other Transmission Service and AD - Out-of-Period Adjustments. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting periods. Provide an explanation in a footnote for each adjustment. See General Instruction for definitions of codes.

Line No.	Payment By (Company of Public Authority) (Footnote Affiliation) (a)	Energy Received From (Company of Public Authority) (Footnote Affiliation) (b)	Energy Delivered To (Company of Public Authority) (Footnote Affiliation) (c)	Statistical Classifi-cation (d)
1	Public Service Company of New Mexico	Public Service Company of New Mex	Tucson Electric Power Company	LFP
2	Public Service Company of New Mexico	Public Service Company of New Mex	Tucson Electric Power Company	SFP
3	Public Service Company of New Mexico	Public Service Company of New Mex	Tucson Electric Power Company	SFP
4	Public Service Company of New Mexico	Public Service Company of New Mex	Tucson Electric Power Company	SFP
5	Public Service Company of New Mexico	Public Service Company of New Mex	Tucson Electric Power Company	SFP
6	Public Service Company of New Mexico	Salt River Project	Arizona Public Service Company	NF
7	Public Service Company of New Mexico	Public Service Company of New Mex	Public Service Company of New Mex	LFP
8	Public Service Company of New Mexico	Public Service Company of New Mex	Public Service Company of New Mex	NF
9	Public Service Company of New Mexico	Public Service Company of New Mex	Public Service Company of New Mex	NF
10	Public Service Company of New Mexico	Public Service Company of New Mex	Public Service Company of New Mex	SFP
11	Public Service Company of New Mexico	Public Service Company of New Mex	El Paso Electric Marketing	NF
12	Public Service Company of New Mexico	Public Service Company of New Mex	Public Service Company of New Mex	SFP
13	Transalta	Salt River Project	Arizona Public Service Company	SFP
14	Tristate Generating and Transmission Coop	Tucson Electric Power Company	Public Service Company of New Mex	LFP
15	Tristate Generating and Transmission Coop	Tucson Electric Power Company	Public Service Company of New Mex	SFP
16	Tucson Electric Power	Salt River Project	Salt River Project	LFP
17	Tucson Electric Power	Salt River Project	Salt River Project	SFP
18	Tucson Electric Power	Salt River Project	Salt River Project	SFP
19	Tucson Electric Power	Salt River Project	Salt River Project	NF
20	Tucson Electric Power	Salt River Project	Salt River Project	SFP
21	Tucson Electric Power	Salt River Project	Arizona Public Service Company	NF
22	Tucson Electric Power	Salt River Project	Arizona Public Service Company	SFP
23	Tucson Electric Power	Public Service Company of New Mex	Tucson Electric Power Company	LFP
24	Tucson Electric Power	Public Service Company of New Mex	Tucson Electric Power Company	NF
25	Tucson Electric Power	Public Service Company of New Mex	Tucson Electric Power Company	NF
26	Tucson Electric Power	Public Service Company of New Mex	Tucson Electric Power Company	SFP
27	Tucson Electric Power	Public Service Company of New Mex	Tucson Electric Power Company	LFP
28	Tucson Electric Power	Public Service Company of New Mex	Tucson Electric Power Company	NF
29	Tucson Electric Power	Public Service Company of New Mex	Tucson Electric Power Company	SFP
30	Tucson Electric Power	Tucson Electric Power Company	Tucson Electric Power Company	NF
31	Tucson Electric Power	Tucson Electric Power Company	Public Service Company of New Mex	NF
32	Tucson Electric Power	Tucson Electric Power Company	Tucson Electric Power Company	NF
33	Tucson Electric Power	Tucson Electric Power Company	Tucson Electric Power Company	SFP
34	Tucson Electric Power	Tucson Electric Power Company	Tucson Electric Power Company	SFP
	TOTAL			

Name of Respondent	This Report Is:	Date of Report	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	(Mo, Da, Yr) / /	End of 2018/Q2

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456)(Continued)
(Including transactions reffered to as 'wheeling')

5. In column (e), identify the FERC Rate Schedule or Tariff Number, On separate lines, list all FERC rate schedules or contract designations under which service, as identified in column (d), is provided.
6. Report receipt and delivery locations for all single contract path, "point to point" transmission service. In column (f), report the designation for the substation, or other appropriate identification for where energy was received as specified in the contract. In column (g) report the designation for the substation, or other appropriate identification for where energy was delivered as specified in the contract.
7. Report in column (h) the number of megawatts of billing demand that is specified in the firm transmission service contract. Demand reported in column (h) must be in megawatts. Footnote any demand not stated on a megawatts basis and explain.
8. Report in column (i) and (j) the total megawatthours received and delivered.

FERC Rate Schedule of Tariff Number (e)	Point of Receipt (Subsatation or Other Designation) (f)	Point of Delivery (Substation or Other Designation) (g)	Billing Demand (MW) (h)	TRANSFER OF ENERGY MegaWatt Hours Received (i)	TRANSFER OF ENERGY MegaWatt Hours Delivered (j)	Line No.
OATT	Luna	Springerville	60	52,026	52,026	1
OATT	Luna	Springerville	60	6,535	6,535	2
OATT	Luna	Springerville		67	67	3
OATT	Luna	Springerville		2	2	4
OATT	Luna	Springerville		2,482	2,482	5
OATT	Palo Verde	Westwing		85	85	6
OATT	Westmesa	Amrad	25	33,318	33,318	7
OATT	Westmesa	Amrad		270	270	8
OATT	Westmesa	Amrad		12	12	9
OATT	Westmesa	Amrad		2,307	2,307	10
OATT	Westmesa	EPE System		3	3	11
OATT	Westmesa	Las Cruces		14	14	12
OATT	Palo Verde	Westwing		151	151	13
80	Springerville	Las Cruces/Orogrande	50	97,373	97,373	14
OATT	Springerville	Las Cruces/Orogrande		4,118	4,118	15
OATT	Jojoba	Kyrene	142	154,733	154,733	16
OATT	Jojoba	Kyrene				17
OATT	Jojoba	Kyrene		694	694	18
OATT	Jojoba	Palo Verde		182	182	19
OATT	Jojoba	Palo Verde		9,477	9,477	20
OATT	Jojoba	Westwing		1,797	1,797	21
OATT	Jojoba	Westwing		936	936	22
OATT	Luna	Greenlee	30	46,942	46,942	23
OATT	Luna	Greenlee		3,021	3,021	24
OATT	Luna	Greenlee	10	1,440	1,440	25
OATT	Luna	Greenlee		1,985	1,985	26
OATT	Luna	Springerville	10			27
OATT	Luna	Springerville		234	234	28
OATT	Luna	Springerville		746	746	29
OATT	Macho Springs	Greenlee				30
OATT	Macho Springs	Luna		144	144	31
OATT	Macho Springs	Springerville		48	48	32
OATT	Macho Springs	Springerville		513	513	33
OATT	Macho Springs	Springerville	10	12,124	12,124	34
			895	**764,195**	**764,195**	

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456) (Continued)
(Including transactions reffered to as 'wheeling')

9. In column (k) through (n), report the revenue amounts as shown on bills or vouchers. In column (k), provide revenues from demand charges related to the billing demand reported in column (h). In column (l), provide revenues from energy charges related to the amount of energy transferred. In column (m), provide the total revenues from all other charges on bills or vouchers rendered, including out of period adjustments. Explain in a footnote all components of the amount shown in column (m). Report in column (n) the total charge shown on bills rendered to the entity Listed in column (a). If no monetary settlement was made, enter zero (11011) in column (n). Provide a footnote explaining the nature of the non-monetary settlement, including the amount and type of energy or service rendered.
10. The total amounts in columns (i) and (j) must be reported as Transmission Received and Transmission Delivered for annual report purposes only on Page 401, Lines 16 and 17, respectively.
11. Footnote entries and provide explanations following all required data.

REVENUE FROM TRANSMISSION OF ELECTRICITY FOR OTHERS

Demand Charges ($) (k)	Energy Charges ($) (l)	(Other Charges) ($) (m)	Total Revenues ($) (k+l+m) (n)	Line No.
436,365			436,365	1
436,365			436,365	2
	89,915		89,915	3
	11		11	4
				5
	77		77	6
166,928			166,928	7
	4,167		4,167	8
	3		3	9
	5,552		5,552	10
	10		10	11
	43		43	12
	114		114	13
346,500			346,500	14
				15
398,184			398,184	16
	218		218	17
				18
	1,106		1,106	19
	27,699		27,699	20
	5,225		5,225	21
	2,025		2,025	22
218,183			218,183	23
	63,005		63,005	24
24,240			24,240	25
				26
				27
	1,195		1,195	28
	3,505		3,505	29
	6		6	30
	770		770	31
	229		229	32
				33
72,206			72,206	34
3,516,806	**630,901**	**0**	**4,147,707**	

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456.1)
(Including transactions referred to as 'wheeling')

1. Report all transmission of electricity, i.e., wheeling, provided for other electric utilities, cooperatives, other public authorities, qualifying facilities, non-traditional utility suppliers and ultimate customers for the quarter.
2. Use a separate line of data for each distinct type of transmission service involving the entities listed in column (a), (b) and (c).
3. Report in column (a) the company or public authority that paid for the transmission service. Report in column (b) the company or public authority that the energy was received from and in column (c) the company or public authority that the energy was delivered to. Provide the full name of each company or public authority. Do not abbreviate or truncate name or use acronyms. Explain in a footnote any ownership interest in or affiliation the respondent has with the entities listed in columns (a), (b) or (c)
4. In column (d) enter a Statistical Classification code based on the original contractual terms and conditions of the service as follows: FNO - Firm Network Service for Others, FNS - Firm Network Transmission Service for Self, LFP - "Long-Term Firm Point to Point Transmission Service, OLF - Other Long-Term Firm Transmission Service, SFP - Short-Term Firm Point to Point Transmission Reservation, NF - non-firm transmission service, OS - Other Transmission Service and AD - Out-of-Period Adjustments. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting periods. Provide an explanation in a footnote for each adjustment. See General Instruction for definitions of codes.

Line No.	Payment By (Company of Public Authority) (Footnote Affiliation) (a)	Energy Received From (Company of Public Authority) (Footnote Affiliation) (b)	Energy Delivered To (Company of Public Authority) (Footnote Affiliation) (c)	Statistical Classifi-cation (d)
1	Tucson Electric Power	Salt River Project	Arizona Public Service Company	NF
2	Tucson Electric Power	Salt River Project	Arizona Public Service Company	SFP
3	UniSource Energy Services	Salt River Project	Arizona Public Service Company	NF
4	UniSource Energy Services	Salt River Project	Arizona Public Service Company	SFP
5	UniSource Energy Services	Salt River Project	Arizona Public Service Company	NF
6	Western Area Power Admin	Public Service Company of New Mex	Public Service Company of New Mex	LFP
7	Western Area Power Admin	Public Service Company of New Mex	Public Service Company of New Mex	SFP
8	Western Area Power Admin - DSW	Salt River Project	Arizona Public Service Company	NF
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
	TOTAL			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2018/Q2

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456)(Continued)
(Including transactions reffered to as 'wheeling')

5. In column (e), identify the FERC Rate Schedule or Tariff Number, On separate lines, list all FERC rate schedules or contract designations under which service, as identified in column (d), is provided.
6. Report receipt and delivery locations for all single contract path, "point to point" transmission service. In column (f), report the designation for the substation, or other appropriate identification for where energy was received as specified in the contract. In column (g) report the designation for the substation, or other appropriate identification for where energy was delivered as specified in the contract.
7. Report in column (h) the number of megawatts of billing demand that is specified in the firm transmission service contract. Demand reported in column (h) must be in megawatts. Footnote any demand not stated on a megawatts basis and explain.
8. Report in column (i) and (j) the total megawatthours received and delivered.

FERC Rate Schedule of Tariff Number (e)	Point of Receipt (Subsatation or Other Designation) (f)	Point of Delivery (Substation or Other Designation) (g)	Billing Demand (MW) (h)	TRANSFER OF ENERGY		Line No.
				MegaWatt Hours Received (i)	MegaWatt Hours Delivered (j)	
OATT	Palo Verde	Westwing		9,565	9,565	1
OATT	Palo Verde	Westwing		1,214	1,214	2
OATT	Jojoba	Westwing		919	919	3
OATT	Jojoba	Westwing		401	401	4
OATT	Palo Verde	Westwing		12,067	12,067	5
OATT	Westmesa	Holloman	2	1,706	1,706	6
OATT	Westmesa	Holloman		73	73	7
OATT	Palo Verde	Westwing		271	271	8
						9
						10
						11
						12
						13
						14
						15
						16
						17
						18
						19
						20
						21
						22
						23
						24
						25
						26
						27
						28
						29
						30
						31
						32
						33
						34
			895	**764,195**	**764,195**	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2018/Q2

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456) (Continued)
(Including transactions reffered to as 'wheeling')

9. In column (k) through (n), report the revenue amounts as shown on bills or vouchers. In column (k), provide revenues from demand charges related to the billing demand reported in column (h). In column (l), provide revenues from energy charges related to the amount of energy transferred. In column (m), provide the total revenues from all other charges on bills or vouchers rendered, including out of period adjustments. Explain in a footnote all components of the amount shown in column (m). Report in column (n) the total charge shown on bills rendered to the entity Listed in column (a). If no monetary settlement was made, enter zero (11011) in column (n). Provide a footnote explaining the nature of the non-monetary settlement, including the amount and type of energy or service rendered.
10. The total amounts in columns (i) and (j) must be reported as Transmission Received and Transmission Delivered for annual report purposes only on Page 401, Lines 16 and 17, respectively.
11. Footnote entries and provide explanations following all required data.

REVENUE FROM TRANSMISSION OF ELECTRICITY FOR OTHERS

Demand Charges ($) (k)	Energy Charges ($) (l)	(Other Charges) ($) (m)	Total Revenues ($) (k+l+m) (n)	Line No.
	7,571		7,571	1
	2,374		2,374	2
	3,668		3,668	3
	1,173		1,173	4
	11,287		11,287	5
14,546			14,546	6
				7
	260		260	8
				9
				10
				11
				12
				13
				14
				15
				16
				17
				18
				19
				20
				21
				22
				23
				24
				25
				26
				27
				28
				29
				30
				31
				32
				33
				34
3,516,806	**630,901**	**0**	**4,147,707**	

Schedule Page: 328 Line No.: 1 Column: a
El Paso Electric Marketing refers to El Paso Electric Company's Resource Management Department.

Schedule Page: 328 Line No.: 2 Column: d
Network Integration Transmission Service. Evergreen contract may expire on March 31st of the applicable year with a prior two year notice.

Schedule Page: 328 Line No.: 3 Column: d
Firm transmission contracts of 17, 23, 35 and 50MW, expiration January 1, 2021. Service was partially redirected to hourly services.

Schedule Page: 328 Line No.: 6 Column: d
Firm transmission contracts of 25 and 100 MW, expiration January 1, 2021.

Schedule Page: 328 Line No.: 7 Column: i
Losses associated with the energy wheeled on transmission purchases that are paid back in kind.

Schedule Page: 328 Line No.: 26 Column: d
Firm transmission contract, expiration August 1, 2019. Service was partially redirected to hourly services.

Schedule Page: 328 Line No.: 28 Column: i
Losses associated with the energy wheeled on transmission purchases that are paid back in kind.

Schedule Page: 328 Line No.: 29 Column: d
Firm transmission contracts of 111 and 30 MW, expiration January 1, 2019. Includes 111 MW generation dependent firm transmission service per executed service agreement. Service was partially redirected to monthly, daily and hourly services.

Schedule Page: 328 Line No.: 32 Column: i
Losses billed to PNM under the FERC approved Operating Procedure 10.

Schedule Page: 328.1 Line No.: 1 Column: d
Firm transmission contract, expiration January 1, 2020.

Schedule Page: 328.1 Line No.: 5 Column: i
Losses associated with the energy wheeled on transmission purchases that are paid back in kind.

Schedule Page: 328.1 Line No.: 7 Column: d
Firm transmission contract, expiration July 1, 2023. Service was partially redirected to daily and hourly services.

Schedule Page: 328.1 Line No.: 14 Column: d
Firm transmission contract, expiration January 1, 2026.

Schedule Page: 328.1 Line No.: 15 Column: i
Losses associated with the energy wheeled on transmission purchases that are paid back in kind.

Schedule Page: 328.1 Line No.: 16 Column: d
Firm transmission contract, expiration January 1, 2020. Service was partially redirected to hourly services.

Schedule Page: 328.1 Line No.: 18 Column: i
Losses associated with the energy wheeled on transmission purchases that are paid back in kind.

Schedule Page: 328.1 Line No.: 23 Column: d
Firm transmission contract, expiration November 1, 2029.

Schedule Page: 328.1 Line No.: 26 Column: i
Losses associated with the energy wheeled on transmission purchases that are paid back in kind.

Schedule Page: 328.1 Line No.: 27 Column: d
Firm transmission contract, expiration November 1, 2029. Service was redirected to monthly services.

Schedule Page: 328.1 Line No.: 33 Column: i

Losses associated with the energy wheeled on transmission purchases that are paid back in kind.

Schedule Page: 328.2 Line No.: 6 Column: d

Firm transmission contract, expiration October 1, 2024.

Schedule Page: 328.2 Line No.: 7 Column: i

Losses associated with the energy wheeled on transmission purchases that are paid back in kind.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2018/Q2

TRANSMISSION OF ELECTRICITY BY OTHERS (Account 565)
(Including transactions referred to as "wheeling")

1. Report all transmission, i.e. wheeling or electricity provided by other electric utilities, cooperatives, municipalities, other public authorities, qualifying facilities, and others for the quarter.
2. In column (a) report each company or public authority that provided transmission service. Provide the full name of the company, abbreviate if necessary, but do not truncate name or use acronyms. Explain in a footnote any ownership interest in or affiliation with the transmission service provider. Use additional columns as necessary to report all companies or public authorities that provided transmission service for the quarter reported.
3. In column (b) enter a Statistical Classification code based on the original contractual terms and conditions of the service as follows: FNS - Firm Network Transmission Service for Self, LFP - Long-Term Firm Point-to-Point Transmission Reservations. OLF - Other Long-Term Firm Transmission Service, SFP - Short-Term Firm Point-to- Point Transmission Reservations, NF - Non-Firm Transmission Service, and OS - Other Transmission Service. See General Instructions for definitions of statistical classifications.
4. Report in column (c) and (d) the total megawatt hours received and delivered by the provider of the transmission service.
5. Report in column (e), (f) and (g) expenses as shown on bills or vouchers rendered to the respondent. In column (e) report the demand charges and in column (f) energy charges related to the amount of energy transferred. On column (g) report the total of all other charges on bills or vouchers rendered to the respondent, including any out of period adjustments. Explain in a footnote all components of the amount shown in column (g). Report in column (h) the total charge shown on bills rendered to the respondent. If no monetary settlement was made, enter zero in column (h). Provide a footnote explaining the nature of the non-monetary settlement, including the amount and type of energy or service rendered.
6. Enter "TOTAL" in column (a) as the last line.
7. Footnote entries and provide explanations following all required data.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	TRANSFER OF ENERGY: Magawatt-hours Received (c)	TRANSFER OF ENERGY: Magawatt-hours Delivered (d)	EXPENSES FOR TRANSMISSION OF ELECTRICITY BY OTHERS: Demand Charges ($) (e)	Energy Charges ($) (f)	Other Charges ($) (g)	Total Cost of Transmission ($) (h)
1	Public Serv. Co. of NM	LFP	194,289	194,289	1,002,839			1,002,839
2	Public Serv. Co. of NM	LFP	5,233	5,233	192,854			192,854
3	Public Serv. Co. of NM	SFP	12,192	12,192				
4	Public Serv. Co. of NM	NF	1,143	1,143		9,644		9,644
5	Salt River Project	OLF	87,982	87,982	444,375			444,375
6	Salt River Project	SFP	22,234	22,234		111,948		111,948
7	Salt River Project	NF	220	220		1,180		1,180
8	Tucson Electric Power	OLF	120,409	120,409				
9	Tucson Electric Power	SFP	190	190		1,558		1,558
10	Tucson Electric Power	NF	293	293		2,288		2,288
11								
12								
13								
14								
15								
16								
	TOTAL		444,185	444,185	1,640,068	126,618		1,766,686

Schedule Page: 332 Line No.: 1 Column: b
Contract terminates July 1, 2020.
Schedule Page: 332 Line No.: 1 Column: c
Amounts shown based on actual energy flows.
Schedule Page: 332 Line No.: 1 Column: d
Amounts shown based on actual energy flows.
Schedule Page: 332 Line No.: 2 Column: b
Contract terminates June 1, 2019.
Schedule Page: 332 Line No.: 2 Column: c
Amounts shown based on actual energy flows.
Schedule Page: 332 Line No.: 2 Column: d
Amounts shown based on actual energy flows.
Schedule Page: 332 Line No.: 3 Column: c
Amounts shown based on actual energy flows.
Schedule Page: 332 Line No.: 3 Column: d
Amounts shown based on actual energy flows.
Schedule Page: 332 Line No.: 4 Column: c
Amounts shown based on transmission reservations.
Schedule Page: 332 Line No.: 4 Column: d
Amounts shown based on transmission reservations.
Schedule Page: 332 Line No.: 4 Column: f
Amounts shown include short term transmission reservations, related ancillary and losses.
Schedule Page: 332 Line No.: 5 Column: b
Contract expires concurrent with the ANPP Participation Agreement.
Schedule Page: 332 Line No.: 5 Column: c
Amounts shown based on actual energy flows.
Schedule Page: 332 Line No.: 5 Column: d
Amounts shown based on actual energy flows.
Schedule Page: 332 Line No.: 6 Column: c
Amounts shown based on transmission reservations.
Schedule Page: 332 Line No.: 6 Column: d
Amounts shown based on transmission reservations.
Schedule Page: 332 Line No.: 6 Column: f
Amounts shown include short term transmission reservations, related ancillary and losses.
Schedule Page: 332 Line No.: 7 Column: c
Amounts shown based on transmission reservations.
Schedule Page: 332 Line No.: 7 Column: d
Amounts shown based on transmission reservations
Schedule Page: 332 Line No.: 7 Column: f
Amounts shown include short term transmission reservations, related ancillary and losses.
Schedule Page: 332 Line No.: 8 Column: b
Service Schedule C terminates on the date of retirement of the last generating unit at Palo Verde Generating Station, subject to twelve-month notice of termination by the Company.
Schedule Page: 332 Line No.: 8 Column: c
Amounts shown based on actual energy flows.
Schedule Page: 332 Line No.: 8 Column: d
Amounts shown based on actual energy flows.
Schedule Page: 332 Line No.: 8 Column: e
Under a pre-order 888/889 agreement, the Company was assigned rights as part of the Power Exchange and Transmission Agreement.
Schedule Page: 332 Line No.: 9 Column: c
Amounts shown based on transmission reservations.

Schedule Page: 332 Line No.: 9 Column: d

Amounts shown based on transmission reservations.

Schedule Page: 332 Line No.: 9 Column: f

Amounts shown include short term transmission reservations, related ancillary and losses.

Schedule Page: 332 Line No.: 10 Column: c

Amounts shown based on transmission reservations.

Schedule Page: 332 Line No.: 10 Column: d

Amounts shown based on transmission reservations.

Schedule Page: 332 Line No.: 10 Column: f

Amounts shown include short term transmission reservations, related ancillary and losses.

Name of Respondent El Paso Electric Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q2

Depreciation, Depletion and Amortization of Electric Plant (Accts 403, 403.1, 404, and 405) (Except Amortization of Acquisition Adjustments)

1. Report the year to date amounts of depreciation expense, asset retirement cost depreciation, depletion and amortization, except amortization of acquisition adjustments for the accounts indicated and classified according to the plant functional groups described.

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Depreciation Expense for Asset Retirement Costs (Account 403.1) (c)	Amortization of Other Limited-Term Electric Plant (Account 404) (e)	Amortization of Other Electric Plant (Account 405) (e)	Total (f)
1	Intangible Plant			3,608,758		3,608,758
2	Steam Production Plant	5,669,405	(11,572)			5,657,833
3	Nuclear Production Plant	13,283,479	(658,572)			12,624,907
4	Hydraulic Production Plant Conv					
5	Hydraulic Production Plant - Pumped Storage					
6	Other Production Plant	5,734,882	3,044			5,737,926
7	Transmission Plant	3,483,588				3,483,588
8	Distribution Plant	10,640,303				10,640,303
9	General Plant	5,410,045	3,318			5,413,363
10	Common Plant					
11	TOTAL ELECTRIC (lines 2 through 10)	44,221,702	(663,782)	3,608,758		47,166,678

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2018/Q2

MONTHLY PEAKS AND OUTPUT

(1) (1) Report the monthly peak load and energy output. If the respondent has two or more power systems which are not physically integrated, furnish the required information for each non- integrated system. In quarter 1 report January, February, and March only. In quarter 2 report April, May, and June only. In quarter 3 report July, August, and September only.
(2) Report on column (b) by month the system's output in Megawatt hours for each month.
(3) Report on column (c) by month the non-requirements sales for resale. Include in the monthly amounts any energy losses associated with the sales.
(4) Report on column (d) by month the system's monthly maximum megawatt load (60 minute integration) associated with the system.
(5) Report on columns (e) and (f) the specified information for each monthly peak load reported on column (d).
(6) Report Monthly Peak Hours in military time; 0100 for 1:00 AM, 1200 for 12 AM, and 1830 for 6:30 PM, etc.

NAME OF SYSTEM:

Line No.	Month (a)	Total Monthly Energy (MWH) (b)	Monthly Non-Requirements Sales for Resale & Associated Losses (c)	MONTHLY PEAK Megawatts (See Instr. 4) (d)	MONTHLY PEAK Day of Month (e)	MONTHLY PEAK Hour (f)
1	January	1,029,050	391,824	1,137	16	1900
2	February	860,954	324,357	1,015	28	2000
3	March	941,933	358,544	1,018	22	1900
4	Total	2,831,937	1,074,725	3,170		
5	April	841,094	220,829	1,294	24	1600
6	May	1,004,920	223,421	1,705	31	1600
7	June	1,131,667	236,149	1,921	26	1600
8	Total	2,977,681	680,399	4,920		
9	July				0	0
10	August				0	0
11	September				0	0
12	Total					

Schedule Page: 399 Line No.: 1 Column: b

Includes 92,494 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

Schedule Page: 399 Line No.: 1 Column: c

Includes 92,494 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

Schedule Page: 399 Line No.: 2 Column: b

Includes 59,083 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

Schedule Page: 399 Line No.: 2 Column: c

Includes 59,083 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

Schedule Page: 399 Line No.: 3 Column: b

Includes 58,932 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

Schedule Page: 399 Line No.: 3 Column: c

Includes 58,932 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

Schedule Page: 399 Line No.: 5 Column: b

Includes 88,886 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

Schedule Page: 399 Line No.: 5 Column: c

Includes 88,886 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

Schedule Page: 399 Line No.: 6 Column: b

Includes 77,374 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

Schedule Page: 399 Line No.: 6 Column: c

Includes 77,374 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

Schedule Page: 399 Line No.: 7 Column: b

Includes 88,352 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

Schedule Page: 399 Line No.: 7 Column: c

Includes 88,352 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2018/Q2

MONTHLY TRANSMISSION SYSTEM PEAK LOAD

(1) Report the monthly peak load on the respondent's transmission system. If the respondent has two or more power systems which are not physically integrated, furnish the required information for each non-integrated system.
(2) Report on Column (b) by month the transmission system's peak load.
(3) Report on Columns (c) and (d) the specified information for each monthly transmission - system peak load reported on Column (b).
(4) Report on Columns (e) through (j) by month the system' monthly maximum megawatt load by statistical classifications. See General Instruction for the definition of each statistical classification.

NAME OF SYSTEM:

Line No.	Month (a)	Monthly Peak MW - Total (b)	Day of Monthly Peak (c)	Hour of Monthly Peak (d)	Firm Network Service for Self (e)	Firm Network Service for Others (f)	Long-Term Firm Point-to-point Reservations (g)	Other Long-Term Firm Service (h)	Short-Term Firm Point-to-point Reservation (i)	Other Service (j)
1	January	1,137	16	1900		6	679	50	71	
2	February	1,015	28	2000		6	715	50	39	
3	March	1,018	22	1900		7	707	50	47	
4	Total for Quarter 1					19	2,101	150	157	
5	April	1,294	24	1600		10	657	50	72	
6	May	1,705	31	1600		12	648	50	75	
7	June	1,921	26	1600		12	647	50	70	
8	Total for Quarter 2					34	1,952	150	217	
9	July									
10	August									
11	September									
12	Total for Quarter 3									
13	October									
14	November									
15	December									
16	Total for Quarter 4									
17	Total Year to Date/Year					53	4,053	300	374	

Schedule	Page No.

Accrued and prepaid taxes 262-263
Accumulated Deferred Income Taxes 234
272-277
Accumulated provisions for depreciation of
    common utility plant 356
    utility plant 219
    utility plant (summary) 200-201
Advances
    from associated companies 256-257
Allowances 228-229
Amortization
    miscellaneous 340
    of nuclear fuel 202-203
Appropriations of Retained Earnings 118-119
Associated Companies
    advances from 256-257
    corporations controlled by respondent 103
    control over respondent 102
    interest on debt to 256-257
Attestation i
Balance sheet
    comparative 110-113
    notes to 122-123
Bonds 256-257
Capital Stock 251
    expense 254
    premiums 252
    reacquired 251
    subscribed 252
Cash flows, statement of 120-121
Changes
    important during year 108-109
Construction
    work in progress - common utility plant 356
    work in progress - electric 216
    work in progress - other utility departments 200-201
Control
    corporations controlled by respondent 103
    over respondent 102
Corporation
    controlled by 103
    incorporated 101
CPA, background information on 101
CPA Certification, this report form .... i-ii

Schedule	Page No.
Deferred	
credits, other	269
debits, miscellaneous	233
income taxes accumulated - accelerated amortization property	272-273
income taxes accumulated - other property	274-275
income taxes accumulated - other	276-277
income taxes accumulated - pollution control facilities	234
Definitions, this report form	iii
Depreciation and amortization	
of common utility plant	356
of electric plant	219 336-337
Directors	105
Discount - premium on long-term debt	256-257
Distribution of salaries and wages	354-355
Dividend appropriations	118-119
Earnings, Retained	118-119
Electric energy account	401
Expenses	
electric operation and maintenance	320-323
electric operation and maintenance, summary	323
unamortized debt	256
Extraordinary property losses	230
Filing requirements, this report form	
General information	101
Instructions for filing the FERC Form 1	i-iv
Generating plant statistics	
hydroelectric (large)	406-407
pumped storage (large)	408-409
small plants	410-411
steam-electric (large)	402-403
Hydro-electric generating plant statistics	406-407
Identification	101
Important changes during year	108-109
Income	
statement of, by departments	114-117
statement of, for the year (see also revenues)	114-117
deductions, miscellaneous amortization	340
deductions, other income deduction	340
deductions, other interest charges	340
Incorporation information	101

Schedule	Page No.

Interest
    charges, paid on long-term debt, advances, etc 256-257
Investments
    nonutility property 221
    subsidiary companies 224-225
Investment tax credits, accumulated deferred 266-267
Law, excerpts applicable to this report form iv
List of schedules, this report form 2-4
Long-term debt 256-257
Losses-Extraordinary property 230
Materials and supplies 227
Miscellaneous general expenses 335
Notes
    to balance sheet 122-123
    to statement of changes in financial position 122-123
    to statement of income 122-123
    to statement of retained earnings 122-123
Nonutility property 221
Nuclear fuel materials 202-203
Nuclear generating plant, statistics 402-403
Officers and officers' salaries 104
Operating
    expenses-electric 320-323
    expenses-electric (summary) 323
Other
    paid-in capital 253
    donations received from stockholders 253
    gains on resale or cancellation of reacquired
    capital stock 253
    miscellaneous paid-in capital 253
    reduction in par or stated value of capital stock 253
    regulatory assets 232
    regulatory liabilities 278
Peaks, monthly, and output 401
Plant, Common utility
    accumulated provision for depreciation 356
    acquisition adjustments 356
    allocated to utility departments 356
    completed construction not classified 356
    construction work in progress 356
    expenses 356
    held for future use 356
    in service 356
    leased to others 356
Plant data 336-337
    401-429

Schedule	Page No.
Plant - electric	
accumulated provision for depreciation	219
construction work in progress	216
held for future use	214
in service	204-207
leased to others	213
Plant - utility and accumulated provisions for depreciation	
amortization and depletion (summary)	201
Pollution control facilities, accumulated deferred	
income taxes	234
Power Exchanges	326-327
Premium and discount on long-term debt	256
Premium on capital stock	251
Prepaid taxes	262-263
Property - losses, extraordinary	230
Pumped storage generating plant statistics	408-409
Purchased power (including power exchanges)	326-327
Reacquired capital stock	250
Reacquired long-term debt	256-257
Receivers' certificates	256-257
Reconciliation of reported net income with taxable income	
from Federal income taxes	261
Regulatory commission expenses deferred	233
Regulatory commission expenses for year	350-351
Research, development and demonstration activities	352-353
Retained Earnings	
amortization reserve Federal	119
appropriated	118-119
statement of, for the year	118-119
unappropriated	118-119
Revenues - electric operating	300-301
Salaries and wages	
directors fees	105
distribution of	354-355
officers'	104
Sales of electricity by rate schedules	304
Sales - for resale	310-311
Salvage - nuclear fuel	202-203
Schedules, this report form	2-4
Securities	
exchange registration	250-251
Statement of Cash Flows	120-121
Statement of income for the year	114-117
Statement of retained earnings for the year	118-119
Steam-electric generating plant statistics	402-403
Substations	426
Supplies - materials and	227

Schedule	Page No.
Taxes	
accrued and prepaid	262-263
charged during year	262-263
on income, deferred and accumulated	234
	272-277
reconciliation of net income with taxable income for	261
Transformers, line - electric	429
Transmission	
lines added during year	424-425
lines statistics	422-423
of electricity for others	328-330
of electricity by others	332
Unamortized	
debt discount	256-257
debt expense	256-257
premium on debt	256-257
Unrecovered Plant and Regulatory Study Costs	230