THIS FILING IS		
Item 1: ☒ 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

These reports are mandatory under the Federal Power Act, Sections 3, 4(a), 304 and 309, and 18 CFR 141.1 and 141.400. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of confidential nature

Exact Legal Name of Respondent (Company)	**Year/Period of Report**
El Paso Electric Company	**End of** 2018/Q3

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/Q3
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)*
/s/ Russell G. Gibson 02 Title Vice President & Controller	/s/ Russell G. Gibson	11/16/2018

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/Q3

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

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, Texas, 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 became effective October 1, 2018.

On September 11, 2018, the Village of Hatch, New Mexico, passed an ordinance approving a franchise agreement with the Company. The franchise agreement has a term of 25 years and requires the Company to pay a franchise fee of 3% of gross revenues. The franchise agreement will become effective on January 1, 2019.

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:

On July 12, 2018, the Company placed into commercial operation the Global Reach T2 and switchgear feeders in the Texas territory, which adds 2.18 circuit miles to the distribution system. Customers were moved from existing circuits to the new facilities.

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 Guaranteed Notes due August 15, 2025 as further described below. Additionally, on September 13, 2018, the Company and the Bank of New York Mellon Trust Company, N.A., as trustee of the RGRT, entered into a $350.0 million third amended and restated credit agreement 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 4.22% Senior Notes due August 15, 2028 (the "Notes"). The net proceeds from the issuance of these senior 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 Guaranteed 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 Guaranteed 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.

Revolving Credit Facility. On September 13, 2018, the Company and The Bank of New York Mellon Trust Company, N.A., as trustee of the RGRT, entered into a third amended and restated credit agreement (the "RCF Agreement") with MUFG Union Bank, N.A., as administrative agent and as syndication agent, various issuing banks party thereto and various lending banks party thereto. The RCF Agreement is unsecured and under the terms of the RCF Agreement, the Company has available a $350 million RCF with a $50 million subfacility for the issuance of letters of credit, and extended the term of the Company's existing $350 million revolving credit agreement from January 14, 2020 to September 13, 2023 (the "Maturity Date"). The Company may increase the RCF by up to $50 million (to a total of $400 million) during the term of the RCF Agreement, upon the satisfaction of certain conditions more fully set forth in the RCF Agreement, including obtaining commitments from lenders or third party financial institutions. In addition, the Company may extend the Maturity Date up to two times, in each case for an additional one-year period, upon the satisfaction of certain conditions more fully set forth in the RCF Agreement, including requisite lender approval.

The RCF Agreement provides that amounts borrowed by the Company may be used for, among other things, working capital and general corporate purposes. Any amounts borrowed by the RGRT may be used, among other things, to finance the acquisition and cost to process nuclear fuel. Amounts borrowed by the RGRT are guaranteed by the Company and are reported in obligations under capital leases of nuclear fuel. The RCF Agreement requires compliance with certain covenants, including a total debt to capitalization ratio. The Company is in compliance with these requirements.

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.

Base salaries for union employees under contract were increased by 3% effective in September 2018 compared to the previous level. The annual effect of this increase was approximately $1.0 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 (for which the Company may seek recovery after January 1, 2019, and for which the Company anticipates requesting recovery in the first quarter of 2019) 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. The Company implemented the interim rate rider in customer bills beginning May 1, 2018 pursuant to the NMPRC order.

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 (“Show Cause Proceeding”). 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. On November 15, 2018, FERC issued an order finding that the Company had demonstrated that no rate reduction was justified and terminating the Show Cause Proceeding. The Company expects to file its request for approval to revise OATT rates in the third quarter of 2019.

Notice of Proposed Rulemaking on Public Utility Transmission Changes to Address Accumulated Deferred Income Taxes. On November 15, 2018, the FERC issued a notice of proposed rulemaking (“NOPR”) that proposes to direct public utilities with transmission OATT rates, a transmission owner tariff, or a rate schedule, to determine the amount of excess or deficient accumulated deferred income taxes caused by the TCJA’s reduction to the federal corporate income tax rate and return or recover this amount to or from customers. The NOPR has been assigned Docket No. RM19-5-000. The Company is currently evaluating the impact of this proposed rulemaking.

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 and James W. Harris ceased being members of the Board of Directors of the Company.

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.

On October 29, 2018, Patrick V. Reinhart was appointed Vice President, Governmental Affairs. Formerly, Mr. Reinhart served as Assistant Vice President, External Affairs from December 2011 to October 2018.

On October 29, 2018, Eduardo Gutierrez was appointed Vice President, Strategic Communications, Customer and Community Engagement. Formerly, Mr. Gutierrez served as Vice President, Public, Government and Customer Affairs from December 2015 to October 2018.

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/Q3

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	5,021,280,624	4,912,424,556
3	Construction Work in Progress (107)	200-201	207,514,305	146,057,827
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		5,228,794,929	5,058,482,383
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200-201	2,296,657,419	2,240,335,407
6	Net Utility Plant (Enter Total of line 4 less 5)		2,932,137,510	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)		207,375,564	195,938,084
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202-203	83,997,733	74,727,129
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)		123,377,831	121,210,955
14	Net Utility Plant (Enter Total of lines 6 and 13)		3,055,515,341	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)		1,709,651	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)		302,816,550	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)		305,235,647	295,489,764
33	**CURRENT AND ACCRUED ASSETS**			
34	Cash and Working Funds (Non-major Only) (130)		0	0
35	Cash (131)		9,129,406	6,701,768
36	Special Deposits (132-134)		0	0
37	Working Fund (135)		565,779	66,552
38	Temporary Cash Investments (136)		6,269,984	221,525
39	Notes Receivable (141)		0	0
40	Customer Accounts Receivable (142)		82,502,797	54,852,721
41	Other Accounts Receivable (143)		6,684,203	13,880,761
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		2,275,356	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	2,227,488	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	50,854,540	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	-9,554	40,560

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	5,550	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)		13,764,600	10,297,791
58	Advances for Gas (166-167)		0	0
59	Interest and Dividends Receivable (171)		19,500	3,459
60	Rents Receivable (172)		0	0
61	Accrued Utility Revenues (173)		31,019,000	22,185,000
62	Miscellaneous Current and Accrued Assets (174)		44,557	-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)		200,802,494	156,763,780
68	**DEFERRED DEBITS**			
69	Unamortized Debt Expenses (181)		14,105,100	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	85,034,145	96,746,932
73	Prelim. Survey and Investigation Charges (Electric) (183)		1,633,114	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)		-10,687	-71,727
77	Temporary Facilities (185)		0	0
78	Miscellaneous Deferred Debits (186)	233	6,213,919	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)		15,022,795	15,687,238
82	Accumulated Deferred Income Taxes (190)	234	181,640,475	191,950,416
83	Unrecovered Purchased Gas Costs (191)		0	0
84	Total Deferred Debits (lines 69 through 83)		303,638,861	323,927,699
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		3,865,192,343	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/Q3

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)		313,952,958	312,697,384
7	Other Paid-In Capital (208-211)	253	3,337,751	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	1,286,671,678	1,188,438,459
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	0	0
13	(Less) Reaquired Capital Stock (217)	250-251	418,712,972	420,505,805
14	Noncorporate Proprietorship (Non-major only) (218)		0	0
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	-34,307,144	11,058,360
16	Total Proprietary Capital (lines 2 through 15)		1,216,430,020	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)		6,717,712	6,813,217
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		3,530,684	3,623,116
24	Total Long-Term Debt (lines 18 through 23)		1,288,022,028	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)		105,390,287	110,254,454
30	Accumulated Miscellaneous Operating Provisions (228.4)		0	0
31	Accumulated Provision for Rate Refunds (229)		1,476,156	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)		99,144,043	93,028,714
35	Total Other Noncurrent Liabilities (lines 26 through 34)		316,010,486	248,283,168
36	CURRENT AND ACCRUED LIABILITIES			
37	Notes Payable (231)		0	85,000,000
38	Accounts Payable (232)		73,537,141	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)		11,549,012	7,013,549
42	Taxes Accrued (236)	262-263	39,138,863	32,817,188
43	Interest Accrued (237)		19,987,747	11,613,171
44	Dividends Declared (238)		0	0
45	Matured Long-Term Debt (239)		0	0

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/Q3

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)		2,793,235	1,647,615
48	Miscellaneous Current and Accrued Liabilities (242)		22,433,589	20,406,508
49	Obligations Under Capital Leases-Current (243)		20,335,421	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)		189,775,008	307,158,000
55	DEFERRED CREDITS			
56	Customer Advances for Construction (252)		23,834,058	20,559,598
57	Accumulated Deferred Investment Tax Credits (255)	266-267	19,231,363	20,392,372
58	Deferred Gains from Disposition of Utility Plant (256)		0	0
59	Other Deferred Credits (253)	269	4,485,643	4,433,668
60	Other Regulatory Liabilities (254)	278	303,784,069	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)		480,883,944	482,460,890
64	Accum. Deferred Income Taxes-Other (283)		22,735,724	10,804,042
65	Total Deferred Credits (lines 56 through 64)		854,954,801	836,506,460
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		3,865,192,343	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/Q3

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	712,779,666	720,647,769	300,271,053	297,469,441
3	Operating Expenses					
4	Operation Expenses (401)	320-323	354,942,467	363,424,037	133,472,825	134,145,601
5	Maintenance Expenses (402)	320-323	59,301,305	53,349,184	16,139,968	11,943,644
6	Depreciation Expense (403)	336-337	66,596,094	62,192,161	22,374,392	21,062,226
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-337	-995,675	-804,188	-331,893	-276,206
8	Amort. & Depl. of Utility Plant (404-405)	336-337	5,432,124	4,640,200	1,823,366	1,651,026
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)		1,597,455	1,010,743	532,485	336,034
13	(Less) Regulatory Credits (407.4)		195,930	195,930	65,310	65,310
14	Taxes Other Than Income Taxes (408.1)	262-263	54,615,467	54,208,101	21,727,941	21,213,397
15	Income Taxes - Federal (409.1)	262-263	889,114	-1,946,811	219,669	-654,652
16	- Other (409.1)	262-263	1,704,273	1,452,860	1,005,013	1,023,782
17	Provision for Deferred Income Taxes (410.1)	234, 272-277	57,954,075	105,789,911	28,730,222	46,962,441
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272-277	34,497,336	60,328,470	9,909,342	15,127,555
19	Investment Tax Credit Adj. - Net (411.4)	266	-1,161,009	1,005,661	-387,003	54,145
20	(Less) Gains from Disp. of Utility Plant (411.6)		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)		6,255,181	5,723,816	2,087,835	1,924,292
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		572,312,637	589,521,275	217,420,168	224,192,865
26	Net Util Oper Inc (Enter Tot line 2 less 25) Carry to Pg117,line 27		140,467,029	131,126,494	82,850,885	73,276,576

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
712,779,666	720,647,769					2
						3
354,942,467	363,424,037					4
59,301,305	53,349,184					5
66,596,094	62,192,161					6
-995,675	-804,188					7
5,432,124	4,640,200					8
						9
						10
						11
1,597,455	1,010,743					12
195,930	195,930					13
54,615,467	54,208,101					14
889,114	-1,946,811					15
1,704,273	1,452,860					16
57,954,075	105,789,911					17
34,497,336	60,328,470					18
-1,161,009	1,005,661					19
124,968						20
						21
						22
						23
6,255,181	5,723,816					24
572,312,637	589,521,275					25
140,467,029	131,126,494					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/Q3

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)		140,467,029	131,126,494	82,850,885	73,276,576
28	Other Income and Deductions					
29	Other Income					
30	Nonutilty Operating Income					
31	Revenues From Merchandising, Jobbing and Contract Work (415)		255,548	357,655	46,465	233,576
32	(Less) Costs and Exp. of Merchandising, Job. & Contract Work (416)		513,081	538,709	172,176	258,198
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)		5,780,139	5,043,928	1,962,209	1,745,850
38	Allowance for Other Funds Used During Construction (419.1)		2,461,753	2,209,069	823,330	668,635
39	Miscellaneous Nonoperating Income (421)		15,109,792	13,706,689	8,324,814	3,037,019
40	Gain on Disposition of Property (421.1)			846,238		8,147
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		23,094,151	21,624,870	10,984,642	5,435,029
42	Other Income Deductions					
43	Loss on Disposition of Property (421.2)					
44	Miscellaneous Amortization (425)					
45	Donations (426.1)		896,212	951,251	269,695	325,536
46	Life Insurance (426.2)		388,565	263,092	378,355	320,595
47	Penalties (426.3)		-2,046	1,511		1,356
48	Exp. for Certain Civic, Political & Related Activities (426.4)		501,051	551,450	195,351	157,961
49	Other Deductions (426.5)		1,331,176	287,431	-2,232,336	-170,065
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		3,114,958	2,054,735	-1,388,935	635,383
51	Taxes Applic. to Other Income and Deductions					
52	Taxes Other Than Income Taxes (408.2)	262-263	7,920	6,580	2,123	1,551
53	Income Taxes-Federal (409.2)	262-263	2,868,433	3,950,080	1,130,596	914,053
54	Income Taxes-Other (409.2)	262-263	93,426	110,793	139,023	23,634
55	Provision for Deferred Inc. Taxes (410.2)	234, 272-277	12,318,671	280,037	1,853,258	60,521
56	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272-277	11,460,149	66,473	530,518	169
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)		3,828,301	4,281,017	2,594,482	999,590
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		16,150,892	15,289,118	9,779,095	3,800,056
61	Interest Charges					
62	Interest on Long-Term Debt (427)		54,494,308	53,567,142	19,149,504	17,749,488
63	Amort. of Debt Disc. and Expense (428)		722,113	848,608	264,320	275,425
64	Amortization of Loss on Reaquired Debt (428.1)		664,443	664,443	221,481	221,481
65	(Less) Amort. of Premium on Debt-Credit (429)		95,505	91,104	32,337	30,846
66	(Less) Amortization of Gain on Reaquired Debt-Credit (429.1)					
67	Interest on Debt to Assoc. Companies (430)					
68	Other Interest Expense (431)		2,976,904	1,719,654	382,845	487,775
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		2,550,853	2,172,221	880,798	670,754
70	Net Interest Charges (Total of lines 62 thru 69)		56,211,410	54,536,522	19,105,015	18,032,569
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		100,406,511	91,879,090	73,524,965	59,044,063
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)		100,406,511	91,879,090	73,524,965	59,044,063

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/Q3

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)		100,406,511	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		-42,897,648	(53,337,470)
32				
33				
34				
35				
36	TOTAL Dividends Declared-Common Stock (Acct. 438)		-42,897,648	(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)		1,286,671,678	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/Q3

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)		1,286,671,678	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 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/Q3

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)	100,406,511	91,879,090
3	Noncash Charges (Credits) to Income:		
4	Depreciation and Depletion	66,596,094	62,192,161
5	Amortization of Other	17,358,138	15,981,979
6	Amortization of Nuclear Fuel	29,951,422	32,639,870
7			
8	Deferred Income Taxes (Net)	24,315,262	45,492,384
9	Investment Tax Credit Adjustment (Net)	-1,161,009	1,005,661
10	Net (Increase) Decrease in Receivables	-33,957,760	-39,298,239
11	Net (Increase) Decrease in Inventory	-1,529,644	-3,125,061
12	Net (Increase) Decrease in Allowances Inventory	50,114	137,065
13	Net Increase (Decrease) in Payables and Accrued Expenses	28,678,450	14,415,796
14	Net (Increase) Decrease in Other Regulatory Assets	10,023,660	14,475,492
15	Net Increase (Decrease) in Other Regulatory Liabilities	3,680,019	2,765,402
16	(Less) Allowance for Other Funds Used During Construction	2,461,753	2,209,069
17	(Less) Undistributed Earnings from Subsidiary Companies		
18	Other (provide details in footnote):	-5,704,630	-6,247,623
19			
20	Deferred Charges and Credits	-8,880,565	-5,312,463
21	Net (Increase) Decrease in Prepayments and Other	-5,715,994	-5,877,227
22	Net Cash Provided by (Used in) Operating Activities (Total 2 thru 21)	221,648,315	218,915,218
23			
24	Cash Flows from Investment Activities:		
25	Construction and Acquisition of Plant (including land):		
26	Gross Additions to Utility Plant (less nuclear fuel)	-176,445,913	-152,818,327
27	Gross Additions to Nuclear Fuel	-33,005,629	-35,618,693
28	Gross Additions to Common Utility Plant		
29	Gross Additions to Nonutility Plant		
30	(Less) Allowance for Other Funds Used During Construction	-2,461,753	-2,209,069
31	Other (provide details in footnote):		
32			
33			
34	Cash Outflows for Plant (Total of lines 26 thru 33)	-206,989,789	-186,227,951
35			
36	Acquisition of Other Noncurrent Assets (d)		
37	Proceeds from Disposal of Noncurrent Assets (d)	253,150	
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/Q3

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	8,069,299
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)	-74,438,298	-80,785,484
54	Investment in Decomissioning Trust Fund (Sales and Maturities)	70,156,131	76,497,782
55	Other (provided details in footnote):	3,386,598	-203,267
56	Net Cash Provided by (Used in) Investing Activities		
57	Total of lines 34 thru 55)	-202,281,419	-182,649,621
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	569,707,700	532,332,367
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)	694,707,700	532,332,367
71			
72	Payments for Retirement of:		
73	Long-term Debt (b)		-33,300,000
74	Preferred Stock		
75	Common Stock		
76	Other (provide details in footnote):	-3,323,166	-906,605
77	Financing and Capital Lease Obligations	-658,878,458	-496,004,546
78	Net Decrease in Short-Term Debt (c)		
79			
80	Dividends on Preferred Stock		
81	Dividends on Common Stock	-42,897,648	-39,747,172
82	Net Cash Provided by (Used in) Financing Activities		
83	(Total of lines 70 thru 81)	-10,391,572	-37,625,956
84			
85	Net Increase (Decrease) in Cash and Cash Equivalents		
86	(Total of lines 22,57 and 83)	8,975,324	-1,360,359
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	15,965,169	7,059,596

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

Other:	2018	2017
Net Gains on Equity Investments	$ (9,654,886)	$ (9,122,003)
Amortization of Unearned Compensation	3,919,355	3,613,059
Unrealized (Gains) Losses on Investments in Debt Securities	54,605	(320,547)
Other Operating Activities	(23,704)	(418,132)
Total	$ (5,704,630)	$ (6,247,623)

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

Other:	2018	2017
Net Customer Advances for Construction	$ 3,274,460	$ 1,583,099
Net Salvage Value and Cost of Removal	112,138	(1,786,366)
Total	$ 3,386,598	$ (203,267)

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

Other:	2018	2017
Stock Awards Withheld for Taxes	$ (1,064,306)	$ (250,160)
Issuance Costs Related to Senior Notes	(726,830)	0
Issuance Costs Related to RGRT Senior Notes	(390,448)	0
Costs Related to Revolving Credit Facilities Terms Modification	(1,116,582)	(548,795)
Other Financing Activities	(25,000)	(107,650)
Total	$ (3,323,166)	$ (906,605)

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 September 30, 2018 filed by El Paso Electric Company with the Securities and Exchange Commission (the "September 30, 2018 Form 10-Q"). Notes A through K of the regulatory-basis financial statements are from the September 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 nine months ended September 30, 2018 and 2017 consist of the following (in thousands):

	2018	2017
Cash and Cash Equivalents:		
Cash (131)	$ 9,129	$ 6,338
Working funds (135)	566	512
Temporary cash investments (136)	6,270	210
Cash and cash equivalents at end of period	$ 15,965	$ 7,060
Amortization of Other:		
ARO depreciation (403.1)	$ (996)	$ (804)
Other utility plant (404)	5,432	4,640
Regulatory assets (407.3)	1,597	1,011
Regulatory liabilities (407.4)	(196)	(196)
ARO accretion expense (411.10)	6,255	5,724
Debt expense (428)	722	849
Loss on reacquired debt (428.1)	664	664
Debt premium (429)	(96)	(91)
Interest rate lock losses	423	396
Nuclear fuel financing issuance costs	133	124
Dry cask storage amortization	1,460	1,778
Coal reclamation amortization	495	410
Texas rate case amortization	1,143	1,144
New Mexico rate case amortization	322	333
	$ 17,358	$ 15,982

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 September 30, 2018 and December 31, 2017; the results of its operations for the three and nine months ended September 30, 2018 and 2017; its comprehensive operations for the nine months ended September 30, 2018 and the year ended December 31, 2017; and its cash flows for the nine months ended September 30, 2018 and 2017. The results of operations for the three and nine months ended September 30, 2018, and comprehensive operations, and the cash flows for the nine months ended September 30, 2018 and 2017, 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 Revenues"), 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 $31.0 million and $22.2 million of Accrued Utility Revenues as of September 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):

	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Cash paid for:		
Interest on long-term debt and borrowings under the revolving credit facility	$ 47,479	$ 47,412
Income tax paid, net	2,480	1,576
Non-cash investing and financing activities:		
Changes in accrued plant additions	9,347	(6,228)
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 $5.9 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 gains of $3.7 million related to equity securities still held at September 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 $8.1 million, respectively, for the nine months ended September 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. The 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 legislation commonly referred to as the 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.

In August 2018, the FASB issued ASU 2018-15, Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract (Topic 350). ASU 2018-15 aligns the requirements for capitalizing implementation costs for a cloud computing arrangement with the requirements for capitalizing implementation costs for an internal use software license. Implementation costs for a cloud computing arrangement will be capitalized or expensed based on the nature of the costs and the project's stage in which they are incurred by applying the existing guidance for internal use software implementation costs. Capitalized costs for a cloud computing arrangement will be presented on the same line of the balance sheet as any related prepaid amounts for the arrangement, while amortization of those costs will be presented on the same line of the income statement as the related hosting fees. Early adoption is permitted, and entities may apply the guidance either prospectively to eligible costs incurred on or after the effective date or retrospectively. The Company early-adopted this guidance in the third quarter of 2018, on a prospective basis, and the adoption did not have a material impact on the Company's financial condition, results of operations or cash flows.

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. 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 continues to monitor activities of the FASB, including the impact of ASU 2018-01, Land Easement Practical expedient for Transition to Topic 842, ASU 2018-11, Targeted Improvements, and the proposed update related to narrow scope improvements for lessors. 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 implementation process is continuing and includes finalizing the following activities: the analysis of the Company's lease population, the implementation of a new lease accounting system, the determination of the transition method and practical expedients that will be applied, and evaluating the impact, if any, on changes to business processes, systems and controls to support recognition and disclosure under the new guidance. The Company will adopt this guidance effective January 1, 2019.

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 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 September 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 nine months ended September 30, 2018 (in thousands):

	September 30, 2018	
	Three Months Ended	Nine Months Ended
Retail	$ 265,971	$ 633,578
Wholesale	28,253	63,354
Wheeling (transmission)	5,145	13,578
Total revenues from contracts with customers	299,369	710,510
Other	902	2,270
Total operating revenues	$ 300,271	$ 712,780

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 $1.1 million and $2.1 million of uncollectible expense for the three and nine months ended September 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 - full requirement customer) 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 (for which the Company may seek recovery after January 1, 2019, and for which the Company anticipates requesting recovery in the first quarter of 2019) 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.

Texas 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. Instead of convening an actual hearing on the merits of this case, the parties agreed to enter into the record the pre-filed testimony of the parties and certain other exhibits and then file briefs on the contested issues. 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 PUCT 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. As of September 30, 2018, the Company had a net fuel over-recovery balance of approximately $6.9 million in Texas.

On October 15, 2018, the Company filed a request with the PUCT, which was assigned PUCT Docket No. 48781, to decrease the Texas fixed fuel factor by approximately 6.99% to reflect decreased fuel expenses primarily related to a decrease in the price of natural gas used to generate power. On October 25, 2018, the Company's fixed fuel factor was approved on an interim basis effective for the first billing cycle of the November 2018 billing month. Once the final approval is received from the PUCT, the Texas fixed fuel factor will continue thereafter until changed by the PUCT.

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 the nine and twelve-month periods ended September 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 September 30, 2018, Texas jurisdictional fuel and purchased power costs subject to prudence review total approximately $335.0 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 three-megawatt ("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 three-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 two-MW of solar powered generation from the ten-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 PUCT Docket No. 48181 and is currently pending with hearings scheduled for December 4, 2018. 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. The Company implemented the interim rate rider in customer bills beginning May 1, 2018 pursuant to the NMPRC order.

On September 5, 2018, the NMPRC issued an order in Case No. 17-00255-UT involving Southwestern Public Service Company's ("SPS's") request to change rates in which the NMPRC directed SPS to refund the difference in corporate tax rate from January 1, 2018, through the effective date of new rates. SPS appealed the NMPRC order to the New Mexico Supreme Court in *Southwestern Public Service Co. v. NMPRC*, No. S-1-SC-37248, challenging the refund as prohibited retroactive ratemaking among other reasons. The Court issued a partial and interim stay of the rates on September 26, 2018. On September 12, 2018, the NMPRC in Case No. 18-00016-UT issued an Order Regarding the Disposition of Tax Savings Under the Federal Tax Cuts and Jobs Act of 2017 which put public utilities on notice that all revenue collected through general rates for the purpose of payment of federal income taxes is and will continue to be subject to possible refund upon a subsequent determination to be made in the appropriate pending or future Commission adjudicatory hearing. On October 11, 2018, SPS filed a Notice of Appeal of that NMPRC order to the New Mexico Supreme Court in *Southwestern Public Service Co. v. NMPRC*, No. S-1-SC-37308. A procedural schedule has not been issued in either case. In the event the NMPRC order in Case No. 17-00255-UT is upheld by the New Mexico Supreme Court, the Company would likely be required to record and refund approximately $1.2 million to its New Mexico customers, which represents tax benefits received by the Company for the period January 1, 2018, through April 30, 2018. The Company is monitoring the SPS cases and cannot determine the outcome of the cases at this time.

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 September 30, 2018 that total approximately $200.1 million. At September 30, 2018, the Company had a net fuel over-recovery balance of approximately $2.9 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 five-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 that was approved by NMPRC final order issued October 5, 2016, in Case No. 16-00224-UT. The solar generation facility began commercial operation on October 18, 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 hearings were held November 7 and November 8, 2018. 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 two-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 was dismissed without prejudice on October 31, 2018.

Integrated Resource Plan. On September 17, 2018, the Company filed its Integrated Resource Plan for the period 2018-2037 with the NMPRC in Case No. 18-00293-UT as required by regulation and the Joint Stipulation in NMPRC Case No. 15-00241-UT, which was the Company's prior integrated resource plan filing. The triennial filing requires a public advisory process as part of the development of the plan to identify a cost-effective portfolio of resources. The filed plan is subject to written public comments filed with the NMPRC to which the Company responded on October 29, 2018. The Utility Division Staff of the NMPRC is required to file a written recommendation on or about November 16, 2018, as to whether the NMPRC should accept the proposed plan as filed. The NMPRC may accept the plan as compliant with regulation or determine that the plan is not compliant and return it to the Company with instructions for re-filing. The Company cannot predict the outcome of the NMPRC's review of the plan or 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 4.07% Senior Guaranteed 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. Additionally, on September 13, 2018, the Company and the Bank of New York Mellon Trust Company, N.A., as trustee of the RGRT, entered into a $350.0 million third amended and restated credit agreement. 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 ("Show Cause Proceeding"). 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. On November 15, 2018, FERC issued an order finding that the Company had demonstrated that no rate reduction was justified and terminating the Show Cause Proceeding. The Company expects to file its request for approval to revise OATT rates in the third quarter of 2019.

Notice of Proposed Rulemaking on Public Utility Transmission Changes to Address Accumulated Deferred Income Taxes. On November 15, 2018, the FERC issued a notice of proposed rulemaking ("NOPR") that proposes to direct public utilities with transmission OATT rates, a transmission owner tariff, or a rate schedule, to determine the amount of excess or deficient accumulated deferred income taxes caused by the TCJA's reduction to the federal corporate income tax rate and return or recover this amount to or from customers. The NOPR has been assigned Docket No. RM19-5-000. The Company is currently evaluating the impact of this proposed rulemaking.

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 Guaranteed Notes due August 15, 2025. Additionally, on September 13, 2018, the Company and the Bank of New York Mellon Trust Company, N.A., as trustee of the RGRT, entered into a $350.0 million third amended and restated credit agreement. 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 September 30,	$ 20,277	$ 20,441
Nine months ended September 30,	67,429	67,980

E. Common Stock

Dividends. The Company paid $14.6 million and $13.6 million in quarterly cash dividends during the three months ended September 30, 2018 and 2017, respectively. The Company paid a total of $42.9 million and $39.7 million in quarterly cash dividends during the nine months ended September 30, 2018 and 2017, respectively.

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 September 30, 2018 and 2017, the Company's regulatory-basis effective tax rate was 23.2% and 36.0%, respectively. For the nine months ended September 30, 2018 and 2017, the Company's regulatory-basis effective tax rate was 22.2% and 35.4%, 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, and state taxes.

The results for the three and nine months ended September 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.

National Ambient Air Quality Standards ("*NAAQS*"). Under the Clean Air Act ("CAA"), the U.S Environmental Protection Agency ("EPA") sets NAAQS for six criteria pollutants considered harmful to public health and the environment, including particulate matter, nitrogen oxide, carbon monoxide, ozone and sulfur dioxide. On October 1, 2015, the EPA released a final rule tightening the primary and secondary NAAQS for ground-level ozone from its 2008 standard levels of 75 parts per billion ("ppb") to 70 ppb. The EPA published the Final Rule on June 4, 2018, designating El Paso County, Texas, as "attainment/unclassifiable" under the 2015 ozone NAAQS and designating a section of southern Doña Ana County, New Mexico as "nonattainment." In August, several petitions for review of the Final Rule were filed in the U.S. Court of Appeals for the D.C. Circuit. One of these petitions, filed by the City of Sunland Park, New Mexico, specifically challenges the "attainment/unclassifiable" designation of El Paso County, Texas. The Company and other intervenors filed and were granted motions to intervene in the challenges to EPA's 2015 ozone NAAQS designations.

States, including New Mexico, that contain any areas designated as nonattainment are required to complete development of implementation plans in the 2020-2021 timeframe. Most nonattainment areas are expected to have until 2020 or 2023 to meet the primary (health) standard, with the exact attainment date varying based on the ozone level in the area. The Company continues to evaluate what impact these final and proposed NAAQS could have on its operations. If the Company is required to install additional equipment to control emissions at its facilities, the NAAQS, individually or in the aggregate, could have a material impact on its operations and financial results.

Climate Change. The U.S. federal government has either considered, proposed and/or finalized legislation or regulations limiting greenhouse gas ("GHG") emissions, including carbon dioxide. In particular, the U.S. Congress has considered legislation to restrict or regulate GHG emissions. In October 2015, the EPA published a rule establishing guidelines for states to regulate $CO2$ emissions from existing power plants, known as the Clean Power Plan ("CPP"). Legal challenges to the CPP are ongoing. On August 31, 2018, the EPA published a proposal to replace the CPP called the Affordable Clean Energy ("ACE") rule. At this time the Company cannot determine the impact that the CPP, the ACE rule, and related proposals and legal challenges may have on our financial position, results of operations or cash flows.

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. The 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 nine months ended September 30, 2018, primarily resulted in additional capitalized benefits cost of $1.9 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 the Company's 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 nine months ended September 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 September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Components of net periodic benefit cost:				
Service cost	$ 2,801	$ 2,129	$ 8,316	$ 6,388
Interest cost	3,214	3,264	9,659	9,794
Expected return on plan assets	(5,176)	(4,797)	(15,806)	(14,392)
Amortization of:				
Net loss	2,214	2,114	6,414	6,341
Prior service benefit	(875)	(877)	(2,630)	(2,630)
Net periodic benefit cost	$ 2,178	$ 1,833	$ 5,953	$ 5,501

During the nine months ended September 30, 2018, the Company contributed $8.7 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 nine months ended September 30, 2018 and 2017, is made up of the components listed below (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Components of net periodic benefit:				
Service cost	$ 696	$ 559	$ 2,096	$ 1,677
Interest cost	559	680	1,689	2,042
Expected return on plan assets	(602)	(477)	(1,827)	(1,430)
Amortization of:				
Prior service benefit	(1,538)	(1,537)	(4,613)	(4,613)
Net gain	(574)	(419)	(1,624)	(1,258)
Net periodic benefit	$ (1,459)	(1,194)	$ (4,279)	$ (3,582)

During the nine months ended September 30, 2018, the Company contributed $0.3 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):

	September 30, 2018		December 31, 2017	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Pollution Control Bonds	$ 159,835	$ 163,151	$ 159,835	$ 169,186
Senior Notes (1)	1,128,187	1,221,480	1,003,190	1,211,922
RGRT Senior Notes (1)(2)	110,000	110,535	45,000	47,070
RCF (2)	20,335	20,335	174,390	174,390
Total	$ 1,418,357	$ 1,515,501	$ 1,382,415	1,602,568

(1) On June 28, 2018, the Company issued $125 million in aggregate principal amount of 4.22% Senior Notes due August 15, 2028 and guaranteed the issuance by the RGRT of $65 million in aggregate principal amount of 4.07% Senior Guaranteed 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 September 30, 2018 and December 31, 2017, is funded through $110 million and $45 million RGRT Senior Notes and $20.3 million and $89.4 million, respectively, under the RCF. As of September 30, 2018, no borrowings were outstanding under the RCF for working capital and general corporate purposes. As of December 31, 2017, $85.0 million, 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 sheet, are reported at fair value which was $297.0 million and $286.9 million at September 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):

	September 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	$ 9,621	$ (246)	$ 15,417	$ (604)	$ 25,038	$ (850)
U.S. Government Bonds	19,828	(516)	27,478	(1,969)	47,306	(2,485)
Municipal Debt Obligations	4,327	(153)	8,131	(747)	12,458	(900)
Corporate Debt Obligations	27,701	(913)	3,978	(388)	31,679	(1,301)
Total	$ 61,477	$ (1,828)	$ 55,004	$ (3,708)	$ 116,481	$ (5,536)

(1) Includes 163 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 nine months ended September 30, 2018 and 2017, the Company did not recognize 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):

	September 30, 2018		December 31, 2017	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Description of Securities:				
Federal Agency Mortgage Backed Securities	$ 2,169	$ 76	$ 5,933	$ 203
U.S. Government Bonds	1,615	50	11,129	256
Municipal Debt Obligations	2,005	79	2,558	109
Corporate Debt Obligations	8,320	317	19,514	1,067
Total Debt Securities	14,109	522	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	$ 14,109	$ 522	$ 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 September 30, 2018, is as follows (in thousands):

	Total	2018	2019 through 2022	2023 through 2027	2028 and Beyond
Federal Agency Mortgage Backed Securities	$ 27,207	$ —	$ 8	$ 228	$ 26,971
U.S. Government Bonds	48,921	1,228	27,157	11,148	9,388
Municipal Debt Obligations	14,463	104	5,498	5,716	3,145
Corporate Debt Obligations	39,999	—	17,764	9,968	12,267

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 nine months ended September 30, 2018 and 2017, and the related effects on pre-tax income are as follows (in thousands):

	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Proceeds from sales or maturities of available-for-sale securities	$ 7,451	$ 13,967	$ 21,816	$ 76,498
Gross realized gains included in pre-tax income	$ —	$ 1,797	$ 9	$ 9,706
Gross realized losses included in pre-tax income	(443)	(32)	(1,117)	(584)
Net gains (losses) included in pre-tax income	$ (443)	$ 1,765	$ (1,108)	$ 9,122

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 nine months ended, September 30, 2018 and related effects on pre-tax income are as follows (in thousands):

	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018
Net gains and (losses) recognized on equity securities	$ 9,533	$ 10,791
Less: Net gains and (losses) recognized on equity securities sold	3,005	7,061
Unrealized gains and (losses) recognized on equity securities still held at reporting date	$ 6,528	$ 3,730

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 September 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 September 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	$ 1,681	$ —	$ —	$ 1,681
Equity Securities:				
Domestic	$ 127,966	$ 127,966	$ —	$ —
International	28,229	28,229	—	—
Total Equity Securities	156,195	156,195	—	—
Available for Sale Debt Securities:				
Federal Agency Mortgage Backed Securities	27,207	—	27,207	—
U.S. Government Bonds	48,921	48,921	—	—
Municipal Debt Obligations	14,463	—	14,463	—
Corporate Debt Obligations	39,999	—	39,999	—
Total Available for Sale Debt Securities	130,590	48,921	81,669	—
Cash and Cash Equivalents	10,245	10,245	—	—
Total	$ 297,030	$ 215,361	$ 81,669	$ —

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 nine months ended September 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 nine months ended September 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 4.22% Senior Notes due August 15, 2028 (the "Notes"). The net proceeds from the issuance of these senior 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 Guaranteed 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 4.07% Senior Guaranteed 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.

Revolving Credit Facility. On September 13, 2018, the Company and The Bank of New York Mellon Trust Company, N.A., as trustee of the RGRT, entered into a third amended and restated credit agreement (the "RCF Agreement") with MUFG Union Bank, N.A., as administrative agent and as syndication agent, various issuing banks party thereto and various lending banks party thereto. The RCF Agreement is unsecured and under the terms of the RCF Agreement, the Company has available a $350 million RCF with a $50 million subfacility for the issuance of letters of credit, and extended the term of the Company's existing $350 million revolving credit agreement from January 14, 2020 to September 13, 2023 (the "Maturity Date"). The Company may increase the RCF by up to $50 million (to a total of $400 million) during the term of the RCF Agreement, upon the satisfaction of certain conditions more fully set forth in the RCF Agreement, including obtaining commitments from lenders or third party financial institutions. In addition, the Company may extend the Maturity Date up to two times, in each case for an additional one-year period, upon the satisfaction of certain conditions more fully set forth in the RCF Agreement, including requisite lender approval.

The RCF Agreement provides that amounts borrowed by the Company may be used for, among other things, working capital and general corporate purposes. Any amounts borrowed by the RGRT may be used, among other things, to finance the acquisition and cost to process nuclear fuel. Amounts borrowed by the RGRT are guaranteed by the Company and are reported in obligations under capital leases of nuclear fuel. The RCF Agreement requires compliance with certain covenants, including a total debt to capitalization ratio. The Company is in compliance with these requirements.

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	882,651			(1,932,944)
8	Current Quarter/Year to Date Changes in Fair Value	(3,900,495)			
9	Total (lines 7 and 8)	(3,017,844)			(1,932,944)
10	Balance of Account 219 at End of Current Quarter/Year	(3,552,474)			(19,722,796)

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/Q3

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)	[redacted]	[redacted]
2		309,164	(10,028,056)	[redacted]	[redacted]
3			28,202,431	[redacted]	[redacted]
4		309,164	18,174,375	98,703,869	116,878,244
5		(11,341,514)	11,058,360	[redacted]	[redacted]
6		(11,341,514)	(29,665,996)	[redacted]	[redacted]
7		309,640	(740,653)	[redacted]	[redacted]
8			(3,900,495)	[redacted]	[redacted]
9		309,640	(4,641,148)	100,406,511	95,765,363
10		(11,031,874)	(34,307,144)	[redacted]	[redacted]

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 no longer classifies equity securities as available for sale securities and, as a result, any changes in the fair value are 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/Q3

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)	4,138,892,011	4,138,892,011
4	Property Under Capital Leases		
5	Plant Purchased or Sold		
6	Completed Construction not Classified	882,388,613	882,388,613
7	Experimental Plant Unclassified		
8	Total (3 thru 7)	5,021,280,624	5,021,280,624
9	Leased to Others		
10	Held for Future Use		
11	Construction Work in Progress	207,514,305	207,514,305
12	Acquisition Adjustments		
13	Total Utility Plant (8 thru 12)	5,228,794,929	5,228,794,929
14	Accum Prov for Depr, Amort, & Depl	2,296,657,419	2,296,657,419
15	Net Utility Plant (13 less 14)	2,932,137,510	2,932,137,510
16	Detail of Accum Prov for Depr, Amort & Depl		
17	In Service:		
18	Depreciation	2,237,267,907	2,237,267,907
19	Amort & Depl of Producing Nat Gas Land/Land Right		
20	Amort of Underground Storage Land/Land Rights		
21	Amort of Other Utility Plant	59,389,512	59,389,512
22	Total In Service (18 thru 21)	2,296,657,419	2,296,657,419
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)	2,296,657,419	2,296,657,419

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/Q3

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/Q3

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	152,864,448	59,389,512
2	Steam Production Plant	525,337,861	249,234,767
3	Nuclear Production Plant	1,851,480,096	1,257,959,857
4	Hydraulic Production - Conventional		
5	Hydraulic Production - Pumped Storage		
6	Other Production	507,689,089	49,684,140
7	Transmission	521,305,846	229,655,389
8	Distribution	1,217,144,016	374,249,626
9	Regional Transmission and Market Operation		
10	General	245,459,268	76,484,128
11	TOTAL (Total of lines 1 through 10)	5,021,280,624	2,296,657,419

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/Q3

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	52,509	186-000	(52,509)	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	908	186-000	(908)	186-000
23	LA450S	55,465	186-000	(55,465)	186-000
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/Q3

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	55,447,709	256,995	various	745,865	54,958,839
2						
3	Rio Grande Resources Trust:					
4	Nuclear Fuel Postload Daily Finance Charge	3,793,548	710,311	518	708,008	3,795,851
5						
6	Coal Reclamation	4,395,410		501	165,133	4,230,277
7						
8	Four Corners Decommissioning	6,208,346		407.3	197,586	6,010,760
9						
10	Texas:					
11	2015 Texas Rate Case Costs	931,716		928	92,280	839,436
12	2017 Texas Rate Case Costs	3,195,228	4,011	928	282,549	2,916,690
13	Demand Response Program	132,815	69,077			201,892
14						
15	Texas Relate Back Surcharge	4,972,632	10,071	131	3,298,579	1,684,124
16	Texas Corporate Tax Compliance Reform	102,778	2,454			105,232
17	Texas Military Base Discount and Recovery	162,470	967,447	142	1,014,151	115,766
18	Texas Energy Efficiency Legal Costs		167,139			167,139
19						
20	New Mexico Renewable Energy:					
21	Credits and Related Costs	5,266,752	18	407.3	278,760	4,988,010
22						
23	New Mexico:					
24	2010 FPPCAC Audit	289,515		407.3	18,093	271,422
25	2015 New Mexico Rate Case Costs	429,436		928	107,358	322,078
26	Demand Response Program	278,623	(38,966)			239,657
27						
28	FERC Rate Case Costs		37,893			37,893
29						
30	Palo Verde Deferred Depreciation	4,187,125		407.3	38,046	4,149,079
31						
32	Net Undercollection of:					
33	New Mexico Fuel Revenues	964,691		440's	964,691	
34	New Mexico Renewable Procurement Standard Revenues	570,987		440's	570,987	
35						
36						
37						
38						
39						
40						
41						
42						
43						
44	**TOTAL :**	91,329,781	2,186,450		8,482,086	85,034,145

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. Subsequently, in the 2017 PUCT Final Order, the remaining 2015 rate case costs were combined with the 2017 rate case costs into one surcharge over three years beginning in January 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 Texas 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.: 18 Column: a

Represent costs associated with the Company's Texas Energy Efficiency programs. The Company will request these costs in the Company's EECRF filing.

Schedule Page: 232 Line No.: 21 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.: 24 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.: 25 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.: 26 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

Represents costs incurred for the FERC transmission rate case expected to be filed in the third quarter of 2019. The Company will request these costs in the Company's FERC transmission rate case filing.

Schedule Page: 232 Line No.: 30 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.

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	289,774,643	various	203,230		289,571,413
2						
3	Net Overcollection of:					
4	Texas Fuel Revenues	8,154,633	440s	1,259,165		6,895,468
5	New Mexico Fuel Revenues		440s		2,089,840	2,089,840
6	New Mexico Renewable Procurement Standard Revenue		440s		836,691	836,691
7	FERC Fuel Revenues	19,391	440s		63,433	82,824
8						
9	New Mexico Energy Efficiency Program	1,848,654	451		498,248	2,346,902
10						
11	Texas Energy Efficiency Program	726,739	451		863,370	1,590,109
12						
13	New Mexico Gain on Sale of Assets	436,132	407.4	65,310		370,822
14						
15						
16						
17						
18						
19						
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36						
37						
38						
39						
40						
41	TOTAL	300,960,192		1,527,705	4,351,582	303,784,069

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.: 9 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.: 11 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.: 13 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. The balance also includes gains which will be included in the Company's next base rate case.

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	290,121,623	286,590,326
3	(442) Commercial and Industrial Sales		
4	Small (or Comm.) (See Instr. 4)	193,634,836	205,448,287
5	Large (or Ind.) (See Instr. 4)	41,343,332	49,717,526
6	(444) Public Street and Highway Lighting	3,552,009	4,016,279
7	(445) Other Sales to Public Authorities	97,314,050	104,896,715
8	(446) Sales to Railroads and Railways		
9	(448) Interdepartmental Sales		
10	TOTAL Sales to Ultimate Consumers	625,965,850	650,669,133
11	(447) Sales for Resale	62,956,820	47,026,502
12	TOTAL Sales of Electricity	688,922,670	697,695,635
13	(Less) (449.1) Provision for Rate Refunds	4,181,297	
14	TOTAL Revenues Net of Prov. for Refunds	684,741,373	697,695,635
15	Other Operating Revenues		
16	(450) Forfeited Discounts	892,237	1,087,280
17	(451) Miscellaneous Service Revenues	10,530,644	5,397,659
18	(453) Sales of Water and Water Power		
19	(454) Rent from Electric Property	2,265,562	2,182,362
20	(455) Interdepartmental Rents		
21	(456) Other Electric Revenues	771,556	573,958
22	(456.1) Revenues from Transmission of Electricity of Others	13,578,294	13,710,875
23	(457.1) Regional Control Service Revenues		
24	(457.2) Miscellaneous Revenues		
25			
26	TOTAL Other Operating Revenues	28,038,293	22,952,134
27	TOTAL Electric Operating Revenues	712,779,666	720,647,769

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/Q3

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
2,402,400	2,257,031			2
				3
1,886,552	1,851,396			4
792,845	794,572			5
27,150	28,001			6
1,182,811	1,170,862			7
				8
				9
6,291,758	6,101,862			10
2,701,020	2,257,021			11
8,992,778	8,358,883			12
				13
8,992,778	8,358,883			14

Line 12, column (b) includes $ 8,834,000 of unbilled revenues.

Line 12, column (d) includes 31,822 MWH relating to unbilled revenues

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

Includes 732,953 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 725,294 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 732,953 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 725,294 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 732,953 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 725,294 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:

	September 2018
Non Pay Reconnect Charges	1,672,168
Name Change/Cut in Charge	1,777,107
New Service Charges	285,054
Overhead/Underground Connection Charges	546,275
Texas Energy Efficiency Bonus	50,000
Texas and New Mexico Energy Efficiency Cost Recovery	5,877,340
Misc Other	322,700
Total	10,530,644

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

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

	September 2017
Non Pay Reconnect Charges	1,824,967
Name Change/Cut in Charge	1,809,046
New Service Charges	281,192
Overhead/Underground Connection Charges	526,335
Texas Energy Efficiency Bonus	714,352
Misc Other	241,767
Total	5,397,659

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

Includes $375,306 related to the Company's 15.8% share of Palo Verde other electric revenues from APS.
Includes $396,250 related to the sale of renewable energy certificates.

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

Includes $330,208 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/Q3

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)	84,183,921
3	Steam Power Generation - Maintenance (510-515)	26,207,002
4	Total Power Production Expenses - Steam Power	110,390,923
5	Nuclear Power Generation - Operation (517-525)	67,757,758
6	Nuclear Power Generation – Maintenance (528-532)	15,141,885
7	Total Power Production Expenses - Nuclear Power	82,899,643
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)	29,127,186
12	Other Power Generation - Maintenance (551-554.1)	3,250,128
13	Total Power Production Expenses - Other Power	32,377,314
14	Other Power Supply Expenses	
15	Purchased Power (555)	44,899,915
16	System Control and Load Dispatching (556)	865,448
17	Other Expenses (557)	
18	Total Other Power Supply Expenses (line 15-17)	45,765,363
19	Total Power Production Expenses (Total of lines 4, 7, 10, 13 and 18)	271,433,243
20	2. TRANSMISSION EXPENSES	
21	Transmission Operation Expenses	
22	(560) Operation Supervision and Engineering	1,364,154
23		
24	(561.1) Load Dispatch-Reliability	84,315
25	(561.2) Load Dispatch-Monitor and Operate Transmission System	632,910
26	(561.3) Load Dispatch-Transmission Service and Scheduling	711,959
27	(561.4) Scheduling, System Control and Dispatch Services	484,780
28	(561.5) Reliability, Planning and Standards Development	734,449
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	184,480
33	(563) Overhead Line Expenses	411,024
34	(564) Underground Line Expenses	
35	(565) Transmission of Electricity by Others	5,437,673
36	(566) Miscellaneous Transmission Expenses	4,655,755
37	(567) Rents	203,609
38	(567.1) Operation Supplies and Expenses (Non-Major)	

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)	14,905,108
40	Transmission Maintenance Expenses	
41	(568) Maintenance Supervision and Engineering	23,799
42	(569) Maintenance of Structures	30,492
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	285,266
48	(571) Maintenance Overhead Lines	2,111,533
49	(572) Maintenance of Underground Lines	
50	(573) Maintenance of Miscellaneous Transmission Plant	16,940
51	(574) Maintenance of Transmission Plant	
52	TOTAL Transmission Maintenance Expenses (Lines 41 - 51)	2,468,030
53	Total Transmission Expenses (Lines 39 and 52)	17,373,138
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)	11,483,356
74	Distribution Maintenance Expenses (590-598)	6,620,403
75	Total Distribution Expenses (Lines 73 and 74)	18,103,759

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/Q3

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	15,020,407
2	(907-910) Customer Service and Information Expenses	94,348
3	(911-917) Sales Expenses	
4	8. ADMINISTRATIVE AND GENERAL EXPENSES	
5	Operations	
6	920 Administrative and General Salaries	25,347,132
7	921 Office Supplies and Expenses	3,261,627
8	(Less) 922 Administrative Expenses Transferred-Credit	
9	923 Outside Services Employed	11,911,591
10	924 Property Insurance	3,175,022
11	925 Injuries and Damages	3,024,698
12	926 Employee Pensions and Benefits	17,924,222
13	927 Franchise Requirements	
14	928 Regulatory Commission Expenses	9,910,485
15	(Less) 929 Duplicate Charges-Credit	
16	930.1General Advertising Expenses	484,532
17	930.2Miscellaneous General Expenses	11,345,649
18	931 Rents	220,062
19	TOTAL Operation (Total of lines 6 thru 18)	86,605,020
20	Maintenance	
21	935 Maintenance of General Plant	5,613,857
22	TOTAL Administrative and General Expenses (Total of lines 19 and 21)	92,218,877

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	Salt River Project	Arizona Public Service Company	NF
2	El Paso Electric Marketing	Tucson Electric Power Company	El Paso Electric Marketing	NF
3	Rio Grande Electric Co-Op	El Paso Electric Marketing	El Paso Electric Marketing	FNO
4	Arizona Electric Power Cooperative	Salt River Project	Arizona Public Service Company	LFP
5	Arizona Electric Power Cooperative	Salt River Project	Arizona Public Service Company	NF
6	Arizona Electric Power Cooperative	Salt River Project	Arizona Public Service Company	SFP
7	Arizona Electric Power Cooperative	Tucson Electric Power Company	Tucson Electric Power Company	NF
8	Arizona Electric Power Cooperative	Arizona Public Service Company	Salt River Project	SFP
9	Coral Power	Salt River Project	Arizona Public Service Company	LFP
10	Coral Power	Salt River Project	Arizona Public Service Company	SFP
11	Exelon Generation LLC	Arizona Public Service Company	Salt River Project	NF
12	Exelon Generation LLC	Arizona Public Service Company	Salt River Project	SFP
13	Imperial Irrigation District	Salt River Project	Arizona Public Service Company	NF
14	Imperial Irrigation District	Salt River Project	Arizona Public Service Company	SFP
15	Imperial Irrigation District	Arizona Public Service Company	Salt River Project	SFP
16	Imperial Irrigation District	Arizona Public Service Company	Salt River Project	SFP
17	Macquarie Cook Power	Public Service Company of New Mex	Tucson Electric Power Company	NF
18	Macquarie Cook Power	Public Service Company of New Mex	Tucson Electric Power Company	SFP
19	Macquarie Cook Power	Public Service Company of New Mex	Tucson Electric Power Company	SFP
20	Macquarie Cook Power	Southwestern Public Service Compa	Tucson Electric Power Company	NF
21	Macquarie Cook Power	Salt River Project	Arizona Public Service Company	NF
22	Macquarie Cook Power	Salt River Project	Arizona Public Service Company	NF
23	Macquarie Cook Power	Salt River Project	Arizona Public Service Company	SFP
24	Macquarie Cook Power	Salt River Project	Arizona Public Service Company	SFP
25	Macquarie Cook Power	Arizona Public Service Company	Salt River Project	SFP
26	MAG Energy Solutions	Public Service Company of New Mex	Tucson Electric Power Company	NF
27	MAG Energy Solutions	Southwestern Public Service Compa	Tucson Electric Power Company	NF
28	MAG Energy Solutions	Southwestern Public Service Compa	Tucson Electric Power Company	NF
29	Morgan Stanley	Salt River Project	Arizona Public Service Company	NF
30	Morgan Stanley	Salt River Project	Arizona Public Service Company	SFP
31	Open Access Technology International, Inc.	Public Service Company of New Mex	Tucson Electric Power Company	NF
32	Open Access Technology International, Inc.	Salt River Project	Arizona Public Service Company	NF
33	Powerex	Public Service Company of New Mex	Tucson Electric Power Company	NF
34	Powerex	Salt River Project	Arizona Public Service Company	NF
	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/Q3

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)	MegaWatt Hours Delivered (j)	Line No.
OATT	Palo Verde	Westwing		2,382	2,382	1
OATT	Springerville	EPE System				2
OATT	EPE System	Coyote/Farmer	11	19,099	19,099	3
OATT	Palo Verde	Westwing	125	71,541	71,541	4
OATT	Palo Verde	Westwing		684	684	5
OATT	Palo Verde	Westwing		426	426	6
OATT	Springerville	Greenlee		487	487	7
OATT	Westwing	Palo Verde		1,915	1,915	8
OATT	Palo Verde	Westwing	125	43,973	43,973	9
OATT	Palo Verde	Westwing		132	132	10
OATT	Westwing	Palo Verde		1,004	1,004	11
OATT	Westwing	Palo Verde		2,525	2,525	12
OATT	Palo Verde	Westwing		1,406	1,406	13
OATT	Palo Verde	Westwing		931	931	14
OATT	Westwing	Palo Verde		6	6	15
OATT	Westwing	Palo Verde		2,231	2,231	16
OATT	Amrad	Springerville		2,033	2,033	17
OATT	Amrad	Springerville		65	65	18
OATT	Amrad	Springerville		1,347	1,347	19
OATT	Eddy	Springerville		397	397	20
OATT	Palo Verde	Westwing		768	768	21
OATT	Palo Verde	Westwing		43	43	22
OATT	Palo Verde	Westwing		1,632	1,632	23
OATT	Palo Verde	Westwing		547	547	24
OATT	Westwing	Palo Verde		5,097	5,097	25
OATT	Amrad	Springerville		1,032	1,032	26
OATT	Eddy	Springerville		121	121	27
OATT	Eddy	Springerville		297	297	28
OATT	Palo Verde	Westwing		22,629	22,629	29
OATT	Palo Verde	Westwing		8,193	8,193	30
OATT	Amrad	Springerville		186	186	31
OATT	Palo Verde	Westwing		300	300	32
OATT	Amrad	Springerville		14	14	33
OATT	Palo Verde	Westwing		4,465	4,465	34
			935	**1,605,150**	**1,605,150**	

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
				2
49,650			49,650	3
151,947			151,947	4
	489		489	5
	190		190	6
	2,303		2,303	7
	1,666		1,666	8
153,219			153,219	9
				10
	1,148		1,148	11
	2,937		2,937	12
	1,689		1,689	13
	864		864	14
	139		139	15
	1,424		1,424	16
	13,273		13,273	17
	24,076		24,076	18
	8,784		8,784	19
	4,862		4,862	20
	490		490	21
	56		56	22
	1,041		1,041	23
	567		567	24
	4,229		4,229	25
	7,002		7,002	26
	44,818		44,818	27
	2,255		2,255	28
	18,876		18,876	29
	7,523		7,523	30
	1,685		1,685	31
	245		245	32
	92		92	33
	4,256		4,256	34
3,613,925	**1,531,041**	**0**	**5,144,966**	

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/Q3

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	Powerex	Salt River Project	Arizona Public Service Company	SFP
2	Public Service Company of New Mexico	Public Service Company of New Mex	Public Service Company of New Mex	NF
3	Public Service Company of New Mexico	Public Service Company of New Mex	Public Service Company of New Mex	SFP
4	Public Service Company of New Mexico	Public Service Company of New Mex	Public Service Company of New Mex	SFP
5	Public Service Company of New Mexico	Public Service Company of New Mex	Public Service Company of New Mex	SFP
6	Public Service Company of New Mexico	Public Service Company of New Mex	Public Service Company of New Mex	SFP
7	Public Service Company of New Mexico	Public Service Company of New Mex	Tucson Electric Power Company	LFP
8	Public Service Company of New Mexico	Public Service Company of New Mex	Tucson Electric Power Company	SFP
9	Public Service Company of New Mexico	Public Service Company of New Mex	Public Service Company of New Mex	LFP
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	Tucson Electric Power Company	Public Service Company of New Mex	SFP
12	Public Service Company of New Mexico	Public Service Company of New Mex	Tucson Electric Power Company	LFP
13	Public Service Company of New Mexico	Public Service Company of New Mex	Tucson Electric Power Company	SFP
14	Public Service Company of New Mexico	Public Service Company of New Mex	Tucson Electric Power Company	SFP
15	Public Service Company of New Mexico	Tucson Electric Power Company	El Paso Electric Marketing	NF
16	Public Service Company of New Mexico	Public Service Company of New Mex	Public Service Company of New Mex	LFP
17	Public Service Company of New Mexico	Public Service Company of New Mex	Public Service Company of New Mex	SFP
18	Public Service Company of New Mexico	Arizona Public Service Company	Salt River Project	SFP
19	Rainbow Energy Marketing	Southwestern Public Service Compa	Tucson Electric Power Company	NF
20	SRP Power Marketing	Salt River Project	Salt River Project	NF
21	Tenaska Power Services Company	Salt River Project	Arizona Public Service Company	SFP
22	Tenaska Power Services Company	Salt River Project	Arizona Public Service Company	SFP
23	Transalta	Salt River Project	Arizona Public Service Company	NF
24	Transalta	Salt River Project	Arizona Public Service Company	SFP
25	Transalta	Arizona Public Service Company	Salt River Project	SFP
26	Tristate Generating and Transmission Coop	Tucson Electric Power Company	Public Service Company of New Mex	LFP
27	Tristate Generating and Transmission Coop	Tucson Electric Power Company	Public Service Company of New Mex	SFP
28	Tristate Power Marketing	Public Service Company of New Mex	Public Service Company of New Mex	NF
29	Tristate Power Marketing	Public Service Company of New Mex	Public Service Company of New Mex	NF
30	Tucson Electric Power	Salt River Project	Salt River Project	LFP
31	Tucson Electric Power	Salt River Project	Salt River Project	NF
32	Tucson Electric Power	Salt River Project	Salt River Project	SFP
33	Tucson Electric Power	Salt River Project	Salt River Project	NF
34	Tucson Electric Power	Salt River Project	Salt River Project	SFP
	TOTAL			

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/Q3

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)	MegaWatt Hours Delivered (j)	Line No.
OATT	Palo Verde	Westwing		1,089	1,089	1
OATT	Afton	Amrad		10	10	2
OATT	Afton	Amrad		33,184	33,184	3
OATT	Afton	Amrad		16,242	16,242	4
OATT	Afton	Luna		35,876	35,876	5
OATT	Afton	Luna		1,920	1,920	6
OATT	Afton	Springerville	94	104,980	104,980	7
OATT	Afton	Springerville		4,441	4,441	8
OATT	Afton	Westmesa	141	134,183	134,183	9
OATT	Afton	Westmesa		14,420	14,420	10
OATT	Greenlee	Luna		359	359	11
OATT	Luna	Springerville	60	63,588	63,588	12
OATT	Luna	Springerville	60	8,166	8,166	13
OATT	Luna	Springerville		3,120	3,120	14
OATT	Springerville	EPE System				15
OATT	Westmesa	Amrad	25	12,137	12,137	16
OATT	Westmesa	Amrad		8,349	8,349	17
OATT	Westwing	Palo Verde		50	50	18
OATT	Eddy	Springerville		125	125	19
OATT	Jojoba	Kyrene		214	214	20
OATT	Palo Verde	Westwing	50	110,352	110,352	21
OATT	Palo Verde	Westwing		314	314	22
OATT	Palo Verde	Westwing		100	100	23
OATT	Palo Verde	Westwing		55	55	24
OATT	Westwing	Palo Verde		30	30	25
80	Springerville	Las Cruces/Orogrande	50	102,295	102,295	26
OATT	Springerville	Las Cruces/Orogrande		4,327	4,327	27
OATT	Westmesa	Amrad		750	750	28
OATT	Westmesa	Las Cruces/Orogrande		81	81	29
OATT	Jojoba	Kyrene	142	188,537	188,537	30
OATT	Jojoba	Kyrene		53,476	53,476	31
OATT	Jojoba	Kyrene		844	844	32
OATT	Jojoba	Palo Verde		15,717	15,717	33
OATT	Jojoba	Palo Verde		212,920	212,920	34
			935	**1,605,150**	**1,605,150**	

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/Q3

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.
	998		998	1
	57		57	2
	127,453		127,453	3
	80,862		80,862	4
	171,339		171,339	5
	7,408		7,408	6
683,639			683,639	7
	7		7	8
549,612			549,612	9
	44,310		44,310	10
	6,014		6,014	11
436,365			436,365	12
436,365			436,365	13
	685		685	14
	20		20	15
53,340			53,340	16
	53,815		53,815	17
	28		28	18
	802		802	19
	475		475	20
61,500			61,500	21
	6,097		6,097	22
	94		94	23
	43		43	24
	18		18	25
346,500			346,500	26
				27
	3,251		3,251	28
	316		316	29
386,331			386,331	30
	128,040		128,040	31
				32
	41,126		41,126	33
	362,971		362,971	34
3,613,925	**1,531,041**	**0**	**5,144,966**	

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/Q3

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 Classification (d)
1	Tucson Electric Power	Salt River Project	Arizona Public Service Company	NF
2	Tucson Electric Power	Salt River Project	Arizona Public Service Company	NF
3	Tucson Electric Power	Salt River Project	Arizona Public Service Company	SFP
4	Tucson Electric Power	Public Service Company of New Mex	Tucson Electric Power Company	LFP
5	Tucson Electric Power	Public Service Company of New Mex	Tucson Electric Power Company	NF
6	Tucson Electric Power	Public Service Company of New Mex	Tucson Electric Power Company	NF
7	Tucson Electric Power	Public Service Company of New Mex	Tucson Electric Power Company	NF
8	Tucson Electric Power	Public Service Company of New Mex	Tucson Electric Power Company	SFP
9	Tucson Electric Power	Public Service Company of New Mex	Tucson Electric Power Company	LFP
10	Tucson Electric Power	Tucson Electric Power Company	Tucson Electric Power Company	NF
11	Tucson Electric Power	Tucson Electric Power Company	Tucson Electric Power Company	NF
12	Tucson Electric Power	Tucson Electric Power Company	Tucson Electric Power Company	SFP
13	Tucson Electric Power	Tucson Electric Power Company	Tucson Electric Power Company	SFP
14	Tucson Electric Power	Salt River Project	Arizona Public Service Company	NF
15	UniSource Energy Services	Salt River Project	Arizona Public Service Company	NF
16	UniSource Energy Services	Salt River Project	Arizona Public Service Company	NF
17	Western Area Power Admin	Public Service Company of New Mex	Public Service Company of New Mex	LFP
18	Western Area Power Admin	Public Service Company of New Mex	Public Service Company of New Mex	SFP
19	Western Area Power Admin - DSW	Salt River Project	Arizona Public Service Company	NF
20	Western Area Power Admin - DSW	Salt River Project	Arizona Public Service Company	SFP
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
	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)	MegaWatt Hours Delivered (j)	Line No.
OATT	Jojoba	Westwing		2,870	2,870	1
OATT	Jojoba	Westwing		26,873	26,873	2
OATT	Jojoba	Westwing		847	847	3
OATT	Luna	Greenlee	30	50,685	50,685	4
OATT	Luna	Greenlee		476	476	5
OATT	Luna	Greenlee		613	613	6
OATT	Luna	Greenlee		8,726	8,726	7
OATT	Luna	Greenlee		2,144	2,144	8
OATT	Luna	Springerville	10			9
OATT	Macho Springs	Greenlee				10
OATT	Macho Springs	Springerville		38	38	11
OATT	Macho Springs	Springerville		324	324	12
OATT	Macho Springs	Springerville	10	7,613	7,613	13
OATT	Palo Verde	Westwing		20,664	20,664	14
OATT	Jojoba	Westwing		169	169	15
OATT	Palo Verde	Westwing		150,078	150,078	16
OATT	Westmesa	Holloman	2	1,913	1,913	17
OATT	Westmesa	Holloman		81	81	18
OATT	Palo Verde	Westwing		312	312	19
OATT	Palo Verde	Westwing		565	565	20
						21
						22
						23
						24
						25
						26
						27
						28
						29
						30
						31
						32
						33
						34
			935	**1,605,150**	**1,605,150**	

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.
	6,624		6,624	1
	86,437		86,437	2
	2,740		2,740	3
218,183			218,183	4
	2,782		2,782	5
	4,503		4,503	6
	93,038		93,038	7
				8
				9
	13		13	10
	192		192	11
	7		7	12
72,728			72,728	13
	16,099		16,099	14
	570		570	15
	124,012		124,012	16
14,546			14,546	17
				18
	280		280	19
	536		536	20
				21
				22
				23
				24
				25
				26
				27
				28
				29
				30
				31
				32
				33
				34
3,613,925	**1,531,041**	**0**	**5,144,966**	

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: a

El Paso Electric Marketing refers to El Paso Electric Company's Resource Management Department.

Schedule Page: 328 Line No.: 3 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.: 4 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.: 9 Column: d

Firm transmission contracts of 25 and 100 MW, expiration January 1, 2021.

Schedule Page: 328 Line No.: 10 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 August 1, 2019.

Schedule Page: 328.1 Line No.: 9 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: 328.1 Line No.: 11 Column: i

Losses billed to PNM under the FERC approved Operating Procedure 10.

Schedule Page: 328.1 Line No.: 12 Column: d

Firm transmission contract, expiration January 1, 2020.

Schedule Page: 328.1 Line No.: 16 Column: d

Firm transmission contract, expiration July 1, 2023. Service was partially redirected to daily and hourly services.

Schedule Page: 328.1 Line No.: 26 Column: d

Firm transmission contract, expiration January 1, 2026.

Schedule Page: 328.1 Line No.: 27 Column: i

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

Schedule Page: 328.1 Line No.: 30 Column: d

Firm transmission contract, expiration January 1, 2020. Service was partially redirected to hourly services.

Schedule Page: 328.1 Line No.: 32 Column: i

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

Schedule Page: 328.2 Line No.: 4 Column: d

Firm transmission contract, expiration November 1, 2029.

Schedule Page: 328.2 Line No.: 8 Column: i

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

Schedule Page: 328.2 Line No.: 9 Column: d

Firm transmission contract, expiration November 1, 2029. Service was redirected to monthly services.

Schedule Page: 328.2 Line No.: 17 Column: d

Firm transmission contract, expiration October 1, 2024

Schedule Page: 328.2 Line No.: 18 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/Q3

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)	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	Arizona Public Service	NF	2,346	2,346		26,089		26,089
2	Public Serv. Co. of NM	LFP	224,457	224,457	989,474			989,474
3	Public Serv. Co. of NM	LFP	2,429	2,429	190,283			190,283
4	Public Serv. Co. of NM	SFP	14,857	14,857				
5	Public Serv. Co. of NM	NF	1,333	1,333		12,659		12,659
6	Public Serv. Co. of NM	AD				92,314		92,314
7	Public Serv. Co. of NM	AD				64,942		64,942
8	Public Serv. Co. of NM	AD				1,753		1,753
9	Public Serv. Co. of NM	AD				2,259		2,259
10	Salt River Project	OLF	46,108	46,108	444,375			444,375
11	Salt River Project	SFP	3,791	3,791		29,831		29,831
12	Salt River Project	NF	31	31		244		244
13	Tucson Electric Power	OLF	70,728	70,728				
14	Tucson Electric Power	SFP	901	901		7,601		7,601
15	Tucson Electric Power	NF	3,150	3,150		26,552		26,552
16	Open Access Technology	NF	300	300		3,570		3,570
	TOTAL		370,431	370,431	1,624,132	267,814		1,891,946

Schedule Page: 332 Line No.: 1 Column: c

Amounts shown based on transmission reservations.

Schedule Page: 332 Line No.: 1 Column: d

Amounts shown based on transmission reservations.

Schedule Page: 332 Line No.: 1 Column: f

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

Schedule Page: 332 Line No.: 2 Column: b

Contract terminates July 1, 2020.

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: b

Contract terminates June 1, 2019.

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 actual energy flows.

Schedule Page: 332 Line No.: 4 Column: d

Amounts shown based on actual energy flows.

Schedule Page: 332 Line No.: 5 Column: c

Amounts shown based on transmission reservations.

Schedule Page: 332 Line No.: 5 Column: d

Amounts shown based on transmission reservations.

Schedule Page: 332 Line No.: 5 Column: f

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

Schedule Page: 332 Line No.: 6 Column: b

Prior year adjustment related to PNM Annual Transmission Revenue Requirement recalculation for June 2017 - December 2017.

Schedule Page: 332 Line No.: 6 Column: f

Prior year adjustment related to PNM Annual Transmission Revenue Requirement recalculation for June 2017 - December 2017.

Schedule Page: 332 Line No.: 7 Column: b

Prior period adjustment for Long-Term Firm Point-to-Point Transmission related to PNM Annual Transmission Revenue Requirement recalculation for January 2018 - May 2018.

Schedule Page: 332 Line No.: 7 Column: f

Prior period adjustment for Long-Term Firm Point-to-Point Transmission related to PNM Annual Transmission Revenue Requirement recalculation for January 2018 - May 2018.

Schedule Page: 332 Line No.: 8 Column: b

Prior period adjustment for Non-Firm Transmission related to PNM Annual Transmission Revenue Requirement recalculation for January 2018 - May 2018.

Schedule Page: 332 Line No.: 8 Column: f

Prior period adjustment for Non-Firm Transmission related to PNM Annual Transmission Revenue Requirement recalculation for January 2018 - May 2018.

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

Prior period adjustment for Short-Term Firm Point-to-Point Transmission related to PNM Annual Transmission Revenue Requirement recalculation for January 2018 - May 2018.

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

Prior period adjustment for Short-Term Firm Point-to-Point Transmission related to PNM Annual Transmission Revenue Requirement recalculation for January 2018 - May 2018.

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

Contract expires concurrent with the ANPP Participation Agreement.

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

Amounts shown based on actual energy flows.

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

Amounts shown based on actual energy flows.

Schedule Page: 332 Line No.: 11 Column: c

Amounts shown based on transmission reservations.

Schedule Page: 332 Line No.: 11 Column: d

Amounts shown based on transmission reservations.

Schedule Page: 332 Line No.: 11 Column: f

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

Schedule Page: 332 Line No.: 12 Column: c

Amounts shown based on transmission reservations.

Schedule Page: 332 Line No.: 12 Column: d

Amounts shown based on transmission reservations.

Schedule Page: 332 Line No.: 12 Column: f

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

Schedule Page: 332 Line No.: 13 Column: b

Service Schedule C terminates on the date of retirement of the last generating unit at Palo Verde Nuclear Generating Station, subject to twelve-month notice of termination by the Company.

Schedule Page: 332 Line No.: 13 Column: c

Amounts shown based on actual energy flows.

Schedule Page: 332 Line No.: 13 Column: d

Amounts shown based on actual energy flows.

Schedule Page: 332 Line No.: 13 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.: 14 Column: c

Amounts shown based on transmission reservations.

Schedule Page: 332 Line No.: 14 Column: d

Amounts shown based on transmission reservations.

Schedule Page: 332 Line No.: 14 Column: f

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

Schedule Page: 332 Line No.: 15 Column: c

Amounts shown based on transmission reservations.

Schedule Page: 332 Line No.: 15 Column: d

Amounts shown based on transmission reservations.

Schedule Page: 332 Line No.: 15 Column: f

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

Schedule Page: 332 Line No.: 16 Column: c

Amounts shown based on transmission reservations.

Schedule Page: 332 Line No.: 16 Column: d

Amounts shown based on transmission reservations.

Schedule Page: 332 Line No.: 16 Column: f

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

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/Q3

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			5,432,124		5,432,124
2	Steam Production Plant	8,484,907	(17,358)			8,467,549
3	Nuclear Production Plant	20,061,657	(987,860)			19,073,797
4	Hydraulic Production Plant Conv					
5	Hydraulic Production Plant - Pumped Storage					
6	Other Production Plant	8,616,976	4,567			8,621,543
7	Transmission Plant	5,249,353				5,249,353
8	Distribution Plant	16,054,688				16,054,688
9	General Plant	8,128,513	4,976			8,133,489
10	Common Plant					
11	TOTAL ELECTRIC (lines 2 through 10)	66,596,094	(995,675)	5,432,124		71,032,543

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/Q3

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)	Day of Month (e)	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	1,204,715	246,386	1,929	23	1600
10	August	1,246,994	298,435	1,864	2	1600
11	September	1,144,807	351,680	1,701	13	1600
12	Total	3,596,516	896,501	5,494		

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	/ /	2018/Q3

FOOTNOTE DATA

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.

Schedule Page: 399 Line No.: 9 Column: b
Includes 87,346 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

Schedule Page: 399 Line No.: 9 Column: c
Includes 87,346 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

Schedule Page: 399 Line No.: 10 Column: b
Includes 91,464 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

Schedule Page: 399 Line No.: 10 Column: c
Includes 91,464 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

Schedule Page: 399 Line No.: 11 Column: b
Includes 89,022 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

Schedule Page: 399 Line No.: 11 Column: c
Includes 89,022 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/Q3

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	1,929	23	1600		12	654	50	135	
10	August	1,864	2	1600		13	645	50	159	
11	September	1,701	13	1600		9	666	50	136	
12	Total for Quarter 3					34	1,965	150	430	
13	October									
14	November									
15	December									
16	Total for Quarter 4									
17	Total Year to Date/Year					87	6,018	450	804	

Schedule	Page No.