

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)

El Paso Electric Company

Year/Period of Report

End of 2017/Q1

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/eforms/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.)

| <u>Reference Schedules</u> | <u>Pages</u> |
|--------------------------------|--------------|
| 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/eforms/form-1/form-1.pdf> and <http://www.ferc.gov/docs-filing/eforms.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 1,144 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 150 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 filed..."

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 <u>2017/Q1</u> |
| 03 Previous Name and Date of Change <i>(if name changed during year)</i> / / | | |
| 04 Address of Principal Office at End of Period <i>(Street, City, State, Zip Code)</i> 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 <i>(Street, City, State, Zip Code)</i> P.O. Box 982, El Paso, TX 79960-0982; 100 North Stanton, El Paso, TX 79901 | | |
| 08 Telephone of Contact Person, <i>Including Area Code</i> (915) 351-4222 | 09 This Report Is (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | 10 Date of Report <i>(Mo, Da, Yr)</i> / / |

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 /s/ Russell G. Gibson | 03 Signature /s/ Russell G. Gibson | 04 Date Signed <i>(Mo, Da, Yr)</i> 05/23/2017 |
| 02 Title Vice President & Controller | | |

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.

LIST OF SCHEDULES (Electric Utility)

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

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

| | | | |
|--|---|-----------------------|--|
| Name of Respondent El Paso Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report / / | Year/Period of Report End of <u>2017/Q1</u> |
|--|---|-----------------------|--|

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:

None

2. Acquisition of Ownership in Other Companies:

None

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

None.

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

None.

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

None.

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

None.

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 2017 compared to 2016 through the merit award process. The annual effect of this increase was approximately \$1.8 million.

9. Materially Important Legal Proceedings:

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

Also, see Notes B, F and G 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 ("the PUCT") in Docket No. 46831, a request for an increase in non-fuel base revenues of approximately \$42.5 million. The Company invoked its statutory right to have its new rates relate back for consumption on and after July 18, 2017, which is the 155th day after the filing. The difference in rates that would have been billed will be surcharged or refunded to customers after the PUCT's final order in Docket No. 46831. The PUCT has the authority to require the Company to

surcharge or refund such difference over a period not to exceed 18 months. A procedural schedule has been adopted with a hearing scheduled in late August or early September 2017. The Company cannot predict the outcome or the timing of this rate case at this time.

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

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

None

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

None

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

| Line No. | Title of Account (a) | Ref. Page No. (b) | Current Year End of Quarter/Year Balance (c) | Prior Year End Balance 12/31 (d) |
|-----------|---|----------------------|---|---|
| 1 | UTILITY PLANT | | | |
| 2 | Utility Plant (101-106, 114) | 200-201 | 4,767,612,695 | 4,720,359,747 |
| 3 | Construction Work in Progress (107) | 200-201 | 159,325,725 | 154,738,506 |
| 4 | TOTAL Utility Plant (Enter Total of lines 2 and 3) | | 4,926,938,420 | 4,875,098,253 |
| 5 | (Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115) | 200-201 | 2,185,235,073 | 2,161,720,490 |
| 6 | Net Utility Plant (Enter Total of line 4 less 5) | | 2,741,703,347 | 2,713,377,763 |
| 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) | | 207,778,870 | 196,173,010 |
| 12 | (Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5) | 202-203 | 86,447,382 | 76,343,039 |
| 13 | Net Nuclear Fuel (Enter Total of lines 7-11 less 12) | | 121,331,488 | 119,829,971 |
| 14 | Net Utility Plant (Enter Total of lines 6 and 13) | | 2,863,034,835 | 2,833,207,734 |
| 15 | Utility Plant Adjustments (116) | | -947,680 | -947,680 |
| 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) | | 1,662,653 | 1,455,555 |
| 25 | Sinking Funds (125) | | 0 | 0 |
| 26 | Depreciation Fund (126) | | 0 | 0 |
| 27 | Amortization Fund - Federal (127) | | 0 | 0 |
| 28 | Other Special Funds (128) | | 272,252,476 | 262,154,162 |
| 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) | | 274,624,575 | 264,319,163 |
| 33 | CURRENT AND ACCRUED ASSETS | | | |
| 34 | Cash and Working Funds (Non-major Only) (130) | | 0 | 0 |
| 35 | Cash (131) | | 4,924,318 | 8,068,258 |
| 36 | Special Deposits (132-134) | | 0 | 0 |
| 37 | Working Fund (135) | | 50,662 | 172,070 |
| 38 | Temporary Cash Investments (136) | | 191,116 | 179,627 |
| 39 | Notes Receivable (141) | | 0 | 0 |
| 40 | Customer Accounts Receivable (142) | | 50,950,734 | 55,437,716 |
| 41 | Other Accounts Receivable (143) | | 18,214,231 | 14,240,188 |
| 42 | (Less) Accum. Prov. for Uncollectible Acct.-Credit (144) | | 1,744,924 | 2,184,779 |
| 43 | Notes Receivable from Associated Companies (145) | | 0 | 0 |
| 44 | Accounts Receivable from Assoc. Companies (146) | | 0 | 0 |
| 45 | Fuel Stock (151) | 227 | 1,962,831 | 1,831,509 |
| 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 | 46,939,586 | 45,355,549 |
| 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 | 31,158 | 27,823 |

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 | 0 | 1,106 |
| 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) | | 10,449,206 | 9,699,364 |
| 58 | Advances for Gas (166-167) | | 0 | 0 |
| 59 | Interest and Dividends Receivable (171) | | 234 | 6,388 |
| 60 | Rents Receivable (172) | | 0 | 0 |
| 61 | Accrued Utility Revenues (173) | | 17,425,000 | 20,952,000 |
| 62 | Miscellaneous Current and Accrued Assets (174) | | -19,530 | -25,406 |
| 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) | | 149,374,622 | 153,761,413 |
| 68 | DEFERRED DEBITS | | | |
| 69 | Unamortized Debt Expenses (181) | | 13,499,243 | 13,300,775 |
| 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 | 133,927,752 | 145,850,294 |
| 73 | Prelim. Survey and Investigation Charges (Electric) (183) | | 951,563 | 865,320 |
| 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) | | -110,102 | -345,325 |
| 77 | Temporary Facilities (185) | | 0 | 0 |
| 78 | Miscellaneous Deferred Debits (186) | 233 | 5,625,623 | 5,632,375 |
| 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) | | 16,351,681 | 16,573,162 |
| 82 | Accumulated Deferred Income Taxes (190) | 234 | 262,902,493 | 251,438,660 |
| 83 | Unrecovered Purchased Gas Costs (191) | | 0 | 0 |
| 84 | Total Deferred Debits (lines 69 through 83) | | 433,148,253 | 433,315,261 |
| 85 | TOTAL ASSETS (lines 14-16, 32, 67, and 84) | | 3,719,234,605 | 3,683,655,891 |

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 | 65,832,788 | 65,824,151 |
| 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) | | 311,176,400 | 310,164,281 |
| 7 | Other Paid-In Capital (208-211) | 253 | 1,980,084 | 2,448,606 |
| 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 | 1,126,988,282 | 1,142,889,432 |
| 12 | Unappropriated Undistributed Subsidiary Earnings (216.1) | 118-119 | 0 | 0 |
| 13 | (Less) Reaquired Capital Stock (217) | 250-251 | 420,960,649 | 421,514,793 |
| 14 | Noncorporate Proprietorship (Non-major only) (218) | | 0 | 0 |
| 15 | Accumulated Other Comprehensive Income (219) | 122(a)(b) | -3,184,217 | -7,116,015 |
| 16 | Total Proprietary Capital (lines 2 through 15) | | 1,081,491,749 | 1,092,354,723 |
| 17 | LONG-TERM DEBT | | | |
| 18 | Bonds (221) | 256-257 | 193,135,000 | 193,135,000 |
| 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 | 1,000,000,000 | 1,000,000,000 |
| 22 | Unamortized Premium on Long-Term Debt (225) | | 6,905,038 | 6,935,167 |
| 23 | (Less) Unamortized Discount on Long-Term Debt-Debit (226) | | 3,711,600 | 3,740,286 |
| 24 | Total Long-Term Debt (lines 18 through 23) | | 1,196,328,438 | 1,196,329,881 |
| 25 | OTHER NONCURRENT LIABILITIES | | | |
| 26 | Obligations Under Capital Leases - Noncurrent (227) | | 45,000,000 | 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) | | 125,552,225 | 127,168,099 |
| 30 | Accumulated Miscellaneous Operating Provisions (228.4) | | 0 | 0 |
| 31 | Accumulated Provision for Rate Refunds (229) | | 0 | 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) | | 86,881,669 | 81,799,925 |
| 35 | Total Other Noncurrent Liabilities (lines 26 through 34) | | 257,433,894 | 253,968,024 |
| 36 | CURRENT AND ACCRUED LIABILITIES | | | |
| 37 | Notes Payable (231) | | 94,000,000 | 44,000,000 |
| 38 | Accounts Payable (232) | | 45,812,341 | 62,953,407 |
| 39 | Notes Payable to Associated Companies (233) | | 0 | 0 |
| 40 | Accounts Payable to Associated Companies (234) | | 0 | 0 |
| 41 | Customer Deposits (235) | | 6,765,548 | 6,753,534 |
| 42 | Taxes Accrued (236) | 262-263 | 23,232,151 | 28,776,698 |
| 43 | Interest Accrued (237) | | 18,808,795 | 11,585,596 |
| 44 | Dividends Declared (238) | | 0 | 0 |
| 45 | Matured Long-Term Debt (239) | | 0 | 0 |

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

| Line No. | Title of Account (a) | Ref. Page No. (b) | Current Year End of Quarter/Year Balance (c) | Prior Year End Balance 12/31 (d) |
|----------|--|----------------------|---|---|
| 46 | Matured Interest (240) | | 0 | 0 |
| 47 | Tax Collections Payable (241) | | 1,838,255 | 1,746,875 |
| 48 | Miscellaneous Current and Accrued Liabilities (242) | | 21,752,223 | 21,207,903 |
| 49 | Obligations Under Capital Leases-Current (243) | | 90,753,633 | 89,274,728 |
| 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) | | 302,962,946 | 266,298,741 |
| 55 | DEFERRED CREDITS | | | |
| 56 | Customer Advances for Construction (252) | | 18,935,813 | 18,868,550 |
| 57 | Accumulated Deferred Investment Tax Credits (255) | 266-267 | 19,384,233 | 19,772,475 |
| 58 | Deferred Gains from Disposition of Utility Plant (256) | | 0 | 0 |
| 59 | Other Deferred Credits (253) | 269 | 1,936,236 | 1,622,814 |
| 60 | Other Regulatory Liabilities (254) | 278 | 41,111,257 | 39,901,322 |
| 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) | | 777,974,268 | 772,657,141 |
| 64 | Accum. Deferred Income Taxes-Other (283) | | 21,675,771 | 21,882,220 |
| 65 | Total Deferred Credits (lines 56 through 64) | | 881,017,578 | 874,704,522 |
| 66 | TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65) | | 3,719,234,605 | 3,683,655,891 |

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 column in 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 | 171,335,007 | 157,809,375 | 171,335,007 | 157,809,375 |
| 3 | Operating Expenses | | | | | |
| 4 | Operation Expenses (401) | 320-323 | 104,572,151 | 100,544,324 | 104,572,151 | 100,544,324 |
| 5 | Maintenance Expenses (402) | 320-323 | 20,990,442 | 17,514,746 | 20,990,442 | 17,514,746 |
| 6 | Depreciation Expense (403) | 336-337 | 20,358,420 | 22,074,264 | 20,358,420 | 22,074,264 |
| 7 | Depreciation Expense for Asset Retirement Costs (403.1) | 336-337 | -280,446 | -288,638 | -280,446 | -288,638 |
| 8 | Amort. & Depl. of Utility Plant (404-405) | 336-337 | 1,437,652 | 1,298,379 | 1,437,652 | 1,298,379 |
| 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) | | 336,707 | 38,046 | 336,707 | 38,046 |
| 13 | (Less) Regulatory Credits (407.4) | | 65,310 | | 65,310 | |
| 14 | Taxes Other Than Income Taxes (408.1) | 262-263 | 15,729,548 | 14,812,404 | 15,729,548 | 14,812,404 |
| 15 | Income Taxes - Federal (409.1) | 262-263 | -538,338 | -821,942 | -538,338 | -821,942 |
| 16 | - Other (409.1) | 262-263 | 40,895 | 201,574 | 40,895 | 201,574 |
| 17 | Provision for Deferred Income Taxes (410.1) | 234, 272-277 | 26,718,673 | 25,037,112 | 26,718,673 | 25,037,112 |
| 18 | (Less) Provision for Deferred Income Taxes-Cr. (411.1) | 234, 272-277 | 29,712,973 | 28,779,965 | 29,712,973 | 28,779,965 |
| 19 | Investment Tax Credit Adj. - Net (411.4) | 266 | -388,242 | -388,242 | -388,242 | -388,242 |
| 20 | (Less) Gains from Disp. of Utility Plant (411.6) | | | | | |
| 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) | | 1,870,911 | 1,874,523 | 1,870,911 | 1,874,523 |
| 25 | TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24) | | 161,070,090 | 153,116,585 | 161,070,090 | 153,116,585 |
| 26 | Net Util Oper Inc (Enter Tot line 2 less 25) Carry to Pg117, line 27 | | 10,264,917 | 4,692,790 | 10,264,917 | 4,692,790 |
| | | | | | | |

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 | | Line No. |
|---|--|---|--|---|--|----------|
| 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) | |
| | | | | | | |
| 171,335,007 | 157,809,375 | | | | | 2 |
| | | | | | | 3 |
| 104,572,151 | 100,544,324 | | | | | 4 |
| 20,990,442 | 17,514,746 | | | | | 5 |
| 20,358,420 | 22,074,264 | | | | | 6 |
| -280,446 | -288,638 | | | | | 7 |
| 1,437,652 | 1,298,379 | | | | | 8 |
| | | | | | | 9 |
| | | | | | | 10 |
| | | | | | | 11 |
| 336,707 | 38,046 | | | | | 12 |
| 65,310 | | | | | | 13 |
| 15,729,548 | 14,812,404 | | | | | 14 |
| -538,338 | -821,942 | | | | | 15 |
| 40,895 | 201,574 | | | | | 16 |
| 26,718,673 | 25,037,112 | | | | | 17 |
| 29,712,973 | 28,779,965 | | | | | 18 |
| -388,242 | -388,242 | | | | | 19 |
| | | | | | | 20 |
| | | | | | | 21 |
| | | | | | | 22 |
| | | | | | | 23 |
| 1,870,911 | 1,874,523 | | | | | 24 |
| 161,070,090 | 153,116,585 | | | | | 25 |
| 10,264,917 | 4,692,790 | | | | | 26 |
| | | | | | | |

STATEMENT OF INCOME FOR THE YEAR (continued)

| Line No. | Title of Account (a) | (Ref.) Page No. (b) | TOTAL | | Current 3 Months Ended Quarterly Only No 4th Quarter (e) | Prior 3 Months Ended Quarterly Only No 4th Quarter (f) |
|----------|--|---------------------------|---------------------|----------------------|--|--|
| | | | Current Year (c) | Previous Year (d) | | |
| 27 | Net Utility Operating Income (Carried forward from page 114) | | 10,264,917 | 4,692,790 | 10,264,917 | 4,692,790 |
| 28 | Other Income and Deductions | | | | | |
| 29 | Other Income | | | | | |
| 30 | Nonutility Operating Income | | | | | |
| 31 | Revenues From Merchandising, Jobbing and Contract Work (415) | | 84,729 | 110,426 | 84,729 | 110,426 |
| 32 | (Less) Costs and Exp. of Merchandising, Job. & Contract Work (416) | | 188,258 | 151,592 | 188,258 | 151,592 |
| 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) | | 1,587,566 | 1,568,571 | 1,587,566 | 1,568,571 |
| 38 | Allowance for Other Funds Used During Construction (419.1) | | 814,660 | 2,336,373 | 814,660 | 2,336,373 |
| 39 | Miscellaneous Nonoperating Income (421) | | 3,947,159 | 3,123,653 | 3,947,159 | 3,123,653 |
| 40 | Gain on Disposition of Property (421.1) | | | 545,029 | | 545,029 |
| 41 | TOTAL Other Income (Enter Total of lines 31 thru 40) | | 6,245,856 | 7,532,460 | 6,245,856 | 7,532,460 |
| 42 | Other Income Deductions | | | | | |
| 43 | Loss on Disposition of Property (421.2) | | | | | |
| 44 | Miscellaneous Amortization (425) | | | 75,562 | | 75,562 |
| 45 | Donations (426.1) | | 250,902 | 81,440 | 250,902 | 81,440 |
| 46 | Life Insurance (426.2) | | 63,152 | 42,765 | 63,152 | 42,765 |
| 47 | Penalties (426.3) | | 155 | | 155 | |
| 48 | Exp. for Certain Civic, Political & Related Activities (426.4) | | 214,047 | 163,326 | 214,047 | 163,326 |
| 49 | Other Deductions (426.5) | | 210,334 | 496,995 | 210,334 | 496,995 |
| 50 | TOTAL Other Income Deductions (Total of lines 43 thru 49) | | 738,590 | 860,088 | 738,590 | 860,088 |
| 51 | Taxes Applicable to Other Income and Deductions | | | | | |
| 52 | Taxes Other Than Income Taxes (408.2) | 262-263 | 2,216 | 1,236 | 2,216 | 1,236 |
| 53 | Income Taxes-Federal (409.2) | 262-263 | 1,128,352 | 997,501 | 1,128,352 | 997,501 |
| 54 | Income Taxes-Other (409.2) | 262-263 | 37,930 | 23,174 | 37,930 | 23,174 |
| 55 | Provision for Deferred Inc. Taxes (410.2) | 234, 272-277 | 122,258 | 176,289 | 122,258 | 176,289 |
| 56 | (Less) Provision for Deferred Income Taxes-Cr. (411.2) | 234, 272-277 | 66,136 | 54 | 66,136 | 54 |
| 57 | Investment Tax Credit Adj.-Net (411.5) | | | | | |
| 58 | (Less) Investment Tax Credits (420) | | | | | |
| 59 | TOTAL Taxes on Other Income and Deductions (Total of lines 52-58) | | 1,224,620 | 1,198,146 | 1,224,620 | 1,198,146 |
| 60 | Net Other Income and Deductions (Total of lines 41, 50, 59) | | 4,282,646 | 5,474,226 | 4,282,646 | 5,474,226 |
| 61 | Interest Charges | | | | | |
| 62 | Interest on Long-Term Debt (427) | | 17,894,003 | 16,118,614 | 17,894,003 | 16,118,614 |
| 63 | Amort. of Debt Disc. and Expense (428) | | 281,554 | 264,008 | 281,554 | 264,008 |
| 64 | Amortization of Loss on Required Debt (428.1) | | 221,481 | 221,481 | 221,481 | 221,481 |
| 65 | (Less) Amort. of Premium on Debt-Credit (429) | | 30,129 | 5,224 | 30,129 | 5,224 |
| 66 | (Less) Amortization of Gain on Required Debt-Credit (429.1) | | | | | |
| 67 | Interest on Debt to Assoc. Companies (430) | | | | | |
| 68 | Other Interest Expense (431) | | 490,344 | 632,498 | 490,344 | 632,498 |
| 69 | (Less) Allowance for Borrowed Funds Used During Construction-Cr. (432) | | 791,223 | 1,658,328 | 791,223 | 1,658,328 |
| 70 | Net Interest Charges (Total of lines 62 thru 69) | | 18,066,030 | 15,573,049 | 18,066,030 | 15,573,049 |
| 71 | Income Before Extraordinary Items (Total of lines 27, 60 and 70) | | -3,518,467 | -5,406,033 | -3,518,467 | -5,406,033 |
| 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) | | -3,518,467 | -5,406,033 | -3,518,467 | -5,406,033 |

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 | | 1,142,889,432 | 1,094,535,966 |
| 2 | Changes | | | |
| 3 | Adjustments to Retained Earnings (Account 439) | | | |
| 4 | Federal income tax effect: Cumulative Effect Retained Earnings Adjustment | | | |
| 5 | required by the implementation of Accounting Standard Update | | | |
| 6 | (ASU) 2016-09, Compensation-Stock Compensation (Topic 718): | | | |
| 7 | Improvements to Employee Share-Based Payment Accounting. | 190 | 182,628 | |
| 8 | | | | |
| 9 | TOTAL Credits to Retained Earnings (Acct. 439) | | 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) | | -3,518,467 | 97,956,132 |
| 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 | | -12,565,311 | (49,602,666) |
| 32 | | | | |
| 33 | | | | |
| 34 | | | | |
| 35 | | | | |
| 36 | TOTAL Dividends Declared-Common Stock (Acct. 438) | | -12,565,311 | (49,602,666) |
| 37 | Transfers from Acct 216.1, Unapprop. Undistrib. Subsidiary Earnings | | | |
| 38 | Balance - End of Period (Total 1,9,15,16,22,29,36,37) | | 1,126,988,282 | 1,142,889,432 |
| | APPROPRIATED RETAINED EARNINGS (Account 215) | | | |
| 39 | | | | |
| 40 | | | | |

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) | | 1,126,988,282 | 1,142,889,432 |
| | 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) | | | |

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) | -3,518,467 | -5,406,033 |
| 3 | Noncash Charges (Credits) to Income: | | |
| 4 | Depreciation and Depletion | 20,358,420 | 22,074,264 |
| 5 | Amortization of Other | 5,191,573 | 4,435,660 |
| 6 | Amortization of Nuclear Fuel | 11,318,577 | 11,867,250 |
| 7 | | | |
| 8 | Deferred Income Taxes (Net) | -3,120,799 | -3,566,616 |
| 9 | Investment Tax Credit Adjustment (Net) | -388,242 | -388,242 |
| 10 | Net (Increase) Decrease in Receivables | 8,662,670 | 8,296,271 |
| 11 | Net (Increase) Decrease in Inventory | -1,634,384 | 1,068,258 |
| 12 | Net (Increase) Decrease in Allowances Inventory | -3,335 | -9,768 |
| 13 | Net Increase (Decrease) in Payables and Accrued Expenses | -11,863,946 | -18,288,831 |
| 14 | Net (Increase) Decrease in Other Regulatory Assets | 7,842,168 | -841,680 |
| 15 | Net Increase (Decrease) in Other Regulatory Liabilities | -73,633 | 4,104,010 |
| 16 | (Less) Allowance for Other Funds Used During Construction | 814,660 | 2,336,373 |
| 17 | (Less) Undistributed Earnings from Subsidiary Companies | | |
| 18 | Other (provide details in footnote): | -1,159,357 | -1,196,038 |
| 19 | | | |
| 20 | Deferred Charges and Credits | -2,105,156 | -1,969,696 |
| 21 | Net (Increase) Decrease in Prepayments and Other | -2,494,205 | -2,731,931 |
| 22 | Net Cash Provided by (Used in) Operating Activities (Total 2 thru 21) | 26,197,224 | 15,110,505 |
| 23 | | | |
| 24 | Cash Flows from Investment Activities: | | |
| 25 | Construction and Acquisition of Plant (including land): | | |
| 26 | Gross Additions to Utility Plant (less nuclear fuel) | -55,472,428 | -56,669,587 |
| 27 | Gross Additions to Nuclear Fuel | -12,232,471 | -12,511,265 |
| 28 | Gross Additions to Common Utility Plant | | |
| 29 | Gross Additions to Nonutility Plant | | |
| 30 | (Less) Allowance for Other Funds Used During Construction | -814,660 | -2,336,373 |
| 31 | Other (provide details in footnote): | | |
| 32 | | | |
| 33 | | | |
| 34 | Cash Outflows for Plant (Total of lines 26 thru 33) | -66,890,239 | -66,844,479 |
| 35 | | | |
| 36 | Acquisition of Other Noncurrent Assets (d) | | |
| 37 | Proceeds from Disposal of Noncurrent Assets (d) | | 595,623 |
| 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) | | |

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 | | | |
| 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) | -28,482,325 | -26,543,519 |
| 54 | Investment in Decommissioning Trust Fund (Sales and Maturities) | 26,054,687 | 24,078,015 |
| 55 | Other (provided details in footnote): | 505,741 | -750,346 |
| 56 | Net Cash Provided by (Used in) Investing Activities | | |
| 57 | Total of lines 34 thru 55) | -68,812,136 | -69,464,706 |
| 58 | | | |
| 59 | Cash Flows from Financing Activities: | | |
| 60 | Proceeds from Issuance of: | | |
| 61 | Long-Term Debt (b) | | 157,051,500 |
| 62 | Preferred Stock | | |
| 63 | Common Stock | | |
| 64 | Other: Financing and Other Capital Lease Obligations- Proceeds | 128,339,233 | 96,530,246 |
| 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) | 128,339,233 | 253,581,746 |
| 71 | | | |
| 72 | Payments for Retirement of: | | |
| 73 | Long-term Debt (b) | | |
| 74 | Preferred Stock | | |
| 75 | Common Stock | | |
| 76 | Other Financing Activities | -678,294 | -1,428,361 |
| 77 | Financing and Capital Lease Obligations | -75,734,575 | -152,343,388 |
| 78 | Net Decrease in Short-Term Debt (c) | | |
| 79 | Tax (Obligations) Benefits from Long-Term Incentive Plans | | -363,963 |
| 80 | Dividends on Preferred Stock | | |
| 81 | Dividends on Common Stock | -12,565,311 | -11,928,360 |
| 82 | Net Cash Provided by (Used in) Financing Activities | | |
| 83 | (Total of lines 70 thru 81) | 39,361,053 | 87,517,674 |
| 84 | | | |
| 85 | Net Increase (Decrease) in Cash and Cash Equivalents | | |
| 86 | (Total of lines 22,57 and 83) | -3,253,859 | 33,163,473 |
| 87 | | | |
| 88 | Cash and Cash Equivalents at Beginning of Period | 8,419,955 | 8,149,008 |
| 89 | | | |
| 90 | Cash and Cash Equivalents at End of period | 5,166,096 | 41,312,481 |
| | | | |

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

| | <u>2017</u> | <u>2016</u> |
|--|----------------|------------------|
| Other: | | |
| Net Loss (gain) on Sale of Property, Plant and Equipment | \$ 0 | \$ (545,029) |
| Net Gains on Equity Investments | (2,190,995) | (1,388,146) |
| Amortization of Unearned Compensation | 1,233,916 | 937,388 |
| Unrealized (Gains) Losses on Investments in Debt Securities | (207,098) | 27,986 |
| Other Operating Activities | <u>4,820</u> | <u>(228,237)</u> |
| Total | \$ (1,159,357) | \$ (1,196,038) |

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

| | <u>2017</u> | <u>2016</u> |
|--|-------------|--------------|
| Other: | | |
| Net Customer Advances for Construction | \$ 67,262 | \$ (56,340) |
| Net Salvage Value and Cost of Removal | 438,479 | (694,006) |
| Total | \$ 505,741 | \$ (750,346) |

| | | | |
|--|---|-----------------------|--|
| Name of Respondent El Paso Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report / / | Year/Period of Report End of <u>2017/Q1</u> |
|--|---|-----------------------|--|

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 Commission orders or other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.
4. Where Accounts 189, Unamortized Loss on Recquired Debt, and 257, Unamortized Gain on Recquired 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 March 31, 2017 filed by El Paso Electric Company with the Securities and Exchange Commission (the "March 31, 2017 Form 10-Q"). Notes A through I of the regulatory-basis financial statements are from the March 31, 2017 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 I 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 ("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 three months ended March 31, 2017 and 2016 consist of the following (in thousands):

| | <u>2017</u> | <u>2016</u> |
|--|-----------------|------------------|
| Cash and Cash Equivalents: | | |
| Cash (131) | \$ 4,924 | \$ 41,095 |
| Working funds (135) | 51 | 64 |
| Temporary cash investments (136) | 191 | 153 |
| Cash and cash equivalents at end of period | <u>\$ 5,166</u> | <u>\$ 41,312</u> |
| Amortization of Other: | | |
| ARO depreciation (403.1) | \$ (280) | \$ (289) |
| Other utility plant (404) | 1,438 | 1,298 |
| Other regulatory assets (407.3) | 337 | 38 |
| Other regulatory liabilities (407.4) | (65) | 0 |
| ARO liability accretion (411.10) | 1,871 | 1,875 |
| Miscellaneous (425) | 0 | 76 |
| Debt expense (428) | 282 | 264 |
| Loss on reacquired debt (428.1) | 221 | 221 |
| Debt premium (429) | (30) | (5) |
| Interest rate lock losses | 129 | 122 |
| Nuclear fuel financing issuance costs | 41 | 40 |
| Dry cask storage costs | 541 | 500 |
| Coal reclamation costs | 208 | 296 |
| Texas rate case costs | 381 | 0 |
| New Mexico rate case costs | 118 | 0 |
| | <u>\$ 5,192</u> | <u>\$ 4,436</u> |

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, 2016 (the "2016 FERC Form No.1"). Capitalized terms used in this report and not defined herein have the meaning ascribed to such terms in the 2016 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 March 31, 2017 and December 31, 2016; the results of its operations for the three months ended March 31, 2017 and 2016; its comprehensive operations for the three months ended March 31, 2017 and the year ended December 31, 2016; and its cash flows for the three months ended March 31, 2017 and 2016. The results of operations, comprehensive operations, and the cash flows for the three months ended March 31, 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 PUCT, the New Mexico Public Regulation Commission (the "NMPRC"), and the FERC), which is a comprehensive basis of accounting other than GAAP.

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

Revenues. Revenues related to the sale of electricity are generally recorded when service is provided or electricity is delivered to customers. The billing of electricity sales to retail customers is based on the reading of their meters, which occurs on a systematic basis throughout the month. Accrued Utility Revenues are recorded for estimated amounts of energy delivered in the period following the customer's billing cycle to the end of the month. Accrued Utility Revenues are estimated based on monthly generation volumes and by applying an average revenue/kWh to the number of estimated kWhs delivered but not billed. 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. During 2016, depreciation and amortization decreased due to changes in depreciation rates approved in the most recent final orders from the PUCT and the NMPRC and changes in the estimated life of certain intangible software assets.

Supplemental Cash Flow Disclosures (in thousands)

| | Three Months Ended | |
|--|--------------------|-----------|
| | March 31, | |
| | 2017 | 2016 |
| Cash paid (received) for: | | |
| Interest on long-term debt and borrowing under the revolving credit facility | \$ 11,721 | \$ 10,666 |
| Income tax paid (refunded), net | (697) | 66 |
| Non-cash investing and financing activities: | | |
| Plant additions insurance reimbursement | 5,056 | — |
| Changes in accrued plant additions | (3,335) | (5,882) |
| Grants of restricted shares of common stock | 540 | 653 |

New Accounting Standards

In March 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("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 regulatory-basis statement 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. More specifically, the standard requires entities to recognize revenue through the application of a five-step model, which includes the: (i) identification of the contract; (ii) identification of the performance obligations; (iii) determination of the transaction price; (iv) allocation of the transaction price to the performance obligations; and (v) the recognition of revenue as the entity satisfies the performance obligations. The Company plans to adopt the new standard for reporting periods beginning after December 15, 2017. The Company has not concluded which transition method it will elect but it currently anticipates using the modified retrospective approach.

The Company is currently in the process of evaluating the impact of the new standard on its various revenue and cash flow streams, including the evaluation of the impact, if any, on changes to business processes, systems and controls to support recognition and disclosure under the new guidance. Tariff sales to customers are determined to be in the scope of the new standard and represent a significant portion of the Company's total operating revenues. The Company has not completed its final evaluation of tariff sales under the new guidance. Further, the Company is still considering the impact of guidance on several industry-related accounting issues, including the accounting for contributions in aid of construction ("CIAC"), assessing the collectability criterion and the presentation of revenues associated with alternative revenue programs. The Company's initial assessments may change as it executes its implementation plan and new guidance is provided by the American Institute of Certified Public Accountants Power and Utilities Industry Task Force.

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. ASU 2016-01 generally requires entities to measure equity investments that do not result in consolidation and are not accounted for under the equity method at fair value and recognize any changes in fair value in net income. The guidance for classifying and measuring investments in debt securities and loans is not changed by this ASU, but requires entities to record changes in other comprehensive income. Financial assets and financial liabilities must be separately presented by measurement category on the regulatory-basis balance sheet or in the accompanying notes to the regulatory-basis financial statements. ASU 2016-01 clarifies the need for a valuation allowance on a deferred tax asset related to available-for-sale securities in combination with the entity's other deferred tax assets. The provisions of this ASU become effective for reporting periods beginning after December 15, 2017. Upon adoption of the new standard, the Company expects to record the cumulative effects as of January 1, 2018 which will result in an adjustment to accumulated other comprehensive income (losses) and retained earnings for unrealized gains (losses) related to equity securities owned by the Company. The Company is continuing to assess the future impact of this ASU.

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 regulatory-basis 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 leases guidance for capital leases and operating leases. The impact of leases reported in the Company's operating results and statement of cash flows are expected to be similar to previous Generally Accepted Accounting Principles ("GAAP"). ASU 2016-02 requires the recognition in the regulatory-basis balance sheet, by the lessee, of a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. How leases are recorded in regard to financial position represents a significant change from previous GAAP guidance. The lessee is

permitted to make an accounting policy election to not recognize lease assets and lease liabilities for short-term leases. Implementation of the standard will be required for reporting periods beginning after December 15, 2018. Adoption of the new lease accounting standard will require the Company to apply the new standard to the earliest period using a modified retrospective approach. The Company is currently in the process of evaluating the impact of the new standard, including the evaluation of the impact, if any, on changes to business processes, systems and controls to support recognition and disclosure under the new guidance, however, at this time is unable to determine the impact this standard will have on the regulatory-basis financial statements and related disclosures.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326) ("ASU 2016-13"). ASU 2016-13 changes how companies measure and recognize credit impairment for many financial assets. The new current expected credit loss model will require companies to immediately recognize an estimate of credit losses expected to occur over the remaining life of the financial assets that are in the scope of the standard. The ASU also makes targeted amendments to the current impairment model for available-for-sale debt securities. The provisions of 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 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 regulatory-basis statement of cash flows. The provisions of ASU 2016-15 will be required for reporting periods beginning after December 15, 2017. ASU 2016-15 will be applied using a retrospective transition method to each period presented. If it is impracticable to apply ASU 2016-15 retrospectively for some of the issues, the amendments for those issues may be applied prospectively as of the earliest date practicable. The Company is currently assessing the future impact of this ASU.

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 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. Companies will present all other components of net benefit cost separately from the line item(s) that includes the service cost and outside of any subtotal of operating income. In addition, only the service cost component will be eligible for capitalization in assets. The amendments of ASU 2017-07 will be required for reporting periods beginning after December 15, 2017. The amendments in ASU 2017-07 should be applied retrospectively for the income statement presentation of the service cost component and the other components of net benefit costs and prospectively, on and after the effective date, for the capitalization of the service cost component. The Company is currently assessing the future impact of this ASU.

In March 2017, the FASB issued ASU 2017-08, Receivables-Nonrefundable Fees and Other Costs (Subtopic 310-20), Premium Amortization on Purchased Callable Debt Securities. ASU 2017-08 requires the premium on callable debt securities to be amortized to the earliest call date, contrary to current GAAP, which requires entities to amortize the premium over the contractual life of the instrument. The amendments of ASU 2017-08 do not require an accounting change for securities purchased at a discount; the discount continues to be amortized to maturity. The amendments of ASU 2017-08 will be required for reporting periods beginning after December 15, 2018. ASU 2017-08 will be applied on a modified-retrospective approach through a cumulative-effect adjustment to retained earnings as of the beginning of the period of adoption. The Company is currently assessing the future impact of ASU 2017-08.

B. Regulation

General

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

Texas Regulatory Matters

2015 Texas Retail Rate Case Filing. On August 10, 2015, the Company filed with the City of El Paso, other municipalities incorporated in its Texas service territory, and the PUCT in Docket No. 44941, a request for an annual increase in non-fuel base revenues (the "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 (the "Unopposed Settlement"). On August 25, 2016, the PUCT approved the Unopposed Settlement and issued its final order in Docket No. 44941 (the "PUCT Final Order"), as proposed. The PUCT Final Order provided for: (i) an annual non-fuel base rate increase, lower annual depreciation expense, a revised return on equity for allowance for funds used during construction ("AFUDC") purposes, and the inclusion of substantially all new plant in service in rate base; (ii) an additional annual non-fuel base rate increase of \$3.7 million related to Four Corners Generating Station ("Four Corners") costs, which will be collected through a surcharge terminating on July 12, 2017; (iii) removing the separate rate treatment for residential customers with solar systems that the Company had proposed in its August 10, 2015 filing; (iv) allowing the Company to recover \$3.1 million in rate case expenses through a separate surcharge and (v) allowing the Company to recover revenues associated with the relate back of rates to consumption on and after January 12, 2016 through March 31, 2016 through a separate surcharge.

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 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 PUCT Final Order on August 25, 2016. Accordingly, it reported in the third quarter of 2016 the cumulative effect of the 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 of approximately \$42.5 million. The Company invoked its statutory right to have its new rates relate back for consumption on and after July 18, 2017, which is the 155th day after the filing. The difference in rates that would have been billed will be surcharged or refunded to customers after the PUCT's final order in Docket No. 46831. The PUCT has the authority to require the Company to surcharge or refund such difference over a period not to exceed 18 months. A procedural schedule has been adopted with a hearing scheduled in late August or early September 2017. The Company cannot predict the outcome or the timing of this rate case at this time.

Energy Efficiency Cost Recovery Factor. On May 1, 2017, the Company filed its annual application to establish its energy efficiency cost recovery factor for 2018. In addition to projected energy efficiency costs for 2018 and a true-up to prior year actual costs, the Company requested approval of a \$1.0 million bonus for the 2016 energy efficiency program results in accordance with PUCT rules. The Company cannot predict the outcome or the timing of this matter at this time.

Fuel and Purchased Power Costs. 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. As of March 31, 2017, the Company had under-recovered fuel costs in the amount of \$2.5 million for the Texas jurisdiction.

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 March 31, 2017, the Company requested that the hearing set for April 5, 2017 be postponed until sometime after April 26, 2017 to allow for settlement discussions. The Company filed a joint motion to implement a stipulation and settlement resolving all issues in the case on May 15, 2017, and Staff filed its memorandum in support of the settlement on the same day. The case has been remanded to the Commission for a final order, and the Company expects the Commission to consider the

proposed settlement in late June 2017. The Company cannot predict the outcome or the timing of this matter. As of March 31, 2017, Texas jurisdictional fuel and purchased power costs subject to a future Texas fuel reconciliation are approximately \$140.4 million.

Community Solar. On June 8, 2015, the Company filed a petition with the PUCT to initiate a community solar program that includes the construction and ownership of a 3 MW solar photovoltaic system located at Montana Power Station. Participation will be on a voluntary basis, and customers will contract for a set capacity (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. The Community Solar facility is currently under construction and the Company expects completion of the solar facility and commencement of the program in the second quarter of 2017. On April 19, 2017, the Company announced that the entire 3 MW program was fully subscribed by approximately 1,500 Texas customers.

Four Corners Generating Station. On February 17, 2015, the Company and Arizona Public Service Company ("APS") entered into an asset purchase agreement (the "Purchase and Sale Agreement") providing for the sale of the Company's interest in Four Corners to APS. The sale of the Company's interest in Four Corners closed on July 6, 2016.

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. This case was assigned PUCT Docket No. 44805. Subsequent to the filing of the application, the case has been subject to numerous procedural matters, including a March 23, 2016 order in which the PUCT determined not to dismiss the reasonableness and public interest issues in this docket but to consider the requested rate and accounting findings, including coal mine reclamation costs, in a rate case proceeding. On September 1, 2016, a motion by parties in the proceeding to suspend the procedural schedule in order to pursue settlement was approved. On March 3, 2017, the Company filed a Joint Motion to Implement Stipulation and Agreement, and commission Staff filed its recommendation that the Company's disposition of its interest in Four Corners was reasonable and consistent with the public interest. A final order approving the Stipulation and Agreement was adopted by the PUCT on March 30, 2017.

At March 31, 2017, the regulatory asset associated with the Four Corners coal mine reclamation costs for the Company's Texas jurisdiction was approximately \$7.1 million. Until otherwise determined, the Company will continue to recover its coal mine reclamation costs in Texas under previous orders and decisions of the PUCT. The Stipulation and Agreement also acknowledged an agreement among the parties related to the rate and accounting treatment of certain costs of Four Corners, including coal mine reclamation costs. Pursuant to the PUCT's order in PUCT Docket No. 44805, recovery of these costs will be addressed in future base rate and fuel-related proceedings. If the PUCT makes a determination that results in changes to how existing regulatory assets or previously incurred costs for Four Corners are recovered in rates, any such changes will be recognized for financial reporting purposes only when it becomes probable future cash flows will change as a result of such regulatory actions.

Other Required Approvals. The Company has obtained other required approvals for tariffs and approvals required by the Public Utility Regulatory Act (the "PURA") 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 its 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.

2017 New Mexico Rate Case Filing. NMPRC Case No. 15-00109-UT required the Company to make a rate filing in New Mexico in the second quarter of 2017 using a historical test year ended December 31, 2016. On March 24, 2017, the Company, NMPRC Utility Division Staff and the New Mexico Attorney General filed a Joint Motion to Modify Filing Date Stated in Final Order requesting that the rate filing date be changed to no later than July 31, 2019, using the appropriate historical test year period. The joint request was approved by the NMPRC on April 12, 2017.

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 ("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 final order in Case No. 15-00127-UT, 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 was approved in Case No. 15-00127-UT. New Mexico jurisdictional costs subject to prudence review are costs from January 1, 2015 through March 31, 2017 that total approximately \$127.5 million. At March 31, 2017, the Company had a net fuel over-recovery balance of approximately \$0.2 million in New Mexico.

5 MW Holloman Air Force Base ("HAFB") Facility CCN. On October 7, 2015, in NMPRC Case No. 15-00185-UT, the NMPRC issued a final order approving a CCN for a 5 MW solar power generation facility located on HAFB in the Company's service territory in New Mexico. The Company and HAFB negotiated a special retail contract, which includes power sales agreement for the facility, to replace the existing load retention agreement which was approved by final order issued October 5, 2016 in NMPRC Case No. 16-00224-UT. Construction of the solar generation facility is expected to be completed in the fourth quarter of 2017 or early 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 case 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. In addition, 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.

Other Required Approvals. The Company has obtained other required approvals for other tariffs, securities transactions, recovery of energy efficiency costs through a base rate rider and other approvals as required by the NMPRC.

Federal Regulatory Matters

The Company has obtained required approvals for rates and tariffs, securities transactions and other approvals as required by the FERC.

C. Palo Verde

Decommissioning. Pursuant to the ANPP Participation Agreement and federal law, the Company funds its share of the estimated costs to decommission Palo Verde Nuclear Generating Station ("Palo Verde") Units 1, 2 and 3, including the Common Facilities, through the term of their respective operating licenses and is required to maintain a minimum accumulation and funding level in its decommissioning account at the end of each annual reporting period during the life of the plant. The Company has established external trusts with an independent trustee, which enables the Company to record a current deduction for federal income tax purposes for most of the amounts funded. At March 31, 2017, the Company's decommissioning trust fund had a balance of \$265.9 million, which is above its minimum funding level. The Company monitors the status of its decommissioning funds and adjusts its deposits, if necessary.

Decommissioning costs are estimated every three years based upon engineering cost studies performed by outside engineers retained by APS. In April 2017, the Palo Verde Participants approved the 2016 Palo Verde decommissioning study (the "2016 Study"). The 2016 Study estimated that the Company must fund approximately \$432.8 million (stated in 2016 dollars) to cover its share of decommissioning costs which was an increase in decommissioning costs of \$52.1 million (stated in 2016 dollars) from the 2013 Palo Verde decommissioning study. The effect of this change increased the ARO by \$3.1 million, which was recorded in the first quarter of 2017, and will increase annual expenses starting in April 2017. Although the 2016 Study was based on the latest

available information, there can be no assurance that decommissioning cost estimates will not increase in the future or that regulatory requirements will not change. In addition, until a new low-level radioactive waste repository opens and operates for a number of years, estimates of the cost to dispose of low-level radioactive waste are subject to uncertainty. As provided in the ANPP Participation Agreement, the participants are required to conduct a new decommissioning study every three years. While the Company attempts to seek amounts in rates to meet its decommissioning obligations, it is not able to conclude given the evidence available to it now that it is probable these costs will continue to be collected over the period until decommissioning begins in 2044. The Company is ultimately responsible for these costs and its future actions combined with future decisions from regulators will determine how successful the Company is in this effort.

Spent Nuclear Fuel and Waste Disposal. Pursuant to the Nuclear Waste Policy Act of 1982, as amended in 1987 (the "NWPA"), the U.S. Department of Energy (the "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 (the "Standard Contract") with each nuclear power plant. The DOE failed to begin accepting spent nuclear fuel by 1998.

On October 31, 2014, APS, acting on behalf of itself and the Palo Verde Participants, submitted to the government a request for reimbursement of spent nuclear fuel storage costs for the period July 1, 2011 through June 30, 2014. The accepted claim amount was \$42.0 million. On June 1, 2015, the Company received approximately \$6.6 million, representing its share of the award, of which \$5.8 million was credited to customers through the applicable fuel adjustment clauses in March 2015. After June 2015, APS will file annual claims for the period July 1 of the then-previous year to June 30 of the then-current year.

On November 2, 2015, APS filed a \$12.0 million claim for the period July 1, 2014 through June 30, 2015. In February 2016, the DOE notified APS of the approval of the claim. In March 2016, the Company received its share of this claim of approximately \$1.9 million, of which \$1.6 million was credited to customers through the applicable fuel adjustment clauses.

On October 31, 2016, APS filed an \$11.3 million claim for the period July 1, 2015 through June 30, 2016. On February 1, 2017, the DOE notified APS of the approval of the claim. On March 10, 2017, the Company received approximately \$1.8 million, representing its share of the award, of which \$1.4 million was credited to customers through the applicable fuel adjustment clauses.

Palo Verde Operations and Maintenance Expense. Included in other operations and maintenance expenses are expenses associated with Palo Verde as follows (in thousands):

| | <u>2017</u> | <u>2016</u> |
|--------------------------|-------------|-------------|
| Three months ended March | \$ 21,608 | \$ 22,343 |

D. Common Stock

Dividends. The Company paid \$12.6 million and \$11.9 million in quarterly cash dividends during the three months ended March 31, 2017 and 2016, respectively.

E. 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 and New Mexico jurisdictions for years prior to 2012. Amended Arizona income tax returns for years 2009-2012 may be reviewed by the Arizona Department of Revenue. The Company is currently under audit in Texas for tax years 2007 through 2011.

For the three months ended March 31, 2017 and 2016, the Company's regulatory-basis effective tax rate was 43.0% and 39.7%, respectively. The Company's regulatory-basis effective tax rate for the three months ended March 31, 2017 and 2016 differs from the federal statutory tax rate of 35.0% primarily due to capital gains in the decommissioning trusts which are taxed at the federal rate of 20.0%, the allowance for equity funds used during construction, state taxes and the issue discussed in the following paragraph.

In the third quarter of 2016, the Company changed its accounting for state income taxes from the flow-through method to the normalization method in accordance with the PUCT's and NMPRC's most recent final orders. Under the flow-through method, the Company previously recorded deferred state income taxes and regulatory liabilities and assets offsetting such deferred state income taxes at the expected cash flow to be reflected in future rates. Upon implementation of normalization, the Company began amortizing the net regulatory asset for deferred state income taxes to deferred income tax expense over a 15 year period as allowed by the regulators. In the third quarter of 2016, the Company began recording deferred state income tax expense as required by normalization, retroactive to January 2016 as provided in the final orders. The impact of the change was additional deferred income tax expense of \$1.0 million for the three months ended March 31, 2017.

F. 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 2016 FERC Form No.1. In addition, see Notes B and C above and Notes C and E of the Notes to Regulatory-Basis Financial Statements in the 2016 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 which 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 full 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 2016 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 ("GHG") 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.

On March 28, 2017 the Company entered into a Compliance Agreement (the "Compliance Agreement") with the Texas Commission on Environmental Quality under the Texas Environmental, Health and Safety Audit Privilege Act to address certain water and waste compliance issues associated with the integrity of the synthetic liner of the evaporation pond at the Company's Newman Generating Station. The Company's action plan will be implemented over the three year period of the Compliance Agreement starting in the second quarter of 2017. The Company is currently evaluating the cost of performing its obligations under the Compliance Agreement.

G. 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 B and F above and Notes C and K of the Notes to Regulatory-Basis Financial Statements in the 2016 FERC Form No.1 for discussion of the effects of government legislation and regulation on the Company.

H. Employee Benefits

Retirement Plans

The net periodic benefit cost recognized for the three months ended March 31, 2017 and 2016 is made up of the components listed below as determined using the projected unit credit actuarial cost method (in thousands):

Supplemental Cash Flow Disclosures (in thousands)

| | Three Months Ended | |
|---|--------------------|-----------------|
| | March 31, | |
| | 2017 | 2016 |
| Components of net periodic benefit cost: | | |
| Service cost | \$ 2,270 | \$ 1,905 |
| Interest Cost | 3,248 | 3,265 |
| Expected return on plan assets | (4,808) | (4,712) |
| Amortization of: | | |
| Net loss | 2,089 | 1,888 |
| Prior service benefit | (878) | (878) |
| Net periodic benefit cost | <u>\$ 1,921</u> | <u>\$ 1,468</u> |

During the three months ended March 31, 2017, the Company contributed \$3.0 million of its projected \$10.0 million 2017 annual contribution to its retirement plans.

Other Postretirement Benefits

The net periodic benefit recognized for the three months ended March 31, 2017 and 2016 is made up of the components listed below (in thousands):

| | Three Months Ended | |
|---|--------------------|-----------------|
| | March 31, | |
| | 2017 | 2016 |
| Components of net periodic benefit cost: | | |
| Service cost | \$ 588 | \$ 715 |
| Interest Cost | 678 | 873 |
| Expected return on plan assets | (470) | (460) |
| Amortization of: | | |
| Prior service benefit | (1,538) | (788) |
| Net gain | (395) | (665) |
| Net periodic benefit cost | <u>\$ (1,137)</u> | <u>\$ (325)</u> |

During the three months ended March 31, 2017, the Company contributed \$0.1 million of its projected \$1.5 million 2017 annual contribution to its other postretirement benefits plan.

I. 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 Revolving Credit Facility ("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):

| | March 31, 2017 | | December 31, 2016 | |
|-------------------------|---------------------|----------------------|---------------------|----------------------|
| | Carrying Amount | Estimated Fair Value | Carrying Amount | Estimated Fair Value |
| Pollution Control Bonds | \$ 193,135 | \$ 204,599 | \$ 193,135 | \$ 206,818 |
| Senior Notes | 1,003,193 | 1,126,625 | 1,003,195 | 1,112,285 |
| RGRT Senior Notes (1) | 95,000 | 98,555 | 95,000 | 98,855 |
| RCF (1) | 134,754 | 134,754 | 83,275 | 83,275 |
| Total | <u>\$ 1,426,082</u> | <u>\$ 1,564,533</u> | <u>\$ 1,374,605</u> | <u>\$ 1,501,233</u> |

(1) Nuclear fuel capital lease obligation, as of March 31, 2017 and December 31, 2016, is funded through the \$95 million Rio Grande Resources Trust ("RGRT") Senior Notes and \$40.8 million and \$39.3 million, respectively under the RCF. As of March 31, 2017, \$94.0 million was outstanding under the RCF for working capital or general corporate purposes. As of December 31, 2016, \$44.0 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 sheets, are reported at fair value which was \$265.9 million and \$255.7 million at March 31, 2017 and December 31, 2016, respectively. These securities are classified as available for sale and recorded at their estimated fair value using the FASB guidance for certain investments in debt and equity securities. The reported fair values include gross unrealized losses on marketable securities 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):

| Description of Securities (1): | March 31, 2017 | | | | | |
|--|---------------------|-------------------|---------------------|-------------------|------------------|-------------------|
| | Less than 12 Months | | 12 Months or Longer | | Total | |
| | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses |
| Federal Agency Mortgage Backed Securities | \$ 11,142 | \$ (249) | \$ 424 | \$ (23) | \$ 11,566 | \$ (272) |
| U.S. Government Bonds | 32,621 | (739) | 9,876 | (570) | 42,497 | (1,309) |
| Municipal Obligations | 9,152 | (298) | 4,413 | (385) | 13,565 | (683) |
| Corporate Obligations | <u>9,665</u> | <u>(131)</u> | <u>2,491</u> | <u>(208)</u> | <u>12,156</u> | <u>(339)</u> |
| Total Debt Securities | 62,580 | (1,417) | 17,204 | (1,186) | 79,784 | (2,603) |
| Common Stock | <u>541</u> | <u>(53)</u> | <u>—</u> | <u>—</u> | <u>541</u> | <u>(53)</u> |
| Total Temporarily Impaired Securities | <u>\$ 63,121</u> | <u>\$ (1,470)</u> | <u>\$ 17,204</u> | <u>\$ (1,186)</u> | <u>\$ 80,325</u> | <u>\$ (2,656)</u> |

(1) Includes 139 securities.

| Description of Securities (2): | March 31, 2016 | | | | | |
|---|---------------------|-------------------|---------------------|-------------------|-------------------|-------------------|
| | Less than 12 Months | | 12 Months or Longer | | Total | |
| | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses |
| Federal Agency Mortgage Backed Securities | \$ 11,582 | \$ (239) | \$ 436 | \$ (22) | \$ 12,018 | \$ (261) |
| U.S. Government Bonds | 31,655 | (762) | 17,976 | (835) | 49,631 | (1,597) |
| Municipal Obligations | 9,596 | (394) | 4,067 | (372) | 13,663 | (766) |
| Corporate Obligations | 7,971 | (172) | 2,092 | (172) | 10,063 | (344) |
| Total Debt Securities | 60,804 | (1,567) | 24,571 | (1,401) | 85,375 | (2,968) |
| Common Stock | 2,760 | (167) | — | — | 2,760 | (167) |
| Institutional Equity Funds-International Equity | 22,945 | (110) | — | — | 22,945 | (110) |
| Total Temporarily Impaired Securities | \$ 86,509 | \$ (1,844) | \$ 24,571 | \$ (1,401) | \$ 111,080 | \$ (3,245) |

(2) Includes 152 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 of marketable securities below recorded cost is considered to be other than temporary. The Company recognizes impairment losses on certain of its 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 months ended March 31, 2017 and 2016, the Company recognized other than temporary impairment losses on its available-for-sale securities as follow (in thousands):

| | Three Months Ended | |
|--|--------------------|-------|
| | March 31, | |
| | 2016 | 2015 |
| Unrealized holding losses included in pre-tax income | \$ — | (156) |

The reported securities also include gross unrealized gains on marketable securities 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):

| Description of Securities: | March 31, 2017 | | March 31, 2016 | |
|--|-------------------|-------------------|-------------------|-------------------|
| | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses |
| Federal Agency Mortgage Backed Securities | \$ 6,991 | \$ 276 | \$ 7,430 | \$ 319 |
| U.S. Government Bonds | 15,811 | 198 | 12,237 | 138 |
| Municipal Obligations | 4,086 | 144 | 2,481 | 144 |
| Corporate Obligations | 14,393 | 710 | 12,350 | 655 |
| Total Debt Securities | 41,281 | 1,328 | 34,498 | 1,256 |
| Common Stock | 62,487 | 34,868 | 61,884 | 34,066 |
| Equity Mutual Funds | 50,225 | 5,690 | 42,244 | 3,345 |
| Institutional Funds - International Equity | 24,737 | 1,722 | — | — |
| Cash and Cash Equivalents | 6,802 | — | 6,002 | — |
| Total | \$ 185,532 | \$ 43,608 | \$ 144,628 | \$ 38,667 |

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 securities as of March 31, 2017 is as follows (in thousands):

| | <u>Total</u> | <u>2017</u> | <u>2018 through 2021</u> | <u>2022 through 2026</u> | <u>2027 and Beyond</u> |
|---|--------------|-------------|----------------------------------|----------------------------------|--------------------------------|
| Municipal Debt Obligations | \$ 17,651 | \$ 804 | \$ 6,366 | \$ 9,203 | \$ 1,278 |
| Corporate Debt Obligations | 26,549 | — | 10,110 | 7,511 | 8,928 |
| U.S. Government Bonds | 58,308 | 5,928 | 27,123 | 14,834 | 10,423 |
| Federal Agency Mortgage Backed Securities | 18,557 | — | 6 | 356 | 18,195 |

The Company's marketable securities in its decommissioning trust funds are sold from time to time and the Company uses the specific identification basis to determine the amount to reclassify from accumulated other comprehensive income into net income. The proceeds from the sale of these securities during the three months ended March 31, 2017 and 2016 and the related effects on pre-tax income are as follows (in thousands):

| | <u>Three Months Ended March 31,</u> | |
|--|---|-----------------|
| | <u>2017</u> | <u>2016</u> |
| Proceeds from sales or maturities of available-for-sale securities | \$ 26,055 | \$ 24,078 |
| Gross realized gains included in pre-tax income | \$ 2,587 | \$ 1,832 |
| Gross realized losses included in pre-tax income | (396) | (288) |
| Gross unrealized losses included in pre-tax income | — | (156) |
| Net gains in pre-tax income | <u>\$ 2,191</u> | <u>\$ 1,388</u> |
| Net unrealized holding gains (losses) included in accumulated other comprehensive income | \$ 7,721 | \$ 2,190 |
| Net gains reclassified from accumulated other comprehensive income | <u>(2,191)</u> | <u>(1,388)</u> |
| Net gains (losses) in other comprehensive income | <u>\$ 5,530</u> | <u>\$ 802</u> |

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 sheets. 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 nuclear decommissioning trust 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. During the third quarter of 2016, the Company concluded that the NAV used for determining the fair value of the Institutional Funds- International Equity investments have readily determinable fair values. Accordingly, such fund values have been re-categorized from Level 2 to Level 1 hierarchy.
- 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 nuclear decommissioning trust 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 Company's decommissioning trust funds 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 Company's decommissioning trust funds and investments in debt securities at March 31, 2017 and December 31, 2016, 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 March 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 | \$ 1,628 | \$ — | \$ — | \$ 1,628 |
| Available for sale: | | | | |
| U.S. Government Bonds | \$ 58,308 | \$ 58,308 | \$ — | \$ — |
| Federal Agency Mortgage Backed Securities | 18,557 | — | 18,557 | — |
| Municipal Obligations | 17,651 | — | 17,651 | — |
| Corporate Obligations | 26,549 | — | 26,549 | — |
| Subtotal, Debt Securities | 121,065 | 58,308 | 62,757 | — |
| Common Stock | 63,028 | 63,028 | — | — |
| Equity Mutual Funds | 50,225 | 50,225 | — | — |
| Institutional Funds-International Equity | 24,737 | 24,737 | — | — |
| Cash and Cash Equivalents | 6,802 | 6,802 | — | — |
| Total Available for Sale | \$ 265,857 | \$ 203,100 | \$ 62,757 | \$ — |

| Description of Securities | Fair Value as of March 31, 2016 | 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 | \$ 1,421 | \$ — | \$ — | \$ 1,421 |
| Available for sale: | | | | |
| U.S. Government Bonds | \$ 61,868 | \$ 61,868 | \$ — | \$ — |
| Federal Agency Mortgage Backed Securities | 19,448 | — | 19,448 | — |
| Municipal Obligations | 16,144 | — | 16,144 | — |
| Corporate Obligations | 22,413 | — | 22,413 | — |
| Subtotal, Debt Securities | 119,873 | 61,868 | 58,005 | — |
| Common Stock | 64,644 | 64,644 | — | — |
| Equity Mutual Funds | 42,244 | 42,244 | — | — |
| Institutional Funds-International Equity | 22,945 | 22,945 | — | — |
| Cash and Cash Equivalents | 6,002 | 6,002 | — | — |
| Total Available for Sale | \$ 255,708 | \$ 197,703 | \$ 58,005 | \$ — |

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 months ended March 31, 2017 and 2016. There were no purchases, sales, issuances, and settlements related to the assets in the Level 3 fair value measurement category during the three months ended March 31, 2017 and 2016.

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 | | (11,810,046) | (13,913,805) | | |
| 2 | | 159,368 | (7,469,034) | | |
| 3 | | | 14,266,824 | | |
| 4 | | 159,368 | 6,797,790 | 97,956,132 | 104,753,922 |
| 5 | | (11,650,678) | (7,116,015) | | |
| 6 | | (11,650,678) | (7,116,015) | | |
| 7 | | 52,126 | (2,233,354) | | |
| 8 | | | 6,165,152 | | |
| 9 | | 52,126 | 3,931,798 | (3,518,467) | 413,331 |
| 10 | | (11,598,552) | (3,184,217) | | |

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.

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 \$0.7 million pre-tax of this accumulated other comprehensive income item will be reclassified to interest expense.

**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) | 3,975,056,862 | 3,975,056,862 |
| 4 | Property Under Capital Leases | | |
| 5 | Plant Purchased or Sold | | |
| 6 | Completed Construction not Classified | 792,555,833 | 792,555,833 |
| 7 | Experimental Plant Unclassified | | |
| 8 | Total (3 thru 7) | 4,767,612,695 | 4,767,612,695 |
| 9 | Leased to Others | | |
| 10 | Held for Future Use | | |
| 11 | Construction Work in Progress | 159,325,725 | 159,325,725 |
| 12 | Acquisition Adjustments | | |
| 13 | Total Utility Plant (8 thru 12) | 4,926,938,420 | 4,926,938,420 |
| 14 | Accum Prov for Depr, Amort, & Depl | 2,185,235,073 | 2,185,235,073 |
| 15 | Net Utility Plant (13 less 14) | 2,741,703,347 | 2,741,703,347 |
| 16 | Detail of Accum Prov for Depr, Amort & Depl | | |
| 17 | In Service: | | |
| 18 | Depreciation | 2,128,333,948 | 2,128,333,948 |
| 19 | Amort & Depl of Producing Nat Gas Land/Land Right | | |
| 20 | Amort of Underground Storage Land/Land Rights | | |
| 21 | Amort of Other Utility Plant | 56,901,125 | 56,901,125 |
| 22 | Total In Service (18 thru 21) | 2,185,235,073 | 2,185,235,073 |
| 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) | 2,185,235,073 | 2,185,235,073 |

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 | 145,465,950 | 56,901,125 |
| 2 | Steam Production Plant | 492,291,413 | 234,294,987 |
| 3 | Nuclear Production Plant | 1,800,443,844 | 1,227,358,789 |
| 4 | Hydraulic Production - Conventional | | |
| 5 | Hydraulic Production - Pumped Storage | | |
| 6 | Other Production | 494,234,732 | 32,887,031 |
| 7 | Transmission | 472,070,906 | 219,946,993 |
| 8 | Distribution | 1,132,073,628 | 349,848,988 |
| 9 | Regional Transmission and Market Operation | | |
| 10 | General | 231,032,222 | 63,997,160 |
| 11 | TOTAL (Total of lines 1 through 10) | 4,767,612,695 | 2,185,235,073 |

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 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
| 5 | | | | | |
| 6 | | | | | |
| 7 | | | | | |
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| 12 | | | | | |
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| 15 | | | | | |
| 16 | | | | | |
| 17 | | | | | |
| 18 | | | | | |
| 19 | | | | | |
| 20 | | | | | |
| 21 | Generation Studies | | | | |
| 22 | | | | | |
| 23 | LA450S PV Project SIS | 43,196 | 186-000 | (43,196) | 186-000 |
| 24 | | | | | |
| 25 | | | | | |
| 26 | | | | | |
| 27 | | | | | |
| 28 | | | | | |
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|--|---|---------------------------------------|--|
| Name of Respondent El Paso Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report End of <u>2017/Q1</u> |
|--|---|---------------------------------------|--|

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 | | Balance at end of Current Quarter/Year (f) |
|-----------|---|---|-------------------|---|---|---|
| | | | | Written off During the Quarter /Year Account Charged (d) | Written off During the Period Amount (e) | |
| 1 | Taxes - Regulatory Assets | 98,840,584 | 712,598 | various | 1,876,790 | 97,676,392 |
| 2 | | | | | | |
| 3 | Rio Grande Resources Trust: | | | | | |
| 4 | Nuclear Fuel Postload Daily Finance Charge | 4,100,055 | 655,321 | 518 | 839,246 | 3,916,130 |
| 5 | | | | | | |
| 6 | Coal Reclamation | 8,180,818 | | 501/407 | 209,633 | 7,971,185 |
| 7 | | | | | | |
| 8 | New Mexico Four Corners Decommissioning | 1,400,433 | | | | 1,400,433 |
| 9 | | | | | | |
| 10 | Net Undercollection of Fuel Revenues: | | | | | |
| 11 | Texas | 11,122,910 | | 440s | 8,603,537 | 2,519,373 |
| 12 | | | | | | |
| 13 | Texas: | | | | | |
| 14 | 2015 Texas Rate Case Costs | 2,669,925 | 690 | 928 | 381,417 | 2,289,198 |
| 15 | 2017 Texas Rate Case Costs | 245,991 | 811,894 | | | 1,057,885 |
| 16 | | | | | | |
| 17 | Texas Energy Efficiency | | | | | |
| 18 | | | | | | |
| 19 | Texas Relate Back Surcharge | 6,455,308 | 8,455 | 131 | 1,748,508 | 4,715,255 |
| 20 | | | | | | |
| 21 | New Mexico Renewable Energy | | | | | |
| 22 | Credits and Related Costs | 6,936,771 | 329 | 407.3 | 278,760 | 6,658,340 |
| 23 | | | | | | |
| 24 | New Mexico: | | | | | |
| 25 | 2010 FPPCAC Audit | 398,073 | | 407.3 | 18,093 | 379,980 |
| 26 | 2015 New Mexico Rate Case Costs | 1,073,584 | | 928 | 107,358 | 966,226 |
| 27 | 2017 New Mexico Rate Case Costs | 10,441 | 34,092 | 928 | 44,533 | |
| 28 | | | | | | |
| 29 | Palo Verde Deferred Depreciation | 4,415,401 | | 407.3 | 38,046 | 4,377,355 |
| 30 | | | | | | |
| 31 | | | | | | |
| 32 | | | | | | |
| 33 | | | | | | |
| 34 | | | | | | |
| 35 | | | | | | |
| 36 | | | | | | |
| 37 | | | | | | |
| 38 | | | | | | |
| 39 | | | | | | |
| 40 | | | | | | |
| 41 | | | | | | |
| 42 | | | | | | |
| 43 | | | | | | |
| 44 | TOTAL : | 145,850,294 | 2,223,379 | | 14,145,921 | 133,927,752 |
| | | | | | | |

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

This amount represents the Company's total final coal mine reclamation unamortized costs, based on a 2014 Golder Associate Study, related to the Company's 7% interest in Units 4 and 5 at Four Corners. Final coal mine reclamation represents the cost to reclaim the land disturbed during the coal mining that was not previously reclaimed while the mine was in operation. Current ongoing reclamation of land was passed through as reconcilable fuel costs.

On February 17, 2015, the Company and Arizona Public Service Company ("APS") entered into an asset purchase agreement (the "Purchase and Sale Agreement") providing for the purchase by APS of the Company's interests in Four Corners. The Four Corners transaction closed on July 6, 2016.

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. This case was assigned PUCT Docket No. 44805. Subsequent to the filing of the application, the case has been subject to numerous procedural matters, including a March 23, 2016 order in which the PUCT determined not to dismiss the reasonableness and public interest issues in this docket but to consider the requested rate and accounting findings, including mine reclamation costs, in a rate case proceeding. On September 1, 2016, a motion by parties in the proceeding to suspend the procedural schedule in order to pursue settlement was approved. On March 3, 2017, the Company filed a Joint Motion to Implement Stipulation and Agreement, and commission Staff filed its recommendation that the Company's disposition of the Four Corners Power Plant was reasonable and consistent with the public interest. A final order approving the Stipulation and Agreement was adopted by the PUCT on March 30, 2017.

At March 31, 2017, the regulatory asset associated with the Four Corners mine reclamation costs for the Company's Texas jurisdiction was approximately \$6.9 million. Until otherwise determined, the Company will continue to recover its mine reclamation costs in Texas under previous orders and decisions of the PUCT. While not binding to the PUCT, the Stipulation and Agreement acknowledged an agreement among the parties related to the rate and accounting treatment of certain costs of Four Corners, including coal reclamation costs. Pursuant to the commission's order in PUCT Docket No. 44805, recovery of these costs will be addressed in appropriate base rate and fuel-related proceedings. If the PUCT makes a determination that results in changes to how existing regulatory assets or previously incurred costs for Four Corners are recovered in rates, any such changes will be recognized for financial reporting purposes only when it becomes probable future cash flows will change as a result of such regulatory actions.

Pursuant to the final order in NMPRC Case No. 15-00109-UT, the New Mexico jurisdiction portion of the coal reclamation costs are to be recovered through the FPPPCAC over a seven-year period beginning with the rate case to be filed after closing the sale of Four Corners on July 6, 2016.

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

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 Four Corners on July 6, 2016.

Schedule Page: 232 Line No.: 14 Column: a

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

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

The Company requested these costs as a component of base rates in the Company's 2017 rate case, PUCT Docket No. 46831, which was filed on February 13, 2017.

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

In accordance with the Final Order in Docket No. 37690, the Company began recovering Energy Efficiency Program costs effective July 2010, through a tariff rider approved by the PUCT via Texas Rate 97. The rate is updated annually. At March 31, 2017, the balance is presented as a regulatory liability in account 254.3.

Schedule Page: 232 Line No.: 19 Column: a

On August 25, 2016, the PUCT issued its final order in Docket No. 44941 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.

Schedule Page: 232 Line No.: 22 Column: a

In the 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 rate case filing.

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

Represents costs incurred for a Fuel and Purchased Power Adjustment Clause (FPPCAC) audit. The Company requested such amounts in 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.: 26 Column: a

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

Schedule Page: 232 Line No.: 27 Column: a

NMPRC Case No. 15-00109-UT required the Company to make a rate filing in New Mexico in the second quarter of 2017 using a historical test year ended December 31, 2016. On March 24, 2017, the Comapny, NMPRC Utility Division Staff and the New Mexico Attorney General filed a Joint Motion to Modify Filing Date Stated in Final Order requesting that the rate filing date be changed to no later than July 31, 2019, using the appropriate historical test year period. The joint request was approved by the NMPRC on April 12, 2017. These costs represent costs deferred and subsequently expensed upon approval of aforementioned joint request.

Schedule Page: 232 Line No.: 29 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 NRC 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 Beginning of Current Quarter/Year (b) | DEBITS | | Credits (e) | Balance at End of Current Quarter/Year (f) |
|----------|--|---|-------------------------|---------------|----------------|---|
| | | | Account Credited (c) | Amount (d) | | |
| 1 | Regulatory Tax Liabilities | 35,186,901 | various | 310,992 | 3,386,541 | 38,262,450 |
| 2 | | | | | | |
| 3 | Net Overcollection of Fuel Revenues: | | | | | |
| 4 | | | | | | |
| 5 | New Mexico | 251,432 | 440s | 101,123 | | 150,309 |
| 6 | FERC | 3,468 | | | 27,490 | 30,958 |
| 7 | | | | | | |
| 8 | New Mexico Energy Efficiency Program | 2,159,331 | 131 | 2,306,113 | 987,097 | 840,315 |
| 9 | | | | | | |
| 10 | Texas Energy Efficiency Program | 1,288,279 | 131 | 1,229,545 | 950,262 | 1,008,996 |
| 11 | | | | | | |
| 12 | Texas Military Base Discount and Recovery | 183,919 | 142 | 531,710 | 403,338 | 55,547 |
| 13 | | | | | | |
| 14 | New Mexico Gain on Sale of Assets | 827,992 | 407.4 | 65,310 | | 762,682 |
| 15 | | | | | | |
| 16 | | | | | | |
| 17 | | | | | | |
| 18 | | | | | | |
| 19 | | | | | | |
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| 36 | | | | | | |
| 37 | | | | | | |
| 38 | | | | | | |
| 39 | | | | | | |
| 40 | | | | | | |
| 41 | TOTAL | 39,901,322 | | 4,544,793 | 5,754,728 | 41,111,257 |

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

Amortization period ranges from 5 to 40 years.

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

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

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

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

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

PURA Section 36.354 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 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: 278 Line No.: 14 Column: a

In accordance with the 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.

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 | 65,036,352 | 60,221,593 |
| 3 | (442) Commercial and Industrial Sales | | |
| 4 | Small (or Comm.) (See Instr. 4) | 45,671,040 | 42,483,243 |
| 5 | Large (or Ind.) (See Instr. 4) | 13,091,632 | 12,518,037 |
| 6 | (444) Public Street and Highway Lighting | 1,313,814 | 1,136,442 |
| 7 | (445) Other Sales to Public Authorities | 24,311,776 | 23,473,822 |
| 8 | (446) Sales to Railroads and Railways | | |
| 9 | (448) Interdepartmental Sales | | |
| 10 | TOTAL Sales to Ultimate Consumers | 149,424,614 | 139,833,137 |
| 11 | (447) Sales for Resale | 14,873,590 | 11,975,892 |
| 12 | TOTAL Sales of Electricity | 164,298,204 | 151,809,029 |
| 13 | (Less) (449.1) Provision for Rate Refunds | | |
| 14 | TOTAL Revenues Net of Prov. for Refunds | 164,298,204 | 151,809,029 |
| 15 | Other Operating Revenues | | |
| 16 | (450) Forfeited Discounts | 290,248 | 242,840 |
| 17 | (451) Miscellaneous Service Revenues | 1,773,226 | 767,338 |
| 18 | (453) Sales of Water and Water Power | | |
| 19 | (454) Rent from Electric Property | 659,677 | 597,681 |
| 20 | (455) Interdepartmental Rents | | |
| 21 | (456) Other Electric Revenues | 46,195 | 75,825 |
| 22 | (456.1) Revenues from Transmission of Electricity of Others | 4,267,457 | 4,316,662 |
| 23 | (457.1) Regional Control Service Revenues | | |
| 24 | (457.2) Miscellaneous Revenues | | |
| 25 | | | |
| 26 | TOTAL Other Operating Revenues | 7,036,803 | 6,000,346 |
| 27 | TOTAL Electric Operating Revenues | 171,335,007 | 157,809,375 |

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 |
| 545,128 | 569,085 | | | 2 |
| | | | | 3 |
| 500,590 | 500,226 | | | 4 |
| 252,998 | 244,926 | | | 5 |
| 10,059 | 9,727 | | | 6 |
| 325,504 | 336,508 | | | 7 |
| | | | | 8 |
| | | | | 9 |
| 1,634,279 | 1,660,472 | | | 10 |
| 844,054 | 836,217 | | | 11 |
| 2,478,333 | 2,496,689 | | | 12 |
| | | | | 13 |
| 2,478,333 | 2,496,689 | | | 14 |

Line 12, column (b) includes \$ -3,527,000 of unbilled revenues.
 Line 12, column (d) includes -47,849 MWH relating to unbilled revenues

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

Includes 236,371 MWs 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 245,703 MWs 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 236,371 MWs 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 245,703 MWs 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 236,371 MWs 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 245,703 MWs 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:

| | <u>March 2017</u> |
|---|-------------------|
| Non Pay Reconnect Charges | 523,012 |
| Name Change/Cut in Charge | 588,042 |
| New Service Charges | 105,022 |
| Overhead/Underground Connection Charges | 151,470 |
| Texas Energy Efficiency Bonus | 329,437 |
| Misc Other | <u>76,243</u> |
| Total | <u>1,773,226</u> |

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

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

| | <u>March 2016</u> |
|---|-------------------|
| Non Pay Reconnect Charges | 312,825 |
| Name Change/Cut in Charge | 266,554 |
| New Service Charges | 78,503 |
| Overhead/Underground Connection Charges | 45,538 |
| Misc Other | <u>63,918</u> |
| Total | <u>767,338</u> |

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) | 21,339,484 |
| 3 | Steam Power Generation - Maintenance (510-515) | 11,591,775 |
| 4 | Total Power Production Expenses - Steam Power | 32,931,259 |
| 5 | Nuclear Power Generation - Operation (517-525) | 22,911,602 |
| 6 | Nuclear Power Generation - Maintenance (528-532) | 3,558,527 |
| 7 | Total Power Production Expenses - Nuclear Power | 26,470,129 |
| 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) | 8,279,411 |
| 12 | Other Power Generation - Maintenance (551-554.1) | 1,269,087 |
| 13 | Total Power Production Expenses - Other Power | 9,548,498 |
| 14 | Other Power Supply Expenses | |
| 15 | Purchased Power (555) | 13,672,588 |
| 16 | System Control and Load Dispatching (556) | 260,772 |
| 17 | Other Expenses (557) | |
| 18 | Total Other Power Supply Expenses (line 15-17) | 13,933,360 |
| 19 | Total Power Production Expenses (Total of lines 4, 7, 10, 13 and 18) | 82,883,246 |
| 20 | 2. TRANSMISSION EXPENSES | |
| 21 | Transmission Operation Expenses | |
| 22 | (560) Operation Supervision and Engineering | 335,312 |
| 23 | | |
| 24 | (561.1) Load Dispatch-Reliability | 15,117 |
| 25 | (561.2) Load Dispatch-Monitor and Operate Transmission System | 179,325 |
| 26 | (561.3) Load Dispatch-Transmission Service and Scheduling | 190,182 |
| 27 | (561.4) Scheduling, System Control and Dispatch Services | 121,439 |
| 28 | (561.5) Reliability, Planning and Standards Development | 226,012 |
| 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 | 70,234 |
| 33 | (563) Overhead Line Expenses | 7,007 |
| 34 | (564) Underground Line Expenses | |
| 35 | (565) Transmission of Electricity by Others | 1,550,973 |
| 36 | (566) Miscellaneous Transmission Expenses | 1,495,874 |
| 37 | (567) Rents | 140,010 |
| 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) | 4,331,485 |
| 40 | Transmission Maintenance Expenses | |
| 41 | (568) Maintenance Supervision and Engineering | 15,354 |
| 42 | (569) Maintenance of Structures | 19,795 |
| 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 | 144,240 |
| 48 | (571) Maintenance Overhead Lines | 241,336 |
| 49 | (572) Maintenance of Underground Lines | |
| 50 | (573) Maintenance of Miscellaneous Transmission Plant | 3,414 |
| 51 | (574) Maintenance of Transmission Plant | |
| 52 | TOTAL Transmission Maintenance Expenses (Lines 41 - 51) | 424,139 |
| 53 | Total Transmission Expenses (Lines 39 and 52) | 4,755,624 |
| 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) | 3,635,830 |
| 74 | Distribution Maintenance Expenses (590-598) | 2,025,618 |
| 75 | Total Distribution Expenses (Lines 73 and 74) | 5,661,448 |

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 | 4,373,155 |
| 2 | (907-910) Customer Service and Information Expenses | 52,086 |
| 3 | (911-917) Sales Expenses | |
| 4 | 8. ADMINISTRATIVE AND GENERAL EXPENSES | |
| 5 | Operations | |
| 6 | 920 Administrative and General Salaries | 6,444,620 |
| 7 | 921 Office Supplies and Expenses | 1,069,538 |
| 8 | (Less) 922 Administrative Expenses Transferred-Credit | |
| 9 | 923 Outside Services Employed | 3,514,406 |
| 10 | 924 Property Insurance | 1,032,936 |
| 11 | 925 Injuries and Damages | 1,334,960 |
| 12 | 926 Employee Pensions and Benefits | 6,888,821 |
| 13 | 927 Franchise Requirements | |
| 14 | 928 Regulatory Commission Expenses | 1,640,544 |
| 15 | (Less) 929 Duplicate Charges-Credit | |
| 16 | 930.1 General Advertising Expenses | 136,609 |
| 17 | 930.2 Miscellaneous General Expenses | 3,593,529 |
| 18 | 931 Rents | 59,775 |
| 19 | TOTAL Operation (Total of lines 6 thru 18) | 25,715,738 |
| 20 | Maintenance | |
| 21 | 935 Maintenance of General Plant | 2,121,296 |
| 22 | TOTAL Administrative and General Expenses (Total of lines 19 and 21) | 27,837,034 |

Schedule Page: 324 Line No.: 5 Column: b

Includes a DOE refund of \$1,567,606.

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 | Rio Grande Electric Co-Op | El Paso Electric Marketing | El Paso Electric Marketing | FNO |
| 2 | Arizona Electric Power Cooperative | Salt River Project | Arizona Public Service Company | LFP |
| 3 | Arizona Electric Power Cooperative | Salt River Project | Arizona Public Service Company | NF |
| 4 | Arizona Electric Power Cooperative | Salt River Project | Arizona Public Service Company | SFP |
| 5 | Arizona Electric Power Cooperative | Arizona Public Service Company | Salt River Project | SFP |
| 6 | Coral Power | Salt River Project | Arizona Public Service Company | LFP |
| 7 | Coral Power | Salt River Project | Arizona Public Service Company | SFP |
| 8 | Eagle Energy Partners | Salt River Project | Salt River Project | SFP |
| 9 | Eagle Energy Partners | Arizona Public Service Company | Salt River Project | NF |
| 10 | Imperial Irrigation District | Salt River Project | Arizona Public Service Company | NF |
| 11 | Macquarie Cook Power | Arizona Public Service Company | Salt River Project | NF |
| 12 | Macquarie Cook Power | Arizona Public Service Company | Salt River Project | SFP |
| 13 | Powerex | Salt River Project | Arizona Public Service Company | NF |
| 14 | Public Service Company of New Mexico | Public Service Company of New Mex | Public Service Company of New Mex | NF |
| 15 | Public Service Company of New Mexico | Public Service Company of New Mex | Public Service Company of New Mex | NF |
| 16 | Public Service Company of New Mexico | Public Service Company of New Mex | Public Service Company of New Mex | SFP |
| 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 | Public Service Company of New Mex | Public Service Company of New Mex | SFP |
| 19 | Public Service Company of New Mexico | Public Service Company of New Mex | Public Service Company of New Mex | SFP |
| 20 | Public Service Company of New Mexico | Public Service Company of New Mex | Tucson Electric Power Company | LFP |
| 21 | Public Service Company of New Mexico | Public Service Company of New Mex | Tucson Electric Power Company | SFP |
| 22 | Public Service Company of New Mexico | Public Service Company of New Mex | Public Service Company of New Mex | LFP |
| 23 | Public Service Company of New Mexico | Public Service Company of New Mex | Public Service Company of New Mex | SFP |
| 24 | Public Service Company of New Mexico | Tucson Electric Power Company | Public Service Company of New Mex | SFP |
| 25 | Public Service Company of New Mexico | Public Service Company of New Mex | Public Service Company of New Mex | SFP |
| 26 | Public Service Company of New Mexico | Public Service Company of New Mex | Public Service Company of New Mex | SFP |
| 27 | Public Service Company of New Mexico | Public Service Company of New Mex | Tucson Electric Power Company | LFP |
| 28 | Public Service Company of New Mexico | Public Service Company of New Mex | Tucson Electric Power Company | NF |
| 29 | Public Service Company of New Mexico | Public Service Company of New Mex | Tucson Electric Power Company | SFP |
| 30 | Public Service Company of New Mexico | Public Service Company of New Mex | Tucson Electric Power Company | SFP |
| 31 | Public Service Company of New Mexico | Tucson Electric Power Company | Public Service Company of New Mex | NF |
| 32 | Public Service Company of New Mexico | Public Service Company of New Mex | Public Service Company of New Mex | LFP |
| 33 | Public Service Company of New Mexico | Public Service Company of New Mex | Public Service Company of New Mex | NF |
| 34 | Public Service Company of New Mexico | Public Service Company of New Mex | Public Service Company of New Mex | SFP |
| | TOTAL | | | |

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456)(Continued)
(Including transactions referred 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 (Substation or Other Designation) (f) | Point of Delivery (Substation or Other Designation) (g) | Billing Demand (MW) (h) | TRANSFER OF ENERGY | | Line No. |
|---|--|---|-------------------------|-----------------------------|------------------------------|----------|
| | | | | MegaWatt Hours Received (i) | MegaWatt Hours Delivered (j) | |
| OATT | EPE System | Coyote/Farmer | 6 | 10,921 | 10,921 | 1 |
| OATT | Palo Verde | Westwing | 125 | 34,393 | 34,393 | 2 |
| OATT | Palo Verde | Westwing | | 8,136 | 8,136 | 3 |
| OATT | Palo Verde | Westwing | | 1,214 | 1,214 | 4 |
| OATT | Westwing | Palo Verde | | 8,484 | 8,484 | 5 |
| OATT | Palo Verde | Westwing | 125 | 74,817 | 74,817 | 6 |
| OATT | Palo Verde | Westwing | | 112 | 112 | 7 |
| OATT | Jojoba | Palo Verde | | 30 | 30 | 8 |
| OATT | Westwing | Palo Verde | | 268 | 268 | 9 |
| OATT | Palo Verde | Westwing | | 4,600 | 4,600 | 10 |
| OATT | Westwing | Palo Verde | | 252 | 252 | 11 |
| OATT | Westwing | Palo Verde | | 6,268 | 6,268 | 12 |
| OATT | Palo Verde | Westwing | | 322 | 322 | 13 |
| OATT | Afton | Amrad | | 1,485 | 1,485 | 14 |
| OATT | Afton | Amrad | | 104 | 104 | 15 |
| OATT | Afton | Amrad | | 4,063 | 4,063 | 16 |
| OATT | Afton | Amrad | | 171 | 171 | 17 |
| OATT | Afton | Luna | | 4,613 | 4,613 | 18 |
| OATT | Afton | Luna | | 1,382 | 1,382 | 19 |
| OATT | Afton | Springerville | 94 | 18,050 | 18,050 | 20 |
| OATT | Afton | Springerville | | 798 | 798 | 21 |
| OATT | Afton | Westmesa | 141 | 18,177 | 18,177 | 22 |
| OATT | Afton | Westmesa | | 4,173 | 4,173 | 23 |
| OATT | Greenlee | Luna | | 470 | 470 | 24 |
| OATT | Las Cruces | Amrad | | 3,270 | 3,270 | 25 |
| OATT | Las Cruces | Amrad | | 139 | 139 | 26 |
| OATT | Luna | Springerville | 60 | 42,000 | 42,000 | 27 |
| OATT | Luna | Springerville | | | | 28 |
| OATT | Luna | Springerville | | 2,137 | 2,137 | 29 |
| OATT | Luna | Springerville | 60 | 6,359 | 6,359 | 30 |
| OATT | Springerville | Luna | | 358 | 358 | 31 |
| OATT | Westmesa | Amrad | 25 | 36,371 | 36,371 | 32 |
| OATT | Westmesa | Amrad | | 650 | 650 | 33 |
| OATT | Westmesa | Amrad | | 1,540 | 1,540 | 34 |
| | | | 886 | 775,758 | 775,758 | |

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456) (Continued)
(Including transactions referred 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. |
|-------------------------------|-------------------------------|--------------------------------|---------------------------------------|-------------|
| 38,450 | | | 38,450 | 1 |
| 148,147 | | | 148,147 | 2 |
| | 6,994 | | 6,994 | 3 |
| | 987 | | 987 | 4 |
| | 7,391 | | 7,391 | 5 |
| 153,220 | | | 153,220 | 6 |
| | | | | 7 |
| | 79 | | 79 | 8 |
| | 155 | | 155 | 9 |
| | 4,047 | | 4,047 | 10 |
| | 235 | | 235 | 11 |
| | 6,396 | | 6,396 | 12 |
| | 305 | | 305 | 13 |
| | 6,019 | | 6,019 | 14 |
| | 133 | | 133 | 15 |
| | 15,745 | | 15,745 | 16 |
| | | | | 17 |
| | 18,602 | | 18,602 | 18 |
| | 5,189 | | 5,189 | 19 |
| 681,801 | | | 681,801 | 20 |
| | 113 | | 113 | 21 |
| 570,552 | | | 570,552 | 22 |
| | 16,935 | | 16,935 | 23 |
| | 11,694 | | 11,694 | 24 |
| | 9,260 | | 9,260 | 25 |
| | | | | 26 |
| 436,365 | | | 436,365 | 27 |
| | 23 | | 23 | 28 |
| | 3,445 | | 3,445 | 29 |
| 436,365 | | | 436,365 | 30 |
| | 4,308 | | 4,308 | 31 |
| 153,191 | | | 153,191 | 32 |
| | 6,443 | | 6,443 | 33 |
| | | | | 34 |
| 3,688,626 | 578,831 | 0 | 4,267,457 | |

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 | Public Service Company of New Mexico | Public Service Company of New Mex | Public Service Company of New Mex | NF |
| 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 | Tenaska Power Services Company | Salt River Project | Arizona Public Service Company | NF |
| 5 | Transalta | Salt River Project | Arizona Public Service Company | NF |
| 6 | Tristate Generating and Transmission Coop | Tucson Electric Power Company | Public Service Company of New Mex | NF |
| 7 | Tristate Generating and Transmission Coop | Tucson Electric Power Company | Public Service Company of New Mex | LFP |
| 8 | Tristate Generating and Transmission Coop | Tucson Electric Power Company | Public Service Company of New Mex | SFP |
| 9 | Tristate Generating and Transmission Coop | Public Service Company of New Mex | Public Service Company of New Mex | NF |
| 10 | Tristate Generating and Transmission Coop | Public Service Company of New Mex | Public Service Company of New Mex | SFP |
| 11 | Tristate Generating and Transmission Coop | Public Service Company of New Mex | Public Service Company of New Mex | SFP |
| 12 | Tucson Electric Power | Salt River Project | Salt River Project | LFP |
| 13 | Tucson Electric Power | Salt River Project | Salt River Project | SFP |
| 14 | Tucson Electric Power | Salt River Project | Salt River Project | NF |
| 15 | Tucson Electric Power | Salt River Project | Salt River Project | SFP |
| 16 | Tucson Electric Power | Salt River Project | Arizona Public Service Company | NF |
| 17 | Tucson Electric Power | Public Service Company of New Mex | Tucson Electric Power Company | LFP |
| 18 | Tucson Electric Power | Public Service Company of New Mex | Tucson Electric Power Company | NF |
| 19 | Tucson Electric Power | Public Service Company of New Mex | Tucson Electric Power Company | NF |
| 20 | Tucson Electric Power | Public Service Company of New Mex | Tucson Electric Power Company | NF |
| 21 | Tucson Electric Power | Public Service Company of New Mex | Tucson Electric Power Company | SFP |
| 22 | Tucson Electric Power | Public Service Company of New Mex | Public Service Company of New Mex | NF |
| 23 | Tucson Electric Power | Public Service Company of New Mex | Tucson Electric Power Company | LFP |
| 24 | Tucson Electric Power | Public Service Company of New Mex | Tucson Electric Power Company | NF |
| 25 | Tucson Electric Power | Public Service Company of New Mex | Tucson Electric Power Company | SFP |
| 26 | Tucson Electric Power | Tucson Electric Power Company | Tucson Electric Power Company | NF |
| 27 | Tucson Electric Power | Tucson Electric Power Company | Tucson Electric Power Company | SFP |
| 28 | Tucson Electric Power | Tucson Electric Power Company | Tucson Electric Power Company | SFP |
| 29 | Tucson Electric Power | Salt River Project | Salt River Project | SFP |
| 30 | Tucson Electric Power | Salt River Project | Arizona Public Service Company | NF |
| 31 | Tucson Electric Power | Salt River Project | Arizona Public Service Company | NF |
| 32 | Tucson Electric Power | Salt River Project | Arizona Public Service Company | SFP |
| 33 | Tucson Electric Power | Tucson Electric Power Company | Tucson Electric Power Company | NF |
| 34 | Tucson Electric Power | Tucson Electric Power Company | Public Service Company of New Mex | NF |
| | TOTAL | | | |

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456)(Continued)
(Including transactions referred 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 (Substation or Other Designation) (f) | Point of Delivery (Substation or Other Designation) (g) | Billing Demand (MW) (h) | TRANSFER OF ENERGY | | Line No. |
|---|--|---|-------------------------|-----------------------------|------------------------------|----------|
| | | | | MegaWatt Hours Received (i) | MegaWatt Hours Delivered (j) | |
| OATT | Westmesa | Las Cruces | | 3,270 | 3,270 | 1 |
| OATT | Westmesa | Las Cruces | | 139 | 139 | 2 |
| OATT | Westmesa | Las Cruces | | 509 | 509 | 3 |
| OATT | Palo Verde | Westwing | | 85 | 85 | 4 |
| OATT | Palo Verde | Westwing | | 476 | 476 | 5 |
| OATT | Springerville | Las Cruces | | 826 | 826 | 6 |
| 80 | Springerville | Las Cruces/Orogrande | 50 | 88,789 | 88,789 | 7 |
| OATT | Springerville | Las Cruces/Orogrande | | 3,755 | 3,755 | 8 |
| OATT | Westmesa | Las Cruces | | 432 | 432 | 9 |
| OATT | Westmesa | Las Cruces/Orogrande | | 263 | 263 | 10 |
| OATT | Westmesa | Las Cruces/Orogrande | | 12 | 12 | 11 |
| OATT | Jojoba | Kyrene | 142 | 40,451 | 40,451 | 12 |
| OATT | Jojoba | Kyrene | | 131 | 131 | 13 |
| OATT | Jojoba | Palo Verde | | 592 | 592 | 14 |
| OATT | Jojoba | Palo Verde | | 445 | 445 | 15 |
| OATT | Jojoba | Westwing | | 2,162 | 2,162 | 16 |
| OATT | Luna | Greenlee | 30 | 28,257 | 28,257 | 17 |
| OATT | Luna | Greenlee | 2 | 600 | 600 | 18 |
| OATT | Luna | Greenlee | | 6,580 | 6,580 | 19 |
| OATT | Luna | Greenlee | 4 | 1,809 | 1,809 | 20 |
| OATT | Luna | Greenlee | | 1,194 | 1,194 | 21 |
| OATT | Luna | Hidalgo | | 824 | 824 | 22 |
| OATT | Luna | Springerville | 10 | | | 23 |
| OATT | Luna | Springerville | | 877 | 877 | 24 |
| OATT | Luna | Springerville | | 334 | 334 | 25 |
| OATT | Macho Springs | Springerville | | 455 | 455 | 26 |
| OATT | Macho Springs | Springerville | | 6,615 | 6,615 | 27 |
| OATT | Macho Springs | Springerville | 10 | 11,537 | 11,537 | 28 |
| OATT | Palo Verde | Jojoba | | 602 | 602 | 29 |
| OATT | Palo Verde | Westwing | | 1,200 | 1,200 | 30 |
| OATT | Palo Verde | Westwing | | 44,076 | 44,076 | 31 |
| OATT | Palo Verde | Westwing | | 2 | 2 | 32 |
| OATT | Springerville | Greenlee | | | | 33 |
| OATT | Springerville | Luna | | 140 | 140 | 34 |
| | | | 886 | 775,758 | 775,758 | |

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456) (Continued)
(Including transactions referred 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. |
|-------------------------------|-------------------------------|--------------------------------|---------------------------------------|-------------|
| | 13,923 | | 13,923 | 1 |
| | | | | 2 |
| | 3,002 | | 3,002 | 3 |
| | 80 | | 80 | 4 |
| | 456 | | 456 | 5 |
| | | | | 6 |
| 346,500 | | | 346,500 | 7 |
| | | | | 8 |
| | 2,046 | | 2,046 | 9 |
| | | | | 10 |
| | | | | 11 |
| 394,338 | | | 394,338 | 12 |
| | | | | 13 |
| | 1,207 | | 1,207 | 14 |
| | 1,809 | | 1,809 | 15 |
| | 10,302 | | 10,302 | 16 |
| 218,183 | | | 218,183 | 17 |
| 4,848 | | | 4,848 | 18 |
| | 87,147 | | 87,147 | 19 |
| 19,392 | | | 19,392 | 20 |
| | | | | 21 |
| | 4,855 | | 4,855 | 22 |
| | | | | 23 |
| | 6,524 | | 6,524 | 24 |
| | 1,826 | | 1,826 | 25 |
| | 2,084 | | 2,084 | 26 |
| | 90,502 | | 90,502 | 27 |
| 72,728 | | | 72,728 | 28 |
| | 2,579 | | 2,579 | 29 |
| | 673 | | 673 | 30 |
| | 32,920 | | 32,920 | 31 |
| | 1 | | 1 | 32 |
| | 11 | | 11 | 33 |
| | 1,529 | | 1,529 | 34 |
| 3,688,626 | 578,831 | 0 | 4,267,457 | |

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 | UniSource Energy Services | Salt River Project | Salt River Project | SFP |
| 2 | UniSource Energy Services | Salt River Project | Arizona Public Service Company | NF |
| 3 | Western Area Power Admin | Public Service Company of New Mex | Public Service Company of New Mex | LFP |
| 4 | Western Area Power Admin | Public Service Company of New Mex | Public Service Company of New Mex | SFP |
| 5 | | | | |
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| 32 | | | | |
| 33 | | | | |
| 34 | | | | |
| | TOTAL | | | |

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456)(Continued)
(Including transactions referred 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 (Substation or Other Designation) (f) | Point of Delivery (Substation or Other Designation) (g) | Billing Demand (MW) (h) | TRANSFER OF ENERGY | | Line No. |
|---|--|---|-------------------------|-----------------------------|------------------------------|----------|
| | | | | MegaWatt Hours Received (i) | MegaWatt Hours Delivered (j) | |
| OATT | Jojoba | Palo Verde | | 35 | 35 | 1 |
| OATT | Palo Verde | Westwing | | 230,063 | 230,063 | 2 |
| OATT | Westmesa | Holloman | 2 | 2,009 | 2,009 | 3 |
| OATT | Westmesa | Holloman | | 85 | 85 | 4 |
| | | | | | | 5 |
| | | | | | | 6 |
| | | | | | | 7 |
| | | | | | | 8 |
| | | | | | | 9 |
| | | | | | | 10 |
| | | | | | | 11 |
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| | | | | | | 30 |
| | | | | | | 31 |
| | | | | | | 32 |
| | | | | | | 33 |
| | | | | | | 34 |
| | | | 886 | 775,758 | 775,758 | |

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456) (Continued)
(Including transactions referred 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. |
|-------------------------------|-------------------------------|--------------------------------|---------------------------------------|-------------|
| | 980 | | 980 | 1 |
| | 189,877 | | 189,877 | 2 |
| 14,546 | | | 14,546 | 3 |
| | | | | 4 |
| | | | | 5 |
| | | | | 6 |
| | | | | 7 |
| | | | | 8 |
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| | | | | 31 |
| | | | | 32 |
| | | | | 33 |
| | | | | 34 |
| 3,688,626 | 578,831 | 0 | 4,267,457 | |

Schedule Page: 328 Line No.: 1 Column: d

Network Integration Transmission Service. Evergreen contract expires March 31st with a two year notice.

Schedule Page: 328 Line No.: 1 Column: e

OATT = Open Access Transmission Tariff.

Schedule Page: 328 Line No.: 2 Column: d

Firm transmission contracts of 17, 23, 35 and 50MW, expiration January 1, 2021. Service was partially redirected to hourly services.

Schedule Page: 328 Line No.: 6 Column: d

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

Schedule Page: 328 Line No.: 7 Column: i

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

Schedule Page: 328 Line No.: 16 Column: i

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

Schedule Page: 328 Line No.: 20 Column: d

Firm transmission contract, expiration August 1, 2019. Service is partially redirected to hourly services.

Schedule Page: 328 Line No.: 22 Column: d

Firm transmission contracts of 111 and 30 MW, expiration January 1, 2019. Includes 111 MW generation dependent firm transmission service per executed service agreement. Service was partially redirected to monthly, daily and hourly services.

Schedule Page: 328 Line No.: 26 Column: i

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

Schedule Page: 328 Line No.: 27 Column: d

Firm transmission contract, expiration January 1, 2020.

Schedule Page: 328 Line No.: 32 Column: d

Firm transmission contract, expiration July 1, 2018. Service was partially redirected to daily services.

Schedule Page: 328 Line No.: 34 Column: i

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

Schedule Page: 328.1 Line No.: 2 Column: i

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

Schedule Page: 328.1 Line No.: 6 Column: i

Transmission provided in conjunction with the 2005 New Mexico Transmission System Operating Procedures, Section 8 Usable SNMIC ("NMTOP").

Schedule Page: 328.1 Line No.: 7 Column: d

Firm transmission contract, expiration January 1, 2026.

Schedule Page: 328.1 Line No.: 8 Column: i

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

Schedule Page: 328.1 Line No.: 10 Column: i

Transmission provided during Macho Springs-Luna forced outage per operating agreement.

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

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

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

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

Schedule Page: 328.1 Line No.: 13 Column: i

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

Schedule Page: 328.1 Line No.: 17 Column: d

Firm transmission contract, expiration November 1, 2029.

Schedule Page: 328.1 Line No.: 21 Column: i

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

Schedule Page: 328.1 Line No.: 23 Column: d

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

Schedule Page: 328.2 Line No.: 3 Column: d

Firm transmission contract, expiration October, 1, 2024.

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

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

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 | | EXPENSES FOR TRANSMISSION OF ELECTRICITY BY OTHERS | | | |
|----------|---|--------------------------------|-----------------------------|------------------------------|--|-------------------------|------------------------|-------------------------------------|
| | | | Magawatt-hours Received (c) | Magawatt-hours Delivered (d) | Demand Charges (\$) (e) | Energy Charges (\$) (f) | Other Charges (\$) (g) | Total Cost of Transmission (\$) (h) |
| 1 | Arizona Public Service | NF | 45 | 45 | | 366 | | 366 |
| 2 | Public Serv. Co. of NM | LFP | 222,202 | 222,202 | 916,973 | | | 916,973 |
| 3 | Public Serv. Co. of NM | LFP | 1,998 | 1,998 | 176,341 | | | 176,341 |
| 4 | Public Serv. Co. of NM | SFP | 11,680 | 11,680 | | | | |
| 5 | Public Serv. Co. of NM | NF | 1,596 | 1,596 | | 12,197 | | 12,197 |
| 6 | Salt River Project | OLF | 29,298 | 29,298 | 444,375 | | | 444,375 |
| 7 | Tucson Electric Power | OLF | 104,987 | 104,987 | | | | |
| 8 | Tucson Electric Power | NF | 90 | 90 | | 502 | | 502 |
| 9 | Open Access Technology | AD | | | | 219 | | 219 |
| 10 | | | | | | | | |
| 11 | | | | | | | | |
| 12 | | | | | | | | |
| 13 | | | | | | | | |
| 14 | | | | | | | | |
| 15 | | | | | | | | |
| 16 | | | | | | | | |
| | TOTAL | | 371,896 | 371,896 | 1,537,689 | 13,284 | | 1,550,973 |

| |
|---|
| 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, 2017. |
| 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 |
| Contract expires concurrent with the ANPP Participation Agreement. |
| Schedule Page: 332 Line No.: 6 Column: c |
| Amounts shown based on actual energy flows. |
| Schedule Page: 332 Line No.: 6 Column: d |
| Amounts shown based on actual energy flows. |
| Schedule Page: 332 Line No.: 7 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.: 7 Column: c |
| Amounts shown based on actual energy flows. |
| Schedule Page: 332 Line No.: 7 Column: d |
| Amounts shown based on actual energy flows. |
| Schedule Page: 332 Line No.: 7 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.: 8 Column: c |
| Amounts shown based on transmission reservations. |
| Schedule Page: 332 Line No.: 8 Column: d |
| Amounts shown based on transmission reservations. |
| Schedule Page: 332 Line No.: 8 Column: f |
| Amounts shown include short term transmission reservations, related ancillary and losses. |
| Schedule Page: 332 Line No.: 9 Column: b |
| Prior year adjustment for December 2016 Non-Firm transmission. |
| Schedule Page: 332 Line No.: 9 Column: f |
| Represents prior year adjustment for December 2016 Non-Firm transmission. |

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 | | | 1,437,652 | | 1,437,652 |
| 2 | Steam Production Plant | 2,743,252 | (5,786) | | | 2,737,466 |
| 3 | Nuclear Production Plant | 6,267,960 | (275,892) | | | 5,992,068 |
| 4 | Hydraulic Production Plant Conv | | | | | |
| 5 | Hydraulic Production Plant - Pumped Storage | | | | | |
| 6 | Other Production Plant | 2,807,881 | 1,232 | | | 2,809,113 |
| 7 | Transmission Plant | 1,489,854 | | | | 1,489,854 |
| 8 | Distribution Plant | 5,009,993 | | | | 5,009,993 |
| 9 | General Plant | 2,039,480 | | | | 2,039,480 |
| 10 | Common Plant | | | | | |
| 11 | TOTAL ELECTRIC (lines 2 through 10) | 20,358,420 | (280,446) | 1,437,652 | | 21,515,626 |

| | | | | | | |
|--|--|--|--|--|--|--|
| | | | | | | |
|--|--|--|--|--|--|--|

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 | 855,829 | 229,465 | 1,060 | 25 | 2000 |
| 2 | February | 825,787 | 288,828 | 989 | 15 | 2000 |
| 3 | March | 917,217 | 314,840 | 1,191 | 22 | 1600 |
| 4 | Total | 2,598,833 | 833,133 | 3,240 | | |
| 5 | April | | | | 0 | 0 |
| 6 | May | | | | 0 | 0 |
| 7 | June | | | | 0 | 0 |
| 8 | Total | | | | | |
| 9 | July | | | | 0 | 0 |
| 10 | August | | | | 0 | 0 |
| 11 | September | | | | 0 | 0 |
| 12 | Total | | | | | |
| | | | | | | |

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

Includes 61,808 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 61,808 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 82,903 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 82,903 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 91,660 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 91,660 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

Name of Respondent
El Paso Electric Company

This Report Is:
(1) An Original
(2) A Resubmission

Date of Report
(Mo, Da, Yr)
/ /

Year/Period of Report
End of 2017/Q1

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 | 1,060 | 25 | 2000 | | 6 | 667 | 50 | 80 | |
| 2 | February | 989 | 15 | 2000 | | 6 | 673 | 50 | 81 | |
| 3 | March | 1,191 | 22 | 1600 | | 7 | 675 | 50 | 78 | |
| 4 | Total for Quarter 1 | | | | | 19 | 2,015 | 150 | 239 | |
| 5 | April | | | | | | | | | |
| 6 | May | | | | | | | | | |
| 7 | June | | | | | | | | | |
| 8 | Total for Quarter 2 | | | | | | | | | |
| 9 | July | | | | | | | | | |
| 10 | August | | | | | | | | | |
| 11 | September | | | | | | | | | |
| 12 | Total for Quarter 3 | | | | | | | | | |
| 13 | October | | | | | | | | | |
| 14 | November | | | | | | | | | |
| 15 | December | | | | | | | | | |
| 16 | Total for Quarter 4 | | | | | | | | | |
| 17 | Total Year to Date/Year | | | | | 19 | 2,015 | 150 | 239 | |
| | | | | | | | | | | |

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