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

Form 1 Approved
OMB No. 1902-0021
(Expires 2/29/2009)
Form 1-F Approved
OMB No. 1902-0029
(Expires 2/28/2009)
Form 3-Q Approved
OMB No. 1902-0205
(Expires 2/28/2009)

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

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

| Exact Legal Name of Respondent (Company) | Year/Period of Report |
|---|---|
| El Paso Electric Company | End of 2009/Q4 |

## 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.)

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

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

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

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

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

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

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

**General Penalties**

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

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

## IDENTIFICATION

| | |
|---|---|
| 01 Exact Legal Name of Respondent<br>El Paso Electric Company | 02 Year/Period of Report<br>End of 2009/Q4 |
| 03 Previous Name and Date of Change *(if name changed during year)*<br>/ / | |
| 04 Address of Principal Office at End of Period *(Street, City, State, Zip Code)*<br>P.O. Box 982, El Paso, TX 79960-0982; 100 North Stanton, El Paso, TX 79901 | |
| 05 Name of Contact Person<br>David G. Carpenter | 06 Title of Contact Person<br>Senior Vice President & CFO |
| 07 Address of Contact Person *(Street, City, State, Zip Code)*<br>P.O. Box 982, El Paso, TX 79960-0982; 100 North Stanton, El Paso, TX 79901 | |

| | | |
|---|---|---|
| 08 Telephone of Contact Person, *Including Area Code*<br>(915) 543-5945 | 09 This Report Is<br>(1) [X] An Original (2) [ ] A Resubmission | 10 Date of Report<br>*(Mo, Da, Yr)*<br>/ / |

### ANNUAL 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<br>David G. Carpenter<br>02 Title<br>Senior Vice President & CFO | 03 Signature<br>David G. Carpenter | 04 Date Signed<br>*(Mo, Da, Yr)*<br>04/16/2010 |

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

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

## 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".

LIST OF SCHEDULES (Electric Utility) (continued)

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".

LIST OF SCHEDULES (Electric Utility) (continued)

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<br>(a) | Reference Page No.<br>(b) | Remarks<br>(c) |
|---|---|---|---|
| 67 | Substations | 426-427 | none |
| 68 | Footnote Data | 450 | |
| | Stockholders' Reports Check appropriate box:<br>[ ] Four copies will be submitted<br>[ ] No annual report to stockholders is prepared | | |

## GENERAL INFORMATION

1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept, and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.

**Nathan T. Hirschi**
**Vice President & Controller**
**Stanton Tower, 100 North Stanton**
**El Paso, Texas 79901**

**Mailing Address:**
**Nathan T. Hirschi**
**Post Office Box 982**
**El Paso, Texas 79960-0982**

2. Provide the name of the State under the laws of which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.

**Texas - August 30, 1901**

3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.

**Not applicable.**

4. State the classes or utility and other services furnished by respondent during the year in each State in which the respondent operated.

**Electric power generation, transmission and distribution for sale at retail in the states of Texas and New Mexico; and wholesale sales including sales for resale to other electric utilities primarily in the states of Texas, New Mexico, Arizona and California and sales for resale to power marketers.**

5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?

(1) [ ] Yes...Enter the date when such independent accountant was initially engaged:
(2) [X] No

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

## CONTROL OVER RESPONDENT

1. If any corporation, business trust, or similar organization or a combination of such organizations jointly held control over the repondent at the end of the year, state name of controlling corporation or organization, manner in which control was held, and extent of control. If control was in a holding company organization, show the chain of ownership or control to the main parent company or organization. If control was held by a trustee(s), state name of trustee(s), name of beneficiary or beneficieries for whom trust was maintained, and purpose of the trust.

## CORPORATIONS CONTROLLED BY RESPONDENT

1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote.
2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.
3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.

Definitions
1. See the Uniform System of Accounts for a definition of control.
2. Direct control is that which is exercised without interposition of an intermediary.
3. Indirect control is that which is exercised by the interposition of an intermediary which exercises direct control.
4. Joint control is that in which neither interest can effectively control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.

| Line No. | Name of Company Controlled (a) | Kind of Business (b) | Percent Voting Stock Owned (c) | Footnote Ref. (d) |
|---|---|---|---|---|
| 1 | MiraSol Energy Services, Inc. | Energy efficiency products | | |
| 2 | | and services | 100% | |
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***Schedule Page: 103 Line No.: 1 Column: a***

On July 19, 2002 all sales activities ceased. MiraSol remains a going concern in order to satisfy current contracts and warranty and service obligations on previously installed projects.

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

## OFFICERS

1. Report below the name, title and salary for each executive officer whose salary is $50,000 or more. An "executive officer" of a respondent includes its president, secretary, treasurer, and vice president in charge of a principal business unit, division or function (such as sales, administration or finance), and any other person who performs similar policy making functions.
2. If a change was made during the year in the incumbent of any position, show name and total remuneration of the previous incumbent, and the date the change in incumbency was made.

| Line No. | Title (a) | Name of Officer (b) | Salary for Year (c) |
|---|---|---|---|
| 1 | Chief Executive Officer | David W. Stevens | 500,000 |
| 2 | President | J. Frank Bates | 350,000 |
| 3 | Senior Vice President and Chief Financial Officer | David G. Carpenter | 262,851 |
| 4 | Senior Vice President - Customer Care and | | |
| 5 | External Affairs | Richard G. Fleager | 162,692 |
| 6 | Senior Vice President - Corporate Planning | | |
| 7 | and Development | Rocky R. Miracle | 233,462 |
| 8 | Senior Vice President and Chief Operating Officer | George A. Williams | 83,308 |
| 9 | Senior Vice President and General Counsel | Gary D. Sanders | 256,731 |
| 10 | Vice President - Power Marketing and Fuels | Steven T. Buraczyk | 167,700 |
| 11 | Vice President - Treasurer and Chief Risk Officer | Steven P. Busser | 196,405 |
| 12 | Vice President - New Mexico Affairs | Robert C. Doyle | 135,046 |
| 13 | Vice President and Controller | Nathan T. Hirschi | |
| 14 | Vice President - Legal and Chief Compliance Officer | Mary E. Kipp | 136,365 |
| 15 | Vice President - Customer Care | Kerry B. Lore | 190,624 |
| 16 | Vice President - Transmission and Distribution | Hector R. Puente | 205,991 |
| 17 | Vice President - Power Generation | Andres R. Ramirez | 203,669 |
| 18 | Corporate Secretary | Guillermo Silva, Jr. | 145,230 |
| 19 | Vice President - System Operations and Planning | John A. Whitacre | 198,818 |
| 20 | Executive Vice President, Chief Financial and | | |
| 21 | Administrative Officer | Scott D. Wilson | 145,259 |
| 22 | Vice President - Human Resources | Richard G. Gonzalez | 132,576 |
| 23 | Vice President - Public Affairs | Helen Knopp | 80,846 |
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**Schedule Page: 104 Line No.: 2 Column: b**

In October 2009, J. Frank Bates announced his retirement and agreed to remain as President through March 2010. Mr. Bates served as President and Chief Operating Officer from November 2008 to October 2009. As of March 31, 2010, Mr. Bates retired from the Company.

**Schedule Page: 104 Line No.: 3 Column: b**

On August 4, 2009, David G. Carpenter was appointed as Senior Vice President and Chief Financial Officer. From April 2009 to August 2009, Mr. Carpenter served as Interim Principal Financial Officer. Prior to April 2009, Mr. Carpenter served as Vice President of Regulatory Services and Controller.

**Schedule Page: 104 Line No.: 5 Column: b**

In April 2009, the Company appointed Richard G. Fleager as Senior Vice President - Customer Care and External Affairs with an annual salary of $225,000.

**Schedule Page: 104 Line No.: 7 Column: b**

In August 2009, the Company promoted Rocky R. Miracle to Senior Vice President - Corporate Planning and Development. Mr. Miracle had been Vice President of Corporate Planning since September 2008.

**Schedule Page: 104 Line No.: 8 Column: b**

In September 2009, George A. Williams was appointed as Senior Vice President and Chief Operating Officer effective on October 5, 2009 with an annual salary of $380,000.

**Schedule Page: 104 Line No.: 9 Column: b**

On December 7, 2009, Gary D. Sanders was appointed as Lead SEC Counsel. Mr. Sanders had been Senior Vice President and General Counsel since July 2008.

**Schedule Page: 104 Line No.: 13 Column: b**

On March 1, 2010, Nathan T. Hirschi was appointed as Vice President and Controller with an annual salary of $210,000. Prior to March 1, 2010, Mr. Hirschi did not serve in an accounting or financial reporting oversight role. Mr. Hirschi had been Vice President - Special Projects since December 2009.

**Schedule Page: 104 Line No.: 14 Column: b**

On December 7, 2009, Mary E. Kipp was appointed as Vice President - Legal and Chief Compliance Officer and on January 28, 2010 she was also appointed as Assistant Corporate Secretary. Ms. Kipp had been an Assistant General Counsel and Director of FERC Compliance since December 2007.

**Schedule Page: 104 Line No.: 21 Column: b**

As of May 31, 2009, Scott D. Wilson, Executive Vice President, Chief Financial and Administrative Officer retired from the Company.

**Schedule Page: 104 Line No.: 22 Column: b**

As of December 3, 2009, Richard Gonzalez, Vice President - Human Resources is no longer with the Company.

**Schedule Page: 104 Line No.: 23 Column: b**

As of May 31, 2009, Helen Knopp, Vice President - Public Affairs retired from the Company.

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

## DIRECTORS

1. Report below the information called for concerning each director of the respondent who held office at any time during the year. Include in column (a), abbreviated titles of the directors who are officers of the respondent.
2. Designate members of the Executive Committee by a triple asterisk and the Chairman of the Executive Committee by a double asterisk.

| Line No. | Name (and Title) of Director (a) | Principal Business Address (b) |
|---|---|---|
| 1 | John Robert Brown - Director | Brownco Capital, L.L.C. |
| 2 | | 414 Executive Center Blvd., Suite 210 |
| 3 | | El Paso, Texas 79902 |
| 4 | | |
| 5 | James W. Cicconi - Director | AT&T |
| 6 | | 1120 20th Street, N.W. - Suite 1000 |
| 7 | | Washington, D.C. 20036 |
| 8 | | |
| 9 | George W. Edwards, Jr. - Director | 79 West View Way |
| 10 | | Eatonton, Georgia 31024-5445 |
| 11 | | |
| 12 | James W. Harris - Director*** | Seneca Financial Group, Inc. |
| 13 | | P. O. Box 38 |
| 14 | | Manns Harbor, North Carolina 27953 |
| 15 | | |
| 16 | | |
| 17 | Kenneth R. Heitz - Director and Chairman of the Board | Irell & Manella, LLP |
| 18 | | 1800 Avenue of the Stars, Suite 900 |
| 19 | | Los Angeles, California 90067-4276 |
| 20 | | |
| 21 | Patricia Z. Holland-Branch - Director | Facilities Connection, Inc. |
| 22 | | 240 East Sunset |
| 23 | | El Paso, Texas 79922 |
| 24 | | |
| 25 | Michael K. Parks - Director and Vice Chairman of | TCW Group |
| 26 | the Board*** | 11100 Santa Monica Blvd., Suite 2000 |
| 27 | | Los Angeles, California 90025 |
| 28 | | |
| 29 | Eric B. Siegel - Director** | 11100 Santa Monica Blvd., Suite 2000 |
| 30 | | Los Angeles, California 90025 |
| 31 | | |
| 32 | David W. Stevens - Director & CEO | El Paso Electric Co. |
| 33 | | 100 N. Stanton |
| 34 | | El Paso, Texas 79901 |
| 35 | | |
| 36 | Stephen N. Wertheimer - Director*** | W Capital Partners |
| 37 | | One East 52nd Street |
| 38 | | New York, New York 10022 |
| 39 | | |
| 40 | Charles A. Yamarone - Director | Houlihan Lokey |
| 41 | | 1930 Century Park West |
| 42 | | Los Angeles, California 90067 |
| 43 | | |
| 44 | Catherine A. Allen - Director | The Santa Fe Group |
| 45 | | 3 North Chamisa Drive |
| 46 | | Santa Fe, New Mexico 87508 - 9463 |
| 47 | | |
| 48 | | |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

## DIRECTORS

1. Report below the information called for concerning each director of the respondent who held office at any time during the year. Include in column (a), abbreviated titles of the directors who are officers of the respondent.
2. Designate members of the Executive Committee by a triple asterisk and the Chairman of the Executive Committee by a double asterisk.

| Line No. | Name (and Title) of Director<br>(a) | Principal Business Address<br>(b) |
|---|---|---|
| 1 | Gary R. Hedrick - Director | University of Texas at El Paso |
| 2 | | 500 West University Avenue |
| 3 | | Buiness Building 224 |
| 4 | | El Paso, TX 79968 |
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***Schedule Page: 105 Line No.: 44 Column: a***

On May 7, 2009, Catherine A. Allen was appointed as Director to fill vacancy created by the retirement of Gary R. Hedrick.

***Schedule Page: 105.1 Line No.: 1 Column: a***

Gary R. Hedrick retired on May 6, 2009.

| Name of Respondent | This Report Is: | Date of Report | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

## 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 106, 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:

On March 26, 2009, the Company completed a refunding transaction whereby the 2005 Series B $63.5 million and 2005 Series C $37.1 million pollution control bonds were refunded and replaced by 2009 Series A bonds in the aggregate principal amount of $63.5 million (the "2009 Series A Bonds") and 2009 Series B bonds in the aggregate principal amount of $37.1 million (the "2009 Series B Bonds"). The 2009 Series A Bonds and the 2009 Series B Bonds were issued as unsecured obligations and both have a fixed interest rate of 7.25%. The 2009 Series A Bonds will mature on February 1, 2040. The 2009 Series B Bonds will mature on April 1, 2040.

The Company received NMPRC (Case No. 08-00091-UT) and FERC (Docket No. ES08-41-001) approval on April 22, 2008 and May 1, 2008, respectively, to enter into the securities transactions necessary to refund and reissue the Company's 2005 Series B and 2005 Series C Bonds.

7. Changes in Articles of Incorporation:

   None

8. Important Wage Scale Changes:

Base salaries for non-union employees were increased by an average of 3.4% effective in January 2009 compared to 2008 through the merit award process. The annual effect of this increase was approximately $1.2 million. Base salaries for union employees under contract were increased by an average of 3.0% effective in September 2009 compared to 2008. The annual effect of this increase was approximately $0.7 million.

9. Materially Important Legal Proceedings (see also Notes B and I of "Notes to Financial Statements"):

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 these claims and applicable insurance coverage, to the extent that the Company has been able to reach a conclusion as to its ultimate liability, it believes that none of these claims will have a material adverse effect on the financial position, results of operations or cash flows of the Company.

*Transmission Dispute with Tucson Electric Power Company ("TEP").* In January 2006, the Company filed a complaint with the FERC to interpret the terms of a Power Exchange and Transmission Agreement (the "Transmission Agreement") entered into with TEP in 1982. TEP filed a complaint with the FERC one day later raising virtually identical issues. TEP claimed that, under the Transmission Agreement, it was entitled to up to 400 MW of firm transmission rights on the Company's transmission system that would enable it to transmit power from the Luna Energy Facility ("LEF") located near Deming, New Mexico to Springerville or Greenlee in Arizona. The Company asserted that TEP's rights under the Transmission Agreement do not include transmission rights necessary to transmit such power as contemplated by TEP and that TEP must acquire any such rights in the open market from the Company at applicable tariff rates or from other transmission providers. On April 24, 2006, the FERC ruled in the Company's favor, finding that TEP does not have transmission rights under the Transmission Agreement to transmit power from the LEF to Arizona. The ruling was based on written evidence presented and without an evidentiary hearing. TEP's request for a rehearing of the FERC's decision was granted in part and denied in part in an order issued October 4, 2006, and hearings on the disputed issues were held before an administrative law judge. In the initial decision dated September 6, 2007, the administrative law judge found that the Transmission Agreement allows TEP to transmit power from the LEF to Arizona but limits that transmission to 200 MW on any segment of the circuit and to non-firm service on the segment from Luna to Greenlee. The Company and TEP filed exceptions to the initial decision.

On November 13, 2008, the FERC issued an order on the initial decision finding that the transmission rights given to TEP in the Transmission Agreement are firm and are not restricted for transmission of power from Springerville as the receipt point to Greenlee as the delivery point. Therefore, pursuant to the order, TEP can use its transmission rights granted under the Transmission Agreement to transmit power from the LEF to either Springerville or Greenlee so long as it transmits no more than 200 MW over all segments at any one time. The FERC also ordered that the Company refund to TEP all sums with interest that TEP had paid it for transmission under the applicable transmission service agreements since February 2006 for service relating to the LEF. On December 3, 2008 the Company refunded $9.7 million to TEP. The Company had established a reserve for the rate refund of approximately $7.2 million as of September 30, 2008, resulting in a pre-tax charge to earnings of approximately $2.5 million in 2008. The Company also paid TEP interest on the refunded balance of approximately $0.9 million, which was also charged to earnings in 2008. The Company filed a request for rehearing of the FERC's decision on December 15, 2008, seeking reversal of the order on the merits and a return of any refunds made in the interim, as well as compensation for all service that the Company may provide to TEP from the LEF over the Company's transmission system on a going forward basis. The FERC suspended the period for ruling on the motion for rehearing on January 14, 2009. If the FERC denies the Company's request for rehearing or again finds against the Company on rehearing, the Company will have the right to seek judicial review of the order. If the order is not reversed, the Company will lose the opportunity to receive compensation from TEP for such transmission service in the future. The Company cannot predict the outcome of such potential future proceedings.

In an ancillary proceeding, TEP filed a lawsuit in the United States District Court for the District of Arizona in December 2008, seeking reimbursement for amounts TEP paid a third party transmission provider for purchases of transmission capacity between April 2006 and May 2007, allegedly totaling approximately $1.5 million, plus accrued interest. TEP alleges that the Company was obligated to provide TEP with that transmission capacity without charge under the Transmission Agreement. In September 2009, the Court granted a stay in this suit pending a resolution of the underlying FERC proceeding and any appeal thereof. The Company cannot predict the outcome of this matter.

*Investigation into Recovering County Franchise Fees.* On December 10, 2009, the NMPRC issued an order in NMPRC Case No. 09-00421-UT, requiring the Company to show cause why it should collect franchise fees from its customers on behalf of Doña Ana and Otero Counties (the "Counties"). The Company responded to the order on January 5, 2010. On January 26, 2010, the NMPRC issued its decision concluding that the imposition of franchise fees by New Mexico counties is not authorized under New Mexico law and, therefore, the Company may not pass through to its customers some past and all ongoing franchise fees imposed by the Counties. The order concluded that only "home rule" municipalities, who had adopted a charter under the state constitution, could impose franchise fees or taxes, provided the residents so voted.

As a result of its findings, the NMPRC directed the Company to immediately cease passing through to its customers any franchise fees paid by the Company to the Counties. The NMPRC also directed the Company to refund to its customers in the Counties the amount of franchise fees charged to those customers since June 1, 2004, plus interest. The Company estimates that its refund obligation under the order would be approximately $5.7 million, plus accrued interest of approximately $1.0 million through December 31, 2009. The order stated that the Company was required to refund these franchise fees to customers over a three-year period through a credit on customer bills and file tariffs for refunding within three days. On January 29, 2010, the NMPRC granted the Company's request to extend its deadline for compliance with the order until February 12, 2010. Interest will continue to accrue on the unamortized balance until fully refunded. The order does not relieve the Company of its obligation to pay franchise fees to the Counties but states that this issue must be addressed by the New Mexico courts.

The Company immediately filed a Notice of Appeal with the New Mexico Supreme Court on January 27, 2010 (the "Appeal"), seeking to set aside the order on legal and jurisdictional grounds. The Company followed with a motion for Emergency Stay on January 29, 2010, asking the New Mexico Supreme Court to stay the order pending the Appeal. The Company also asked the NMPRC, on February 12, 2010, to delay implementation of its order pending the Appeal. The Counties moved to intervene in the Appeal on February 10, 2010, and have also informed the Company they intend to pursue their own legal actions opposing the order. The Company had placed pending franchise payments to the Counties in separate accounts pending resolution of the proceedings. However, beginning in April 2010 the Company began paying franchise payments to the Counties in accordance with the current franchise agreements. On February 22, 2010, the New Mexico Supreme Court granted the Company's motion for Emergency Stay pending the outcome of the Appeal and granted the Counties' motion to intervene in the Appeal. The New Mexico legislature recently passed legislation that clarified the legality of the Company's existing franchise agreements with the Counties. However, since the NMPRC order is still in effect, the Company is continuing its Supreme Court appeal. The Company cannot predict the outcome of the proceedings.

The Company will also review its legal options to terminate any future obligation to pay franchise fees to the Counties and to seek reimbursement from the Counties if refunds are ultimately required. The Company cannot predict the outcome of these legal reviews or any legal proceedings that may follow.

10. Materially Important Transactions:

None.

11. Reserved

12. Important changes during the year:

See response to items 1 to 11 and 13 to 14.

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

On March 6, 2009, the Board of Directors appointed Richard Fleager to serve as Senior Vice President of Customer Care and External Affairs effective April 1, 2009. Mr. Fleager will oversee the Company's Customer Care, Public Relations, Governmental Affairs and Information Technology areas.

On April 29, 2009, the Company announced that Scott D. Wilson, Executive Vice President and Chief Financial and Administrative Officer, would be retiring from the Company effective May 31, 2009 for personal reasons having to do with the health of a family member. The Company appointed David G. Carpenter, Vice President of Regulatory Services and Controller, to serve as principal financial officer while the Company conducted a search for Mr. Wilson’s successor. On August 4, 2009, Mr. Carpenter was appointed Senior Vice President and Chief Financial Officer. Mr. Carpenter served as Vice President of Regulatory Services and Controller since September 2008 and was the Company's Vice President of Corporate Planning and Controller from August 2005 to September 2008.

On May 6, 2009, Gary R. Hedrick retired as a director of the Company.

The Board of Directors appointed Catherine A. Allen to fill the vacancy created by the retirement of Mr. Hedrick effective May 7, 2009. Since 1996, Ms. Allen has been the Chairman and Chief Executive Officer of The Santa Fe Group, a strategic consulting company that serves the financial sector in the areas of payments, fraud, information security and regulatory reform. From 1997 to 2007, Ms. Allen also served as founding CEO of BITS, an industry association of the 100 largest financial services companies in the United States. Ms. Allen is a director of Stewart Information Services Corp., a member of the boards of directors of Liquid Machines, Inc. and Singlepoint, LLC and on the advisory board for Citicorp Transaction Services.

On August 4, 2009, the Company announced the promotion of Rocky Miracle as Senior Vice President – Corporate Planning and Development. Mr. Miracle had served as the Company's Vice President of Corporate Planning since September 2008. His responsibilities included coordinating the Company's strategic planning efforts and assisting with special projects.

In September 2009, the Board of Directors appointed George A. Williams to serve as Senior Vice President and Chief Operating Officer effective October 5, 2009. In that position, Mr. Williams oversees the Company's generation as well as the transmission and distribution operations. J. Frank Bates, who has served as President and Chief Operating Officer, continued to serve as President and assisted in the transition until his retirement in March 2010.

On December 7, 2009, Mary E. Kipp was appointed to serve as Vice President of Legal and Chief Compliance Officer with primary responsibility for oversight of the Company's legal affairs. As of January 28, 2010 she was also appointed as Assistant Corporate Secretary. Ms. Kipp served as the Company's Assistant General Counsel and Director of FERC Compliance since December 2007. Gary D. Sanders, who was the Company's General Counsel, became the Company's Lead SEC Counsel with primary responsibility for SEC reporting and other corporate matters.

Effective March 1, 2010, the Company appointed Nathan T. Hirschi as Vice President and Controller. Prior to March 1, 2010, Mr. Hirschi did not serve in an accounting or financial reporting oversight role. Mr. Hirschi has served as the Company's Vice President of Special Projects since December 2009. His responsibilities include Financial Accounting, Taxation, Financial Systems and Budgeting. From January 2005 to April 2009, he served as a Partner-Assurance for KPMG LLP.

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

Not applicable

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

## 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 | 3,271,082,284 | 3,103,222,102 |
| 3 | Construction Work in Progress (107) | 200-201 | 244,166,253 | 205,747,672 |
| 4 | TOTAL Utility Plant (Enter Total of lines 2 and 3) | | 3,515,248,537 | 3,308,969,774 |
| 5 | (Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115) | 200-201 | 1,866,174,766 | 1,808,821,988 |
| 6 | Net Utility Plant (Enter Total of line 4 less 5) | | 1,649,073,771 | 1,500,147,786 |
| 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) | | 136,170,954 | 116,899,947 |
| 12 | (Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5) | 202-203 | 33,550,999 | 29,746,067 |
| 13 | Net Nuclear Fuel (Enter Total of lines 7-11 less 12) | | 102,619,955 | 87,153,880 |
| 14 | Net Utility Plant (Enter Total of lines 6 and 13) | | 1,751,693,726 | 1,587,301,666 |
| 15 | Utility Plant Adjustments (116) | | 2,182,560 | 3,749,167 |
| 16 | Gas Stored Underground - Noncurrent (117) | | 0 | 0 |
| 17 | **OTHER PROPERTY AND INVESTMENTS** | | | |
| 18 | Nonutility Property (121) | | 143,495 | 143,494 |
| 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 | 333,509 | 439,916 |
| 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) | | 2,824,058 | 2,537,210 |
| 25 | Sinking Funds (125) | | 0 | 0 |
| 26 | Depreciation Fund (126) | | 0 | 0 |
| 27 | Amortization Fund - Federal (127) | | 0 | 0 |
| 28 | Other Special Funds (128) | | 142,806,912 | 118,920,502 |
| 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) | | 146,107,974 | 122,041,122 |
| 33 | **CURRENT AND ACCRUED ASSETS** | | | |
| 34 | Cash and Working Funds (Non-major Only) (130) | | 0 | 0 |
| 35 | Cash (131) | | -8,119,967 | 6,710,822 |
| 36 | Special Deposits (132-134) | | 0 | 0 |
| 37 | Working Fund (135) | | -223,504 | -86,100 |
| 38 | Temporary Cash Investments (136) | | 100,133,160 | 85,017,117 |
| 39 | Notes Receivable (141) | | 0 | 0 |
| 40 | Customer Accounts Receivable (142) | | 52,533,119 | 78,193,467 |
| 41 | Other Accounts Receivable (143) | | 800,693 | 2,729,407 |
| 42 | (Less) Accum. Prov. for Uncollectible Acct.-Credit (144) | | 1,191,082 | 3,122,582 |
| 43 | Notes Receivable from Associated Companies (145) | | 0 | 0 |
| 44 | Accounts Receivable from Assoc. Companies (146) | | 0 | 0 |
| 45 | Fuel Stock (151) | 227 | 1,806,879 | 2,299,860 |
| 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 | 36,660,910 | 37,853,530 |
| 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 | -533,120 | 0 |

## 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 | 116 | 0 |
| 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) | | 31,658,089 | 17,065,811 |
| 58 | Advances for Gas (166-167) | | 0 | 0 |
| 59 | Interest and Dividends Receivable (171) | | -6,725 | 30,182 |
| 60 | Rents Receivable (172) | | 0 | 0 |
| 61 | Accrued Utility Revenues (173) | | 18,214,000 | 18,632,000 |
| 62 | Miscellaneous Current and Accrued Assets (174) | | 628,350 | 537,848 |
| 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) | | 232,360,918 | 245,861,362 |
| 68 | **DEFERRED DEBITS** | | | |
| 69 | Unamortized Debt Expenses (181) | | 9,468,097 | 9,322,750 |
| 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 | 120,030,742 | 157,320,964 |
| 73 | Prelim. Survey and Investigation Charges (Electric) (183) | | 1,402,219 | 1,105,703 |
| 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) | | -330,306 | -192,350 |
| 77 | Temporary Facilities (185) | | 0 | 0 |
| 78 | Miscellaneous Deferred Debits (186) | 233 | 90,693 | -74,782 |
| 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) | | 22,369,554 | 22,603,122 |
| 82 | Accumulated Deferred Income Taxes (190) | 234 | 291,173,835 | 264,837,459 |
| 83 | Unrecovered Purchased Gas Costs (191) | | 0 | 0 |
| 84 | Total Deferred Debits (lines 69 through 83) | | 444,204,834 | 454,922,866 |
| 85 | TOTAL ASSETS (lines 14-16, 32, 67, and 84) | | 2,576,550,012 | 2,413,876,183 |

***Schedule Page: 110 Line No.: 82 Column: d***

AC 190 increased due to the reclassification of ($25,330,736)to AC 282 to conform with the 2009 presentation.

## 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 | 65,010,002 | 64,658,280 |
| 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) | | 288,604,221 | 283,204,584 |
| 7 | Other Paid-In Capital (208-211) | 253 | 2,631,054 | 2,187,240 |
| 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 | 736,158,831 | 668,198,733 |
| 12 | Unappropriated Undistributed Subsidiary Earnings (216.1) | 118-119 | -3,624,809 | -3,520,485 |
| 13 | (Less) Reaquired Capital Stock (217) | 250-251 | 303,912,967 | 279,807,945 |
| 14 | Noncorporate Proprietorship (Non-major only) (218) | | 0 | 0 |
| 15 | Accumulated Other Comprehensive Income (219) | 122(a)(b) | -56,568,416 | -36,815,282 |
| 16 | Total Proprietary Capital (lines 2 through 15) | | 727,956,977 | 697,764,186 |
| 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 | 552,118,791 | 553,377,476 |
| 22 | Unamortized Premium on Long-Term Debt (225) | | 0 | 0 |
| 23 | (Less) Unamortized Discount on Long-Term Debt-Debit (226) | | 3,437,903 | 3,482,620 |
| 24 | Total Long-Term Debt (lines 18 through 23) | | 741,815,888 | 743,029,856 |
| 25 | OTHER NONCURRENT LIABILITIES | | | |
| 26 | Obligations Under Capital Leases - Noncurrent (227) | | 63,959,603 | 67,520,791 |
| 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) | | 169,858,968 | 124,898,076 |
| 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) | | 85,357,921 | 78,036,675 |
| 35 | Total Other Noncurrent Liabilities (lines 26 through 34) | | 319,176,492 | 270,455,542 |
| 36 | CURRENT AND ACCRUED LIABILITIES | | | |
| 37 | Notes Payable (231) | | 0 | 0 |
| 38 | Accounts Payable (232) | | 54,662,792 | 61,510,764 |
| 39 | Notes Payable to Associated Companies (233) | | 0 | 0 |
| 40 | Accounts Payable to Associated Companies (234) | | 0 | 0 |
| 41 | Customer Deposits (235) | | 5,130,029 | 5,292,784 |
| 42 | Taxes Accrued (236) | 262-263 | 22,239,059 | 23,981,263 |
| 43 | Interest Accrued (237) | | 10,283,444 | 7,518,874 |
| 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) | | 1,567,368 | 2,006,209 |
| 48 | Miscellaneous Current and Accrued Liabilities (242) | | 18,298,004 | 16,947,092 |
| 49 | Obligations Under Capital Leases-Current (243) | | 40,918,976 | 22,754,379 |
| 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) | | 153,099,672 | 140,011,365 |
| 55 | DEFERRED CREDITS | | | |
| 56 | Customer Advances for Construction (252) | | 7,096,497 | 5,866,241 |
| 57 | Accumulated Deferred Investment Tax Credits (255) | 266-267 | 27,892,427 | 29,347,823 |
| 58 | Deferred Gains from Disposition of Utility Plant (256) | | 0 | 0 |
| 59 | Other Deferred Credits (253) | 269 | 16,707,405 | 21,140,891 |
| 60 | Other Regulatory Liabilities (254) | 278 | 78,587,341 | 62,399,917 |
| 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) | | 433,256,245 | 359,568,605 |
| 64 | Accum. Deferred Income Taxes-Other (283) | | 70,961,068 | 84,291,757 |
| 65 | Total Deferred Credits (lines 56 through 64) | | 634,500,983 | 562,615,234 |
| 66 | TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65) | | 2,576,550,012 | 2,413,876,183 |

***Schedule Page: 112     Line No.: 63     Column: d***

AC 282 increased due to the reclassification of ($25,330,736) from AC 190 to conform with the 2009 presentation.

## STATEMENT OF INCOME

Quarterly

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

Annual or Quarterly if applicable

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

| Line No. | Title of Account (a) | (Ref.) Page No. (b) | Total Current Year to Date Balance for Quarter/Year (c) | Total Prior Year to Date Balance for Quarter/Year (d) | Current 3 Months Ended Quarterly Only No 4th Quarter (e) | Prior 3 Months Ended Quarterly Only No 4th Quarter (f) |
|---|---|---|---|---|---|---|
| 1 | UTILITY OPERATING INCOME | | | | | |
| 2 | Operating Revenues (400) | 300-301 | 827,900,119 | 1,038,755,754 | | |
| 3 | Operating Expenses | | | | | |
| 4 | Operation Expenses (401) | 320-323 | 505,037,457 | 696,273,004 | | |
| 5 | Maintenance Expenses (402) | 320-323 | 59,606,002 | 67,110,129 | | |
| 6 | Depreciation Expense (403) | 336-337 | 65,570,742 | 62,306,042 | | |
| 7 | Depreciation Expense for Asset Retirement Costs (403.1) | 336-337 | 39,853 | 304,669 | | |
| 8 | Amort. & Depl. of Utility Plant (404-405) | 336-337 | 4,628,110 | 4,177,093 | | |
| 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) | | 575,004 | 575,004 | | |
| 13 | (Less) Regulatory Credits (407.4) | | 56,216 | 223,115 | | |
| 14 | Taxes Other Than Income Taxes (408.1) | 262-263 | 49,997,367 | 49,796,765 | | |
| 15 | Income Taxes - Federal (409.1) | 262-263 | -10,458,342 | 16,651,076 | | |
| 16 | - Other (409.1) | 262-263 | 2,326,758 | 3,249,128 | | |
| 17 | Provision for Deferred Income Taxes (410.1) | 234, 272-277 | 118,803,380 | 106,057,980 | | |
| 18 | (Less) Provision for Deferred Income Taxes-Cr. (411.1) | 234, 272-277 | 80,965,473 | 90,744,543 | | |
| 19 | Investment Tax Credit Adj. - Net (411.4) | 266 | -1,560,144 | -819,423 | | |
| 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) | | 1,872 | 12,885 | | |
| 23 | Losses from Disposition of Allowances (411.9) | | | | | |
| 24 | Accretion Expense (411.10) | | 7,321,245 | 6,886,857 | | |
| 25 | TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24) | | 720,863,871 | 921,587,781 | | |
| 26 | Net Util Oper Inc (Enter Tot line 2 less 25) Carry to Pg117,line 27 | | 107,036,248 | 117,167,973 | | |

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) | |
| | | | | | | 1 |
| 827,900,119 | 1,038,755,754 | | | | | 2 |
| | | | | | | 3 |
| 505,037,457 | 696,273,004 | | | | | 4 |
| 59,606,002 | 67,110,129 | | | | | 5 |
| 65,570,742 | 62,306,042 | | | | | 6 |
| 39,853 | 304,669 | | | | | 7 |
| 4,628,110 | 4,177,093 | | | | | 8 |
| | | | | | | 9 |
| | | | | | | 10 |
| | | | | | | 11 |
| 575,004 | 575,004 | | | | | 12 |
| 56,216 | 223,115 | | | | | 13 |
| 49,997,367 | 49,796,765 | | | | | 14 |
| -10,458,342 | 16,651,076 | | | | | 15 |
| 2,326,758 | 3,249,128 | | | | | 16 |
| 118,803,380 | 106,057,980 | | | | | 17 |
| 80,965,473 | 90,744,543 | | | | | 18 |
| -1,560,144 | -819,423 | | | | | 19 |
| | | | | | | 20 |
| | | | | | | 21 |
| 1,872 | 12,885 | | | | | 22 |
| | | | | | | 23 |
| 7,321,245 | 6,886,857 | | | | | 24 |
| 720,863,871 | 921,587,781 | | | | | 25 |
| 107,036,248 | 117,167,973 | | | | | 26 |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

STATEMENT OF INCOME FOR THE YEAR (continued)

| Line No. | Title of Account (a) | (Ref.) Page No. (b) | TOTAL Current Year (c) | TOTAL Previous Year (d) | Current 3 Months Ended Quarterly Only No 4th Quarter (e) | Prior 3 Months Ended Quarterly Only No 4th Quarter (f) |
|---|---|---|---|---|---|---|
| 27 | Net Utility Operating Income (Carried forward from page 114) | | 107,036,248 | 117,167,973 | | |
| 28 | Other Income and Deductions | | | | | |
| 29 | Other Income | | | | | |
| 30 | Nonutilty Operating Income | | | | | |
| 31 | Revenues From Merchandising, Jobbing and Contract Work (415) | | 437,140 | 729,179 | | |
| 32 | (Less) Costs and Exp. of Merchandising, Job. & Contract Work (416) | | 505,994 | 763,095 | | |
| 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 | -104,324 | 89,224 | | |
| 37 | Interest and Dividend Income (419) | | 4,717,883 | 11,700,443 | | |
| 38 | Allowance for Other Funds Used During Construction (419.1) | | 9,311,196 | 8,279,239 | | |
| 39 | Miscellaneous Nonoperating Income (421) | | 5,572,876 | 6,455,375 | | |
| 40 | Gain on Disposition of Property (421.1) | | 507,922 | 240,740 | | |
| 41 | TOTAL Other Income (Enter Total of lines 31 thru 40) | | 19,936,699 | 26,731,105 | | |
| 42 | Other Income Deductions | | | | | |
| 43 | Loss on Disposition of Property (421.2) | | 130,352 | 103,636 | | |
| 44 | Miscellaneous Amortization (425) | | 1,566,607 | 1,566,606 | | |
| 45 | Donations (426.1) | | 1,009,373 | 1,114,238 | | |
| 46 | Life Insurance (426.2) | | 74,021 | | | |
| 47 | Penalties (426.3) | | 2,969 | 46,656 | | |
| 48 | Exp. for Certain Civic, Political & Related Activities (426.4) | | 830,007 | 869,154 | | |
| 49 | Other Deductions (426.5) | | 6,331,687 | 10,757,842 | | |
| 50 | TOTAL Other Income Deductions (Total of lines 43 thru 49) | | 9,945,016 | 14,458,132 | | |
| 51 | Taxes Applic. to Other Income and Deductions | | | | | |
| 52 | Taxes Other Than Income Taxes (408.2) | 262-263 | 14,823 | 16,835 | | |
| 53 | Income Taxes-Federal (409.2) | 262-263 | 385,342 | 1,358,087 | | |
| 54 | Income Taxes-Other (409.2) | 262-263 | | | | |
| 55 | Provision for Deferred Inc. Taxes (410.2) | 234, 272-277 | 4,100,532 | 4,270,107 | | |
| 56 | (Less) Provision for Deferred Income Taxes-Cr. (411.2) | 234, 272-277 | 798,050 | 2,228,436 | | |
| 57 | Investment Tax Credit Adj.-Net (411.5) | | | | | |
| 58 | (Less) Investment Tax Credits (420) | | -104,748 | -104,748 | | |
| 59 | TOTAL Taxes on Other Income and Deductions (Total of lines 52-58) | | 3,807,395 | 3,521,341 | | |
| 60 | Net Other Income and Deductions (Total of lines 41, 50, 59) | | 6,184,288 | 8,751,632 | | |
| 61 | Interest Charges | | | | | |
| 62 | Interest on Long-Term Debt (427) | | 49,939,467 | 47,092,645 | | |
| 63 | Amort. of Debt Disc. and Expense (428) | | 346,565 | 303,582 | | |
| 64 | Amortization of Loss on Reaquired Debt (428.1) | | 868,288 | 853,257 | | |
| 65 | (Less) Amort. of Premium on Debt-Credit (429) | | | | | |
| 66 | (Less) Amortization of Gain on Reaquired Debt-Credit (429.1) | | | | | |
| 67 | Interest on Debt to Assoc. Companies (430) | | | | | |
| 68 | Other Interest Expense (431) | | 239,220 | 1,360,491 | | |
| 69 | (Less) Allowance for Borrowed Funds Used During Construction-Cr. (432) | | 6,028,778 | 3,973,326 | | |
| 70 | Net Interest Charges (Total of lines 62 thru 69) | | 45,364,762 | 45,636,649 | | |
| 71 | Income Before Extraordinary Items (Total of lines 27, 60 and 70) | | 67,855,774 | 80,282,956 | | |
| 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) | | 67,855,774 | 80,282,956 | | |

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 | | 668,198,733 | 588,005,001 |
| 2 | Changes | | | |
| 3 | Adjustments to Retained Earnings (Account 439) | | | |
| 4 | | | | |
| 5 | | | | |
| 6 | | | | |
| 7 | | | | |
| 8 | | | | |
| 9 | TOTAL Credits to Retained Earnings (Acct. 439) | | | |
| 10 | | | | |
| 11 | | | | |
| 12 | | | | |
| 13 | | | | |
| 14 | | | | |
| 15 | TOTAL Debits to Retained Earnings (Acct. 439) | | | |
| 16 | Balance Transferred from Income (Account 433 less Account 418.1) | | 67,960,098 | 80,193,732 |
| 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 | | | | |
| 32 | | | | |
| 33 | | | | |
| 34 | | | | |
| 35 | | | | |
| 36 | TOTAL Dividends Declared-Common Stock (Acct. 438) | | | |
| 37 | Transfers from Acct 216.1, Unapprop. Undistrib. Subsidiary Earnings | | | |
| 38 | Balance - End of Period (Total 1,9,15,16,22,29,36,37) | | 736,158,831 | 668,198,733 |
| | APPROPRIATED RETAINED EARNINGS (Account 215) | | | |
| 39 | | | | |
| 40 | | | | |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

## 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) | | 736,158,831 | 668,198,733 |
| | UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account | | | |
| | Report only on an Annual Basis, no Quarterly | | | |
| 49 | Balance-Beginning of Year (Debit or Credit) | | -3,520,485 | ( 3,609,709) |
| 50 | Equity in Earnings for Year (Credit) (Account 418.1) | | -104,324 | 89,224 |
| 51 | (Less) Dividends Received (Debit) | | | |
| 52 | | | | |
| 53 | Balance-End of Year (Total lines 49 thru 52) | | -3,624,809 | ( 3,520,485) |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

## 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)<br>(a) | Current Year to Date Quarter/Year<br>(b) | Previous Year to Date Quarter/Year<br>(c) |
|---|---|---|---|
| 1 | Net Cash Flow from Operating Activities: | | |
| 2 | Net Income (Line 78(c) on page 117) | 67,855,774 | 80,282,956 |
| 3 | Noncash Charges (Credits) to Income: | | |
| 4 | Depreciation and Depletion | 65,570,742 | 62,306,042 |
| 5 | Amortization of Other | 18,354,737 | 17,528,890 |
| 6 | Amortization of Nuclear Fuel | 22,397,346 | 19,856,574 |
| 7 | | | |
| 8 | Deferred Income Taxes (Net) | 41,084,174 | 9,548,127 |
| 9 | Investment Tax Credit Adjustment (Net) | -1,455,396 | -714,675 |
| 10 | Net (Increase) Decrease in Receivables | 26,112,469 | -12,362,886 |
| 11 | Net (Increase) Decrease in Inventory | 1,601,688 | -4,716,723 |
| 12 | Net (Increase) Decrease in Allowances Inventory | 533,120 | |
| 13 | Net Increase (Decrease) in Payables and Accrued Expenses | -778,511 | 1,829,097 |
| 14 | Net (Increase) Decrease in Other Regulatory Assets | 38,815,853 | -21,071,302 |
| 15 | Net Increase (Decrease) in Other Regulatory Liabilities | 18,018,336 | -1,740,855 |
| 16 | (Less) Allowance for Other Funds Used During Construction | 9,311,196 | 8,279,239 |
| 17 | (Less) Undistributed Earnings from Subsidiary Companies | -104,324 | 89,224 |
| 18 | Other (provide details in footnote): | 4,936,629 | 10,142,353 |
| 19 | Deferred Charges and Credits | -7,167,984 | -1,082,326 |
| 20 | Net (Increase) Decrease in Prepayments and Other | -17,253,234 | 16,357,769 |
| 21 | Unrealized (Gain) Loss on Investment in Debt Securities | -245,846 | 1,735,995 |
| 22 | Net Cash Provided by (Used in) Operating Activities (Total 2 thru 21) | 269,173,025 | 169,530,573 |
| 23 | | | |
| 24 | Cash Flows from Investment Activities: | | |
| 25 | Construction and Acquisition of Plant (including land): | | |
| 26 | Gross Additions to Utility Plant (less nuclear fuel) | -225,312,872 | -210,963,588 |
| 27 | Gross Additions to Nuclear Fuel | -35,870,958 | -29,120,932 |
| 28 | Gross Additions to Common Utility Plant | | |
| 29 | Gross Additions to Nonutility Plant | | |
| 30 | (Less) Allowance for Other Funds Used During Construction | -9,311,196 | -8,279,239 |
| 31 | Other (provide details in footnote): | | |
| 32 | | | |
| 33 | | | |
| 34 | Cash Outflows for Plant (Total of lines 26 thru 33) | -251,872,634 | -231,805,281 |
| 35 | | | |
| 36 | Acquisition of Other Noncurrent Assets (d) | | |
| 37 | Proceeds from Disposal of Noncurrent Assets (d) | 630,557 | 562,838 |
| 38 | | | |
| 39 | Investments in and Advances to Assoc. and Subsidiary Companies | 2,083 | -4,789 |
| 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) | | 16,000,000 |

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 | Other Investing Activities | 1,023,099 | -2,259,230 |
| 54 | Investment in Decommissioning Trust Funds (Purchases) | -90,118,454 | -67,168,802 |
| 55 | Investment in Decommissioning Trust Funds (Sales and Maturities) | 79,934,666 | 53,446,529 |
| 56 | Net Cash Provided by (Used in) Investing Activities | | |
| 57 | Total of lines 34 thru 55) | -260,400,683 | -231,228,735 |
| 58 | | | |
| 59 | Cash Flows from Financing Activities: | | |
| 60 | Proceeds from Issuance of: | | |
| 61 | Long-Term Debt (b) | | 148,719,000 |
| 62 | Preferred Stock | | |
| 63 | Common Stock | -24,105,022 | -9,892,391 |
| 64 | Other Financing and Other Capital Lease Obligations-Proceeds | 186,470,958 | 73,178,955 |
| 65 | Exercise of Stock Options | 3,768,960 | 1,166,938 |
| 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) | 166,134,896 | 213,172,502 |
| 71 | | | |
| 72 | Payments for Retirement of: | | |
| 73 | Long-term Debt (b) | | |
| 74 | Preferred Stock | | |
| 75 | Common Stock | | |
| 76 | Other Financing Activities | -1,961,333 | -2,648,715 |
| 77 | Financing and Capital Lease Obligations | -173,126,234 | -62,541,422 |
| 78 | Net Decrease in Short-Term Debt (c) | | |
| 79 | Excess Tax Benefits from Long-Term Incentive Plans | 328,179 | 382,077 |
| 80 | Dividends on Preferred Stock | | |
| 81 | Dividends on Common Stock | | |
| 82 | Net Cash Provided by (Used in) Financing Activities | | |
| 83 | (Total of lines 70 thru 81) | -8,624,492 | 148,364,442 |
| 84 | | | |
| 85 | Net Increase (Decrease) in Cash and Cash Equivalents | | |
| 86 | (Total of lines 22,57 and 83) | 147,850 | 86,666,280 |
| 87 | | | |
| 88 | Cash and Cash Equivalents at Beginning of Period | 91,641,839 | 4,975,559 |
| 89 | | | |
| 90 | Cash and Cash Equivalents at End of period | 91,789,689 | 91,641,839 |

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

| | | 2009 | | 2008 |
|---|---|---|---|---|
| Other: | | | | |
| Gain on Sale of Property | $ | (377,570) | $ | (137,103) |
| Impairments and Reversals of Impairments in Equity Investments | | 1,150,753 | | 6,166,982 |
| Amortization of Unearned Compensation | | 2,276,764 | | 2,419,016 |
| Other Operating Activities | | 1,886,682 | | 1,693,458 |
| Total | $ | 4,936,629 | $ | 10,142,353 |

| Name of Respondent | This Report Is: | Date of Report | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

NOTES TO FINANCIAL STATEMENTS

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

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

**Note 1. Regulatory-Basis Financial Statements and Recent Developments**

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 generally accepted accounting principles ("GAAP") used in the 2009 Form 10-K filed by El Paso Electric Company with the Securities and Exchange Commission. Notes A through O of the regulatory-basis financial statements are from the 2009 Form 10-K 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 O 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 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.

The Company re-implemented FASB guidance for regulated operations in 2004 for its New Mexico jurisdiction, in 2007 for its Texas jurisdiction, and in April 2008 for its FERC jurisdiction. Re-application of FASB guidance for regulated operations required the Company to recognize various regulatory assets on its GAAP financial statements related to accumulated deferred income tax, coal reclamation costs, and the New Mexico and FERC jurisdictional portions of loss on re-acquired debt which had previously been expensed for GAAP reporting. Also effective with the re-application of FASB guidance for regulated operations, the Company includes AFUDC as a construction cost of electric plant in service replacing the method of calculating capitalized interest previously reported in its GAAP financial statements.

GAAP also requires earnings per share information on the income statement. 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. If GAAP were followed, items in the accompanying regulatory-basis financial statements would be increased (decreased) as follows (in thousands):

| Line No. | | 2009 | | 2008 | |
|---|---|---|---|---|---|
| | **Assets and Other Debits (Pages 110-111)** | | | | |
| 2 | Utility plant | $ | (878,233) | $ | (880,156) |
| 5 | Accumulated provision for depreciation, amortization and depletion | | (884,861) | | (889,768) |
| 11 | Nuclear fuel under capital lease | | (1,150) | | (1,150) |
| 12 | Accumulated provision for amortization of nuclear fuel | | 1,186 | | 158 |
| 15 | Utility plant adjustments | | (2,183) | | (3,749) |
| 18 | Nonutility property | | (143) | | (143) |
| 21 | Investment in subsidiary companies | | (334) | | (440) |
| 24 | Other investments | | (2,824) | | (2,537) |
| 28 | Other special funds | | (142,807) | | (118,921) |
| 67 | Total current and accrued assets | | (1,238) | | 39,768 |
| 84 | Total deferred debits | | (205,160) | | (267,075) |
| | **Liabilities and Other Credits (Pages 112-113)** | | | | |
| 2 | Common stock issued | | 84 | | 74 |
| 6 | Premium on capital stock | | 12,576 | | 12,142 |
| - | Deferred and unearned compensation | | 2,631 | | 2,187 |
| 10 | Capital stock expense | | (341) | | (341) |
| 11 | Retained earnings | | (25,904) | | (24,877) |
| 12 | Unappropriated undistributed subsidiary earnings | | 3,625 | | 3,520 |
| 15 | Accumulated other comprehensive income | | 6,682 | | 7,451 |
| 24 | Total long-term debt | | (2,119) | | (3,377) |
| - | Financing and capital lease obligations | | 65,277 | | 70,066 |
| 35 | Total other noncurrent liabilities | | (319,177) | | (270,456) |
| 54 | Total current and accrued liabilities | | 18,677 | | 4,799 |
| 65 | Total deferred credits | | (107,829) | | (142,289) |
| | **Statements of Income for the Year (Pages 114-117)** | | | | |
| 2 | Operating revenues | $ | 95 | $ | 174 |
| 25 | Total utility operating expenses | | (26,033) | | (28,394) |
| 26 | Net utility operating income | | 26,128 | | 28,568 |
| 60 | Net other income and deductions | | 4,564 | | 2,183 |
| 70 | Net interest charges | | (1,429) | | (4,417) |
| - | Income tax expense | | 33,044 | | 37,830 |
| 78 | Net income | | (923) | | (2,662) |
| | **Statement of Cash Flows (Pages 120-121)** | | | | |
| 22 | Net cash provided by (used in) operating activities | $ | (63) | $ | 202 |
| 57 | Net cash provided by (used in) investing activities | | 63 | | (202) |
| 83 | Net cash provided by (used in) financing activities | | – | | – |
| | **Statement of Accumulated Comprehensive Income, Comprehensive Income and Hedging Activities (Page 122a-122b)** | | | | |
| 9 | Other comprehensive income | $ | (770) | $ | (1,074) |

**Statement of Cash Flows**

Cash and cash equivalents and amortization of other presented on the statement of cash flows for the years ended December 31, 2009 and 2008 consist of the following (in thousands):

| | 2009 | 2008 |
|---|---|---|
| **Cash and Cash Equivalents:** | | |
| Cash (131) | $ (8,120) | $ 6,711 |
| Working funds (135) | (223) | (86) |
| Temporary cash investments (136) | 100,133 | 85,017 |
| Cash and cash equivalents at end of period | $ 91,790 | $ 91,642 |
| **Amortization of Other:** | | |
| ARO depreciation (403.1) | $ 40 | $ 305 |
| Other utility plant (404) | 4,628 | 4,177 |
| Regulatory assets (407.3) | 575 | 575 |
| ARO liability accretion (411.10) | 7,321 | 6,887 |
| Miscellaneous amortization (425) | 1,567 | 1,567 |
| Debt expense (428) | 347 | 304 |
| Loss on reacquired debt (428.1) | 868 | 853 |
| Interest rate lock losses | 317 | 297 |
| RCF issuance costs | 136 | 133 |
| Dry cask storage amortization | 2,068 | 1,758 |
| Coal reclamation amortization | 301 | 487 |
| New Mexico rate case expense amortization | 187 | 186 |
| | $ 18,355 | $ 17,529 |

**Utility Plant Adjustments**

The following table summarizes amounts reflected as Utility Plant Adjustments for the New Mexico jurisdiction as of December 31, 2009 and 2008 (in thousands):

| | December 31, 2008 | 2009 Activity Additions (Debits) | 2009 Activity Amortization (Credits) | December 31, 2009 |
|---|---|---|---|---|
| **New Mexico (a)** | | | | |
| Utility Plant Adjustment | $ 17,848 | $ – | $ – | $ 17,848 |
| Accumulated Amortization | (14,099) | – | (1,567) | (15,666) |
| | $ 3,749 | $ – | $ (1,567) | $ 2,182 |

(a) Represents the New Mexico jurisdictional difference between FERC regulatory-basis values and GAAP values related to Steam and Other Production assets. Established in 1998 by the Stipulation and Settlement Agreement in New Mexico Public Regulation Commission Case No. 2722. FERC account 116 was utilized to maintain the original cost concept for utility plant and is consistent with FERC's policy on plant write ups. The Company plans on amortizing this asset over the remaining lives of each respective production plant.

## A. Summary of Significant Accounting Policies

*General.* El Paso Electric Company is a public utility engaged in the generation, transmission and distribution of electricity in an area of approximately 10,000 square miles in west Texas and southern New Mexico. El Paso Electric Company also serves a full requirements wholesale customer in Texas.

*Use of Estimates*. The preparation of 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. Actual results could differ from those estimates.

*Basis of Presentation*. The Company maintains its accounts in accordance with the accounting requirements of the FERC as set forth in its applicable Uniform System of Accounts and published accounting releases, and applies such principles in its regulatory books of account to the rate treatment as ordered by each of the Company's three regulators (the Public Utility Commission of Texas (the "PUCT"), the New Mexico Public Regulation Commission (the "NMPRC") and the FERC), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. MiraSol Energy Services, Inc. ("MiraSol"), which began operations as a separate subsidiary in March 2001, provided energy efficiency products and services previously provided by the Company's Energy Services Business Group. On July 19, 2002, all sales activities of MiraSol ceased. MiraSol remains a going concern in order to satisfy current contracts and warranty and service obligations on previously installed projects. See Note J. The Company records its investment in MiraSol as an investment in subsidiary companies.

*Comprehensive Income.* Certain gains and losses that are not recognized currently in the statements of operations are reflected in the accompanying regulatory-basis balance sheets in Accumulated Other Comprehensive Income in accordance with FASB guidance for reporting comprehensive income.

*Utility Plant*. Utility plant is stated at original cost, less regulatory disallowances and impairments. Costs include labor, material, construction overheads and allowance for funds used during construction ("AFUDC"). Depreciation is provided on a straight-line basis at annual rates which will amortize the undepreciated cost of depreciable property over the estimated remaining lives of the assets (ranging from 3 to 51 years). The Palo Verde costs associated to the Texas and FERC jurisdictions is being depreciated on a straight-line basis over approximately 40 years and the related capital improvements at Palo Verde are being depreciated over the remaining life of the operating license for each unit. For the years ended December 31, 2009 and 2008, the depreciation period for the Palo Verde costs allocated to the New Mexico jurisdiction includes an additional 10 years.

The cost of repairs and minor replacements are charged to the appropriate operating expense accounts and the cost of renewals and betterments are capitalized. When property subject to composite depreciation is retired or otherwise disposed of in the normal course of business, its original 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.

The cost of nuclear fuel is amortized to fuel expense on a units-of-production basis. A provision for spent fuel disposal costs is charged to expense based on the funding requirements of the Department of Energy (the "DOE") for disposal cost of approximately one-tenth of one cent on each kWh generated. The Company is also amortizing its share of costs associated with on-site spent fuel storage casks at Palo Verde over the burn period of the fuel that will necessitate the use of the storage casks. See Note D.

*Impairment of Long-Lived Assets.* Pursuant to FASB guidance for impairment or disposal of long-lived assets, such as property, plant, and equipment and purchased intangibles subject to amortization, long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated undiscounted future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset.

*AFUDC and Capitalized Interest.* AFUDC is determined by applying an accrual rate to the balance of certain Construction Work in Progress ("CWIP"). The FERC has promulgated procedures for the computation (a prescribed formula) of the accrual rate. AFUDC rates utilized in 2009 and 2008 were 8.94% and 8.57%, respectively. The Company capitalizes interest on nuclear fuel in accordance with the FERC Uniform System of Accounts as provided for in FASB guidance for regulated operations.

*Asset Retirement Obligation.* The Company complies with FERC Order No. 631, "Accounting for Financial Reporting and Rate Filing Requirements for Asset Retirement Obligations." FERC Order No. 631 sets forth accounting requirements for the recognition and measurement of liabilities associated with the retirement of tangible long-lived assets. An asset retirement obligation ("ARO") associated with long-lived assets included within the scope of FERC Order No. 631 is that for which a legal obligation exists under enacted laws, statutes, written or oral contracts, including obligations arising under the doctrine of promissory estoppel and legal obligations to perform an asset retirement activity even if the timing and/or settlement are conditional on a future event that may or may not be within the control of an entity. See Note E. Under the order, these liabilities are recognized as incurred if a reasonable estimate of fair value can be established and are capitalized as part of the cost of the related tangible long-lived assets. The Company records the increase in the ARO due to the passage of time as an operating expense (accretion expense).

*Cash and Cash Equivalents*. All temporary cash investments with an original maturity of three months or less are considered cash equivalents.

*Investments in Debt Securities.* In 2007, the Company invested excess cash in auction rate securities with contract maturity dates that extended beyond three months. These securities have interest rates that reset frequently, and historically had provided a liquid market to sell the securities to meet cash requirements. These securities were and still are classified as trading securities by the Company. The auction rate securities had successful auctions through January 2008. However, since February 13, 2008, auctions for $4.0 million of these investments have not been successful, resulting in the inability to liquidate these investments. These investments continue to pay interest. The Company reclassified them to Other Investments in the regulatory-basis balance sheets as of March 31, 2008 and has adjusted the carrying amount to fair value. See Note N.

*Investments*. The Company's marketable securities, included in Other Special Funds in the regulatory-basis balance sheets, are reported at fair value and consist of cash, equity securities and municipal, federal and corporate bonds in trust funds established for decommissioning of its interest in Palo Verde. Such marketable securities are classified as "available-for-sale" securities and, as such, unrealized gains and losses are included in Accumulated Other Comprehensive Income. However, if declines in fair value of marketable securities below original cost basis are determined to be other than temporary, then the declines are reported as losses in the regulatory-basis statement of operations and a new cost basis is established for the affected securities at fair value. Gains and losses are determined using the cost of the security based on the specific identification basis. See Note N.

*Derivative Accounting.* The Company complies with FASB guidance for accounting for derivative instruments and hedging activities which requires the recognition of derivatives as either assets or liabilities in the regulatory-basis balance sheet with measurement of those instruments at fair value. Any changes in the fair value of these instruments are recorded in earnings or other comprehensive income. See Note N.

*Inventories*. Inventories, primarily parts, materials, supplies, fuel oil and natural gas are stated at average cost not to exceed recoverable cost.

*Operating Revenues Net of Energy Expenses*. The Company accrues revenues for services rendered, including unbilled electric service revenues. Energy expenses are stated at actual cost incurred. The Company's Texas retail customers are billed under base rates and a fixed fuel factor approved by the PUCT. The Company's New Mexico retail customers and its sales for resale customer are billed under base rates and a fuel adjustment clause which is adjusted monthly, as approved by the NMPRC and the FERC. The Company's recovery of energy expenses is subject to periodic reconciliations of actual energy expenses incurred to actual fuel revenues collected. The difference between energy expenses incurred and fuel revenues charged to customers is reflected in the accompanying regulatory-basis balance sheets in Other Regulatory Assets and Other Regulatory Liabilities, as appropriate. See Note B.

*Revenues*. Accrued Utility Revenues include accrued unbilled revenues of $18.2 million and $18.6 million at December 31, 2009 and 2008, respectively. The Company presents sales net of sales taxes in its regulatory-basis statements of operations.

*Allowance for Doubtful Accounts.* Additions, deductions and balances for allowance for doubtful accounts for 2009 and 2008 are as follows (in thousands):

| | 2009 | 2008 |
|---|---|---|
| Balance at beginning of year | $ 3,123 | $ 2,873 |
| Additions: | | |
| Charged to costs and expense | 3,289 | 3,328 |
| Recovery of previous write-offs | 712 | 1,184 |
| Uncollectible receivables written off | 5,933 | 4,262 |
| Balance at end of year | $ 1,191 | $ 3,123 |

*Income Taxes*. The Company accounts for federal and state income taxes under the asset and liability method of accounting for income taxes in accordance with FASB guidance for income taxes. Deferred income taxes are recognized for the estimated future tax consequences of "temporary differences" by applying enacted statutory tax rates for each taxable jurisdiction applicable to future years to differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. The effect on deferred tax assets and liabilities of a change in tax rate is recognized in income in the period that includes the enactment date. The Company recognizes tax assets and liabilities for uncertain tax positions in accordance with the recognition and measurement criteria of FASB guidance for uncertainty in income taxes as modified by FERC Docket AI07-2-000. See Note I.

*Stock-Based Compensation*. The Company has a stock-based long-term incentive plan. The Company is required under FASB guidance to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. Such costs are recognized over the period during which an employee is required to provide service in exchange for the award (the "requisite service period") which typically is the vesting period. Compensation cost is not recognized for anticipated forfeitures prior to vesting of equity instruments. See Note F.

*Pension and Postretirement Benefit Accounting.* For a full discussion of the Company's accounting policies for its employee benefits. See Note L.

*Reclassification.* Certain amounts in the regulatory-basis financial statements for 2008 have been reclassified to conform with the 2009 presentation.

*New Accounting Standards.* In June 2009, the FASB approved its Accounting Standards Codification (the "Codification 2009") as the exclusive authoritative reference for U.S. Generally Accepted Accounting Principles ("GAAP") to be applied by nongovernmental entities. The FASB will not issue new standards in the form of Statements, FASB Staff Positions, or Emerging Issues Task Force Abstracts. Instead, it will issue Accounting Standards Updates ("ASU"). The Codification 2009 is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The Company adopted the Codification 2009 effective July 1, 2009 without a significant impact on the Company's regulatory-basis financial statements.

Effective January 1, 2008, the Company adopted FASB guidance which defines fair value, outlines a framework for measuring fair value, and details the required disclosures about fair value measurements. On April 9, 2009, the FASB issued guidance which required similar disclosure for interim reporting periods ending after June 15, 2009, applied prospectively. This guidance did not have an impact on the Company's regulatory-basis financial statements, but required additional disclosure in the Company's interim reports.

Effective April 1, 2009, the Company adopted FASB guidance for estimating fair value when the volume and level of activity for the asset or liability has decreased significantly. This guidance requires disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements. This guidance did not impact amounts reported in the Company's regulatory-basis financial statements, but resulted in additional footnote disclosure.

Effective April 1, 2009, the Company adopted FASB guidance which amended the other-than-temporary impairment guidance in U.S. GAAP for debt securities to make the guidance more operational and to improve the presentation and disclosure of other-than-temporary impairments on debt and equity securities in the financial statements. This guidance did not have an impact on amounts reported in the Company's regulatory-basis financial statements.

Effective April 1, 2009, the Company adopted FASB guidance which establishes general standards of accounting and disclosure of events that occur after the balance sheet date, but before financial statements are issued. The Company has evaluated subsequent events for recording and disclosure.

In December 2009, the Company adopted FASB guidance on disclosure of pension and other post-retirement plans that requires additional disclosure of investment policies and strategies, categories of investment and fair value measurements of plan assets, and significant concentrations of risk. This guidance did not impact amounts reported in the Company's regulatory-basis financial statements, but resulted in additional footnote disclosure.

In December 2009, the Company adopted FASB guidance on the measurement provisions for investments in certain entities that calculate net asset value per share (or its equivalent). These measurement provisions apply to certain investments in funds that do not have readily determinable fair values including private investments, hedge funds, real estate, and other funds. This guidance amends FASB guidance on fair value measurements and allows the use of net asset value per share or its equivalent for the estimation of the fair value for investments in investment companies for which the investment does not have a readily determinable fair value. This guidance did not impact amounts reported in the Company's regulatory-basis financial statements, but did impact the Company's disclosure for pension and other post-retirement plans.

In January 2010, the FASB issued new guidance to improve disclosure requirements related to fair value measurements and disclosures – Overall Subtopic 820-10 of the *FASB Accounting Standards Codification*. The new requirements include (i) disclosure of significant transfers in and out of Level 1 and Level 2 fair value measurements and the reasons for the transfers; and (ii) disclosure of the reconciliation for Level 3 fair value measurements should include information about purchases, sales, issuances, and settlements on a gross basis. This guidance is effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosure about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. This guidance requires additional disclosure on fair value measurements, but does not impact the Company's regulatory-basis financial statements.

## B. Regulation

### General

The rates and services of the Company are regulated by incorporated municipalities in Texas, the PUCT, the NMPRC, and the FERC. The PUCT and the NMPRC have jurisdiction to review municipal orders, ordinances, and utility agreements regarding rates and services within their respective states and over certain other activities of the Company. The FERC has jurisdiction over the Company's wholesale transactions and compliance with federally-mandated reliability standards. The decisions of the PUCT, NMPRC and the FERC are subject to judicial review.

**Texas Regulatory Matters**

*Texas Freeze Period.* The Company has entered into agreements ("Texas Rate Agreements") with El Paso, PUCT staff and other parties in Texas that provide for most retail base rates to remain at their current level through June 30, 2010. During the rate freeze period, if the Company's return on equity falls below the bottom of a defined range, the Company has the right to initiate a rate case and seek an adjustment to base rates. If the Company's return on equity exceeds the top of the range, the Company will refund an amount equal to 50% of the Texas jurisdictional pretax return in excess of the ceiling. The range is based upon a risk premium analysis used in rate proceedings to establish a utility's return on equity, and as of December 31, 2009, the range would be approximately 9.06% to 13.06%. The Company's return on equity fell within this range during 2009. Also pursuant to the Texas Rate Agreements, the Company agreed to share with its Texas customers 25% of off-system sales margins increasing to 90% after June 30, 2010 through June 30, 2015.

*Fuel and Purchased Power Costs.* Although the Company's base rates are frozen pursuant to the Texas Rate Agreements, the Company's actual fuel costs, including purchased power energy costs, are recoverable from its customers. The PUCT has adopted a rule establishing the recovery of fuel costs ("Texas Fuel Rule") that allows the Company to seek adjustments to its fixed fuel factor three times per year in February, June and October. The Texas Fuel Rule provides for the fixed fuel factor to be based upon projected fuel and purchased power costs and projected kilowatt-hour sales for a twelve-month period. The Texas Fuel Rule also allows for the Company to request a formula to determine its fuel factor. Once a formula is approved, the Company could seek to revise its fixed fuel factor based upon the approved formula at least four months after its last revision except in the month of December. The Texas Fuel Rule requires the Company to request to refund fuel costs in any month when the over-recovery balance exceeds a threshold material amount and it expects to continue to be materially over-recovered. The Texas Fuel Rule also permits the Company to seek to surcharge fuel under-recoveries in any month the balance exceeds a threshold material amount and it expects to continue to be materially under-recovered. Fuel over and under recoveries are considered material when they exceed 4% of the previous twelve months fuel costs. All such fuel revenue and expense activities are subject to periodic final review by the PUCT in fuel reconciliation proceedings.

On January 8, 2008, the Company filed a request with the PUCT in Docket No. 35204 to surcharge approximately $30.1 million, including interest, of under-recovered fuel and purchased power costs to be collected over a twelve-month period. The fuel under-recoveries were incurred during the period December 2005 through November 2007. On April 11, 2008, the PUCT issued a final order approving the fuel surcharge to be collected over a twelve-month period beginning in May 2008.

On July 8, 2008, the Company filed a petition in Docket No. 35856 with the PUCT to increase its fixed fuel factors and to surcharge $39.5 million of under-recovered fuel and purchased power costs including interest. The surcharge was based upon actual under-recoveries for the period December 2007 through May 2008 and expected under-recoveries for June and July 2008. On September 25, 2008, the PUCT issued a final order approving an increase in the Company's Texas jurisdictional fixed fuel factors of $38.8 million or 21.5% annually beginning with customer bills rendered in October 2008. In addition, the PUCT approved the recovery of $39.5 million in fuel under-recoveries over an 18-month period beginning in October 2008.

On April 1, 2009, the Company filed a petition with the PUCT in Docket No. 36864 to terminate the interim fuel surcharge which had been authorized in Docket No. 35856. The Company's request was a result of the over-recovery of fuel costs under the Company's fixed fuel factor effective in October 2008 which largely offset the remaining balance of the fuel surcharge. The fuel over-recoveries were the result of the significant drop in natural gas prices since the fixed fuel factor went into effect in October 2008. On April 23, 2009, the Company received approval from the PUCT to terminate the fuel surcharge effective for customer bills rendered in May 2009 and thereafter.

On June 5, 2009, the Company filed a petition with the PUCT in Docket No. 37086 to decrease its fixed fuel factors by 13.1%, or $27.9 million. On July 30, 2009, the PUCT approved the new factors effective for customer bills rendered beginning in August 2009.

On September 1, 2009, the Company filed a petition in Docket No. 37433 to refund $12.0 million in fuel cost over-recoveries, including interest, for the period of July 2008 through July 2009. The Company entered into a stipulation in October 2009 that included the August 2009 over-recovery in the refund for a total of $16.8 million, including interest, and provided for the refund to be paid in November and December, 2009. On October 23, 2009, the PUCT issued an order approving the stipulation.

On December 17, 2009, the Company filed a petition with the PUCT Docket No. 37788 requesting authority to implement a one-month, interim fuel refund of $11.8 million in fuel cost over-recoveries, including interest, for the period September through November 2009. On January 20, 2010, a stipulation was filed that resolves all of the issues in this proceeding. The stipulation provides for the Company to implement a fuel refund for the net over-recovery of $11.8 million, including interest, in the month of February, 2010. On January 21, 2010, the administrative law judge assigned to the docket issued an order approving the implementation of interim rates to allow the requested refund to be made. A final order was issued on February 11, 2010 approving the stipulation.

*Palo Verde Performance Standards.* The PUCT established performance standards for the operation of Palo Verde pursuant to which each Palo Verde unit is evaluated annually to determine whether its three-year rolling average capacity factor entitles the Company to a reward or subjects it to a penalty. The capacity factor is calculated as the ratio of actual generation to maximum possible generation. If the capacity factor, as measured on a station-wide basis for any consecutive 36-month period, should fall below 35%, the parties to the Texas Rate Agreements can seek to remove Palo Verde from base rates and seek different rate treatment for Palo Verde. The removal of Palo Verde from rate base could have a significant negative impact on the Company's revenues and financial condition. The Company has calculated the performance rewards for the reporting periods ending in 2009 and 2008 to be approximately $0.7 million and $0.1 million, respectively. Performance rewards are not recorded on the Company's books until the PUCT has made a final determination in a fuel proceeding or comparable evidence of collectibility is obtained. Performance penalties are recorded when assessed as probable by the Company.

The Company agreed to contribute Palo Verde rewards approved in its fuel reconciliation proceeding in PUC Docket No. 23530 to assist low-income customers in paying their utility bills. In compliance with the PUCT order, the Company sought and received approval by the El Paso City Council in January 2006 to remit to El Paso approximately $5.8 million in Palo Verde performance reward funds to fund demand side management programs such as weatherization with a focus on programs to assist small business and commercial customers. As of December 31, 2009, $2.5 million, including accrued interest, remains to be paid under these agreements and is recorded as a liability on the Company's regulatory-basis balance sheet.

*Renewable Energy Requirements.* Notwithstanding the PUCT's approval of a rule further delaying competition in the Company's Texas service territory, the Company became subject to the renewable energy and energy efficiency requirements of the Texas Restructuring Law on January 1, 2006. Under the renewable energy requirements, the Company is required to annually obtain its pro rata share of renewable energy credits as determined by the Electric Reliability Council of Texas (the "Program Administrator"). The Company's ultimate obligation to obtain renewable energy credits will not be known until January 31 of the year following the compliance year, and it will have until March 31 to obtain, if necessary, and submit to the Program Administrator, sufficient credits. The Company met its obligations for renewable energy credits for 2009.

*2007 Energy Efficiency Legislation.* The Texas legislature has established energy efficiency goals for cost-effective energy efficiency for residential and commercial customers equivalent to at least 15% of the annual growth in demand by December 31, 2008 and 20% of the annual growth in demand by December 31, 2009. Among other things, the legislation requires the PUCT to establish an energy efficiency cost recovery factor for ensuring cost recovery for utility expenditures made to satisfy the energy efficiency goal. The legislation provides that utilities that are unable to establish an energy efficiency cost recovery factor in a timely manner due to a rate freeze will be allowed to defer the costs of complying with the energy efficiency goal and recover such deferred costs at the end of the rate freeze period. On September 8, 2008 in Docket No. 35612, the PUCT approved the Company's request to defer these costs and recover them through a cost recovery factor upon expiration of its rate freeze period. As of December 31, 2009, the Company had deferred as a regulatory asset, $4.0 million of energy efficiency costs.

*2009 Texas Retail Rate Case.* On December 9, 2009, the Company filed an application with the PUCT for authority to change rates, to reconcile fuel costs, to establish formula-based fuel factors, and to establish an energy efficiency cost-recovery factor. This case was assigned PUCT Docket No. 37690. The test year for the base-rate case is July 2008 through June 2009. The Company seeks to increase its base-rate revenue requirement by $51.6 million over current base rates, or a 12.89% annual increase, based on a total non-fuel base revenue requirement of $451.7 million for the Company's retail jurisdiction. The Company's fuel-reconciliation request addresses fuel and purchased power costs and fuel-factor revenues for the period March 1, 2007 through June 30, 2009. The Company's request to implement a fuel-factor formula would change its historically-used method of establishing fuel and purchased power costs based upon a projected test year period to a PUCT-approved, utility-specific formula pursuant to PUCT Rules. Finally, the Company's request to implement an energy-efficiency cost-recovery factor would recover its ongoing reasonable energy-efficiency costs in addition to the previous costs that were deferred for future recovery due to the Company's rate freeze.

On April 5, 2010, the administrative law judge issued an order approving an agreed procedural schedule that provides for intervenor and staff testimony with their recommended rate changes to be filed in April and hearings to begin on June 1, 2010. The agreed procedural schedule provides that, if the PUCT has not approved final rates by September 1, 2010, current rates will be in effect on a temporary basis from such date, subject to true-up to the final approved base rates.

*Electric Restructuring.* The Texas Restructuring Law required certain investor-owned electric utilities to separate power generation activities and retail service activities from transmission and distribution activities by January 1, 2002, and on that date, retail competition for generation services was instituted in some parts of Texas. However, the PUCT has delayed retail competition in the Company's Texas service territory by approving a rule which identifies various milestones for the Company to reach before competition can begin. The first milestone calls for the development, approval by the FERC, and commencement of independent operation of a regional transmission organization ("RTO") in the area that includes the Company's service territory, including the development of retail market protocols to facilitate retail competition (see "FERC Regulatory Matters – RTOs" below). The complete transition to retail competition would occur upon the completion of the last milestone, which would be the PUCT's final evaluation of the market's readiness to offer fair competition and reliable service to all retail customers. The Company believes this rule delays retail competition in its Texas service territory indefinitely. There is substantial uncertainty about both the regulatory framework and market conditions that will exist if and when retail competition is implemented in the Company's service territory, and the Company may incur substantial preparatory, restructuring and other costs that may not ultimately be recoverable. There can be no assurance that deregulation would not adversely affect the future operations, cash flows and financial condition of the Company, if it were to be implemented.

**New Mexico Regulatory Matters**

*2007 New Mexico Stipulation.* In July 2007, the NMPRC issued a final order approving a stipulation ("2007 New Mexico Stipulation") addressing all issues in the 2006 rate filing in Case No. 06-00258-UT. The 2007 New Mexico Stipulation provided for a $5.8 million non-fuel base rate increase, established the amount of fuel included in base rates at $0.04288 per kWh, and modified the Company's Fuel and Purchased Power Cost Adjustment Clause (the "FPPCAC"). Any difference between actual fuel and purchased power costs and the amount included in base rates was recovered or refunded through the FPPCAC. Rates continued in effect until changed by the NMPRC following the Company's next rate case. The 2007 New Mexico Stipulation required the Company to file its next general rate case no later than May 29, 2009 using as a base period the twelve months ending December 31, 2008. Under NMPRC statutes, new rates would become effective no later than July 2010 unless otherwise extended. The Company complied with the 2007 New Mexico Stipulation and filed its required rate case on May 29, 2009.

The 2007 New Mexico Stipulation provided for recovery through the FPPCAC of the cost of capacity and energy provided to New Mexico retail customers from the deregulated Palo Verde Unit 3. The amount to be recovered was based upon the monthly contract cost of capacity and energy for power purchased under the Southwestern Public Service Company ("SPS") purchased power contract. In February and March 2009, the volumes delivered to the Company over the transmission tie used to import SPS power were materially lower than normal due to operational constraints. This reduction in volume resulted in contract formula prices for Palo Verde Unit 3 power that were significantly higher than what were foreseen by the 2007 New Mexico

Stipulation. The Company addressed this price spike due to operational constraints by proposing to adjust the proxy price in February 2009 to $54.27 per MWh (January 2009 monthly calculated price) and in March 2009 to $64.38 per MWh (12 months ending January 2009 average price) which is approximately 28% and 55% of the price calculated utilizing the formula from the 2007 New Mexico Stipulation. Because the operational constraints limiting the SPS purchases were expected to continue during 2009, the Company on April 24, 2009 requested approval of an unopposed variance to the calculation of the Palo Verde Unit 3 proxy price to be the lower of the monthly cost of capacity and energy under the SPS purchased power contract or the average cost of capacity and energy under the SPS purchased power contract for the twelve months ended January 2009 of $64.38 per MWh.

The SPS purchased power contract was terminated September 30, 2009, see Note J. The 2007 New Mexico Stipulation provided that upon termination of the SPS contract, the proxy price would be the average cost of SPS capacity and energy during the twelve months prior to contract termination. As a result, the price of deregulated Palo Verde Unit 3 power was set at $47.77 during the months of October 2009 through December 2009.

The 2007 New Mexico Stipulation also required 25% of jurisdictional off-system sales margins to be credited to customers through the FPPCAC until July 2010 when 90% of jurisdictional off-system sales margins will be credited to customers.

*2009 New Mexico Stipulation.* On May 29, 2009, the Company filed with the NMPRC a petition to increase non-fuel and purchased power base rates by $12.7 million annually. The filing reflected a projected reduction of $21.3 million in fuel related revenues based upon the difference in revenues for the test year ended December 31, 2008 and the forecast period revenues (forecasted fuel and purchased power costs for the twelve month period beginning July 1, 2010) for a projected net decrease in New Mexico jurisdictional fuel and purchased power revenues of $8.6 million. The filing complied with the 2007 New Mexico Stipulation requirement in the NMPRC's Final Order in Case No. 06-00258-UT to file a general rate case by May 30, 2009 using a test year ended December 31, 2008. The 2009 rate case was docketed as NMPRC Case No. 09-00171-UT.

A unanimous settlement of all issues in the case and an unopposed, comprehensive stipulation (the "2009 New Mexico Stipulation") was filed on October 8, 2009. The 2009 New Mexico Stipulation resolved all issues and provided for an increase in New Mexico jurisdictional non-fuel and purchased power base rate revenues of $5.5 million. The 2009 New Mexico Stipulation provided for the revision of depreciation rates for the Palo Verde nuclear generating plant to reflect a 20-year life extension and depreciation rates for other plant in service. The 2009 New Mexico Stipulation also provided for the continuation of the Company's FPPCAC without conditions or variance and established the base fuel factor at $0.04362 per kWh. In addition, the 2009 New Mexico Stipulation modified the market pricing of capacity and energy provided by Palo Verde Unit 3 due to the termination of the SPS contract in September 2009. Pursuant to the 2009 New Mexico Stipulation, Palo Verde Unit 3 capacity and energy will be included in the FPPCAC based upon a methodology using a purchased power contract with Credit Suisse Energy, LLC.

The Company and Staff filed testimony in support of the 2009 New Mexico Stipulation on October 22, 2009. A public evidentiary hearing on the merits of the 2009 New Mexico Stipulation was held before the Commission on November 4, 2009. On December 10, 2009, the NMPRC issued a final order conditionally approving and clarifying the unopposed stipulation. The stipulated rates approved in the final order went into effect with January 2010 bills.

*Investigation into Recovering County Franchise Fees.* On December 10, 2009, the NMPRC issued an order in NMPRC Case No. 09-00421-UT, requiring the Company to show cause why it should collect franchise fees from its customers on behalf of Doña Ana and Otero Counties (the "Counties"). The Company responded to the order on January 5, 2010. On January 26, 2010, the NMPRC issued its decision concluding that the imposition of franchise fees by New Mexico counties is not authorized under New Mexico law and, therefore, the Company may not pass through to its customers some past and all ongoing franchise fees imposed by the Counties. The order concluded that only "home rule" municipalities, who had adopted a charter under the state constitution, could impose franchise fees or taxes, provided the residents so voted.

As a result of its findings, the NMPRC directed the Company to immediately cease passing through to its customers any franchise fees paid by the Company to the Counties. The NMPRC also directed the Company to refund to its customers in the Counties the amount of franchise fees charged to those customers since June 1, 2004, plus interest. The Company estimates that its refund obligation under the order would be approximately $5.7 million, plus accrued interest of approximately $1.0 million through December 31, 2009. The order stated that the Company was required to refund these franchise fees to customers over a three-year period through a credit on customer bills and file tariffs for refunding within three days. On January 29, 2010, the NMPRC granted the Company's request to extend its deadline for compliance with the order until February 12, 2010. Interest will continue to accrue on the unamortized balance until fully refunded. The order does not relieve the Company of its obligation to pay franchise fees to the Counties but states that this issue must be addressed by the New Mexico courts.

The Company immediately filed a Notice of Appeal with the New Mexico Supreme Court on January 27, 2010 (the "Appeal"), seeking to set aside the order on legal and jurisdictional grounds. The Company followed with a motion for Emergency Stay on January 29, 2010, asking the New Mexico Supreme Court to stay the order pending the Appeal. The Company also asked the NMPRC, on February 12, 2010, to delay implementation of its order pending the Appeal. The Counties moved to intervene in the Appeal on February 10, 2010, and have also informed the Company they intend to pursue their own legal actions opposing the order. The Company had placed pending franchise payments to the Counties in separate accounts pending resolution of the proceedings. However, beginning in April 2010 the Company began paying franchise payments to the Counties in accordance with the current franchise agreements. On February 22, 2010, the New Mexico Supreme Court granted the Company's motion for Emergency Stay pending the outcome of the Appeal and granted the Counties' motion to intervene in the Appeal. The New Mexico legislature recently passed legislation that clarified the legality of the Company's existing franchise agreements with the Counties. However, since the NMPRC order is still in effect, the Company is continuing its Supreme Court appeal. The Company cannot predict the outcome of the proceedings.

The Company will also review its legal options to terminate any future obligation to pay franchise fees to the Counties and to seek reimbursement from the Counties if refunds are ultimately required. The Company cannot predict the outcome of these legal reviews or any legal proceedings that may follow.

*FPPCAC Rulemaking and Workshops.* The NMPRC has docketed workshops (Case No. 07-00389-UT) to review consistency and potential changes to the FPPCAC rule in New Mexico. Comments have been filed by parties and workshops have been held for discussion and consideration of any changes to the existing FPPCAC rule that could be included in a new rulemaking proceeding. The NMPRC has no proposed rule revisions to date.

*Pollution Control Bond Refunding.* On March 20, 2008, the Company filed an application with the NMPRC requesting authority for long-term securities transactions necessary to refund and reissue certain Pollution Control Refunding Revenue Bonds (the "PCBs"). On April 22, 2008, the NMPRC issued a final order granting the Company the authority to enter into the securities transactions necessary to refund and reissue the Company's Series B and Series C PCBs. On March 26, 2009, the Company completed a refunding transaction related to an aggregate principal amount of $100.6 million in pollution control indebtedness.

*Notice of Investigation of Rates.* On August 3, 2007, the Company received a "Notice of Investigation of Rates of El Paso Electric Company" from the NMPRC in Case No. 07-00317-UT. On August 21, 2007, the NMPRC requested that the Company file a response to the issues, including the reasonableness of fuel and purchased power costs. On September 7, 2007, the Company filed its response and requested that the NMPRC suspend its investigation and close the docket. No further action has been taken by the NMPRC and the docket is moot since the rates established in Case No. 07-00317-UT are no longer in effect.

*New Mexico Investigation into Executive Compensation.* In December 2007, the NMPRC initiated an investigation into executive compensation of investor-owned gas and electric public utilities. In its order initiating the investigation, the NMPRC required each utility to provide information on compensation of executive officers and directors for the period 1977-2006. The Company provided the requested information. No further action has been taken by the NMPRC.

*2009 New Mexico Integrated Resource Plan Filing.* On July 16, 2009, the Company submitted its initial Integrated Resource Plan ("IRP") pursuant to the requirements of NMPRC Rule 17.7.3. The filing identifies the Company's four-year action plan to meet resource needs based upon a twenty-year resource plan. The four-year action plan includes the addition of a natural gas-fired combustion turbine in 2012; a competitive-bid request for proposals to add a combined cycle plant in three phases in 2013, 2014, and 2016; evaluation of a direct load control project for possible integration in the resource plan; and a competitive-bid request for proposals to acquire additional wind and biomass renewable resources in 2013 and 2015 to comply with the New Mexico Renewable Portfolio Standard Requirements. The NMPRC accepted the proposed IRP as compliant with its rules without a hearing in August 2009.

*2009 New Mexico Annual Renewable Procurement Plan Filing.* On July 1, 2009, the Company filed its 2009 Annual Renewable Procurement Plan in compliance with the New Mexico Renewable Energy Act. The Company's 2009 plan was designed to meet the full renewable portfolio standard ("RPS") of 6 percent of New Mexico jurisdictional retail energy sales for 2010 and 10 percent beginning in 2011. The Company requested approval by the NMPRC of the following proposals: 1) to increase the solar resources used for RPS compliance pursuant to the long-term contract with New Mexico SunTower, LLC; 2) to pay an additional $0.015 per kWh for renewable energy credits ("RECs") obtained from a biomass energy facility; and 3) to modify and expand the Company's existing REC purchase program for customer-installed qualifying facilities up to 10 kW and to add a program for customer-installed qualifying facilities of 10 kW to 100 kW. Hearings were held on October 1, 2009. On December 22, 2009, the NMPRC issued its final order substantially approving the Company's proposed procurement plan modified to increase the price paid for small, customer-owned solar generated energy from the proposed price of $0.10 per kWh to $0.12 per kWh.

*Investigation into the Service Quality of El Paso Electric Company.* On October 22, 2009, NMPRC Staff filed a petition requesting an investigation into the quality of service of the Company's power distribution system in the Santa Teresa Industrial Park, based upon a report prepared for customers in that area by the Los Alamos National Laboratory. On October 27, 2009, the NMPRC decided to initiate an investigation and ordered the Company to respond no later than November 16, 2009. The Company filed an initial response on November 16, 2009 and a supplemental response on January 8, 2010 after obtaining data on which the report was based. The Company responses provided evidence that the reliability and power quality performance for the Company's service territory as a whole and on the Santa Teresa circuits in particular meet all applicable reliability standards and comport with good utility practices. On January 28, 2010, the NMPRC Staff filed its reply stating that they found no factual basis to conclude that the Company has violated NMPRC rules by not following good utility practices regarding service quality to the customers in the Santa Teresa Industrial Park area and recommended the NMPRC dismiss this proceeding. The Company is unable at this time to predict the ultimate outcome of this docket.

**Federal Regulatory Matters**

*Transmission Dispute with Tucson Electric Power Company ("TEP").* In January 2006, the Company filed a complaint with the FERC to interpret the terms of a Power Exchange and Transmission Agreement (the "Transmission Agreement") entered into with TEP in 1982. TEP filed a complaint with the FERC one day later raising virtually identical issues. TEP claimed that, under the Transmission Agreement, it was entitled to up to 400 MW of firm transmission rights on the Company's transmission system that would enable it to transmit power from the Luna Energy Facility ("LEF") located near Deming, New Mexico to Springerville or Greenlee in Arizona. The Company asserted that TEP's rights under the Transmission Agreement do not include transmission rights necessary to transmit such power as contemplated by TEP and that TEP must acquire any such rights in the open market from the Company at applicable tariff rates or from other transmission providers. On April 24, 2006, the FERC ruled in the Company's favor, finding that TEP does not have transmission rights under the Transmission Agreement to transmit power from the LEF to Arizona. The ruling was based on written evidence presented and without an evidentiary hearing. TEP's request for a rehearing of the FERC's decision was granted in part and denied in part in an order issued October 4, 2006, and hearings on the disputed issues were held before an administrative law judge. In the initial decision dated September 6, 2007, the administrative law judge found that the Transmission Agreement allows TEP to transmit power from the LEF to Arizona but limits that transmission to 200 MW on any segment of the circuit and to non-firm service on the segment from Luna to Greenlee. The Company and TEP filed exceptions to the initial decision.

On November 13, 2008, the FERC issued an order on the initial decision finding that the transmission rights given to TEP in the Transmission Agreement are firm and are not restricted for transmission of power from Springerville as the receipt point to Greenlee as the delivery point. Therefore, pursuant to the order, TEP can use its transmission rights granted under the Transmission Agreement to transmit power from the LEF to either Springerville or Greenlee so long as it transmits no more than 200 MW over all segments at any one time.

The FERC also ordered that the Company refund to TEP all sums with interest that TEP had paid it for transmission under the applicable transmission service agreements since February 2006 for service relating to the LEF. On December 3, 2008 the Company refunded $9.7 million to TEP. The Company had established a reserve for the rate refund of approximately $7.2 million as of September 30, 2008, resulting in a pre-tax charge to earnings of approximately $2.5 million in 2008. The Company also paid TEP interest on the refunded balance of approximately $0.9 million, which was also charged to earnings in 2008. The Company filed a request for rehearing of the FERC's decision on December 15, 2008, seeking reversal of the order on the merits and a return of any refunds made in the interim, as well as compensation for all service that the Company may provide to TEP from the LEF over the Company's transmission system on a going forward basis. The FERC suspended the period for ruling on the motion for rehearing on January 14, 2009. If the FERC denies the Company's request for rehearing or again finds against the Company on rehearing, the Company will have the right to seek judicial review of the order. If the order is not reversed, the Company will lose the opportunity to receive compensation from TEP for such transmission service in the future. The Company cannot predict the outcome of such potential future proceedings.

In an ancillary proceeding, TEP filed a lawsuit in the United States District Court for the District of Arizona in December 2008, seeking reimbursement for amounts TEP paid a third party transmission provider for purchases of transmission capacity between April 2006 and May 2007, allegedly totaling approximately $1.5 million, plus accrued interest. TEP alleges that the Company was obligated to provide TEP with that transmission capacity without charge under the Transmission Agreement. In September 2009, the Court granted a stay in this suit pending a resolution of the underlying FERC proceeding and any appeal thereof. The Company cannot predict the outcome of this matter.

*Pollution Control Bond Refunding.* On April 4, 2008, the Company filed an application with the FERC requesting authority for long-term securities transactions necessary to refund and reissue the Company's Series B and Series C PCBs. The FERC issued an order on May 1, 2008, granting authority for the securities transactions. On March 26, 2009, the Company completed a refunding transaction related to an aggregate principal amount of $100.6 million in pollution control indebtedness. See Note H.

*RTOs.* FERC's rule on RTOs ("Order 2000") strongly encourages, but does not require, public utilities to form and join regional transmission organizations ("RTOs"). The Company is an active participant in the development of WestConnect. The Company has entered into a memorandum of understanding with thirteen other transmission owners that obligates the parties to participate in and commit resources to ongoing joint efforts, including involvement with stakeholders, customers, local, state and federal regulatory personnel, and other western grid transmission providers to identify, develop and implement cost-effective wholesale market enhancements on a voluntary, phased-in basis to add value in transmission accessibility, wholesale market efficiency and reliability for wholesale users of the western grid. These enhancements may ultimately include formation of an RTO. WestConnect will continue to work with the FERC and two other proposed RTOs in the west to achieve a seamless market structure. The Company comprises approximately 6% of WestConnect and cannot control the terms or timing of its development. WestConnect as an RTO will not be operational for several years, if it is achieved at all.

On February 10, 2009, the FERC accepted a participation agreement submitted by nine WestConnect participants establishing the WestConnect Point-to-Point Regional Transmission Service Experiment (the "Proposal"). The FERC also conditionally accepted (subject to the participants making minor compliance filings) associated regional transmission tariffs that implement the Proposal for a two-year period. The Proposal calls for participants to offer customers the option of buying hourly non-firm, point-to-point transmission service across their collective transmission systems at a single rate. Taking coordinated service under the proposal is an alternative to pancaked point-to-point transmission service offered under each member's individual Open Access Transmission Tariff. Participation in the Proposal has not had a material impact on transmission revenues.

*Department of Energy.* The DOE regulates the Company's exports of power to the Comisión Federal de Electricidad in Mexico pursuant to a license granted by the DOE and a presidential permit. The DOE has determined that all such exports over international transmission lines shall be made in accordance with Order No. 888, which established the FERC rules for open access.

The DOE is authorized to assess operators of nuclear generating facilities a share of the costs of decommissioning the DOE's uranium enrichment facilities and for the ultimate costs of disposal of spent nuclear fuel. See Note D – Palo Verde – Spent Fuel Storage for discussion of spent fuel storage and disposal costs.

*Nuclear Regulatory Commission.* The NRC has jurisdiction over the Company's licenses for Palo Verde and regulates the operation of nuclear generating stations to protect the health and safety of the public from radiation hazards. The NRC also has the authority to grant license extensions pursuant to the Atomic Energy Act of 1954, as amended.

**Sales for Resale**

The Company entered into a contract on April 18, 2007, as amended on August 29, 2008, March 31, 2009 and May 8, 2009, to sell up to 100 MW of firm energy and 50 MW of contingent energy to Imperial Irrigation District ("IID") beginning May 1, 2007, and continuing through October 31, 2009. The contract also provides for the Company to sell up to 100 MW firm energy and 40 MW of contingent energy beginning November 1, 2009 through April 30, 2010. To ensure that power is available to meet the IID contract demand, the Company entered into a contract effective May 1, 2007, as amended and restated on September 3, 2008 and March 30, 2009, to purchase up to 100 MW of firm energy from Credit Suisse Energy, LLC. This contract provides for up to 100 MW of firm energy to be delivered at Palo Verde through April 30, 2010, and 50 MW of energy delivered at Four Corners in the months of July through September 2007 and May through September for the years 2008 through April 3, 2010.

The Company provides firm capacity and associated energy to the RGEC pursuant to an ongoing contract which requires a two-year notice to terminate. The Company also provides network integrated transmission service to RGEC pursuant to the Company's Open Access Transmission Tariff ("OATT"). In 2006, the Company provided RGEC with a notice of termination. On March 28, 2008, the Company filed with FERC a power sales agreement for full requirements wholesale electric service (the "Agreement") to sell capacity and energy to RGEC at a cost-based formula rate. The Company requested that the Agreement become effective April 1, 2008 to replace the power sales agreement that expired March 31, 2008. The Agreement includes a formula-based rate that will be updated annually to recover non-fuel generation costs and a fuel adjustment clause designed to recover all eligible fuel and purchased power costs allocable to RGEC. An order accepting the tariff was issued on May 21, 2008 approving the effective date of April 1, 2008.

**C. Regulatory Assets and Liabilities**

The Company's operations are regulated by the PUCT, the NMPRC and the FERC. Regulatory assets represent probable future recovery of previously incurred costs, which will be collected from customers through the ratemaking process. Regulatory liabilities represent probable future reductions in revenues associated with amounts that are to be credited to customers through the ratemaking process. Regulatory assets and liabilities reflected in the Company's regulatory-basis balance sheets are presented below (in thousands):

| | Amortization Period Ends | December 31, 2009 | December 31, 2008 |
|---|---|---|---|
| **Regulatory assets** | | | |
| New Mexico procurement plan costs | (a) | $ 576 | $ 464 |
| New Mexico renewable energy credits | (a) | 3,415 | 2,278 |
| New Mexico 2006 rate case costs (b) | June 2010 | 95 | 294 |
| New Mexico 2009 rate case costs (b) | (c) | 814 | – |
| New Mexico Palo Verde deferred depreciation (b) | (d) | 2,789 | 1,713 |
| New Mexico energy efficiency | (e) | 642 | 231 |
| New Mexico transition costs (b) | December 2009 | – | 575 |
| Texas energy efficiency | (e) | 4,017 | 986 |
| Texas 2009 rate case costs | (f) | 1,473 | – |
| Net undercollection of fuel revenues | (g) | – | 46,857 |
| Regulatory tax assets (h) | (d) | 95,134 | 91,581 |
| Final coal reclamation (h) | July 2016 | 9,381 | 9,682 |
| Nuclear fuel postload daily financing charge | (e) | 1,695 | 2,660 |
| **Total regulatory assets** | | $ 120,031 | $ 157,321 |
| **Regulatory liabilities** | | | |
| Regulatory tax liabilities (h) | (d) | $ 60,569 | $ 62,400 |
| Net overcollection of fuel revenues | (g) | 18,018 | – |
| **Total regulatory liabilities** | | $ 78,587 | $ 62,400 |

(a) Two year amortization period per NMPRC Case No. 09-00171-UT.
(b) This item is included in rate base which earns a return on investment.
(c) Three year amortization period per NMPRC Case No. 09-00171-UT.
(d) The amortization period for this asset is based upon the life of the associated assets.
(e) This asset is recovered through a recovery factor after expenses are incurred.
(f) Amortization period will be established in PUCT Docket No. 37690.
(g) Recovery or refund through fuel adjustment mechanisms in each jurisdiction.
(h) No specific return on investment is required since related assets and liabilities, including accumulated deferred income taxes and reclamation liability, offset.

## D. Utility Plant, Palo Verde and Other Jointly-Owned Utility Plant

The table below presents the balance of each major class of depreciable assets at December 31, 2009 (in thousands):

| | Gross Plant | Accumulated Depreciation | Net Plant |
|---|---|---|---|
| Nuclear production | $ 1,685,307 | $ (1,155,784) | $ 529,523 |
| Steam and other | 369,876 | (202,891) | 166,985 |
| Total production | 2,055,183 | (1,358,675) | 696,508 |
| Transmission | 322,943 | (178,684) | 144,259 |
| Distribution | 730,232 | (239,331) | 490,901 |
| General | 128,736 | (70,362) | 58,374 |
| Intangible | 33,988 | (19,122) | 14,866 |
| Total | $ 3,271,082 | $ (1,866,174) | $ 1,404,908 |

Amortization of intangible plant (software) is provided on a straight-line basis over the estimated useful life of the asset (ranging from 3 to 10 years). The amortization expense for intangible plant was $4.5 million and $4.1 million for 2009 and 2008, respectively. The table below presents the estimated amortization expense for the next five years (in thousands):

| | |
|---|---|
| 2010 | $ 4,261 |
| 2011 | 3,362 |
| 2012 | 2,943 |
| 2013 | 1,950 |
| 2014 | 1,161 |

The Company owns a 15.8% interest in each of the three nuclear generating units and Common Facilities at Palo Verde, in Wintersburg, Arizona. The Palo Verde Participants include the Company and six other utilities: Arizona Public Service Company ("APS"), Southern California Edison Company ("SCE"), Public Service Company of New Mexico ("PNM"), Southern California Public Power Authority, Salt River Project Agricultural Improvement and Power District ("SRP") and the Los Angeles Department of Water and Power.

Other jointly-owned utility plant includes a 7% interest in Units 4 and 5 at Four Corners Generating Station ("Four Corners") and certain other transmission facilities. A summary of the Company's investment in jointly-owned utility plant, excluding fuel inventories, at December 31, 2009 and 2008 is as follows (in thousands):

| | December 31, 2009 | | December 31, 2008 | |
|---|---|---|---|---|
| | **Palo Verde** | **Other** | **Palo Verde** | **Other** |
| Electric plant in service | $ 1,685,307 | $ 159,649 | $ 1,672,781 | $ 159,460 |
| Accumulated depreciation | (1,155,784) | (114,512) | (1,139,187) | (112,178) |
| Construction work in progress | 57,201 | 5,290 | 34,851 | 4,476 |
| Total | $ 586,724 | $ 50,427 | $ 568,445 | $ 51,758 |

**Palo Verde**

The operation of Palo Verde and the relationship among the Palo Verde Participants is governed by the Arizona Nuclear Power Project Participation Agreement (the "ANPP Participation Agreement"). APS serves as operating agent for Palo Verde, and under the ANPP Participation Agreement, the Company has limited ability to influence operations and costs at Palo Verde. Pursuant to the ANPP Participation Agreement, the Palo Verde Participants share costs and generating entitlements in the same proportion as their percentage interests in the generating units, and each participant is required to fund its share of fuel, other operations, maintenance and capital costs. The Company's share of direct expenses in Palo Verde and other jointly-owned utility plants is reflected in fuel expense, other operations expense, maintenance expense, miscellaneous other deductions, and taxes other than income taxes in the Company's regulatory-basis statements of operations. The ANPP Participation Agreement provides that if a participant fails to meet its payment obligations, each non-defaulting participant shall pay its proportionate share of the payments owed by the defaulting participant. Because it is impracticable to predict defaulting participants, the Company cannot estimate the maximum potential amount of future payment, if any, which could be required under this provision.

*NRC.* The NRC regulates the operation of all commercial nuclear power reactors in the United States, including Palo Verde. The NRC periodically conducts inspections of nuclear facilities and monitors performance indicators to enable the agency to arrive at objective conclusions about a licensee's safety performance. Based on this assessment information and using a cornerstone evaluation system, the NRC determines the appropriate level of agency response and oversight, including supplemental inspections and pertinent regulatory actions as necessary.

*Decommissioning.* Pursuant to the ANPP Participation Agreement and federal law, the Company must fund its share of the estimated costs to decommission Palo Verde Units 1, 2 and 3, including the Common Facilities, through the term of their respective operating licenses. The Company is required to maintain a minimum accumulation and a minimum 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 December 31, 2009, the Company's decommissioning trust fund had a balance of $135.4 million and the Company was above its minimum funding level. The Company will continue to monitor the status of its decommissioning funds and adjust its deposits, if necessary, to remain at or above its minimum accumulation requirements in the future.

Decommissioning costs are estimated every three years based upon engineering cost studies performed by outside engineers retained by APS. On March 26, 2008, the Palo Verde Participants approved the 2007 Palo Verde decommissioning study (the "2007 Study"). The 2007 Study estimated that the Company must fund approximately $324.4 million (stated in 2007 dollars) to cover its share of decommissioning costs which was a reduction in decommissioning costs from the 2004 Palo Verde decommissioning study (the "2004 Study") and will result in lower asset retirement obligations and lower expenses in the future. Although the 2007 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 significant uncertainty. See "Spent Fuel Storage" and "Disposal of Low-Level Radioactive Waste" below.

*Spent Fuel Storage*. The original spent fuel storage facilities at Palo Verde had sufficient capacity to store all fuel discharged from normal operation of all three Palo Verde units through 2003. Alternative on-site storage facilities and casks have been constructed to supplement the original facilities. In March 2003, APS began removing spent fuel from the original facilities as necessary, and placing it in special storage casks which will be stored at the new facilities until accepted by the DOE for permanent disposal. The 2007 Study assumed that costs to store fuel on-site will become the responsibility of the DOE after 2037. APS believes that spent fuel storage or disposal methods will be available to allow each Palo Verde unit to continue to operate through the current term of its operating license.

Pursuant to the Nuclear Waste Policy Act of 1982, as amended in 1987 (the "Waste Act"), 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. In accordance with the Waste Act, the DOE entered into a spent nuclear fuel contract with the Company and all other Palo Verde Participants. The DOE has previously reported that its spent nuclear fuel disposal facilities would not be in operation in the near future. In November 1997, the United States Court of Appeals for the District of Columbia Circuit issued a decision preventing the DOE from excusing its own delay but refused to order the DOE to begin accepting spent nuclear fuel. The Company cannot predict when spent fuel shipments to the DOE will commence.

The Company expects to incur significant costs for on-site spent fuel storage during the life of Palo Verde that the Company believes are the responsibility of the DOE. These costs are assigned to fuel requiring the additional on-site storage and amortized as that fuel is burned until an agreement is reached with the DOE for recovery of these costs. In December 2003, APS, in conjunction with other nuclear plant operators, filed suit against the DOE on behalf of the Palo Verde Participants to recover monetary damages associated with the delay in the DOE's acceptance of spent fuel. On February 28, 2007, APS served on the U.S. Department of Justice its "Initial Disclosure of Claimed Damages" of $93.4 million (the Company's portion being $14.8 million). This amount includes expenses associated with design, construction, loading, and operation of the Palo Verde independent spent fuel storage installation through December 2006. This amount represents costs incurred to ensure sufficient storage capacity for Palo Verde spent fuel that would not have been incurred had the DOE complied with its standard contract obligation to begin accepting spent fuel from the commercial nuclear power industry beginning in 1998. A trial was held for this case in 2009. The Court has not indicated when it will reach a decision in the matter.

*Disposal of Low-Level Radioactive Waste.* Congress has established requirements for the disposal by each state of low-level radioactive waste generated within its borders. The construction and opening of low-level radioactive waste disposal sites has been delayed due to extensive public hearings, disputes over environmental issues and review of technical issues related to the proposed sites. The opposition, delays, uncertainty and costs that have been experienced demonstrate possible roadblocks that may be encountered when Arizona seeks to open its own waste repository. APS currently believes that interim low-level waste storage methods are or will be available to allow each Palo Verde unit to continue to operate and to store safely low-level waste until a permanent disposal facility is available.

*Reactor Vessel Heads.* In accordance with applicable NRC requirements, APS conducts regular inspections of reactor vessel heads at Palo Verde Units 1, 2 and 3. In an effort to reduce long-term operating costs at the station related to inspection of the reactor heads, related equipment, and possible repair costs, APS is replacing reactor vessel heads at Palo Verde. The replacement of the Unit 2 reactor vessel head was successfully completed during the fall 2009 refueling outage. Reactor vessel head replacement is scheduled to occur at Units 1 and 3 in 2010. The Company's share of the cash requirements for this project is estimated to be $21.1 million of which $11.9 million had been expended at December 31, 2009.

*Liability and Insurance Matters.* The Palo Verde participants have insurance for public liability resulting from nuclear energy hazards to the full limit of liability under federal law currently at $12.6 billion. This potential liability is covered by primary liability insurance provided by commercial insurance carriers in the amount of $375 million and the balance by an industry-wide retrospective assessment program. If a loss at a nuclear power plant covered by the programs exceeds the accumulated funds in the primary level of protection, the Company could be assessed retrospective premium adjustments on a per incident basis. Under federal law, the maximum assessment per reactor under the program for each nuclear incident is approximately $117.5 million, subject to an annual limit of $17.5 million. Based upon the Company's 15.8% interest in the three Palo Verde units, the Company's maximum potential assessment per incident for all three units is approximately $55.7 million, with an annual payment limitation of approximately $8.3 million.

The Palo Verde Participants maintain "all risk" (including nuclear hazards) insurance for property damage to, and decontamination of, property at Palo Verde in the aggregate amount of $2.75 billion, a substantial portion of which must first be applied to stabilization and decontamination. The Company has also secured insurance against portions of any increased cost of generation or purchased power and business interruption resulting from a sudden and unforeseen outage of any of the three units. The insurance coverage discussed in this and the previous paragraph is subject to certain policy conditions and exclusions. A mutual insurance company whose members are utilities with nuclear facilities issues these policies. If losses at any nuclear facility covered by this mutual insurance company were to exceed the accumulated funds for these insurance programs, the Company could be assessed retrospective premium adjustments of up to $10.6 million for the current policy period.

**E. Accounting for Asset Retirement Obligations**

The Company complies with FERC Order No. 631 for asset retirement obligations ("ARO"). FERC Order No. 631 affects the accounting for the decommissioning of the Company's Palo Verde and Four Corners Stations and the method used to report the decommissioning obligation. The Company also complies with FASB guidance for conditional asset retirements which primarily affects the accounting for the disposal obligations of the Company's fuel oil storage tanks, water wells, evaporative ponds and asbestos found at the Company's gas-fired generating plants. The Company's AROs are subject to various assumptions and determinations such as (i) whether a legal obligation exists to remove assets; (ii) estimation of the fair value of the costs of removal; (iii) when final removal will occur; (iv) future changes in decommissioning cost escalation rates; and (v) the credit-adjusted interest rates to be utilized in discounting future liabilities. Changes that may arise over time with regard to these assumptions and determinations will change amounts recorded in the future as an expense for AROs. The Company records the increase in the ARO due to the passage of time as an operating expense (accretion expense). If the Company incurs or assumes any liability in retiring any asset at the end of its useful life without a legal obligation to do so, it will record such retirement costs as incurred.

The ARO liability for Palo Verde is based upon the estimated cost of decommissioning the plant from the 2007 Palo Verde decommissioning study. See Note D. The ARO liability is calculated by adjusting the estimated decommissioning costs for spent fuel storage and a profit margin and market-risk premium factor. The resulting costs are escalated over the remaining life of the plant and finally discounted using a credit-risk adjusted discount rate. The Company assumed an escalation rate of 3.6%. Since the 2007 Palo Verde decommissioning cost estimate is less than the original estimate in 2007 dollars, the Company used the credit-risk adjusted discount rate of 9.5% used in the original calculation of the ARO liability. As Palo Verde approaches the end of its estimated useful life, the difference between the ARO liability and future current cost estimates will narrow over time due to the accretion of the ARO liability. Because the DOE is obligated to assume responsibility for the permanent disposal of spent fuel, spent fuel costs have not been included in the ARO calculation. The Company has six external trust funds with an independent trustee which are legally restricted to settling its ARO at Palo Verde. The fair value of the funds at December 31, 2009 is $135.4 million.

FERC Order No. 631 requires the Company to revise its previously recorded ARO for any changes in estimated cash flows. Any changes that result in an upward revision to estimated cash flows shall be treated as a new liability. Any downward revisions to the estimated cash flows result in a reduction to the previously recorded ARO. Since the 2007 Study reflected a downward revision in the estimated cash flows for decommissioning costs from the 2004 Study, the Company recorded an $8.6 million reduction to its ARO asset and liability in the first quarter of 2008. Accretion and depreciation expense related to the ARO decreased approximately $1.3 million annually as a result of this adjustment.

A reconciliation of the Company's ARO liability recorded is as follows (in thousands):

| | 2009 | 2008 |
| --- | --- | --- |
| ARO liability at beginning of year | $ 78,037 | $ 79,709 |
| Liabilities incurred | – | – |
| Liabilities settled | – | – |
| Revisions to estimate | – | (8,559) |
| Accretion expense | 7,321 | 6,887 |
| ARO liability at end of year | $ 85,358 | $ 78,037 |

The Company has transmission and distribution lines which are operated under various property easement agreements. If the easements were to be released, the Company may have a legal obligation to remove the lines; however, the Company has assessed the likelihood of this occurring as remote. The majority of these easements include renewal options which the Company routinely exercises.

## F. Common Stock

### Overview

The Company's common stock has a stated value of $1 per share, with no cumulative voting rights or preemptive rights. Holders of the common stock have the right to elect the Company's directors and to vote on other matters.

### Long-Term Incentive Plan

On May 2, 2007, the Company's shareholders approved a stock-based long-term incentive plan (the "2007 LTIP") and authorized the issuance of up to one million shares of common stock for the benefit of directors and employees. Under the 2007 LTIP, common stock may be issued through the award or grant of non-statutory stock options, incentive stock options, stock appreciation rights, restricted stock, bonus stock, performance stock, cash-based awards and other stock-based awards. The Company may issue new shares, purchase shares on the open market, or issue shares from shares the Company has repurchased to meet the share requirements of the 2007 LTIP. As discussed in Note A, the Company accounts for its stock-based long-term incentive plan under FASB guidance for stock-based compensation.

*Stock Options.* Stock options have been granted at exercise prices equal to or greater than the market value of the underlying shares at the date of grant. The fair value for these options was estimated at the grant date using the Black-Scholes option pricing model. The options expire ten years from the date of grant unless terminated earlier by the Board of Directors (the "Board"). Stock options have not been granted since 2003.

The following table summarizes the transactions in the Company's stock options for 2009:

| | Shares | Weighted Average Exercise Price | Weighted Average Remaining Contractual Term | Aggregate Intrinsic Value (In thousands) |
|---|---|---|---|---|
| Options outstanding at December 31, 2008 | 465,888 | $ 13.83 | | |
| Options exercised | 267,900 | 14.07 | | |
| Options outstanding at December 31, 2009 | 197,988 | 13.51 | 2.37 | $ 1,339 |
| Exercisable at December 31, 2009 | 197,988 | 13.51 | 2.37 | 1,339 |

The Company received approximately $3.8 million in cash for the 267,900 stock options exercised in 2009. During 2009, the Company realized $0.5 million in current tax benefits from the exercise of stock options. The intrinsic value of stock options exercised in 2009 and 2008 was $1.5 million and $1.0 million, respectively. The fair value at grant date of options vested during 2008 was $0.1 million. No options were forfeited, vested or expired during 2009.

As of January 2, 2008, all 465,888 options outstanding had vested. No compensation cost was recognized in 2008 and 2009 for stock options and there is no unrecognized compensation expense related to stock options.

*Restricted Stock.* The Company has awarded restricted stock under its long-term incentive plans. Restrictions from resale generally lapse and awards vest over periods of one to three years. The market value of the unvested restricted stock at the date of grant is amortized to expense over the restriction period net of anticipated forfeitures.

Approximately $1.5 million and $1.4 million was charged to expense related to restricted stock awards in 2009 and 2008, respectively. The deferred tax benefit related to these expenses was $0.6 million and $0.5 million for 2009 and 2008, respectively. Current tax expense of $0.2 million and $0.1 million was recognized by the Company in 2009 and 2008 from the issuance of restricted stock, respectively. Any capitalized costs related to these expenses would be less than $0.1 million for both years.

The aggregate intrinsic value for restricted stock vested during 2009 and 2008 was $1.3 million and $1.6 million, respectively. The fair value at grant date for restricted stock vested in 2009 and 2008 was $1.7 million and $1.8 million, respectively. The outstanding restricted stock has remaining $1.3 million of unrecognized compensation expense at December 31, 2009 that is expected to be recognized over the weighted average remaining contractual term of the outstanding restricted stock of approximately one year. The aggregate intrinsic value of the 147,427 outstanding restricted shares at December 31, 2009 was $3.0 million.

The following table summarizes the unvested restricted stock transactions for 2009:

| | Total Shares | Weighted Average Grant Date Fair Value |
|---|---|---|
| Restricted shares outstanding at December 31, 2008 | 127,800 | $ 20.37 |
| Restricted stock awards | 114,703 | 14.59 |
| Lapsed restrictions and vesting | (82,226) | 20.85 |
| Forfeitures | (12,850) | 18.79 |
| Restricted shares outstanding at December 31, 2009 | 147,427 | 15.74 |

The weighted average fair values per share at grant date for restricted stock awarded during 2009 and 2008 were $14.59 and $20.05, respectively.

The holder of a restricted stock award has rights as a shareholder of the Company, including the right to vote and, if applicable, receive cash dividends on restricted stock, except that certain restricted stock awards require any cash dividend on restricted stock to be delivered to the Company in exchange for additional shares of restricted stock of equivalent market value.

*Performance Shares*. The Company has granted performance share awards to certain officers under the Company's existing long-term incentive plans, which provide for issuance of Company stock based on the achievement of certain performance criteria over a three-year period. The payout varies between 0% to 200% of performance share awards. Performance shares vesting on January 1, 2009 did not meet the minimum payout threshold and no shares were issued. Performance shares vesting on January 1, 2010 met the 30% payout level and 9,525 shares were issued with a total cost of $0.7 million which had been expensed ratably between 2007 and 2009. The requisite service period for these shares ended December 31, 2009, and the shares had an aggregate intrinsic value of $0.2 million. On January 1, 2011 and 2012, subject to meeting certain performance criteria, performance shares could be awarded. In accordance with FASB guidance related to stock-based compensation, the Company recognizes the related compensation expense by ratably amortizing the grant date fair value of awards over the requisite service period and the compensation expense is only adjusted for forfeitures. The actual number of shares issued can range from zero to 320,700 shares.

The fair value at the date of each separate grant of performance shares was based upon a Monte Carlo simulation. The Monte Carlo simulation reflected the structure of the performance plan which calculates the share payout on performance of the Company relative to a defined peer group over a three-year performance period based upon total return to shareholders. The fair value was determined as the average payout of one million simulation paths discounted to the grant date using a risk-free interest rate based upon the constant maturity treasury rate yield curve at the grant date. The expected volatility of total return to shareholders is calculated in accordance with the plan's term structure and includes the volatilities of all members of the defined peer group.

The following table summarizes the outstanding performance share awards at the 100% performance level:

| | Number Outstanding | Weighted Average Grant Date Fair Value |
|---|---|---|
| Performance shares outstanding at December 31, 2008 | 143,744 | $ 18.52 |
| Performance share awards | 131,500 | 12.00 |
| Performance shares lapsed | (40,994) | 18.37 |
| Performance shares forfeited | (42,150) | 16.29 |
| Performance shares outstanding at December 31, 2009 | 192,100 | 14.58 |

The outstanding performance awards have remaining $1.0 million of unrecognized expense at December 31, 2009 that is expected to be recognized over the weighted average remaining contractual term of the awards of approximately 1 year. The aggregate intrinsic value of the 192,100 outstanding awards (based on 100% performance level) at December 31, 2009 was $3.9 million. The weighted average per share grant date fair value per share of performance shares awarded during the years 2009 and 2008 was $12.00 and $17.14, respectively. The fair value of performance shares which vested in 2008 was $0.8 million, with an intrinsic value of $0.9 million.

The Company recorded compensation expense related to performance shares of $0.7 million and $0.8 million in 2009 and 2008, respectively. The compensation expense for 2009 and 2008 included cumulative adjustments for forfeiture of performance share awards by certain executives. Deferred tax expense related to compensation expense in 2009 and 2008 was $0.3 million.

**Common Stock Repurchase Program**

Since the inception of the stock repurchase program in 1999 through December 31, 2009, the Company had repurchased a total of approximately 21.1 million shares of its common stock at an aggregate cost of $303.4 million, including commissions. During 2009, 1,320,384 shares were repurchased in the open market at an aggregate cost of $24.1 million, including commissions. As of December 31, 2009, the Company had 200,982 shares remaining for repurchase under its then authorized program. On February 19, 2010, the Board of Directors authorized an additional repurchase of up to 2 million shares of the Company's outstanding common stock. During the first quarter of 2010 the Company repurchased 204,646 shares at an aggregate cost of $4.1 million. As of March 31, 2010, 1,996,336 shares remain authorized for repurchase under the Company's authorized programs. The Company may in the future make purchases of its common stock pursuant to its authorized program in open market transactions at prevailing prices and may engage in private transactions where appropriate. The repurchased shares will be available for issuance under employee benefit and stock incentive plans, or may be retired.

## G. Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income (loss) consists of the following components (in thousands):

| | Net Unrealized Gains (Losses) on Marketable Securities | Unrecognized Pension and Postretirement Benefit Costs | Net Losses on Cash Flow Hedges | Accumulated Other Comprehensive Income (Loss) |
|---|---|---|---|---|
| Balance at December 31, 2007 | 15,363 | 3,865 | (14,213) | 5,015 |
| Other comprehensive income (loss) | (26,903) | (31,336) | 297 | (57,942) |
| Income tax benefit (expense) | 5,381 | 10,836 | (105) | 16,112 |
| Balance at December 31, 2008 | (6,159) | (16,635) | (14,021) | (36,815) |
| Other comprehensive income (loss) | 15,034 | (47,552) | 317 | (32,201) |
| Income tax benefit (expense) | (3,008) | 15,567 | (111) | 12,448 |
| Balance at December 31, 2009 | $ 5,867 | $ (48,620) | $ (13,815) | $ (56,568) |

Accumulated other comprehensive income (loss) is reflected in FERC Account 219, "Accumulated Other Comprehensive Income" in the equity section of the regulatory-basis balance sheet.

## H. Long-Term Debt, Financing Obligations and Capital Lease Obligations

Outstanding long-term debt, financing obligations, and capital lease obligations are as follows:

| | December 31, 2009 | December 31, 2008 |
|---|---|---|
| | (In thousands) | |
| **Bonds (Accounts 221):** | | |
| Pollution Control Bonds (1): | | |
| 7.25% 2009 Series A refunding bonds, due 2040 | $ 63,500 | $ 63,500 |
| 4.80% 2005 Series A refunding bonds, due 2040 | 59,235 | 59,235 |
| 7.25% 2009 Series B refunding bonds, due 2040 | 37,100 | 37,100 |
| 4.00% 2002 Series A refunding bonds, due 2032 | 33,300 | 33,300 |
| Total Account 221 | 193,135 | 193,135 |
| **Other Long-Term Debt (Accounts 224 and 226):** | | |
| Senior Notes (2): | | |
| 6.00% Senior Notes, due 2035 | 400,000 | 400,000 |
| 7.50% Senior Notes, due 2038 | 150,000 | 150,000 |
| Nuclear fuel interest accrued (3) | 2,119 | 3,378 |
| Total Account 224 | 552,119 | 553,378 |
| Unamortized discount on long-term debt Account 226 | (3,438) | (3,483) |
| **Total long-term debt** | $ 741,816 | $ 743,030 |
| **Obligations Under Capital Lease – Noncurrent (Account 227):** | | |
| Nuclear fuel (3) | $ 63,960 | $ 67,521 |
| **Obligations Under Capital Lease – Current (Account 243):** | | |
| Nuclear fuel (3) | $ 40,919 | $ 22,754 |

(1) Pollution Control Bonds ("PCBs")

The Company has four series of tax exempt PCBs in an aggregate principal amount of approximately $193.1 million. The 2005 Series A $59.2 million bonds which mature in 2040, have a fixed interest rate of 4.80% and an effective interest rate of 5.27% after considering related insurance and issuance costs. The 2002 Series A $33.3 million pollution control bonds bear a fixed interest rate of 4.00% until August 1, 2012 when the bonds are due to be remarketed. The effective interest rate for these bonds is 4.70% after considering related insurance and issuance costs. The interest rate will remain at its current fixed interest rate until remarketing in August 2012.

On March 26, 2009, the Company completed a refunding transaction whereby the 2005 Series B $63.5 million bonds and the 2005 Series C $37.1 million bonds were refunded and replaced by 2009 Series A bonds in the aggregate principal amount of $63.5 million (the "2009 Series A Bonds") and 2009 Series B bonds in the aggregate principal amount of $37.1 million (the "2009 Series B Bonds"). The 2009 Series A Bonds and the 2009 Series B Bonds were issued as unsecured obligations and both have a fixed interest rate of 7.25%. The 2009 Series A Bonds will mature on February 1, 2040 and have an effective interest rate of 7.42% after considering related issuance costs. The 2009 Series B Bonds will mature on April 1, 2040 and have an effective interest rate of 7.42% after considering related issuance costs. The 2005 Series B $63.5 million and the 2005 Series C $37.1 million bonds, which were to mature in 2040, had variable interest rates that were repriced weekly. The Company experienced increased yields and resulting interest expense for the auction rate PCBs as a consequence of the financial market conditions in 2008 and 2009.

(2) Senior Notes

The Company filed a shelf registration statement on Form S-3 with the Securities and Exchange Commission (the "SEC") which became effective in May 2005 (the "2005 Shelf Registration Statement"). The shelf registration statement enabled the Company to offer and issue debt securities, first mortgage bonds, shares of stock and certain other securities from time to time in one or more offerings of up to $1.0 billion.

In May 2005, the Company issued $400.0 million aggregate principal amount of its 6% Senior Notes due May 15, 2035 under the 2005 Shelf Registration Statement. The proceeds from the issuance of the 6% Senior Notes of $397.7 million (net of a $2.3 million discount) were used to fund the retirement of the Company's first mortgage bonds.

The Company filed an automatically-effective Shelf Registration Statement with the SEC on May 20, 2008 (the "WKSI Shelf Registration Statement"). This registration statement enables the Company to offer debt securities, first mortgage bonds, shares of stock and certain other securities in unspecific amounts from time to time in one or more offerings.

In June 2008, the Company issued $150.0 million aggregate principal amount of its 7.5% Senior Notes due March 15, 2038 under the WKSI Shelf Registration Statement. Proceeds from the issuance of the 7.5% Senior Notes of $148.7 million ($150 million principal amount net of a $1.3 million discount) were used to repay short-term borrowings of $44.0 million. The remaining proceeds were used to fund capital expenditures and for other general corporate purposes. The Senior Notes are unsecured obligations of the Company. They were issued pursuant to bond covenants that provide limitations on the Company's ability to enter into certain transactions.

(3) Nuclear Fuel and Working Capital Financing

The Company has available a $200 million credit facility with a five-year term ending April 2011. The credit facility provides for up to $120 million for the financing of nuclear fuel, which is accomplished through a trust that borrows under the facility to acquire and process the nuclear fuel. The Company is obligated to repay the trust's borrowings with interest. In the Company's regulatory-basis financial statements, the Company’s obligation to the trust is in the form of capital leases of nuclear fuel. Quarterly lease payments are made on units of heat production. Any amounts not borrowed by the trust may be borrowed by the Company for working capital needs. The weighted average interest rate on the credit facility was 0.79% as of December 31, 2009.

The $200 million credit facility requires compliance with certain total debt and interest coverage ratios. The Company was in compliance with these requirements throughout 2009. No amounts were outstanding under this facility for working capital needs as of December 31, 2009.

As of December 31, 2009, the scheduled maturities for the next five years of long-term debt are as follows (in thousands):

| | |
|---|---|
| 2010 | $ – |
| 2011 | – |
| 2012 | 33,300 |
| 2013 | – |
| 2014 | – |

Future obligations and maturities related to nuclear fuel financing obligations estimated to be paid in 2010 are $41.7 million. An estimated $65.3 million will mature during 2011 through 2014. Specific maturity dates are not known, as maturities occur as fuel is burned.

## I. Income Taxes

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at December 31, 2009 and 2008 are presented below (in thousands):

| | December 31, 2009 | December 31, 2008 |
|---|---|---|
| **Deferred tax assets:** | | |
| Capitalized revenues and other capitalized costs | $ 98,452 | $ 90,876 |
| Pensions and benefits | 68,065 | 52,099 |
| Alternative minimum tax credit carryforward | 28,267 | 28,568 |
| Asset retirement obligation | 29,393 | 27,917 |
| Regulatory liabilities related to income taxes | 21,224 | 21,776 |
| Deferred fuel | 6,306 | – |
| Other | 39,467 | 43,601 |
| Total gross deferred tax assets | 291,174 | 264,837 |
| **Deferred tax liabilities:** | | |
| Plant, principally due to depreciation and basis differences | (403,653) | (335,355) |
| Regulatory assets related to income taxes | (38,517) | (37,284) |
| Decommissioning | (29,603) | (24,213) |
| Deferred fuel | – | (16,400) |
| Other | (32,444) | (30,608) |
| Total gross deferred tax liabilities | (504,217) | (443,860) |
| Net accumulated deferred income taxes | $ (213,043) | $ (179,023) |

Based on the average annual book income before taxes for calendar years 2009 and 2008, excluding the effects of extraordinary and unusual or infrequent items, the Company believes that the net deferred tax assets will be fully realized at current levels of book and taxable income.

The Company recognized income taxes as follows (in thousands):

| | Years Ended December 31, 2009 | Years Ended December 31, 2008 |
|---|---|---|
| **Income tax expense:** | | |
| **Federal:** | | |
| Current | $ (10,073) | $ 18,010 |
| Deferred | 40,759 | 16,640 |
| Investment tax credit | (1,455) | (715) |
| Total federal income tax | $ 29,231 | $ 33,935 |
| **State:** | | |
| Current | $ 2,327 | $ 3,249 |
| Deferred | 381 | 715 |
| Total state income tax | $ 2,708 | $ 3,964 |

Current federal income tax expense for 2008 reflects taxes accrued under the alternative minimum tax ("AMT"). Deferred federal income tax for 2008 includes an offsetting AMT benefit of $8.1 million. There was no offsetting AMT benefit for 2009.

Federal income tax provisions differ from amounts computed by applying the statutory federal income tax rate of 35% to book income before federal income tax as follows (in thousands):

| | Years Ended December 31, | |
|---|---|---|
| | 2009 | 2008 |
| Federal income tax expense computed on income at statutory rate | $ 34,960 | $ 41,584 |
| Difference due to: | | |
| State income taxes (federal effect) | (917) | (1,388) |
| ITC amortization (net of deferred taxes) | (946) | (946) |
| Allowance for equity funds used during construction | (1,728) | (1,366) |
| Amortization of excess deferred taxes | (773) | (773) |
| Amortization of regulatory assets and liabilities | (509) | (510) |
| Permanent tax differences | (1,260) | (2,978) |
| Other | 404 | 312 |
| Total federal income tax expense | $ 29,231 | $ 33,935 |

As of December 31, 2009, the Company had $28.3 million of AMT credit carryforwards that have an unlimited life.

The Company files income tax returns in the 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 jurisdiction for years prior to 2007 and in the state jurisdictions for years prior to 1998. On January 6, 2010, the Company reached a settlement with the IRS for the years 2005 and 2006. In the settlement of the tax years 2005 and 2006, the Company agreed with the IRS to the tax treatment for the steam generators in the same manner as settled in the 1999 through 2004 audit which is the deduction in the year incurred of 40% of payments related to the repair of the Palo Verde steam generators and the capitalization and depreciation of the remaining 60% of those payments. The IRS settlement affected the timing of these deductions but not their ultimate deductibility for federal tax purposes. A deficiency notice relating to the Company's 1998 through 2003 income tax returns in Arizona contests a pollution control credit, a research and development credit and the sales and property apportionment factors. The Company is contesting these adjustments.

FASB guidance prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. In January 2010, the Company filed for a change of accounting method with the IRS related to the way in which units of property are determined for purposes of determining capitalized tax assets. The amount of the change is estimated in 2009 deferred taxes prior to recognition of the effects of the accounting change in the 2009 federal income tax return. An unrecognized tax position may be recognized after the IRS audits the 2009 tax return. An amount of any unrecognized tax position cannot be estimated at this time.

The Company recognizes in interest and penalties expense accounts interest and penalties related to tax benefits that are uncertain. During the years ended December 31, 2009 and 2008, the Company recognized benefits of approximately $0.2 million and $0.9 million, respectively, in interest. The Company had approximately $0.2 million and $0.5 million for the payment of interest and penalties accrued at December 31, 2009 and December 31, 2008, respectively.

## J. Commitments, Contingencies and Uncertainties

### Federal Regulatory Matters

See Note B – Federal Regulatory Matters – *Transmission Dispute with Tucson Electric Power Company*, for discussion of FERC's initial decision finding in the Company's transmission dispute with TEP.

### Power Contracts

The Company had entered into the following significant agreements with various counterparties for forward firm purchases and sales of electricity:

| Type of Contract | Quantity | Term |
| --- | --- | --- |
| Power Purchase and Sale Agreement | 100 MW (1) | 2006 through 2021 |
| Power Sale Agreement | 100 MW | May 2007 through April 2010 |
| Power Purchase Agreement | 100 MW | May 2007 through April 2010 |
| Purchase Off-Peak Energy | 25 MW | November 2009 through April 2010 |

(1) Purchase agreement modified in 2008 to allow purchase of 125 MW from December 2008 through December 2010.

To supplement its own generation and operating reserves, the Company engages in firm and non-firm power purchase arrangements which may vary in duration and amount based on evaluation of the Company's resource needs and the economics of the transactions. In 2004, the Company entered into a 20-year contract, beginning in 2006, for the purchase of up to 133 MW of capacity and associated energy from SPS. The Company received notice from SPS in late 2006 that SPS had been subject to adverse regulatory action by the PUCT regarding transactions under the contract and that SPS wished to exercise its right to terminate the contract early. As a result on January 29, 2008, the Company and SPS entered into an amendment to the contract and the contract terminated on September 30, 2009.

The Company initiated a Power Purchase and Sale Agreement with Phelps Dodge Energy Services LLC ("Phelps Dodge") in June 2006. The contract provides for Phelps Dodge to deliver energy to the Company from its ownership interest in the Luna Energy Facility (a natural gas fired combined cycle generation facility located in Luna County, New Mexico) and for the Company to deliver a like amount of energy at Greenlee, Arizona. The Company may purchase up to 100 MW at a specified price at times when energy is not exchanged under the Power Purchase and Sale Agreement. Upon mutual agreement, the contract allows the parties to increase the amount of energy that is purchased and sold under the Power Purchase and Sale Agreement. The parties have agreed to increase the amount to 125 MW for a period of 25 months beginning December 1, 2008. The contract was approved by the FERC and continues through December 31, 2021.

The Company entered into a contract on April 18, 2007 (as amended on August 29, 2008, March 31, 2009 and May 8, 2009) to sell up to 100 MW of firm energy and 50 MW of contingent energy to Imperial Irrigation District ("IID"), which began May 1, 2007 and continued through October 31, 2009. The contract also provides for the Company to sell up to 100 MW firm energy and 40 MW of contingent energy beginning November 1, 2009 through April 30, 2010. To ensure that power is available to meet the IID contract demand, the Company entered into a contract effective May 1, 2007 (as amended and restated on September 3, 2008 and March 30, 2009) to purchase up to 100 MW of firm energy from Credit Suisse Energy, LLC. This contract provides for up to 100 MW of firm energy to be delivered at Palo Verde through April 30, 2010, and 50 MW of contingent energy delivered at Four Corners in the months of July through September 2007 and May through September for the years 2008 through 2010.

The Company provides firm capacity and associated energy to the RGEC pursuant to an ongoing contract which requires a two-year notice to terminate. The Company also provides network integrated transmission service to RGEC pursuant to the Company's Open Access Transmission Tariff ("OATT"). In 2006, the Company provided RGEC with a notice of termination. On March 28, 2008, the Company filed with FERC a power sales agreement for full requirements wholesale electric service (the "Agreement") to sell capacity and energy to RGEC at a cost-based formula rate. The Company requested that the Agreement become effective April 1, 2008 to replace the power sales agreement that expired March 31, 2008. The Agreement includes a formula-based rate that will be updated annually to recover non-fuel generation costs and a fuel adjustment clause designed to recover all eligible fuel and purchased power costs allocable to RGEC. An order accepting the tariff was issued on May 21, 2008 approving the effective date of April 1, 2008.

The Company entered into an agreement to purchase capacity and unit contingent energy from Shell Energy North America ("Shell"). Under the agreement, the Company provides natural gas to Pyramid Unit No. 4 where Shell has the right to convert natural gas to electric energy. The Company may schedule up to 100% of Pyramid Unit No. 4's output, approximately 40 MW, from January 1, 2010 through December 31, 2010.

The Company entered into a 20-year contract with New Mexico SunTower, LLC ("eSolar") on October 17, 2008. The contract is a power purchase agreement for the full capacity of a 92 MW concentrated solar plant to be built in Southern New Mexico. The plant is scheduled for commercial operation in 2011.

**Environmental Matters**

*Environmental Regulation.* The Company is subject to regulation with respect to air, soil and water quality, solid waste disposal and other environmental matters by federal, state, tribal and local authorities. Those authorities govern current facility operations and have continuing jurisdiction over facility modifications. Failure to comply with these environmental regulatory requirements can result in actions by regulatory agencies or other authorities that might seek to impose on the Company administrative, civil and/or criminal penalties. In addition, unauthorized releases of pollutants or contaminants into the environment can result in costly cleanup obligations that are subject to enforcement by regulatory agencies. These laws and regulations are subject to change and, as a result of those changes, the Company may face additional capital and operating costs to comply.

Another way in which environmental matters may impact the Company's operations and business is the implementation of the U.S. Environmental Protection Agency's ("EPA") Clean Air Interstate Rule ("CAIR") which, as applied to the Company, may result in a requirement that it substantially reduce emissions of nitrogen oxides from its power plants in Texas and/or purchase allowances representing other parties' emissions reductions starting in 2009. These requirements become more stringent in 2015, and are anticipated to require even further emissions reductions or additional allowance purchases. On July 11, 2008, the U.S. Court of Appeals for the District of Columbia vacated CAIR in its entirety. On December 23, 2008 the Court of Appeals granted rehearing and instead remanded CAIR without vacating the original regulation. As a result, the Company must comply with CAIR as written until the EPA rewrites the CAIR rule as required by the Court's final opinion. The 2009 reconciliation to comply with CAIR was filed by the due date of March 1, 2010 and the Company had accrued $0.5 million at December 31, 2009 to purchase the estimated credits needed to meet its requirement.

Regulations governing the emission of greenhouse gases, such as carbon dioxide, could also impact the Company. The U.S. Congress is considering new legislation to restrict or regulate greenhouse gas emissions. The American Clean Energy and Security Act of 2009, which was passed by the U.S. House of Representatives in 2009, could, if enacted by the full Congress, require greenhouse gas emissions reductions by covered sources of as much as 17% from 2005 levels by 2020 and by as much as 83% by 2050. The State of New Mexico, where we operate one facility and have an interest in another facility, has joined with California and several other states in the Western Climate Initiative and is pursuing initiatives to reduce greenhouse gas emissions in the state.

Also, as a result of the U.S. Supreme Court’s decision on April 2, 2007 in *Massachusetts, et al. v. EPA*, on December 15, 2009, the EPA officially published its finalized determination that emissions of carbon dioxide, methane and other greenhouse gases present an endangerment to human health and welfare because emissions of such gases are, according to the EPA, contributing to warming of the earth’s atmosphere and other climatic changes. Following that determination, the EPA has said it will finalize regulations under its existing Clean Air Act ("CAA") authority governing greenhouse gas emissions, including regulating emissions from large stationary sources, such as the fossil fuel-fired power plants operated by the Company, even if Congress does not adopt new legislation specifically addressing emissions of greenhouse gases. In addition, in September 2009, the EPA adopted a new rule requiring approximately 10,000 facilities comprising a substantial percentage of annual U.S. greenhouse gas emissions to inventory their emissions starting in 2010 and to report those emissions to the EPA beginning in 2011. The Company's fossil fuel-fired power generating assets are subject to this rule.

The Company will continue to monitor laws and regulations seeking to limit greenhouse gas emissions. Such laws and regulations have not imposed specific requirements on the Company to date and, as a result, no accrual has been made for potential compliance costs. While the Company strives to prepare for and implement actions necessary to comply with changing environmental regulations, substantial expenditures may be required for the Company to comply with such regulations in the future and, in some instances, those expenditures may be material.

*Ongoing Regulatory Compliance.* The Company analyzes the costs of its current obligations arising from environmental matters on an ongoing basis and believes it has made adequate provision in its regulatory-basis financial statements to meet the obligations which can be meaningfully quantified. As a result of this analysis, the Company has a provision for environmental remediation obligations of approximately $1.2 million as of December 31, 2009, related to compliance with federal and state environmental standards. However, unforeseen expenses associated with environmental compliance or remediation may occur and could have a material adverse effect on the future operations and financial condition of the Company.

The Company incurred the following expenditures to comply with federal environmental statutes (in thousands):

| | Years Ended December 31, 2009 | Years Ended December 31, 2008 |
|---|---|---|
| Clean Air Act (1) | $ 810 | $ 584 |
| Clean Water Act (2) | 597 | 1,243 |

(1) Includes $0.3 million related to alleged excess emissions at the Rio Grande generating station discussed below for the twelve months ended December 31, 2009.

(2) Includes a $0.3 million reserve for remediation costs related to an oil discharge at the Rio Grande generating station discussed below for the twelve months ended December 31, 2009. 2009 also excludes a $0.6 million adjustment reducing estimated remediation costs for a property previously owned by the Company. 2008 includes a $0.2 million reserve for remediation costs for the Gila River Boundary Site discussed below.

Along with many other companies, the Company received from the Texas Commission on Environmental Quality ("TCEQ") a request for information in 2003 in connection with environmental conditions at a facility in San Angelo, Texas that was operated by the San Angelo Electric Service Company ("SESCO"). In November 2005, TCEQ proposed the SESCO site for listing on the registry of Texas state superfund sites and mailed notice to more than five hundred entities, including the Company, indicating that TCEQ considers each of them to be a "potentially responsible party" at the SESCO site. The Company received from the SESCO working group of potentially responsible parties a settlement offer in May 2006 for remediation and other expenses expected to be incurred in connection with the SESCO site. The Company's position is that any liability it may have related to the SESCO site was discharged in the Company's bankruptcy. In November 2009 the Company made an offer to the SESCO working group to settle this matter and a response is pending. While the Company has no reason at present to believe that it will incur material liabilities in connection with the SESCO site, it has accrued $0.3 million for potential costs related to this matter.

The EPA has investigated releases or potential releases of hazardous substances, pollutants or contaminants at the Gila River Boundary Site, on the Gila River Indian Community ("GRIC") reservation in Arizona and designated it as a Superfund Site. The Company currently owns 16.29% of the site and will share in the cost of cleanup of this site. The Company has a tentative agreement between the former property owner and the EPA to settle this matter for less than $0.1 million and the Company has accrued $0.2 million for potential costs related to this matter.

On September 30, 2008, the State of New Mexico, acting on behalf of the New Mexico Environment Department ("NMED"), filed a complaint in New Mexico district court alleging that, on approximately 650 occasions between May 2000 and September 2005, the Company's Rio Grande Power Station, located in Dona Ana County, New Mexico, emitted sulfur dioxide, nitrogen oxides or carbon monoxide in excess of its permitted emission rates, and failed to properly report these allegedly excess emissions. The NMED originally made these allegations in a compliance order which the NMED withdrew simultaneously with the filing of the complaint in district court. On October 27, 2008, the State of New Mexico amended its complaint to allege approximately 300 additional exceedances of permitted nitrogen dioxide and carbon monoxide emission rates and associated reporting failures between October 2005 and July 2007. The amended complaint sought civil penalties in the amount of $15,000 per day for each alleged violation. On July 30, 2009, the Company and NMED entered into a consent decree resolving all issues in this suit. In the consent decree, the Company denied any violations of air emissions standards but agreed to pay a civil penalty of $0.3 million to avoid further defense costs in this matter. In addition, the Company agreed to complete a supplemental environmental project at the Rio Grande Power Station at a cost not to exceed $0.3 million. The New Mexico district court approved the consent decree and dismissed the lawsuit on July 31, 2009.

In 2006, the Company experienced an oil discharge at the Rio Grande Power Station. The Company remediated the site by removing the contaminated soil and installing monitoring wells to monitor for the presence of hydrocarbons in the ground water. Recently, a monitoring well showed signs of contamination at levels exceeding New Mexico ground water standards. The Company notified the NMED of its findings and submitted an abatement plan to the NMED addressing the soil and ground water impacts. Upon approval of the abatement plan by the NMED, the Company will begin a detailed assessment of the site and perform further remediation of the site as appropriate. The Company has accrued $0.3 million for potential costs related to this matter.

In May 2007, the EPA finalized a new federal implementation plan which addresses emissions at the Four Corners Power Station in northwestern New Mexico of which the Company owns a 7% interest in Units 4 and 5. APS, the Four Corners operating agent, has filed suit against the EPA relating to this new federal implementation plan in order to resolve issues involving operating flexibility for emission opacity standards. The Company cannot predict the outcome of the suit filed against the EPA or whether compliance with the new requirements could have an adverse effect on its capital and operating costs.

On April 6, 2009, APS received a request from the EPA under Section 114 of the CAA seeking detailed information regarding projects and operations at Four Corners. APS has responded to this request. The Company is unable to predict the timing or content of EPA's response or any resulting actions.

On February 16, 2010, a group of environmental organizations filed a petition with the United States Departments of Interior and Agriculture requesting that the agencies certify to the EPA that emissions from Four Corners are causing "reasonably attributable visibility impairment" under the CAA. APS is currently reviewing the petition and has indicated that it will likely file a response in opposition to the petition. The Company cannot predict the outcome of the petition or whether any resulting actions could have an adverse effect on its capital or operating costs.

In December 2008, El Paso notified the Company that a property purchased from the Company in May 2005 contained subsurface contamination. The Company and El Paso disposed of contaminated materials and in April 2009, the TCEQ notified the parties that no further clean-up was required. The Company's remediation expense was less than the reserve previously established for this site, and the Company recorded a reduction in environmental expense of $0.6 million in the second quarter of 2009.

Except as described herein, the Company is not aware of any other active investigation of its compliance with environmental requirements by the EPA, the TCEQ or the NMED which is expected to result in any material liability. Furthermore, except as described herein, the Company is not aware of any unresolved, potentially material liability it would face pursuant to the Comprehensive Environmental Response, Comprehensive Liability Act of 1980, also known as the Superfund law.

**MiraSol Warranty Obligations**

MiraSol is an energy services subsidiary which offered a variety of services to reduce energy use and/or lower energy costs. MiraSol was not a power marketer. On July 19, 2002, all sales activities of MiraSol ceased. MiraSol remains a going concern in order to satisfy current contracts and warranty and service obligations on previously installed projects. In September 2008, a contract was renegotiated with a MiraSol customer resolving all liabilities. As a result of the resolution of all claims, the Company reversed $0.9 million of accrued warranty costs in 2008 and the Company no longer maintains a reserve for warranty claims. Accruals, charges and balances for the reserve for warranty claims for the twelve months ended December 31, 2008 are as follows:

| | **Year Ended December 31, 2008** |
|---|---|
| Balance at beginning of year | $ 985 |
| Accrual of warranty costs | – |
| Charges for work performed | – |
| Liabilities reversed/settled | (985) |
| Balance at end of year | $ – |

While no other probable warranty liabilities have been identified at this time, if it is determined at a future date that MiraSol has further obligations to any customer, and contributions from MiraSol, its subcontractors or any other third party are insufficient to honor the warranty obligations, the Company intends to honor any such warranty obligations after making appropriate regulatory filings, if any.

**Lease Agreements**

In February 2008, the Company purchased the executive and administrative office building in El Paso that it had previously leased. All obligations previously incurred relating to this lease were terminated. In June 2008, the Company entered into an agreement to lease land in El Paso adjacent to the Newman Power Station under a lease which expires in June 2033 with a renewal option of 25 years. In addition, the Company leases certain warehouse facilities in El Paso under a lease which expires in December 2014. The Company also has several other leases for office and parking facilities which expire within the next five years.

These lease agreements do not impose any restrictions relating to issuance of additional debt, payment of dividends or entering into other lease arrangements. The Company has no significant capital lease agreements.

The Company's total annual rental expense related to operating leases was $1.1 million for 2009 and 2008. As of December 31, 2009, the Company's minimum future rental payments for the next five years are as follows (in thousands):

| | |
|---|---|
| 2010 | $ 1,006 |
| 2011 | 924 |
| 2012 | 878 |
| 2013 | 836 |
| 2014 | 804 |

**Union Matters**

The collective bargaining agreement with existing union employees expires in September 2010 and the Company anticipates entering into negotiations on a new collective bargaining agreement prior to the expiration of the current contract.

**K. Litigation**

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 these claims and applicable insurance coverage, to the extent that the Company has been able to reach a conclusion as to its ultimate liability, it believes that none of these claims will have a material adverse effect on the financial position, results of operations or cash flows of the Company.

See Note B for discussion of the effects of government legislation and regulation on the Company.

## L. Employee Benefits

### Retirement Plans

The Company's Retirement Income Plan (the "Retirement Plan") covers employees who have completed one year of service with the Company and work at least a minimum number of hours each year. The Retirement Plan is a qualified noncontributory defined benefit plan. Upon retirement or death of a vested plan participant, assets of the Retirement Plan are used to pay benefit obligations under the Retirement Plan. Contributions from the Company are at least the minimum funding amounts required by the IRS under provisions of the Retirement Plan, as actuarially calculated. The assets of the Retirement Plan are invested in equity securities, debt securities and cash equivalents and are managed by professional investment managers appointed by the Company.

The Company has two non-qualified retirement plans that are non-funded defined benefit plans. One plan covers certain former employees of the Company, and the other plan, an excess benefit plan adopted during 2004, covers certain active and former employees of the Company. The benefit cost for the non-qualified retirement plans are based on substantially the same actuarial methods and economic assumptions as those used for the Retirement Plan. On December 15, 2009, the Company adopted FASB guidance on disclosure for pension and other post retirement plans that requires additional disclosure of investment policies and strategies, categories of investment and fair value measurements of plan assets, and significant concentrations of risk.

The obligations and funded status of the plans are presented below (in thousands):

| | December 31, | | | |
|---|---|---|---|---|
| | 2009 | | 2008 | |
| | Retirement Income Plan | Non-Qualified Retirement Plans | Retirement Income Plan | Non-Qualified Retirement Plans |
| **Change in projected benefit obligation:** | | | | |
| Benefit obligation at end of prior year | $ 198,528 | $ 20,555 | $ 180,301 | $ 20,397 |
| Service cost | 5,414 | 120 | 4,958 | 117 |
| Interest cost | 11,942 | 1,241 | 11,357 | 1,243 |
| Actuarial loss | 6,793 | 1,892 | 8,158 | 456 |
| Benefits paid | (6,733) | (2,041) | (6,246) | (1,658) |
| Benefit obligation at end of year | 215,944 | 21,767 | 198,528 | 20,555 |
| **Change in plan assets:** | | | | |
| Fair value of plan assets at end of prior year | 178,372 | – | 169,028 | – |
| Actual return on plan assets | (26,299) | – | 6,590 | – |
| Employer contribution | 9,800 | 2,041 | 9,000 | 1,658 |
| Benefits paid | (6,733) | (2,041) | (6,246) | (1,658) |
| Fair value of plan assets at end of year | 155,140 | – | 178,372 | – |
| Funded status at end of year | $ (60,804) | $ (21,767) | $ (20,156) | $ (20,555) |

Amounts recognized in the Company's regulatory-basis balance sheets consist of the following (in thousands):

| | December 31, | | | |
|---|---|---|---|---|
| | 2009 | | 2008 | |
| | Retirement Income Plan | Non-Qualified Retirement Plans | Retirement Income Plan | Non-Qualified Retirement Plans |
| Current liabilities | $ – | $ (1,631) | $ – | $ (1,610) |
| Noncurrent liabilities | (60,804) | (20,136) | (20,156) | (18,945) |
| Total | $ (60,804) | $ (21,767) | $ (20,156) | $ (20,555) |

The accumulated benefit obligation for all retirement plans was $202.9 million and $185.7 million at December 31, 2009 and 2008, respectively. The accumulated benefit obligation in excess of plan assets is as follows (in thousands):

| | December 31, | | | |
|---|---|---|---|---|
| | 2009 | | 2008 | |
| | Retirement Income Plan | Non-Qualified Retirement Plans | Retirement Income Plan | Non-Qualified Retirement Plans |
| Projected benefit obligation | $ (215,944) | $ (21,767) | $ (198,528) | $ (20,555) |
| Accumulated benefit obligation | (181,837) | (21,072) | (165,912) | (19,787) |
| Fair value of plan assets | 155,140 | – | 178,372 | – |

Amounts recognized in accumulated other comprehensive income consist of the following (in thousands):

| | Years Ended December 31, | | | |
|---|---|---|---|---|
| | 2009 | | 2008 | |
| | Retirement Income Plan | Non-Qualified Retirement Plans | Retirement Income Plan | Non-Qualified Retirement Plans |
| Net loss | $ 86,315 | $ 4,760 | $ 39,333 | $ 2,944 |
| Prior service cost | 68 | 596 | 89 | 691 |
| Total | $ 86,383 | $ 5,356 | $ 39,422 | $ 3,635 |

The following are the weighted-average actuarial assumptions used to determine the benefit obligations:

| | December 31, 2009 | | | December 31, 2008 | | |
| --- | --- | --- | --- | --- | --- | --- |
| | | Non-Qualified | | | Non-Qualified | |
| | Retirement Income Plan | Supplemental Retirement Plan | Excess Benefit Plan | Retirement Income Plan | Supplemental Retirement Plan | Excess Benefit Plan |
| Discount rate | 5.9% | 5.2% | 6.0% | 6.1% | 6.3% | 6.3% |
| Rate of compensation increase | 5.0% | N/A | 5.0% | 5.0% | N/A | 5.0% |

The components of net periodic benefit cost are presented below (in thousands):

| | Years Ended December 31, 2009 | | Years Ended December 31, 2008 | |
| --- | --- | --- | --- | --- |
| | Retirement Income Plan | Non-Qualified Retirement Plans | Retirement Income Plan | Non-Qualified Retirement Plans |
| Service cost | $ 5,414 | $ 120 | $ 4,958 | $ 117 |
| Interest cost | 11,942 | 1,241 | 11,357 | 1,243 |
| Expected return on plan assets | (15,439) | – | (14,233) | – |
| Amortization of: | | | | |
| Net loss | 1,549 | 76 | 1,072 | 101 |
| Prior service cost | 21 | 94 | 21 | 94 |
| Net periodic benefit cost | $ 3,487 | $ 1,531 | $ 3,175 | $ 1,555 |

The changes in benefit obligations recognized in other comprehensive income are presented below (in thousands):

| | Years Ended December 31, 2009 | | Years Ended December 31, 2008 | |
| --- | --- | --- | --- | --- |
| | Retirement Income Plan | Non-Qualified Retirement Plans | Retirement Income Plan | Non-Qualified Retirement Plans |
| Net loss | $ 48,531 | $ 1,892 | $ 15,802 | $ 456 |
| Amortization of: | | | | |
| Net loss | (1,549) | (76) | (1,072) | (101) |
| Prior service cost | (21) | (94) | (21) | (94) |
| Total expense recognized in other comprehensive income | $ 46,961 | $ 1,722 | $ 14,709 | $ 261 |

The total amount recognized in net periodic benefit costs and other comprehensive income are presented below (in thousands):

| | Years Ended December 31, | | | |
|---|---|---|---|---|
| | 2009 | | 2008 | |
| | Retirement Income Plan | Non-Qualified Retirement Plans | Retirement Income Plan | Non-Qualified Retirement Plans |
| Total recognized in net periodic benefit cost and other comprehensive income | $ 50,448 | $ 3,253 | $ 17,884 | $ 1,816 |

The following are amounts in accumulated other comprehensive income that are expected to be recognized as components of net periodic benefit cost during 2010 (in thousands):

| | Retirement Income Plan | Non-Qualified Retirement Plans |
|---|---|---|
| Net loss | $ 3,337 | $ 216 |
| Prior service cost | 21 | 94 |

The following are the weighted-average actuarial assumptions used to determine the net periodic benefit cost for the twelve months ended December 31:

| | 2009 | | | 2008 | | |
|---|---|---|---|---|---|---|
| | | Non-Qualified | | | Non-Qualified | |
| | Retirement Income Plan | Retirement Plan | Excess Benefit Plan | Retirement Income Plan | Retirement Plan | Excess Benefit Plan |
| Discount rate | 6.1% | 6.3% | 6.3% | 6.4% | 6.1% | 6.4% |
| Expected long-term return on Plan assets | 8.5% | N/A | N/A | 8.5% | N/A | N/A |
| Rate of compensation increase | 5.0% | N/A | 5.0% | 5.0% | N/A | 5.0% |

The Company reassesses various actuarial assumptions at least on an annual basis. The discount rate is changed at each measurement date based on projected cash flows of the benefit plans using the spot rates in the Citigroup Pension Discount Curve and then solving for a single discount rate that produces the same present value of cash flows for each plan. The Company changed its discount rate to determine the benefit obligations for the retirement income plan from 6.10% to 5.90%, the non-qualified retirement plan from 6.30% to 5.20%; and the excess benefit plan from 6.30% to 6.00% at December 31, 2009. For determining 2009 benefit costs, the Company changed its discount rate for the retirement income plan from 6.40% to 6.10%, the non-qualified retirement plan from 6.10% to 6.30% and the excess benefit plan from 6.40% to 6.30%. A 1.0% decrease in the discount rate would increase the 2009 retirement plans' projected benefit obligation by 14.6%. A 1.0% increase in the discount rate would decrease the 2009 retirement plans' projected benefit obligation by 11.9%.

The Company's overall expected long-term rate of return on assets is 7.50% effective January 1, 2010, which is both a pre-tax and after-tax rate as pension funds are generally not subject to income tax. The expected long-term rate of return is based on the weighted average of the expected returns on investments based upon the target asset allocation of the pension fund. The Company's target allocations for the plan's assets are 50% equity securities, 45% fixed income and 5% alternative investments. The Retirement Plan fund includes a diversified portfolio of mutual funds investing in equity securities including large and small capital funds and international funds. The Retirement Plan fund also invests in fixed income securities and real estate. The expected returns for mutual fund investments are based on historical risk premiums above the current fixed income rate, while the expected returns for the fixed income securities are based on the portfolio's yield to maturity.

FASB guidance on disclosure for pension plans requires disclosure of fair value measurements of plan assets. To increase consistency and comparability in fair value measurements FASB guidance on fair value measurements established 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. Prices for securities held in the underlying portfolios of the Retirement Plan are primarily obtained from independent pricing services. These prices are based on observable market data for the same or similar securities.

- Level 2 – Inputs other than quoted market prices included in Level 1 that are observable for the asset or liability either directly or indirectly. The fair value of the Guaranteed Investment Contract is based on market interest rates of investments with similar terms and risk characteristics.

- Level 3 – Unobservable inputs using data that is not corroborated by market data. The fair value of the limited real estate partnership is reported at the net asset value of the investment.

The fair value of the Company's Retirement Plan assets at December 31, 2009, and the level within the three levels of the fair value hierarchy defined by FASB guidance on fair value measurements are presented in the table below (in thousands):

| **Description of Securities** | **Fair Value as of December 31, 2009** | **Quoted Prices in Active Markets for Identical Assets (Level 1)** | **Significant Other Observable Inputs (Level 2)** | **Significant Unobservable Inputs (Level 3)** |
|---|---|---|---|---|
| U.S. Treasury Securities | $ 75,454 | $ 75,454 | $ – | $ – |
| Common Stock | 37,839 | 37,839 | – | – |
| Mutual Funds | 25,978 | 25,978 | – | – |
| Guaranteed Investment Contract | 570 | – | 570 | – |
| Limited Partnership Interest in Real Estate (a) | 8,288 | – | – | 8,288 |
| Cash and Cash Equivalents | 7,011 | 7,011 | – | – |
| Total Plan Investments | $ 155,140 | $ 146,282 | $ 570 | $ 8,288 |

(a) This investment is a commercial real estate partnership that purchases land, develops limited infrastructure, and sells it for commercial development. The Company is restricted from selling its partnership interest during the life of the partnership which is generally 5-7 years. Return of investment is realized as land is sold. There were no sales in

2009. The fair value of the limited partnership interest in real estate is based on the net asset value of the partnership which reflects the appraised value of the land less exit costs.

The fair value of the investment in the Limited Partnership Interest in Real Estate as of December 31, 2009 resulted in an unrealized loss of $0.6 million for the twelve months ended December 31, 2009. The table below reflects the changes during the period (in thousands):

| | Fair Value of Investments in Real Estate |
|---|---|
| Balance at December 31, 2008 | $ 8,932 |
| Unrealized loss in fair value | (644) |
| Balance at December 31, 2009 | $ 8,288 |

The Company adheres to the traditional capital market pricing theory which maintains that over the long term, the risk of owning equities should be rewarded with a greater return than available from fixed income investments. The Company seeks to minimize the risk of owning equity securities by investing in mutual funds that pursue risk minimization strategies and by diversifying its investments to limit its risks during falling markets. The investment managers have full discretionary authority to direct the investment of plan assets held in trust within the guidelines prescribed by the Company through the plan's investment policy statement including the ability to hold cash equivalents. The investment guidelines of the investment policy statement are in accordance with the Employee Retirement Income Security Act of 1974 (ERISA) and Department of Labor ("DOL") regulations.

The Company contributes at least the minimum funding amounts required by the IRS for the Retirement Plan, as actuarially calculated. The Company expects to contribute $10.2 million to its retirement plans in 2010, although the Company has no 2010 minimum funding requirements for the Retirement Plan.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid (in thousands):

| | Retirement Income Plan | Non-Qualified Retirement Plans |
|---|---|---|
| 2010 | $ 7,489 | $ 1,631 |
| 2011 | 8,186 | 1,608 |
| 2012 | 8,973 | 1,589 |
| 2013 | 9,836 | 1,567 |
| 2014 | 10,840 | 1,615 |
| 2015-2019 | 71,259 | 9,296 |

**Other Postretirement Benefits**

The Company provides certain health care benefits for retired employees and their eligible dependents and life insurance benefits for retired employees only. Substantially all of the Company's employees may become eligible for those benefits if they retire while working for the Company. Contributions from the Company are based on the funding amounts established in PUCT Docket No. 12700. The assets of the plan are invested in equity securities, debt securities, and cash equivalents and are managed by professional investment managers appointed by the Company.

The Company determined that the prescription drug benefits of its plan were actuarially equivalent to the Medicare Part D benefit provided for in the Medicare Prescription Drug, Improvement, and Modernization Act of 2003. FASB guidance on accounting and disclosure requirements related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003 requires measurement of the postretirement benefit obligation, the plan assets, and the net periodic postretirement benefit cost to reflect the effects of the subsidy.

The following table contains a reconciliation of the change in the benefit obligation, the fair value of plan assets, and the funded status of the plans (in thousands):

| | December 31, | |
|---|---|---|
| | **2009** | **2008** |
| **Change in benefit obligation:** | | |
| Benefit obligation at end of prior year | $ 111,036 | $ 98,612 |
| Service cost | 3,395 | 3,160 |
| Interest cost | 6,492 | 6,199 |
| Actuarial loss | 289 | 5,439 |
| Benefits paid | (3,840) | (3,080) |
| Retiree contributions | 718 | 535 |
| Medicare Part D subsidy | 177 | 171 |
| Benefit obligation at end of year | 118,267 | 111,036 |
| **Change in plan assets:** | | |
| Fair value of plan assets at end of prior year | 25,239 | 31,227 |
| Actual return on plan assets | 3,632 | (7,036) |
| Employer contribution | 3,422 | 3,422 |
| Benefits paid | (3,840) | (3,080) |
| Retiree contributions | 718 | 535 |
| Medicare Part D subsidy | 177 | 171 |
| Fair value of plan assets at end of year | 29,348 | 25,239 |
| Funded status | $ (88,919) | $ (85,797) |

Amounts recognized in the Company's regulatory-basis balance sheets as a non-current liability consist of accrued postretirement costs of $88.9 million and $85.8 million for 2009 and 2008, respectively.

Amounts recognized in accumulated other comprehensive income that have not been recognized as a component of net periodic cost consist of the following (in thousands):

| | Years Ended December 31, 2009 | Years Ended December 31, 2008 |
|---|---|---|
| Net gain | $ (9,793) | $ (7,950) |
| Prior service credit | (12,839) | (15,708) |
| Transition obligation | 6,740 | 8,897 |
| | $ (15,892) | $ (14,761) |

The following are the weighted-average actuarial assumptions used to determine the accrued postretirement benefit obligations:

| | December 31, 2009 | December 31, 2008 |
|---|---|---|
| Discount rate at end of year | 5.9% | 6.0% |
| Health care cost trend rates: | | |
| Initial | 8.5% | 9.0% |
| Ultimate | 5.0% | 5.0% |
| Year ultimate reached | 2017 | 2017 |

Net periodic benefit cost is made up of the components listed below (in thousands):

| | Years Ended December 31, 2009 | Years Ended December 31, 2008 |
|---|---|---|
| Service cost | $ 3,395 | $ 3,160 |
| Interest cost | 6,492 | 6,199 |
| Expected return on plan assets | (1,499) | (1,853) |
| Amortization of: | | |
| Unrecognized transition obligation | 2,157 | 2,157 |
| Prior service benefit | (2,869) | (2,869) |
| Net gain | – | (1,325) |
| Net periodic benefit cost | $ 7,676 | $ 5,469 |

The net periodic benefit cost includes amortization of unrecognized transition obligation over a twenty-year period beginning in 1993. The changes in benefit obligations recognized in other comprehensive income are presented below (in thousands):

| | Years Ended December 31, | |
|---|---|---|
| | 2009 | 2008 |
| Net loss (gain) | $ (1,843) | $ 14,329 |
| Amortization of: | | |
| Unrecognized transition obligation | (2,157) | (2,157) |
| Prior service benefit | 2,869 | 2,869 |
| Net gain | – | 1,325 |
| Total recognized in other comprehensive income | $ (1,131) | $ 16,366 |

The total recognized in net periodic benefit cost and other comprehensive income are presented below (in thousands):

| | Years Ended December 31, | |
|---|---|---|
| | 2009 | 2008 |
| Total recognized in net periodic benefit cost and other comprehensive income | $ 6,545 | $ 21,835 |

The following are amounts in accumulated other comprehensive income that are expected to be recognized as a component of net periodic benefit cost during 2010:

| | |
|---|---|
| Unrecognized transition obligation | $ 2,157 |
| Prior service benefit | (2,869) |

The following are the weighted-average actuarial assumptions used to determine the net periodic benefit cost for the twelve months ended December 31:

| | 2009 | 2008 |
|---|---|---|
| Discount rate at beginning of year | 6.0% | 6.5% |
| Expected long-term return on plan assets | 5.9% | 5.9% |
| Health care cost trend rates: | | |
| Initial | 9.0% | 9.5% |
| Ultimate | 5.0% | 5.0% |
| Year ultimate reached | 2017 | 2017 |

The discount rate is changed at each measurement date based on projected cash flows of the benefit plans using the spot rates in the Citigroup Pension Discount Curve and then solving for a single discount rate that produces the same present value of cash flows for each plan. At December 31, 2009, the Company changed its discount rate from 6.00% to 5.90% to determine the benefit obligations for the other postretirement benefits plan. For determining 2009 benefit cost, the Company changed its discount rate from 6.50% to 6.00%. A 1.0% decrease in the discount rate would increase the 2009 accumulated postretirement benefit obligation by 16.4%. A 1.0% increase in the discount rate would decrease the 2009 accumulated postretirement benefit obligation by 13.1%.

For measurement purposes, a 9.0% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2009. The rate was assumed to decrease gradually to 5% for 2017 and remain at that level thereafter. Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plan. The effect of a 1% change in these assumed health care cost trend rates would increase or decrease the benefit obligation by $19.1 million or $15.4 million, respectively. In addition, such a 1% change would increase or decrease the aggregate service and interest cost components of the net periodic benefit cost by $1.8 million or $1.5 million, respectively.

The Company's overall expected long-term rate of return on assets, on an after-tax basis, is 5.20% effective January 1, 2010. The expected long-term rate of return is based on the after-tax weighted average of the expected returns on investments based upon the target asset allocation. The Company's target allocations for the plan's assets are 65% equity securities, 30% fixed income and 5% alternative investments. The asset portfolio includes a diversified mix of mutual funds investing in equity securities including large and small capital funds and international funds. The asset portfolio also includes fixed income securities, cash equivalents, and real estate. The expected returns for mutual fund investments are based on historical risk premiums above the current fixed income rate, while the expected returns for the fixed income securities are based on the portfolio's yield to maturity.

FASB guidance on disclosure for other post-retirement plans requires disclosure of fair value measurements of plan assets. To increase consistency and comparability in fair value measurements FASB guidance on fair value measurements established 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. Prices for securities held in the underlying portfolios of the Other Post-retirement Benefits Plan are primarily obtained from independent pricing services. These prices are based on observable market data for the same or similar securities.

- Level 2 – Inputs other than quoted market prices included in Level 1 that are observable for the asset or liability either directly or indirectly. The fair value of municipal securities – tax-exempt are reported at fair value 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. The fair value of the limited real estate partnership is reported at the net asset value of the investment.

The fair value of the Company's Other Post-retirement Benefits Plan assets at December 31, 2009, and the level within the three levels of the fair value hierarchy defined by FASB guidance on fair value measurements are presented in the table below (in thousands):

| Description of Securities | Fair Value as of December 31, 2009 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---|---|---|---|---|
| Municipal Securities – Tax Exempt | $ 10,928 | $ – | $ 10,928 | $ – |
| Common Stock | 14,300 | 14,300 | – | – |
| Limited Partnership Interest in Real Estate (a) | 1,554 | – | – | 1,554 |
| Cash and Cash Equivalents | 2,566 | 2,566 | – | – |
| Total Plan Investments | $ 29,348 | $ 16,866 | $ 10,928 | $ 1,554 |

(a) This investment is a commercial real estate partnership that purchases land, develops limited infrastructure, and sells it for commercial development. The Company is restricted from selling its partnership interest during the life of the partnership which is generally 5-7 years. Return of investment is realized as land is sold. There were no sales in 2009. The fair value of the limited partnership interest in real estate is based on the net asset value of the partnership which reflects the appraised value of the land less exit costs.

The fair value of the investment in the Limited Partnership Interest in Real Estate as of December 31, 2009 resulted in an unrealized loss of $0.1 million for the twelve months ended December 31, 2009. The table below reflects the changes during the period (in thousands):

| | Fair Value of Investments in Real Estate |
|---|---|
| Balance at December 31, 2008 | $ 1,675 |
| Unrealized loss in fair value | (121) |
| Balance at December 31, 2009 | $ 1,554 |

The Company adheres to the traditional capital market pricing theory which maintains that over the long term, the risk of owning equities should be rewarded with a greater return than available from fixed income investments. The Company seeks to minimize the risk of owning equity securities by investing in mutual funds that pursue risk minimization strategies and by diversifying its investments to limit its risks during falling markets. The investment managers have full discretionary authority to direct the investment of plan assets held in trust within the guidelines prescribed by the Company through the plan's investment policy statement including the ability to hold cash equivalents. The investment guidelines of the investment policy statement are in accordance with the ERISA and DOL regulations.

The Company expects to contribute $3.4 million to its other postretirement benefits plan in 2010.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid (in thousands):

| | Including Medicare Part D Subsidy | Excluding Medicare Part D Subsidy | Reduction due to the Medicare Part D Subsidy |
|---|---|---|---|
| 2010 | $ 3,562 | $ 3,785 | $ (223) |
| 2011 | 4,103 | 4,358 | (255) |
| 2012 | 4,711 | 5,000 | (289) |
| 2013 | 5,327 | 5,658 | (331) |
| 2014 | 5,943 | 6,324 | (381) |
| 2015-2019 | 38,371 | 41,222 | (2,851) |

**401(k) Defined Contribution Plans**

The Company sponsors 401(k) defined contribution plans covering substantially all employees. Historically, the Company has provided a 50 percent matching contribution up to 6 percent of the employee's compensation subject to certain other limits and exclusions. Annual matching contributions made to the savings plans for the years 2009 and 2008 were $1.6 million each year.

**Annual Short-Term Incentive Plan**

The Annual Short-Term Incentive Plan (the "Incentive Plan") provides for the payment of cash awards to eligible Company employees, including each of its named executive officers. Payment of awards is based on the achievement of performance measures reviewed and approved by the Company's Board of Directors Compensation Committee. Generally, these performance measures are based on meeting certain financial, operational and individual performance criteria. The financial performance goals are based on earnings per share and the operational performance goals are based on safety and customer satisfaction. If a specified level of earnings per share is not attained, no amounts will be paid under the Incentive Plan. The Company reached the required levels of earnings per share, customer satisfaction, and safety goals for incentive payments of $8.6 million and $5.2 million for 2009 and 2008, respectively. The Company has renewed the Incentive Plan in 2010 with similar goals.

## M. Franchises and Significant Customers

**El Paso Franchise**

The Company has a franchise agreement with El Paso, the largest city it serves, through July 31, 2030. The franchise agreement includes a franchise fee of 3.25% of revenues and allows the Company to utilize public rights-of-way necessary to serve its retail customers within El Paso.

**Las Cruces Franchise**

In February 2000, the Company and Las Cruces entered into a seven-year franchise agreement with a franchise fee of 2% of revenues for the provision of electric distribution service. Las Cruces exercised its right to extend the franchise for an additional two-year term which ended April 30, 2009 and waived its option to purchase the Company's distribution system pursuant to the terms of the February 2000 settlement agreement. The Company is currently operating under an implied franchise by satisfying all obligations from the expired franchise.

**Military Installations**

The Company currently serves Holloman Air Force Base ("Holloman"), White Sands Missile Range ("White Sands") and Fort Bliss. The Company's sales to the military bases represent approximately 3% of annual operating revenues. The Company signed a contract with Ft. Bliss in October 2008 under which Ft. Bliss takes retail electric service from the Company. The contract is effective until the later of: (i) August 1, 2010 or (ii) new base rates have been approved for the Company in any Texas rate proceeding. In April 1999, the Army and the Company entered into a ten-year contract to provide retail electric service to White Sands. The contract with White Sands expired in 2009 and the Company is serving White Sands under the applicable New Mexico tariffs. In March 2006, the Company signed a contract with Holloman that provides for the Company to provide retail electric service and limited wheeling services to Holloman for a ten-year term which expires in January 2016.

**N. Financial Instruments and Investments**

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 and financing and capital lease obligations, 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 fair value.

The fair values of the Company's long-term debt and financing and capital lease obligations, including the current portion thereof, are based on estimated market prices for similar issues and are presented below (in thousands):

| | December 31, | | | |
|---|---|---|---|---|
| | 2009 | | 2008 | |
| | Carrying Amount | Estimated Fair Value | Carrying Amount | Estimated Fair Value |
| Pollution Control Bonds | $ 193,135 | $ 197,680 | $ 193,135 | $ 168,735 |
| Senior Notes | 546,562 | 545,475 | 546,517 | 423,042 |
| Nuclear Fuel Capital Leases (1) | 106,998 | 106,998 | 93,653 | 93,653 |
| Total | $ 846,695 | $ 850,153 | $ 833,305 | $ 685,430 |

(1) The interest rate on the Company's nuclear fuel capital leases is reset every quarter to reflect current market rates. Consequently, the carrying value approximates fair value.

*Treasury Rate Locks.* The Company entered into treasury rate lock agreements in 2005 to hedge against potential movements in the treasury reference interest rate pending the issuance of the 6% Senior Notes. 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, net of tax, as a component of accumulated other comprehensive loss and amortizes the accumulated comprehensive loss to earnings as interest expense over the life of the 6% Senior Notes. In 2010, approximately $0.3 million of this accumulated other comprehensive loss item will be reclassified to interest expense.

*Contracts and Derivative Accounting.* The Company uses commodity contracts to manage its exposure to price and availability risks for fuel purchases and power sales and purchases and these contracts generally have the characteristics of derivatives. The Company does not trade or use these instruments with the objective of earning financial gains on the commodity price fluctuations. The Company has determined that all such contracts outstanding at December 31, 2009, except for certain natural gas commodity contracts with optionality features, that had the characteristics of derivatives met the "normal purchases and normal sales" exception provided in FASB guidance for accounting for derivative instruments and hedging activities, and, as such, were not required to be accounted for as derivatives.

The Company determined that certain of its natural gas commodity contracts with optionality features are not eligible for the normal purchases exception and, therefore, are required to be accounted for as derivative instruments pursuant to FASB guidance for accounting for derivative instruments and hedging activities. However, as of December 31, 2009, the variable, market-based pricing provisions of existing gas contracts are such that these derivative instruments have no significant 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 $135.4 million and $111.3 million at December 31, 2009 and 2008, respectively. 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. 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, at December 31, 2009 and 2008 (in thousands):

| | December 31, 2009 | | | | | |
|---|---|---|---|---|---|---|
| | Less than 12 Months | | 12 Months or Longer | | Total | |
| | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses |
| **Description of Securities** (1)**:** | | | | | | |
| Federal Agency Mortgage Backed Securities | $ 6,975 | $ (70) | $ 38 | $ (2) | $ 7,013 | $ (72) |
| U.S. Government Bonds | 9,355 | (248) | – | – | 9,355 | (248) |
| Municipal Obligations | 3,235 | (53) | 5,067 | (159) | 8,302 | (212) |
| Corporate Obligations | 2,039 | (20) | 856 | (27) | 2,895 | (47) |
| Total debt securities | 21,604 | (391) | 5,961 | (188) | 27,565 | (579) |
| Common stock | 11,735 | (790) | 3,718 | (686) | 15,453 | (1,476) |
| **Total temporarily impaired securities** | $ 33,339 | $ (1,181) | $ 9,679 | $ (874) | $43,018 | $ (2,055) |

(1) Includes approximately 106 securities.

| | December 31, 2008 | | | | | |
|---|---|---|---|---|---|---|
| | Less than 12 Months | | 12 Months or Longer | | Total | |
| | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses |
| **Description of Securities** (2)**:** | | | | | | |
| Federal Agency Mortgage Backed Securities | $ – | $ – | $ 88 | $ (3) | $ 88 | $ (3) |
| Municipal Obligations | 8,656 | (227) | 5,201 | (137) | 13,857 | (364) |
| Corporate Obligations | 2,302 | (249) | 1,548 | (163) | 3,850 | (412) |
| Total debt securities | 10,958 | (476) | 6,837 | (303) | 17,795 | (779) |
| Common stock | 21,179 | (6,431) | 604 | (204) | 21,783 | (6,635) |
| Mutual Funds | 7,152 | (3,539) | – | – | 7,152 | (3,539) |
| Total equity securities | 28,331 | (9,970) | 604 | (204) | 28,935 | (10,174) |
| **Total temporarily impaired securities** | $ 39,289 | $ (10,446) | $ 7,441 | $ (507) | $ 46,730 | $ (10,953) |

(2) Includes approximately 161 securities.

The Company monitors the length of time the security trades below its cost basis along with the amount and percentage of the unrealized loss in determining if a decline in fair value of marketable securities below original cost is considered to be other than temporary. In addition, the Company will research the future prospects of individual securities as necessary. As a result of these factors, as well as the Company's intent and ability to hold these securities until their market price recovers, these securities are considered temporarily impaired. The Company will not have a requirement to expend monies held in trust before 2024 or a later period when the Company begins to decommission Palo Verde.

The reported fair values 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 at December 31, 2009 and 2008 (in thousands):

| | December 31, 2009 | | December 31, 2008 | |
|---|---|---|---|---|
| | Fair Value | Unrealized Gains | Fair Value | Unrealized Gains |
| **Description of Securities:** | | | | |
| Federal Agency Mortgage Backed Securities | $ 13,050 | $ 567 | $ 13,122 | $ 382 |
| U.S. Government Bonds | 4,537 | 58 | 3,147 | 367 |
| Municipal Obligations | 21,121 | 852 | 19,088 | 506 |
| Corporate Obligations | 4,313 | 222 | 1,021 | 69 |
| Total debt securities | 43,021 | 1,699 | 36,378 | 1,324 |
| Common stock | 45,317 | 7,808 | 25,123 | 2,046 |
| Temporary investments | 4,016 | – | 3,075 | – |
| **Total** | $ 92,354 | $ 9,507 | $ 64,576 | $ 3,370 |

The Company's marketable securities include investments in municipal, corporate and federal debt obligations. The contractual year for maturity of these available-for-sale securities as of December 31, 2009 is as follows (in thousands):

| | Total | 2010 | 2011 through 2014 | 2015 through 2019 | 2020 and Beyond |
|---|---|---|---|---|---|
| Municipal Debt Obligations | $ 29,424 | $ 2,308 | $ 10,907 | $ 10,691 | $ 5,518 |
| Corporate Debt Obligations | 7,207 | 298 | 2,772 | 3,326 | 811 |
| U.S. Government Bonds and Federal Agency Mortgage Backed Securities | 33,955 | 401 | 8,964 | 4,324 | 20,266 |

The Company has recognized some impairment losses on certain of its securities to be other than temporary and in accordance with FASB guidance, these impairment losses have been recognized in net income and a lower cost basis has been established for these securities. For the twelve months ended December 31, 2009 and 2008 the Company recognized other than temporary impairment losses on its available-for-sale securities as follows (in thousands):

| | 2009 | 2008 |
|---|---|---|
| Gross unrealized holding losses included in pre-tax income | $ (5,594) | $ (7,761) |

The Company's marketable securities in its decommissioning trust funds are sold from time to time and the Company uses the specific identification basis on which to determine the amount to reclassify out of accumulated other comprehensive income and into net income. The proceeds from the sale of these securities during the twelve months ended December 31, 2009 and 2008 and the related effects on pre-tax income are as follows (in thousands):

| | 2009 | 2008 |
|---|---|---|
| Proceeds from sales of available-for-sale securities | $ 79,935 | $ 53,447 |
| Gross realized gains included in pre-tax income | $ 3,614 | $ 5,505 |
| Gross realized losses included in pre-tax income | (4,681) | (2,214) |
| Net unrealized losses in pre-tax income | (1,151) | (6,167) |
| Net losses in pre-tax income | $ (2,218) | $ (2,876) |
| Net unrealized holding gains (losses) included in accumulated other comprehensive income | $ 12,816 | $ (29,779) |
| Net losses reclassified out of accumulated other comprehensive income | 2,218 | 2,876 |
| Net gains (losses) in other comprehensive income | $ 15,034 | $ (26,903) |

*Fair Value Measurements.* FASB guidance requires the Company to provide expanded quantitative disclosures for financial assets and liabilities recorded on the balance sheet at fair value. Financial assets carried at fair value include the Company's decommissioning trust investments and investments in debt securities. 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 and U.S. treasury securities that are in a highly liquid and transparent market.

- 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 other 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 analyses. Financial assets utilizing Level 3 inputs include the Company's investments in debt securities.

As of December 31, 2009, the Company had $4.0 million invested in debt securities which consisted of two $2.0 million investments in auction rate securities maturing in 2042 and 2044. The Company classifies these securities as trading securities. These auction rate securities are collateralized with student loans which are re-insured by the Department of Education as part of the Federal Family Education Loan Program ("FFELP") and have credit ratings of "A" by Standard & Poors and "A2" by Moody's. The principal on the securities can be realized at maturity, sold in a successful auction, or sold in the secondary market. Interest rates on the auction rate securities are reset every 28 days. At December 31, 2009 upon a failed auction, the maximum interest rates for $2.0 million of the debt securities were based upon the lesser of the interest paid on the student loan portfolio, less service costs or one month LIBOR plus 2.5%. At December 31, 2009, the default interest rate was 2.731% based on one month LIBOR plus 2.5%. The maximum interest rate for the remaining $2.0 million debt securities were based upon the lesser of (i) the interest paid on the student loan portfolio less service costs; (ii) 91-day Treasury bills plus 1.5%; (iii) one month LIBOR plus 1.5%; (iv) 18%; or (v) highest rate legally payable. At December 31, 2009, the default interest rate was 1.733% based on one month LIBOR plus 1.5%.

The auction process historically provided a liquid market to sell the securities to meet cash requirements. These auction rate securities had successful auctions through January 2008. However, since February 2008, auctions for these securities have not been successful, resulting in the inability to liquidate these investments. The Company's valuation as of December 31, 2009 is based upon the average of a discounted cash flow model valuation and a market comparables method.

The discounted cash flow model valuation is based on expected cash flows using the maximum expected interest rates discounted by an expected yield reflecting illiquidity and credit risk. In order to more accurately forecast cash flows, treasury and LIBOR yield curves were created using swap rates, data provided on the U.S. Department of the Treasury website and the British Banker's Association website. After thorough analysis, future cash flows were projected based on interest rate models over a term, which was based on an estimate of the weighted average life of the student loan portfolio within the issuing trusts. The applied discount yield was based on the applicable forward LIBOR rate and a yield spread of 550 basis points based on the securities' (i) credit risk, (ii) illiquidity, (iii) subordinated status, (iv) interest rate limitations, and (v) FFELP guarantees.

The market comparables method is based upon sales and purchases of auction rate securities in secondary market transactions. The secondary market discounts of 36% to 38% are based on discounts indicated in secondary market transactions involving comparable Student Loan Auction Rate Securities. The average of the values provided by the discounted cash flow calculation and the market comparables method are used to arrive at the concluded value of the 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. 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 December 31, 2009 and 2008, and the level within the three levels of the fair value hierarchy defined by FASB guidance are presented in the table below (in thousands):

| Description of Securities | Fair Value as of December 31, 2009 | 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 | $ 2,510 | $ – | $ – | $ 2,510 |
| **Available for sale:** | | | | |
| U.S. Government Bonds | $ 13,892 | $ 13,892 | $ – | $ – |
| Federal Agency Mortgage Backed Securities | 20,063 | – | 20,063 | – |
| Municipal Bonds | 29,424 | – | 29,424 | – |
| Corporate Asset Backed Obligations | 7,207 | – | 7,207 | – |
| Subtotal, Debt Securities | 70,586 | 13,892 | 56,694 | – |
| Common Stock | 60,770 | 60,770 | – | – |
| Cash and Cash Equivalents | 4,016 | 4,016 | – | – |
| Total available for sale | $ 135,372 | $ 78,678 | $ 56,694 | $ – |

| Description of Securities | Fair Value as of December 31, 2008 | 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 | $ 2,264 | $ – | $ – | $ 2,264 |
| **Available for sale:** | | | | |
| U.S. Government Bonds | $ 3,147 | $ 3,147 | $ – | $ – |
| Federal Agency Mortgage Backed Securities | 13,210 | – | 13,210 | – |
| Municipal Bonds | 32,945 | – | 32,945 | – |
| Corporate Asset Backed Obligations | 4,871 | – | 4,871 | – |
| Subtotal, Debt Securities | 54,173 | 3,147 | 51,026 | – |
| Common Stock | 46,906 | 46,906 | – | – |
| Mutual Funds | 7,152 | 7,152 | – | – |
| Subtotal, Equity Securities | 54,058 | 54,058 | – | – |
| Cash and Cash Equivalents | 3,075 | 3,075 | – | – |
| Total available for sale | $ 111,306 | $ 60,280 | $ 51,026 | $ – |

The change in the fair value of the investments in debt securities resulted in a credit to income of $0.2 million and a charge to income of $1.7 million for the twelve months ended December 31, 2009 and 2008, respectively. The amount is reflected in the Company's regulatory-basis statement of operations as an adjustment to other deductions. Below is a reconciliation of the beginning and ending balance of the fair value in investment in debt securities (in thousands):

| | 2009 | 2008 |
|---|---|---|
| Balance at January 1 | $ 2,264 | $ – |
| Transfers into Level 3 (1) | – | 4,000 |
| Unrealized gain (loss) in fair value recognized in income | 246 | (1,736) |
| Balance at December 31 | $ 2,510 | $ 2,264 |

(1) Amounts presented as being transferred in are based on the fair value at the beginning of the period.

## O. Supplemental Statements of Cash Flows Disclosures

| | Years Ended December 31, 2009 | Years Ended December 31, 2008 |
|---|---|---|
| | (In thousands) | |
| Cash paid for: | | |
| Interest on long-term debt and financing obligations | $ 46,836 | $ 41,909 |
| Income taxes | 8,596 | 4,353 |
| Other interest | 4 | 196 |
| Non-cash financing activities: | | |
| Grants of restricted shares of common stock | 1,592 | 3,021 |
| Deferred tax benefit on long-term incentive plans | – | 43 |

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

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

| Line No. | Item<br>(a) | Unrealized Gains and Losses on Available-for-Sale Securities<br>(b) | Minimum Pension Liability adjustment (net amount)<br>(c) | Foreign Currency Hedges<br>(d) | Other Adjustments<br>(e) |
|---|---|---|---|---|---|
| 1 | Balance of Account 219 at Beginning of Preceding Year | 15,362,940 | | | 3,864,869 |
| 2 | Preceding Qtr/Yr to Date Reclassifications from Acct 219 to Net Income | 2,300,427 | | | ( 581,443) |
| 3 | Preceding Quarter/Year to Date Changes in Fair Value | ( 23,823,302) | | | ( 19,917,947) |
| 4 | Total (lines 2 and 3) | ( 21,522,875) | | | ( 20,499,390) |
| 5 | Balance of Account 219 at End of Preceding Quarter/Year | ( 6,159,935) | | | ( 16,634,521) |
| 6 | Balance of Account 219 at Beginning of Current Year | ( 6,159,935) | | | ( 16,634,521) |
| 7 | Current Qtr/Yr to Date Reclassifications from Acct 219 to Net Income | 1,774,366 | | | 668,054 |
| 8 | Current Quarter/Year to Date Changes in Fair Value | 10,252,420 | | | ( 32,653,747) |
| 9 | Total (lines 7 and 8) | 12,026,786 | | | ( 31,985,693) |
| 10 | Balance of Account 219 at End of Current Quarter/Year | 5,866,851 | | | ( 48,620,214) |

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

| Line No. | Other Cash Flow Hedges Interest Rate Swaps<br>(f) | Other Cash Flow Hedges [Specify]<br>(g) | Totals for each category of items recorded in Account 219<br>(h) | Net Income (Carried Forward from Page 117, Line 78)<br>(i) | Total Comprehensive Income<br>(j) |
|---|---|---|---|---|---|
| 1 | | ( 14,213,093) | 5,014,716 | | |
| 2 | | 192,267 | 1,911,251 | | |
| 3 | | | ( 43,741,249) | | |
| 4 | | 192,267 | ( 41,829,998) | 80,282,956 | 38,452,958 |
| 5 | | ( 14,020,826) | ( 36,815,282) | | |
| 6 | | ( 14,020,826) | ( 36,815,282) | | |
| 7 | | 205,773 | 2,648,193 | | |
| 8 | | | ( 22,401,327) | | |
| 9 | | 205,773 | ( 19,753,134) | 67,855,774 | 48,102,640 |
| 10 | | ( 13,815,053) | ( 56,568,416) | | |

***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 loss. In May 2005, the Company began to recognize in earnings (as additional interest expense) the accumulated other comprehensive loss associated with the cash flow hedge. During the next twelve month period, approximately $0.3 million of this accumulated other comprehensive loss item will be reclassified to interest expense.

***Schedule Page: 122(a)(b) Line No.: 2 Column: e***

In accordance with the FERC Guidance Letter related to FASB guidance for employers' accounting for defined 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 postretirement benefit plans being recognized as components of net periodic benefit cost of the period.

***Schedule Page: 122(a)(b) Line No.: 3 Column: e***

In accordance with the FERC Guidance Letter related to FASB guidance for employers' accounting for defined pension and other postretirement plans, this amount includes adjustments related to the funded status of defined postretirement benefit plans.

***Schedule Page: 122(a)(b) Line No.: 7 Column: e***

In accordance with the FERC Guidance Letter related to FASB guidance for employers' accounting for defined 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 postretirement benefit plans being recognized as components of net periodic benefit cost of the period.

***Schedule Page: 122(a)(b) Line No.: 8 Column: e***

In accordance with the FERC Guidance Letter related to FASB guidance for employers' accounting for defined pension and other postretirement plans, this amount includes adjustments related to the funded status of defined postretirement benefit plans.

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

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) | 2,803,326,474 | 2,803,326,474 |
| 4 | Property Under Capital Leases | | |
| 5 | Plant Purchased or Sold | | |
| 6 | Completed Construction not Classified | 467,755,810 | 467,755,810 |
| 7 | Experimental Plant Unclassified | | |
| 8 | Total (3 thru 7) | 3,271,082,284 | 3,271,082,284 |
| 9 | Leased to Others | | |
| 10 | Held for Future Use | | |
| 11 | Construction Work in Progress | 244,166,253 | 244,166,253 |
| 12 | Acquisition Adjustments | | |
| 13 | Total Utility Plant (8 thru 12) | 3,515,248,537 | 3,515,248,537 |
| 14 | Accum Prov for Depr, Amort, & Depl | 1,866,174,766 | 1,866,174,766 |
| 15 | Net Utility Plant (13 less 14) | 1,649,073,771 | 1,649,073,771 |
| 16 | Detail of Accum Prov for Depr, Amort & Depl | | |
| 17 | In Service: | | |
| 18 | Depreciation | 1,847,052,638 | 1,847,052,638 |
| 19 | Amort & Depl of Producing Nat Gas Land/Land Right | | |
| 20 | Amort of Underground Storage Land/Land Rights | | |
| 21 | Amort of Other Utility Plant | 19,122,128 | 19,122,128 |
| 22 | Total In Service (18 thru 21) | 1,866,174,766 | 1,866,174,766 |
| 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) | 1,866,174,766 | 1,866,174,766 |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

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

| Gas<br>(d) | Other (Specify)<br>(e) | Other (Specify)<br>(f) | Other (Specify)<br>(g) | Common<br>(h) | Line No. |
|---|---|---|---|---|---|
| | | | | | 1 |
| | | | | | 2 |
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| | | | | | 33 |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

NUCLEAR FUEL MATERIALS (Account 120.1 through 120.6 and 157)

1. Report below the costs incurred for nuclear fuel materials in process of fabrication, on hand, in reactor, and in cooling; owned by the respondent.
2. If the nuclear fuel stock is obtained under leasing arrangements, attach a statement showing the amount of nuclear fuel leased, the quantity used and quantity on hand, and the costs incurred under such leasing arrangements.

| Line No. | Description of item<br>(a) | Balance Beginning of Year<br>(b) | Changes during Year<br>Additions<br>(c) |
|---|---|---|---|
| 1 | Nuclear Fuel in process of Refinement, Conv, Enrichment & Fab (120.1) | | |
| 2 | Fabrication | | |
| 3 | Nuclear Materials | | |
| 4 | Allowance for Funds Used during Construction | | |
| 5 | (Other Overhead Construction Costs, provide details in footnote) | | |
| 6 | SUBTOTAL (Total 2 thru 5) | | |
| 7 | Nuclear Fuel Materials and Assemblies | | |
| 8 | In Stock (120.2) | | |
| 9 | In Reactor (120.3) | | |
| 10 | SUBTOTAL (Total 8 & 9) | | |
| 11 | Spent Nuclear Fuel (120.4) | | |
| 12 | Nuclear Fuel Under Capital Leases (120.6) | 116,899,947 | 35,426,043 |
| 13 | (Less) Accum Prov for Amortization of Nuclear Fuel Assem (120.5) | 29,746,067 | -3,216,823 |
| 14 | TOTAL Nuclear Fuel Stock (Total 6, 10, 11, 12, less 13) | 87,153,880 | |
| 15 | Estimated net Salvage Value of Nuclear Materials in line 9 | | |
| 16 | Estimated net Salvage Value of Nuclear Materials in line 11 | | |
| 17 | Est Net Salvage Value of Nuclear Materials in Chemical Processing | | |
| 18 | Nuclear Materials held for Sale (157) | | |
| 19 | Uranium | | |
| 20 | Plutonium | | |
| 21 | Other (provide details in footnote): | | |
| 22 | TOTAL Nuclear Materials held for Sale (Total 19, 20, and 21) | | |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

NUCLEAR FUEL MATERIALS (Account 120.1 through 120.6 and 157)

| Changes during Year | | Balance | Line |
|---|---|---|---|
| Amortization<br>(d) | Other Reductions (Explain in a footnote)<br>(e) | End of Year<br>(f) | No. |
| | | | 1 |
| | | | 2 |
| | | | 3 |
| | | | 4 |
| | | | 5 |
| | | | 6 |
| | | | 7 |
| | | | 8 |
| | | | 9 |
| | | | 10 |
| | | | 11 |
| | 16,155,036 | 136,170,954 | 12 |
| -23,176,791 | 16,155,036 | 33,550,999 | 13 |
| | | 102,619,955 | 14 |
| | | | 15 |
| | | | 16 |
| | | | 17 |
| | | | 18 |
| | | | 19 |
| | | | 20 |
| | | | 21 |
| | | | 22 |

***Schedule Page: 202 Line No.: 12 Column: e***

Retirement of fully amortized nuclear fuel in connection with the 2009 Units 2 and 3 reloads.

***Schedule Page: 202 Line No.: 13 Column: c***

Dry Cask storage costs allocated to Units 1, 2 and 3.

***Schedule Page: 202 Line No.: 13 Column: e***

Retirement of fully amortized nuclear fuel in connection with the 2009 Units 2 and 3 reloads.

***Schedule Page: 202 Line No.: 14 Column: f***

All of the Company's nuclear fuel is financed using a credit facility, which provides the Company with up to $120 million for the financing of nuclear fuel. This financing is accomplished through a trust that borrows under the facility to acquire and process the nuclear fuel. The assets and liabilities of the trust are reported on the Company's regulatory-basis balance sheets. As of December 31, 2009, approximately $107.0 million had been drawn for nuclear fuel purchases. Information on quantities of nuclear fuel materials is not available. During 2009, the Company capitalized approximately $1.0 million of costs, including interest on trust borrowings, credit facility commitment fees, trustee fees and miscellaneous legal expenses, in connection with the financing of nuclear fuel through the trust.

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

## ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106)

1. Report below the original cost of electric plant in service according to the prescribed accounts.
2. In addition to Account 101, Electric Plant in Service (Classified), this page and the next include Account 102, Electric Plant Purchased or Sold; Account 103, Experimental Electric Plant Unclassified; and Account 106, Completed Construction Not Classified-Electric.
3. Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.
4. For revisions to the amount of initial asset retirement costs capitalized, included by primary plant account, increases in column (c) additions and reductions in column (e) adjustments.
5. Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such accounts.
6. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d)

| Line No. | Account (a) | Balance Beginning of Year (b) | Additions (c) |
|---|---|---|---|
| 1 | 1. INTANGIBLE PLANT | | |
| 2 | (301) Organization | | |
| 3 | (302) Franchises and Consents | | |
| 4 | (303) Miscellaneous Intangible Plant | 71,700,355 | 2,885,975 |
| 5 | TOTAL Intangible Plant (Enter Total of lines 2, 3, and 4) | 71,700,355 | 2,885,975 |
| 6 | 2. PRODUCTION PLANT | | |
| 7 | A. Steam Production Plant | | |
| 8 | (310) Land and Land Rights | 111,351 | |
| 9 | (311) Structures and Improvements | 15,487,273 | 7,763,387 |
| 10 | (312) Boiler Plant Equipment | 109,987,730 | 1,224,641 |
| 11 | (313) Engines and Engine-Driven Generators | 15,518,884 | 3,292,059 |
| 12 | (314) Turbogenerator Units | 78,781,100 | 58,881,573 |
| 13 | (315) Accessory Electric Equipment | 14,814,574 | 6,569,069 |
| 14 | (316) Misc. Power Plant Equipment | 38,668,464 | 1,749,116 |
| 15 | (317) Asset Retirement Costs for Steam Production | 160,004 | |
| 16 | TOTAL Steam Production Plant (Enter Total of lines 8 thru 15) | 273,529,380 | 79,479,845 |
| 17 | B. Nuclear Production Plant | | |
| 18 | (320) Land and Land Rights | 1,846,320 | |
| 19 | (321) Structures and Improvements | 426,852,562 | 12,843,163 |
| 20 | (322) Reactor Plant Equipment | 715,864,953 | 1,711,818 |
| 21 | (323) Turbogenerator Units | 221,759,392 | 1,277,437 |
| 22 | (324) Accessory Electric Equipment | 169,770,381 | 355,668 |
| 23 | (325) Misc. Power Plant Equipment | 76,930,415 | 1,310,038 |
| 24 | (326) Asset Retirement Costs for Nuclear Production | 1,341,529 | |
| 25 | TOTAL Nuclear Production Plant (Enter Total of lines 18 thru 24) | 1,614,365,552 | 17,498,124 |
| 26 | C. Hydraulic Production Plant | | |
| 27 | (330) Land and Land Rights | | |
| 28 | (331) Structures and Improvements | | |
| 29 | (332) Reservoirs, Dams, and Waterways | | |
| 30 | (333) Water Wheels, Turbines, and Generators | | |
| 31 | (334) Accessory Electric Equipment | | |
| 32 | (335) Misc. Power PLant Equipment | | |
| 33 | (336) Roads, Railroads, and Bridges | | |
| 34 | (337) Asset Retirement Costs for Hydraulic Production | | |
| 35 | TOTAL Hydraulic Production Plant (Enter Total of lines 27 thru 34) | | |
| 36 | D. Other Production Plant | | |
| 37 | (340) Land and Land Rights | 10,000 | |
| 38 | (341) Structures and Improvements | 672,409 | 20,195 |
| 39 | (342) Fuel Holders, Products, and Accessories | 480,893 | |
| 40 | (343) Prime Movers | | |
| 41 | (344) Generators | 11,182,847 | |
| 42 | (345) Accessory Electric Equipment | 451,417 | |
| 43 | (346) Misc. Power Plant Equipment | 4,033,083 | |
| 44 | (347) Asset Retirement Costs for Other Production | 15,479 | |
| 45 | TOTAL Other Prod. Plant (Enter Total of lines 37 thru 44) | 16,846,128 | 20,195 |
| 46 | TOTAL Prod. Plant (Enter Total of lines 16, 25, 35, and 45) | 1,904,741,060 | 96,998,164 |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

| Line No. | Account<br>(a) | Balance Beginning of Year<br>(b) | Additions<br>(c) |
|---|---|---|---|
| 47 | 3. TRANSMISSION PLANT | | |
| 48 | (350) Land and Land Rights | 11,828,747 | |
| 49 | (352) Structures and Improvements | 6,412,351 | 825,423 |
| 50 | (353) Station Equipment | 124,124,465 | 9,090,627 |
| 51 | (354) Towers and Fixtures | 24,487,795 | 205,652 |
| 52 | (355) Poles and Fixtures | 79,525,944 | 1,246,019 |
| 53 | (356) Overhead Conductors and Devices | 73,754,390 | 512,998 |
| 54 | (357) Underground Conduit | | |
| 55 | (358) Underground Conductors and Devices | | |
| 56 | (359) Roads and Trails | 1,047,402 | 77,514 |
| 57 | (359.1) Asset Retirement Costs for Transmission Plant | | |
| 58 | TOTAL Transmission Plant (Enter Total of lines 48 thru 57) | 321,181,094 | 11,958,233 |
| 59 | 4. DISTRIBUTION PLANT | | |
| 60 | (360) Land and Land Rights | 1,490,802 | 1,687 |
| 61 | (361) Structures and Improvements | 3,754,150 | 19,339 |
| 62 | (362) Station Equipment | 119,186,446 | 14,931,675 |
| 63 | (363) Storage Battery Equipment | | |
| 64 | (364) Poles, Towers, and Fixtures | 100,310,484 | 8,221,490 |
| 65 | (365) Overhead Conductors and Devices | 60,625,186 | 4,441,520 |
| 66 | (366) Underground Conduit | 91,679,227 | 8,691,263 |
| 67 | (367) Underground Conductors and Devices | 88,304,529 | 8,246,636 |
| 68 | (368) Line Transformers | 121,000,938 | 11,851,829 |
| 69 | (369) Services | 37,172,667 | 873,897 |
| 70 | (370) Meters | 31,726,312 | 2,152,834 |
| 71 | (371) Installations on Customer Premises | 9,060,123 | 507,533 |
| 72 | (372) Leased Property on Customer Premises | | |
| 73 | (373) Street Lighting and Signal Systems | 9,567,002 | 116,336 |
| 74 | (374) Asset Retirement Costs for Distribution Plant | | |
| 75 | TOTAL Distribution Plant (Enter Total of lines 60 thru 74) | 673,877,866 | 60,056,039 |
| 76 | 5. REGIONAL TRANSMISSION AND MARKET OPERATION PLANT | | |
| 77 | (380) Land and Land Rights | | |
| 78 | (381) Structures and Improvements | | |
| 79 | (382) Computer Hardware | | |
| 80 | (383) Computer Software | | |
| 81 | (384) Communication Equipment | | |
| 82 | (385) Miscellaneous Regional Transmission and Market Operation Plant | | |
| 83 | (386) Asset Retirement Costs for Regional Transmission and Market Oper | | |
| 84 | TOTAL Transmission and Market Operation Plant (Total lines 77 thru 83) | | |
| 85 | 6. GENERAL PLANT | | |
| 86 | (389) Land and Land Rights | 899,211 | |
| 87 | (390) Structures and Improvements | 36,197,391 | 575,591 |
| 88 | (391) Office Furniture and Equipment | 21,750,107 | 3,235,960 |
| 89 | (392) Transportation Equipment | 28,831,720 | 5,153,218 |
| 90 | (393) Stores Equipment | 239,072 | |
| 91 | (394) Tools, Shop and Garage Equipment | 2,486,958 | 81,098 |
| 92 | (395) Laboratory Equipment | 2,914,022 | 185,833 |
| 93 | (396) Power Operated Equipment | 5,545,883 | 195,759 |
| 94 | (397) Communication Equipment | 30,511,759 | 423,675 |
| 95 | (398) Miscellaneous Equipment | 2,345,604 | 284,394 |
| 96 | SUBTOTAL (Enter Total of lines 86 thru 95) | 131,721,727 | 10,135,528 |
| 97 | (399) Other Tangible Property | | |
| 98 | (399.1) Asset Retirement Costs for General Plant | | |
| 99 | TOTAL General Plant (Enter Total of lines 96, 97 and 98) | 131,721,727 | 10,135,528 |
| 100 | TOTAL (Accounts 101 and 106) | 3,103,222,102 | 182,033,939 |
| 101 | (102) Electric Plant Purchased (See Instr. 8) | | |
| 102 | (Less) (102) Electric Plant Sold (See Instr. 8) | | |
| 103 | (103) Experimental Plant Unclassified | | |
| 104 | TOTAL Electric Plant in Service (Enter Total of lines 100 thru 103) | 3,103,222,102 | 182,033,939 |

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

distributions of these tentative classifications in columns (c) and (d), including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Accounts 101 and 106 will avoid serious omissions of the reported amount of respondent's plant actually in service at end of year.
7. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits distributed in column (f) to primary account classifications.
8. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirement of these pages.
9. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchase, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give also date

| Retirements (d) | Adjustments (e) | Transfers (f) | Balance at End of Year (g) | | Line No. |
|---|---|---|---|---|---|
| | | | | | 1 |
| | | | | | 2 |
| | | | | | 3 |
| 19,041 | | | 74,567,289 | | 4 |
| 19,041 | | | 74,567,289 | | 5 |
| | | | | | 6 |
| | | | | | 7 |
| | | | 111,351 | | 8 |
| | | | 23,250,660 | | 9 |
| | | | 111,212,371 | | 10 |
| | | | 18,810,943 | | 11 |
| | | | 137,662,673 | | 12 |
| | | | 21,383,643 | | 13 |
| | | | 40,417,580 | | 14 |
| | | | 160,004 | | 15 |
| | | | 353,009,225 | | 16 |
| | | | | | 17 |
| | | | 1,846,320 | | 18 |
| 605,861 | | | 439,089,864 | | 19 |
| 1,863,974 | | | 715,712,797 | | 20 |
| 2,346,013 | | | 220,690,816 | | 21 |
| 309,162 | | | 169,816,887 | | 22 |
| 106,423 | | | 78,134,030 | | 23 |
| | | | 1,341,529 | | 24 |
| 5,231,433 | | | 1,626,632,243 | | 25 |
| | | | | | 26 |
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| | | | | | 36 |
| | | | 10,000 | | 37 |
| | | | 692,604 | | 38 |
| | | | 480,893 | | 39 |
| | | | | | 40 |
| | | | 11,182,847 | | 41 |
| | | | 451,417 | | 42 |
| | | | 4,033,083 | | 43 |
| | | | 15,479 | | 44 |
| | | | 16,866,323 | | 45 |
| 5,231,433 | | | 1,996,507,791 | | 46 |

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

| Retirements (d) | Adjustments (e) | Transfers (f) | Balance at End of Year (g) | | Line No. |
|---|---|---|---|---|---|
| | | | | | 47 |
| | | | 11,828,747 | | 48 |
| | | | 7,237,774 | | 49 |
| 590,969 | | | 132,624,123 | | 50 |
| | | | 24,693,447 | | 51 |
| | | | 80,771,963 | | 52 |
| | | | 74,267,388 | | 53 |
| | | | | | 54 |
| | | | | | 55 |
| | | | 1,124,916 | | 56 |
| | | | | | 57 |
| 590,969 | | | 332,548,358 | | 58 |
| | | | | | 59 |
| | | | 1,492,489 | | 60 |
| | | | 3,773,489 | | 61 |
| 2,830,020 | | | 131,288,101 | | 62 |
| | | | | | 63 |
| 277,127 | | | 108,254,847 | | 64 |
| 222,362 | | | 64,844,344 | | 65 |
| 42,669 | | | 100,327,821 | | 66 |
| 115,397 | | | 96,435,768 | | 67 |
| 178,896 | | | 132,673,871 | | 68 |
| | | | 38,046,564 | | 69 |
| | | | 33,879,146 | | 70 |
| 25,417 | | | 9,542,239 | | 71 |
| | | | | | 72 |
| 10,201 | | | 9,673,137 | | 73 |
| | | | | | 74 |
| 3,702,089 | | | 730,231,816 | | 75 |
| | | | | | 76 |
| | | | | | 77 |
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| | | | | | 83 |
| | | | | | 84 |
| | | | | | 85 |
| | | | 899,211 | | 86 |
| | | | 36,772,982 | | 87 |
| 322,619 | | | 24,663,448 | | 88 |
| 4,307,606 | | | 29,677,332 | | 89 |
| | | | 239,072 | | 90 |
| | | | 2,568,056 | | 91 |
| | | | 3,099,855 | | 92 |
| | | | 5,741,642 | | 93 |
| | | | 30,935,434 | | 94 |
| | | | 2,629,998 | | 95 |
| 4,630,225 | | | 137,227,030 | | 96 |
| | | | | | 97 |
| | | | | | 98 |
| 4,630,225 | | | 137,227,030 | | 99 |
| 14,173,757 | | | 3,271,082,284 | | 100 |
| | | | | | 101 |
| | | | | | 102 |
| | | | | | 103 |
| 14,173,757 | | | 3,271,082,284 | | 104 |

| Name of Respondent<br>El Paso Electric Company | This Report Is:<br>(1) [X] An Original<br>(2) [ ] A Resubmission | Date of Report<br>(Mo, Da, Yr)<br>/ / | Year/Period of Report<br>End of 2009/Q4 |
|---|---|---|---|

## ELECTRIC PLANT LEASED TO OTHERS (Account 104)

| Line No. | Name of Lessee (Designate associated companies with a double asterisk) (a) | Description of Property Leased (b) | Commission Authorization (c) | Expiration Date of Lease (d) | Balance at End of Year (e) |
|---|---|---|---|---|---|
| 1 | None | | | | |
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| 46 | | | | | |
| 47 | TOTAL | | | | |

ELECTRIC PLANT HELD FOR FUTURE USE (Account 105)

1. Report separately each property held for future use at end of the year having an original cost of $250,000 or more. Group other items of property held for future use.
2. For property having an original cost of $250,000 or more previously used in utility operations, now held for future use, give in column (a), in addition to other required information, the date that utility use of such property was discontinued, and the date the original cost was transferred to Account 105.

| Line No. | Description and Location Of Property (a) | Date Originally Included in This Account (b) | Date Expected to be used in Utility Service (c) | Balance at End of Year (d) |
|---|---|---|---|---|
| 1 | Land and Rights: | | | |
| 2 | None | | | |
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| 21 | Other Property: | | | |
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| 44 | | | | |
| 45 | | | | |
| 46 | | | | |
| 47 | Total | | | 0 |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

CONSTRUCTION WORK IN PROGRESS - - ELECTRIC (Account 107)

1. Report below descriptions and balances at end of year of projects in process of construction (107)
2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstrating (see Account 107 of the Uniform System of Accounts)
3. Minor projects (5% of the Balance End of the Year for Account 107 or $1,000,000, whichever is less) may be grouped.

| Line No. | Description of Project (a) | Construction work in progress - Electric (Account 107) (b) |
|---|---|---|
| 1 | GENERATION EXPANSION NEWMAN U5 (PHASE 2) | 87,095,385 |
| 2 | PALO VERDE CAPITAL IMPROVEMENTS | 40,273,128 |
| 3 | CUSTOMER INFORMATION SERVICE SYSTEM | 17,616,004 |
| 4 | ZERO LIQUID DISCHARGE - NEWMAN | 12,346,940 |
| 5 | UNDERGROUND DISTRIBUTION - TX | 10,191,251 |
| 6 | OVERHEAD DISTRIBUTION - TX | 9,038,803 |
| 7 | PALO VERDE RAPID REFUELING PACKAGE | 8,400,017 |
| 8 | PALO VERDE WRF EVAP POND LINER REPLACEMENT | 6,647,961 |
| 9 | FOUR CORNERS CAPITAL IMPROVEMENTS | 4,290,397 |
| 10 | PICANTE SUBSTATION | 4,150,289 |
| 11 | RIPLEY SUBSTATION | 3,583,734 |
| 12 | FIBER OPTIC SYSTEM UPGRADE | 3,295,477 |
| 13 | NEWMAN - PIPELINE TAP | 2,963,913 |
| 14 | PELLICANO SUBSTATION | 2,759,243 |
| 15 | CABLE REPLACEMENT PROGRAM | 2,167,649 |
| 16 | COOLING TOWER REPLACEMENT - PALO VERDE | 1,879,738 |
| 17 | NEWMAN 115 KV BREAKER REPLACEMENT & UPGRADE | 1,804,420 |
| 18 | OVERHEAD DISTRIBUTION - NM | 1,739,696 |
| 19 | SANTA TERESA - MONTOYA 11 TRANSMISSION EXPANSION | 1,585,308 |
| 20 | NEWMAN TURBINE, GENERATOR & EXCITER UPGRADES | 1,391,323 |
| 21 | VARIOUS SUBSTATION TRANSFORMER REPLACEMENTS | 1,268,294 |
| 22 | UNDERGROUND DISTRIBUTION - NM | 1,081,647 |
| 23 | MINOR PROJECTS | 18,595,636 |
| 24 | | |
| 25 | | |
| 26 | | |
| 27 | | |
| 28 | | |
| 29 | | |
| 30 | | |
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| 37 | | |
| 38 | | |
| 39 | | |
| 40 | | |
| 41 | | |
| 42 | | |
| 43 | TOTAL | 244,166,253 |

ACCUMULATED PROVISION FOR DEPRECIATION OF ELECTRIC UTILITY PLANT (Account 108)

1. Explain in a footnote any important adjustments during year.
2. Explain in a footnote any difference between the amount for book cost of plant retired, Line 11, column (c), and that reported for electric plant in service, pages 204-207, column 9d), excluding retirements of non-depreciable property.
3. The provisions of Account 108 in the Uniform System of accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.
4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.

**Section A. Balances and Changes During Year**

| Line No. | Item (a) | Total (c+d+e) (b) | Electric Plant in Service (c) | Electric Plant Held for Future Use (d) | Electric Plant Leased to Others (e) |
|---|---|---|---|---|---|
| 1 | Balance Beginning of Year | 1,794,333,187 | 1,794,333,187 | | |
| 2 | Depreciation Provisions for Year, Charged to | | | | |
| 3 | (403) Depreciation Expense | 65,570,742 | 65,570,742 | | |
| 4 | (403.1) Depreciation Expense for Asset Retirement Costs | 39,853 | 39,853 | | |
| 5 | (413) Exp. of Elec. Plt. Leas. to Others | | | | |
| 6 | Transportation Expenses-Clearing | | | | |
| 7 | Other Clearing Accounts | | | | |
| 8 | Other Accounts (Specify, details in footnote): | 1,075,980 | 1,075,980 | | |
| 9 | | | | | |
| 10 | TOTAL Deprec. Prov for Year (Enter Total of lines 3 thru 9) | 66,686,575 | 66,686,575 | | |
| 11 | Net Charges for Plant Retired: | | | | |
| 12 | Book Cost of Plant Retired | 13,795,753 | 13,795,753 | | |
| 13 | Cost of Removal | 702,246 | 702,246 | | |
| 14 | Salvage (Credit) | 536,092 | 536,092 | | |
| 15 | TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 12 thru 14) | 13,961,907 | 13,961,907 | | |
| 16 | Other Debit or Cr. Items (Describe, details in footnote): | -5,217 | -5,217 | | |
| 17 | | | | | |
| 18 | Book Cost or Asset Retirement Costs Retired | | | | |
| 19 | Balance End of Year (Enter Totals of lines 1, 10, 15, 16, and 18) | 1,847,052,638 | 1,847,052,638 | | |
| | **Section B. Balances at End of Year According to Functional Classification** | | | | |
| 20 | Steam Production | 194,435,181 | 194,435,181 | | |
| 21 | Nuclear Production | 1,155,783,925 | 1,155,783,925 | | |
| 22 | Hydraulic Production-Conventional | | | | |
| 23 | Hydraulic Production-Pumped Storage | | | | |
| 24 | Other Production | 8,456,556 | 8,456,556 | | |
| 25 | Transmission | 178,683,909 | 178,683,909 | | |
| 26 | Distribution | 239,330,869 | 239,330,869 | | |
| 27 | Regional Transmission and Market Operation | | | | |
| 28 | General | 70,362,198 | 70,362,198 | | |
| 29 | TOTAL (Enter Total of lines 20 thru 28) | 1,847,052,638 | 1,847,052,638 | | |

***Schedule Page: 219 Line No.: 8 Column: c***

Represents Palo Verde depreciation expense adjustment charged to FERC account 182-301, related to NM Rate Case 06-00258 UT.

***Schedule Page: 219 Line No.: 16 Column: c***

Accumulated reserve adjustment reclassified from FERC account 108 to FERC account 111.

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

## INVESTMENTS IN SUBSIDIARY COMPANIES (Account 123.1)

1. Report below investments in Accounts 123.1, investments in Subsidiary Companies.
2. Provide a subheading for each company and List there under the information called for below. Sub - TOTAL by company and give a TOTAL in columns (e),(f),(g) and (h)
(a) Investment in Securities - List and describe each security owned. For bonds give also principal amount, date of issue, maturity and interest rate.
(b) Investment Advances - Report separately the amounts of loans or investment advances which are subject to repayment, but which are not subject to current settlement. With respect to each advance show whether the advance is a note or open account. List each note giving date of issuance, maturity date, and specifying whether note is a renewal.
3. Report separately the equity in undistributed subsidiary earnings since acquisition. The TOTAL in column (e) should equal the amount entered for Account 418.1.

| Line No. | Description of Investment (a) | Date Acquired (b) | Date Of Maturity (c) | Amount of Investment at Beginning of Year (d) |
|---|---|---|---|---|
| 1 | MiraSol Energy Services, Inc. | | | |
| 2 | Capital Stock: | | | |
| 3 | Common Stock - 1,000 shares authorized, issued and outstanding | | | |
| 4 | No par value | 03/01/01 | | 1,000 |
| 5 | | | | |
| 6 | Additional Paid-in Capital | 03/01/01 | | 3,959,401 |
| 7 | | | | |
| 8 | Accumulated Deficit | | | -3,520,485 |
| 9 | | | | |
| 10 | | | | |
| 11 | | | | |
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| 40 | | | | |
| 41 | | | | |
| 42 | Total Cost of Account 123.1 $ 333,509 | | TOTAL | 439,916 |

INVESTMENTS IN SUBSIDIARY COMPANIES (Account 123.1) (Continued)

4. For any securities, notes, or accounts that were pledged designate such securities, notes, or accounts in a footnote, and state the name of pledgee and purpose of the pledge.
5. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and give name of Commission, date of authorization, and case or docket number.
6. Report column (f) interest and dividend revenues form investments, including such revenues form securities disposed of during the year.
7. In column (h) report for each investment disposed of during the year, the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if difference from cost) and the selling price thereof, not including interest adjustment includible in column (f).
8. Report on Line 42, column (a) the TOTAL cost of Account 123.1

| Equity in Subsidiary Earnings of Year (e) | Revenues for Year (f) | Amount of Investment at End of Year (g) | Gain or Loss from Investment Disposed of (h) | Line No. |
|---|---|---|---|---|
| | | | | 1 |
| | | | | 2 |
| | | | | 3 |
| | | 1,000 | | 4 |
| | | | | 5 |
| | -2,083 | 3,957,318 | | 6 |
| | | | | 7 |
| -104,324 | | -3,624,809 | | 8 |
| | | | | 9 |
| | | | | 10 |
| | | | | 11 |
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| | | | | 40 |
| | | | | 41 |
| -104,324 | -2,083 | 333,509 | | 42 |

***Schedule Page: 224 Line No.: 6 Column: f***

Represents net additions to paid in capital during the year.

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

## MATERIALS AND SUPPLIES

1. For Account 154, report the amount of plant materials and operating supplies under the primary functional classifications as indicated in column (a); estimates of amounts by function are acceptable. In column (d), designate the department or departments which use the class of material.
2. Give an explanation of important inventory adjustments during the year (in a footnote) showing general classes of material and supplies and the various accounts (operating expenses, clearing accounts, plant, etc.) affected debited or credited. Show separately debit or credits to stores expense clearing, if applicable.

| Line No. | Account<br>(a) | Balance Beginning of Year<br>(b) | Balance End of Year<br>(c) | Department or Departments which Use Material<br>(d) |
|---|---|---|---|---|
| 1 | Fuel Stock (Account 151) | 2,299,860 | 1,806,879 | Production |
| 2 | Fuel Stock Expenses Undistributed (Account 152) | | | |
| 3 | Residuals and Extracted Products (Account 153) | | | |
| 4 | Plant Materials and Operating Supplies (Account 154) | | | |
| 5 | Assigned to - Construction (Estimated) | | | |
| 6 | Assigned to - Operations and Maintenance | | | |
| 7 | Production Plant (Estimated) | 23,930,094 | 24,975,013 | Production |
| 8 | Transmission Plant (Estimated) | 4,195,614 | 3,777,715 | Transmission |
| 9 | Distribution Plant (Estimated) | 7,751,830 | 6,416,602 | Distribution |
| 10 | Regional Transmission and Market Operation Plant (Estimated) | | | |
| 11 | Assigned to - Other (provide details in footnote) | 1,975,992 | 1,491,580 | Various |
| 12 | TOTAL Account 154 (Enter Total of lines 5 thru 11) | 37,853,530 | 36,660,910 | |
| 13 | Merchandise (Account 155) | | | |
| 14 | Other Materials and Supplies (Account 156) | | | |
| 15 | Nuclear Materials Held for Sale (Account 157) (Not applic to Gas Util) | | | |
| 16 | Stores Expense Undistributed (Account 163) | | 116 | |
| 17 | | | | |
| 18 | | | | |
| 19 | | | | |
| 20 | TOTAL Materials and Supplies (Per Balance Sheet) | 40,153,390 | 38,467,905 | |

***Schedule Page: 227 Line No.: 11 Column: b***

Consists primarily of items used in the field and includes conduit, underground rubber goods, lighting and safety supplies and tools.

***Schedule Page: 227 Line No.: 11 Column: c***

Consists primarily of items used in the field and includes conduit, underground rubber goods, lighting and safety supplies and tools.

| Name of Respondent<br>El Paso Electric Company | This Report Is:<br>(1) [X] An Original<br>(2) [ ] A Resubmission | Date of Report<br>(Mo, Da, Yr)<br>/ / | Year/Period of Report<br>End of 2009/Q4 |
|---|---|---|---|

## Allowances (Accounts 158.1 and 158.2)

1. Report below the particulars (details) called for concerning allowances.
2. Report all acquisitions of allowances at cost.
3. Report allowances in accordance with a weighted average cost allocation method and other accounting as prescribed by General Instruction No. 21 in the Uniform System of Accounts.
4. Report the allowances transactions by the period they are first eligible for use: the current year's allowances in columns (b)-(c), allowances for the three succeeding years in columns (d)-(i), starting with the following year, and allowances for the remaining succeeding years in columns (j)-(k).
5. Report on line 4 the Environmental Protection Agency (EPA) issued allowances. Report withheld portions Lines 36-40.

| Line No. | Allowances Inventory (Account 158.1) (a) | Current Year No. (b) | Current Year Amt. (c) | 2010 No. (d) | 2010 Amt. (e) |
|---|---|---|---|---|---|
| 1 | Balance-Beginning of Year | 2,616.00 | | 359.00 | |
| 2 | | | | | |
| 3 | Acquired During Year: | | | | |
| 4 | Issued (Less Withheld Allow) | 314.00 | | | |
| 5 | Returned by EPA | | | | |
| 6 | | | | | |
| 7 | | | | | |
| 8 | Purchases/Transfers: | | | | |
| 9 | Arizona Public Service Co | 1,125.00 | | | |
| 10 | | | | | |
| 11 | | | | | |
| 12 | | | | | |
| 13 | | | | | |
| 14 | | | | | |
| 15 | Total | 1,125.00 | | | |
| 16 | | | | | |
| 17 | Relinquished During Year: | | | | |
| 18 | Charges to Account 509 | | | | |
| 19 | Other: | | | | |
| 20 | | | | | |
| 21 | Cost of Sales/Transfers: | | | | |
| 22 | | | | | |
| 23 | | | | | |
| 24 | | | | | |
| 25 | | | | | |
| 26 | | | | | |
| 27 | | | | | |
| 28 | Total | | | | |
| 29 | Balance-End of Year | 4,055.00 | | 359.00 | |
| 30 | | | | | |
| 31 | Sales: | | | | |
| 32 | Net Sales Proceeds(Assoc. Co.) | | | | |
| 33 | Net Sales Proceeds (Other) | | | | |
| 34 | Gains | | | | |
| 35 | Losses | | | | |
| | Allowances Withheld (Acct 158.2) | | | | |
| 36 | Balance-Beginning of Year | | | | |
| 37 | Add: Withheld by EPA | | | | |
| 38 | Deduct: Returned by EPA | | | | |
| 39 | Cost of Sales | | | | |
| 40 | Balance-End of Year | | | | |
| 41 | | | | | |
| 42 | Sales: | | | | |
| 43 | Net Sales Proceeds (Assoc. Co.) | | | | |
| 44 | Net Sales Proceeds (Other) | | | | |
| 45 | Gains | | | | |
| 46 | Losses | | | | |

Allowances (Accounts 158.1 and 158.2) (Continued)

6. Report on Lines 5 allowances returned by the EPA. Report on Line 39 the EPA's sales of the withheld allowances. Report on Lines 43-46 the net sales proceeds and gains/losses resulting from the EPA's sale or auction of the withheld allowances.
7. Report on Lines 8-14 the names of vendors/transferors of allowances acquire and identify associated companies (See "associated company" under "Definitions" in the Uniform System of Accounts).
8. Report on Lines 22 - 27 the name of purchasers/ transferees of allowances disposed of an identify associated companies.
9. Report the net costs and benefits of hedging transactions on a separate line under purchases/transfers and sales/transfers.
10. Report on Lines 32-35 and 43-46 the net sales proceeds and gains or losses from allowance sales.

| 2011 No. (f) | 2011 Amt. (g) | 2012 No. (h) | 2012 Amt. (i) | Future Years No. (j) | Future Years Amt. (k) | Totals No. (l) | Totals Amt. (m) | Line No. |
|---|---|---|---|---|---|---|---|---|
| 359.00 | | 359.00 | | 9,693.00 | | 13,386.00 | | 1 |
| | | | | | | | | 2 |
| | | | | | | | | 3 |
| | | | | | | 314.00 | | 4 |
| | | | | | | | | 5 |
| | | | | | | | | 6 |
| | | | | | | | | 7 |
| | | | | | | | | 8 |
| | | | | | | 1,125.00 | | 9 |
| | | | | | | | | 10 |
| | | | | | | | | 11 |
| | | | | | | | | 12 |
| | | | | | | | | 13 |
| | | | | | | | | 14 |
| | | | | | | 1,125.00 | | 15 |
| | | | | | | | | 16 |
| | | | | | | | | 17 |
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| | | | | | | | | 26 |
| | | | | | | | | 27 |
| | | | | | | | | 28 |
| 359.00 | | 359.00 | | 9,693.00 | | 14,825.00 | | 29 |
| | | | | | | | | 30 |
| | | | | | | | | 31 |
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***Schedule Page: 228 Line No.: 1 Column: b***

Represents allowances banked by the Company through December 31, 2009.

***Schedule Page: 228 Line No.: 1 Column: d***

Represents allowances allocated to the Company by the EPA based on our current electric generation and the current regulatory framework.

***Schedule Page: 228 Line No.: 1 Column: f***

Represents allowances allocated to the Company by the EPA based on our current electric generation and the current regulatory framework.

***Schedule Page: 228 Line No.: 1 Column: h***

Represents allowances allocated to the Company by the EPA based on our current electric generation and the current regulatory framework.

***Schedule Page: 228 Line No.: 1 Column: j***

Represents allowances allocated to the Company by the EPA based on our current electric generation and the current regulatory framework. Proposed allowances for future years included allowances for each year beginning in 2013 and beyond.

***Schedule Page: 228 Line No.: 1 Column: k***

The Company has not purchased any allowances, but during 2009 they were trading at $55 to $215 per ton.

***Schedule Page: 228 Line No.: 4 Column: b***

Represents allowances allocated to the Company by the EPA based on our current electric generation and the current regulatory framework.

| Name of Respondent<br>El Paso Electric Company | This Report Is:<br>(1) [X] An Original<br>(2) [ ] A Resubmission | Date of Report<br>(Mo, Da, Yr)<br>/ / | Year/Period of Report<br>End of 2009/Q4 |
|---|---|---|---|

## EXTRAORDINARY PROPERTY LOSSES (Account 182.1)

| Line No. | Description of Extraordinary Loss [Include in the description the date of Commission Authorization to use Acc 182.1 and period of amortization (mo, yr to mo, yr).] (a) | Total Amount of Loss (b) | Losses Recognised During Year (c) | WRITTEN OFF DURING YEAR Account Charged (d) | WRITTEN OFF DURING YEAR Amount (e) | Balance at End of Year (f) |
|---|---|---|---|---|---|---|
| 1 | | | | | | |
| 2 | | | | | | |
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| 18 | | | | | | |
| 19 | | | | | | |
| 20 | TOTAL | | | | | |

| Name of Respondent<br>El Paso Electric Company | This Report Is:<br>(1) [X] An Original<br>(2) [ ] A Resubmission | Date of Report<br>(Mo, Da, Yr)<br>/ / | Year/Period of Report<br>End of 2009/Q4 |
|---|---|---|---|

UNRECOVERED PLANT AND REGULATORY STUDY COSTS (182.2)

| Line No. | Description of Unrecovered Plant and Regulatory Study Costs [Include in the description of costs, the date of Commission Authorization to use Acc 182.2 and period of amortization (mo, yr to mo, yr)]<br>(a) | Total Amount of Charges<br>(b) | Costs Recognised During Year<br>(c) | WRITTEN OFF DURING YEAR<br>Account Charged<br>(d) | WRITTEN OFF DURING YEAR<br>Amount<br>(e) | Balance at End of Year<br>(f) |
|---|---|---|---|---|---|---|
| 21 | None | | | | | |
| 22 | | | | | | |
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| 46 | | | | | | |
| 47 | | | | | | |
| 48 | | | | | | |
| 49 | TOTAL | | | | | |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

## 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 | | | | | |
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| 18 | | | | | |
| 19 | | | | | |
| 20 | | | | | |
| 21 | **Generation Studies** | | | | |
| 22 | | | | | |
| 23 | | | | | |
| 24 | | | | | |
| 25 | | | | | |
| 26 | | | | | |
| 27 | | | | | |
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| 40 | | | | | |

| Name of Respondent<br>El Paso Electric Company | This Report Is:<br>(1) [X] An Original<br>(2) [ ] A Resubmission | Date of Report<br>(Mo, Da, Yr)<br>/ / | Year/Period of Report<br>End of 2009/Q4 |
|---|---|---|---|

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<br>(a) | Balance at Beginning of Current Quarter/Year<br>(b) | Debits<br>(c) | CREDITS<br>Written off During the Quarter/Year Account Charged<br>(d) | CREDITS<br>Written off During the Period Amount<br>(e) | Balance at end of Current Quarter/Year<br>(f) |
|---|---|---|---|---|---|---|
| 1 | Net Undercollection of Fuel Revenues: | | | | | |
| 2 | New Mexico | 7,684,797 | | 440's | 7,684,797 | |
| 3 | Texas | 39,244,112 | 5,837,840 | 440's | 45,081,952 | |
| 4 | FERC | ( 71,959) | 71,959 | | | |
| 5 | | | | | | |
| 6 | Regulatory Tax Assets | 91,580,791 | 12,574,553 | Various | 9,021,242 | 95,134,102 |
| 7 | | | | | | |
| 8 | Rio Grande Resources Trust: | | | | | |
| 9 | Nuclear Fuel Postload Daily Finance Charge | 2,659,675 | 444,915 | 518 | 1,409,251 | 1,695,339 |
| 10 | | | | | | |
| 11 | Texas Energy Efficiency | 986,158 | 3,030,765 | | | 4,016,923 |
| 12 | | | | | | |
| 13 | Coal Reclamation | 9,681,467 | | 501/431 | 300,940 | 9,380,527 |
| 14 | | | | | | |
| 15 | New Mexico Renewable Energy Cost: | | | | | |
| 16 | Renewable Procurement Plan | 464,190 | 111,596 | | | 575,786 |
| 17 | Renewable Energy Credits | 2,278,375 | 1,136,860 | | | 3,415,235 |
| 18 | | | | | | |
| 19 | New Mexico Energy Efficiency Program | 231,293 | 991,676 | 142 | 580,968 | 642,001 |
| 20 | | | | | | |
| 21 | New Mexico: | | | | | |
| 22 | 2006 Rate Case Cost | 293,770 | | 928 | 199,006 | 94,764 |
| 23 | 2009 Rate Case Cost | | 813,465 | | | 813,465 |
| 24 | Transition Cost | 574,994 | | 407.3 | 575,004 | -10 |
| 25 | Palo Verde Deferred Depreciation | 1,713,301 | 1,075,980 | | | 2,789,281 |
| 26 | | | | | | |
| 27 | Texas Rate Case Cost | | 1,473,329 | | | 1,473,329 |
| 28 | | | | | | |
| 29 | | | | | | |
| 30 | | | | | | |
| 31 | | | | | | |
| 32 | | | | | | |
| 33 | | | | | | |
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| 39 | | | | | | |
| 40 | | | | | | |
| 41 | | | | | | |
| 42 | | | | | | |
| 43 | | | | | | |
| 44 | TOTAL | 157,320,964 | 27,562,938 | | 64,853,160 | 120,030,742 |

***Schedule Page: 232 Line No.: 6 Column: b***

Amortization period ranges from 5 to 40 years.

***Schedule Page: 232 Line No.: 9 Column: b***

Amortization is based on a prorata relationship with nuclear fuel amortization.

***Schedule Page: 232 Line No.: 11 Column: b***

In accordance with the Final Order Docket No. 33487-54, the Company is deferring energy efficiency costs to meet new goals until recovery is provided in the Company's next base rate filing.

***Schedule Page: 232 Line No.: 13 Column: b***

Represents total company final coal mine reclamation liability. 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 is passed through as reconcilable fuel costs. In the Company's New Mexico jurisdiction the recovery of final coal reclamation costs was approved as a base fuel component in Case No. 06-00258-UT and will be amortized through July 2016, the remaining life of the Four Corners generating facility. In the Company's Texas jurisdiction the recovery of final reclamation costs was approved as a component of reconcilable fuel in PUC Docket No. 34695 and will be amortized monthly based on a stipulated amount subject to adjustment in the next general rate case. In the Company's FERC jurisdiction final coal reclamation costs will not be recovered until actual final reclamation is paid in the last two years of mining contract.

***Schedule Page: 232 Line No.: 16 Column: b***

In accordance with Final Order in Case No. 09-00171-UT, the Company will recover renewable energy procurement costs related to renewable energy certificates as a component of base rates and will begin amortizing, over a 2 year period, in January 2010.

***Schedule Page: 232 Line No.: 17 Column: b***

Represents the cost of Renewable Energy Credits purchased by the Company to comply with the Renewable Energy Act ("REA"). The REA authorizes the recovery of reasonable costs of compliance with the REA through the rate making process. The Company requested recovery of these costs as a component of base rates in Case No. 09-00171-UT and will begin amortizing, over a 2 year period, in January 2010.

***Schedule Page: 232 Line No.: 19 Column: b***

In accordance with Final Order Case No. 06-00065-UT, the Company started collecting Energy Efficiency Program costs, effective May 2009, through a tariff rider approved by the NMPRC via New Mexico Rate 17. The rate is updated annually.

***Schedule Page: 232 Line No.: 22 Column: b***

This balance related to rate case cost approved in Case No. 06-00258-UT and will be amortized over a 3 year period beginning July 2007.

***Schedule Page: 232 Line No.: 23 Column: c***

Represents rate case costs related to Case No. 09-00171-UT and will be amortized over a 3 year period beginning January 2010.

***Schedule Page: 232 Line No.: 24 Column: b***

This balance relates to transition costs approved for recovery in Case No. 06-00258-UT and was amortized over a 30 month period beginning July 2007.

***Schedule Page: 232 Line No.: 25 Column: b***

In NMPRC Case No. 06-00258-UT the NMPRC extended the depreciable life of Palo Verde an additional 10 years for New Mexico ratemaking purposes, reducing the depreciation expense currently collected from New Mexico customers. The Company will recover these costs as a component of base rates in the future.

***Schedule Page: 232 Line No.: 27 Column: c***

Represents costs incurred to date related to PUC Docket No. 37690 filed in December 2009.

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

## MISCELLANEOUS DEFFERED DEBITS (Account 186)

1. Report below the particulars (details) called for concerning miscellaneous deferred debits.
2. For any deferred debit being amortized, show period of amortization in column (a)
3. Minor item (1% of the Balance at End of Year for Account 186 or amounts less than $100,000, whichever is less) may be grouped by classes.

| Line No. | Description of Miscellaneous Deferred Debits (a) | Balance at Beginning of Year (b) | Debits (c) | CREDITS Account Charged (d) | CREDITS Amount (e) | Balance at End of Year (f) |
|---|---|---|---|---|---|---|
| 1 | Accrued Unclassified | | | | | |
| 2 | Construction Payroll | -11,307 | | | | -11,307 |
| 3 | | | | | | |
| 4 | Facility & Impact Study | -256,881 | 165,522 | 131 | 90,000 | -181,359 |
| 5 | | | | | | |
| 6 | Miscellaneous | 5,375 | | | | 5,375 |
| 7 | | | | | | |
| 8 | Reimbursable Transmission & | | | | | |
| 9 | Distribution Projects | -186,677 | 1,071,161 | 416 | 983,791 | -99,307 |
| 10 | | | | | | |
| 11 | | | | | | |
| 12 | | | | | | |
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| 44 | | | | | | |
| 45 | | | | | | |
| 46 | | | | | | |
| 47 | Misc. Work in Progress | 374,708 | | | | 377,291 |
| 48 | Deferred Regulatory Comm. Expenses (See pages 350 - 351) | | | | | |
| 49 | TOTAL | -74,782 | | | | 90,693 |

***Schedule Page: 233 Line No.: 47 Column: a***

Represents CWIP charges pending completion of project, at which time amounts will then be transferred to the proper account.

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

## ACCUMULATED DEFERRED INCOME TAXES (Account 190)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes.
2. At Other (Specify), include deferrals relating to other income and deductions.

| Line No. | Description and Location (a) | Balance of Begining of Year (b) | Balance at End of Year (c) |
|---|---|---|---|
| 1 | Electric | | |
| 2 | | 262,753,524 | 289,634,796 |
| 3 | | | |
| 4 | | | |
| 5 | | | |
| 6 | | | |
| 7 | Other | | |
| 8 | TOTAL Electric (Enter Total of lines 2 thru 7) | 262,753,524 | 289,634,796 |
| 9 | Gas | | |
| 10 | | | |
| 11 | | | |
| 12 | | | |
| 13 | | | |
| 14 | | | |
| 15 | Other | | |
| 16 | TOTAL Gas (Enter Total of lines 10 thru 15 | | |
| 17 | Other (Specify) | 2,083,935 | 1,539,039 |
| 18 | TOTAL (Acct 190) (Total of lines 8, 16 and 17) | 264,837,459 | 291,173,835 |

Notes

***Schedule Page: 234 Line No.: 2 Column: c***

| | Balance at Beginning of Year | Balance at End of Year |
|---|---|---|
| ELECTRIC | | |
| Deferred tax assets: | | |
| Capitalized costs | 89,584,265 | 97,293,847 |
| Accumulated deferred investment tax credits | 10,746,560 | 10,236,824 |
| Benefits of federal tax loss carryforwards | 0 | 433,516 |
| Alternative minimum tax credit carryforward | 28,568,274 | 27,833,625 |
| Revenue requirements related to regulatory liabilities | 21,602,041 | 21,482,779 |
| Pensions and Benefits | 52,098,927 | 68,064,809 |
| Asset Retirement Obligation | 27,917,293 | 29,392,800 |
| Deferred Fuel | 0 | 6,306,410 |
| Other | 32,236,164 | 28,590,186 |
| Net deferred tax assets | 262,753,524 | 289,634,796 |

| | Balance at Beginning of Year | Balance at End of Year |
|---|---|---|
| OTHER (Specify) | | |
| Deferred tax assets: | | |
| Other capitalized costs | 1,292,072 | 1,158,332 |
| Revenue requirements related to regulatory liabilities | 174,397 | 174,397 |
| Other | 617,466 | 206,310 |
| Net deferred tax assets | 2,083,935 | 1,539,039 |
| | | |
| Total Account 190 | 264,837,459 | 291,173,835 |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

CAPITAL STOCKS (Account 201 and 204)

1. Report below the particulars (details) called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show separate totals for common and preferred stock. If information to meet the stock exchange reporting requirement outlined in column (a) is available from the SEC 10-K Report Form filing, a specific reference to report form (i.e., year and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible.
2. Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year.

| Line No. | Class and Series of Stock and Name of Stock Series<br>(a) | Number of shares Authorized by Charter<br>(b) | Par or Stated Value per share<br>(c) | Call Price at End of Year<br>(d) |
|---|---|---|---|---|
| 1 | 201 | | | |
| 2 | Common Stock (1) | | | |
| 3 | New York Stock Exchange (NYSE) | 100,000,000 | 1.00 | |
| 4 | Total Common Stock (2) | 100,000,000 | | |
| 5 | | | | |
| 6 | 204 | | | |
| 7 | Preferred Stock | 2,000,000 | | |
| 8 | Total Preferred Stock | 2,000,000 | | |
| 9 | | | | |
| 10 | | | | |
| 11 | (1) As of December 31, 2009, 823,637 | | | |
| 12 | unissued shares of Common Stock of the | | | |
| 13 | Company were reserved for future | | | |
| 14 | allocations. 345,545 shares are reserved | | | |
| 15 | under the 1999 Long-Term Incentive Plan | | | |
| 16 | and 478,092 shares are reserved under | | | |
| 17 | the 2007 Long-term Incentive Plan. | | | |
| 18 | | | | |
| 19 | (2) The Company approved a new stock | | | |
| 20 | repurchase program in February 2010. | | | |
| 21 | | | | |
| 22 | | | | |
| 23 | | | | |
| 24 | | | | |
| 25 | | | | |
| 26 | | | | |
| 27 | | | | |
| 28 | Note: For additional information see the | | | |
| 29 | El Paso Electric Company 2009 Form 10-K | | | |
| 30 | filed with the SEC February 26, 2010. | | | |
| 31 | | | | |
| 32 | | | | |
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| 42 | | | | |

CAPITAL STOCKS (Account 201 and 204) (Continued)

3. Give particulars (details) concerning shares of any class and series of stock authorized to be issued by a regulatory commission which have not yet been issued.
4. The identification of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or non-cumulative.
5. State in a footnote if any capital stock which has been nominally issued is nominally outstanding at end of year.
Give particulars (details) in column (a) of any nominally issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledgee and purposes of pledge.

| OUTSTANDING PER BALANCE SHEET (Total amount outstanding without reduction for amounts held by respondent) | | HELD BY RESPONDENT | | | | Line No. |
|---|---|---|---|---|---|---|
| | | AS REACQUIRED STOCK (Account 217) | | IN SINKING AND OTHER FUNDS | | |
| Shares (e) | Amount (f) | Shares (g) | Cost (h) | Shares (i) | Amount (j) | |
| | | | | | | 1 |
| | | | | | | 2 |
| 65,094,156 | 65,010,002 | 21,169,284 | 303,912,967 | | | 3 |
| 65,094,156 | 65,010,002 | 21,169,284 | 303,912,967 | | | 4 |
| | | | | | | 5 |
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OTHER PAID-IN CAPITAL (Accounts 208-211, inc.)

Report below the balance at the end of the year and the information specified below for the respective other paid-in capital accounts. Provide a subheading for each account and show a total for the account, as well as total of all accounts for reconciliation with balance sheet, Page 112. Add more columns for any account if deemed necessary. Explain changes made in any account during the year and give the accounting entries effecting such change.

(a) Donations Received from Stockholders (Account 208)-State amount and give brief explanation of the origin and purpose of each donation.

(b) Reduction in Par or Stated value of Capital Stock (Account 209): State amount and give brief explanation of the capital change which gave rise to amounts reported under this caption including identification with the class and series of stock to which related.

(c) Gain on Resale or Cancellation of Reacquired Capital Stock (Account 210): Report balance at beginning of year, credits, debits, and balance at end of year with a designation of the nature of each credit and debit identified by the class and series of stock to which related.

(d) Miscellaneous Paid-in Capital (Account 211)-Classify amounts included in this account according to captions which, together with brief explanations, disclose the general nature of the transactions which gave rise to the reported amounts.

| Line No. | Item (a) | Amount (b) |
|---|---|---|
| 1 | 211. Other Paid-in Capital | |
| 2 | Deferred Compensation: | |
| 3 | Performance Awards | 2,415,116 |
| 4 | Stock Options | 215,938 |
| 5 | | |
| 6 | | |
| 7 | | |
| 8 | | |
| 9 | | |
| 10 | | |
| 11 | | |
| 12 | | |
| 13 | | |
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| 34 | | |
| 35 | | |
| 36 | | |
| 37 | | |
| 38 | | |
| 39 | | |
| 40 | TOTAL | 2,631,054 |

***Schedule Page: 253     Line No.: 3     Column: b***

Represents deferred compensation related to grants of performance share awards to certain officers under the Company's existing long-term incentive plans, which provide for the potential issuance of Company stock based on the achievement of certain performance criteria over a three-year period.

***Schedule Page: 253     Line No.: 4     Column: b***

In accordance with FASB guidance for accounting for stock-based compensation, the Company began expensing the fair value of outstanding awards for which the requisite service had not been rendered as of January 1, 2006. No compensation cost was recognized in 2009, and there is no remaining unrecognized compensation costs related to stock options.

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

## CAPITAL STOCK EXPENSE (Account 214)

1. Report the balance at end of the year of discount on capital stock for each class and series of capital stock.
2. If any change occurred during the year in the balance in respect to any class or series of stock, attach a statement giving particulars (details) of the change. State the reason for any charge-off of capital stock expense and specify the account charged.

| Line No. | Class and Series of Stock (a) | Balance at End of Year (b) |
|---|---|---|
| 1 | 214. Capital Stock Expense | 340,939 |
| 2 | | |
| 3 | | |
| 4 | | |
| 5 | | |
| 6 | | |
| 7 | | |
| 8 | | |
| 9 | | |
| 10 | | |
| 11 | | |
| 12 | | |
| 13 | | |
| 14 | | |
| 15 | | |
| 16 | | |
| 17 | | |
| 18 | | |
| 19 | | |
| 20 | | |
| 21 | | |
| 22 | TOTAL | 340,939 |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

LONG-TERM DEBT (Account 221, 222, 223 and 224)

1. Report by balance sheet account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other long-Term Debt.
2. In column (a), for new issues, give Commission authorization numbers and dates.
3. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.
4. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.
5. For receivers, certificates, show in column (a) the name of the court -and date of court order under which such certificates were issued.
6. In column (b) show the principal amount of bonds or other long-term debt originally issued.
7. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.
8. For column (c) the total expenses should be listed first for each issuance, then the amount of premium (in parentheses) or discount. Indicate the premium or discount with a notation, such as (P) or (D). The expenses, premium or discount should not be netted.
9. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.

| Line No. | Class and Series of Obligation, Coupon Rate (For new issue, give commission Authorization numbers and dates) (a) | Principal Amount Of Debt issued (b) | Total expense, Premium or Discount (c) |
|---|---|---|---|
| 1 | Account 221 | | |
| 2 | | | |
| 3 | 2009 Series A Palo Verde Pollution Control Bonds | 63,500,000 | 1,168,950 |
| 4 | 2009 Series B Palo Verde Pollution Control Bonds | 37,100,000 | 811,106 |
| 5 | 2005 Series A Palo Verde Pollution Control Bonds | 59,235,000 | 1,249,815 |
| 6 | 2002 Series A Four Corners Pollution Control Bonds | 33,300,000 | 1,075,004 |
| 7 | | | |
| 8 | Subtotal | 193,135,000 | 4,304,875 |
| 9 | | | |
| 10 | Account 222 | | |
| 11 | | | |
| 12 | Subtotal | | |
| 13 | | | |
| 14 | Account 224 | | |
| 15 | | | |
| 16 | 2005 Senior Notes | 400,000,000 | 5,239,886 |
| 17 | | | 2,312,000 D |
| 18 | 2008 Senior Notes | 150,000,000 | 1,714,035 |
| 19 | | | 1,281,000 D |
| 20 | | | |
| 21 | Treasury Rate Lock Agreements | | |
| 22 | Rio Grande Resources Trust II | | |
| 23 | | | |
| 24 | Subtotal | 550,000,000 | 10,546,921 |
| 25 | | | |
| 26 | Interest on nuclear fuel capital leases | | |
| 27 | | | |
| 28 | | | |
| 29 | | | |
| 30 | | | |
| 31 | | | |
| 32 | | | |
| 33 | TOTAL | 743,135,000 | 14,851,796 |

LONG-TERM DEBT (Account 221, 222, 223 and 224) (Continued)

10. Identify separate undisposed amounts applicable to issues which were redeemed in prior years.
11. Explain any debits and credits other than debited to Account 428, Amortization and Expense, or credited to Account 429, Premium on Debt - Credit.
12. In a footnote, give explanatory (details) for Accounts 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during year, (b) interest added to principal amount, and (c) principle repaid during year. Give Commission authorization numbers and dates.
13. If the respondent has pledged any of its long-term debt securities give particulars (details) in a footnote including name of pledgee and purpose of the pledge.
14. If the respondent has any long-term debt securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.
15. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (i). Explain in a footnote any difference between the total of column (i) and the total of Account 427, interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.
16. Give particulars (details) concerning any long-term debt authorized by a regulatory commission but not yet issued.

| Nominal Date of Issue (d) | Date of Maturity (e) | AMORTIZATION PERIOD Date From (f) | Date To (g) | Outstanding (Total amount outstanding without reduction for amounts held by respondent) (h) | Interest for Year Amount (i) | Line No. |
|---|---|---|---|---|---|---|
| | | | | | | 1 |
| | | | | | | 2 |
| 03/26/09 | 02/01/40 | 03/26/09 | 02/01/40 | 63,500,000 | 5,766,093 | 3 |
| 03/26/09 | 04/01/40 | 03/26/09 | 04/01/40 | 37,100,000 | 3,238,637 | 4 |
| 08/01/05 | 08/01/40 | 08/01/05 | 08/01/40 | 59,235,000 | 3,000,030 | 5 |
| 08/01/05 | 06/01/32 | 08/01/05 | 06/01/32 | 33,300,000 | 1,465,962 | 6 |
| | | | | | | 7 |
| | | | | 193,135,000 | 13,470,722 | 8 |
| | | | | | | 9 |
| | | | | | | 10 |
| | | | | | | 11 |
| | | | | | | 12 |
| | | | | | | 13 |
| | | | | | | 14 |
| | | | | | | 15 |
| 05/17/05 | 05/15/35 | 05/17/05 | 05/15/35 | 400,000,000 | 24,000,000 | 16 |
| | | | | | | 17 |
| | | | | | | 18 |
| 06/03/08 | 03/15/38 | 06/03/08 | 03/15/38 | 150,000,000 | 11,250,000 | 19 |
| | | | | | | 20 |
| | | | | | 317,028 | 21 |
| | | | | 2,118,791 | 379,584 | 22 |
| | | | | | | 23 |
| | | | | 552,118,791 | 35,946,612 | 24 |
| | | | | | | 25 |
| | | | | | 522,133 | 26 |
| | | | | | | 27 |
| | | | | | | 28 |
| | | | | | | 29 |
| | | | | | | 30 |
| | | | | | | 31 |
| | | | | | | 32 |
| | | | | 745,253,791 | 49,939,467 | 33 |

***Schedule Page: 256 Line No.: 3 Column: b***

On March 26, 2009, the Company completed a refunding transaction whereby the 2005 Series B $63.5 million bonds were refunded and replaced by 2009 Series A bonds in the aggregate principal amount of $63.5 million. The Commission authorization number is E508-41-000. The 2009 Series A Bonds were issued as unsecured obligations and have a fixed interest rate of 7.25%. The 2009 Series A Bonds will mature on February 1, 2040 and have an effective interest rate of 7.42% after considering related issuance costs.

***Schedule Page: 256 Line No.: 3 Column: c***

The Company deferred the unamortized debt expense for the 2005 Series B $63.5 million bonds of $384,041 and the 2005 Series C $37.1 million bonds of $250,679 in Account 189 "Unamortized Loss on Reacquired Debt" and is amortizing the balance over the life of the new debt. The remaining unamortized insurance cost of $326,268 for both series was expensed to Account 427 "Interest on Long-Term Debt" in March 2009.

***Schedule Page: 256 Line No.: 3 Column: i***

Includes the write-off of unamortized insurance cost of $214,072 related to the 2005 Series B $63.5 million bonds.

***Schedule Page: 256 Line No.: 4 Column: b***

On March 26, 2009, the Company completed a refunding transaction whereby the 2005 Series C $37.1 million bonds were refunded and replaced by 2009 Series B bonds in the aggregate principal amount of $37.1 million. The Commission authorization number is E508-41-000. The 2009 Series B Bonds were issued as unsecured obligations and have a fixed interest rate of 7.25%. The 2009 Series B Bonds will mature on April 1, 2040 and have an effective interest rate of 7.42% after considering related issuance costs.

***Schedule Page: 256 Line No.: 4 Column: c***

See Footnote: Page 256, Line No.: 3, Column c

***Schedule Page: 256 Line No.: 4 Column: i***

Includes the write-off of unamortized insurance cost of $112,196 related to the 2005 Series C $37.1 million bonds.

***Schedule Page: 256 Line No.: 22 Column: b***

The Rio Grande Resources Trust II is a borrower under the revolving credit facility providing financing for nuclear fuel purchases. The portion recorded here represents the interest incurred on nuclear fuel after it has been loaded into the Palo Verde units. Due to the nature of the debt, no original principal amount is applicable.

***Schedule Page: 256 Line No.: 22 Column: h***

This balance fluctuates with interest incurred and cash payments made.

***Schedule Page: 256 Line No.: 26 Column: i***

Represents preload interest on nuclear fuel capital leases and was credited to account 227, "Obligations Under Capital Lease-Non Current." This interest obligation is included in account 227 on the balance sheet on pages 112 & 113.

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

## RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES

1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.
2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be field, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group member, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.
3. A substitute page, designed to meet a particular need of a company, may be used as Long as the data is consistent and meets the requirements of the above instructions. For electronic reporting purposes complete Line 27 and provide the substitute Page in the context of a footnote.

| Line No. | Particulars (Details) (a) | Amount (b) |
|---|---|---|
| 1 | Net Income for the Year (Page 117) | 67,855,774 |
| 2 | | |
| 3 | | |
| 4 | Taxable Income Not Reported on Books | |
| 5 | | 13,150,213 |
| 6 | | |
| 7 | | |
| 8 | | |
| 9 | Deductions Recorded on Books Not Deducted for Return | |
| 10 | | 84,933,598 |
| 11 | | |
| 12 | | |
| 13 | | |
| 14 | Income Recorded on Books Not Included in Return | |
| 15 | | -18,509,714 |
| 16 | | |
| 17 | Federal Tax Expense (Benefit) (see detail below) | 29,231,278 |
| 18 | | |
| 19 | Deductions on Return Not Charged Against Book Income | |
| 20 | | -205,715,953 |
| 21 | | |
| 22 | | |
| 23 | | |
| 24 | | |
| 25 | | |
| 26 | | |
| 27 | Federal Tax Net Income | -29,054,804 |
| 28 | Show Computation of Tax: | |
| 29 | | |
| 30 | | |
| 31 | | |
| 32 | Tax computed at statutory rate (see page 261 footnote) | 34,960,077 |
| 33 | ITC Amortization Net of Deferred Taxes | -946,007 |
| 34 | Amortization of Excess Deferred Taxes | -773,220 |
| 35 | State Income Taxes (federal effect) | -916,507 |
| 36 | Amortization of Regulatory Assets | -2,237,002 |
| 37 | Subsidiary Loss | -91,408 |
| 38 | Other | -764,655 |
| 39 | | |
| 40 | | |
| 41 | | |
| 42 | Total Federal Income Tax Expense (Benefit) | 29,231,278 |
| 43 | | |
| 44 | | |

**Schedule Page: 261 Line No.: 5 Column: b**

| | |
|---|---|
| Contributions in Aid of Construction | 2,969,689 |
| Capitalized Construction Interest | 10,175.001 |
| Las Cruces Settlement | 5,523 |
| | ----------- |
| Taxable Income Not Reported on Books | 13,150,213 |
| | =========== |

**Schedule Page: 261 Line No.: 10 Column: b**

| | |
|---|---|
| Meals and Entertainment | 97,053 |
| Lobbying | 592,046 |
| Capitalized Tax A&G | 4,971,044 |
| Life Insurance | 74.021 |
| Legal Expense Accrual | 408,328 |
| OPEB and Other Benefit Plans | 5,087,543 |
| Environmental Cleanup Costs | 69,600 |
| Deferred State Taxes | 581,971 |
| Subsidiary Losses | 104,324 |
| Deferred Fuel | 64,875,286 |
| PTO Accrual | 359,383 |
| Debt Issuance Costs | 832,258 |
| FERC Annual Fee | 117,058 |
| Special Termination Agreements | 260,979 |
| Nuclear Fuel | 1,761,108 |
| FASB 34 Capitalized Interest | 31,572 |
| Coal Reclamation | 300,940 |
| Steam Generator Repairs | 4,476 |
| FAS 143 Asset & Liability | 4,315,727 |
| Tax Reserve | 88,881 |
| | ---------- |
| Deductions Recorded on Books Not Deducted for Return | 84,933,598 |
| | ========== |

**Schedule Page: 261 Line No.: 15 Column: b**

| | |
|---|---|
| Decommissioning Trust Interest Net of Fees | (1,605,578) |
| Unbilled Revenue | (7,973,931) |
| Interest Expense | (156,877) |
| AEFUDC | (8,717,112) |
| Valuation Reserve | (56,216) |
| | ----------- |
| Income Reported on Books Not Included in Return | (18,509,714) |
| | =========== |

**Schedule Page: 261 Line No.: 20 Column: b**

| | |
|---|---|
| Employee Benefit Plan | (944,781) |
| Pension Plan | (6,341,659) |
| Uncollectible Accounts Receivable | (1,931,500) |
| ABFUDC Depreciation | (522,278) |
| Taxes Other Than FIT | (1,602,826) |
| Environmental Cost Accrual | (296,605) |
| Stock Incentive Plan | (1,334,415) |
| Nuclear Fuel Amort of Various Costs | (88,991) |
| Depreciation and Amortization Differences | (102,599,700) |
| TX Docket 23530-Project Care/Bravo | (1,124,494) |
| Section 174 R&D | (2,392,931) |
| Decommissioning Costs | (7,778,794) |
| Prepaid Expenses | (953,177) |
| Repair Allowance | (76,800,000) |

| | |
|---|---|
| Water Utility Lease | (1,003,802) |
| | ------------- |
| Deductions on Return Not Charged Against Book Income | (205,715,953) |
| | ============= |

***Schedule Page: 261 Line No.: 32 Column: b***

| | |
|---|---|
| Net Income | 67,855,774 |
| Federal taxes included in subsidiary earnings | 91,408 |
| Federal and State Income Tax Expense | 31,938,751 |
| | ----------- |
| Pre-tax Income | 99,885,933 |
| Tax Rate | 35% |
| | ---------- |
| Tax Computed at Statutory Rate | 34,960,077 |
| | ========== |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

## TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

1. Give particulars (details) of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual, or estimated amounts of such taxes are know, show the amounts in a footnote and designate whether estimated or actual amounts.
2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes.) Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.
3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b)amounts credited to proportions of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.
4. List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.

| Line No. | Kind of Tax (See instruction 5) (a) | BALANCE AT BEGINNING OF YEAR Taxes Accrued (Account 236) (b) | Prepaid Taxes (Include in Account 165) (c) | Taxes Charged During Year (d) | Taxes Paid During Year (e) | Adjust-ments (f) |
|---|---|---|---|---|---|---|
| 1 | FEDERAL | | | | | |
| 2 | Current FIT Payable | 66,000 | 3,937,975 | -10,942,710 | 6,155,707 | |
| 3 | Prior Years | 2,714,264 | 2,818,448 | -81,346 | -1,282,072 | |
| 4 | FUTA | -95,684 | | 152,945 | 57,261 | |
| 5 | Insurance Contributions | 219,029 | | 3,882,806 | 4,088,229 | |
| 6 | Subtotal | 2,903,609 | 6,756,423 | -6,988,305 | 9,019,125 | |
| 7 | | | | | | |
| 8 | State County & Local - TX | | | | | |
| 9 | Ad Valorem | 5,073,468 | | 5,443,138 | 5,104,334 | |
| 10 | Gross Receipts | 2,521,078 | | 10,094,694 | 10,614,262 | |
| 11 | Unemployment | -26,037 | | 127,751 | 101,714 | |
| 12 | Franchise Tax \ Margin Tax | 2,084,148 | 8,608 | 1,815,908 | 1,910,000 | |
| 13 | Use Tax | 392,933 | | 3,019,982 | 2,594,218 | 567,858 |
| 14 | Regulatory Commission | 524,274 | | 962,440 | 999,090 | |
| 15 | Franchise Fees (OSR) | 4,213,605 | 3,604 | 16,176,459 | 17,034,048 | |
| 16 | Subtotal | 14,783,469 | 12,212 | 37,640,372 | 38,357,666 | 567,858 |
| 17 | | | | | | |
| 18 | State County & Local - NM | | | | | |
| 19 | Ad Valorem | 1,283,252 | 1,014 | 2,800,324 | 2,683,146 | |
| 20 | Income | 323,548 | | -40,663 | 1,225,000 | |
| 21 | Unemployment | 1,123 | | 1,925 | 3,048 | |
| 22 | Compensating | -20,001 | | 350,351 | 287,963 | |
| 23 | Regulatory Commission | 1,010,921 | | 832,877 | 1,010,946 | |
| 24 | Franchise Fees (OSR) | 237,369 | 180,144 | 2,963,586 | 3,008,076 | |
| 25 | L.C. Fran. Pumping Facility | | | | | |
| 26 | Payroll Taxes | | | 191,529 | 191,529 | |
| 27 | Worker's Comp Fee | -2,361 | | 2,361 | | |
| 28 | | | | | | |
| 29 | | | | | | |
| 30 | Other Taxes | | | -6,553 | -11,241 | |
| 31 | Subtotal | 2,833,851 | 181,158 | 7,095,737 | 8,398,467 | |
| 32 | | | | | | |
| 33 | | | | | | |
| 34 | State County & Local - AZ | | | | | |
| 35 | Ad Valorem | 3,230,762 | | 6,148,691 | 6,305,420 | |
| 36 | Income | 229,572 | 2,981,939 | 551,513 | 176,696 | -567,858 |
| 37 | Palo Verde Payroll Taxes | | | 2,988,402 | 2,988,402 | |
| 38 | Sales & Use Tax | | | | | |
| 39 | Subtotal | 3,460,334 | 2,981,939 | 9,688,606 | 9,470,518 | -567,858 |
| 40 | | | | | | |
| 41 | TOTAL | 23,981,263 | 9,931,732 | 47,436,410 | 65,245,776 | |

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)

5. If any tax (exclude Federal and State income taxes)- covers more then one year, show the required information separately for each tax year, identifying the year in column (a).
6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a foot- note. Designate debit adjustments by parentheses.
7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.
8. Report in columns (i) through (l) how the taxes were distributed. Report in column (I) only the amounts charged to Accounts 408.1 and 409.1 pertaining to electric operations. Report in column (l) the amounts charged to Accounts 408.1 and 109.1 pertaining to other utility departments and amounts charged to Accounts 408.2 and 409.2. Also shown in column (l) the taxes charged to utility plant or other balance sheet accounts.
9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

| BALANCE AT END OF YEAR | | DISTRIBUTION OF TAXES CHARGED | | | | Line No. |
|---|---|---|---|---|---|---|
| (Taxes accrued Account 236) (g) | Prepaid Taxes (Incl. in Account 165) (h) | Electric (Account 408.1, 409.1) (i) | Extraordinary Items (Account 409.3) (j) | Adjustments to Ret. Earnings (Account 439) (k) | Other (l) | |
| | | | | | | 1 |
| -77,019 | 20,893,373 | -10,533,873 | | | -408,837 | 2 |
| 2,577,418 | 1,480,876 | 75,531 | | | -156,877 | 3 |
| | | 57,343 | | | 95,602 | 4 |
| 13,606 | | 4,103,785 | | | -220,979 | 5 |
| 2,514,005 | 22,374,249 | -6,297,214 | | | -691,091 | 6 |
| | | | | | | 7 |
| | | | | | | 8 |
| 5,412,272 | | 5,443,138 | | | | 9 |
| 2,001,510 | | 10,094,694 | | | | 10 |
| | | 101,714 | | | 26,037 | 11 |
| 1,990,056 | 8,608 | 1,815,908 | | | | 12 |
| 330,920 | 80,081 | | | | 3,019,982 | 13 |
| 487,624 | | 962,440 | | | | 14 |
| 3,362,747 | 10,335 | 16,176,459 | | | | 15 |
| 13,585,129 | 99,024 | 34,594,353 | | | 3,046,019 | 16 |
| | | | | | | 17 |
| | | | | | | 18 |
| 1,400,932 | 1,516 | 2,800,324 | | | | 19 |
| -942,115 | | -40,663 | | | | 20 |
| | | 3,048 | | | -1,123 | 21 |
| 42,387 | | 3,815 | | | 346,536 | 22 |
| 832,852 | | 832,877 | | | | 23 |
| 189,759 | 177,024 | 100,349 | | | 2,863,237 | 24 |
| | | | | | | 25 |
| | | 191,529 | | | | 26 |
| | | | | | 2,361 | 27 |
| | | | | | | 28 |
| | | | | | | 29 |
| 4,688 | | -11,241 | | | 4,688 | 30 |
| 1,528,503 | 178,540 | 3,880,038 | | | 3,215,699 | 31 |
| | | | | | | 32 |
| | | | | | | 33 |
| | | | | | | 34 |
| 3,074,033 | | 6,148,691 | | | | 35 |
| 1,537,389 | 3,347,081 | 551,513 | | | | 36 |
| | | 2,988,402 | | | | 37 |
| | | | | | | 38 |
| 4,611,422 | 3,347,081 | 9,688,606 | | | | 39 |
| | | | | | | 40 |
| 22,239,059 | 25,998,894 | 41,865,783 | | | 5,570,627 | 41 |

ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255)

Report below information applicable to Account 255. Where appropriate, segregate the balances and transactions by utility and nonutility operations. Explain by footnote any correction adjustments to the account balance shown in column (g).Include in column (i) the average period over which the tax credits are amortized.

| Line No. | Account Subdivisions (a) | Balance at Beginning of Year (b) | Deferred for Year Account No. (c) | Deferred for Year Amount (d) | Allocations to Current Year's Income Account No. (e) | Allocations to Current Year's Income Amount (f) | Adjustments (g) |
|---|---|---|---|---|---|---|---|
| 1 | Electric Utility | | | | | | |
| 2 | 3% | 6,386 | | | | | |
| 3 | 4% | 74,743 | | | 411.4 | 39,564 | |
| 4 | 7% | | | | | | |
| 5 | 10% | 29,266,694 | | | 411.4/420.0 | 1,415,832 | |
| 6 | | | | | | | |
| 7 | | | | | | | |
| 8 | TOTAL | 29,347,823 | | | | 1,455,396 | |
| 9 | Other (List separately and show 3%, 4%, 7%, 10% and TOTAL) | | | | | | |
| 10 | | | | | 411.4 | 1,560,144 | |
| 11 | | | | | 420.0 | -104,748 | |
| 12 | | | | | | | |
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ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255) (continued)

| Balance at End of Year (h) | Average Period of Allocation to Income (i) | ADJUSTMENT EXPLANATION | Line No. |
|---|---|---|---|
| | | | 1 |
| 6,386 | 25 Years | | 2 |
| 35,179 | 25 Years | | 3 |
| | | | 4 |
| 27,850,862 | 25 Years | | 5 |
| | | | 6 |
| | | | 7 |
| 27,892,427 | | | 8 |
| | | | 9 |
| -1,560,144 | | | 10 |
| 104,748 | | | 11 |
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| Name of Respondent<br>El Paso Electric Company | This Report Is:<br>(1) [X] An Original<br>(2) [ ] A Resubmission | Date of Report<br>(Mo, Da, Yr)<br>/ / | Year/Period of Report<br>End of 2009/Q4 |
|---|---|---|---|

## OTHER DEFFERED CREDITS (Account 253)

1. Report below the particulars (details) called for concerning other deferred credits.
2. For any deferred credit being amortized, show the period of amortization.
3. Minor items (5% of the Balance End of Year for Account 253 or amounts less than $100,000, whichever is greater) may be grouped by classes.

| Line No. | Description and Other Deferred Credits<br>(a) | Balance at Beginning of Year<br>(b) | DEBITS Contra Account<br>(c) | DEBITS Amount<br>(d) | Credits<br>(e) | Balance at End of Year<br>(f) |
|---|---|---|---|---|---|---|
| 1 | Coal Reclamation | 10,200,000 | | | | 10,200,000 |
| 2 | | | | | | |
| 3 | Transmission Access | | | | | |
| 4 | PNM | 320,277 | | | | 320,277 |
| 5 | Other | 1,908,623 | 131/142 | 1,961,529 | 52,906 | |
| 6 | | | | | | |
| 7 | OPEB | | | | | |
| 8 | Palo Verde | 1,136,913 | 131 | 284,229 | | 852,684 |
| 9 | Four Courners | 747,861 | 131 | 15,927 | | 731,934 |
| 10 | | | | | | |
| 11 | Environmental Accrual | 1,482,194 | 131/935 | 798,753 | 510,000 | 1,193,441 |
| 12 | | | | | | |
| 13 | Texas Docket 23530 Settlement | 4,217,164 | 131 | 1,853,393 | 98,583 | 2,462,354 |
| 14 | | | | | | |
| 15 | Other | 1,127,859 | 440s/131 | 261,372 | 80,228 | 946,715 |
| 16 | | | | | | |
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| 46 | | | | | | |
| 47 | TOTAL | 21,140,891 | | 5,175,203 | 741,717 | 16,707,405 |

# ACCUMULATED DEFERRED INCOME TAXES - ACCELERATED AMORTIZATION PROPERTY (Account 281)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes rating to amortizable property.
2. For other (Specify),include deferrals relating to other income and deductions.

| Line No. | Account<br>(a) | Balance at Beginning of Year<br>(b) | CHANGES DURING YEAR<br>Amounts Debited to Account 410.1<br>(c) | CHANGES DURING YEAR<br>Amounts Credited to Account 411.1<br>(d) |
|---|---|---|---|---|
| 1 | Accelerated Amortization (Account 281) | | | |
| 2 | Electric | | | |
| 3 | Defense Facilities | | | |
| 4 | Pollution Control Facilities | | | |
| 5 | Other (provide details in footnote): | | | |
| 6 | | | | |
| 7 | | | | |
| 8 | TOTAL Electric (Enter Total of lines 3 thru 7) | | | |
| 9 | Gas | | | |
| 10 | Defense Facilities | | | |
| 11 | Pollution Control Facilities | | | |
| 12 | Other (provide details in footnote): | | | |
| 13 | | | | |
| 14 | | | | |
| 15 | TOTAL Gas (Enter Total of lines 10 thru 14) | | | |
| 16 | | | | |
| 17 | TOTAL (Acct 281) (Total of 8, 15 and 16) | | | |
| 18 | Classification of TOTAL | | | |
| 19 | Federal Income Tax | | | |
| 20 | State Income Tax | | | |
| 21 | Local Income Tax | | | |

NOTES

ACCUMULATED DEFERRED INCOME TAXES _ ACCELERATED AMORTIZATION PROPERTY (Account 281) (Continued)

3. Use footnotes as required.

| CHANGES DURING YEAR | | ADJUSTMENTS | | | | | |
|---|---|---|---|---|---|---|---|
| | | Debits | | Credits | | | |
| Amounts Debited to Account 410.2<br>(e) | Amounts Credited to Account 411.2<br>(f) | Account Credited<br>(g) | Amount<br>(h) | Account Debited<br>(i) | Amount<br>(j) | Balance at End of Year<br>(k) | Line No. |
| | | | | | | | 1 |
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| | | | | | | | 21 |

NOTES (Continued)

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

## ACCUMULATED DEFFERED INCOME TAXES - OTHER PROPERTY (Account 282)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes rating to property not subject to accelerated amortization
2. For other (Specify),include deferrals relating to other income and deductions.

| Line No. | Account<br>(a) | Balance at Beginning of Year<br>(b) | CHANGES DURING YEAR<br>Amounts Debited to Account 410.1<br>(c) | CHANGES DURING YEAR<br>Amounts Credited to Account 411.1<br>(d) |
|---|---|---|---|---|
| 1 | Account 282 | | | |
| 2 | Electric | 359,568,605 | 91,363,597 | 20,577,648 |
| 3 | Gas | | | |
| 4 | | | | |
| 5 | TOTAL (Enter Total of lines 2 thru 4) | 359,568,605 | 91,363,597 | 20,577,648 |
| 6 | | | | |
| 7 | | | | |
| 8 | | | | |
| 9 | TOTAL Account 282 (Enter Total of lines 5 thru | 359,568,605 | 91,363,597 | 20,577,648 |
| 10 | Classification of TOTAL | | | |
| 11 | Federal Income Tax | 359,568,605 | 91,363,597 | 20,577,648 |
| 12 | State Income Tax | | | |
| 13 | Local Income Tax | | | |

NOTES

ACCUMULATED DEFERRED INCOME TAXES - OTHER PROPERTY (Account 282) (Continued)

3. Use footnotes as required.

| CHANGES DURING YEAR | | ADJUSTMENTS | | | | | |
|---|---|---|---|---|---|---|---|
| | | Debits | | Credits | | | |
| Amounts Debited to Account 410.2 (e) | Amounts Credited to Account 411.2 (f) | Account Credited (g) | Amount (h) | Account Debited (i) | Amount (j) | Balance at End of Year (k) | Line No. |
| | | | | | | | 1 |
| 3,450,007 | 548,316 | | | | | 433,256,245 | 2 |
| | | | | | | | 3 |
| | | | | | | | 4 |
| 3,450,007 | 548,316 | | | | | 433,256,245 | 5 |
| | | | | | | | 6 |
| | | | | | | | 7 |
| | | | | | | | 8 |
| 3,450,007 | 548,316 | | | | | 433,256,245 | 9 |
| | | | | | | | 10 |
| 3,450,007 | 548,316 | | | | | 433,256,245 | 11 |
| | | | | | | | 12 |
| | | | | | | | 13 |

NOTES (Continued)

***Schedule Page: 274 Line No.: 2 Column: b***

| | Balance at Beginning of Year | Balance at End of Year |
|---|---|---|
| Electric: | | |
| Allowance For Borrowed Funds | $ 29,023,567 | $ 29,772,428 |
| Allowance For Equity Funds | 30,806,405 | 37,058,046 |
| Liberalized Depreciation & Other Basis Differences | 256,877,382 | 320,476,836 |
| AFUDC Amortization | 384,363 | 384,363 |
| Decommissioning | 24,213,009 | 29,603,564 |
| Taxes, Pensions & Other | 18,263,879 | 15,961,008 |
| Total - Electric Other | $ 359,568,605 | $ 433,256,245 |

ACCUMULATED DEFFERED INCOME TAXES - OTHER (Account 283)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283.
2. For other (Specify),include deferrals relating to other income and deductions.

| Line No. | Account (a) | Balance at Beginning of Year (b) | CHANGES DURING YEAR Amounts Debited to Account 410.1 (c) | CHANGES DURING YEAR Amounts Credited to Account 411.1 (d) |
|---|---|---|---|---|
| 1 | Account 283 | | | |
| 2 | Electric | | | |
| 3 | | | | |
| 4 | Deferred Tax | 37,284,125 | | |
| 5 | | | | |
| 6 | Deferred State Taxes | 17,628,108 | 4,139,066 | 1,246,235 |
| 7 | Deferred Fuel | 16,399,936 | 4,644,920 | 27,351,266 |
| 8 | Other Debt / TOTF | 12,979,588 | 6,967,649 | 6,474,826 |
| 9 | TOTAL Electric (Total of lines 3 thru 8) | 84,291,757 | 15,751,635 | 35,072,327 |
| 10 | Gas | | | |
| 11 | | | | |
| 12 | | | | |
| 13 | | | | |
| 14 | | | | |
| 15 | | | | |
| 16 | | | | |
| 17 | TOTAL Gas (Total of lines 11 thru 16) | | | |
| 18 | | | | |
| 19 | TOTAL (Acct 283) (Enter Total of lines 9, 17 and 18) | 84,291,757 | 15,751,635 | 35,072,327 |
| 20 | Classification of TOTAL | | | |
| 21 | Federal Income Tax | 66,663,649 | 11,612,569 | 33,826,092 |
| 22 | State Income Tax | 17,628,108 | 4,139,066 | 1,246,235 |
| 23 | Local Income Tax | | | |

NOTES

ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283) (Continued)

3. Provide in the space below explanations for Page 276 and 277. Include amounts relating to insignificant items listed under Other.
4. Use footnotes as required.

| CHANGES DURING YEAR | | ADJUSTMENTS | | | | | |
|---|---|---|---|---|---|---|---|
| Amounts Debited to Account 410.2 | Amounts Credited to Account 411.2 | Debits | | Credits | | Balance at End of Year | Line No. |
| | | Account Credited | Amount | Account Debited | Amount | | |
| (e) | (f) | (g) | (h) | (i) | (j) | (k) | |
| | | | | | | | 1 |
| | | | | | | | 2 |
| | | | | | | | 3 |
| | | 182.3 | 3,135,172 | 182.3 | 4,368,015 | 38,516,968 | 4 |
| | | | | | | | 5 |
| | | 219 | 1,731,112 | 219 | 181,862 | 18,971,689 | 6 |
| | | | | 190 | 6,306,410 | | 7 |
| | | | | | | 13,472,411 | 8 |
| | | | 4,866,284 | | 10,856,287 | 70,961,068 | 9 |
| | | | | | | | 10 |
| | | | | | | | 11 |
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| | | | | | | | 15 |
| | | | | | | | 16 |
| | | | | | | | 17 |
| | | | | | | | 18 |
| | | | 4,866,284 | | 10,856,287 | 70,961,068 | 19 |
| | | | | | | | 20 |
| | | | 3,135,172 | | 10,674,425 | 51,989,379 | 21 |
| | | | 1,731,112 | | 181,862 | 18,971,689 | 22 |
| | | | | | | | 23 |

NOTES (Continued)

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 | Balance at Begining of Current Quarter/Year | DEBITS | | Credits | Balance at End of Current Quarter/Year |
|---|---|---|---|---|---|---|
| | | | Account Credited | Amount | | |
| | (a) | (b) | (c) | (d) | (e) | (f) |
| 1 | Regulatory Tax Liabilities | 62,399,917 | Various | 4,445,794 | 2,614,882 | 60,569,005 |
| 2 | | | | | | |
| 3 | Net Overcollection of Fuel Revenues: | | | | | |
| 4 | Texas | | | | 15,662,792 | 15,662,792 |
| 5 | New Mexico | | | | 2,190,635 | 2,190,635 |
| 6 | FERC | | | | 164,909 | 164,909 |
| 7 | | | | | | |
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| 39 | | | | | | |
| 40 | | | | | | |
| 41 | TOTAL | 62,399,917 | | 4,445,794 | 20,633,218 | 78,587,341 |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

## 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 | 263,192,815 | 284,701,220 |
| 3 | (442) Commercial and Industrial Sales | | |
| 4 | Small (or Comm.) (See Instr. 4) | 238,050,394 | 274,662,805 |
| 5 | Large (or Ind.) (See Instr. 4) | 60,922,995 | 80,408,109 |
| 6 | (444) Public Street and Highway Lighting | 5,230,804 | 5,852,285 |
| 7 | (445) Other Sales to Public Authorities | 113,027,188 | 132,532,168 |
| 8 | (446) Sales to Railroads and Railways | | |
| 9 | (448) Interdepartmental Sales | | |
| 10 | TOTAL Sales to Ultimate Consumers | 680,424,196 | 778,156,587 |
| 11 | (447) Sales for Resale | 119,476,049 | 235,802,461 |
| 12 | TOTAL Sales of Electricity | 799,900,245 | 1,013,959,048 |
| 13 | (Less) (449.1) Provision for Rate Refunds | | -3,576,220 |
| 14 | TOTAL Revenues Net of Prov. for Refunds | 799,900,245 | 1,017,535,268 |
| 15 | Other Operating Revenues | | |
| 16 | (450) Forfeited Discounts | 1,150,226 | 1,089,772 |
| 17 | (451) Miscellaneous Service Revenues | 2,174,239 | 2,420,365 |
| 18 | (453) Sales of Water and Water Power | | |
| 19 | (454) Rent from Electric Property | 2,426,265 | 2,234,732 |
| 20 | (455) Interdepartmental Rents | | |
| 21 | (456) Other Electric Revenues | 422,513 | 339,085 |
| 22 | (456.1) Revenues from Transmission of Electricity of Others | 21,826,631 | 15,136,532 |
| 23 | (457.1) Regional Control Service Revenues | | |
| 24 | (457.2) Miscellaneous Revenues | | |
| 25 | | | |
| 26 | TOTAL Other Operating Revenues | 27,999,874 | 21,220,486 |
| 27 | TOTAL Electric Operating Revenues | 827,900,119 | 1,038,755,754 |

ELECTRIC OPERATING REVENUES (Account 400)

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

| MEGAWATT HOURS SOLD | | AVG.NO. CUSTOMERS PER MONTH | | Line No. |
|---|---|---|---|---|
| Year to Date Quarterly/Annual (d) | Amount Previous year (no Quarterly) (e) | Current Year (no Quarterly) (f) | Previous Year (no Quarterly) (g) | |
| | | | | 1 |
| 2,361,650 | 2,227,838 | 326,002 | 320,323 | 2 |
| | | | | 3 |
| 2,251,399 | 2,255,585 | 36,040 | 35,767 | 4 |
| 1,024,186 | 1,102,277 | 49 | 52 | 5 |
| 47,978 | 47,500 | 232 | 219 | 6 |
| 1,434,470 | 1,401,154 | 4,708 | 4,673 | 7 |
| | | | | 8 |
| | | | | 9 |
| 7,119,683 | 7,034,354 | 367,031 | 361,034 | 10 |
| 3,568,013 | 4,266,070 | 28 | 29 | 11 |
| 10,687,696 | 11,300,424 | 367,059 | 361,063 | 12 |
| | | | | 13 |
| 10,687,696 | 11,300,424 | 367,059 | 361,063 | 14 |

Line 12, column (b) includes $ -418,000 of unbilled revenues.
Line 12, column (d) includes -4,000 MWH relating to unbilled revenues

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

Includes 515,098 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport (formerly Phelps Dodge) dated December 16, 2005.

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

Includes 709,152 MWhs related to the Company's Power Purchase and Sales Agreement with Phelps Dodge dated December 16, 2005.

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

Includes 515,098 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport (formerly Phelps Dodge) dated December 16, 2005.

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

Includes 709,152 MWhs related to the Company's Power Purchase and Sales Agreement with Phelps Dodge dated December 16, 2005.

***Schedule Page: 300 Line No.: 13 Column: c***

Represents the reversal of a provision for rate refunds related to TEP transmission revenues for the period of October 2006 through September 2008 pursuant to a FERC order.

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

Includes 515,098 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport (formerly Phelps Dodge) dated December 16, 2005.

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

Includes 709,152 MWhs related to the Company's Power Purchase and Sales Agreement with Phelps Dodge dated December 16, 2005.

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

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

| | December 2009 |
|---|---|
| Non Pay Reconnect Charges | 646,712 |
| Field Collection Charges | 250,859 |
| Name Change/Cut in Charge | 979,935 |
| Misc Other | 296,733 |
| Total | 2,174,239 |

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

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

| | December 2008 |
|---|---|
| Non Pay Reconnect Charges | 786,768 |
| Field Collection Charges | 312,514 |
| Name Change/Cut in Charge | 985,876 |
| New Service Charges | 135,810 |
| Misc Other | 199,397 |
| Total | 2,420,365 |

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

Includes $402,513 related to the Company's 15.8% share of Palo Verde other electric revenues from APS.

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

Includes $298,285 related to the Company's 15.8% share of Palo Verde other electric revenues from APS.

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

REGIONAL TRANSMISSION SERVICE REVENUES (Account 457.1)

1. The respondent shall report below the revenue collected for each service (i.e., control area administration, market administration, etc.) performed pursuant to a Commission approved tariff. All amounts separately billed must be detailed below.

| Line No. | Description of Service (a) | Balance at End of Quarter 1 (b) | Balance at End of Quarter 2 (c) | Balance at End of Quarter 3 (d) | Balance at End of Year (e) |
|---|---|---|---|---|---|
| 1 | | | | | |
| 2 | | | | | |
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| 40 | | | | | |
| 41 | | | | | |
| 42 | | | | | |
| 43 | | | | | |
| 44 | | | | | |
| 45 | | | | | |
| 46 | TOTAL | | | | |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

## SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

| Line No. | Number and Title of Rate schedule (a) | MWh Sold (b) | Revenue (c) | Average Number of Customers (d) | KWh of Sales Per Customer (e) | Revenue Per KWh Sold (f) |
|---|---|---|---|---|---|---|
| 1 | (440) | | | | | |
| 2 | RESIDENTIAL SALES-TX | | | | | |
| 3 | 01 Residential Service | 1,735,500 | 207,154,552 | 246,908 | 7,029 | 0.1194 |
| 4 | 28 Private Area Lighting Service | 1,842 | 321,910 | 227 | 8,115 | 0.1748 |
| 5 | Deferred Fuel | | -18,115,980 | | | |
| 6 | Unbilled Revenue | 1,554 | 89,000 | | | 0.0573 |
| 7 | Deferred Fuel Refund | | | | | |
| 8 | net of a Surcharge | | 1,537,128 | | | |
| 9 | Renewable Energy Credit | | 142,461 | | | |
| 10 | | | | | | |
| 11 | RESIDENTIAL SALES-NM | | | | | |
| 12 | 01 Residential Service | 618,017 | 74,898,901 | 78,529 | 7,870 | 0.1212 |
| 13 | 12 Private Area Lighting Service | 2,700 | 622,309 | 338 | 7,988 | 0.2305 |
| 14 | Deferred Fuel | | -3,569,571 | | | |
| 15 | Unbilled Revenue | 2,037 | 125,000 | | | 0.0614 |
| 16 | Renewable Energy Credit | | -12,895 | | | |
| 17 | Total (440) | 2,361,650 | 263,192,815 | 326,002 | 7,244 | 0.1114 |
| 18 | | | | | | |
| 19 | (442) | | | | | |
| 20 | C & I SALES SMALL-TX | | | | | |
| 21 | 02 Small Commercial Service | 291,331 | 42,937,758 | 21,864 | 13,325 | 0.1474 |
| 22 | 07 Outdoor Recreational Lighting | 409 | 45,501 | 20 | 20,450 | 0.1112 |
| 23 | 22 Irrigation Service | 1,430 | 202,884 | 47 | 30,426 | 0.1419 |
| 24 | 24 General Service | 1,252,460 | 138,157,688 | 4,775 | 262,295 | 0.1103 |
| 25 | 25 Large Power Service | 199,874 | 20,102,249 | 50 | 3,997,480 | 0.1006 |
| 26 | 28 Private Area Lighting Service | 13,839 | 1,947,714 | 368 | 37,606 | 0.1407 |
| 27 | 29 Transmission Voltage Service | 1,539 | 116,182 | | | 0.0755 |
| 28 | 34 Cotton Gin Service | 2,185 | 174,365 | 2 | 1,092,500 | 0.0798 |
| 29 | Deferred Fuel | | -18,275,161 | | | |
| 30 | Unbilled Revenue | -4,433 | -335,000 | | | 0.0756 |
| 31 | Deferred Fuel Recovered | | | | | |
| 32 | through a Surcharge net of Refund | | -160,058 | | | |
| 33 | Renewable Energy Credit | | 2,120 | | | |
| 34 | | | | | | |
| 35 | | | | | | |
| 36 | | | | | | |
| 37 | | | | | | |
| 38 | | | | | | |
| 39 | | | | | | |
| 40 | | | | | | |
| 41 | TOTAL Billed | 7,123,683 | 680,842,196 | 367,031 | 19,409 | 0.0956 |
| 42 | Total Unbilled Rev.(See Instr. 6) | -4,000 | -418,000 | 0 | 0 | 0.1045 |
| 43 | TOTAL | 7,119,683 | 680,424,196 | 367,031 | 19,398 | 0.0956 |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

## SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

| Line No. | Number and Title of Rate schedule (a) | MWh Sold (b) | Revenue (c) | Average Number of Customers (d) | KWh of Sales Per Customer (e) | Revenue Per KWh Sold (f) |
|---|---|---|---|---|---|---|
| 1 | | | | | | |
| 2 | | | | | | |
| 3 | | | | | | |
| 4 | C & I SALES SMALL-NM | | | | | |
| 5 | 03 Small Commercial Service | 177,751 | 23,399,872 | 7,797 | 22,797 | 0.1316 |
| 6 | 04 General Service | 244,393 | 25,056,621 | 420 | 581,888 | 0.1025 |
| 7 | 05 Irrigation Service | 38,869 | 4,251,345 | 593 | 65,546 | 0.1094 |
| 8 | 07 City and County Service | 841 | 95,318 | 4 | 210,250 | 0.1133 |
| 9 | 08 Municipal Water Pumping | 3,373 | 321,043 | 24 | 140,542 | 0.0952 |
| 10 | 09 Large Power Service | 19,414 | 2,014,606 | 4 | 4,853,500 | 0.1038 |
| 11 | 12 Private Area Lighting Service | 2,092 | 474,751 | 49 | 42,694 | 0.2269 |
| 12 | 14 Subdivision Street Lighting | 17 | 4,398 | 2 | 8,500 | 0.2587 |
| 13 | 19 Seasonal Agr. Processing Svc. | 2,905 | 404,137 | 6 | 484,167 | 0.1391 |
| 14 | 25 Outdoor Recreational Lighting | 91 | 13,031 | 12 | 7,583 | 0.1432 |
| 15 | 29 Interrupt. Svc. for Lg Power | 3,068 | 159,047 | 1 | 3,068,000 | 0.0518 |
| 16 | 30 Load Retention | 458 | 28,270 | 2 | 229,000 | 0.0617 |
| 17 | Deferred Fuel | | -3,042,050 | | | |
| 18 | Unbilled Revenue | -507 | -46,000 | | | 0.0907 |
| 19 | Renewable Energy Credit | | -237 | | | |
| 20 | | | | | | |
| 21 | C & I SALES LARGE-TX | | | | | |
| 22 | 15 Electrolytic Refining | 81,015 | 4,999,345 | 1 | 81,015,000 | 0.0617 |
| 23 | 24 General Service | 8,802 | 607,306 | 2 | 4,401,000 | 0.0690 |
| 24 | 25 Large Power Service | 285,462 | 28,680,611 | 29 | 9,843,517 | 0.1005 |
| 25 | 26 Petroleum Refinery Service | 393,602 | 21,061,577 | 1 | 393,602,000 | 0.0535 |
| 26 | 27 Interruptible Power Service | 93,105 | 4,785,706 | 1 | 93,105,000 | 0.0514 |
| 27 | 28 Private Area Lighting Service | 175 | 23,123 | | | 0.1321 |
| 28 | 29 Transmission Voltage Service | 18,886 | 1,944,365 | 1 | 18,886,000 | 0.1030 |
| 29 | 30 Electric Furnace | 15,951 | 1,767,064 | | | 0.1108 |
| 30 | 38 Interrupt. Svc. for Lg Power | 53,996 | 2,641,021 | 6 | 8,999,333 | 0.0489 |
| 31 | Deferred Fuel | | -9,391,865 | | | |
| 32 | Unbilled Revenue | 2,120 | -48,000 | | | -0.0226 |
| 33 | Deferred Fuel Recovered | | | | | |
| 34 | through a Surcharge net of Refund | | -1,035,081 | | | |
| 35 | | | | | | |
| 36 | C & I SALES LARGE-NM | | | | | |
| 37 | 04 General Service | 87 | 7,115 | | | 0.0818 |
| 38 | 09 Large Power Service | 34,160 | 3,347,519 | 4 | 8,540,000 | 0.0980 |
| 39 | 29 Interrupt. Svc. for Lg Power | 33,172 | 1,831,152 | 4 | 8,293,000 | 0.0552 |
| 40 | 30 Load Retention | 4,540 | 257,418 | | | 0.0567 |
| | | | | | | |
| 41 | TOTAL Billed | 7,123,683 | 680,842,196 | 367,031 | 19,409 | 0.0956 |
| 42 | Total Unbilled Rev.(See Instr. 6) | -4,000 | -418,000 | 0 | 0 | 0.1045 |
| 43 | TOTAL | 7,119,683 | 680,424,196 | 367,031 | 19,398 | 0.0956 |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

## SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
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4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

| Line No. | Number and Title of Rate schedule (a) | MWh Sold (b) | Revenue (c) | Average Number of Customers (d) | KWh of Sales Per Customer (e) | Revenue Per KWh Sold (f) |
|---|---|---|---|---|---|---|
| 1 | Deferred Fuel | | -536,381 | | | |
| 2 | Unbilled Revenue | -887 | -19,000 | | | 0.0214 |
| 3 | Total (442) | 3,275,585 | 298,973,389 | 36,089 | 90,764 | 0.0913 |
| 4 | | | | | | |
| 5 | | | | | | |
| 6 | | | | | | |
| 7 | (444) | | | | | |
| 8 | PUBLIC ST. & HIGHWAY LIGHT-TX | | | | | |
| 9 | 08 Gov't Street Lights and Signal | 44,926 | 5,103,986 | 213 | 210,920 | 0.1136 |
| 10 | Deferred Fuel | | -471,199 | | | |
| 11 | Unbilled Revenue | -67 | -4,000 | | | 0.0597 |
| 12 | Deferred Fuel Refund | | | | | |
| 13 | net of Surcharge | | 100,708 | | | |
| 14 | | | | | | |
| 15 | PUBLIC ST. & HIGHWAY LIGHT-NM | | | | | |
| 16 | 11 Municipal Street Lighting | 3,132 | 524,328 | 19 | 164,842 | 0.1674 |
| 17 | Deferred Fuel | | -22,019 | | | |
| 18 | Unbilled Revenue | -13 | -1,000 | | | 0.0769 |
| 19 | Total (444) | 47,978 | 5,230,804 | 232 | 206,802 | 0.1090 |
| 20 | | | | | | |
| 21 | (445) | | | | | |
| 22 | OTHER SALES PUB AUTH-TX | | | | | |
| 23 | 01 Residential Service | 2,431 | 293,841 | 355 | 6,848 | 0.1209 |
| 24 | 02 Small Commercial Service | 10,963 | 1,606,185 | 952 | 11,516 | 0.1465 |
| 25 | 07 Outdoor Recreational Lighting | 4,850 | 522,220 | 163 | 29,755 | 0.1077 |
| 26 | 11 Municipal Pumping Service | 146,276 | 12,332,230 | 411 | 355,903 | 0.0843 |
| 27 | 22 Irrigation | 1,019 | 127,409 | 10 | 101,900 | 0.1250 |
| 28 | 24 General Service | 98,452 | 10,931,971 | 290 | 339,490 | 0.1110 |
| 29 | 25 Large Power Service | 57,729 | 5,485,096 | 8 | 7,216,125 | 0.0950 |
| 30 | 27 Interruptible Power Service | 102,366 | 4,774,603 | 1 | 102,366,000 | 0.0466 |
| 31 | 28 Private Area Lighting | 9,334 | 1,241,038 | 94 | 99,298 | 0.1330 |
| 32 | 31 Military Reservation Service | 164,139 | 11,306,120 | 1 | 164,139,000 | 0.0689 |
| 33 | 38 Interruptible Service Large Po | 39,928 | 2,170,202 | 1 | 39,928,000 | 0.0544 |
| 34 | 41 City and County Service | 311,474 | 33,691,243 | 1,108 | 281,114 | 0.1082 |
| 35 | 43 University Service | 63,694 | 5,555,217 | 5 | 12,738,800 | 0.0872 |
| 36 | 45 Supplemental Power | 11,928 | 1,120,867 | 1 | 11,928,000 | 0.0940 |
| 37 | Deferred Fuel | | -10,385,309 | | | |
| 38 | Unbilled Revenue | -2,345 | -137,000 | | | 0.0584 |
| 39 | University Discount | | -897,577 | | | |
| 40 | Deferred Fuel Refund | | | | | |
| 41 | TOTAL Billed | 7,123,683 | 680,842,196 | 367,031 | 19,409 | 0.0956 |
| 42 | Total Unbilled Rev.(See Instr. 6) | -4,000 | -418,000 | 0 | 0 | 0.1045 |
| 43 | TOTAL | 7,119,683 | 680,424,196 | 367,031 | 19,398 | 0.0956 |

| Name of Respondent<br>El Paso Electric Company | This Report Is:<br>(1) [X] An Original<br>(2) [ ] A Resubmission | Date of Report<br>(Mo, Da, Yr)<br>/ / | Year/Period of Report<br>End of 2009/Q4 |
|---|---|---|---|

## SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
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3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

| Line No. | Number and Title of Rate schedule (a) | MWh Sold (b) | Revenue (c) | Average Number of Customers (d) | KWh of Sales Per Customer (e) | Revenue Per KWh Sold (f) |
|---|---|---|---|---|---|---|
| 1 | net of Surcharge | | 26,524 | | | |
| 2 | | | | | | |
| 3 | | | | | | |
| 4 | | | | | | |
| 5 | | | | | | |
| 6 | | | | | | |
| 7 | | | | | | |
| 8 | | | | | | |
| 9 | OTHER SALES PUB AUTH-NM | | | | | |
| 10 | 01 Residential Service | 161 | 22,633 | 57 | 2,825 | 0.1406 |
| 11 | 03 Small Commercial Service | 4,916 | 636,911 | 194 | 25,340 | 0.1296 |
| 12 | 04 General Service | 18,368 | 1,807,820 | 29 | 633,379 | 0.0984 |
| 13 | 05 Irrigation Service | 81 | 9,826 | 3 | 27,000 | 0.1213 |
| 14 | 07 City and County Service | 75,148 | 8,560,303 | 846 | 88,827 | 0.1139 |
| 15 | 08 Municipal Pumping Service | 26,854 | 2,530,820 | 124 | 216,565 | 0.0942 |
| 16 | 09 Large Power Service | 58,236 | 5,089,137 | 5 | 11,647,200 | 0.0874 |
| 17 | 10 Military Research & Dev. Power | 183,517 | 13,569,409 | 2 | 91,758,500 | 0.0739 |
| 18 | 12 Private Area Lighting | 352 | 77,581 | 27 | 13,037 | 0.2204 |
| 19 | 25 Outdoor Recreational Lighting | 465 | 57,582 | 20 | 23,250 | 0.1238 |
| 20 | 26 State University Service | 45,593 | 3,691,896 | 1 | 45,593,000 | 0.0810 |
| 21 | Deferred Fuel | | -2,705,411 | | | |
| 22 | Unbilled Revenue | -1,459 | -42,000 | | | 0.0288 |
| 23 | Renewable Energy Credit | | -44,199 | | | |
| 24 | Total (445) | 1,434,470 | 113,027,188 | 4,708 | 304,688 | 0.0788 |
| 25 | | | | | | |
| 26 | | | | | | |
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| 38 | | | | | | |
| 39 | | | | | | |
| 40 | | | | | | |
| 41 | TOTAL Billed | 7,123,683 | 680,842,196 | 367,031 | 19,409 | 0.0956 |
| 42 | Total Unbilled Rev.(See Instr. 6) | -4,000 | -418,000 | 0 | 0 | 0.1045 |
| 43 | TOTAL | 7,119,683 | 680,424,196 | 367,031 | 19,398 | 0.0956 |

***Schedule Page: 304 Line No.: 1 Column: c***

Estimated Fuel Clause Revenues by Rate Schedule

(440) RESIDENTIAL SALES

| | |
|---|---|
| TEXAS | |
| 01 Residential Service | $61,265,415 |
| 28 Private Area Lighting Service | 61,771 |
| Deferred Fuel | (18,115,980) |
| Deferred Fuel Refund net of Surcharge | 1,537,128 |
| Total - Texas | 44,748,334 |
| NEW MEXICO | |
| 01 Residential Service | (822,756) |
| 12 Private Area Lighting Service | (5,213) |
| Deferred Fuel | (3,569,571) |
| Total - New Mexico | (4,397,540) |
| Total (440) | $40,350,794 |

***Schedule Page: 304 Line No.: 1 Column: d***

There were less than 123 duplicate customers for all rate schedules combined in 2009.

***Schedule Page: 304 Line No.: 19 Column: c***

Estimated Fuel Clause Revenues by Rate Schedule

(442) COMMERCIAL AND INDUSTRIAL SALES

| | |
|---|---|
| SMALL-TEXAS | |
| 02 Small Commercial Service | $ 9,391,055 |
| 07 Outdoor Recreational Lighting | 13,893 |
| 22 Irrigation Service | 61,073 |
| 24 General Service | 45,995,622 |
| 25 Large Power Service | 7,864,794 |
| 28 Private Area Lighting Service | 466,187 |
| 34 Cotton Gin Service | 61,544 |
| Deferred Fuel | (18,275,161) |
| Deferred Fuel Recovered through a Surcharge net of Refund | (160,058) |
| Total - Small - Texas | 45,418,949 |
| SMALL-NEW MEXICO | |
| 03 Small Commercial Service | (359,242) |
| 04 General Service | (528,191) |
| 05 Irrigation Service | (138,660) |
| 07 City and County Service | (2,561) |
| 08 Municipal Water Pumping | (7,033) |
| 09 Large Power Service | (47,640) |
| 12 Private Area Lighting Service | (3,732) |
| 14 Subdivision Street Lighting | (32) |
| 19 Seasonal Agri. Processing Service | (15,509) |
| 25 Outdoor Recreational Lighting | (325) |
| 29 Interruptible Service Large Power | (16,118) |
| 30 Load Retention Rider | 251 |
| Deferred Fuel | (3,042,050) |
| Total - Small - New Mexico | (4,160,842) |
| LARGE-TEXAS | |

| | | |
|---|---|---|
| 15 | Electrolytic Refining | 2,934,594 |
| 24 | General Service | 295,349 |
| 25 | Large Power Service | 10,793,974 |
| 26 | Petroleum Refinery Service | 12,835,836 |
| 27 | Interruptible Power Service | 3,741,909 |
| 28 | Private Area Lighting Service | 5,942 |
| 29 | Interruptible Service for Large Power | 698,770 |
| 30 | Electric Furnace | 782,091 |
| 38 | Interruptible Service Large Power | 2,016,220 |
| | Deferred Fuel | (9,391,865) |
| | Deferred Fuel Recovered through a Surcharge net of Refund | (1,035,081) |
| | Total - Large - Texas | 23,677,739 |
| LARGE-NEW MEXICO | | |
| 04 | General Service | (1,018) |
| 09 | Large Power Service | (82,272) |
| 29 | Interruptible Service Large Power | (63,376) |
| 30 | Load Retention Rider | 34,946 |
| | Deferred Fuel | (536,381) |
| | Total - Large - New Mexico | (648,101) |
| | Total (442) | $64,287,745 |

**Schedule Page: 304.2 Line No.: 7 Column: c**

Estimated Fuel Clause Revenues by Rate Schedule

(444) PUBLIC STREET AND HIGHWAY LIGHTING

| | | |
|---|---|---|
| TEXAS | | |
| 08 | Municipal Street Lights & Signals | $ 1,525,478 |
| | Deferred Fuel | (471,199) |
| | Deferred Fuel Refund net of Surcharge | 100,708 |
| | Total - Texas | 1,154,987 |
| NEW MEXICO | | |
| 11 | Municipal Street Lights & Signals | (5,830) |
| | Deferred Fuel | (22,019) |
| | Total - New Mexico | (27,849) |
| | Total (444) | $ 1,127,138 |

**Schedule Page: 304.2 Line No.: 21 Column: c**

Estimated Fuel Clause Revenues by Rate Schedule

(445) OTHER SALES TO PUBLIC AUTHORITIES

| | | |
|---|---|---|
| TEXAS | | |
| 01 | Residential Service | $ 87,154 |
| 02 | Small Commercial Service | 339,916 |
| 07 | Outdoor Recreational Lighting Service | 161,842 |
| 11 | Municipal Pumping Service | 5,409,156 |
| 22 | Irrigation Service | 41,770 |
| 24 | General Service | 3,605,732 |
| 25 | Large Power Service | 2,110,716 |

| | | |
|---|---|---|
| 27 | Interruptible Power Service | 3,924,866 |
| 28 | Private Area Lighting Service | 314,439 |
| 31 | Military Reservation Service | 4,782,685 |
| 38 | Interruptible Service for Large | 1,745,523 |
| 41 | City and County Service | 11,156,444 |
| 43 | University Service | 2,186,974 |
| 45 | Supplemental Power | 378,931 |
| | Deferred Fuel | (10,385,309) |
| | Deferred Fuel Refund net of Surcharge | 26,524 |
| | Total - Texas | 25,887,363 |
| NEW MEXICO | | |
| 01 | Residential Service | (206) |
| 03 | Small Commercial Service | (7,381) |
| 04 | General Service | (36,144) |
| 05 | Irrigation Service | (407) |
| 07 | City and County Service | (156,985) |
| 08 | Municipal Pumping Service | (61,221) |
| 09 | Large Power Service | (126,904) |
| 10 | Military Research & Development Power | (347,391) |
| 12 | Private Area Lighting | (678) |
| 25 | Outdoor Recreational Lighting Service | (2,405) |
| 26 | State University Service | (109,759) |
| | Deferred Fuel | (2,705,411) |
| | Total - New Mexico | (3,554,892) |
| | Total (445) | $22,332,471 |

SALES FOR RESALE (Account 447)

1. Report all sales for resale (i.e., sales to purchasers other than ultimate consumers) transacted on a settlement basis other than power exchanges during the year. Do not report exchanges of electricity ( i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges on this schedule. Power exchanges must be reported on the Purchased Power schedule (Page 326-327).
2. Enter the name of the purchaser in column (a). Do note abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the purchaser.
3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:
RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projected load for this service in its system resource planning). In addition, the reliability of requirements service must be the same as, or second only to, the supplier's service to its own ultimate consumers.
LF - for tong-term service. "Long-term" means five years or Longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for Long-term firm service which meets the definition of RQ service. For all transactions identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or setter can unilaterally get out of the contract.
IF - for intermediate-term firm service. The same as LF service except that "intermediate-term" means longer than one year but Less than five years.
SF - for short-term firm service. Use this category for all firm services where the duration of each period of commitment for service is one year or less.
LU - for Long-term service from a designated generating unit. "Long-term" means five years or Longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of designated unit.
IU - for intermediate-term service from a designated generating unit. The same as LU service except that "intermediate-term" means Longer than one year but Less than five years.

| Line No. | Name of Company or Public Authority (Footnote Affiliations) | Statistical Classifi-cation | FERC Rate Schedule or Tariff Number | Average Monthly Billing Demand (MW) | Actual Demand (MW) | |
|---|---|---|---|---|---|---|
| | | | | | Average Monthly NCP Demand | Average Monthly CP Demand |
| | (a) | (b) | (c) | (d) | (e) | (f) |
| 1 | Rio Grande Electric Cooperative | RQ | 18 | 8.0 | 9.7 | 8.0 |
| 2 | Arizona Electric Power Cooperative, Inc | SF | 1 | | | |
| 3 | Arizona Public Service Company | SF | 1 | | | |
| 4 | Barclays Bank, PLC | SF | 1 | | | |
| 5 | Barclays Bank, PLC | AD | 1 | | | |
| 6 | Cargill Power Markets, LLC | SF | 1 | | | |
| 7 | Citigroup Energy Inc | SF | 1 | | | |
| 8 | City of Burbank Water and Powr | SF | 1 | | | |
| 9 | ConocoPhillips Company | SF | 1 | | | |
| 10 | ConocoPhillips Company | AD | 1 | | | |
| 11 | Constellation Energy Commodities Group | SF | 1 | | | |
| 12 | Credit Suisse Energy LLC | SF | 1 | | | |
| 13 | Credit Suisse Energy LLC | AD | 1 | | | |
| 14 | Dynegy Power Marketing, Inc | SF | 1 | | | |
| | Subtotal RQ | | | 0 | 0 | 0 |
| | Subtotal non-RQ | | | 0 | 0 | 0 |
| | **Total** | | | **0** | **0** | **0** |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

## SALES FOR RESALE (Account 447)

1. Report all sales for resale (i.e., sales to purchasers other than ultimate consumers) transacted on a settlement basis other than power exchanges during the year. Do not report exchanges of electricity ( i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges on this schedule. Power exchanges must be reported on the Purchased Power schedule (Page 326-327).
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LU - for Long-term service from a designated generating unit. "Long-term" means five years or Longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of designated unit.
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|---|---|---|---|---|---|---|
| | | | | | Average Monthly NCP Demand | Average Monthly CP Demand |
| | (a) | (b) | (c) | (d) | (e) | (f) |
| 1 | Eagle Energy Partners 1, L.P. | SF | 1 | | | |
| 2 | EDF Trading North America, LLC | SF | 1 | | | |
| 3 | Evolution Markets | OS | 1 | | | |
| 4 | Fortis Energy Marketing & Trading, GP | OS | 1 | | | |
| 5 | Fortis Energy Marketing & Trading, GP | SF | 1 | | | |
| 6 | Fortis Energy Marketing & Trading, GP | AD | 1 | | | |
| 7 | Freeport-MCMoran Copper & Gold Energy | LU | 2 | | | |
| 8 | Gila River Power LP | OS | 1 | | | |
| 9 | Gila River Power LP | SF | 1 | | | |
| 10 | Iberdrola Renewables, Inc | SF | 1 | | | |
| 11 | Idaho Power Company Marketing | SF | 1 | | | |
| 12 | Imperial Irrigation District | IF | 1 | 148 | 148 | 148 |
| 13 | Imperial Irrigation District | SF | 1 | | | |
| 14 | Imperial Irrigation District | OS | 1 | | | |
| | Subtotal RQ | | | 0 | 0 | 0 |
| | Subtotal non-RQ | | | 0 | 0 | 0 |
| | **Total** | | | **0** | **0** | **0** |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

## SALES FOR RESALE (Account 447)

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| Line No. | Name of Company or Public Authority (Footnote Affiliations)<br>(a) | Statistical Classifi-cation<br>(b) | FERC Rate Schedule or Tariff Number<br>(c) | Average Monthly Billing Demand (MW)<br>(d) | Actual Demand (MW) Average Monthly NCP Demand<br>(e) | Actual Demand (MW) Average Monthly CP Demand<br>(f) |
|---|---|---|---|---|---|---|
| 1 | Imperial Irrigation District | OS | 1 | | | |
| 2 | Imperial Irrigation District | AD | 1 | | | |
| 3 | Integrys Energy Services, Inc. | SF | 1 | | | |
| 4 | J. Aron & Company | SF | 1 | | | |
| 5 | JP Morgan Ventures Energy Corp | SF | 1 | | | |
| 6 | Los Alamos County | OS | 1 | | | |
| 7 | Los Alamos County | SF | 1 | | | |
| 8 | Los Angeles Department of Water & Power | SF | 1 | | | |
| 9 | Macquarie Cook Power Inc. | SF | 1 | | | |
| 10 | Mirant Energy Trading LLC | SF | 1 | | | |
| 11 | Morgan Stanley Capital Group, Inc | SF | 1 | | | |
| 12 | Morgan Stanley Capital Group, Inc | AD | 1 | | | |
| 13 | PacifiCorp | SF | 1 | | | |
| 14 | PacifiCorp | AD | 1 | | | |
| | Subtotal RQ | | | 0 | 0 | 0 |
| | Subtotal non-RQ | | | 0 | 0 | 0 |
| | **Total** | | | **0** | **0** | **0** |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

## SALES FOR RESALE (Account 447)

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|---|---|---|---|---|---|---|
| | | | | | Average Monthly NCP Demand | Average Monthly CP Demand |
| | (a) | (b) | (c) | (d) | (e) | (f) |
| 1 | Phelps Dodge Energy Services, LLP | LU | 2 | | | |
| 2 | Phelps Dodge Energy Services, LLP | AD | 1 | | | |
| 3 | Powerex Corp | SF | 1 | | | |
| 4 | Powerex Corp | AD | 1 | | | |
| 5 | PPL EnergyPlus, LLC | SF | 1 | | | |
| 6 | Public Service Company of Colorado | SF | 1 | | | |
| 7 | Public Service Company of New Mexico | OS | 1 | | | |
| 8 | Public Service Company of New Mexico | SF | 1 | | | |
| 9 | Salt River Project Agricultural Improv | SF | 1 | | | |
| 10 | Salt River Project Agricultural Improv | AD | 1 | | | |
| 11 | Sempra Energy Trading LLC | SF | 1 | | | |
| 12 | Shell Energy North America (US), LP. | SF | 1 | | | |
| 13 | Shell Energy North America (US), LP. | AD | 1 | | | |
| 14 | Southwestern Public Service Company | SF | 1 | | | |
| | Subtotal RQ | | | 0 | 0 | 0 |
| | Subtotal non-RQ | | | 0 | 0 | 0 |
| | **Total** | | | **0** | **0** | **0** |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

## SALES FOR RESALE (Account 447)

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| Line No. | Name of Company or Public Authority (Footnote Affiliations) | Statistical Classifi-cation | FERC Rate Schedule or Tariff Number | Average Monthly Billing Demand (MW) | Actual Demand (MW) | |
|---|---|---|---|---|---|---|
| | | | | | Average Monthly NCP Demand | Average Monthly CP Demand |
| | (a) | (b) | (c) | (d) | (e) | (f) |
| 1 | Transalta Energy Marketing (US), Inc | SF | 1 | | | |
| 2 | Tri-State G&T Association Inc | SF | 1 | | | |
| 3 | Tucson Electric Power Marketing | OS | 1 | | | |
| 4 | Tucson Electric Power Marketing | SF | 1 | | | |
| 5 | Tucson Electric Power Marketing | AD | 1 | | | |
| 6 | Westar Energy, Inc. | SF | 1 | | | |
| 7 | Arizona Electric Power Cooperative, Inc | SF | 104 | | | |
| 8 | Arizona Public Service Company | SF | 104 | | | |
| 9 | Dynegy | SF | 104 | | | |
| 10 | HGMA | SF | 104 | | | |
| 11 | Imperial Irrigation District | SF | 104 | | | |
| 12 | Panda Gila River | SF | 104 | | | |
| 13 | Public Service Company of New Mexico | SF | 104 | | | |
| 14 | Salt River Project | SF | 104 | | | |
| | | | | | | |
| | Subtotal RQ | | | 0 | 0 | 0 |
| | Subtotal non-RQ | | | 0 | 0 | 0 |
| | **Total** | | | **0** | **0** | **0** |

| Name of Respondent<br>El Paso Electric Company | This Report Is:<br>(1) [X] An Original<br>(2) [ ] A Resubmission | Date of Report<br>(Mo, Da, Yr)<br>/ / | Year/Period of Report<br>End of 2009/Q4 |
|---|---|---|---|

## SALES FOR RESALE (Account 447)

1. Report all sales for resale (i.e., sales to purchasers other than ultimate consumers) transacted on a settlement basis other than power exchanges during the year. Do not report exchanges of electricity ( i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges on this schedule. Power exchanges must be reported on the Purchased Power schedule (Page 326-327).
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| Line No. | Name of Company or Public Authority (Footnote Affiliations)<br>(a) | Statistical Classifi-cation<br>(b) | FERC Rate Schedule or Tariff Number<br>(c) | Average Monthly Billing Demand (MW)<br>(d) | Actual Demand (MW) Average Monthly NCP Demand<br>(e) | Actual Demand (MW) Average Monthly CP Demand<br>(f) |
|---|---|---|---|---|---|---|
| 1 | Tucson Electric Power Company | SF | 104 | | | |
| 2 | TRI-STATE | SF | 104 | | | |
| 3 | Western Area Power Administration | SF | 104 | | | |
| 4 | | | | | | |
| 5 | | | | | | |
| 6 | | | | | | |
| 7 | | | | | | |
| 8 | | | | | | |
| 9 | | | | | | |
| 10 | | | | | | |
| 11 | | | | | | |
| 12 | | | | | | |
| 13 | | | | | | |
| 14 | | | | | | |
| | Subtotal RQ | | | 0 | 0 | 0 |
| | Subtotal non-RQ | | | 0 | 0 | 0 |
| | **Total** | | | **0** | **0** | **0** |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

SALES FOR RESALE (Account 447) (Continued)

OS - for other service. use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote.

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

4. Group requirements RQ sales together and report them starting at line number one. After listing all RQ sales, enter "Subtotal - RQ" in column (a). The remaining sales may then be listed in any order. Enter "Subtotal-Non-RQ" in column (a) after this Listing. Enter "Total" in column (a) as the Last Line of the schedule. Report subtotals and total for columns (9) through (k)
5. In Column (c), identify the FERC Rate Schedule or Tariff Number. On separate Lines, List all FERC rate schedules or tariffs under which service, as identified in column (b), is provided.
6. For requirements RQ sales and any type of-service involving demand charges imposed on a monthly (or Longer) basis, enter the average monthly billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP)
demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.
7. Report in column (g) the megawatt hours shown on bills rendered to the purchaser.
8. Report demand charges in column (h), energy charges in column (i), and the total of any other types of charges, including out-of-period adjustments, in column (j). Explain in a footnote all components of the amount shown in column (j). Report in column (k) the total charge shown on bills rendered to the purchaser.
9. The data in column (g) through (k) must be subtotaled based on the RQ/Non-RQ grouping (see instruction 4), and then totaled on the Last -line of the schedule. The "Subtotal - RQ" amount in column (g) must be reported as Requirements Sales For Resale on Page 401, line 23. The "Subtotal - Non-RQ" amount in column (g) must be reported as Non-Requirements Sales For Resale on Page 401,iine 24.
10. Footnote entries as required and provide explanations following all required data.

| MegaWatt Hours Sold (g) | REVENUE Demand Charges ($) (h) | Energy Charges ($) (i) | Other Charges ($) (j) | Total ($) (h+i+j) (k) | Line No. |
|---|---|---|---|---|---|
| 56,931 | 1,789,543 | 1,715,369 | -92,951 | 3,411,961 | 1 |
| 2,820 | | 122,600 | | 122,600 | 2 |
| 8,072 | | 257,627 | | 257,627 | 3 |
| 52,550 | | 1,224,212 | | 1,224,212 | 4 |
| 65 | | 1,820 | | 1,820 | 5 |
| 49,518 | | 1,534,660 | | 1,534,660 | 6 |
| 308,738 | | 10,081,355 | 527 | 10,081,882 | 7 |
| 7,175 | | 186,001 | | 186,001 | 8 |
| 5,982 | | 126,868 | | 126,868 | 9 |
| -475 | | -29,350 | | -29,350 | 10 |
| 49,777 | | 1,596,641 | 1,657 | 1,598,298 | 11 |
| 86,436 | | 2,725,258 | | 2,725,258 | 12 |
| -25 | | -1,500 | | -1,500 | 13 |
| 942 | | 25,895 | | 25,895 | 14 |
| | | | | | |
| 56,931 | 1,789,543 | 1,715,369 | -92,951 | 3,411,961 | |
| 3,511,082 | 17,509,000 | 95,406,633 | 3,148,455 | 116,064,088 | |
| **3,568,013** | **19,298,543** | **97,122,002** | **3,055,504** | **119,476,049** | |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

SALES FOR RESALE (Account 447) (Continued)

OS - for other service. use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote.

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

4. Group requirements RQ sales together and report them starting at line number one. After listing all RQ sales, enter "Subtotal - RQ" in column (a). The remaining sales may then be listed in any order. Enter "Subtotal-Non-RQ" in column (a) after this Listing. Enter "Total" in column (a) as the Last Line of the schedule. Report subtotals and total for columns (9) through (k)

5. In Column (c), identify the FERC Rate Schedule or Tariff Number. On separate Lines, List all FERC rate schedules or tariffs under which service, as identified in column (b), is provided.

6. For requirements RQ sales and any type of-service involving demand charges imposed on a monthly (or Longer) basis, enter the average monthly billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP)
demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.

7. Report in column (g) the megawatt hours shown on bills rendered to the purchaser.

8. Report demand charges in column (h), energy charges in column (i), and the total of any other types of charges, including out-of-period adjustments, in column (j). Explain in a footnote all components of the amount shown in column (j). Report in column (k) the total charge shown on bills rendered to the purchaser.

9. The data in column (g) through (k) must be subtotaled based on the RQ/Non-RQ grouping (see instruction 4), and then totaled on the Last -line of the schedule. The "Subtotal - RQ" amount in column (g) must be reported as Requirements Sales For Resale on Page 401, line 23. The "Subtotal - Non-RQ" amount in column (g) must be reported as Non-Requirements Sales For Resale on Page 401,iine 24.

10. Footnote entries as required and provide explanations following all required data.

| MegaWatt Hours Sold (g) | REVENUE Demand Charges ($) (h) | Energy Charges ($) (i) | Other Charges ($) (j) | Total ($) (h+i+j) (k) | Line No. |
|---|---|---|---|---|---|
| 15,800 | | 368,100 | | 368,100 | 1 |
| 8,425 | | 214,838 | | 214,838 | 2 |
| | | | -55,760 | -55,760 | 3 |
| | | | 1,980 | 1,980 | 4 |
| 2,500 | | 81,303 | 355 | 81,658 | 5 |
| -33 | | -1,584 | | -1,584 | 6 |
| 225,857 | | 463,007 | | 463,007 | 7 |
| | | | 46,505 | 46,505 | 8 |
| 88,454 | | 2,062,575 | | 2,062,575 | 9 |
| 13,050 | | 381,349 | | 381,349 | 10 |
| 312 | | 14,175 | | 14,175 | 11 |
| 725,693 | 17,509,000 | 27,724,152 | 36,018 | 45,269,170 | 12 |
| 3,565 | | 91,325 | | 91,325 | 13 |
| 174,118 | | 5,025,907 | | 5,025,907 | 14 |
| | | | | | |
| 56,931 | 1,789,543 | 1,715,369 | -92,951 | 3,411,961 | |
| 3,511,082 | 17,509,000 | 95,406,633 | 3,148,455 | 116,064,088 | |
| **3,568,013** | **19,298,543** | **97,122,002** | **3,055,504** | **119,476,049** | |

SALES FOR RESALE (Account 447) (Continued)

OS - for other service. use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote.
AD - for Out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.
4. Group requirements RQ sales together and report them starting at line number one. After listing all RQ sales, enter "Subtotal - RQ" in column (a). The remaining sales may then be listed in any order. Enter "Subtotal-Non-RQ" in column (a) after this Listing. Enter "Total" in column (a) as the Last Line of the schedule. Report subtotals and total for columns (9) through (k)
5. In Column (c), identify the FERC Rate Schedule or Tariff Number. On separate Lines, List all FERC rate schedules or tariffs under which service, as identified in column (b), is provided.
6. For requirements RQ sales and any type of-service involving demand charges imposed on a monthly (or Longer) basis, enter the average monthly billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP)
demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.
7. Report in column (g) the megawatt hours shown on bills rendered to the purchaser.
8. Report demand charges in column (h), energy charges in column (i), and the total of any other types of charges, including out-of-period adjustments, in column (j). Explain in a footnote all components of the amount shown in column (j). Report in column (k) the total charge shown on bills rendered to the purchaser.
9. The data in column (g) through (k) must be subtotaled based on the RQ/Non-RQ grouping (see instruction 4), and then totaled on the Last -line of the schedule. The "Subtotal - RQ" amount in column (g) must be reported as Requirements Sales For Resale on Page 401, line 23. The "Subtotal - Non-RQ" amount in column (g) must be reported as Non-Requirements Sales For Resale on Page 401,iine 24.
10. Footnote entries as required and provide explanations following all required data.

| MegaWatt Hours Sold (g) | REVENUE Demand Charges ($) (h) | Energy Charges ($) (i) | Other Charges ($) (j) | Total ($) (h+i+j) (k) | Line No. |
|---|---|---|---|---|---|
| | | | 2,365,000 | 2,365,000 | 1 |
| -340 | | -13,631 | | -13,631 | 2 |
| 2,000 | | 93,600 | | 93,600 | 3 |
| 800 | | 36,000 | | 36,000 | 4 |
| 29,406 | | 957,333 | 612 | 957,945 | 5 |
| | | | 351,862 | 351,862 | 6 |
| 221 | | 15,019 | | 15,019 | 7 |
| 2,820 | | 83,815 | | 83,815 | 8 |
| 8,216 | | 226,810 | | 226,810 | 9 |
| 400 | | 10,000 | | 10,000 | 10 |
| 173,672 | | 5,156,361 | 142 | 5,156,503 | 11 |
| 3 | | 48 | | 48 | 12 |
| 43,317 | | 1,056,212 | | 1,056,212 | 13 |
| -215 | | -8,050 | | -8,050 | 14 |
| | | | | | |
| 56,931 | 1,789,543 | 1,715,369 | -92,951 | 3,411,961 | |
| 3,511,082 | 17,509,000 | 95,406,633 | 3,148,455 | 116,064,088 | |
| **3,568,013** | **19,298,543** | **97,122,002** | **3,055,504** | **119,476,049** | |

SALES FOR RESALE (Account 447) (Continued)

OS - for other service. use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote.
AD - for Out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.
4. Group requirements RQ sales together and report them starting at line number one. After listing all RQ sales, enter "Subtotal - RQ" in column (a). The remaining sales may then be listed in any order. Enter "Subtotal-Non-RQ" in column (a) after this Listing. Enter "Total" in column (a) as the Last Line of the schedule. Report subtotals and total for columns (9) through (k)
5. In Column (c), identify the FERC Rate Schedule or Tariff Number. On separate Lines, List all FERC rate schedules or tariffs under which service, as identified in column (b), is provided.
6. For requirements RQ sales and any type of-service involving demand charges imposed on a monthly (or Longer) basis, enter the average monthly billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP)
demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.
7. Report in column (g) the megawatt hours shown on bills rendered to the purchaser.
8. Report demand charges in column (h), energy charges in column (i), and the total of any other types of charges, including out-of-period adjustments, in column (j). Explain in a footnote all components of the amount shown in column (j). Report in column (k) the total charge shown on bills rendered to the purchaser.
9. The data in column (g) through (k) must be subtotaled based on the RQ/Non-RQ grouping (see instruction 4), and then totaled on the Last -line of the schedule. The "Subtotal - RQ" amount in column (g) must be reported as Requirements Sales For Resale on Page 401, line 23. The "Subtotal - Non-RQ" amount in column (g) must be reported as Non-Requirements Sales For Resale on Page 401,iine 24.
10. Footnote entries as required and provide explanations following all required data.

| MegaWatt Hours Sold (g) | REVENUE: Demand Charges ($) (h) | Energy Charges ($) (i) | Other Charges ($) (j) | Total ($) (h+i+j) (k) | Line No. |
|---|---|---|---|---|---|
| 288,523 | | 591,472 | | 591,472 | 1 |
| 718 | | 1,472 | | 1,472 | 2 |
| 81,300 | | 1,877,070 | | 1,877,070 | 3 |
| 133 | | 104 | | 104 | 4 |
| 400 | | 20,300 | | 20,300 | 5 |
| 6,960 | | 184,879 | | 184,879 | 6 |
| | | | 389,910 | 389,910 | 7 |
| 65,674 | | 2,115,758 | | 2,115,758 | 8 |
| 50,979 | | 1,381,191 | | 1,381,191 | 9 |
| | | 3,000 | | 3,000 | 10 |
| 59,211 | | 1,342,843 | | 1,342,843 | 11 |
| 758,829 | | 22,417,993 | 737 | 22,418,730 | 12 |
| 145 | | 23,981 | | 23,981 | 13 |
| 10,256 | | 410,696 | | 410,696 | 14 |
| 56,931 | 1,789,543 | 1,715,369 | -92,951 | 3,411,961 | |
| 3,511,082 | 17,509,000 | 95,406,633 | 3,148,455 | 116,064,088 | |
| **3,568,013** | **19,298,543** | **97,122,002** | **3,055,504** | **119,476,049** | |

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AD - for Out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.
4. Group requirements RQ sales together and report them starting at line number one. After listing all RQ sales, enter "Subtotal - RQ" in column (a). The remaining sales may then be listed in any order. Enter "Subtotal-Non-RQ" in column (a) after this Listing. Enter "Total" in column (a) as the Last Line of the schedule. Report subtotals and total for columns (9) through (k)
5. In Column (c), identify the FERC Rate Schedule or Tariff Number. On separate Lines, List all FERC rate schedules or tariffs under which service, as identified in column (b), is provided.
6. For requirements RQ sales and any type of-service involving demand charges imposed on a monthly (or Longer) basis, enter the average monthly billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP)
demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.
7. Report in column (g) the megawatt hours shown on bills rendered to the purchaser.
8. Report demand charges in column (h), energy charges in column (i), and the total of any other types of charges, including out-of-period adjustments, in column (j). Explain in a footnote all components of the amount shown in column (j). Report in column (k) the total charge shown on bills rendered to the purchaser.
9. The data in column (g) through (k) must be subtotaled based on the RQ/Non-RQ grouping (see instruction 4), and then totaled on the Last -line of the schedule. The "Subtotal - RQ" amount in column (g) must be reported as Requirements Sales For Resale on Page 401, line 23. The "Subtotal - Non-RQ" amount in column (g) must be reported as Non-Requirements Sales For Resale on Page 401,iine 24.
10. Footnote entries as required and provide explanations following all required data.

| MegaWatt Hours Sold (g) | REVENUE Demand Charges ($) (h) | Energy Charges ($) (i) | Other Charges ($) (j) | Total ($) (h+i+j) (k) | Line No. |
|---|---|---|---|---|---|
| 15,465 | | 500,175 | | 500,175 | 1 |
| 8,073 | | 205,601 | | 205,601 | 2 |
| | | | 2,320 | 2,320 | 3 |
| 44,624 | | 1,233,922 | | 1,233,922 | 4 |
| 8 | | 256 | 240 | 496 | 5 |
| 26,514 | | 1,031,868 | | 1,031,868 | 6 |
| 161 | | 7,307 | | 7,307 | 7 |
| 75 | | 3,640 | | 3,640 | 8 |
| 124 | | 6,153 | | 6,153 | 9 |
| 588 | | 27,477 | 1,399 | 28,876 | 10 |
| | | | 170 | 170 | 11 |
| 759 | | 34,717 | | 34,717 | 12 |
| 1,339 | | 65,038 | 797 | 65,835 | 13 |
| 58 | | 3,095 | | 3,095 | 14 |
| 56,931 | 1,789,543 | 1,715,369 | -92,951 | 3,411,961 | |
| 3,511,082 | 17,509,000 | 95,406,633 | 3,148,455 | 116,064,088 | |
| **3,568,013** | **19,298,543** | **97,122,002** | **3,055,504** | **119,476,049** | |

SALES FOR RESALE (Account 447) (Continued)

OS - for other service. use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote.
AD - for Out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.
4. Group requirements RQ sales together and report them starting at line number one. After listing all RQ sales, enter "Subtotal - RQ" in column (a). The remaining sales may then be listed in any order. Enter "Subtotal-Non-RQ" in column (a) after this Listing. Enter "Total" in column (a) as the Last Line of the schedule. Report subtotals and total for columns (9) through (k)
5. In Column (c), identify the FERC Rate Schedule or Tariff Number. On separate Lines, List all FERC rate schedules or tariffs under which service, as identified in column (b), is provided.
6. For requirements RQ sales and any type of-service involving demand charges imposed on a monthly (or Longer) basis, enter the average monthly billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP)
demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.
7. Report in column (g) the megawatt hours shown on bills rendered to the purchaser.
8. Report demand charges in column (h), energy charges in column (i), and the total of any other types of charges, including out-of-period adjustments, in column (j). Explain in a footnote all components of the amount shown in column (j). Report in column (k) the total charge shown on bills rendered to the purchaser.
9. The data in column (g) through (k) must be subtotaled based on the RQ/Non-RQ grouping (see instruction 4), and then totaled on the Last -line of the schedule. The "Subtotal - RQ" amount in column (g) must be reported as Requirements Sales For Resale on Page 401, line 23. The "Subtotal - Non-RQ" amount in column (g) must be reported as Non-Requirements Sales For Resale on Page 401,iine 24.
10. Footnote entries as required and provide explanations following all required data.

| MegaWatt Hours Sold (g) | REVENUE Demand Charges ($) (h) | Energy Charges ($) (i) | Other Charges ($) (j) | Total ($) (h+i+j) (k) | Line No. |
|---|---|---|---|---|---|
| 147 | | 7,219 | 2,356 | 9,575 | 1 |
| 403 | | 18,655 | | 18,655 | 2 |
| | | | 1,628 | 1,628 | 3 |
| | | | | | 4 |
| | | | | | 5 |
| | | | | | 6 |
| | | | | | 7 |
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| | | | | | 11 |
| | | | | | 12 |
| | | | | | 13 |
| | | | | | 14 |
| | | | | | |
| 56,931 | 1,789,543 | 1,715,369 | -92,951 | 3,411,961 | |
| 3,511,082 | 17,509,000 | 95,406,633 | 3,148,455 | 116,064,088 | |
| **3,568,013** | **19,298,543** | **97,122,002** | **3,055,504** | **119,476,049** | |

***Schedule Page: 310 Line No.: 1 Column: c***
Contract effective April 1,2008.

***Schedule Page: 310 Line No.: 2 Column: c***
1: WSPP Agreement-Rate Schedule FERC No. 6.

***Schedule Page: 310 Line No.: 5 Column: b***
Prior year adjustment.

***Schedule Page: 310 Line No.: 7 Column: j***
Transmission services.

***Schedule Page: 310 Line No.: 10 Column: b***
Prior year adjustment.

***Schedule Page: 310 Line No.: 11 Column: j***
Transmission services.

***Schedule Page: 310 Line No.: 13 Column: b***
Prior year adjustment.

***Schedule Page: 310.1 Line No.: 3 Column: b***
Represents losses for 82 tons of Nitrogen Oxide emitted from off-system sales made to various counterparties.

***Schedule Page: 310.1 Line No.: 3 Column: j***
Represents losses for 82 tons of Nitrogen Oxide emitted from off-system sales made to various counterparties.

***Schedule Page: 310.1 Line No.: 4 Column: b***
Spinning reserves.

***Schedule Page: 310.1 Line No.: 4 Column: j***
Spinning reserves.

***Schedule Page: 310.1 Line No.: 5 Column: j***
Transmission services.

***Schedule Page: 310.1 Line No.: 6 Column: b***
Prior year adjustment.

***Schedule Page: 310.1 Line No.: 8 Column: b***
Spinning reserves.

***Schedule Page: 310.1 Line No.: 8 Column: j***
Spinning reserves.

***Schedule Page: 310.1 Line No.: 12 Column: j***
Transmission services.

***Schedule Page: 310.2 Line No.: 1 Column: b***
Fixed fuel charge.

***Schedule Page: 310.2 Line No.: 1 Column: j***
Fixed fuel charge.

***Schedule Page: 310.2 Line No.: 2 Column: b***
Prior year adjustment.

***Schedule Page: 310.2 Line No.: 5 Column: j***
Transmission services.

***Schedule Page: 310.2 Line No.: 6 Column: b***
Spinning reserves.

***Schedule Page: 310.2 Line No.: 6 Column: j***
Spinning reserves.

***Schedule Page: 310.2 Line No.: 11 Column: j***
Transmission services.

***Schedule Page: 310.2 Line No.: 12 Column: b***
Prior year adjustment.

***Schedule Page: 310.2 Line No.: 14 Column: b***
Prior year adjustment.

***Schedule Page: 310.3 Line No.: 2 Column: b***

Prior year adjustment.

***Schedule Page: 310.3 Line No.: 4 Column: b***

Prior year adjustment.

***Schedule Page: 310.3 Line No.: 7 Column: b***

Spinning reserves.

***Schedule Page: 310.3 Line No.: 7 Column: j***

Spinning reserves.

***Schedule Page: 310.3 Line No.: 10 Column: b***

Prior year adjustment.

***Schedule Page: 310.3 Line No.: 12 Column: j***

Transmission services.

***Schedule Page: 310.3 Line No.: 13 Column: b***

Prior year adjustment.

***Schedule Page: 310.4 Line No.: 3 Column: b***

Spinning reserves.

***Schedule Page: 310.4 Line No.: 3 Column: j***

Spinning reserves.

***Schedule Page: 310.4 Line No.: 5 Column: b***

Prior year adjustment.

***Schedule Page: 310.4 Line No.: 10 Column: j***

Other Charges are for SRSG penalty received.

***Schedule Page: 310.4 Line No.: 11 Column: j***

Other Charges are for SRSG penalty received.

***Schedule Page: 310.4 Line No.: 13 Column: j***

Other Charges are for SRSG penalty received.

***Schedule Page: 310.5 Line No.: 1 Column: j***

Other Charges are for SRSG penalty received.

***Schedule Page: 310.5 Line No.: 3 Column: j***

Other Charges are for SRSG penalty received.

## ELECTRIC OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnote.

| Line No. | Account (a) | Amount for Current Year (b) | Amount for Previous Year (c) |
|---|---|---|---|
| 1 | 1. POWER PRODUCTION EXPENSES | | |
| 2 | A. Steam Power Generation | | |
| 3 | Operation | | |
| 4 | (500) Operation Supervision and Engineering | 1,695,303 | 1,149,286 |
| 5 | (501) Fuel | 155,616,742 | 260,744,458 |
| 6 | (502) Steam Expenses | 3,616,344 | 3,724,506 |
| 7 | (503) Steam from Other Sources | | |
| 8 | (Less) (504) Steam Transferred-Cr. | | |
| 9 | (505) Electric Expenses | 1,992,733 | 2,292,678 |
| 10 | (506) Miscellaneous Steam Power Expenses | 5,564,362 | 4,191,889 |
| 11 | (507) Rents | 1,381,456 | 1,217,906 |
| 12 | (509) Allowances | 533,120 | |
| 13 | TOTAL Operation (Enter Total of Lines 4 thru 12) | 170,400,060 | 273,320,723 |
| 14 | Maintenance | | |
| 15 | (510) Maintenance Supervision and Engineering | 1,333,538 | 1,251,233 |
| 16 | (511) Maintenance of Structures | 1,231,172 | 1,233,943 |
| 17 | (512) Maintenance of Boiler Plant | 4,673,242 | 6,463,884 |
| 18 | (513) Maintenance of Electric Plant | 8,210,839 | 8,428,553 |
| 19 | (514) Maintenance of Miscellaneous Steam Plant | 1,918,024 | 2,184,719 |
| 20 | TOTAL Maintenance (Enter Total of Lines 15 thru 19) | 17,366,815 | 19,562,332 |
| 21 | TOTAL Power Production Expenses-Steam Power (Entr Tot lines 13 & 20) | 187,766,875 | 292,883,055 |
| 22 | B. Nuclear Power Generation | | |
| 23 | Operation | | |
| 24 | (517) Operation Supervision and Engineering | 7,711,950 | 6,804,392 |
| 25 | (518) Fuel | 29,148,224 | 26,080,537 |
| 26 | (519) Coolants and Water | 5,104,511 | 4,828,552 |
| 27 | (520) Steam Expenses | 5,732,533 | 5,114,297 |
| 28 | (521) Steam from Other Sources | | |
| 29 | (Less) (522) Steam Transferred-Cr. | | |
| 30 | (523) Electric Expenses | 5,488,431 | 5,437,608 |
| 31 | (524) Miscellaneous Nuclear Power Expenses | 24,740,290 | 25,591,404 |
| 32 | (525) Rents | 23,237 | 33,248 |
| 33 | TOTAL Operation (Enter Total of lines 24 thru 32) | 77,949,176 | 73,890,038 |
| 34 | Maintenance | | |
| 35 | (528) Maintenance Supervision and Engineering | 6,594,299 | 5,602,922 |
| 36 | (529) Maintenance of Structures | 1,887,343 | 1,704,458 |
| 37 | (530) Maintenance of Reactor Plant Equipment | 9,343,086 | 13,399,043 |
| 38 | (531) Maintenance of Electric Plant | 8,677,349 | 8,682,081 |
| 39 | (532) Maintenance of Miscellaneous Nuclear Plant | 3,621,162 | 3,401,353 |
| 40 | TOTAL Maintenance (Enter Total of lines 35 thru 39) | 30,123,239 | 32,789,857 |
| 41 | TOTAL Power Production Expenses-Nuc. Power (Entr tot lines 33 & 40) | 108,072,415 | 106,679,895 |
| 42 | C. Hydraulic Power Generation | | |
| 43 | Operation | | |
| 44 | (535) Operation Supervision and Engineering | | |
| 45 | (536) Water for Power | | |
| 46 | (537) Hydraulic Expenses | | |
| 47 | (538) Electric Expenses | | |
| 48 | (539) Miscellaneous Hydraulic Power Generation Expenses | | |
| 49 | (540) Rents | | |
| 50 | TOTAL Operation (Enter Total of Lines 44 thru 49) | | |
| 51 | C. Hydraulic Power Generation (Continued) | | |
| 52 | Maintenance | | |
| 53 | (541) Mainentance Supervision and Engineering | | |
| 54 | (542) Maintenance of Structures | | |
| 55 | (543) Maintenance of Reservoirs, Dams, and Waterways | | |
| 56 | (544) Maintenance of Electric Plant | | |
| 57 | (545) Maintenance of Miscellaneous Hydraulic Plant | | |
| 58 | TOTAL Maintenance (Enter Total of lines 53 thru 57) | | |
| 59 | TOTAL Power Production Expenses-Hydraulic Power (tot of lines 50 & 58) | | |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

| Line No. | Account (a) | Amount for Current Year (b) | Amount for Previous Year (c) |
|---|---|---|---|
| 60 | D. Other Power Generation | | |
| 61 | Operation | | |
| 62 | (546) Operation Supervision and Engineering | 39,725 | 74,628 |
| 63 | (547) Fuel | 1,163,895 | 3,142,690 |
| 64 | (548) Generation Expenses | -60,536 | 86,715 |
| 65 | (549) Miscellaneous Other Power Generation Expenses | 11,040 | 58,495 |
| 66 | (550) Rents | 6,161 | 5,766 |
| 67 | TOTAL Operation (Enter Total of lines 62 thru 66) | 1,160,285 | 3,368,294 |
| 68 | Maintenance | | |
| 69 | (551) Maintenance Supervision and Engineering | 1,597 | 10,119 |
| 70 | (552) Maintenance of Structures | 8,006 | 4,938 |
| 71 | (553) Maintenance of Generating and Electric Plant | 239,713 | 743,909 |
| 72 | (554) Maintenance of Miscellaneous Other Power Generation Plant | 34,265 | 58,161 |
| 73 | TOTAL Maintenance (Enter Total of lines 69 thru 72) | 283,581 | 817,127 |
| 74 | TOTAL Power Production Expenses-Other Power (Enter Tot of 67 & 73) | 1,443,866 | 4,185,421 |
| 75 | E. Other Power Supply Expenses | | |
| 76 | (555) Purchased Power | 108,603,384 | 210,482,734 |
| 77 | (556) System Control and Load Dispatching | 1,355,563 | 1,008,449 |
| 78 | (557) Other Expenses | | |
| 79 | TOTAL Other Power Supply Exp (Enter Total of lines 76 thru 78) | 109,958,947 | 211,491,183 |
| 80 | TOTAL Power Production Expenses (Total of lines 21, 41, 59, 74 & 79) | 407,242,103 | 615,239,554 |
| 81 | 2. TRANSMISSION EXPENSES | | |
| 82 | Operation | | |
| 83 | (560) Operation Supervision and Engineering | 772,948 | 930,619 |
| 84 | (561) Load Dispatching | | |
| 85 | (561.1) Load Dispatch-Reliability | 82,609 | 86,966 |
| 86 | (561.2) Load Dispatch-Monitor and Operate Transmission System | 460,108 | 417,818 |
| 87 | (561.3) Load Dispatch-Transmission Service and Scheduling | 461,393 | 413,347 |
| 88 | (561.4) Scheduling, System Control and Dispatch Services | 647,501 | 701,687 |
| 89 | (561.5) Reliability, Planning and Standards Development | 651,676 | 777,571 |
| 90 | (561.6) Transmission Service Studies | | 19,887 |
| 91 | (561.7) Generation Interconnection Studies | | |
| 92 | (561.8) Reliability, Planning and Standards Development Services | | 263 |
| 93 | (562) Station Expenses | 111,219 | 123,110 |
| 94 | (563) Overhead Lines Expenses | 251,516 | 127,175 |
| 95 | (564) Underground Lines Expenses | | |
| 96 | (565) Transmission of Electricity by Others | 7,771,202 | 8,169,069 |
| 97 | (566) Miscellaneous Transmission Expenses | 2,913,321 | 2,449,313 |
| 98 | (567) Rents | 341,715 | 133,592 |
| 99 | TOTAL Operation (Enter Total of lines 83 thru 98) | 14,465,208 | 14,350,417 |
| 100 | Maintenance | | |
| 101 | (568) Maintenance Supervision and Engineering | 17,893 | 12,174 |
| 102 | (569) Maintenance of Structures | 21,478 | 6,747 |
| 103 | (569.1) Maintenance of Computer Hardware | | |
| 104 | (569.2) Maintenance of Computer Software | | |
| 105 | (569.3) Maintenance of Communication Equipment | | |
| 106 | (569.4) Maintenance of Miscellaneous Regional Transmission Plant | | |
| 107 | (570) Maintenance of Station Equipment | 865,493 | 772,461 |
| 108 | (571) Maintenance of Overhead Lines | 1,434,547 | 1,591,065 |
| 109 | (572) Maintenance of Underground Lines | | |
| 110 | (573) Maintenance of Miscellaneous Transmission Plant | 409,300 | 335,849 |
| 111 | TOTAL Maintenance (Total of lines 101 thru 110) | 2,748,711 | 2,718,296 |
| 112 | TOTAL Transmission Expenses (Total of lines 99 and 111) | 17,213,919 | 17,068,713 |

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

| Line No. | Account (a) | Amount for Current Year (b) | Amount for Previous Year (c) |
|---|---|---|---|
| 113 | 3. REGIONAL MARKET EXPENSES | | |
| 114 | Operation | | |
| 115 | (575.1) Operation Supervision | | |
| 116 | (575.2) Day-Ahead and Real-Time Market Facilitation | | |
| 117 | (575.3) Transmission Rights Market Facilitation | | |
| 118 | (575.4) Capacity Market Facilitation | | |
| 119 | (575.5) Ancillary Services Market Facilitation | | |
| 120 | (575.6) Market Monitoring and Compliance | | |
| 121 | (575.7) Market Facilitation, Monitoring and Compliance Services | | |
| 122 | (575.8) Rents | | |
| 123 | Total Operation (Lines 115 thru 122) | | |
| 124 | Maintenance | | |
| 125 | (576.1) Maintenance of Structures and Improvements | | |
| 126 | (576.2) Maintenance of Computer Hardware | | |
| 127 | (576.3) Maintenance of Computer Software | | |
| 128 | (576.4) Maintenance of Communication Equipment | | |
| 129 | (576.5) Maintenance of Miscellaneous Market Operation Plant | | |
| 130 | Total Maintenance (Lines 125 thru 129) | | |
| 131 | TOTAL Regional Transmission and Market Op Expns (Total 123 and 130) | | |
| 132 | 4. DISTRIBUTION EXPENSES | | |
| 133 | Operation | | |
| 134 | (580) Operation Supervision and Engineering | 701,706 | 930,226 |
| 135 | (581) Load Dispatching | | |
| 136 | (582) Station Expenses | 1,341,946 | 1,522,670 |
| 137 | (583) Overhead Line Expenses | 886,193 | 1,054,048 |
| 138 | (584) Underground Line Expenses | 499,594 | 561,276 |
| 139 | (585) Street Lighting and Signal System Expenses | 964,292 | 1,206,629 |
| 140 | (586) Meter Expenses | 2,535,665 | 2,652,446 |
| 141 | (587) Customer Installations Expenses | 526,604 | 499,234 |
| 142 | (588) Miscellaneous Expenses | 6,259,080 | 5,037,299 |
| 143 | (589) Rents | 335,696 | 309,380 |
| 144 | TOTAL Operation (Enter Total of lines 134 thru 143) | 14,050,776 | 13,773,208 |
| 145 | Maintenance | | |
| 146 | (590) Maintenance Supervision and Engineering | 28,855 | 34 |
| 147 | (591) Maintenance of Structures | 4,969 | 3,289 |
| 148 | (592) Maintenance of Station Equipment | 937,526 | 1,003,491 |
| 149 | (593) Maintenance of Overhead Lines | 3,168,976 | 3,438,919 |
| 150 | (594) Maintenance of Underground Lines | 273,843 | 303,432 |
| 151 | (595) Maintenance of Line Transformers | 37,477 | 2,414 |
| 152 | (596) Maintenance of Street Lighting and Signal Systems | 146,661 | 179,172 |
| 153 | (597) Maintenance of Meters | 25,126 | 13,041 |
| 154 | (598) Maintenance of Miscellaneous Distribution Plant | 392,337 | 1,095,186 |
| 155 | TOTAL Maintenance (Total of lines 146 thru 154) | 5,015,770 | 6,038,978 |
| 156 | TOTAL Distribution Expenses (Total of lines 144 and 155) | 19,066,546 | 19,812,186 |
| 157 | 5. CUSTOMER ACCOUNTS EXPENSES | | |
| 158 | Operation | | |
| 159 | (901) Supervision | 235,617 | 235,656 |
| 160 | (902) Meter Reading Expenses | 2,162,329 | 2,230,124 |
| 161 | (903) Customer Records and Collection Expenses | 8,651,619 | 8,311,501 |
| 162 | (904) Uncollectible Accounts | 2,971,170 | 3,021,754 |
| 163 | (905) Miscellaneous Customer Accounts Expenses | 672,114 | 534,657 |
| 164 | TOTAL Customer Accounts Expenses (Total of lines 159 thru 163) | 14,692,849 | 14,333,692 |

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

| Line No. | Account (a) | Amount for Current Year (b) | Amount for Previous Year (c) |
|---|---|---|---|
| 165 | 6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES | | |
| 166 | Operation | | |
| 167 | (907) Supervision | | |
| 168 | (908) Customer Assistance Expenses | 878,966 | 368,855 |
| 169 | (909) Informational and Instructional Expenses | | 102,749 |
| 170 | (910) Miscellaneous Customer Service and Informational Expenses | | |
| 171 | TOTAL Customer Service and Information Expenses (Total 167 thru 170) | 878,966 | 471,604 |
| 172 | 7. SALES EXPENSES | | |
| 173 | Operation | | |
| 174 | (911) Supervision | | |
| 175 | (912) Demonstrating and Selling Expenses | | |
| 176 | (913) Advertising Expenses | | |
| 177 | (916) Miscellaneous Sales Expenses | | |
| 178 | TOTAL Sales Expenses (Enter Total of lines 174 thru 177) | | |
| 179 | 8. ADMINISTRATIVE AND GENERAL EXPENSES | | |
| 180 | Operation | | |
| 181 | (920) Administrative and General Salaries | 24,379,893 | 19,607,993 |
| 182 | (921) Office Supplies and Expenses | 3,796,849 | 3,893,441 |
| 183 | (Less) (922) Administrative Expenses Transferred-Credit | | |
| 184 | (923) Outside Services Employed | 13,542,710 | 14,937,507 |
| 185 | (924) Property Insurance | 3,179,172 | 1,668,956 |
| 186 | (925) Injuries and Damages | 4,194,840 | 4,214,903 |
| 187 | (926) Employee Pensions and Benefits | 32,706,891 | 25,521,291 |
| 188 | (927) Franchise Requirements | | |
| 189 | (928) Regulatory Commission Expenses | 4,395,615 | 4,437,696 |
| 190 | (929) (Less) Duplicate Charges-Cr. | | |
| 191 | (930.1) General Advertising Expenses | 1,522,356 | 1,724,190 |
| 192 | (930.2) Miscellaneous General Expenses | 13,064,506 | 13,711,296 |
| 193 | (931) Rents | 698,358 | 1,556,572 |
| 194 | TOTAL Operation (Enter Total of lines 181 thru 193) | 101,481,190 | 91,273,845 |
| 195 | Maintenance | | |
| 196 | (935) Maintenance of General Plant | 4,067,886 | 5,183,539 |
| 197 | TOTAL Administrative & General Expenses (Total of lines 194 and 196) | 105,549,076 | 96,457,384 |
| 198 | TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197) | 564,643,459 | 763,383,133 |

PURCHASED POWER (Account 555)
(Including power exchanges)

1. Report all power purchases made during the year. Also report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges.
2. Enter the name of the seller or other party in an exchange transaction in column (a). Do not abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the seller.
3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:

RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projects load for this service in its system resource planning). In addition, the reliability of requirement service must be the same as, or second only to, the supplier's service to its own ultimate consumers.

LF - for long-term firm service. "Long-term" means five years or longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for long-term firm service firm service which meets the definition of RQ service. For all transaction identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or seller can unilaterally get out of the contract.

IF - for intermediate-term firm service. The same as LF service expect that "intermediate-term" means longer than one year but less than five years.

SF - for short-term service. Use this category for all firm services, where the duration of each period of commitment for service is one year or less.

LU - for long-term service from a designated generating unit. "Long-term" means five years or longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of the designated unit.

IU - for intermediate-term service from a designated generating unit. The same as LU service expect that "intermediate-term" means longer than one year but less than five years.

EX - For exchanges of electricity. Use this category for transactions involving a balancing of debits and credits for energy, capacity, etc. and any settlements for imbalanced exchanges.

OS - for other service. Use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote for each adjustment.

| Line No. | Name of Company or Public Authority (Footnote Affiliations) (a) | Statistical Classification (b) | FERC Rate Schedule or Tariff Number (c) | Average Monthly Billing Demand (MW) (d) | Actual Demand (MW) Average Monthly NCP Demand (e) | Actual Demand (MW) Average Monthly CP Demand (f) |
|---|---|---|---|---|---|---|
| 1 | Arizona Public Service Company | SF | 1 | | | |
| 2 | Barclays Bank PLC | SF | 1 | | | |
| 3 | Barclays Bank PLC | AD | 1 | | | |
| 4 | BP Energy Co. | SF | 1 | | | |
| 5 | Cargill Power Markets, LLC | SF | 1 | | | |
| 6 | City of Burbank Water and Powr | SF | 1 | | | |
| 7 | Citigroup Energy Inc. | SF | 1 | | | |
| 8 | Citigroup Energy Inc. | AD | 1 | | | |
| 9 | Conoco Phillips Company | SF | 1 | | | |
| 10 | Conoco Phillips Company | AD | 1 | | | |
| 11 | Constellation Energy Commodities Group | SF | 1 | | | |
| 12 | Constellation Energy Commodities Group | AD | 1 | | | |
| 13 | Credit Suisse Energy, LLC | SF | 1 | | | |
| 14 | Credit Suisse Energy, LLC | IF | 1 | | | |
| | Total | | | | | |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

## PURCHASED POWER (Account 555)
(Including power exchanges)

1. Report all power purchases made during the year. Also report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges.
2. Enter the name of the seller or other party in an exchange transaction in column (a). Do not abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the seller.
3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:

RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projects load for this service in its system resource planning). In addition, the reliability of requirement service must be the same as, or second only to, the supplier's service to its own ultimate consumers.

LF - for long-term firm service. "Long-term" means five years or longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for long-term firm service firm service which meets the definition of RQ service. For all transaction identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or seller can unilaterally get out of the contract.

IF - for intermediate-term firm service. The same as LF service expect that "intermediate-term" means longer than one year but less than five years.

SF - for short-term service. Use this category for all firm services, where the duration of each period of commitment for service is one year or less.

LU - for long-term service from a designated generating unit. "Long-term" means five years or longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of the designated unit.

IU - for intermediate-term service from a designated generating unit. The same as LU service expect that "intermediate-term" means longer than one year but less than five years.

EX - For exchanges of electricity. Use this category for transactions involving a balancing of debits and credits for energy, capacity, etc. and any settlements for imbalanced exchanges.

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| Line No. | Name of Company or Public Authority (Footnote Affiliations) (a) | Statistical Classification (b) | FERC Rate Schedule or Tariff Number (c) | Average Monthly Billing Demand (MW) (d) | Actual Demand (MW) Average Monthly NCP Demand (e) | Actual Demand (MW) Average Monthly CP Demand (f) |
|---|---|---|---|---|---|---|
| 1 | Credit Suisse Energy, LLC | OS | 1 | 200 | 200 | 200 |
| 2 | DB Energy Trading, LLC | SF | 1 | | | |
| 3 | Dynegy Power Marketing, Inc. | SF | 1 | | | |
| 4 | Eagle Energy Partners 1, L.P. | SF | 1 | | | |
| 5 | Fortis Energy Marketing & Trading, GP | SF | 1 | | | |
| 6 | Four Peaks Energy Inc. | OS | 1 | | | |
| 7 | Four Peaks Energy Inc. | AD | 1 | | | |
| 8 | Freeport-MCMoran Cooper & Gold Energy | LU | 2 | | | |
| 9 | Gila River Power, L.P. | SF | 1 | | | |
| 10 | Gila River Power, L.P. | OS | 1 | | | |
| 11 | Iberdrola Renewables, Inc | SF | 1 | | | |
| 12 | Idaho Power Company Marketing | SF | 1 | | | |
| 13 | Imperial Irrigation District | SF | 1 | | | |
| 14 | Integrys Energy Services, Inc. | SF | 1 | | | |
| | Total | | | | | |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

## PURCHASED POWER (Account 555)
(Including power exchanges)

1. Report all power purchases made during the year. Also report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges.
2. Enter the name of the seller or other party in an exchange transaction in column (a). Do not abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the seller.
3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:

RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projects load for this service in its system resource planning). In addition, the reliability of requirement service must be the same as, or second only to, the supplier's service to its own ultimate consumers.

LF - for long-term firm service. "Long-term" means five years or longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for long-term firm service firm service which meets the definition of RQ service. For all transaction identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or seller can unilaterally get out of the contract.

IF - for intermediate-term firm service. The same as LF service expect that "intermediate-term" means longer than one year but less than five years.

SF - for short-term service. Use this category for all firm services, where the duration of each period of commitment for service is one year or less.

LU - for long-term service from a designated generating unit. "Long-term" means five years or longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of the designated unit.

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EX - For exchanges of electricity. Use this category for transactions involving a balancing of debits and credits for energy, capacity, etc. and any settlements for imbalanced exchanges.

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| Line No. | Name of Company or Public Authority (Footnote Affiliations) (a) | Statistical Classifi-cation (b) | FERC Rate Schedule or Tariff Number (c) | Average Monthly Billing Demand (MW) (d) | Actual Demand (MW) Average Monthly NCP Demand (e) | Actual Demand (MW) Average Monthly CP Demand (f) |
|---|---|---|---|---|---|---|
| 1 | JP Morgan Ventures Energy Corp | SF | 1 | | | |
| 2 | JP Morgan Ventures Energy Corp | AD | 1 | | | |
| 3 | Los Alamos County | SF | 1 | | | |
| 4 | Los Angeles Dept of Water and Power | SF | 1 | | | |
| 5 | Los Angeles Dept of Water and Power | AD | 1 | | | |
| 6 | Los Angeles Dept of Water and Power | OS | 1 | | | |
| 7 | Macquarie Cook Power Inc. | SF | 1 | | | |
| 8 | Mirant Energy Trading, LLC | SF | 1 | | | |
| 9 | Morgan Stanley Capital Group, Inc. | SF | 1 | | | |
| 10 | Morgan Stanley Capital Group, Inc. | AD | 1 | | | |
| 11 | PacifiCorp | SF | 1 | | | |
| 12 | PacifiCorp | AD | 1 | | | |
| 13 | Phelps Dodge Energy Services, LLP | LU | 2 | | | |
| 14 | Phelps Dodge Energy Services, LLP | AD | 2 | | | |
| | Total | | | | | |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

## PURCHASED POWER (Account 555)
(Including power exchanges)

1. Report all power purchases made during the year. Also report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges.
2. Enter the name of the seller or other party in an exchange transaction in column (a). Do not abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the seller.
3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:

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LF - for long-term firm service. "Long-term" means five years or longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for long-term firm service firm service which meets the definition of RQ service. For all transaction identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or seller can unilaterally get out of the contract.

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SF - for short-term service. Use this category for all firm services, where the duration of each period of commitment for service is one year or less.

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IU - for intermediate-term service from a designated generating unit. The same as LU service expect that "intermediate-term" means longer than one year but less than five years.

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| Line No. | Name of Company or Public Authority (Footnote Affiliations) (a) | Statistical Classification (b) | FERC Rate Schedule or Tariff Number (c) | Average Monthly Billing Demand (MW) (d) | Actual Demand (MW) Average Monthly NCP Demand (e) | Actual Demand (MW) Average Monthly CP Demand (f) |
|---|---|---|---|---|---|---|
| 1 | Powerex Corp. | SF | 1 | | | |
| 2 | Powerex Corp. | AD | 1 | | | |
| 3 | Public Service Company of Colorado | SF | 1 | | | |
| 4 | Public Service Company of New Mexico | SF | 1 | | | |
| 5 | Public Service Company of New Mexico | OS | 1 | | | |
| 6 | Rainbow Energy Marketing Corp | SF | 1 | | | |
| 7 | Sempra Energy Trading, LLC | SF | 1 | | | |
| 8 | Shell Energy North America (US), L.P. | SF | 1 | | | |
| 9 | Shell Energy North America (US), L.P. | AD | 1 | | | |
| 10 | Southwest Environmental Center | OS | 1 | | | |
| 11 | Southwestern Public Service Company | RQ | 1 | 133 | 133 | 133 |
| 12 | Southwestern Public Service Company | SF | 1 | | | |
| 13 | Southwestern Public Service Company | AD | 1 | | | |
| 14 | Southwestern Public Service Company | AD | 1 | | | |
| | Total | | | | | |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

## PURCHASED POWER (Account 555)
(Including power exchanges)

1. Report all power purchases made during the year. Also report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges.
2. Enter the name of the seller or other party in an exchange transaction in column (a). Do not abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the seller.
3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:

RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projects load for this service in its system resource planning). In addition, the reliability of requirement service must be the same as, or second only to, the supplier's service to its own ultimate consumers.

LF - for long-term firm service. "Long-term" means five years or longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for long-term firm service firm service which meets the definition of RQ service. For all transaction identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or seller can unilaterally get out of the contract.

IF - for intermediate-term firm service. The same as LF service expect that "intermediate-term" means longer than one year but less than five years.

SF - for short-term service. Use this category for all firm services, where the duration of each period of commitment for service is one year or less.

LU - for long-term service from a designated generating unit. "Long-term" means five years or longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of the designated unit.

IU - for intermediate-term service from a designated generating unit. The same as LU service expect that "intermediate-term" means longer than one year but less than five years.

EX - For exchanges of electricity. Use this category for transactions involving a balancing of debits and credits for energy, capacity, etc. and any settlements for imbalanced exchanges.

OS - for other service. Use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote for each adjustment.

| Line No. | Name of Company or Public Authority (Footnote Affiliations) (a) | Statistical Classification (b) | FERC Rate Schedule or Tariff Number (c) | Average Monthly Billing Demand (MW) (d) | Actual Demand (MW) Average Monthly NCP Demand (e) | Actual Demand (MW) Average Monthly CP Demand (f) |
|---|---|---|---|---|---|---|
| 1 | Salt River Project Agricultural Improv | SF | 1 | | | |
| 2 | Salt River Project Agricultural Improv | AD | 1 | | | |
| 3 | Salt River Project Agricultural Improv | OS | 1 | | | |
| 4 | Transalta Energy Marketing (US), Inc | SF | 1 | | | |
| 5 | Transalta Energy Marketing (US), Inc | AD | 1 | | | |
| 6 | Tri-State G & T Power Association Inc | SF | 1 | | | |
| 7 | Tucson Electric Power Marketing | OS | 1 | | | |
| 8 | Tucson Electric Power Marketing | SF | 1 | | | |
| 9 | Tucson Electric Power Marketing | AD | 1 | | | |
| 10 | Westar Energy, Inc. | SF | 1 | | | |
| 11 | Arizona Electric Power Cooperative | SF | 104 | | | |
| 12 | Arizona Public Service Company | SF | 104 | | | |
| 13 | Dynegy | SF | 104 | | | |
| 14 | HGMA | SF | 104 | | | |
| | Total | | | | | |

# PURCHASED POWER (Account 555)
(Including power exchanges)

1. Report all power purchases made during the year. Also report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges.
2. Enter the name of the seller or other party in an exchange transaction in column (a). Do not abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the seller.
3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:

RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projects load for this service in its system resource planning). In addition, the reliability of requirement service must be the same as, or second only to, the supplier's service to its own ultimate consumers.

LF - for long-term firm service. "Long-term" means five years or longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for long-term firm service firm service which meets the definition of RQ service. For all transaction identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or seller can unilaterally get out of the contract.

IF - for intermediate-term firm service. The same as LF service expect that "intermediate-term" means longer than one year but less than five years.

SF - for short-term service. Use this category for all firm services, where the duration of each period of commitment for service is one year or less.

LU - for long-term service from a designated generating unit. "Long-term" means five years or longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of the designated unit.

IU - for intermediate-term service from a designated generating unit. The same as LU service expect that "intermediate-term" means longer than one year but less than five years.

EX - For exchanges of electricity. Use this category for transactions involving a balancing of debits and credits for energy, capacity, etc. and any settlements for imbalanced exchanges.

OS - for other service. Use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote for each adjustment.

| Line No. | Name of Company or Public Authority (Footnote Affiliations) (a) | Statistical Classification (b) | FERC Rate Schedule or Tariff Number (c) | Average Monthly Billing Demand (MW) (d) | Actual Demand (MW) Average Monthly NCP Demand (e) | Actual Demand (MW) Average Monthly CP Demand (f) |
|---|---|---|---|---|---|---|
| 1 | LS Power | SF | 104 | | | |
| 2 | Panda Gila River | SF | 104 | | | |
| 3 | Salt River Project | SF | 104 | | | |
| 4 | Tucson Electric Power Company | SF | 104 | | | |
| 5 | Tri-State | SF | 104 | | | |
| 6 | Western Area Power Administration | SF | 104 | | | |
| 7 | NM Net Mtr PP | OS | 16 | | | |
| 8 | NM Net Mtr RECs | OS | 33 | | | |
| 9 | Arizona Electric Power Cooperative | EX | 01 | | | |
| 10 | Arizona Public Service Company | EX | 53 | | | |
| 11 | Public Service Company of New Mexico | EX | 23 | | | |
| 12 | Public Service Company of NM (StartUp) | EX | 53 | | | |
| 13 | Coral Power | EX | 01 | | | |
| 14 | Salt River Project | EX | 48 | | | |
| | Total | | | | | |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

## PURCHASED POWER (Account 555)
(Including power exchanges)

1. Report all power purchases made during the year. Also report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges.
2. Enter the name of the seller or other party in an exchange transaction in column (a). Do not abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the seller.
3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:

RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projects load for this service in its system resource planning). In addition, the reliability of requirement service must be the same as, or second only to, the supplier's service to its own ultimate consumers.

LF - for long-term firm service. "Long-term" means five years or longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for long-term firm service firm service which meets the definition of RQ service. For all transaction identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or seller can unilaterally get out of the contract.

IF - for intermediate-term firm service. The same as LF service expect that "intermediate-term" means longer than one year but less than five years.

SF - for short-term service. Use this category for all firm services, where the duration of each period of commitment for service is one year or less.

LU - for long-term service from a designated generating unit. "Long-term" means five years or longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of the designated unit.

IU - for intermediate-term service from a designated generating unit. The same as LU service expect that "intermediate-term" means longer than one year but less than five years.

EX - For exchanges of electricity. Use this category for transactions involving a balancing of debits and credits for energy, capacity, etc. and any settlements for imbalanced exchanges.

OS - for other service. Use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote for each adjustment.

| Line No. | Name of Company or Public Authority (Footnote Affiliations) (a) | Statistical Classification (b) | FERC Rate Schedule or Tariff Number (c) | Average Monthly Billing Demand (MW) (d) | Actual Demand (MW) Average Monthly NCP Demand (e) | Actual Demand (MW) Average Monthly CP Demand (f) |
|---|---|---|---|---|---|---|
| 1 | Tri-State G&T Association, Inc. | EX | 80 | | | |
| 2 | Tucson Electric Power Company | EX | 38 | | | |
| 3 | Western Area Power Administration | EX | 01 | | | |
| 4 | Inadvertent | | | | | |
| 5 | | | | | | |
| 6 | | | | | | |
| 7 | | | | | | |
| 8 | | | | | | |
| 9 | | | | | | |
| 10 | | | | | | |
| 11 | | | | | | |
| 12 | | | | | | |
| 13 | | | | | | |
| 14 | | | | | | |
| | Total | | | | | |

PURCHASED POWER(Account 555) (Continued)
(Including power exchanges)

AD - for out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

4. In column (c), identify the FERC Rate Schedule Number or Tariff, or, for non-FERC jurisdictional sellers, include an appropriate designation for the contract. On separate lines, list all FERC rate schedules, tariffs or contract designations under which service, as identified in column (b), is provided.
5. For requirements RQ purchases and any type of service involving demand charges imposed on a monnthly (or longer) basis, enter the monthly average billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP) demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.
6. Report in column (g) the megawatthours shown on bills rendered to the respondent. Report in columns (h) and (i) the megawatthours of power exchanges received and delivered, used as the basis for settlement. Do not report net exchange.
7. Report demand charges in column (j), energy charges in column (k), and the total of any other types of charges, including out-of-period adjustments, in column (l). Explain in a footnote all components of the amount shown in column (l). Report in column (m) the total charge shown on bills received as settlement by the respondent. For power exchanges, report in column (m) the settlement amount for the net receipt of energy. If more energy was delivered than received, enter a negative amount. If the settlement amount (l) include credits or charges other than incremental generation expenses, or (2) excludes certain credits or charges covered by the agreement, provide an explanatory footnote.
8. The data in column (g) through (m) must be totalled on the last line of the schedule. The total amount in column (g) must be reported as Purchases on Page 401, line 10. The total amount in column (h) must be reported as Exchange Received on Page 401, line 12. The total amount in column (i) must be reported as Exchange Delivered on Page 401, line 13.
9. Footnote entries as required and provide explanations following all required data.

| MegaWatt Hours Purchased (g) | POWER EXCHANGES | | COST/SETTLEMENT OF POWER | | | | Line No. |
|---|---|---|---|---|---|---|---|
| | MegaWatt Hours Received (h) | MegaWatt Hours Delivered (i) | Demand Charges ($) (j) | Energy Charges ($) (k) | Other Charges ($) (l) | Total (j+k+l) of Settlement ($) (m) | |
| 17,449 | | | | 577,235 | | 577,235 | 1 |
| 112,329 | | | | 2,858,870 | | 2,858,870 | 2 |
| -55 | | | | -1,650 | | -1,650 | 3 |
| 800 | | | | 36,000 | | 36,000 | 4 |
| 11,535 | | | | 382,895 | | 382,895 | 5 |
| 1,600 | | | | 54,720 | | 54,720 | 6 |
| 223,800 | | | | 6,654,113 | | 6,654,113 | 7 |
| 36 | | | | 1,627 | | 1,627 | 8 |
| 4,256 | | | | 160,160 | | 160,160 | 9 |
| 500 | | | | 29,750 | | 29,750 | 10 |
| 4,065 | | | | 153,901 | | 153,901 | 11 |
| -25 | | | | -700 | | -700 | 12 |
| 24,425 | | | | 731,394 | | 731,394 | 13 |
| 583,181 | | | | 23,376,853 | | 23,376,853 | 14 |
| 3,201,075 | 116,614 | 57,091 | 18,330,180 | 87,536,776 | 2,736,428 | 108,603,384 | |

PURCHASED POWER(Account 555) (Continued)
(Including power exchanges)

AD - for out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

4. In column (c), identify the FERC Rate Schedule Number or Tariff, or, for non-FERC jurisdictional sellers, include an appropriate designation for the contract. On separate lines, list all FERC rate schedules, tariffs or contract designations under which service, as identified in column (b), is provided.
5. For requirements RQ purchases and any type of service involving demand charges imposed on a monnthly (or longer) basis, enter the monthly average billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP) demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.
6. Report in column (g) the megawatthours shown on bills rendered to the respondent. Report in columns (h) and (i) the megawatthours of power exchanges received and delivered, used as the basis for settlement. Do not report net exchange.
7. Report demand charges in column (j), energy charges in column (k), and the total of any other types of charges, including out-of-period adjustments, in column (l). Explain in a footnote all components of the amount shown in column (l). Report in column (m) the total charge shown on bills received as settlement by the respondent. For power exchanges, report in column (m) the settlement amount for the net receipt of energy. If more energy was delivered than received, enter a negative amount. If the settlement amount (l) include credits or charges other than incremental generation expenses, or (2) excludes certain credits or charges covered by the agreement, provide an explanatory footnote.
8. The data in column (g) through (m) must be totalled on the last line of the schedule. The total amount in column (g) must be reported as Purchases on Page 401, line 10. The total amount in column (h) must be reported as Exchange Received on Page 401, line 12. The total amount in column (i) must be reported as Exchange Delivered on Page 401, line 13.
9. Footnote entries as required and provide explanations following all required data.

| MegaWatt Hours Purchased (g) | POWER EXCHANGES: MegaWatt Hours Received (h) | POWER EXCHANGES: MegaWatt Hours Delivered (i) | COST/SETTLEMENT OF POWER: Demand Charges ($) (j) | COST/SETTLEMENT OF POWER: Energy Charges ($) (k) | COST/SETTLEMENT OF POWER: Other Charges ($) (l) | Total (j+k+l) of Settlement ($) (m) | Line No. |
|---|---|---|---|---|---|---|---|
| | | | 11,220,000 | | 2,145,000 | 13,365,000 | 1 |
| 8,000 | | | | 190,000 | | 190,000 | 2 |
| 5,947 | | | | 222,214 | | 222,214 | 3 |
| 15,800 | | | | 328,000 | | 328,000 | 4 |
| 12,800 | | | | 309,600 | | 309,600 | 5 |
| 4,126 | | | | 238,600 | 32,925 | 271,525 | 6 |
| | | | | 5,107 | | 5,107 | 7 |
| 225,857 | | | | | | | 8 |
| 49,862 | | | | 1,883,317 | | 1,883,317 | 9 |
| | | | | | 3,250 | 3,250 | 10 |
| 10,000 | | | | 207,000 | | 207,000 | 11 |
| 2,400 | | | | 61,000 | | 61,000 | 12 |
| 2,160 | | | | 54,043 | | 54,043 | 13 |
| 2,800 | | | | 100,520 | | 100,520 | 14 |
| 3,201,075 | 116,614 | 57,091 | 18,330,180 | 87,536,776 | 2,736,428 | 108,603,384 | |

AD - for out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

4. In column (c), identify the FERC Rate Schedule Number or Tariff, or, for non-FERC jurisdictional sellers, include an appropriate designation for the contract. On separate lines, list all FERC rate schedules, tariffs or contract designations under which service, as identified in column (b), is provided.
5. For requirements RQ purchases and any type of service involving demand charges imposed on a monnthly (or longer) basis, enter the monthly average billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP) demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.
6. Report in column (g) the megawatthours shown on bills rendered to the respondent. Report in columns (h) and (i) the megawatthours of power exchanges received and delivered, used as the basis for settlement. Do not report net exchange.
7. Report demand charges in column (j), energy charges in column (k), and the total of any other types of charges, including out-of-period adjustments, in column (l). Explain in a footnote all components of the amount shown in column (l). Report in column (m) the total charge shown on bills received as settlement by the respondent. For power exchanges, report in column (m) the settlement amount for the net receipt of energy. If more energy was delivered than received, enter a negative amount. If the settlement amount (l) include credits or charges other than incremental generation expenses, or (2) excludes certain credits or charges covered by the agreement, provide an explanatory footnote.
8. The data in column (g) through (m) must be totalled on the last line of the schedule. The total amount in column (g) must be reported as Purchases on Page 401, line 10. The total amount in column (h) must be reported as Exchange Received on Page 401, line 12. The total amount in column (i) must be reported as Exchange Delivered on Page 401, line 13.
9. Footnote entries as required and provide explanations following all required data.

| MegaWatt Hours Purchased (g) | POWER EXCHANGES: MegaWatt Hours Received (h) | POWER EXCHANGES: MegaWatt Hours Delivered (i) | COST/SETTLEMENT OF POWER: Demand Charges ($) (j) | COST/SETTLEMENT OF POWER: Energy Charges ($) (k) | COST/SETTLEMENT OF POWER: Other Charges ($) (l) | COST/SETTLEMENT OF POWER: Total (j+k+l) of Settlement ($) (m) | Line No. |
|---|---|---|---|---|---|---|---|
| 4,395 | | | | 139,217 | | 139,217 | 1 |
| 200 | | | | 12,400 | | 12,400 | 2 |
| 480 | | | | 11,012 | | 11,012 | 3 |
| 4,325 | | | | 205,804 | | 205,804 | 4 |
| | | | | 250 | | 250 | 5 |
| | | | | | 46,670 | 46,670 | 6 |
| 11,200 | | | | 351,120 | | 351,120 | 7 |
| 3,200 | | | | 126,440 | | 126,440 | 8 |
| 105,356 | | | | 3,354,782 | | 3,354,782 | 9 |
| -206 | | | | -12,670 | | -12,670 | 10 |
| 31,962 | | | | 1,149,178 | | 1,149,178 | 11 |
| 210 | | | | 7,550 | | 7,550 | 12 |
| 288,523 | | | | | | | 13 |
| 718 | | | | | | | 14 |
| 3,201,075 | 116,614 | 57,091 | 18,330,180 | 87,536,776 | 2,736,428 | 108,603,384 | |

PURCHASED POWER(Account 555) (Continued)
(Including power exchanges)

AD - for out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

4. In column (c), identify the FERC Rate Schedule Number or Tariff, or, for non-FERC jurisdictional sellers, include an appropriate designation for the contract. On separate lines, list all FERC rate schedules, tariffs or contract designations under which service, as identified in column (b), is provided.
5. For requirements RQ purchases and any type of service involving demand charges imposed on a monnthly (or longer) basis, enter the monthly average billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP) demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.
6. Report in column (g) the megawatthours shown on bills rendered to the respondent. Report in columns (h) and (i) the megawatthours of power exchanges received and delivered, used as the basis for settlement. Do not report net exchange.
7. Report demand charges in column (j), energy charges in column (k), and the total of any other types of charges, including out-of-period adjustments, in column (l). Explain in a footnote all components of the amount shown in column (l). Report in column (m) the total charge shown on bills received as settlement by the respondent. For power exchanges, report in column (m) the settlement amount for the net receipt of energy. If more energy was delivered than received, enter a negative amount. If the settlement amount (l) include credits or charges other than incremental generation expenses, or (2) excludes certain credits or charges covered by the agreement, provide an explanatory footnote.
8. The data in column (g) through (m) must be totalled on the last line of the schedule. The total amount in column (g) must be reported as Purchases on Page 401, line 10. The total amount in column (h) must be reported as Exchange Received on Page 401, line 12. The total amount in column (i) must be reported as Exchange Delivered on Page 401, line 13.
9. Footnote entries as required and provide explanations following all required data.

| MegaWatt Hours Purchased (g) | POWER EXCHANGES | | COST/SETTLEMENT OF POWER | | | | Line No. |
|---|---|---|---|---|---|---|---|
| | MegaWatt Hours Received (h) | MegaWatt Hours Delivered (i) | Demand Charges ($) (j) | Energy Charges ($) (k) | Other Charges ($) (l) | Total (j+k+l) of Settlement ($) (m) | |
| 20,735 | | | | 1,012,488 | | 1,012,488 | 1 |
| -145 | | | | -5,255 | | -5,255 | 2 |
| 2,020 | | | | 62,200 | | 62,200 | 3 |
| 70,485 | | | | 2,614,784 | | 2,614,784 | 4 |
| | | | | | 1,485 | 1,485 | 5 |
| 1,200 | | | | 45,600 | | 45,600 | 6 |
| 19,670 | | | | 775,140 | | 775,140 | 7 |
| 751,644 | | | | 21,382,404 | | 21,382,404 | 8 |
| 322 | | | | 32,536 | | 32,536 | 9 |
| 10 | | | | 1,212 | | 1,212 | 10 |
| 365,930 | | | 7,110,180 | 10,324,666 | | 17,434,846 | 11 |
| 2,075 | | | | 66,635 | 2,258 | 68,893 | 12 |
| | | | | | 475,500 | 475,500 | 13 |
| | | | | 93,231 | -8,844 | 84,387 | 14 |
| 3,201,075 | 116,614 | 57,091 | 18,330,180 | 87,536,776 | 2,736,428 | 108,603,384 | |

PURCHASED POWER(Account 555) (Continued)
(Including power exchanges)

AD - for out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

4. In column (c), identify the FERC Rate Schedule Number or Tariff, or, for non-FERC jurisdictional sellers, include an appropriate designation for the contract. On separate lines, list all FERC rate schedules, tariffs or contract designations under which service, as identified in column (b), is provided.
5. For requirements RQ purchases and any type of service involving demand charges imposed on a monnthly (or longer) basis, enter the monthly average billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP) demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.
6. Report in column (g) the megawatthours shown on bills rendered to the respondent. Report in columns (h) and (i) the megawatthours of power exchanges received and delivered, used as the basis for settlement. Do not report net exchange.
7. Report demand charges in column (j), energy charges in column (k), and the total of any other types of charges, including out-of-period adjustments, in column (l). Explain in a footnote all components of the amount shown in column (l). Report in column (m) the total charge shown on bills received as settlement by the respondent. For power exchanges, report in column (m) the settlement amount for the net receipt of energy. If more energy was delivered than received, enter a negative amount. If the settlement amount (l) include credits or charges other than incremental generation expenses, or (2) excludes certain credits or charges covered by the agreement, provide an explanatory footnote.
8. The data in column (g) through (m) must be totalled on the last line of the schedule. The total amount in column (g) must be reported as Purchases on Page 401, line 10. The total amount in column (h) must be reported as Exchange Received on Page 401, line 12. The total amount in column (i) must be reported as Exchange Delivered on Page 401, line 13.
9. Footnote entries as required and provide explanations following all required data.

| MegaWatt Hours Purchased (g) | POWER EXCHANGES | | COST/SETTLEMENT OF POWER | | | | Line No. |
|---|---|---|---|---|---|---|---|
| | MegaWatt Hours Received (h) | MegaWatt Hours Delivered (i) | Demand Charges ($) (j) | Energy Charges ($) (k) | Other Charges ($) (l) | Total (j+k+l) of Settlement ($) (m) | |
| 128,709 | | | | 4,962,336 | | 4,962,336 | 1 |
| | | | | -75 | | -75 | 2 |
| | | | | | 10,845 | 10,845 | 3 |
| 1,784 | | | | 50,548 | | 50,548 | 4 |
| | | | | -250 | | -250 | 5 |
| 26,557 | | | | 960,101 | | 960,101 | 6 |
| | | | | | 425 | 425 | 7 |
| 33,088 | | | | 1,066,563 | | 1,066,563 | 8 |
| -49 | | | | -1,315 | -50 | -1,365 | 9 |
| 2,688 | | | | 120,480 | | 120,480 | 10 |
| 26 | | | | 1,197 | | 1,197 | 11 |
| 49 | | | | 1,566 | | 1,566 | 12 |
| 9 | | | | 738 | | 738 | 13 |
| 66 | | | | 2,782 | -1,513 | 1,269 | 14 |
| 3,201,075 | 116,614 | 57,091 | 18,330,180 | 87,536,776 | 2,736,428 | 108,603,384 | |

| Name of Respondent | This Report Is: | Date of Report | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | (Mo, Da, Yr)<br>/ / | End of 2009/Q4 |

PURCHASED POWER(Account 555) (Continued)
(Including power exchanges)

AD - for out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

4. In column (c), identify the FERC Rate Schedule Number or Tariff, or, for non-FERC jurisdictional sellers, include an appropriate designation for the contract. On separate lines, list all FERC rate schedules, tariffs or contract designations under which service, as identified in column (b), is provided.
5. For requirements RQ purchases and any type of service involving demand charges imposed on a monnthly (or longer) basis, enter the monthly average billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP) demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.
6. Report in column (g) the megawatthours shown on bills rendered to the respondent. Report in columns (h) and (i) the megawatthours of power exchanges received and delivered, used as the basis for settlement. Do not report net exchange.
7. Report demand charges in column (j), energy charges in column (k), and the total of any other types of charges, including out-of-period adjustments, in column (l). Explain in a footnote all components of the amount shown in column (l). Report in column (m) the total charge shown on bills received as settlement by the respondent. For power exchanges, report in column (m) the settlement amount for the net receipt of energy. If more energy was delivered than received, enter a negative amount. If the settlement amount (l) include credits or charges other than incremental generation expenses, or (2) excludes certain credits or charges covered by the agreement, provide an explanatory footnote.
8. The data in column (g) through (m) must be totalled on the last line of the schedule. The total amount in column (g) must be reported as Purchases on Page 401, line 10. The total amount in column (h) must be reported as Exchange Received on Page 401, line 12. The total amount in column (i) must be reported as Exchange Delivered on Page 401, line 13.
9. Footnote entries as required and provide explanations following all required data.

| MegaWatt Hours Purchased (g) | POWER EXCHANGES: MegaWatt Hours Received (h) | POWER EXCHANGES: MegaWatt Hours Delivered (i) | COST/SETTLEMENT OF POWER: Demand Charges ($) (j) | COST/SETTLEMENT OF POWER: Energy Charges ($) (k) | COST/SETTLEMENT OF POWER: Other Charges ($) (l) | Total (j+k+l) of Settlement ($) (m) | Line No. |
|---|---|---|---|---|---|---|---|
| 5 | | | | 500 | | 500 | 1 |
| 53 | | | | 2,257 | | 2,257 | 2 |
| 51 | | | | 1,565 | | 1,565 | 3 |
| 41 | | | | 1,925 | | 1,925 | 4 |
| 10 | | | | 565 | | 565 | 5 |
| 3 | | | | | | | 6 |
| 28 | | | | | 1,977 | 1,977 | 7 |
| | | | | | 26,500 | 26,500 | 8 |
| | 2,377 | | | | | | 9 |
| | | 122 | | | | | 10 |
| | 33,218 | | | | | | 11 |
| | 6 | | | | | | 12 |
| | 4,162 | | | | | | 13 |
| | | 21,392 | | | | | 14 |
| 3,201,075 | 116,614 | 57,091 | 18,330,180 | 87,536,776 | 2,736,428 | 108,603,384 | |

PURCHASED POWER(Account 555) (Continued)
(Including power exchanges)

AD - for out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

4. In column (c), identify the FERC Rate Schedule Number or Tariff, or, for non-FERC jurisdictional sellers, include an appropriate designation for the contract. On separate lines, list all FERC rate schedules, tariffs or contract designations under which service, as identified in column (b), is provided.
5. For requirements RQ purchases and any type of service involving demand charges imposed on a monnthly (or longer) basis, enter the monthly average billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP) demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.
6. Report in column (g) the megawatthours shown on bills rendered to the respondent. Report in columns (h) and (i) the megawatthours of power exchanges received and delivered, used as the basis for settlement. Do not report net exchange.
7. Report demand charges in column (j), energy charges in column (k), and the total of any other types of charges, including out-of-period adjustments, in column (l). Explain in a footnote all components of the amount shown in column (l). Report in column (m) the total charge shown on bills received as settlement by the respondent. For power exchanges, report in column (m) the settlement amount for the net receipt of energy. If more energy was delivered than received, enter a negative amount. If the settlement amount (l) include credits or charges other than incremental generation expenses, or (2) excludes certain credits or charges covered by the agreement, provide an explanatory footnote.
8. The data in column (g) through (m) must be totalled on the last line of the schedule. The total amount in column (g) must be reported as Purchases on Page 401, line 10. The total amount in column (h) must be reported as Exchange Received on Page 401, line 12. The total amount in column (i) must be reported as Exchange Delivered on Page 401, line 13.
9. Footnote entries as required and provide explanations following all required data.

| MegaWatt Hours Purchased (g) | POWER EXCHANGES: MegaWatt Hours Received (h) | POWER EXCHANGES: MegaWatt Hours Delivered (i) | COST/SETTLEMENT OF POWER: Demand Charges ($) (j) | COST/SETTLEMENT OF POWER: Energy Charges ($) (k) | COST/SETTLEMENT OF POWER: Other Charges ($) (l) | COST/SETTLEMENT OF POWER: Total (j+k+l) of Settlement ($) (m) | Line No. |
|---|---|---|---|---|---|---|---|
| | 19,439 | | | | | | 1 |
| | 21,315 | | | | | | 2 |
| | 293 | | | | | | 3 |
| | 35,804 | 35,577 | | | | | 4 |
| | | | | | | | 5 |
| | | | | | | | 6 |
| | | | | | | | 7 |
| | | | | | | | 8 |
| | | | | | | | 9 |
| | | | | | | | 10 |
| | | | | | | | 11 |
| | | | | | | | 12 |
| | | | | | | | 13 |
| | | | | | | | 14 |
| 3,201,075 | 116,614 | 57,091 | 18,330,180 | 87,536,776 | 2,736,428 | 108,603,384 | |

***Schedule Page: 326 Line No.: 1 Column: c***
1=WSPP Agreement - Rate Schedule FERC No. 6

***Schedule Page: 326 Line No.: 3 Column: b***
Prior year adjustment.

***Schedule Page: 326 Line No.: 8 Column: b***
Prior year adjustment.

***Schedule Page: 326 Line No.: 10 Column: b***
Prior year adjustment.

***Schedule Page: 326 Line No.: 12 Column: b***
Prior year adjustment.

***Schedule Page: 326.1 Line No.: 1 Column: l***
Fixed fuel charge

***Schedule Page: 326.1 Line No.: 6 Column: b***
Interconnection Agreement and Contract for Power Services between El Paso Electric Company and Four Peaks Energy, Inc. Contract is an evergreen contract.

***Schedule Page: 326.1 Line No.: 6 Column: l***
Payment of charges related to New Mexico Public Regulatory Commission (NMPRC)Final Order No. 09-00259-UT.

***Schedule Page: 326.1 Line No.: 7 Column: b***
Prior year adjustment.

***Schedule Page: 326.1 Line No.: 8 Column: g***
The 225,857 MWhs relate to purchases from Freeport-McMoran related to the Company's Power Purchase and Sales Agreement with Phelps Dodge dated December 16, 2005.

***Schedule Page: 326.1 Line No.: 10 Column: b***
Spinning reserve purchases.

***Schedule Page: 326.1 Line No.: 10 Column: l***
Spinning reserve purchases.

***Schedule Page: 326.2 Line No.: 2 Column: b***
Prior year adjustment.

***Schedule Page: 326.2 Line No.: 5 Column: b***
Prior year adjustment.

***Schedule Page: 326.2 Line No.: 6 Column: b***
Spinning reserve purchases.

***Schedule Page: 326.2 Line No.: 6 Column: l***
Spinning reserve purchases.

***Schedule Page: 326.2 Line No.: 10 Column: b***
Prior year adjustment.

***Schedule Page: 326.2 Line No.: 12 Column: b***
Prior year adjustment.

***Schedule Page: 326.2 Line No.: 13 Column: g***
The 288,523 MWhs relate to purchases from Phelps Dodge related to the Company's Power Purchase and Sales Agreement with Phelps Dodge dated December 16, 2005.

***Schedule Page: 326.2 Line No.: 14 Column: b***
Prior year adjustment.

***Schedule Page: 326.3 Line No.: 2 Column: b***
Prior year adjustment.

***Schedule Page: 326.3 Line No.: 5 Column: b***
Spinning reserve purchases.

***Schedule Page: 326.3 Line No.: 5 Column: l***
Spinning reserve purchases.

***Schedule Page: 326.3 Line No.: 9 Column: b***
Prior year adjustment.

***Schedule Page: 326.3 Line No.: 10 Column: b***
Renewable Purchase Power Agreement between Southwest Environmental Center and El Paso

Electric Company. Contract is a minimum twenty year term beginning in 2008.

***Schedule Page: 326.3 Line No.: 13 Column: b***

Prior period adjustment related to the purchase in 2007 and 2008 of Texas renewable energy from various vendors.

***Schedule Page: 326.3 Line No.: 13 Column: l***

Prior period adjustment related to the purchase in 2007 and 2008 of Texas renewable energy from various vendors.

***Schedule Page: 326.3 Line No.: 14 Column: b***

Prior year adjustment.

***Schedule Page: 326.4 Line No.: 2 Column: b***

Prior year adjustment.

***Schedule Page: 326.4 Line No.: 3 Column: b***

Spinning reserve purchases.

***Schedule Page: 326.4 Line No.: 3 Column: l***

Spinning reserve purchases.

***Schedule Page: 326.4 Line No.: 5 Column: b***

Prior year adjustment.

***Schedule Page: 326.4 Line No.: 7 Column: b***

Spinning reserve purchases.

***Schedule Page: 326.4 Line No.: 7 Column: l***

Spinning reserve purchases.

***Schedule Page: 326.4 Line No.: 9 Column: b***

Prior year adjustment.

***Schedule Page: 326.4 Line No.: 14 Column: l***

Prior period adjustment.

***Schedule Page: 326.5 Line No.: 6 Column: k***

There are no monetary charges associated with this transaction. Transaction settles in-kind exchange of energy.

***Schedule Page: 326.5 Line No.: 7 Column: c***

New Mexico Rate No.16

***Schedule Page: 326.5 Line No.: 7 Column: l***

Represents amount paid to various New Mexico customers for excess renewable energy generated by customers and bought by the Company.

***Schedule Page: 326.5 Line No.: 8 Column: c***

New Mexico Rate No.33

***Schedule Page: 326.5 Line No.: 8 Column: l***

Represents amount paid for renewable energy certificates related to renewable energy generated by various New Mexico customers.

| Name of Respondent<br>El Paso Electric Company | This Report Is:<br>(1) [X] An Original<br>(2) [ ] A Resubmission | Date of Report<br>(Mo, Da, Yr)<br>/ / | Year/Period of Report<br>End of 2009/Q4 |
|---|---|---|---|

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

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

| Line No. | Payment By (Company of Public Authority) (Footnote Affiliation) (a) | Energy Received From (Company of Public Authority) (Footnote Affiliation) (b) | Energy Delivered To (Company of Public Authority) (Footnote Affiliation) (c) | Statistical Classifi-cation (d) |
|---|---|---|---|---|
| 1 | El Paso Electric Marketing | Salt River Project | Arizona Public Service Company | NF |
| 2 | El Paso Electric Marketing | Public Service Company of New Mex | El Paso Electric Marketing | NF |
| 3 | Rio Grande Electric Co-Op | El Paso Electric Marketing | El Paso Electric Marketing | FNO |
| 4 | Rio Grande Electric Co-Op | El Paso Electric Marketing | El Paso Electric Marketing | AD |
| 5 | Arizona Electric Power Cooperative | Salt River Project | Arizona Public Service Company | LFP |
| 6 | Arizona Electric Power Cooperative | Salt River Project | Arizona Public Service Company | LFP |
| 7 | Arizona Electric Power Cooperative | Salt River Project | Arizona Public Service Company | LFP |
| 8 | Arizona Electric Power Cooperative | Salt River Project | Arizona Public Service Company | AD |
| 9 | Arizona Electric Power Cooperative | Salt River Project | Arizona Public Service Company | NF |
| 10 | Arizona Electric Power Cooperative | Salt River Project | Arizona Public Service Company | SFP |
| 11 | Barclays Bank PLC | Salt River Project | Arizona Public Service Company | SFP |
| 12 | Barclays Bank PLC | Salt River Project | Arizona Public Service Company | NF |
| 13 | CitiGroup Energy Inc | Salt River Project | Arizona Public Service Company | AD |
| 14 | CitiGroup Energy Inc | Salt River Project | Arizona Public Service Company | AD |
| 15 | CitiGroup Energy Inc | Salt River Project | Arizona Public Service Company | NF |
| 16 | CitiGroup Energy Inc | Salt River Project | Arizona Public Service Company | SFP |
| 17 | CitiGroup Energy Inc | Arizona Public Service Company | Salt River Project | NF |
| 18 | ConocoPhillips Company | Salt River Project | Arizona Public Service Company | SFP |
| 19 | ConocoPhillips Company | Salt River Project | Salt River Project | NF |
| 20 | Coral Power | Salt River Project | Salt River Project | LFP |
| 21 | Coral Power | Salt River Project | Arizona Public Service Company | LFP |
| 22 | Coral Power | Salt River Project | Arizona Public Service Company | LFP |
| 23 | Coral Power | Salt River Project | Arizona Public Service Company | AD |
| 24 | Coral Power | Salt River Project | Arizona Public Service Company | NF |
| 25 | Coral Power | Salt River Project | Arizona Public Service Company | SFP |
| 26 | Coral Power | Salt River Project | Salt River Project | NF |
| 27 | Coral Power | Arizona Public Service Company | Salt River Project | NF |
| 28 | Coral Power | Arizona Public Service Company | Salt River Project | SFP |
| 29 | Dynegy | Salt River Project | Arizona Public Service Company | NF |
| 30 | Imperial Irrigation District | Salt River Project | Arizona Public Service Company | SFP |
| 31 | Imperial Irrigation District | Salt River Project | Arizona Public Service Company | NF |
| 32 | J.P. Morgan Ventures Energy Corp | Salt River Project | Arizona Public Service Company | AD |
| 33 | J.P. Morgan Ventures Energy Corp | Salt River Project | Arizona Public Service Company | NF |
| 34 | J.P. Morgan Ventures Energy Corp | Salt River Project | Arizona Public Service Company | SFP |
| | **TOTAL** | | | |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

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

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

| Line No. | Payment By (Company of Public Authority) (Footnote Affiliation) (a) | Energy Received From (Company of Public Authority) (Footnote Affiliation) (b) | Energy Delivered To (Company of Public Authority) (Footnote Affiliation) (c) | Statistical Classifi-cation (d) |
|---|---|---|---|---|
| 1 | Morgan Stanley | Salt River Project | Arizona Public Service Company | AD |
| 2 | Morgan Stanley | Salt River Project | Arizona Public Service Company | NF |
| 3 | Morgan Stanley | Salt River Project | Arizona Public Service Company | SFP |
| 4 | Morgan Stanley | Arizona Public Service Company | Salt River Project | NF |
| 5 | Nevada Power Company | Salt River Project | Arizona Public Service Company | NF |
| 6 | PacifiCorp | Salt River Project | Salt River Project | NF |
| 7 | Panda Gila River | Salt River Project | Salt River Project | LFP |
| 8 | Panda Gila River | Salt River Project | Arizona Public Service Company | AD |
| 9 | Panda Gila River | Salt River Project | Arizona Public Service Company | NF |
| 10 | Panda Gila River | Salt River Project | Arizona Public Service Company | SFP |
| 11 | Panda Gila River | Salt River Project | Arizona Public Service Company | AD |
| 12 | Panda Gila River | Salt River Project | Arizona Public Service Company | NF |
| 13 | Panda Gila River | Salt River Project | Arizona Public Service Company | SFP |
| 14 | Panda Gila River | Salt River Project | Salt River Project | NF |
| 15 | Panda Gila River | Salt River Project | Salt River Project | AD |
| 16 | Panda Gila River | Salt River Project | Salt River Project | AD |
| 17 | Panda Gila River | Salt River Project | Salt River Project | NF |
| 18 | Panda Gila River | Salt River Project | Salt River Project | SFP |
| 19 | Panda Gila River | Salt River Project | Salt River Project | NF |
| 20 | Panda Gila River | Salt River Project | Salt River Project | SFP |
| 21 | Panda Gila River | Arizona Public Service Company | Salt River Project | NF |
| 22 | Panda Gila River | Arizona Public Service Company | Salt River Project | SFP |
| 23 | Panda Gila River | Public Service Company of New Mex | Southwestern Public Service Compa | NF |
| 24 | Panda Gila River | Southwestern Public Service Compa | Tucson Electric Power Company | NF |
| 25 | Powerex | Salt River Project | Arizona Public Service Company | LFP |
| 26 | Powerex | Salt River Project | Arizona Public Service Company | SFP |
| 27 | Powerex | Salt River Project | Arizona Public Service Company | NF |
| 28 | Powerex | Salt River Project | Arizona Public Service Company | AD |
| 29 | Powerex | Salt River Project | Arizona Public Service Company | NF |
| 30 | Powerex | Salt River Project | Arizona Public Service Company | SFP |
| 31 | Powerex | Arizona Public Service Company | Salt River Project | NF |
| 32 | Powerex | Arizona Public Service Company | Salt River Project | SFP |
| 33 | Public Service Company of New Mex | Salt River Project | Salt River Project | LFP |
| 34 | Public Service Company of New Mex | Public Service Company of New Mex | Public Service Company of New Mex | OLF |
| | **TOTAL** | | | |

| Name of Respondent<br>El Paso Electric Company | This Report Is:<br>(1) [X] An Original<br>(2) [ ] A Resubmission | Date of Report<br>(Mo, Da, Yr)<br>/ / | Year/Period of Report<br>End of 2009/Q4 |
|---|---|---|---|

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

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

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

| Name of Respondent<br>El Paso Electric Company | This Report Is:<br>(1) [X] An Original<br>(2) [ ] A Resubmission | Date of Report<br>(Mo, Da, Yr)<br>/ / | Year/Period of Report<br>End of 2009/Q4 |
|---|---|---|---|

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

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

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

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

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

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

| FERC Rate Schedule of Tariff Number (e) | Point of Receipt (Subsatation or Other Designation) (f) | Point of Delivery (Substation or Other Designation) (g) | Billing Demand (MW) (h) | TRANSFER OF ENERGY MegaWatt Hours Received (i) | TRANSFER OF ENERGY MegaWatt Hours Delivered (j) | Line No. |
|---|---|---|---|---|---|---|
| 01 | Palo Verde | Westwing | | 75 | 75 | 1 |
| 01 | Hidalgo | EPE System | | 83 | 83 | 2 |
| 01 | EPE System | Coyote/Farmer | 8 | 59,326 | 59,326 | 3 |
| 01 | EPE System | Coyote/Farmer | | | | 4 |
| 01 | Palo Verde | Westwing | 50 | 157,488 | 157,488 | 5 |
| 01 | Palo Verde | Westwing | 35 | 86,379 | 86,379 | 6 |
| 01 | Palo Verde | Westwing | 17 | 14,733 | 14,733 | 7 |
| 01 | Palo Verde | Westwing | | -153 | -153 | 8 |
| 01 | Palo Verde | Westwing | | 8,410 | 8,410 | 9 |
| 01 | Palo Verde | Westwing | | 4,521 | 4,521 | 10 |
| 01 | Palo Verde | Westwing | | 271 | 271 | 11 |
| 01 | Palo Verde | Westwing | | 297 | 297 | 12 |
| 01 | Palo Verde | Westwing | | -4 | -4 | 13 |
| 01 | Palo Verde | Westwing | | -4 | -4 | 14 |
| 01 | Palo Verde | Westwing | | 451 | 451 | 15 |
| 01 | Palo Verde | Westwing | | 1,819 | 1,819 | 16 |
| 01 | Westwing | Palo Verde | | 816 | 816 | 17 |
| 01 | Palo Verde | Westwing | | 803 | 803 | 18 |
| 01 | Jojoba | Palo Verde | | 52 | 52 | 19 |
| 01 | Palo Verde | Kyrene | 133 | | | 20 |
| 01 | Palo Verde | Westwing | 100 | 492,631 | 492,631 | 21 |
| 01 | Palo Verde | Westwing | 25 | 93,550 | 93,550 | 22 |
| 01 | Palo Verde | Westwing | | -180 | -180 | 23 |
| 01 | Palo Verde | Westwing | | 653 | 653 | 24 |
| 01 | Palo Verde | Westwing | | 1,398 | 1,398 | 25 |
| 01 | Jojoba | Palo Verde | | | | 26 |
| 01 | Westwing | Palo Verde | | 180 | 180 | 27 |
| 01 | Westwing | Palo Verde | | | | 28 |
| 01 | Palo Verde | Westwing | | 1,496 | 1,496 | 29 |
| 01 | Palo Verde | Westwing | | 23,965 | 23,965 | 30 |
| 01 | Palo Verde | Westwing | | 63 | 63 | 31 |
| 01 | Palo Verde | Westwing | | -1 | -1 | 32 |
| 01 | Palo Verde | Westwing | | 2,172 | 2,172 | 33 |
| 01 | Palo Verde | Westwing | | 51 | 51 | 34 |
| | | | **1,489** | **7,782,873** | **7,782,873** | |

| Name of Respondent<br>El Paso Electric Company | This Report Is:<br>(1) [X] An Original<br>(2) [ ] A Resubmission | Date of Report<br>(Mo, Da, Yr)<br>/ / | Year/Period of Report<br>End of 2009/Q4 |
|---|---|---|---|

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

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

| FERC Rate Schedule of Tariff Number (e) | Point of Receipt (Subsatation or Other Designation) (f) | Point of Delivery (Substation or Other Designation) (g) | Billing Demand (MW) (h) | TRANSFER OF ENERGY MegaWatt Hours Received (i) | TRANSFER OF ENERGY MegaWatt Hours Delivered (j) | Line No. |
|---|---|---|---|---|---|---|
| 01 | Palo Verde | Westwing | | -49 | -49 | 1 |
| 01 | Palo Verde | Westwing | | 170,134 | 170,134 | 2 |
| 01 | Palo Verde | Westwing | | 10,499 | 10,499 | 3 |
| 01 | Westwing | Palo Verde | | 1,298 | 1,298 | 4 |
| 01 | Palo Verde | Westwing | | 897 | 897 | 5 |
| 01 | Jojoba | Palo Verde | | 986 | 986 | 6 |
| 01 | Jojoba | Palo Verde | 630 | 3,026,830 | 3,026,830 | 7 |
| 01 | Jojoba | Westwing | | -1 | -1 | 8 |
| 01 | Jojoba | Westwing | | 18,309 | 18,309 | 9 |
| 01 | Jojoba | Westwing | | 2,931 | 2,931 | 10 |
| 01 | Palo Verde | Westwing | | -45 | -45 | 11 |
| 01 | Palo Verde | Westwing | | 29,996 | 29,996 | 12 |
| 01 | Palo Verde | Westwing | | 22,100 | 22,100 | 13 |
| 01 | Jojoba | Kyrene | | 255 | 255 | 14 |
| 01 | Jojoba | Palo Verde | | | | 15 |
| 01 | Jojoba | Palo Verde | | -111 | -111 | 16 |
| 01 | Jojoba | Palo Verde | | 472,550 | 472,550 | 17 |
| 01 | Jojoba | Palo Verde | | 42,889 | 42,889 | 18 |
| 01 | Palo Verde | Jojoba | | 663 | 663 | 19 |
| 01 | Palo Verde | Jojoba | | 291 | 291 | 20 |
| 01 | Westwing | Palo Verde | | 449 | 449 | 21 |
| 01 | Westwing | Palo Verde | | | | 22 |
| 01 | Westmesa | Eddy | | | | 23 |
| 01 | Eddy | Springerville | | 104 | 104 | 24 |
| 01 | Palo Verde | Westwing | 32 | 128,621 | 128,621 | 25 |
| 01 | Palo Verde | Westwing | 8 | 858 | 858 | 26 |
| 01 | Jojoba | Westwing | | 406 | 406 | 27 |
| 01 | Palo Verde | Westwing | | -345 | -345 | 28 |
| 01 | Palo Verde | Westwing | | 253,025 | 253,025 | 29 |
| 01 | Palo Verde | Westwing | | 42,399 | 42,399 | 30 |
| 01 | Westwing | Palo Verde | | 11,637 | 11,637 | 31 |
| 01 | Westwing | Palo Verde | | 410 | 410 | 32 |
| 01 | Palo Verde | Kyrene | 133 | | | 33 |
| 01 | Afton | Westmesa | 111 | 371,776 | 371,776 | 34 |
| | | | **1,489** | **7,782,873** | **7,782,873** | |

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

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

| FERC Rate Schedule of Tariff Number (e) | Point of Receipt (Subsatation or Other Designation) (f) | Point of Delivery (Substation or Other Designation) (g) | Billing Demand (MW) (h) | TRANSFER OF ENERGY MegaWatt Hours Received (i) | TRANSFER OF ENERGY MegaWatt Hours Delivered (j) | Line No. |
|---|---|---|---|---|---|---|
| 01 | Afton | Springerville | 94 | 172,856 | 172,856 | 1 |
| 01 | Luna | Springerville | | 108,618 | 108,618 | 2 |
| 01 | Afton | Westmesa | 30 | 102,218 | 102,218 | 3 |
| 01 | Westmesa | Amrad | 25 | 219,274 | 219,274 | 4 |
| 01 | Palo Verde | Westwing | | | | 5 |
| 01 | Afton | Luna | | 21 | 21 | 6 |
| 01 | Afton | Luna | | 14,170 | 14,170 | 7 |
| 01 | Afton | Westmesa | | 2,462 | 2,462 | 8 |
| 01 | Afton | Westmesa | | 2,280 | 2,280 | 9 |
| 01 | Las Cruces | Amrad | | 55 | 55 | 10 |
| 01 | Las Cruces | Amrad | | 7,993 | 7,993 | 11 |
| 01 | Luna | Afton | | 6 | 6 | 12 |
| 01 | Westmesa | Amrad | | 2 | 2 | 13 |
| 01 | Westmesa | Las Cruces | | 5 | 5 | 14 |
| 01 | Afton | Greenlee | | 26 | 26 | 15 |
| 01 | Afton | Springerville | | | | 16 |
| 01 | Afton | Springerville | | 486 | 486 | 17 |
| 01 | Afton | Springerville | | 4,397 | 4,397 | 18 |
| 01 | Luna | Springerville | | 405 | 405 | 19 |
| 01 | Luna | Springerville | | 120,100 | 120,100 | 20 |
| 01 | Palo Verde | Westwing | | -1 | -1 | 21 |
| 01 | Palo Verde | Westwing | | 409 | 409 | 22 |
| 01 | Palo Verde | Westwing | | 402 | 402 | 23 |
| 01 | Palo Verde | Westwing | | -7 | -7 | 24 |
| 01 | Palo Verde | Westwing | | 6,257 | 6,257 | 25 |
| 01 | Palo Verde | Westwing | | 36,790 | 36,790 | 26 |
| 01 | Jojoba | Palo Verde | | 20 | 20 | 27 |
| 80 | Springerville | Las Cruces/Hidalgo | 50 | 426,462 | 426,462 | 28 |
| 01 | Palo Verde | Westwing | | -49 | -49 | 29 |
| 01 | Palo Verde | Westwing | | 17,689 | 17,689 | 30 |
| 01 | Palo Verde | Westwing | | 33,761 | 33,761 | 31 |
| 01 | Luna | Greenlee | | 81,942 | 81,942 | 32 |
| 01 | Luna | Springerville | | 48,496 | 48,496 | 33 |
| 01 | Luna | Springerville | | | | 34 |
| | | | **1,489** | **7,782,873** | **7,782,873** | |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

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

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

| FERC Rate Schedule of Tariff Number (e) | Point of Receipt (Subsatation or Other Designation) (f) | Point of Delivery (Substation or Other Designation) (g) | Billing Demand (MW) (h) | TRANSFER OF ENERGY MegaWatt Hours Received (i) | TRANSFER OF ENERGY MegaWatt Hours Delivered (j) | Line No. |
|---|---|---|---|---|---|---|
| 01 | Luna | Springerville | | 790,750 | 790,750 | 1 |
| 01 | Luna | Springerville | | | | 2 |
| 01 | Jojoba | Westwing | | 1,962 | 1,962 | 3 |
| 01 | Jojoba | Westwing | | -4 | -4 | 4 |
| 01 | Jojoba | Westwing | | 5,753 | 5,753 | 5 |
| 01 | Palo Verde | Westwing | | -7 | -7 | 6 |
| 01 | Palo Verde | Westwing | | 3,359 | 3,359 | 7 |
| 01 | Jojoba | Palo Verde | | 400 | 400 | 8 |
| 01 | Jojoba | Palo Verde | | 1,381 | 1,381 | 9 |
| 01 | Palo Verde | Jojoba | | 1 | 1 | 10 |
| 01 | Westmesa | Holloman | 8 | 7,509 | 7,509 | 11 |
| 01 | Palo Verde | Westwing | | -1 | -1 | 12 |
| 01 | Palo Verde | Westwing | | 1,879 | 1,879 | 13 |
| 01 | Palo Verde | Westwing | | 1,051 | 1,051 | 14 |
| 01 | Westwing | Palo Verde | | 192 | 192 | 15 |
| 01 | Westmesa | Eddy | | | | 16 |
| | | | | | | 17 |
| | | | | | | 18 |
| | | | | | | 19 |
| | | | | | | 20 |
| | | | | | | 21 |
| | | | | | | 22 |
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| | | | | | | 31 |
| | | | | | | 32 |
| | | | | | | 33 |
| | | | | | | 34 |
| | | | **1,489** | **7,782,873** | **7,782,873** | |

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

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

REVENUE FROM TRANSMISSION OF ELECTRICITY FOR OTHERS

| Demand Charges ($) (k) | Energy Charges ($) (l) | (Other Charges) ($) (m) | Total Revenues ($) (k+l+m) (n) | Line No. |
|---|---|---|---|---|
| | | | | 1 |
| | | | | 2 |
| 210,810 | 128,546 | | 339,356 | 3 |
| -18,339 | | | -18,339 | 4 |
| 245,152 | | | 245,152 | 5 |
| 171,604 | | | 171,604 | 6 |
| 83,352 | | | 83,352 | 7 |
| | | | | 8 |
| | 7,424 | | 7,424 | 9 |
| | 4,027 | | 4,027 | 10 |
| | 210 | | 210 | 11 |
| | 369 | | 369 | 12 |
| | -176 | | -176 | 13 |
| | -203 | | -203 | 14 |
| | 557 | | 557 | 15 |
| | 3,090 | | 3,090 | 16 |
| | 1,156 | | 1,156 | 17 |
| | 949 | | 949 | 18 |
| | 72 | | 72 | 19 |
| | | | | 20 |
| 490,299 | | | 490,299 | 21 |
| 122,576 | | | 122,576 | 22 |
| | | | | 23 |
| | 935 | | 935 | 24 |
| | 1,447 | | 1,447 | 25 |
| | 17 | | 17 | 26 |
| | 145 | | 145 | 27 |
| | 1 | | 1 | 28 |
| | 2,520 | | 2,520 | 29 |
| | 28,241 | | 28,241 | 30 |
| | 65 | | 65 | 31 |
| | -45 | | -45 | 32 |
| | 2,304 | | 2,304 | 33 |
| | 87 | | 87 | 34 |
| **16,692,290** | **5,134,341** | **0** | **21,826,631** | |

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

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

REVENUE FROM TRANSMISSION OF ELECTRICITY FOR OTHERS

| Demand Charges ($) (k) | Energy Charges ($) (l) | (Other Charges) ($) (m) | Total Revenues ($) (k+l+m) (n) | Line No. |
|---|---|---|---|---|
| | -2,281 | | -2,281 | 1 |
| | 199,400 | | 199,400 | 2 |
| | 12,940 | | 12,940 | 3 |
| | 1,329 | | 1,329 | 4 |
| | 968 | | 968 | 5 |
| | 2,001 | | 2,001 | 6 |
| 5,389,230 | 240,621 | | 5,629,851 | 7 |
| | -57 | | -57 | 8 |
| | 59,969 | | 59,969 | 9 |
| | 10,504 | | 10,504 | 10 |
| | -2,305 | | -2,305 | 11 |
| | 34,630 | | 34,630 | 12 |
| | 28,624 | | 28,624 | 13 |
| | 579 | | 579 | 14 |
| -1,690 | | | -1,690 | 15 |
| | -6,418 | | -6,418 | 16 |
| | 1,043,354 | | 1,043,354 | 17 |
| | 91,998 | | 91,998 | 18 |
| | 1,421 | | 1,421 | 19 |
| | 737 | | 737 | 20 |
| | 472 | | 472 | 21 |
| | 83 | | 83 | 22 |
| | 133 | | 133 | 23 |
| | 791 | | 791 | 24 |
| 141,492 | 48,306 | | 189,798 | 25 |
| 1,016 | 212 | | 1,228 | 26 |
| | 1,510 | | 1,510 | 27 |
| | -20,550 | | -20,550 | 28 |
| | 272,169 | | 272,169 | 29 |
| | 47,248 | | 47,248 | 30 |
| | 13,379 | | 13,379 | 31 |
| | 905 | | 905 | 32 |
| 497,554 | | | 497,554 | 33 |
| 2,485,276 | | | 2,485,276 | 34 |
| **16,692,290** | **5,134,341** | **0** | **21,826,631** | |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

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

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

REVENUE FROM TRANSMISSION OF ELECTRICITY FOR OTHERS

| Demand Charges ($) (k) | Energy Charges ($) (l) | (Other Charges) ($) (m) | Total Revenues ($) (k+l+m) (n) | Line No. |
|---|---|---|---|---|
| 2,734,555 | | | 2,734,555 | 1 |
| 1,289,568 | | | 1,289,568 | 2 |
| 673,035 | | | 673,035 | 3 |
| 727,276 | | | 727,276 | 4 |
| | 82 | | 82 | 5 |
| | 261 | | 261 | 6 |
| | 135,728 | | 135,728 | 7 |
| | 17,666 | | 17,666 | 8 |
| | 25,514 | | 25,514 | 9 |
| | 302 | | 302 | 10 |
| | 43,088 | | 43,088 | 11 |
| | 44 | | 44 | 12 |
| | 11 | | 11 | 13 |
| | 29 | | 29 | 14 |
| | 3,894 | | 3,894 | 15 |
| | -200 | | -200 | 16 |
| | 8,881 | | 8,881 | 17 |
| | 29,143 | | 29,143 | 18 |
| | 4,039 | | 4,039 | 19 |
| 5,340 | 2,448,789 | | 2,454,129 | 20 |
| | -10 | | -10 | 21 |
| | 437 | | 437 | 22 |
| | 427 | | 427 | 23 |
| | -317 | | -317 | 24 |
| | 7,898 | | 7,898 | 25 |
| | 57,726 | | 57,726 | 26 |
| | 48 | | 48 | 27 |
| 1,386,000 | | | 1,386,000 | 28 |
| | | | | 29 |
| | 15,682 | | 15,682 | 30 |
| | 23,124 | | 23,124 | 31 |
| | | | | 32 |
| | | | | 33 |
| | 8,585 | | 8,585 | 34 |
| **16,692,290** | **5,134,341** | **0** | **21,826,631** | |

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

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

REVENUE FROM TRANSMISSION OF ELECTRICITY FOR OTHERS

| Demand Charges ($) (k) | Energy Charges ($) (l) | (Other Charges) ($) (m) | Total Revenues ($) (k+l+m) (n) | Line No. |
|---|---|---|---|---|
| | | | | 1 |
| | 14,144 | | 14,144 | 2 |
| | 4,465 | | 4,465 | 3 |
| | -214 | | -214 | 4 |
| | 12,195 | | 12,195 | 5 |
| | -358 | | -358 | 6 |
| | 2,417 | | 2,417 | 7 |
| | 537 | | 537 | 8 |
| | 1,671 | | 1,671 | 9 |
| | 1 | | 1 | 10 |
| 58,184 | | | 58,184 | 11 |
| | -52 | | -52 | 12 |
| | 2,381 | | 2,381 | 13 |
| | 1,283 | | 1,283 | 14 |
| | 305 | | 305 | 15 |
| | 285 | | 285 | 16 |
| | | | | 17 |
| | | | | 18 |
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| | | | | 31 |
| | | | | 32 |
| | | | | 33 |
| | | | | 34 |
| **16,692,290** | **5,134,341** | **0** | **21,826,631** | |

***Schedule Page: 328 Line No.: 1 Column: a***
El Paso Electric Marketing is the marketing affiliate of El Paso Electric Company.

***Schedule Page: 328 Line No.: 2 Column: a***
El Paso Electric Marketing is the marketing affiliate of El Paso Electric Company.

***Schedule Page: 328 Line No.: 3 Column: d***
Network Integration Transmission Service expiration March 31, 2012.

***Schedule Page: 328 Line No.: 4 Column: d***
Adjustment for refund of demand charges for the period from April 2008 to March 2009, due to change in methodolgy used to calculate demand charges for Network Integration Transmission Service as per EPE'S OATT.

***Schedule Page: 328 Line No.: 5 Column: d***
Firm transmission contract, expiration January 1, 2021.

***Schedule Page: 328 Line No.: 6 Column: d***
Firm transmission contract, expiration January 1, 2021.

***Schedule Page: 328 Line No.: 7 Column: d***
Firm transmission contract, expiration January 1, 2021.

***Schedule Page: 328 Line No.: 8 Column: d***
Adjustments made due to re-allocation of Palo Verde energy losses for September and October 2009.

***Schedule Page: 328 Line No.: 13 Column: d***
Adjustments made due to re-allocation of Palo Verde energy losses for September and October 2009.

***Schedule Page: 328 Line No.: 14 Column: d***
Adjustment to correct September 2009 transaction.

***Schedule Page: 328 Line No.: 20 Column: d***
Firm transmission contract, expiration January 1, 2014. Coral transferred rights of this contract to PNM on a yearly basis, expiring on January 1, 2010.

***Schedule Page: 328 Line No.: 21 Column: d***
Firm transmission contract, expiration January 1, 2021.

***Schedule Page: 328 Line No.: 22 Column: d***
Firm transmission contract, expiration January 1, 2021.

***Schedule Page: 328 Line No.: 23 Column: d***
Adjustments made due to re-allocation of Palo Verde energy losses for September and October 2009.

***Schedule Page: 328 Line No.: 32 Column: d***
Adjustments made due to re-allocation of Palo Verde energy losses for September and October 2009.

***Schedule Page: 328.1 Line No.: 1 Column: d***
Adjustments made due to re-allocation of Palo Verde energy losses for September and October 2009.

***Schedule Page: 328.1 Line No.: 7 Column: d***
Firm transmission contract, expiration October 1, 2013. Service was partially redirected to monthly & hourly services.

***Schedule Page: 328.1 Line No.: 8 Column: d***
Adjustments made due to re-allocation of Palo Verde energy losses for September and October 2009.

***Schedule Page: 328.1 Line No.: 11 Column: d***
Adjustments made due to re-allocation of Palo Verde energy losses for September and October 2009.

***Schedule Page: 328.1 Line No.: 15 Column: d***
Adjustment to correct March, 2009 transactions.

***Schedule Page: 328.1 Line No.: 16 Column: d***
Adjustments made due to re-allocation of Palo Verde energy losses for September and October 2009.

***Schedule Page: 328.1 Line No.: 25 Column: d***

Firm transmission contract, expiration January 1, 2014. Service was partially redirected to hourly services.

***Schedule Page: 328.1 Line No.: 28 Column: d***

Adjustments made due to re-allocation of Palo Verde energy losses for September and October 2009.

***Schedule Page: 328.1 Line No.: 33 Column: d***

Coral transferred rights of this contract to PNM on a yearly basis, expiring on January 1, 2010. Service was partially redirected to monthly, daily and hourly contracts.

***Schedule Page: 328.1 Line No.: 34 Column: d***

Generation dependent firm transmission contract, expiration January 1, 2014. However service was partially redirected to daily contracts.

***Schedule Page: 328.2 Line No.: 1 Column: d***

Firm transmission contract, expiration August 1, 2014.

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

Firm transmission contract, expiration January 1, 2014. However service was partially redirected to daily and hourly contracts.

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

Firm transmission contract, expiration July 1, 2013.

***Schedule Page: 328.2 Line No.: 16 Column: d***

Adjustment to correct March, 2009 transactions.

***Schedule Page: 328.2 Line No.: 21 Column: d***

Adjustments made due to re-allocation of Palo Verde energy losses for September and October 2009.

***Schedule Page: 328.2 Line No.: 24 Column: d***

Adjustments made due to re-allocation of Palo Verde energy losses for September and October 2009.

***Schedule Page: 328.2 Line No.: 28 Column: d***

Firm transmission, grandfathered contract, expiration January 1, 2026.

***Schedule Page: 328.2 Line No.: 29 Column: d***

Adjustments made due to re-allocation of Palo Verde energy losses for September and October 2009.

***Schedule Page: 328.2 Line No.: 32 Column: i***

To record actual MWs for transmission service provided from LUNA substation pending results from appeal of FERC decision dated November 13, 2008.

***Schedule Page: 328.2 Line No.: 32 Column: j***

To record actual MWs for transmission service provided from LUNA substation pending results from appeal of FERC decision dated November 13, 2008.

***Schedule Page: 328.2 Line No.: 33 Column: i***

To record actual MWs for transmission service provided from LUNA substation pending results from appeal of FERC decision dated November 13, 2008.

***Schedule Page: 328.2 Line No.: 33 Column: j***

To record actual MWs for transmission service provided from LUNA substation pending results from appeal of FERC decision dated November 13, 2008.

***Schedule Page: 328.2 Line No.: 34 Column: i***

Charges for which TEP exceeded their 200 MWh Contract limit on transmission rights at LU-SP.

***Schedule Page: 328.3 Line No.: 1 Column: i***

To record actual MWs for transmission service provided from LUNA substation pending results from appeal of FERC decision dated November 13, 2008.

***Schedule Page: 328.3 Line No.: 1 Column: j***

To record actual MWs for transmission service provided from LUNA substation pending results from appeal of FERC decision dated November 13, 2008.

***Schedule Page: 328.3 Line No.: 2 Column: i***

Charges for which TEP exceeded their 200 MWh Contract limit on transmission rights at LU-SP.

***Schedule Page: 328.3 Line No.: 3 Column: d***

| Name of Respondent<br>El Paso Electric Company | This Report is:<br>(1) X An Original<br>(2) __ A Resubmission | Date of Report<br>(Mo, Da, Yr)<br>/ / | Year/Period of Report<br>2009/Q4 |
|---|---|---|---|

FOOTNOTE DATA

Refers to September 2009 transactions not previously recorded for WestConnect Experimental point-to-point Regional Transmission Service transactions.

***Schedule Page: 328.3 Line No.: 4 Column: d***

Adjustments made due to re-allocation of Palo Verde energy losses for September and October 2009.

***Schedule Page: 328.3 Line No.: 5 Column: a***

Transaction for WestConnect Experimantal Point-to-Point Regional Transmission Service.

***Schedule Page: 328.3 Line No.: 6 Column: d***

Adjustments made due to re-allocation of Palo Verde energy losses for September and October 2009.

***Schedule Page: 328.3 Line No.: 7 Column: a***

Transaction for WestConnect Experimantal Point-to-Point Regional Transmission Service.

***Schedule Page: 328.3 Line No.: 8 Column: d***

Refers to September 2009 transactions not previously recorded for WestConnect Experimental point-to-point Regional Transmission Service transactions.

***Schedule Page: 328.3 Line No.: 9 Column: a***

Transaction for WestConnect Experimantal Point-to-Point Regional Transmission Service.

***Schedule Page: 328.3 Line No.: 10 Column: a***

Transaction for WestConnect Experimantal Point-to-Point Regional Transmission Service.

***Schedule Page: 328.3 Line No.: 11 Column: d***

Firm transmission contract, expiration October 1, 2024.

***Schedule Page: 328.3 Line No.: 12 Column: d***

Adjustments made due to re-allocation of Palo Verde energy losses for September and October 2009.

| Name of Respondent<br>El Paso Electric Company | This Report Is:<br>(1) [X] An Original<br>(2) [ ] A Resubmission | Date of Report<br>(Mo, Da, Yr)<br>/ / | Year/Period of Report<br>End of 2009/Q4 |
|---|---|---|---|

## TRANSMISSION OF ELECTRICITY BY ISO/RTOs

1. Report in Column (a) the Transmission Owner receiving revenue for the transmission of electricity by the ISO/RTO.
2. Use a separate line of data for each distinct type of transmission service involving the entities listed in Column (a).
3. In Column (b) 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.
4. In column (c) 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 (b) was provided.
5. In column (d) report the revenue amounts as shown on bills or vouchers.
6. Report in column (e) the total revenues distributed to the entity listed in column (a).

| Line No. | Payment Received by (Transmission Owner Name) (a) | Statistical Classification (b) | FERC Rate Schedule or Tariff Number (c) | Total Revenue by Rate Schedule or Tarirff (d) | Total Revenue (e) |
|---|---|---|---|---|---|
| 1 | | | | | |
| 2 | | | | | |
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| 34 | | | | | |
| 35 | | | | | |
| 36 | | | | | |
| 37 | | | | | |
| 38 | | | | | |
| 39 | | | | | |
| 40 | TOTAL | | | | |

| Name of Respondent<br>El Paso Electric Company | This Report Is:<br>(1) [X] An Original<br>(2) [ ] A Resubmission | Date of Report<br>(Mo, Da, Yr)<br>/ / | Year/Period of Report<br>End of 2009/Q4 |
|---|---|---|---|

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

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

| Line No. | Name of Company or Public Authority (Footnote Affiliations) (a) | Statistical Classification (b) | TRANSFER OF ENERGY: Magawatt-hours Received (c) | TRANSFER OF ENERGY: Magawatt-hours Delivered (d) | EXPENSES FOR TRANSMISSION OF ELECTRICITY BY OTHERS: Demand Charges ($) (e) | Energy Charges ($) (f) | Other Charges ($) (g) | Total Cost of Transmission ($) (h) |
|---|---|---|---|---|---|---|---|---|
| 1 | Arizona Public Service | SFP | 1,610 | 1,610 | | 6,266 | | 6,266 |
| 2 | Arizona Public Service | NF | 3,722 | 3,722 | | 14,464 | | 14,464 |
| 3 | Public Serv. Co of NM | OLF | 42,999 | 42,999 | 521,640 | | | 521,640 |
| 4 | Public Serv. Co of NM | LFP | 735,194 | 735,194 | 2,830,776 | | | 2,830,776 |
| 5 | Public Serv. Co of NM | SFP | 82,510 | 82,510 | 332,067 | 91,239 | | 423,306 |
| 6 | Public Serv. Co of NM | NF | 8,678 | 8,678 | | 34,224 | | 34,224 |
| 7 | Salt River Project | OLF | 234,797 | 234,797 | 1,461,000 | | | 1,461,000 |
| 8 | Salt River Project | SFP | 1,205 | 1,205 | | 4,459 | | 4,459 |
| 9 | Southwestern Public Svc | LFP | | | 2,393,537 | | 20,841 | 2,414,378 |
| 10 | Tucson Electric Power | OLF | 658,778 | 658,778 | | | | |
| 11 | Tucson Electric Power | NF | 9,459 | 9,459 | | 60,689 | | 60,689 |
| 12 | Salt River Project | AD | 950 | 950 | | | | |
| 13 | | | | | | | | |
| 14 | | | | | | | | |
| 15 | | | | | | | | |
| 16 | | | | | | | | |
| | TOTAL | | 1,779,902 | 1,779,902 | 7,539,020 | 211,341 | 20,841 | 7,771,202 |

***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 ancilliary and losses.

***Schedule Page: 332 Line No.: 2 Column: c***
Amounts shown based on transmission reservations.
***Schedule Page: 332 Line No.: 2 Column: d***
Amounts shown based on transmission reservations.
***Schedule Page: 332 Line No.: 2 Column: f***
Amounts shown include short term transmission reservations, related ancilliary and losses.

***Schedule Page: 332 Line No.: 3 Column: b***
Contract is an evergreen contract.
***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: b***
Contract expires June 30, 2010.
***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 actual energy flows and transmission reservations.
***Schedule Page: 332 Line No.: 5 Column: d***
Amounts shown based on actual energy flows and transmission reservations.
***Schedule Page: 332 Line No.: 5 Column: f***
Amounts shown include short term transmission reservations, related ancilliary and losses.

***Schedule Page: 332 Line No.: 6 Column: c***
Amounts shown based on transmission reservations.
***Schedule Page: 332 Line No.: 6 Column: d***
Amounts shown based on transmission reservations.
***Schedule Page: 332 Line No.: 6 Column: f***
Amounts shown include short term transmission reservations, related ancilliary and losses.

***Schedule Page: 332 Line No.: 7 Column: b***
Contract expires concurrent with the ANPP Participation Agreement.
***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.: 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 ancilliary and losses.

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

Contract expired September 30, 2009.

***Schedule Page: 332 Line No.: 9 Column: e***

Represents cost of transmission purchased by SPS merchant from SPS transmission provider to deliver power to the Company at the delivery point.

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

Amounts shown based on actual energy flows.

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

Amounts shown based on actual energy flows.

***Schedule Page: 332 Line No.: 10 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.: 11 Column: c***

Amounts shown based on transmission reservations.

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

Amounts shown based on transmission reservations.

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

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

***Schedule Page: 332 Line No.: 12 Column: b***

Represents MWH's for December 2008.

***Schedule Page: 332 Line No.: 12 Column: h***

Represents MWH's for December 2008.

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (ELECTRIC)

| Line No. | Description (a) | Amount (b) |
|---|---|---|
| 1 | Industry Association Dues | 338,472 |
| 2 | Nuclear Power Research Expenses | |
| 3 | Other Experimental and General Research Expenses | |
| 4 | Pub & Dist Info to Stkhldrs...expn servicing outstanding Securities | 708,904 |
| 5 | Oth Expn >=5,000 show purpose, recipient, amount. Group if < $5,000 | 8,339 |
| 6 | Palo Verde General Expenses | 9,122,654 |
| 7 | Guard Services | 155,094 |
| 8 | Director's Fees and Expenses | 1,579,076 |
| 9 | Four Corners General Expenses | 643,180 |
| 10 | Palo Verde Trans Line Costs | 56,006 |
| 11 | Other Board of Director Expenses | 23,257 |
| 12 | Relocating A&G Services to new location | 79,524 |
| 13 | Economic Development | 350,000 |
| 14 | | |
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| 46 | TOTAL | 13,064,506 |

***Schedule Page: 335 Line No.: 5 Column: b***

Consists primarily of $6,829 for expenses related to job fairs at the University of Texas at El Paso and New Mexico State University.

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

## DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Account 403, 404, 405)
(Except amortization of aquisition adjustments)

1. Report in section A for the year the amounts for : (b) Depreciation Expense (Account 403; (c) Depreciation Expense for Asset Retirement Costs (Account 403.1; (d) Amortization of Limited-Term Electric Plant (Account 404); and (e) Amortization of Other Electric Plant (Account 405).
2. Report in Section 8 the rates used to compute amortization charges for electric plant (Accounts 404 and 405). State the basis used to compute charges and whether any changes have been made in the basis or rates used from the preceding report year.
3. Report all available information called for in Section C every fifth year beginning with report year 1971, reporting annually only changes to columns (c) through (g) from the complete report of the preceding year.
Unless composite depreciation accounting for total depreciable plant is followed, list numerically in column (a) each plant subaccount, account or functional classification, as appropriate, to which a rate is applied. Identify at the bottom of Section C the type of plant included in any sub-account used.
In column (b) report all depreciable plant balances to which rates are applied showing subtotals by functional Classifications and showing composite total. Indicate at the bottom of section C the manner in which column balances are obtained. If average balances, state the method of averaging used.
For columns (c), (d), and (e) report available information for each plant subaccount, account or functional classification Listed in column (a). If plant mortality studies are prepared to assist in estimating average service Lives, show in column (f) the type mortality curve selected as most appropriate for the account and in column (g), if available, the weighted average remaining life of surviving plant. If composite depreciation accounting is used, report available information called for in columns (b) through (g) on this basis.
4. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state at the bottom of section C the amounts and nature of the provisions and the plant items to which related.

### A. Summary of Depreciation and Amortization Charges

| Line No. | Functional Classification (a) | Depreciation Expense (Account 403) (b) | Depreciation Expense for Asset Retirement Costs (Account 403.1) (c) | Amortization of Limited Term Electric Plant (Account 404) (d) | Amortization of Other Electric Plant (Acc 405) (e) | Total (f) |
|---|---|---|---|---|---|---|
| 1 | Intangible Plant | | | 4,628,110 | | 4,628,110 |
| 2 | Steam Production Plant | 8,201,157 | 2,425 | | | 8,203,582 |
| 3 | Nuclear Production Plant | 21,772,023 | 37,069 | | | 21,809,092 |
| 4 | Hydraulic Production Plant-Conventional | | | | | |
| 5 | Hydraulic Production Plant-Pumped Storage | | | | | |
| 6 | Other Production Plant | 304,005 | 359 | | | 304,364 |
| 7 | Transmission Plant | 5,461,700 | | | | 5,461,700 |
| 8 | Distribution Plant | 19,014,268 | | | | 19,014,268 |
| 9 | Regional Transmission and Market Operation | | | | | |
| 10 | General Plant | 10,817,589 | | | | 10,817,589 |
| 11 | Common Plant-Electric | | | | | |
| 12 | TOTAL | 65,570,742 | 39,853 | 4,628,110 | | 70,238,705 |

### B. Basis for Amortization Charges

| Asset | Term | Basis | Amort Exp | Method |
|---|---|---|---|---|
| Computer Software | 3 - 10 years | 33,988,481 | 4,628,110 | Straight Line |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

## DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Continued)

### C. Factors Used in Estimating Depreciation Charges

| Line No. | Account No. (a) | Depreciable Plant Base (In Thousands) (b) | Estimated Avg. Service Life (c) | Net Salvage (Percent) (d) | Applied Depr. rates (Percent) (e) | Mortality Curve Type (f) | Average Remaining Life (g) |
|---|---|---|---|---|---|---|---|
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REGULATORY COMMISSION EXPENSES

1. Report particulars (details) of regulatory commission expenses incurred during the current year (or incurred in previous years, if being amortized) relating to format cases before a regulatory body, or cases in which such a body was a party.
2. Report in columns (b) and (c), only the current year's expenses that are not deferred and the current year's amortization of amounts deferred in previous years.

| Line No. | Description (Furnish name of regulatory commission or body the docket or case number and a description of the case) (a) | Assessed by Regulatory Commission (b) | Expenses of Utility (c) | Total Expense for Current Year (b) + (c) (d) | Deferred in Account 182.3 at Beginning of Year (e) |
|---|---|---|---|---|---|
| 1 | Federal Energy Regulatory Commission | | | | |
| 2 | FERC General and Other | | 331,238 | 331,238 | |
| 3 | FERC Annual Fee | | 718,077 | 718,077 | |
| 4 | | | | | |
| 5 | Public Utility Commission of Texas | | | | |
| 6 | Texas Fuel Case | | -46,787 | -46,787 | |
| 7 | Texas Rate Case Costs | | 20,266 | 20,266 | |
| 8 | Texas General and Other | | 187,623 | 187,623 | |
| 9 | | | | | |
| 10 | New Mexico Public Regulatory Commission | | | | |
| 11 | New Mexico 2006 Rate Case Costs | | 511,873 | 511,873 | 293,770 |
| 12 | New Mexico 2009 Rate Case Costs | | 27,050 | 27,050 | |
| 13 | New Mexico Transition Cost | | | | 574,994 |
| 14 | | | | | |
| 15 | Nuclear Regulatory Commission | | | | |
| 16 | PVNGS Unit 1 Fees | | 860,353 | 860,353 | |
| 17 | PVNGS Unit 2 Fees | | 869,829 | 869,829 | |
| 18 | PVNGS Unit 3 Fees | | 903,377 | 903,377 | |
| 19 | | | | | |
| 20 | Other | | 12,716 | 12,716 | |
| 21 | | | | | |
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| 45 | | | | | |
| 46 | TOTAL | | 4,395,615 | 4,395,615 | 868,764 |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

REGULATORY COMMISSION EXPENSES (Continued)

3. Show in column (k) any expenses incurred in prior years which are being amortized. List in column (a) the period of amortization.
4. List in column (f), (g), and (h) expenses incurred during year which were charged currently to income, plant, or other accounts.
5. Minor items (less than $25,000) may be grouped.

| EXPENSES INCURRED DURING YEAR | | | | AMORTIZED DURING YEAR | | | |
|---|---|---|---|---|---|---|---|
| CURRENTLY CHARGED TO | | | | | | | |
| Department (f) | Account No. (g) | Amount (h) | Deferred to Account 182.3 (i) | Contra Account (j) | Amount (k) | Deferred in Account 182.3 End of Year (l) | Line No. |
| | | | | | | | 1 |
| | 928 | 331,238 | | | | | 2 |
| | 928 | 718,077 | | | | | 3 |
| | | | | | | | 4 |
| | | | | | | | 5 |
| | 928 | -46,787 | | | | | 6 |
| | 928 | 20,266 | 1,473,329 | | | 1,473,329 | 7 |
| | 928 | 187,623 | | | | | 8 |
| | | | | | | | 9 |
| | | | | | | | 10 |
| | 928 | 511,873 | -4,006 | | 195,001 | 94,764 | 11 |
| | 928 | 27,050 | 813,465 | | | 813,465 | 12 |
| | 928 | | | | 575,004 | -10 | 13 |
| | | | | | | | 14 |
| | | | | | | | 15 |
| | 928 | 860,353 | | | | | 16 |
| | 928 | 869,829 | | | | | 17 |
| | 928 | 903,377 | | | | | 18 |
| | | | | | | | 19 |
| | 928 | 12,716 | | | | | 20 |
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| | | | | | | | 45 |
| | | 4,395,615 | 2,282,788 | | 770,005 | 2,381,548 | 46 |

***Schedule Page: 350 Line No.: 7 Column: a***

Represents Texas rate case costs related to Case No. 37690 which the Company filed with the PUCT in December 2009.

***Schedule Page: 350 Line No.: 11 Column: a***

Represents New Mexico rate case costs approved in Case No. 06-00258 being amortized over a 3 year period beginning July 2007.

***Schedule Page: 350 Line No.: 12 Column: a***

Represents New Mexico rate case costs approved in Case No. 09-00171-UT and will be amortized over a 3 year period beginning January 2010.

***Schedule Page: 350 Line No.: 13 Column: a***

New Mexico transition costs approved for recovery in Case No. 06-00258-UT was amortized over a 30 month period beginning July 2007.

| Name of Respondent<br>El Paso Electric Company | This Report Is:<br>(1) [X] An Original<br>(2) [ ] A Resubmission | Date of Report<br>(Mo, Da, Yr)<br>/ / | Year/Period of Report<br>End of 2009/Q4 |
|---|---|---|---|

## RESEARCH, DEVELOPMENT, AND DEMONSTRATION ACTIVITIES

1. Describe and show below costs incurred and accounts charged during the year for technological research, development, and demonstration (R, D & D) project initiated, continued or concluded during the year. Report also support given to others during the year for jointly-sponsored projects.(Identify recipient regardless of affiliation.) For any R, D & D work carried with others, show separately the respondent's cost for the year and cost chargeable to others (See definition of research, development, and demonstration in Uniform System of Accounts).
2. Indicate in column (a) the applicable classification, as shown below:

Classifications:

A. Electric R, D & D Performed Internally:
  (1) Generation
    a. hydroelectric
      i. Recreation fish and wildlife
      ii Other hydroelectric
    b. Fossil-fuel steam
    c. Internal combustion or gas turbine
    d. Nuclear
    e. Unconventional generation
    f. Siting and heat rejection
  (2) Transmission
    a. Overhead
    b. Underground
  (3) Distribution
  (4) Regional Transmission and Market Operation
  (5) Environment (other than equipment)
  (6) Other (Classify and include items in excess of $50,000.)
  (7) Total Cost Incurred

B. Electric, R, D & D Performed Externally:
  (1) Research Support to the electrical Research Council or the Electric Power Research Institute

| Line No. | Classification (a) | Description (b) |
|---|---|---|
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| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

RESEARCH, DEVELOPMENT, AND DEMONSTRATION ACTIVITIES (Continued)

(2) Research Support to Edison Electric Institute
(3) Research Support to Nuclear Power Groups
(4) Research Support to Others (Classify)
(5) Total Cost Incurred

3. Include in column (c) all R, D & D items performed internally and in column (d) those items performed outside the company costing $50,000 or more, briefly describing the specific area of R, D & D (such as safety, corrosion control, pollution, automation, measurement, insulation, type of appliance, etc.). Group items under $50,000 by classifications and indicate the number of items grouped. Under Other, (A (6) and B (4)) classify items by type of R, D & D activity.
4. Show in column (e) the account number charged with expenses during the year or the account to which amounts were capitalized during the year, listing Account 107, Construction Work in Progress, first. Show in column (f) the amounts related to the account charged in column (e)
5. Show in column (g) the total unamortized accumulating of costs of projects. This total must equal the balance in Account 188, Research, Development, and Demonstration Expenditures, Outstanding at the end of the year.
6. If costs have not been segregated for R, D &D activities or projects, submit estimates for columns (c), (d), and (f) with such amounts identified by "Est."
7. Report separately research and related testing facilities operated by the respondent.

| Costs Incurred Internally Current Year (c) | Costs Incurred Externally Current Year (d) | AMOUNTS CHARGED IN CURRENT YEAR | | Unamortized Accumulation (g) | Line No. |
|---|---|---|---|---|---|
| | | Account (e) | Amount (f) | | |
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| Name of Respondent<br>El Paso Electric Company | This Report Is:<br>(1) [X] An Original<br>(2) [ ] A Resubmission | Date of Report<br>(Mo, Da, Yr)<br>/ / | Year/Period of Report<br>End of 2009/Q4 |
|---|---|---|---|

## DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

| Line No. | Classification (a) | Direct Payroll Distribution (b) | Allocation of Payroll charged for Clearing Accounts (c) | Total (d) |
|---|---|---|---|---|
| 1 | Electric | | | |
| 2 | Operation | | | |
| 3 | Production | 6,277,807 | | |
| 4 | Transmission | 4,402,963 | | |
| 5 | Regional Market | | | |
| 6 | Distribution | 8,041,213 | | |
| 7 | Customer Accounts | 7,641,613 | | |
| 8 | Customer Service and Informational | | | |
| 9 | Sales | | | |
| 10 | Administrative and General | 25,498,364 | | |
| 11 | TOTAL Operation (Enter Total of lines 3 thru 10) | 51,861,960 | | |
| 12 | Maintenance | | | |
| 13 | Production | 4,293,785 | | |
| 14 | Transmission | 874,005 | | |
| 15 | Regional Market | | | |
| 16 | Distribution | 1,778,395 | | |
| 17 | Administrative and General | 213,068 | | |
| 18 | TOTAL Maintenance (Total of lines 13 thru 17) | 7,159,253 | | |
| 19 | Total Operation and Maintenance | | | |
| 20 | Production (Enter Total of lines 3 and 13) | 10,571,592 | | |
| 21 | Transmission (Enter Total of lines 4 and 14) | 5,276,968 | | |
| 22 | Regional Market (Enter Total of Lines 5 and 15) | | | |
| 23 | Distribution (Enter Total of lines 6 and 16) | 9,819,608 | | |
| 24 | Customer Accounts (Transcribe from line 7) | 7,641,613 | | |
| 25 | Customer Service and Informational (Transcribe from line 8) | | | |
| 26 | Sales (Transcribe from line 9) | | | |
| 27 | Administrative and General (Enter Total of lines 10 and 17) | 25,711,432 | | |
| 28 | TOTAL Oper. and Maint. (Total of lines 20 thru 27) | 59,021,213 | 569,642 | 59,590,855 |
| 29 | Gas | | | |
| 30 | Operation | | | |
| 31 | Production-Manufactured Gas | | | |
| 32 | Production-Nat. Gas (Including Expl. and Dev.) | | | |
| 33 | Other Gas Supply | | | |
| 34 | Storage, LNG Terminaling and Processing | | | |
| 35 | Transmission | | | |
| 36 | Distribution | | | |
| 37 | Customer Accounts | | | |
| 38 | Customer Service and Informational | | | |
| 39 | Sales | | | |
| 40 | Administrative and General | | | |
| 41 | TOTAL Operation (Enter Total of lines 31 thru 40) | | | |
| 42 | Maintenance | | | |
| 43 | Production-Manufactured Gas | | | |
| 44 | Production-Natural Gas (Including Exploration and Development) | | | |
| 45 | Other Gas Supply | | | |
| 46 | Storage, LNG Terminaling and Processing | | | |
| 47 | Transmission | | | |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

DISTRIBUTION OF SALARIES AND WAGES (Continued)

.

| Line No. | Classification<br>(a) | Direct Payroll Distribution<br>(b) | Allocation of Payroll charged for Clearing Accounts<br>(c) | Total<br>(d) |
|---|---|---|---|---|
| 48 | Distribution | | | |
| 49 | Administrative and General | | | |
| 50 | TOTAL Maint. (Enter Total of lines 43 thru 49) | | | |
| 51 | Total Operation and Maintenance | | | |
| 52 | Production-Manufactured Gas (Enter Total of lines 31 and 43) | | | |
| 53 | Production-Natural Gas (Including Expl. and Dev.) (Total lines 32, | | | |
| 54 | Other Gas Supply (Enter Total of lines 33 and 45) | | | |
| 55 | Storage, LNG Terminaling and Processing (Total of lines 31 thru | | | |
| 56 | Transmission (Lines 35 and 47) | | | |
| 57 | Distribution (Lines 36 and 48) | | | |
| 58 | Customer Accounts (Line 37) | | | |
| 59 | Customer Service and Informational (Line 38) | | | |
| 60 | Sales (Line 39) | | | |
| 61 | Administrative and General (Lines 40 and 49) | | | |
| 62 | TOTAL Operation and Maint. (Total of lines 52 thru 61) | | | |
| 63 | Other Utility Departments | | | |
| 64 | Operation and Maintenance | | | |
| 65 | TOTAL All Utility Dept. (Total of lines 28, 62, and 64) | 59,021,213 | 569,642 | 59,590,855 |
| 66 | Utility Plant | | | |
| 67 | Construction (By Utility Departments) | | | |
| 68 | Electric Plant | 14,021,268 | 1,238,934 | 15,260,202 |
| 69 | Gas Plant | | | |
| 70 | Other (provide details in footnote): | | | |
| 71 | TOTAL Construction (Total of lines 68 thru 70) | 14,021,268 | 1,238,934 | 15,260,202 |
| 72 | Plant Removal (By Utility Departments) | | | |
| 73 | Electric Plant | 8,738 | 314 | 9,052 |
| 74 | Gas Plant | | | |
| 75 | Other (provide details in footnote): | | | |
| 76 | TOTAL Plant Removal (Total of lines 73 thru 75) | 8,738 | 314 | 9,052 |
| 77 | Other Accounts (Specify, provide details in footnote): | | | |
| 78 | In-Kind Donations and Exp for Certain Civic, Political & Rel | 231,102 | 639 | 231,741 |
| 79 | Other Various Accounts | | -55,104 | -55,104 |
| 80 | | | | |
| 81 | | | | |
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| 93 | | | | |
| 94 | | | | |
| 95 | TOTAL Other Accounts | 231,102 | -54,465 | 176,637 |
| 96 | TOTAL SALARIES AND WAGES | 73,282,321 | 1,754,425 | 75,036,746 |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

COMMON UTILITY PLANT AND EXPENSES

1. Describe the property carried in the utility's accounts as common utility plant and show the book cost of such plant at end of year classified by accounts as provided by Plant Instruction 13, Common Utility Plant, of the Uniform System of Accounts. Also show the allocation of such plant costs to the respective departments using the common utility plant and explain the basis of allocation used, giving the allocation factors.
2. Furnish the accumulated provisions for depreciation and amortization at end of year, showing the amounts and classifications of such accumulated provisions, and amounts allocated to utility departments using the Common utility plant to which such accumulated provisions relate, including explanation of basis of allocation and factors used.
3. Give for the year the expenses of operation, maintenance, rents, depreciation, and amortization for common utility plant classified by accounts as provided by the Uniform System of Accounts. Show the allocation of such expenses to the departments using the common utility plant to which such expenses are related. Explain the basis of allocation used and give the factors of allocation.
4. Give date of approval by the Commission for use of the common utility plant classification and reference to order of the Commission or other authorization.

None

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

## AMOUNTS INCLUDED IN ISO/RTO SETTLEMENT STATEMENTS

1. The respondent shall report below the details called for concerning amounts it recorded in Account 555, Purchase Power, and Account 447, Sales for Resale, for items shown on ISO/RTO Settlement Statements. Transactions should be separately netted for each ISO/RTO administered energy market for purposes of determining whether an entity is a net seller or purchaser in a given hour. Net megawatt hours are to be used as the basis for determining whether a net purchase or sale has occurred. In each monthly reporting period, the hourly sale and purchase net amounts are to be aggregated and separately reported in Account 447, Sales for Resale, or Account 555, Purchased Power, respectively.

| Line No. | Description of Item(s) (a) | Balance at End of Quarter 1 (b) | Balance at End of Quarter 2 (c) | Balance at End of Quarter 3 (d) | Balance at End of Year (e) |
|---|---|---|---|---|---|
| 1 | Energy | | | | |
| 2 | Net Purchases (Account 555) | | | | |
| 3 | Net Sales (Account 447) | | | | |
| 4 | Transmission Rights | | | | |
| 5 | Ancillary Services | | | | |
| 6 | Other Items (list separately) | | | | |
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| 46 | TOTAL | | | | |

## PURCHASES AND SALES OF ANCILLARY SERVICES

Report the amounts for each type of ancillary service shown in column (a) for the year as specified in Order No. 888 and defined in the respondents Open Access Transmission Tariff.

In columns for usage, report usage-related billing determinant and the unit of measure.

(1) On line 1 columns (b), (c), (d), (e), (f) and (g) report the amount of ancillary services purchased and sold during the year.

(2) On line 2 columns (b) (c), (d), (e), (f), and (g) report the amount of reactive supply and voltage control services purchased and sold during the year.

(3) On line 3 columns (b) (c), (d), (e), (f), and (g) report the amount of regulation and frequency response services purchased and sold during the year.

(4) On line 4 columns (b), (c), (d), (e), (f), and (g) report the amount of energy imbalance services purchased and sold during the year.

(5) On lines 5 and 6, columns (b), (c), (d), (e), (f), and (g) report the amount of operating reserve spinning and supplement services purchased and sold during the period.

(6) On line 7 columns (b), (c), (d), (e), (f), and (g) report the total amount of all other types ancillary services purchased or sold during the year. Include in a footnote and specify the amount for each type of other ancillary service provided.

| | | Amount Purchased for the Year | | | Amount Sold for the Year | | |
|---|---|---|---|---|---|---|---|
| | | Usage - Related Billing Determinant | | | Usage - Related Billing Determinant | | |
| Line No. | Type of Ancillary Service (a) | Number of Units (b) | Unit of Measure (c) | Dollars (d) | Number of Units (e) | Unit of Measure (f) | Dollars (g) |
| 1 | Scheduling, System Control and Dispatch | 7,706,441 | MWh | 739,818 | 7,238,098 | MWh | 1,204,896 |
| 2 | Reactive Supply and Voltage | 7,706,441 | MWh | 462,386 | 2,015,310 | MWh | 209,069 |
| 3 | Regulation and Frequency Response | | | | 56,917 | MWh | 2,579 |
| 4 | Energy Imbalance | | | | | | |
| 5 | Operating Reserve - Spinning | | | | 56,917 | MWh | 10,377 |
| 6 | Operating Reserve - Supplement | | | | 56,917 | MWh | 10,377 |
| 7 | Other | | | | | | |
| 8 | Total (Lines 1 thru 7) | 15,412,882 | | 1,202,204 | 9,424,159 | | 1,437,298 |

***Schedule Page: 398 Line No.: 1 Column: b***

Ancillary Services Purchased represents service to Native Load that El Paso Electric Company self-provides from its own facilities. The dollar values are imputed as though El Paso Electric Company took these services under its own tariff.

***Schedule Page: 398 Line No.: 1 Column: d***

Ancillary Services Purchased represents service to Native Load that El Paso Electric Company self-provides from its own facilities. The dollar values are imputed as though El Paso Electric Company took these services under its own tariff.

***Schedule Page: 398 Line No.: 1 Column: e***

The Number of Units includes 476,997 MW-Day; 1,761,066 MW-Hour, (of which 155 MW-Hours were sold to El Paso Electric Marketing, an affiliate of El Paso Electric Company); 105,064 MW-Month; 12,541 MW-Week; and 4,882,430 MW-Year, (of which 56,917 MW-Years were sold to Rio Grande Electric Co-Op, a Network customer of El Paso Electric Company).

***Schedule Page: 398 Line No.: 1 Column: f***

Unit of Measure MWh refers to MW-Year, MW-Month, MW-Week, MW-Day or MW-Hour.

***Schedule Page: 398 Line No.: 1 Column: g***

$103,838 pertains to MW-Day; $97,900 pertains to MW-Hour (of which $18 pertains to El Paso Electric Marketing, an affiliate of El Paso Electric Company). $37,411 pertains to MW-Month; $1,944 pertains to MW-Week; and $963,803 pertains to MW-Year, (of which $6,719 pertains to Rio Grande Electric Co-Op, a Network customer of El Paso Electric Company).

***Schedule Page: 398 Line No.: 2 Column: b***

Ancillary Services Purchased represents service to Native Load that El Paso Electric Company self-provides from its own facilities. The dollar values are imputed as though El Paso Electric Company took these services under its own tariff.

***Schedule Page: 398 Line No.: 2 Column: d***

Ancillary Services Purchased represents service to Native Load that El Paso Electric Company self-provides from its own facilities. The dollar values are imputed as though El Paso Electric Company took these services under its own tariff.

***Schedule Page: 398 Line No.: 2 Column: e***

The Number of Units includes 124,708 MW-Day; 891,297 MW-Hour; (of which 80 MW-Hours were sold to El Paso Electric Marketing, an affiliate of El Paso Electric Company); 104,209 MW-Month; 895,096 MW-Year, (of which 56,917 MW-Years were sold to Rio Grande Electric Co-Op, a Network customer of El Paso Electric Company).

***Schedule Page: 398 Line No.: 2 Column: f***

Unit of Measure MWh refers to MW-Year, MW-Month, MW-Day or MW-Hour.

***Schedule Page: 398 Line No.: 2 Column: g***

$40,694 pertains to MW-Day; $2,423 pertains to MW-Hour (of which $5 pertains to El Paso Electric Marketing, an affiliate of El Paso Electric Company). $23,408 pertains to MW-Month; $142,544 pertains to MW-Year, (of which $4,208 pertains to Rio Grande Electric Co-Op, a Network customer of El Paso Electric Company).

***Schedule Page: 398 Line No.: 3 Column: e***

The Number of Units includes 56,917 MW-Year, all of which were sold to Rio Grande Electric Co-Op, a Network customer of El Paso Electric Company.

***Schedule Page: 398 Line No.: 3 Column: f***

Unit of Measure MWh refers to MW-Year.

***Schedule Page: 398 Line No.: 3 Column: g***

$2,579 pertains to MW-Year, all of which pertains to Rio Grande Electric Co-Op, a Network customer of El Paso Electric Company.

***Schedule Page: 398 Line No.: 5 Column: e***

The Number of Units includes 56,917 MW-Year, all of which were sold to Rio Grande Electric Co-Op, a Network customer of El Paso Electric Company.

***Schedule Page: 398 Line No.: 5 Column: f***

Unit of Measure MWh refers to MW-Year.

***Schedule Page: 398 Line No.: 5 Column: g***

$10,377 pertains to MW-Year, all of which pertains to Rio Grande Electric Co-Op, a Network customer of El Paso Electric Company.

***Schedule Page: 398 Line No.: 6 Column: e***

The Number of Units includes 56,917 MW-Year, all of which were sold to Rio Grande Electric Co-Op, a Network customer of El Paso Electric Company.

***Schedule Page: 398 Line No.: 6 Column: f***

Unit of Measure MWh refers to MW-Year.

***Schedule Page: 398 Line No.: 6 Column: g***

$10,377 pertains to MW-Year, all of which pertains to Rio Grande Electric Co-Op, a Network customer of El Paso Electric Company.

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

## 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 | 964 | 5 | 1900 | | 4 | 1,018 | 161 | 163 | |
| 2 | February | 1,039 | 10 | 2000 | | 4 | 1,040 | 159 | 135 | |
| 3 | March | 952 | 3 | 2000 | | 7 | 1,040 | 154 | 140 | |
| 4 | Total for Quarter 1 | 2,955 | | | | 15 | 3,098 | 474 | 438 | |
| 5 | April | 1,084 | 30 | 1600 | | 9 | 1,040 | 161 | 133 | |
| 6 | May | 1,302 | 7 | 1500 | | 9 | 1,135 | 161 | 38 | |
| 7 | June | 1,411 | 22 | 1500 | | 9 | 1,103 | 105 | 126 | |
| 8 | Total for Quarter 2 | 3,797 | | | | 27 | 3,278 | 427 | 297 | |
| 9 | July | 1,554 | 15 | 1500 | | 12 | 1,040 | 161 | 133 | |
| 10 | August | 1,535 | 4 | 1600 | | 11 | 1,053 | 150 | 131 | |
| 11 | September | 1,390 | 1 | 1600 | | 12 | 1,042 | 161 | 131 | |
| 12 | Total for Quarter 3 | 4,479 | | | | 35 | 3,135 | 472 | 395 | |
| 13 | October | 1,171 | 7 | 1500 | | 8 | 1,108 | 86 | 140 | |
| 14 | November | 1,117 | 30 | 1900 | | 5 | 1,146 | 116 | 72 | |
| 15 | December | 1,089 | 3 | 1900 | | 5 | 1,127 | 50 | 155 | |
| 16 | Total for Quarter 4 | 3,377 | | | | 18 | 3,381 | 252 | 367 | |
| 17 | Total Year to Date/Year | 14,608 | | | | 95 | 12,892 | 1,625 | 1,497 | |

| Name of Respondent<br>El Paso Electric Company | This Report Is:<br>(1) [X] An Original<br>(2) [ ] A Resubmission | Date of Report<br>(Mo, Da, Yr)<br>/ / | Year/Period of Report<br>End of 2009/Q4 |
|---|---|---|---|

## MONTHLY ISO/RTO 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 Column (c) and (d) the specified information for each monthly transmission - system peak load reported on Column (b).
(4) Report on Columns (e) through (i) by month the system's transmission usage by classification. Amounts reported as Through and Out Service in Column (g) are to be excluded from those amounts reported in Columns (e) and (f).
(5) Amounts reported in Column (j) for Total Usage is the sum of Columns (h) and (i).

NAME OF SYSTEM:

| Line No. | Month (a) | Monthly Peak MW - Total (b) | Day of Monthly Peak (c) | Hour of Monthly Peak (d) | Imports into ISO/RTO (e) | Exports from ISO/RTO (f) | Through and Out Service (g) | Network Service Usage (h) | Point-to-Point Service Usage (i) | Total Usage (j) |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | January | | | | | | | | | |
| 2 | February | | | | | | | | | |
| 3 | March | | | | | | | | | |
| 4 | Total for Quarter 1 | | | | | | | | | |
| 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 | | | | | | | | | |
| | | | | | | | | | | |

## ELECTRIC ENERGY ACCOUNT

Report below the information called for concerning the disposition of electric energy generated, purchased, exchanged and wheeled during the year.

| Line No. | Item (a) | MegaWatt Hours (b) |
|---|---|---|
| 1 | SOURCES OF ENERGY | |
| 2 | Generation (Excluding Station Use): | |
| 3 | Steam | 3,112,076 |
| 4 | Nuclear | 4,848,800 |
| 5 | Hydro-Conventional | |
| 6 | Hydro-Pumped Storage | |
| 7 | Other | 18,414 |
| 8 | Less Energy for Pumping | |
| 9 | Net Generation (Enter Total of lines 3 through 8) | 7,979,290 |
| 10 | Purchases | 3,201,075 |
| 11 | Power Exchanges: | |
| 12 | Received | 116,614 |
| 13 | Delivered | 57,091 |
| 14 | Net Exchanges (Line 12 minus line 13) | 59,523 |
| 15 | Transmission For Other (Wheeling) | |
| 16 | Received | 7,782,873 |
| 17 | Delivered | 7,782,873 |
| 18 | Net Transmission for Other (Line 16 minus line 17) | |
| 19 | Transmission By Others Losses | |
| 20 | TOTAL (Enter Total of lines 9, 10, 14, 18 and 19) | 11,239,888 |

| Line No. | Item (a) | MegaWatt Hours (b) |
|---|---|---|
| 21 | DISPOSITION OF ENERGY | |
| 22 | Sales to Ultimate Consumers (Including Interdepartmental Sales) | 7,119,683 |
| 23 | Requirements Sales for Resale (See instruction 4, page 311.) | 56,931 |
| 24 | Non-Requirements Sales for Resale (See instruction 4, page 311.) | 3,511,082 |
| 25 | Energy Furnished Without Charge | |
| 26 | Energy Used by the Company (Electric Dept Only, Excluding Station Use) | 10,608 |
| 27 | Total Energy Losses | 541,584 |
| 28 | TOTAL (Enter Total of Lines 22 Through 27) (MUST EQUAL LINE 20) | 11,239,888 |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

## MONTHLY PEAKS AND OUTPUT

1. Report the monthly peak load and energy output. If the respondent has two or more power which are not physically integrated, furnish the required information for each non- integrated system.
2. Report in column (b) by month the system's output in Megawatt hours for each month.
3. Report in column (c) by month the non-requirements sales for resale. Include in the monthly amounts any energy losses associated with the sales.
4. Report in column (d) by month the system's monthly maximum megawatt load (60 minute integration) associated with the system.
5. Report in column (e) and (f) the specified information for each monthly peak load reported in column (d).

NAME OF SYSTEM:

| Line No. | Month | Total Monthly Energy | Monthly Non-Requirments Sales for Resale & Associated Losses | MONTHLY PEAK | | |
|---|---|---|---|---|---|---|
| | | | | Megawatts (See Instr. 4) | Day of Month | Hour |
| | (a) | (b) | (c) | (d) | (e) | (f) |
| 29 | January | 1,032,780 | 458,506 | 964 | 5 | 1900 |
| 30 | February | 864,339 | 351,192 | 1,039 | 10 | 2000 |
| 31 | March | 950,161 | 399,779 | 952 | 3 | 2000 |
| 32 | April | 788,282 | 231,147 | 1,084 | 30 | 1600 |
| 33 | May | 863,581 | 190,936 | 1,302 | 7 | 1500 |
| 34 | June | 1,027,799 | 300,239 | 1,411 | 22 | 1500 |
| 35 | July | 1,129,726 | 290,432 | 1,554 | 15 | 1500 |
| 36 | August | 1,090,293 | 274,584 | 1,535 | 4 | 1600 |
| 37 | September | 985,419 | 298,102 | 1,390 | 1 | 1600 |
| 38 | October | 861,138 | 244,721 | 1,171 | 7 | 1500 |
| 39 | November | 782,799 | 222,125 | 1,117 | 30 | 1900 |
| 40 | December | 863,571 | 249,319 | 1,089 | 3 | 1900 |
| 41 | TOTAL | 11,239,888 | 3,511,082 | | | |

**Schedule Page: 401 Line No.: 10 Column: b**
Includes 515,098 MWhs related to purchases from Freeport (formerly Phelps Dodge) related to the Company's Power Purchase and Sales Agreement with Freeport dated December 16, 2005.

**Schedule Page: 401 Line No.: 20 Column: b**
Includes 515,098 MWhs related to purchases from Freeport (formerly Phelps Dodge) related to the Company's Power Purchase and Sales Agreement with Freeport dated December 16, 2005.

**Schedule Page: 401 Line No.: 24 Column: b**
Includes 515,098 MWhs related to sales to Freeport (formerly Phelps Dodge) related to the Company's Power Purchase and Sales Agreement with Freeport dated December 16, 2005.

**Schedule Page: 401 Line No.: 28 Column: b**
Includes 515,098 MWhs related to sales to Freeport (formerly Phelps Dodge) related to the Company's Power Purchase and Sales Agreement with Freeport dated December 16, 2005.

**Schedule Page: 401 Line No.: 29 Column: b**
Includes a cummulative adjustment of 31 MWh due to various prior period adjustments.
Includes 52,269 MWhs for sales to Freeport (formerly Phelps Dodge) related to the Company's Power Purchase and Sales Agreement with Freeport dated December 16, 2005.

**Schedule Page: 401 Line No.: 29 Column: c**
Includes 52,269 MWhs for sales to Freeport (formerly Phelps Dodge) related to the Company's Power Purchase and Sales Agreement with Freeport dated December 16, 2005.

**Schedule Page: 401 Line No.: 30 Column: b**
Includes 46,678 MWhs for sales to Freeport (formerly Phelps Dodge) related to the Company's Power Purchase and Sales Agreement with Freeport dated December 16, 2005.

**Schedule Page: 401 Line No.: 30 Column: c**
Includes 46,678 MWhs for sales to Freeport (formerly Phelps Dodge) related to the Company's Power Purchase and Sales Agreement with Freeort dated December 16, 2005.

**Schedule Page: 401 Line No.: 31 Column: b**
Includes 52,127 MWhs for sales to Freeport (formerly Phelps Dodge) related to the Company's Power Purchase and Sales Agreement with Freeport dated December 16, 2005.

**Schedule Page: 401 Line No.: 31 Column: c**
Includes 52,127 MWhs for sales to Freeport (formerly Phelps Dodge) related to the Company's Power Purchase and Sales Agreement with Freeport dated December 16, 2005.

**Schedule Page: 401 Line No.: 32 Column: b**
Includes 51,695 MWhs for sales to Freeport (formerly Phelps Dodge) related to the Company's Power Purchase and Sales Agreement with Freeport dated December 16, 2005.

**Schedule Page: 401 Line No.: 32 Column: c**
Includes 51,695 MWhs for sales to Freeport (formerly Phelps Dodge) related to the Company's Power Purchase and Sales Agreement with Freeport dated December 16, 2005.

**Schedule Page: 401 Line No.: 33 Column: b**
Includes 1,637 MWhs for sales to Freeport (formerly Phelps Dodge) related to the Company's Power Purchase and Sales Agreement with Freeport dated December 16, 2005.

**Schedule Page: 401 Line No.: 33 Column: c**
Includes 1,637 MWhs for sales to Freeport (formerly Phelps Dodge) related to the Company's Power Purchase and Sales Agreement with Freeport dated December 16, 2005.

**Schedule Page: 401 Line No.: 34 Column: b**
Includes 34,912 MWhs for sales to Freeport (formerly Phelps Dodge) related to the Company's Power Purchase and Sales Agreement with Freeport dated December 16, 2005.

**Schedule Page: 401 Line No.: 34 Column: c**
Includes 34,912 MWhs for sales to Freeport (formerly Phelps Dodge) related to the Company's Power Purchase and Sales Agreement with Freeport dated December 16, 2005.

**Schedule Page: 401 Line No.: 35 Column: b**
Includes 49,923 MWhs for sales to Freeport (formerly Phelps Dodge) related to the Company's Power Purchase and Sales Agreement with Freeport dated December 16, 2005.

**Schedule Page: 401 Line No.: 35 Column: c**
Includes 49,923 MWhs for sales to Freeport (formerly Phelps Dodge) related to the Company's Power Purchase and Sales Agreement with Freeport dated December 16, 2005.

***Schedule Page: 401 Line No.: 36 Column: b***
Includes 49,139 MWhs for sales to Freeport (formerly Phelps Dodge) related to the Company's Power Purchase and Sales Agreement with Freeport dated December 16, 2005.

***Schedule Page: 401 Line No.: 36 Column: c***
Includes 49,139 MWhs for sales to Freeport (formerly Phelps Dodge) related to the Company's Power Purchase and Sales Agreement with Freeport dated December 16, 2005.

***Schedule Page: 401 Line No.: 37 Column: b***
Includes 48,415 MWhs for sales to Freeport (formerly Phelps Dodge) related to the Company's Power Purchase and Sales Agreement with Freeport dated December 16, 2005.

***Schedule Page: 401 Line No.: 37 Column: c***
Includes 48,415 MWhs for sales to Freeport (formerly Phelps Dodge) related to the Company's Power Purchase and Sales Agreement with Freeport dated December 16, 2005.

***Schedule Page: 401 Line No.: 38 Column: b***
Includes 50,587 MWhs for sales to Freeport (formerly Phelps Dodge) related to the Company's Power Purchase and Sales Agreement with Freeport dated December 16, 2005.

***Schedule Page: 401 Line No.: 38 Column: c***
Includes 50,587 MWhs for sales to Freeport (formerly Phelps Dodge) related to the Company's Power Purchase and Sales Agreement with Freeport dated December 16, 2005.

***Schedule Page: 401 Line No.: 39 Column: b***
Includes 30,673 MWhs for sales to Freeport (formerly Phelps Dodge) related to the Company's Power Purchase and Sales Agreement with Freeport dated December 16, 2005.

***Schedule Page: 401 Line No.: 39 Column: c***
Includes 30,673 MWhs for sales to Freeport (formerly Phelps Dodge) related to the Company's Power Purchase and Sales Agreement with Freeport dated December 16, 2005.

***Schedule Page: 401 Line No.: 40 Column: b***
Includes 47,043 MWhs for sales to Freeport (formerly Phelps Dodge) related to the Company's Power Purchase and Sales Agreement with Freeport dated December 16, 2005.

***Schedule Page: 401 Line No.: 40 Column: c***
Includes 47,043 MWhs for sales to Freeport (formerly Phelps Dodge) related to the Company's Power Purchase and Sales Agreement with Freeport dated December 16, 2005.

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

## STEAM-ELECTRIC GENERATING PLANT STATISTICS (Large Plants)

1. Report data for plant in Service only. 2. Large plants are steam plants with installed capacity (name plate rating) of 25,000 Kw or more. Report in this page gas-turbine and internal combustion plants of 10,000 Kw or more, and nuclear plants. 3. Indicate by a footnote any plant leased or operated as a joint facility. 4. If net peak demand for 60 minutes is not available, give data which is available, specifying period. 5. If any employees attend more than one plant, report on line 11 the approximate average number of employees assignable to each plant. 6. If gas is used and purchased on a therm basis report the Btu content or the gas and the quantity of fuel burned converted to Mct. 7. Quantities of fuel burned (Line 38) and average cost per unit of fuel burned (Line 41) must be consistent with charges to expense accounts 501 and 547 (Line 42) as show on Line 20. 8. If more than one fuel is burned in a plant furnish only the composite heat rate for all fuels burned.

| Line No. | Item (a) | Plant Name: *Rio Grande* (b) | Plant Name: *Newman* (c) |
|---|---|---|---|
| 1 | Kind of Plant (Internal Comb, Gas Turb, Nuclear | Steam | Steam |
| 2 | Type of Constr (Conventional, Outdoor, Boiler, etc) | Indoor & Outdoor | Indoor & Outdoof |
| 3 | Year Originally Constructed | 1929 | 1959 |
| 4 | Year Last Unit was Installed | 1972 | 2009 |
| 5 | Total Installed Cap (Max Gen Name Plate Ratings-MW) | 266.00 | 747.00 |
| 6 | Net Peak Demand on Plant - MW (60 minutes) | 220 | 632 |
| 7 | Plant Hours Connected to Load | 7509 | 8760 |
| 8 | Net Continuous Plant Capability (Megawatts) | 229 | 651 |
| 9 | When Not Limited by Condenser Water | 229 | 651 |
| 10 | When Limited by Condenser Water | 224 | 651 |
| 11 | Average Number of Employees | 48 | 60 |
| 12 | Net Generation, Exclusive of Plant Use - KWh | 469963000 | 1897255000 |
| 13 | Cost of Plant: Land and Land Rights | 100946 | 1782 |
| 14 | Structures and Improvements | 4559977 | 16880118 |
| 15 | Equipment Costs | 51152072 | 199135308 |
| 16 | Asset Retirement Costs | 76983 | 51530 |
| 17 | Total Cost | 55889978 | 216068738 |
| 18 | Cost per KW of Installed Capacity (line 17/5) Including | 210.1127 | 289.2486 |
| 19 | Production Expenses: Oper, Supv, & Engr | 686321 | 872658 |
| 20 | Fuel | 30715833 | 112334349 |
| 21 | Coolants and Water (Nuclear Plants Only) | 0 | 0 |
| 22 | Steam Expenses | 1510283 | 832738 |
| 23 | Steam From Other Sources | 0 | 0 |
| 24 | Steam Transferred (Cr) | 0 | 0 |
| 25 | Electric Expenses | 70064 | 1812002 |
| 26 | Misc Steam (or Nuclear) Power Expenses | 1858927 | 3038800 |
| 27 | Rents | 0 | 411540 |
| 28 | Allowances | 0 | 533120 |
| 29 | Maintenance Supervision and Engineering | 438685 | 767992 |
| 30 | Maintenance of Structures | 419085 | 685614 |
| 31 | Maintenance of Boiler (or reactor) Plant | 1451701 | 1444036 |
| 32 | Maintenance of Electric Plant | 3578408 | 4364453 |
| 33 | Maintenance of Misc Steam (or Nuclear) Plant | 865750 | 474499 |
| 34 | Total Production Expenses | 41595057 | 127571801 |
| 35 | Expenses per Net KWh | 0.0885 | 0.0672 |

| Line No. | Item (a) | (b) | | | (c) | | |
|---|---|---|---|---|---|---|---|
| 36 | Fuel: Kind (Coal, Gas, Oil, or Nuclear) | Gas | Oil | | Gas | Oil | |
| 37 | Unit (Coal-tons/Oil-barrel/Gas-mcf/Nuclear-indicate) | Mcf | BBL | | Mcf | BBL | |
| 38 | Quantity (Units) of Fuel Burned | 5362250 | 0 | 0 | 19856086 | 0 | 0 |
| 39 | Avg Heat Cont - Fuel Burned (btu/indicate if nuclear) | 1024000 | 0 | 0 | 1020000 | 0 | 0 |
| 40 | Avg Cost of Fuel/unit, as Delvd f.o.b. during year | 5.728 | 0.000 | 0.000 | 5.657 | 0.000 | 0.000 |
| 41 | Average Cost of Fuel per Unit Burned | 5.728 | 0.000 | 0.000 | 5.657 | 0.000 | 0.000 |
| 42 | Average Cost of Fuel Burned per Million BTU | 5.594 | 0.000 | 0.000 | 5.547 | 0.000 | 0.000 |
| 43 | Average Cost of Fuel Burned per KWh Net Gen | 0.065 | 0.000 | 0.000 | 0.059 | 0.000 | 0.000 |
| 44 | Average BTU per KWh Net Generation | 11684.000 | 0.000 | 0.000 | 10672.000 | 0.000 | 0.000 |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

## STEAM-ELECTRIC GENERATING PLANT STATISTICS (Large Plants)*(Continued)*

9. Items under Cost of Plant are based on U. S. of A. Accounts. Production expenses do not include Purchased Power, System Control and Load Dispatching, and Other Expenses Classified as Other Power Supply Expenses. 10. For IC and GT plants, report Operating Expenses, Account Nos. 547 and 549 on Line 25 "Electric Expenses," and Maintenance Account Nos. 553 and 554 on Line 32, "Maintenance of Electric Plant." Indicate plants designed for peak load service. Designate automatically operated plants. 11. For a plant equipped with combinations of fossil fuel steam, nuclear steam, hydro, internal combustion or gas-turbine equipment, report each as a separate plant. However, if a gas-turbine unit functions in a combined cycle operation with a conventional steam unit, include the gas-turbine with the steam plant. 12. If a nuclear power generating plant, briefly explain by footnote (a) accounting method for cost of power generated including any excess costs attributed to research and development; (b) types of cost units used for the various components of fuel cost; and (c) any other informative data concerning plant type fuel used, fuel enrichment type and quantity for the report period and other physical and operating characteristics of plant.

| Plant Name: *Four Corners* (d) | Plant Name: *Copper* (e) | Plant Name: *Palo Verde* (f) | Line No. |
|---|---|---|---|
| | Gas Turbine | | 1 |
| | Outdoors | | 2 |
| | 1979 | | 3 |
| | 1980 | | 4 |
| 0.00 | 79.00 | 0.00 | 5 |
| 0 | 63 | 0 | 6 |
| 0 | 509 | 0 | 7 |
| 0 | 63 | 0 | 8 |
| 0 | 63 | 0 | 9 |
| 0 | 63 | 0 | 10 |
| 0 | 0 | 0 | 11 |
| 744858000 | 17415000 | 4848800000 | 12 |
| 8623 | 10000 | 1846320 | 13 |
| 1810565 | 692606 | 439089864 | 14 |
| 79199827 | 14173851 | 1184354530 | 15 |
| 31491 | 15479 | 1341529 | 16 |
| 81050506 | 14891936 | 1626632243 | 17 |
| 0.0000 | 188.5055 | 0.0000 | 18 |
| 136324 | 0 | 7711950 | 19 |
| 12554164 | 1163895 | 29148224 | 20 |
| 0 | 0 | 5104511 | 21 |
| 1273323 | 0 | 5732533 | 22 |
| 0 | 0 | 0 | 23 |
| 0 | 0 | 0 | 24 |
| 110667 | 0 | 5488431 | 25 |
| 666635 | 11040 | 24740290 | 26 |
| 969916 | 0 | 23237 | 27 |
| 0 | 0 | 0 | 28 |
| 126861 | 1597 | 6594299 | 29 |
| 126473 | 8006 | 1887343 | 30 |
| 1777505 | 239713 | 9343086 | 31 |
| 267978 | 34265 | 8677349 | 32 |
| 577775 | 0 | 3621162 | 33 |
| 18587621 | 1458516 | 108072415 | 34 |
| 0.0250 | 0.0838 | 0.0223 | 35 |

| (d) | (d) | (d) | (e) | (e) | (e) | (f) | (f) | (f) | Line No. |
|---|---|---|---|---|---|---|---|---|---|
| Coal | Gas | | Gas | Oil | | Nuclear | | | 36 |
| Ton | Mcf | | Mcf | BBL | | MMbtu | | | 37 |
| 408493 | 13115 | 0 | 221324 | 0 | 0 | 49722650 | 0 | 0 | 38 |
| 17777999 | 1010200 | 0 | 1018900 | 0 | 0 | 0 | 0 | 0 | 39 |
| 30.518 | 6.693 | 0.000 | 5.259 | 0.000 | 0.000 | 0.586 | 0.000 | 0.000 | 40 |
| 30.518 | 6.693 | 0.000 | 5.259 | 0.000 | 0.000 | 0.586 | 0.000 | 0.000 | 41 |
| 1.717 | 6.626 | 0.000 | 5.161 | 0.000 | 0.000 | 0.586 | 0.000 | 0.000 | 42 |
| 0.017 | 0.000 | 0.000 | 0.067 | 0.000 | 0.000 | 0.006 | 0.000 | 0.000 | 43 |
| 9768.000 | 0.000 | 0.000 | 12950.000 | 0.000 | 0.000 | 10255.000 | 0.000 | 0.000 | 44 |

***Schedule Page: 402 Line No.: 1 Column: d***

Jointly owned plant.

***Schedule Page: 402 Line No.: 1 Column: f***

Jointly owned nuclear plant.

***Schedule Page: 402 Line No.: 2 Column: d***

Data on lines 2-11 for total plant to be reported by the Operating Agent, Arizona Public Service Company.

***Schedule Page: 402 Line No.: 2 Column: f***

Data on lines 2-11 for total plant to be reported by the Operating Agent, Arizona Public Service Company.

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

## HYDROELECTRIC GENERATING PLANT STATISTICS (Large Plants)

1. Large plants are hydro plants of 10,000 Kw or more of installed capacity (name plate ratings)
2. If any plant is leased, operated under a license from the Federal Energy Regulatory Commission, or operated as a joint facility, indicate such facts in a footnote. If licensed project, give project number.
3. If net peak demand for 60 minutes is not available, give that which is available specifying period.
4. If a group of employees attends more than one generating plant, report on line 11 the approximate average number of employees assignable to each plant.

| Line No. | Item<br>(a) | FERC Licensed Project No. 0<br>Plant Name:<br>(b) | FERC Licensed Project No. 0<br>Plant Name:<br>(c) |
|---|---|---|---|
| | | | |
| | | | |
| 1 | Kind of Plant (Run-of-River or Storage) | | |
| 2 | Plant Construction type (Conventional or Outdoor) | | |
| 3 | Year Originally Constructed | | |
| 4 | Year Last Unit was Installed | | |
| 5 | Total installed cap (Gen name plate Rating in MW) | 0.00 | 0.00 |
| 6 | Net Peak Demand on Plant-Megawatts (60 minutes) | 0 | 0 |
| 7 | Plant Hours Connect to Load | 0 | 0 |
| 8 | Net Plant Capability (in megawatts) | | |
| 9 | (a) Under Most Favorable Oper Conditions | 0 | 0 |
| 10 | (b) Under the Most Adverse Oper Conditions | 0 | 0 |
| 11 | Average Number of Employees | 0 | 0 |
| 12 | Net Generation, Exclusive of Plant Use - Kwh | 0 | 0 |
| 13 | Cost of Plant | | |
| 14 | Land and Land Rights | 0 | 0 |
| 15 | Structures and Improvements | 0 | 0 |
| 16 | Reservoirs, Dams, and Waterways | 0 | 0 |
| 17 | Equipment Costs | 0 | 0 |
| 18 | Roads, Railroads, and Bridges | 0 | 0 |
| 19 | Asset Retirement Costs | 0 | 0 |
| 20 | TOTAL cost (Total of 14 thru 19) | 0 | 0 |
| 21 | Cost per KW of Installed Capacity (line 20 / 5) | 0.0000 | 0.0000 |
| 22 | Production Expenses | | |
| 23 | Operation Supervision and Engineering | 0 | 0 |
| 24 | Water for Power | 0 | 0 |
| 25 | Hydraulic Expenses | 0 | 0 |
| 26 | Electric Expenses | 0 | 0 |
| 27 | Misc Hydraulic Power Generation Expenses | 0 | 0 |
| 28 | Rents | 0 | 0 |
| 29 | Maintenance Supervision and Engineering | 0 | 0 |
| 30 | Maintenance of Structures | 0 | 0 |
| 31 | Maintenance of Reservoirs, Dams, and Waterways | 0 | 0 |
| 32 | Maintenance of Electric Plant | 0 | 0 |
| 33 | Maintenance of Misc Hydraulic Plant | 0 | 0 |
| 34 | Total Production Expenses (total 23 thru 33) | 0 | 0 |
| 35 | Expenses per net KWh | 0.0000 | 0.0000 |

HYDROELECTRIC GENERATING PLANT STATISTICS (Large Plants) (Continued)

5. The items under Cost of Plant represent accounts or combinations of accounts prescribed by the Uniform System of Accounts. Production Expenses do not include Purchased Power, System control and Load Dispatching, and Other Expenses classified as "Other Power Supply Expenses."
6. Report as a separate plant any plant equipped with combinations of steam, hydro, internal combustion engine, or gas turbine equipment.

| FERC Licensed Project No. 0<br>Plant Name:<br>(d) | FERC Licensed Project No. 0<br>Plant Name:<br>(e) | FERC Licensed Project No. 0<br>Plant Name:<br>(f) | Line No. |
|---|---|---|---|
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| | | | 3 |
| | | | 4 |
| 0.00 | 0.00 | 0.00 | 5 |
| 0 | 0 | 0 | 6 |
| 0 | 0 | 0 | 7 |
| | | | 8 |
| 0 | 0 | 0 | 9 |
| 0 | 0 | 0 | 10 |
| 0 | 0 | 0 | 11 |
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| 0 | 0 | 0 | 18 |
| 0 | 0 | 0 | 19 |
| 0 | 0 | 0 | 20 |
| 0.0000 | 0.0000 | 0.0000 | 21 |
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| 0 | 0 | 0 | 30 |
| 0 | 0 | 0 | 31 |
| 0 | 0 | 0 | 32 |
| 0 | 0 | 0 | 33 |
| 0 | 0 | 0 | 34 |
| 0.0000 | 0.0000 | 0.0000 | 35 |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

## PUMPED STORAGE GENERATING PLANT STATISTICS (Large Plants)

1. Large plants and pumped storage plants of 10,000 Kw or more of installed capacity (name plate ratings)
2. If any plant is leased, operating under a license from the Federal Energy Regulatory Commission, or operated as a joint facility, indicate such facts in a footnote. Give project number.
3. If net peak demand for 60 minutes is not available, give the which is available, specifying period.
4. If a group of employees attends more than one generating plant, report on line 8 the approximate average number of employees assignable to each plant.
5. The items under Cost of Plant represent accounts or combinations of accounts prescribed by the Uniform System of Accounts. Production Expenses do not include Purchased Power System Control and Load Dispatching, and Other Expenses classified as "Other Power Supply Expenses."

| Line No. | Item (a) | FERC Licensed Project No. Plant Name: (b) |
|---|---|---|
| | | |
| | | |
| 1 | Type of Plant Construction (Conventional or Outdoor) | |
| 2 | Year Originally Constructed | |
| 3 | Year Last Unit was Installed | |
| 4 | Total installed cap (Gen name plate Rating in MW) | |
| 5 | Net Peak Demaind on Plant-Megawatts (60 minutes) | |
| 6 | Plant Hours Connect to Load While Generating | |
| 7 | Net Plant Capability (in megawatts) | |
| 8 | Average Number of Employees | |
| 9 | Generation, Exclusive of Plant Use - Kwh | |
| 10 | Energy Used for Pumping | |
| 11 | Net Output for Load (line 9 - line 10) - Kwh | |
| 12 | Cost of Plant | |
| 13 | Land and Land Rights | |
| 14 | Structures and Improvements | |
| 15 | Reservoirs, Dams, and Waterways | |
| 16 | Water Wheels, Turbines, and Generators | |
| 17 | Accessory Electric Equipment | |
| 18 | Miscellaneous Powerplant Equipment | |
| 19 | Roads, Railroads, and Bridges | |
| 20 | Asset Retirement Costs | |
| 21 | Total cost (total 13 thru 20) | |
| 22 | Cost per KW of installed cap (line 21 / 4) | |
| 23 | Production Expenses | |
| 24 | Operation Supervision and Engineering | |
| 25 | Water for Power | |
| 26 | Pumped Storage Expenses | |
| 27 | Electric Expenses | |
| 28 | Misc Pumped Storage Power generation Expenses | |
| 29 | Rents | |
| 30 | Maintenance Supervision and Engineering | |
| 31 | Maintenance of Structures | |
| 32 | Maintenance of Reservoirs, Dams, and Waterways | |
| 33 | Maintenance of Electric Plant | |
| 34 | Maintenance of Misc Pumped Storage Plant | |
| 35 | Production Exp Before Pumping Exp (24 thru 34) | |
| 36 | Pumping Expenses | |
| 37 | Total Production Exp (total 35 and 36) | |
| 38 | Expenses per KWh (line 37 / 9) | |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

## PUMPED STORAGE GENERATING PLANT STATISTICS (Large Plants) (Continued)

6. Pumping energy (Line 10) is that energy measured as input to the plant for pumping purposes.
7. Include on Line 36 the cost of energy used in pumping into the storage reservoir. When this item cannot be accurately computed leave Lines 36, 37 and 38 blank and describe at the bottom of the schedule the company's principal sources of pumping power, the estimated amounts of energy from each station or other source that individually provides more than 10 percent of the total energy used for pumping, and production expenses per net MWH as reported herein for each source described. Group together stations and other resources which individually provide less than 10 percent of total pumping energy. If contracts are made with others to purchase power for pumping, give the supplier contract number, and date of contract.

| FERC Licensed Project No.<br>Plant Name:<br>(c) | FERC Licensed Project No.<br>Plant Name:<br>(d) | FERC Licensed Project No.<br>Plant Name:<br>(e) | Line No. |
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| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

## GENERATING PLANT STATISTICS (Small Plants)

1. Small generating plants are steam plants of, less than 25,000 Kw; internal combustion and gas turbine-plants, conventional hydro plants and pumped storage plants of less than 10,000 Kw installed capacity (name plate rating). 2. Designate any plant leased from others, operated under a license from the Federal Energy Regulatory Commission, or operated as a joint facility, and give a concise statement of the facts in a footnote. If licensed project, give project number in footnote.

| Line No. | Name of Plant (a) | Year Orig. Const. (b) | Installed Capacity Name Plate Rating (In MW) (c) | Net Peak Demand MW (60 min.) (d) | Net Generation Excluding Plant Use (e) | Cost of Plant (f) |
|---|---|---|---|---|---|---|
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| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

GENERATING PLANT STATISTICS (Small Plants) (Continued)

3. List plants appropriately under subheadings for steam, hydro, nuclear, internal combustion and gas turbine plants. For nuclear, see instruction 11, Page 403. 4. If net peak demand for 60 minutes is not available, give the which is available, specifying period. 5. If any plant is equipped with combinations of steam, hydro internal combustion or gas turbine equipment, report each as a separate plant. However, if the exhaust heat from the gas turbine is utilized in a steam turbine regenerative feed water cycle, or for preheated combustion air in a boiler, report as one plant.

| Plant Cost (Incl Asset Retire. Costs) Per MW (g) | Operation Exc'l. Fuel (h) | Production Expenses: Fuel (i) | Production Expenses: Maintenance (j) | Kind of Fuel (k) | Fuel Costs (in cents (per Million Btu) (l) | Line No. |
|---|---|---|---|---|---|---|
| | | | | | | 1 |
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| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

## TRANSMISSION LINE STATISTICS

1. Report information concerning transmission lines, cost of lines, and expenses for year. List each transmission line having nominal voltage of 132 kilovolts or greater. Report transmission lines below these voltages in group totals only for each voltage.
2. Transmission lines include all lines covered by the definition of transmission system plant as given in the Uniform System of Accounts. Do not report substation costs and expenses on this page.
3. Report data by individual lines for all voltages if so required by a State commission.
4. Exclude from this page any transmission lines for which plant costs are included in Account 121, Nonutility Property.
5. Indicate whether the type of supporting structure reported in column (e) is: (1) single pole wood or steel; (2) H-frame wood, or steel poles; (3) tower; or (4) underground construction If a transmission line has more than one type of supporting structure, indicate the mileage of each type of construction by the use of brackets and extra lines. Minor portions of a transmission line of a different type of construction need not be distinguished from the remainder of the line.
6. Report in columns (f) and (g) the total pole miles of each transmission line. Show in column (f) the pole miles of line on structures the cost of which is reported for the line designated; conversely, show in column (g) the pole miles of line on structures the cost of which is reported for another line. Report pole miles of line on leased or partly owned structures in column (g). In a footnote, explain the basis of such occupancy and state whether expenses with respect to such structures are included in the expenses reported for the line designated.

| Line No. | DESIGNATION | | VOLTAGE (KV) (Indicate where other than 60 cycle, 3 phase) | | Type of Supporting Structure | LENGTH (Pole miles) (In the case of underground lines report circuit miles) | | Number Of Circuits |
|---|---|---|---|---|---|---|---|---|
| | From (a) | To (b) | Operating (c) | Designed (d) | (e) | On Structure of Line Designated (f) | On Structures of Another Line (g) | (h) |
| 1 | Palo Verde | Kyrene | 500.00 | 500.00 | (1),(3) | | 75.00 | 1 |
| 2 | Palo Verde | Westwing | 500.00 | 500.00 | (3) | | 45.00 | 2 |
| 3 | | | | | | | | |
| 4 | Newman | West Mesa | 345.00 | 345.00 | (2) | 232.20 | | 1 |
| 5 | Newman | Afton | 345.00 | 345.00 | (2) | 29.88 | | 1 |
| 6 | Afton | Luna | 345.00 | 345.00 | (2) | 57.26 | | 1 |
| 7 | Luna | Greenlee | 345.00 | 345.00 | (2) | | 109.80 | 1 |
| 8 | Newman | Eddy County | 345.00 | 345.00 | (2) | 78.80 | 125.40 | 1 |
| 9 | Diablo | Luna | 345.00 | 345.00 | (2) | 84.90 | | 1 |
| 10 | Luna | Springerville | 345.00 | 345.00 | (2),(3) | 224.70 | | 1 |
| 11 | | | | | | | | |
| 12 | | | | | | | | |
| 13 | | | | | | | | |
| 14 | Various 115kV Lines | | 115.00 | 115.00 | (1),(2) | 424.48 | 38.93 | 1 |
| 15 | Various 69kV Lines | | 69.00 | 69.00 | (1),(2) | 205.88 | 25.80 | 1 |
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| 35 | | | | | | | | |
| 36 | | | | | TOTAL | 1,338.10 | 419.93 | 12 |

TRANSMISSION LINE STATISTICS (Continued)

7. Do not report the same transmission line structure twice. Report Lower voltage Lines and higher voltage lines as one line. Designate in a footnote if you do not include Lower voltage lines with higher voltage lines. If two or more transmission line structures support lines of the same voltage, report the pole miles of the primary structure in column (f) and the pole miles of the other line(s) in column (g)
8. Designate any transmission line or portion thereof for which the respondent is not the sole owner. If such property is leased from another company, give name of lessor, date and terms of Lease, and amount of rent for year. For any transmission line other than a leased line, or portion thereof, for which the respondent is not the sole owner but which the respondent operates or shares in the operation of, furnish a succinct statement explaining the arrangement and giving particulars (details) of such matters as percent ownership by respondent in the line, name of co-owner, basis of sharing expenses of the Line, and how the expenses borne by the respondent are accounted for, and accounts affected. Specify whether lessor, co-owner, or other party is an associated company.
9. Designate any transmission line leased to another company and give name of Lessee, date and terms of lease, annual rent for year, and how determined. Specify whether lessee is an associated company.
10. Base the plant cost figures called for in columns (j) to (l) on the book cost at end of year.

| Size of Conductor and Material | COST OF LINE (Include in Column (j) Land, Land rights, and clearing right-of-way) | | | EXPENSES, EXCEPT DEPRECIATION AND TAXES | | | | Line No. |
|---|---|---|---|---|---|---|---|---|
| (i) | Land (j) | Construction and Other Costs (k) | Total Cost (l) | Operation Expenses (m) | Maintenance Expenses (n) | Rents (o) | Total Expenses (p) | |
| 1780 ACSR | 1,560,377 | 7,027,603 | 8,587,980 | | | | | 1 |
| 1780 ACSR | 1,203,340 | 5,419,588 | 6,622,928 | | | | | 2 |
| | | | | | | | | 3 |
| 795 ACSR | 930,038 | 11,684,821 | 12,614,859 | | | | | 4 |
| 795 ACSR | 423,552 | 4,126,253 | 4,549,805 | | | | | 5 |
| 795 ACSR | 811,653 | 7,907,147 | 8,718,800 | | | | | 6 |
| 795 ACSR | 86,513 | 1,482,118 | 1,568,631 | | | | | 7 |
| 954 ACSR/T2 | 3,107,408 | 17,239,345 | 20,346,753 | | | | | 8 |
| 954 ACSR | 1,114,625 | 12,378,266 | 13,492,891 | | | | | 9 |
| 954 ACSR | 173,895 | 60,781,234 | 60,955,129 | | | | | 10 |
| | | | | | | | | 11 |
| | | | | | | | | 12 |
| | | | | | | | | 13 |
| Various | 2,156,617 | 41,216,843 | 43,373,460 | | | | | 14 |
| Various | 309,717 | 9,909,431 | 10,219,148 | | | | | 15 |
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| | 11,877,735 | 179,172,649 | 191,050,384 | | | | | 36 |

FOOTNOTE DATA

***Schedule Page: 422 Line No.: 1 Column: g***

EPE Ownership - 18.7%

***Schedule Page: 422 Line No.: 2 Column: g***

EPE Ownership - 18.7%

***Schedule Page: 422 Line No.: 4 Column: b***

Includes intermediate station - Arroyo.

***Schedule Page: 422 Line No.: 7 Column: b***

Includes intermediate station - Hidalgo.

***Schedule Page: 422 Line No.: 7 Column: g***

EPE Ownership - 57.2% Luna-Hidalgo (50.0 mi), 40% Hidalgo-Greenlee (59.8 mi).

***Schedule Page: 422 Line No.: 8 Column: b***

Includes intermediate stations - Caliente Amrad.

***Schedule Page: 422 Line No.: 8 Column: f***

EPE Ownership - 100% Newman - Caliente (22.8 mi), 100% Caliente - Amrad (56.0 mi).

***Schedule Page: 422 Line No.: 8 Column: g***

EPE Ownership - 66.7% Amrad-Eddy County (125.4 mi).

***Schedule Page: 422 Line No.: 10 Column: f***

Composed of (2) H-frame wood or steel poles (146.90 mi) and (3) tower (77.80 mi).

***Schedule Page: 422 Line No.: 14 Column: g***

Includes double circuit and underbuilt segments of line.

***Schedule Page: 422 Line No.: 15 Column: g***

Includes double circuit and underbuilt segments of line.

TRANSMISSION LINES ADDED DURING YEAR

1. Report below the information called for concerning Transmission lines added or altered during the year. It is not necessary to report minor revisions of lines.
2. Provide separate subheadings for overhead and under- ground construction and show each transmission line separately. If actual costs of competed construction are not readily available for reporting columns (l) to (o), it is permissible to report in these columns the

| Line No. | LINE DESIGNATION From (a) | LINE DESIGNATION To (b) | Line Length in Miles (c) | SUPPORTING STRUCTURE Type (d) | SUPPORTING STRUCTURE Average Number per Miles (e) | CIRCUITS PER STRUCTURE Present (f) | CIRCUITS PER STRUCTURE Ultimate (g) |
|---|---|---|---|---|---|---|---|
| 1 | Coyote | Montwood | 7.85 | 1 | 15.00 | 1 | 1 |
| 2 | Global Reach | Vista | 1.00 | 2 | 13.00 | 1 | 2 |
| 3 | Global Reach | Biggs | 1.00 | 2 | 13.00 | 1 | 1 |
| 4 | | | | | | | |
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| 43 | | | | | | | |
| 44 | TOTAL | | 9.85 | | 41.00 | 3 | 4 |

| Name of Respondent<br>El Paso Electric Company | This Report Is:<br>(1) [X] An Original<br>(2) [ ] A Resubmission | Date of Report<br>(Mo, Da, Yr)<br>/ / | Year/Period of Report<br>End of 2009/Q4 |
|---|---|---|---|

TRANSMISSION LINES ADDED DURING YEAR (Continued)

costs. Designate, however, if estimated amounts are reported. Include costs of Clearing Land and Rights-of-Way, and Roads and Trails, in column (l) with appropriate footnote, and costs of Underground Conduit in column (m).
3. If design voltage differs from operating voltage, indicate such fact by footnote; also where line is other than 60 cycle, 3 phase, indicate such other characteristic.

| CONDUCTORS | | | Voltage | LINE COST | | | | | Line |
|---|---|---|---|---|---|---|---|---|---|
| Size (h) | Specification (i) | Configuration and Spacing (j) | KV (Operating) (k) | Land and Land Rights (l) | Poles, Towers and Fixtures (m) | Conductors and Devices (n) | Asset Retire. Costs (o) | Total (p) | No. |
| 954 MCM | ACSR | Delta 10 | 115 | 151,935 | 2,259,200 | 1,216,535 | | 3,627,670 | 1 |
| 954 MCM | ACSR | Horizntal 13 | 115 | 7,329 | 347,000 | 186,931 | | 541,260 | 2 |
| 954 MCM | ACSR | Horizntal 13 | 115 | 7,329 | 274,600 | 147,934 | | 429,863 | 3 |
| | | | | | | | | | 4 |
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| | | | | 166,593 | 2,880,800 | 1,551,400 | | 4,598,793 | 44 |

| Name of Respondent<br>El Paso Electric Company | This Report Is:<br>(1) [X] An Original<br>(2) [ ] A Resubmission | Date of Report<br>(Mo, Da, Yr)<br>/ / | Year/Period of Report<br>End of 2009/Q4 |
|---|---|---|---|

## SUBSTATIONS

1. Report below the information called for concerning substations of the respondent as of the end of the year.
2. Substations which serve only one industrial or street railway customer should not be listed below.
3. Substations with capacities of Less than 10 MVa except those serving customers with energy for resale, may be grouped according to functional character, but the number of such substations must be shown.
4. Indicate in column (b) the functional character of each substation, designating whether transmission or distribution and whether attended or unattended. At the end of the page, summarize according to function the capacities reported for the individual stations in column (f).

| Line No. | Name and Location of Substation<br>(a) | Character of Substation<br>(b) | VOLTAGE (In MVa)<br>Primary<br>(c) | Secondary<br>(d) | Tertiary<br>(e) |
|---|---|---|---|---|---|
| 1 | 10,000 kVA and Over | | | | |
| 2 | | | | | |
| 3 | Afton La Mesa, NM | Trans. UA | | | |
| 4 | Altura El Paso | Dist. UA | 13.80 | 4.16 | |
| 5 | Americas El Paso | Dist. UA | 69.00 | 14.40 | |
| 6 | Amrad Oro Grande, NM | Trans. UA | 345.00 | 115.00 | 13.00 |
| 7 | Amrad Oro Grande, NM | Dist. UA | 115.00 | 24.90 | |
| 8 | Anthony Anthony, NM | Dist. UA | 115.00 | 24.90 | |
| 9 | Apollo New Mexico | Dist. UA | 69.00 | 2.40 | |
| 10 | Arroyo Las Cruces, NM | Trans. UA | 345.00 | 345.00 | |
| 11 | Arroyo Las Cruces, NM | Trans. UA | 345.00 | 115.00 | 13.80 |
| 12 | Arroyo Las Cruces, NM | Dist. UA | 115.00 | 23.90 | |
| 13 | Arroyo Las Cruces, NM | Dist. UA | 115.00 | 23.90 | |
| 14 | Ascarate El Paso | Dist. UA | 115.00 | 69.00 | 14.40 |
| 15 | Ascarate El Paso | Dist. UA | 115.00 | 69.00 | |
| 16 | Ascarate El Paso | Dist. UA | 69.00 | 13.80 | |
| 17 | Ascarate El Paso | Dist. UA | 69.00 | 4.16 | |
| 18 | Austin El Paso | Dist. UA | 115.00 | 13.80 | |
| 19 | Austin El Paso | Dist. UA | 69.00 | 4.16 | |
| 20 | Biggs El Paso | Dist. UA | 115.00 | | |
| 21 | Border Steel El Paso | Dist. UA | 115.00 | 13.80 | |
| 22 | Butterfield El Paso | Dist. UA | 115.00 | 13.80 | |
| 23 | Caliente El Paso | Trans. UA | 345.00 | 115.00 | 13.80 |
| 24 | Caliente El Paso | Trans. UA | 115.00 | 13.80 | |
| 25 | Chaparral Chaparral, NM | Dist. UA | 115.00 | 13.80 | |
| 26 | Clint Lower Valley | Dist. UA | 69.00 | 14.40 | |
| 27 | Clint Lower Valley | Dist. UA | 69.00 | 4.16 | |
| 28 | Copper El Paso | Dist. UA | 13.80 | 115.00 | |
| 29 | Copper El Paso | Dist. UA | 115.00 | 13.80 | |
| 30 | Copper El Paso | Dist. UA | 13.80 | 45.80 | |
| 31 | Copper El Paso | Dist. UA | 13.80 | 0.48 | |
| 32 | Cox New Mexico | Trans. UA | 115.00 | 69.00 | |
| 33 | Coyote Lower Valley | Dist. UA | 115.00 | 13.80 | |
| 34 | Cromo El Paso | Dist. UA | 115.00 | 13.80 | |
| 35 | Dallas El Paso | Dist. UA | 69.00 | 14.40 | |
| 36 | Dallas El Paso | Dist. UA | 69.00 | 13.80 | |
| 37 | Dallas El Paso | Dist. UA | 13.80 | 4.16 | |
| 38 | Diablo Sunland Park, NM | Trans. UA | 345.00 | 115.00 | 13.80 |
| 39 | Dyer El Paso | Dist. UA | 69.00 | 14.40 | |
| 40 | Dyer El Paso | Dist. UA | 115.00 | 69.00 | |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

## SUBSTATIONS

1. Report below the information called for concerning substations of the respondent as of the end of the year.
2. Substations which serve only one industrial or street railway customer should not be listed below.
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4. Indicate in column (b) the functional character of each substation, designating whether transmission or distribution and whether attended or unattended. At the end of the page, summarize according to function the capacities reported for the individual stations in column (f).

| Line No. | Name and Location of Substation (a) | Character of Substation (b) | VOLTAGE (In MVa) Primary (c) | Secondary (d) | Tertiary (e) |
|---|---|---|---|---|---|
| 1 | EMRLD New Mexico | Dist. UA | 115.00 | 13.80 | |
| 2 | Farah El Paso | Dist. UA | 69.00 | 13.80 | |
| 3 | Felipe El Paso | Dist. UA | 69.00 | 214.90 | |
| 4 | Fort Bliss El Paso | Dist. UA | 115.00 | 13.80 | |
| 5 | Global Reach El Paso | Dist. UA | 115.00 | 13.80 | |
| 6 | Hatch New Mexico | Dist. UA | 115.00 | 24.90 | |
| 7 | Hatch New Mexico | Dist. UA | 23.90 | 4.16 | |
| 8 | Lane Lower Valley | Dist. UA | 115.00 | 69.00 | |
| 9 | Lane Lower Valley | Dist. UA | 115.00 | 13.80 | |
| 10 | Las Cruces Las Cruces, NM | Dist. UA | 115.00 | 24.00 | |
| 11 | Las Cruces Las Cruces, NM | Dist. UA | 23.90 | 4.16 | |
| 12 | Las Cruces Las Cruces, NM | Dist. UA | 115.00 | 23.90 | |
| 13 | Leo El Paso | Dist. UA | 69.00 | 14.40 | |
| 14 | Leo El Paso | Dist UA | 13.80 | 4.16 | |
| 15 | Mann Lower Valley | Dist. UA | 69.00 | 14.40 | |
| 16 | Mann Lower Valley | Dist. UA | 69.00 | 14.40 | |
| 17 | Mesa El Paso | Dist. UA | 115.00 | 13.80 | |
| 18 | Milagro El Paso | Dist. UA | 115.00 | 69.00 | |
| 19 | Milagro El Paso | Dist. UA | 115.00 | 13.80 | |
| 20 | Montoya Upper Valley, NM | Dist. UA | 115.00 | 24.90 | |
| 21 | Montwood El Paso | Dist. UA | 115.00 | 23.90 | |
| 22 | Newman El Paso | Trans. UA | 345.00 | 115.00 | 13.80 |
| 23 | Newman El Paso | Trans. UA | 13.80 | 115.00 | |
| 24 | Newman El Paso | Trans. UA | 115.00 | 2.40 | |
| 25 | Newman El Paso | Dist. UA | 13.80 | 2.40 | |
| 26 | Newman El Paso | Trans. UA | 13.80 | 115.00 | |
| 27 | Newman El Paso | Dist. UA | 13.80 | 2.40 | |
| 28 | Newman El Paso | Trans. UA | 18.00 | 115.00 | |
| 29 | Newman El Paso | Trans. UA | 13.80 | 115.00 | |
| 30 | Newman El Paso | Dist. UA | 13.80 | 4.16 | |
| 31 | Newman El Paso | Trans. UA | 13.80 | 115.00 | |
| 32 | Newman El Paso | Trans. UA | 115.00 | 4.16 | |
| 33 | Newman El Paso | Trans. UA | 13.80 | 115.00 | |
| 34 | Newman El Paso | Trans. UA | 13.80 | 115.00 | |
| 35 | Newman El Paso | Trans. UA | 13.80 | 115.00 | |
| 36 | Newman El Paso | Dist. UA | 13.80 | 4.16 | |
| 37 | Newman El Paso | Dist. UA | 13.80 | 4.16 | |
| 38 | Phelps Dodge El Paso | Dist. UA | 69.00 | 14.40 | |
| 39 | Phelps Dodge El Paso | Dist. UA | 13.80 | 2.30 | |
| 40 | Phelps Dodge El Paso | Dist. UA | 13.80 | 4.16 | |

| Name of Respondent<br>El Paso Electric Company | This Report Is:<br>(1) [X] An Original<br>(2) [ ] A Resubmission | Date of Report<br>(Mo, Da, Yr)<br>/ / | Year/Period of Report<br>End of 2009/Q4 |
|---|---|---|---|

## SUBSTATIONS

1. Report below the information called for concerning substations of the respondent as of the end of the year.
2. Substations which serve only one industrial or street railway customer should not be listed below.
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4. Indicate in column (b) the functional character of each substation, designating whether transmission or distribution and whether attended or unattended. At the end of the page, summarize according to function the capacities reported for the individual stations in column (f).

| Line No. | Name and Location of Substation<br>(a) | Character of Substation<br>(b) | VOLTAGE (In MVa)<br>Primary<br>(c) | Secondary<br>(d) | Tertiary<br>(e) |
|---|---|---|---|---|---|
| 1 | Picacho New Mexico | Dist. UA | 115.00 | 24.90 | |
| 2 | Redeye New Mexico | Dist. UA | 115.00 | 13.80 | |
| 3 | Rio Grande Sunland Park, New Mexico | Dist. UA | 17.20 | 115.00 | |
| 4 | Rio Grande Sunland Park, New Mexico | Dist. UA | 115.00 | 69.00 | |
| 5 | Rio Grande Sunland Park, New Mexico | Dist. UA | 69.00 | 2.40 | |
| 6 | Rio Grande Sunland Park, New Mexico | Dist. UA | 13.80 | 4.16 | |
| 7 | Rio Grande Sunland Park, New Mexico | Trans. UA | 13.80 | 69.00 | |
| 8 | Rio Grande Sunland Park, New Mexico | Trans. UA | 13.80 | 69.00 | |
| 9 | Rio Grande Sunland Park, New Mexico | Trans. UA | 18.00 | 4.16 | |
| 10 | Rio Grande Sunland Park, New Mexico | Dist. UA | 69.00 | 14.40 | |
| 11 | Rio Grande Sunland Park, New Mexico | Dist. UA | 14.40 | 2.40 | |
| 12 | Rio Grande Sunland Park, New Mexico | Dist. UA | 13.80 | 2.30 | |
| 13 | Rio Grande Sunland Park, New Mexico | Dist. UA | 14.40 | 2.40 | |
| 14 | Salopek Las Cruces, NM | Dist. UA | 115.00 | 24.90 | |
| 15 | Santa Fe El Paso | Dist. UA | 69.00 | 13.80 | |
| 16 | Santa Fe El Paso | Dist. UA | 13.80 | 4.16 | |
| 17 | Santa Teresa Santa Teresa | Dist. UA | 115.00 | 24.90 | |
| 18 | Scotsdale El Paso | Dist. UA | 115.00 | 69.00 | |
| 19 | Scotsdale El Paso | Dist. UA | 69.00 | 14.40 | |
| 20 | Shearman El Paso | Dist. UA | 115.00 | 14.40 | |
| 21 | Socorro Lower Valley | Dist. UA | 69.00 | 13.80 | |
| 22 | Sol El Paso | Dist. UA | 115.00 | 13.80 | |
| 23 | Sparks El Paso | Dist. UA | 115.00 | 13.80 | |
| 24 | Sunset El Paso | Dist. UA | 69.00 | 14.40 | |
| 25 | Sunset El Paso | Dist. UA | 69.00 | 4.16 | |
| 26 | Sunset North El Paso | Dist. UA | 115.00 | 13.80 | |
| 27 | Thorn El Paso | Dist. UA | 115.00 | 13.80 | |
| 28 | Viscount El Paso | Dist. UA | 69.00 | 14.40 | |
| 29 | Vista El Paso | Dist. UA | 115.00 | 13.80 | |
| 30 | White Sands New Mexico | Dist. UA | 115.00 | 13.80 | |
| 31 | Wrangler El Paso | Dist. UA | 115.00 | 13.80 | |
| 32 | Wrangler El Paso | Dist. UA | 115.00 | 69.00 | |
| 33 | Zaragosa Lower Valley | Dist. UA | 69.00 | 14.40 | |
| 34 | Zaragosa Lower Valley | Dist. UA | 13.80 | 4.16 | |
| 35 | Rio Bosque | Dist. UA | 115.00 | 13.80 | |
| 36 | 5,000 to 10,000 kVA | | | | |
| 37 | | | | | |
| 38 | Alamo Lower Valley | Dist. UA | 69.00 | 24.00 | |
| 39 | Clint Lower Valley | Dist. UA | 69.00 | 14.40 | |
| 40 | Clint Lower Valley | Dist. UA | 69.00 | 4.16 | |

SUBSTATIONS

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| Line No. | Name and Location of Substation (a) | Character of Substation (b) | VOLTAGE (In MVa) Primary (c) | Secondary (d) | Tertiary (e) |
|---|---|---|---|---|---|
| 1 | Darbyshire El Paso | Dist. UA | 69.00 | 13.80 | |
| 2 | Diana El Paso | Dist. UA | 13.80 | 4.16 | |
| 3 | Farmer Van Horn | Dist. UA | 69.00 | 23.90 | |
| 4 | Five Points El Paso | Dist. UA | 13.80 | 4.16 | |
| 5 | Horizon Horizon | Dist. UA | 69.00 | 13.80 | |
| 6 | Locust New Mexico | Dist. UA | 23.90 | 4.16 | |
| 7 | Mar New Mexico | Dist. UA | 115.00 | 4.16 | |
| 8 | Mar New Mexico | Dist. UA | 24.90 | 4.16 | |
| 9 | McGregor New Mexico | Dist. UA | 69.00 | 13.80 | |
| 10 | Proler Proler | Dist. UA | 69.00 | 2.40 | |
| 11 | S.P. Pipeline El Paso | Dist. UA | 13.80 | 2.40 | |
| 12 | Sierra Blanca Sierra Blanca | Dist. UA | 69.00 | 24.00 | |
| 13 | Sierra Blanca Sierra Blanca | Dist. UA | 23.90 | 4.16 | |
| 14 | Tobin El Paso | Dist. UA | 13.80 | 4.16 | |
| 15 | Valley Lower Valley | Dist. UA | 69.00 | 14.40 | |
| 16 | Durazno El Paso | Dist. UA | 69.00 | 13.80 | |
| 17 | 1,000 to 5,000 kVA | | | | |
| 18 | | | | | |
| 19 | Alameda Las Cruces, NM | Dist. UA | 23.90 | 4.16 | |
| 20 | Beaumont El Paso | Dist. UA | 13.80 | 4.16 | |
| 21 | Cadwallader El Paso | Dist. UA | 13.80 | 4.16 | |
| 22 | Canutillo Upper Valley | Dist. UA | 23.90 | 4.16 | |
| 23 | Cielo El Paso | Dist. UA | 13.80 | 4.16 | |
| 24 | Cinecue El Paso | Dist. UA | 13.80 | 4.16 | |
| 25 | Clardy El Paso | Dist. UA | 13.80 | 4.16 | |
| 26 | Coronado El Paso | Dist. UA | 13.80 | 4.16 | |
| 27 | Cotton El Paso | Dist. UA | 13.80 | 4.16 | |
| 28 | East El Paso | Dist. UA | 13.80 | 4.16 | |
| 29 | Fabens Lower Valley | Dist. UA | 69.00 | 4.16 | |
| 30 | Franklin El Paso | Dist. UA | 13.80 | 4.16 | |
| 31 | Fresno El Paso | Dist. UA | 13.80 | 4.16 | |
| 32 | Frontera Upper Valley | Dist. UA | 13.80 | 4.16 | |
| 33 | Grace El Paso | Dist. UA | 14.40 | 4.16 | |
| 34 | Griggs Upper Valley | Dist. UA | 23.90 | 4.16 | |
| 35 | Hacienda El Paso | Dist. UA | 13.80 | 4.16 | |
| 36 | Hanes New Mexico | Dist. UA | 23.90 | 4.16 | |
| 37 | Hueco El Paso | Dist. UA | 69.00 | 23.90 | |
| 38 | Hueco El Paso | Dist. UA | 23.90 | 0.48 | |
| 39 | Kemp El Paso | Dist. UA | 13.80 | 4.16 | |
| 40 | Latta El Paso | Dist. UA | 13.80 | 4.16 | |

| Name of Respondent<br>El Paso Electric Company | This Report Is:<br>(1) [X] An Original<br>(2) [ ] A Resubmission | Date of Report<br>(Mo, Da, Yr)<br>/ / | Year/Period of Report<br>End of 2009/Q4 |
|---|---|---|---|

SUBSTATIONS

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| Line No. | Name and Location of Substation<br>(a) | Character of Substation<br>(b) | VOLTAGE (In MVa)<br>Primary<br>(c) | Secondary<br>(d) | Tertiary<br>(e) |
|---|---|---|---|---|---|
| 1 | Lomaland El Paso | Dist. UA | 13.80 | 4.16 | |
| 2 | McClure Las Cruces, NM | Dist. UA | 23.90 | 4.16 | |
| 3 | Melendres Las Cruces, NM | Dist. UA | 23.90 | 4.16 | |
| 4 | Mesilla Park Mesilla Park, NM | Dist. UA | 23.90 | 4.16 | |
| 5 | Mission El Paso | Dist. UA | 13.80 | 4.16 | |
| 6 | Missouri Las Cruces, NM | Dist. UA | 23.90 | 4.16 | |
| 7 | Morningside El Paso | Dist. UA | 13.80 | 4.16 | |
| 8 | Mountain El Paso | Dist. UA | 13.80 | 4.16 | |
| 9 | Mulberry Upper Valley | Dist. UA | 13.80 | 4.16 | |
| 10 | Nevada Las Cruces, NM | Dist. UA | 23.90 | 4.16 | |
| 11 | Nevins Nevins | Dist. UA | 23.90 | 4.16 | |
| 12 | Newell Newell | Dist. UA | 13.80 | 2.40 | |
| 13 | Newtex Upper Valley | Dist. UA | 23.90 | 4.16 | |
| 14 | Octavia El Paso | Dist. UA | 13.80 | 4.16 | |
| 15 | Parkdale El Paso | Dist. UA | 13.80 | 4.16 | |
| 16 | Prison El Paso | Dist. UA | 23.90 | 2.40 | |
| 17 | Railroad El Paso | Dist. UA | 14.40 | 2.40 | |
| 18 | Ranchland El Paso | Dist. UA | 13.80 | 4.16 | |
| 19 | Range New Mexico | Dist. UA | 24.90 | 13.20 | |
| 20 | River Upper Valley | Dist. UA | 13.80 | 4.16 | |
| 21 | Rosedale El Paso | Dist. UA | 13.80 | 4.16 | |
| 22 | Sierra Blanca Sierra Blanca | Dist. UA | 69.00 | 24.90 | |
| 23 | Sierra Blanca Sierra Blanca | Dist. UA | 23.90 | 4.16 | |
| 24 | Summit El Paso | Dist. UA | 13.80 | 4.16 | |
| 25 | UTEP El Paso | Dist. UA | 13.80 | 4.16 | |
| 26 | Van Horn Van Horn | Dist. UA | 23.90 | 4.16 | |
| 27 | Vinton New Mexico | Dist. UA | 23.90 | 4.16 | |
| 28 | Water Trtmnt El Paso | Dist. UA | 13.80 | 2.40 | |
| 29 | Westside Las Cruces, NM | Dist. UA | 23.90 | 4.16 | |
| 30 | White Upper Valley | Dist. UA | 13.80 | 4.16 | |
| 31 | Ysleta El Paso | Dist. UA | 13.80 | 4.16 | |
| 32 | | | | | |
| 33 | 300 to 999 kVA | | | | |
| 34 | | | | | |
| 35 | Chevron Pipeline New Mexico | Dist. UA | 23.90 | 2.40 | |
| 36 | Dona Ana New Mexico | Dist. UA | 23.90 | 4.16 | |
| 37 | Fort Hancock Hudspeth County | Dist. UA | 24.90 | 4.16 | |
| 38 | La Mesa New Mexico | Dist. UA | 23.90 | 4.16 | |
| 39 | La Posta New Mexico | Dist. UA | 23.90 | 4.16 | |
| 40 | Salem New Mexico | Dist. UA | 24.40 | 4.16 | |

| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year/Period of Report |
|---|---|---|---|
| El Paso Electric Company | (1) [X] An Original<br>(2) [ ] A Resubmission | / / | End of 2009/Q4 |

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| Line No. | Name and Location of Substation (a) | Character of Substation (b) | VOLTAGE (In MVa) Primary (c) | Secondary (d) | Tertiary (e) |
|---|---|---|---|---|---|
| 1 | Tornillo Lower Valley | Dist. UA | 24.40 | 4.16 | |
| 2 | Wilson El Paso | Dist. UA | 13.80 | 2.40 | |
| 3 | | | | | |
| 4 | 300 kVA (Distribution Racks) | | | | |
| 5 | | | | | |
| 6 | Acala Hudspeth County | Dist. UA | 23.90 | 2.40 | |
| 7 | Allamore Hudspeth County | Dist. UA | 23.90 | 2.40 | |
| 8 | Camp 90 Hudspeth County | Dist. UA | 23.90 | 2.40 | |
| 9 | Country Club Anthony, NM | Dist. UA | 13.80 | 2.40 | |
| 10 | Eagler Flats Hudspeth County (Dees) | Dist. UA | 23.90 | 2.40 | |
| 11 | Faskin Hudspeth County | Dist. UA | 23.90 | 2.40 | |
| 12 | Gill-Neely Hudspeth County (Maverick) | Dist. UA | 23.90 | 2.40 | |
| 13 | Love Hudspeth County | Dist. UA | 23.90 | 2.40 | |
| 14 | Riverside Hudspeth County | Dist. UA | 23.90 | 2.40 | |
| 15 | | | | | |
| 16 | | | | | |
| 17 | PORTABLE SUBSTATIONS | | | | |
| 18 | (All sizes) | | | | |
| 19 | Mobile Substation | Dist. UA | 13.80 | 0.48 | |
| 20 | Mobile Substation | Dist. UA | 115.00 | 13.80 | |
| 21 | Mobile Substation | Dist. UA | 115.00 | 13.80 | |
| 22 | Mobile Substation | Dist. UA | 69.00 | 2.40 | |
| 23 | Mobile Substation No. 2 | Dist. UA | 24.90 | 2.40 | |
| 24 | Mobile Substation No. 3 | Dist. UA | 13.80 | 2.40 | |
| 25 | | | | | |
| 26 | SPARE TRANSFORMERS | N/A | | | |
| 27 | | | | | |
| 28 | | | | | |
| 29 | | | | | |
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SUBSTATIONS (Continued)

5. Show in columns (I), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.
6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership by the respondent. For any substation or equipment operated under lease, give name of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner, or other party is an associated company.

| Capacity of Substation (In Service) (In MVa) (f) | Number of Transformers In Service (g) | Number of Spare Transformers (h) | CONVERSION APPARATUS AND SPECIAL EQUIPMENT Type of Equipment (i) | Number of Units (j) | Total Capacity (In MVa) (k) | Line No. |
|---|---|---|---|---|---|---|
| | | | | | | 1 |
| | | | | | | 2 |
| | | | | | | 3 |
| 13 | 2 | | | | | 4 |
| 30 | 1 | | | | | 5 |
| 261 | 1 | | | | | 6 |
| 8 | 1 | | | | | 7 |
| 54 | 2 | | | | | 8 |
| 11 | 1 | | | | | 9 |
| 308 | 1 | | | | | 10 |
| 400 | 2 | | | | | 11 |
| 30 | 1 | | | | | 12 |
| 30 | 1 | 1 | | | | 13 |
| 70 | 1 | | | | | 14 |
| 100 | 1 | | | | | 15 |
| 40 | 2 | | | | | 16 |
| 8 | 3 | | | | | 17 |
| 80 | 2 | | | | | 18 |
| 10 | 3 | | | | | 19 |
| | | | | | | 20 |
| 70 | 2 | | | | | 21 |
| 60 | 2 | | | | | 22 |
| 400 | 2 | | | | | 23 |
| 30 | 3 | | | | | 24 |
| 30 | 1 | | | | | 25 |
| 8 | 1 | | | | | 26 |
| 3 | 3 | | | | | 27 |
| 125 | 1 | | | | | 28 |
| 30 | 1 | | | | | 29 |
| 2 | 1 | | | | | 30 |
| 1 | 1 | | | | | 31 |
| 12 | 1 | | | | | 32 |
| 13 | 1 | | | | | 33 |
| 60 | 2 | | | | | 34 |
| 20 | 1 | | | | | 35 |
| 20 | 1 | | | | | 36 |
| 5 | 2 | | | | | 37 |
| 600 | 3 | | | | | 38 |
| 50 | 2 | | | | | 39 |
| 100 | 1 | | | | | 40 |

SUBSTATIONS (Continued)

5. Show in columns (I), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.
6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership by the respondent. For any substation or equipment operated under lease, give name of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner, or other party is an associated company.

| Capacity of Substation (In Service) (In MVa) (f) | Number of Transformers In Service (g) | Number of Spare Transformers (h) | CONVERSION APPARATUS AND SPECIAL EQUIPMENT Type of Equipment (i) | Number of Units (j) | Total Capacity (In MVa) (k) | Line No. |
|---|---|---|---|---|---|---|
| 13 | 1 | | | | | 1 |
| 20 | 1 | | | | | 2 |
| 15 | 1 | | | | | 3 |
| 50 | 2 | | | | | 4 |
| 30 | 1 | | | | | 5 |
| 30 | 1 | | | | | 6 |
| 2 | 1 | | | | | 7 |
| 100 | 1 | | | | | 8 |
| 30 | 1 | | | | | 9 |
| 40 | 2 | | | | | 10 |
| 6 | 1 | | | | | 11 |
| 120 | 2 | | | | | 12 |
| 20 | 1 | | | | | 13 |
| 5 | 2 | | | | | 14 |
| 30 | 1 | | | | | 15 |
| 24 | 1 | | | | | 16 |
| 60 | 2 | | | | | 17 |
| 100 | 1 | | | | | 18 |
| 90 | 3 | | | | | 19 |
| 110 | 3 | | | | | 20 |
| 30 | 1 | 1 | | | | 21 |
| 230 | 1 | | | | | 22 |
| 112 | 1 | | | | | 23 |
| 6 | 1 | | | | | 24 |
| 10 | 2 | | | | | 25 |
| 99 | 1 | | | | | 26 |
| 10 | 1 | | | | | 27 |
| 125 | 1 | | | | | 28 |
| 112 | 1 | | | | | 29 |
| 10 | 1 | | | | | 30 |
| 112 | 1 | | | | | 31 |
| 20 | 1 | | | | | 32 |
| 112 | 1 | | | | | 33 |
| 117 | 1 | | | | | 34 |
| 117 | 1 | | | | | 35 |
| 17 | 1 | | | | | 36 |
| 17 | 1 | | | | | 37 |
| 10 | 3 | | | | | 38 |
| 10 | 2 | | | | | 39 |
| 5 | 1 | | | | | 40 |

SUBSTATIONS (Continued)

5. Show in columns (I), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.
6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership by the respondent. For any substation or equipment operated under lease, give name of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner, or other party is an associated company.

| Capacity of Substation (In Service) (In MVa) | Number of Transformers In Service | Number of Spare Transformers | CONVERSION APPARATUS AND SPECIAL EQUIPMENT | | | Line No. |
|---|---|---|---|---|---|---|
| | | | Type of Equipment | Number of Units | Total Capacity (In MVa) | |
| (f) | (g) | (h) | (i) | (j) | (k) | |
| 25 | 1 | | | | | 1 |
| 13 | 1 | | | | | 2 |
| 348 | 1 | 1 | | | | 3 |
| 200 | 2 | | | | | 4 |
| 11 | 1 | | | | | 5 |
| 10 | 1 | | | | | 6 |
| 120 | 2 | | | | | 7 |
| 50 | 1 | | | | | 8 |
| 10 | 1 | | | | | 9 |
| 20 | 1 | | | | | 10 |
| 3 | 1 | | | | | 11 |
| | | | | | | 12 |
| 8 | 2 | | | | | 13 |
| 78 | 3 | | | | | 14 |
| 25 | 1 | | | | | 15 |
| 11 | 3 | | | | | 16 |
| 30 | 1 | | | | | 17 |
| 100 | 1 | | | | | 18 |
| 50 | 2 | | | | | 19 |
| 30 | 1 | | | | | 20 |
| 30 | 1 | | | | | 21 |
| 60 | 2 | | | | | 22 |
| 30 | 1 | | | | | 23 |
| 30 | 2 | | | | | 24 |
| 10 | 3 | | | | | 25 |
| 60 | 2 | | | | | 26 |
| 60 | 2 | | | | | 27 |
| 30 | 1 | | | | | 28 |
| 60 | 2 | | | | | 29 |
| 30 | 1 | | | | | 30 |
| 50 | 1 | | | | | 31 |
| 100 | 1 | | | | | 32 |
| 20 | 1 | | | | | 33 |
| 2 | 1 | | | | | 34 |
| 30 | 1 | | | | | 35 |
| | | | | | | 36 |
| | | | | | | 37 |
| 13 | 1 | | | | | 38 |
| 8 | 1 | | | | | 39 |
| 1 | 1 | | | | | 40 |

SUBSTATIONS (Continued)

5. Show in columns (I), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.
6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership by the respondent. For any substation or equipment operated under lease, give name of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner, or other party is an associated company.

| Capacity of Substation (In Service) (In MVa) | Number of Transformers In Service | Number of Spare Transformers | CONVERSION APPARATUS AND SPECIAL EQUIPMENT | | | Line No. |
|---|---|---|---|---|---|---|
| | | | Type of Equipment | Number of Units | Total Capacity (In MVa) | |
| (f) | (g) | (h) | (i) | (j) | (k) | |
| 6 | 3 | | | | | 1 |
| 6 | 7 | | | | | 2 |
| 5 | 3 | | | | | 3 |
| 6 | 3 | | | | | 4 |
| 30 | 1 | | | | | 5 |
| 6 | 1 | | | | | 6 |
| 10 | 1 | | | | | 7 |
| 3 | 1 | | | | | 8 |
| 8 | 1 | | | | | 9 |
| 6 | 1 | | | | | 10 |
| 6 | 1 | | | | | 11 |
| 8 | 3 | | | | | 12 |
| 1 | 1 | | | | | 13 |
| 6 | 2 | | | | | 14 |
| 8 | 1 | | | | | 15 |
| 8 | 1 | | | | | 16 |
| | | | | | | 17 |
| | | | | | | 18 |
| 3 | 1 | | | | | 19 |
| 3 | 1 | | | | | 20 |
| 3 | 1 | | | | | 21 |
| 2 | 1 | | | | | 22 |
| 3 | 2 | | | | | 23 |
| 3 | 1 | | | | | 24 |
| 3 | 2 | | | | | 25 |
| 3 | 1 | | | | | 26 |
| 3 | 2 | | | | | 27 |
| 3 | 2 | | | | | 28 |
| 3 | 3 | | | | | 29 |
| 2 | 3 | | | | | 30 |
| 2 | 1 | | | | | 31 |
| 2 | 1 | | | | | 32 |
| 2 | 1 | | | | | 33 |
| 1 | 1 | | | | | 34 |
| 5 | 1 | | | | | 35 |
| 5 | 1 | | | | | 36 |
| 3 | 3 | | | | | 37 |
| | 1 | | | | | 38 |
| 2 | 1 | | | | | 39 |
| 2 | 1 | | | | | 40 |

SUBSTATIONS (Continued)

5. Show in columns (I), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.
6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership by the respondent. For any substation or equipment operated under lease, give name of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner, or other party is an associated company.

| Capacity of Substation (In Service) (In MVa) (f) | Number of Transformers In Service (g) | Number of Spare Transformers (h) | CONVERSION APPARATUS AND SPECIAL EQUIPMENT Type of Equipment (i) | Number of Units (j) | Total Capacity (In MVa) (k) | Line No. |
|---|---|---|---|---|---|---|
| 4 | 2 | | | | | 1 |
| 2 | 1 | | | | | 2 |
| 3 | 3 | | | | | 3 |
| 2 | 1 | | | | | 4 |
| 5 | 1 | | | | | 5 |
| 3 | 1 | | | | | 6 |
| 3 | 2 | | | | | 7 |
| 2 | 1 | | | | | 8 |
| 3 | 2 | | | | | 9 |
| 2 | 1 | | | | | 10 |
| 2 | 1 | | | | | 11 |
| 3 | 1 | | | | | 12 |
| 3 | 2 | | | | | 13 |
| 2 | 1 | | | | | 14 |
| 3 | 2 | | | | | 15 |
| 3 | 1 | | | | | 16 |
| 2 | 3 | | | | | 17 |
| 4 | 2 | | | | | 18 |
| 8 | 3 | | | | | 19 |
| 1 | 1 | | | | | 20 |
| 2 | 1 | | | | | 21 |
| 3 | 1 | | | | | 22 |
| 1 | 1 | | | | | 23 |
| 4 | 2 | | | | | 24 |
| 4 | 1 | | | | | 25 |
| 3 | 4 | | | | | 26 |
| 3 | 1 | | | | | 27 |
| 4 | 1 | | | | | 28 |
| 3 | 1 | | | | | 29 |
| 2 | 1 | | | | | 30 |
| 3 | 4 | | | | | 31 |
| | | | | | | 32 |
| | | | | | | 33 |
| | | | | | | 34 |
| 1 | 1 | | | | | 35 |
| 1 | 1 | | | | | 36 |
| 1 | 1 | | | | | 37 |
| 1 | 1 | | | | | 38 |
| 1 | 3 | | | | | 39 |
| | 1 | | | | | 40 |

SUBSTATIONS (Continued)

5. Show in columns (I), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.
6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership by the respondent. For any substation or equipment operated under lease, give name of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner, or other party is an associated company.

| Capacity of Substation (In Service) (In MVa) (f) | Number of Transformers In Service (g) | Number of Spare Transformers (h) | CONVERSION APPARATUS AND SPECIAL EQUIPMENT Type of Equipment (i) | Number of Units (j) | Total Capacity (In MVa) (k) | Line No. |
|---|---|---|---|---|---|---|
| 1 | 1 | | | | | 1 |
| 1 | 1 | | | | | 2 |
| | | | | | | 3 |
| | | | | | | 4 |
| | | | | | | 5 |
| | 1 | | | | | 6 |
| | 1 | | | | | 7 |
| | 1 | | | | | 8 |
| | 2 | | | | | 9 |
| | 1 | | | | | 10 |
| | 1 | | | | | 11 |
| | 1 | | | | | 12 |
| | 1 | | | | | 13 |
| | 1 | | | | | 14 |
| | | | | | | 15 |
| | | | | | | 16 |
| | | | | | | 17 |
| | | | | | | 18 |
| | | | | | | 19 |
| | | | | | | 20 |
| | | | | | | 21 |
| | | | | | | 22 |
| | | | | | | 23 |
| | | | | | | 24 |
| | | | | | | 25 |
| | | 19 | | | | 26 |
| | | | | | | 27 |
| | | | | | | 28 |
| | | | | | | 29 |
| | | | | | | 30 |
| | | | | | | 31 |
| | | | | | | 32 |
| | | | | | | 33 |
| | | | | | | 34 |
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| | | | | | | 36 |
| | | | | | | 37 |
| | | | | | | 38 |
| | | | | | | 39 |
| | | | | | | 40 |

***Schedule Page: 426 Line No.: 3 Column: a***

Afton substation is a switching transmission substation. The Company does not own the transformers on site.

***Schedule Page: 426 Line No.: 3 Column: c***

Biggs substation is a switching distribution substation. The company does not own the transformers on site.

***Schedule Page: 426 Line No.: 20 Column: a***

Footnote Linked. See note on 426, Row: 3, col/item:

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