

THIS FILING IS

Item 1:  An Initial (Original) Submission OR  Resubmission No. \_\_\_\_\_

Form 1 Approved  
OMB No.1902-0021  
(Expires 11/30/2022)  
Form 1-F Approved  
OMB No.1902-0029  
(Expires 11/30/2022)  
Form 3-Q Approved  
OMB No.1902-0205  
(Expires 11/30/2022)



# FERC FINANCIAL REPORT

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

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

**Exact Legal Name of Respondent (Company)**

El Paso Electric Company

**Year/Period of Report**

**End of** 2020/Q1

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

### GENERAL INFORMATION

#### I. Purpose

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

#### II. Who Must Submit

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

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

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

#### III. What and Where to Submit

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

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

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

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

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

The CPA Certification Statement should:

- a) Attest to the conformity, in all material aspects, of the below listed (schedules and pages) with the Commission's applicable Uniform System of Accounts (including applicable notes relating thereto and the Chief Accountant's published accounting releases), and
- b) Be signed by independent certified public accountants or an independent licensed public accountant certified or licensed by a regulatory authority of a State or other political subdivision of the U. S. (See 18 C.F.R. §§ 41.10-41.12 for specific qualifications.)

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

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

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

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

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

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

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

#### **IV. When to Submit:**

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

- a) FERC Form 1 for each year ending December 31 must be filed by April 18<sup>th</sup> of the following year (18 CFR § 141.1), and
- b) FERC Form 3-Q for each calendar quarter must be filed within 60 days after the reporting quarter (18 C.F.R. § 141.400).

**V. Where to Send Comments on Public Reporting Burden.**

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

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

## GENERAL INSTRUCTIONS

- I. Prepare this report in conformity with the Uniform System of Accounts (18 CFR Part 101) (USofA). Interpret all accounting words and phrases in accordance with the USofA.
- II. Enter in whole numbers (dollars or MWH) only, except where otherwise noted. (Enter cents for averages and figures per unit where cents are important. The truncating of cents is allowed except on the four basic financial statements where rounding is required.) The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting period, and use for statement of income accounts the current year's year to date amounts.
- III. Complete each question fully and accurately, even if it has been answered in a previous report. Enter the word "None" where it truly and completely states the fact.
- IV. For any page(s) that is not applicable to the respondent, omit the page(s) and enter "NA," "NONE," or "Not Applicable" in column (d) on the List of Schedules, pages 2 and 3.
- V. Enter the month, day, and year for all dates. Use customary abbreviations. **The "Date of Report" included in the header of each page is to be completed only for resubmissions** (see VII. below).
- VI. Generally, except for certain schedules, all numbers, whether they are expected to be debits or credits, must be reported as positive. Numbers having a sign that is different from the expected sign must be reported by enclosing the numbers in parentheses.
- VII. For any resubmissions, submit the electronic filing using the form submission software only. Please explain the reason for the resubmission in a footnote to the data field.
- VIII. Do not make references to reports of previous periods/years or to other reports in lieu of required entries, except as specifically authorized.
- IX. Wherever (schedule) pages refer to figures from a previous period/year, the figures reported must be based upon those shown by the report of the previous period/year, or an appropriate explanation given as to why the different figures were used.

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

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

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

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

termination date of the contract defined as the earliest date either buyer or seller can unilaterally cancel the contract.

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

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

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

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

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

#### DEFINITIONS

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

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

## EXCERPTS FROM THE LAW

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

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

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

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

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

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

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

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

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

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

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

### **General Penalties**

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



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

**IDENTIFICATION**

01 Exact Legal Name of Respondent El Paso Electric Company		02 Year/Period of Report End of <u>2020/Q1</u>
03 Previous Name and Date of Change <i>(if name changed during year)</i> / /		
04 Address of Principal Office at End of Period <i>(Street, City, State, Zip Code)</i> P.O. Box 982, El Paso, TX 79960-0982; 100 North Stanton Street, El Paso, TX		
05 Name of Contact Person Russell G. Gibson		06 Title of Contact Person Vice President & Controller
07 Address of Contact Person <i>(Street, City, State, Zip Code)</i> P.O. Box 982, El Paso, TX 79960-0982; 100 North Stanton Street, El Paso, TX		
08 Telephone of Contact Person, <i>Including Area Code</i> (915) 351-4222	09 This Report Is (1) <input checked="" type="checkbox"/> An Original      (2) <input type="checkbox"/> A Resubmission	10 Date of Report <i>(Mo, Da, Yr)</i> / /

**QUARTERLY CORPORATE OFFICER CERTIFICATION**

The undersigned officer certifies that:

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

*(This area is intentionally left blank for the officer's signature and date.)*

01 Name /s/ Russell G. Gibson	03 Signature  /s/ Russell G. Gibson	04 Date Signed <i>(Mo, Da, Yr)</i> 05/26/2020
02 Title Vice President & Controller		

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

LIST OF SCHEDULES (Electric Utility)

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

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

Name of Respondent El Paso Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report / /	Year/Period of Report End of <u>2020/Q1</u>
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**IMPORTANT CHANGES DURING THE QUARTER/YEAR**

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

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

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

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2020/Q1
El Paso Electric Company			
IMPORTANT CHANGES DURING THE QUARTER/YEAR (Continued)			

1. Changes in and Important Additions to Franchise Rights:

On February 4, 2020, the City of El Paso passed Ordinance No. 019022 approving the Franchise Agreement Assignment Application and granting the City of El Paso's consent to the Merger discussed in Items 2 and 12.

2. Acquisition of Ownership in Other Companies:

On June 1, 2019, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement"), by and among the Company, Sun Jupiter Holdings LLC, a Delaware limited liability company ("Parent"), and Sun Merger Sub Inc., a Texas corporation and wholly owned subsidiary of Parent ("Merger Sub"). Pursuant to the Merger Agreement, on and subject to the terms and conditions set forth therein, Merger Sub will merge with and into the Company (the "Merger"), with the Company continuing as the surviving corporation in the Merger and becoming a wholly owned subsidiary of Parent. Parent and Merger Sub are affiliates of Infrastructure Investments Fund, an investment vehicle advised by J.P. Morgan Investment Management Inc. ("IIF"). Among other things, the Company, Parent and Merger Sub are required to obtain certain regulatory approvals of the Merger. See additional discussion in Item 12 below.

On and subject to the terms and conditions set forth in the Merger Agreement, upon closing of the Merger, each share of common stock of the Company outstanding immediately prior to the effective time of the Merger shall be cancelled and converted into the right to receive \$68.25 in cash, without interest.

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

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:

*Revolving Credit Facility ("RCF").* On September 13, 2018, the Company and The Bank of New York Mellon Trust Company, N.A., as trustee of the RGRT, entered into a third amended and restated credit agreement (the "RCF Agreement") with MUFG Union Bank, N.A., as administrative agent and as syndication agent, various issuing banks and lending banks party thereto. Under the terms of the RCF Agreement, the Company had available a \$350.0 million RCF with a \$50.0 million subfacility for the issuance of letters of credit, and the Company extended the term of the Company's existing \$350.0 million revolving credit agreement from January 14, 2020 to September 13, 2023. On March 20, 2020, the Company exercised its option to extend the maturity of the RCF by one year to September 13, 2024 and to increase the borrowing commitments under the RCF by \$50.0 million to \$400.0 million, and the lenders under the RCF Agreement agreed to the extension and increase. The Company has the option to extend the maturity date of the RCF by one additional year to September 13, 2025 upon the satisfaction of certain conditions more fully set forth in the RCF Agreement, including requisite lender approval.

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El Paso Electric Company			
IMPORTANT CHANGES DURING THE QUARTER/YEAR (Continued)			

The Merger would constitute a "Change in Control" under the RCF and the consummation of the Merger would result in an event of default under the RCF. On and subject to the terms and conditions of the Merger Agreement, the Company requested that the lenders under the RCF consent to the Merger and waive any default or event of default that would occur as a result of the Merger. On August 9, 2019, the lenders agreed to such consent and waiver.

Under the Merger Agreement, subject to certain exceptions, the Company cannot incur additional indebtedness over \$200.0 million (excluding borrowings up to the existing borrowing capacity of the RCF), without the prior written consent from Parent; however, the Company cannot issue shares of common stock, subject to limited exceptions, without the prior written consent of Parent.

See Notes C, E and K of "Notes to Financial Statements."

7. Changes in Articles of Incorporation:

None.

8. Important Wage Scale Changes:

The annual merit award process salary increases for non-union employees were made effective December 23, 2019 for non-officers, and January 1, 2020 for officers. The total increase to base salaries for non-union employees was approximately \$2.0 million, an average of approximately 3.2%.

9. Materially Important Legal Proceedings:

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

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

10. Materially Important Transactions:

None.

11. Reserved

12. Important changes during the year:

*Coronavirus Disease 2019 ("COVID-19") Impacts.* On March 11, 2020, the World Health Organization declared the current COVID-19 outbreak to be a global pandemic, and on March 13, 2020, the U.S. declared a national emergency. In response to these declarations and the rapid spread of COVID-19, federal, state, and local governments have imposed varying degrees of restrictions on business and social activities to contain the spread of COVID-19, including quarantine and "stay-at-home" orders and directives in the Company's service territory. The pandemic and directives have significantly impacted many sectors of the economy, including record levels of unemployment, with businesses, nonprofit organizations, and governmental entities modifying, curtailing or ceasing normal operations. The Company also modified certain business practices to conform to government restrictions and best practices encouraged by the Centers for Disease Control and Prevention, the World Health Organization, and other governmental and regulatory authorities.

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El Paso Electric Company			
IMPORTANT CHANGES DURING THE QUARTER/YEAR (Continued)			

While the Company continues to assess the impact of COVID-19 on its business, the Company cannot predict the full impact that COVID-19 or the significant disruption and volatility currently being experienced in the markets will have on its business, cash flows, liquidity, financial condition, and results of operations at this time, due to the numerous uncertainties that exist. The ultimate impact will depend on future developments, including, among others, the ultimate geographic spread of COVID-19, the consequences of governmental and other measures designed to prevent the spread of COVID-19, the development of effective treatments and/or vaccines, the duration of the outbreak, actions taken by governmental authorities, customers, suppliers and other third parties, workforce availability, and the timing and extent to which normal economic and operating conditions resume. An extended slowdown of economic growth in the U.S. could result in lower growth and reduced demand for and usage of electricity in the Company's service territory as facilities continue to close or remain closed. The ability of its customers, contractors and suppliers to meet their obligations to the Company, including payment obligations, could also be affected under the current economic conditions.

*Agreement and Plan of Merger.* On August 2, 2019, the Company filed a definitive proxy statement with the SEC in connection with the Merger. On August 13, 2019, the Company, Parent and IIF US Holding 2 LP, an affiliate of IIF, as applicable, filed (i) the joint report and application for regulatory approvals with the PUCT requesting approval of the Merger pursuant to the Texas Public Utility Regulatory Act ("PURA"), which was assigned PUCT Docket No. 49849, (ii) the joint application for regulatory approvals with the NMPRC requesting approval of the Merger pursuant to the New Mexico Public Utility Act ("NMPUA") and NMPRC Rule 450, which was assigned NMPRC Case No. 19-00234-UT, (iii) the joint application requesting approval of the Merger with the FERC under Section 203 of the Federal Power Act, which was assigned FERC Docket No. EC19-120-000, and (iv) the joint application for regulatory approval for the indirect transfer of the Company's Nuclear Regulatory Commission ("NRC") licenses from the NRC under the Atomic Energy Act of 1954, which was assigned Docket ID NRC-2019-0214. In addition, on August 13, 2019, the Company and Parent sought the authorization of the Federal Communications Commission ("FCC") to assign or transfer control of the Company's FCC licenses under FCC File No. 0008737430. On December 4, 2019, the Company and Parent received consent from the FCC to transfer the Company's FCC licenses.

On August 16, 2019, the Company and IIF US Holding 2 LP filed the notification and report form with the Antitrust Division of the Department of Justice and the Federal Trade Commission ("FTC") under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "HSR Act"), as amended, and the rules and regulations promulgated thereunder, which was assigned Transaction Identification No. 20191858. On September 3, 2019, the Company and IIF US Holding 2 LP received notice from the FTC granting early termination of the waiting period under the HSR Act.

At a special meeting of the Company's shareholders held on September 19, 2019, the Company's shareholders approved the Merger Agreement and the transactions contemplated thereby, including the Merger, and the compensation that will or may become payable by the Company to its named executive officers in connection with the Merger.

Under the Merger Agreement, the consent to the Merger by the City of El Paso under its franchise agreement with the Company is a condition to the closing of the Merger. Under the franchise agreement, if the City of El Paso does not grant its consent to the Merger, the franchise agreement would terminate upon the closing of the Merger. On September 20, 2019, the Company submitted the Franchise Agreement Assignment Application to the City of El Paso to receive the City's consent to the Merger. On February 4, 2020, the City of El Paso passed Ordinance No. 019022 approving the Franchise Agreement Assignment Application and granting the City of El Paso's consent to the Merger.

On November 21, 2019, the Company, Parent and IIF US Holding 2 LP reached an agreement in principle with the PUCT Staff and most intervenors regarding the Merger. The PUCT issued an order delaying the hearing on the merits in order to assist in reaching a unanimous settlement. The parties continued discussions and provided an update on the status of settlement at the PUCT meeting on December 13, 2019. A non-unanimous settlement was filed with the PUCT on

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IMPORTANT CHANGES DURING THE QUARTER/YEAR (Continued)			

December 18, 2019, resolving substantially all issues in the application. The hearing at the PUCT on the non-unanimous issues was held on January 7, 2020, at the conclusion of which the PUCT requested the Company and IIF attend the PUCT's January 16, 2020 open meeting to answer any follow-up questions. On January 16, 2020, the PUCT approved the Merger and issued its final order on January 28, 2020.

On January 3, 2020, the Company, Parent and IIF US Holding 2 LP filed an unopposed stipulation with the NMPRC regarding the Merger. A hearing at the NMPRC on the unopposed stipulation was held on January 16, 2020. On January 16, 2020, the Hearing Examiner agreed with the consent of parties to waive briefing. On February 12, 2020, the Hearing Examiner issued an Amended Certification of the Stipulation in which it is recommended that the NMPRC approve the unopposed stipulation subject to the parties agreeing to the Hearing Examiner's modifications. A final order adopting the Certification of the Stipulation and approving the Merger was issued by the NMPRC on March 11, 2020.

On March 5, 2020, the NRC's Staff approved the joint application for the indirect transfer of control of the Company's NRC licenses to IIF US Holding 2 LP.

On December 5, 2019, the FERC requested additional information regarding the parties to the Merger. On January 6, 2020, the Company and Parent filed a joint response to the FERC's inquiry. On January 17, 2020, the Company and Parent filed a second supplement to the application. The FERC established a January 27, 2020 deadline date for comments on both filings. Several motions to intervene were filed, along with a protest of the January 6, 2020 response. On February 6, 2020, the Company and Parent filed a reply to the January 27, 2020 protest. On March 30, 2020, the FERC issued an order authorizing the Merger, subject to the FERC's approval of mitigation to address certain discrete competitive effects of the Merger that could arise. The FERC concluded that the Merger, as conditioned, satisfies governing federal standards and authorized the Merger as consistent with the public interest. The FERC required that the proposed mitigation be filed within 45 days of the issuance of the FERC Order. On April 9, 2020 and April 29, 2020, two requests seeking rehearing of the FERC's findings in the March 30, 2020 approval order were submitted. On May 8, 2020, the FERC issued a procedural order that serves the limited purpose of affording additional time for FERC to respond to the requests. However, FERC action on the requests is not needed to close the Merger. On April 15, 2020, the Company and Parent filed proposed mitigation options with the FERC. The proposed mitigation filing is pending approval from the FERC.

The FERC's approval of the proposed mitigation filing is the last regulatory approval needed to close the Merger. The Company anticipates that the closing of the Merger will occur in the second quarter of 2020, upon the FERC's approval of the mitigation filing and satisfaction or waiver of the other Merger Agreement closing conditions.

The Company, Parent and IIF US Holding 2 LP have agreed to numerous regulatory commitments in connection with the Merger under the agreements with the PUCT, NMPRC, and the City of El Paso discussed above. Among the commitments that will apply to the Company as of the closing of the Merger are the issuance of rate credits to its Texas customers in a total aggregate amount of \$21 million and to New Mexico customers of \$8.7 million. Both rate credits will be distributed among customers in 36 monthly installments. The Company is required to make tariff filings to implement the rate credits no later than 45 days and 7 days, respectively, in Texas and New Mexico after the closing of the Merger. The Company made its required tariff filing in Texas under PUCT Docket No. 50447 on March 13, 2020. The Company has agreed not to attempt to recover the value of these rate credits in future rate cases.

In connection with the Merger, the Company recorded \$1.3 million of strategic transaction costs, including expenses for legal, and other consulting costs, in the three months ended March 31, 2020, which are reflected in Other Deductions in the Company's Regulatory-Basis Statement of Income. The Company will not attempt to recover strategic transaction costs in future rate cases. The Company will reflect any non-deductible amounts in the effective tax rate at the Merger closing date.

*COVID-19 Order in Texas.* On March 13, 2020, in response to the growing threat of COVID-19, Governor Greg

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IMPORTANT CHANGES DURING THE QUARTER/YEAR (Continued)			

Abbott issued a Declaration of State of Disaster for all counties in Texas. On March 16, 2020, the PUCT opened Docket No. 50664 for *Issues Related to the State of Disaster for the Coronavirus Disease 2019*. That same day, the PUCT issued an order suspending certain of its rules related to filings and procedural requirements.

On March 26, 2020, the PUCT issued an order finding that the public emergency and imperative public necessity constitute good cause to grant exemptions to its rules related to utility authorization to disconnect service for nonpayment and the assessment of late fees for delinquent bills. On the same day, the PUCT issued a second order to provide regulated utility companies regulatory certainty by authorizing the use of an accounting mechanism and a subsequent process through which regulated utility companies may seek future recovery of expenses resulting from the effects of COVID-19. The PUCT order authorized electric, water, and sewer utilities to record as regulatory assets expenses resulting from the effects of COVID-19, including but not limited to non-payment of qualified customer bills as specified by the prior order. In future proceedings, the PUCT indicated it would consider whether each utility's request for recovery of these regulatory assets is reasonable and necessary.

On April 12, 2020, Governor Abbott renewed the disaster declaration proclamation for all counties in Texas. Finding that good cause continued to exist, the PUCT on April 17, 2020 extended its order finding exceptions to its rules until May 15, 2020 for residential customers. On May 14, 2020, the PUCT subsequently extended the order to June 13, 2020.

*Future New Mexico Rate Case Filing.* The Company was required to file its next New Mexico base rate case no later than July 31, 2019. On July 10, 2019, the NMPRC issued an order approving a joint request by the Company, NMPRC Staff, and the New Mexico Attorney General to delay filing of the Company's next base rate case until after the conclusion of a proceeding addressing the Merger. The NMPRC order requires the Company to file its next rate case application within three months of the conclusion of the proceeding addressing the Merger in New Mexico. A final order adopting the Certification of the Stipulation and approving the Merger was issued by the NMPRC on March 11, 2020, which was assigned Case No. 19-00234-UT.

*Amendments to the New Mexico Renewable Energy Act ("REA").* The REA requires electric utilities to meet an RPS of twenty percent of its total retail sales to New Mexico customers by 2020. Effective June 14, 2019, the New Mexico Energy Transition Act amends the REA (the "Amended REA") to, among other things: (i) increase the RPS to forty percent by 2025, fifty percent by 2030, and eighty percent by 2040; (ii) impose a zero-carbon standard by 2045; (iii) eliminate the reduction to the RPS requirement for sales to qualifying large non-governmental customers whose costs are capped under the REA; (iv) set a statutory reasonable cost threshold; and (v) provide cost recovery for certain undepreciated investments and decommissioning costs, such as coal-fired generation, associated with generation required by the NMPRC to be discontinued and replaced with lower or zero-carbon generation. In administering the eighty percent RPS and zero-carbon standards, the Amended REA requires the NMPRC to consider certain factors, including safety, reliability and rate impact to customers. On October 10, 2019, the NMPRC initiated a rulemaking proceeding to implement the Amended REA in Case No. 19-00296-UT. The Company is currently evaluating the impact that the Amended REA may have on its operations. Further, the Company has not determined the costs associated with complying with the Amended REA including potential fines that could be associated with non-compliance.

*COVID-19 Order in New Mexico.* On March 19, 2020, the NMPRC issued an "Order Finding the Need for the Adoption and Issuance of an Immediate Temporary Emergency Rule Prohibiting the Discontinuation of Residential Customers Utility Service" in NMPRC Case No. 20-00069-UT, adopting a temporary emergency rule prohibiting public utilities from discontinuing residential customer utility service during the period of the New Mexico Governor Lujan Grisham's Emergency Executive Orders related to the COVID-19. Based on those orders, the NMPRC found that a Public Health Emergency is in effect based on findings of an imminent peril to the public health, safety or welfare and the necessity for the preservation of the public, health, safety or general welfare. The NMPRC order does not prohibit disconnection of a residential customer's service during the time period during which the Emergency Executive Orders are in effect for emergency or safety reasons or upon customer request.



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IMPORTANT CHANGES DURING THE QUARTER/YEAR (Continued)			

On April 27, 2020, the Company, New Mexico Gas Company, Public Service Company of New Mexico, and Southwestern Public Service Company filed a Joint Motion for Authorization for an Accounting Order to Allow Creation of a Regulatory Asset to Track Costs of Emergency Conditions. The joint motion seeks authority to create regulatory assets for uncollectible payment arrearages and incremental expenses incurred March 11, 2020 through December 31, 2020. On May 6, 2020, the NMPRC ordered that additional information is necessary before a final order can be issued on the joint motion. As such, utilities and interested parties are requested to address the additional issues noted in its order, as well as any additional issues they may identify, in the response to the joint motion.

*FERC Audit.* On February 6, 2019, the FERC notified the Company that it is commencing an audit that is intended to evaluate the Company's compliance with: (i) the approved terms, conditions, and rates of its Open Access Transmission Tariff ("OATT"); (ii) the accounting requirements of the Uniform System of Accounts; (iii) the reporting requirements of the FERC Form No. 1 Annual Report and Supplemental Form 3-Q Quarterly Financial Reports; and (iv) the regulations regarding Open Access Same-time Information Systems. The audit covers the period January 1, 2016 to the present and was assigned FERC Docket No. PA19-3-000. The Company cannot predict the outcome or findings, if any, of the FERC at this time.

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

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

On May 1, 2020, BlackRock, Inc. reported to the SEC on Form 13F that it owned 15.7% of the outstanding shares of El Paso Electric Company common stock as of March 31, 2020.

On May 15, 2020, Vanguard Group, Inc. reported to the SEC on Form 13F that it owned 11.7% of the outstanding shares of El Paso Electric Company common stock as of March 31, 2020.

As discussed in Item 2 above, on June 1, 2019, the Company entered into the Merger Agreement.

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

None.

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

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
<b>1</b>	<b>UTILITY PLANT</b>			
2	Utility Plant (101-106, 114)	200-201	5,375,728,733	5,335,900,234
3	Construction Work in Progress (107)	200-201	164,527,892	157,850,999
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		5,540,256,625	5,493,751,233
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200-201	2,403,880,354	2,381,984,861
6	Net Utility Plant (Enter Total of line 4 less 5)		3,136,376,271	3,111,766,372
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)		212,965,525	199,671,152
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202-203	82,783,530	72,778,365
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)		130,181,995	126,892,787
14	Net Utility Plant (Enter Total of lines 6 and 13)		3,266,558,266	3,238,659,159
15	Utility Plant Adjustments (116)		0	0
16	Gas Stored Underground - Noncurrent (117)		0	0
<b>17</b>	<b>OTHER PROPERTY AND INVESTMENTS</b>			
18	Nonutility Property (121)		1,070,267	1,070,267
19	(Less) Accum. Prov. for Depr. and Amort. (122)		0	0
20	Investments in Associated Companies (123)		0	0
21	Investment in Subsidiary Companies (123.1)	224-225	0	0
22	(For Cost of Account 123.1, See Footnote Page 224, line 42)			
23	Noncurrent Portion of Allowances	228-229	0	0
24	Other Investments (124)		1,586,459	1,608,814
25	Sinking Funds (125)		0	0
26	Depreciation Fund (126)		0	0
27	Amortization Fund - Federal (127)		0	0
28	Other Special Funds (128)		297,980,139	329,603,541
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)		300,636,865	332,282,622
<b>33</b>	<b>CURRENT AND ACCRUED ASSETS</b>			
34	Cash and Working Funds (Non-major Only) (130)		0	0
35	Cash (131)		5,737,464	10,281,061
36	Special Deposits (132-134)		0	0
37	Working Fund (135)		1,259,139	174,154
38	Temporary Cash Investments (136)		50,382,435	362,922
39	Notes Receivable (141)		0	0
40	Customer Accounts Receivable (142)		40,068,952	44,177,635
41	Other Accounts Receivable (143)		9,754,415	11,889,190
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		1,778,185	1,900,275
43	Notes Receivable from Associated Companies (145)		0	0
44	Accounts Receivable from Assoc. Companies (146)		0	0
45	Fuel Stock (151)	227	1,649,078	1,900,338
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	58,724,205	58,914,476
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	56,084	56,084

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

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
53	(Less) Noncurrent Portion of Allowances		0	0
54	Stores Expense Undistributed (163)	227	0	1,145
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)		15,267,125	10,941,642
58	Advances for Gas (166-167)		0	0
59	Interest and Dividends Receivable (171)		10,489	5,219
60	Rents Receivable (172)		0	0
61	Accrued Utility Revenues (173)		18,252,000	25,643,000
62	Miscellaneous Current and Accrued Assets (174)		74,423	64,829
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)		199,457,624	162,511,420
68	<b>DEFERRED DEBITS</b>			
69	Unamortized Debt Expenses (181)		13,246,980	13,108,942
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	78,562,406	80,234,601
73	Prelim. Survey and Investigation Charges (Electric) (183)		2,070,584	1,347,805
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)		-48,863	-48,574
77	Temporary Facilities (185)		0	0
78	Miscellaneous Deferred Debits (186)	233	6,203,649	6,138,919
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)		14,974,187	15,211,751
82	Accumulated Deferred Income Taxes (190)	234	185,299,221	177,952,554
83	Unrecovered Purchased Gas Costs (191)		0	0
84	Total Deferred Debits (lines 69 through 83)		300,308,164	293,945,998
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		4,066,960,919	4,027,399,199

**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	64,428,688	64,428,688
3	Preferred Stock Issued (204)	250-251	0	0
4	Capital Stock Subscribed (202, 205)		0	0
5	Stock Liability for Conversion (203, 206)		0	0
6	Premium on Capital Stock (207)		309,669,870	309,669,870
7	Other Paid-In Capital (208-211)	253	3,191,335	3,668,075
8	Installments Received on Capital Stock (212)	252	0	0
9	(Less) Discount on Capital Stock (213)	254	0	0
10	(Less) Capital Stock Expense (214)	254b	340,939	340,939
11	Retained Earnings (215, 215.1, 216)	118-119	1,251,780,420	1,302,299,251
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	0	0
13	(Less) Reaquired Capital Stock (217)	250-251	394,044,910	394,714,658
14	Noncorporate Proprietorship (Non-major only) (218)		0	0
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	-48,767,809	-48,547,164
16	Total Proprietary Capital (lines 2 through 15)		1,185,916,655	1,236,463,123
17	LONG-TERM DEBT			
18	Bonds (221)	256-257	159,835,000	159,835,000
19	(Less) Reaquired Bonds (222)	256-257	0	0
20	Advances from Associated Companies (223)	256-257	0	0
21	Other Long-Term Debt (224)	256-257	1,125,000,000	1,125,000,000
22	Unamortized Premium on Long-Term Debt (225)		6,516,643	6,551,353
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		3,333,364	3,367,474
24	Total Long-Term Debt (lines 18 through 23)		1,288,018,279	1,288,018,879
25	OTHER NONCURRENT LIABILITIES			
26	Obligations Under Capital Leases - Noncurrent (227)		69,698,229	70,093,764
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)		117,976,312	119,826,558
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)		112,553,327	110,105,088
35	Total Other Noncurrent Liabilities (lines 26 through 34)		300,227,868	300,025,410
36	CURRENT AND ACCRUED LIABILITIES			
37	Notes Payable (231)		207,000,000	84,000,000
38	Accounts Payable (232)		43,385,576	65,744,562
39	Notes Payable to Associated Companies (233)		0	0
40	Accounts Payable to Associated Companies (234)		0	0
41	Customer Deposits (235)		9,096,653	9,252,260
42	Taxes Accrued (236)	262-263	23,965,361	36,170,976
43	Interest Accrued (237)		18,291,817	12,340,157
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)		1,394,004	1,450,467
48	Miscellaneous Current and Accrued Liabilities (242)		30,526,050	27,191,910
49	Obligations Under Capital Leases-Current (243)		79,956,835	77,170,332
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)		413,616,296	313,320,664
55	DEFERRED CREDITS			
56	Customer Advances for Construction (252)		28,996,290	27,874,477
57	Accumulated Deferred Investment Tax Credits (255)	266-267	20,554,448	20,959,358
58	Deferred Gains from Disposition of Utility Plant (256)		0	0
59	Other Deferred Credits (253)	269	8,853,617	9,513,597
60	Other Regulatory Liabilities (254)	278	302,172,236	309,063,694
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)		491,989,591	489,812,397
64	Accum. Deferred Income Taxes-Other (283)		26,615,639	32,347,600
65	Total Deferred Credits (lines 56 through 64)		879,181,821	889,571,123
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		4,066,960,919	4,027,399,199

**STATEMENT OF INCOME**

**Quarterly**

1. Report in column (c) the current year to date balance. Column (c) equals the total of adding the data in column (g) plus the data in column (i) plus the data in column (k). Report in column (d) similar data for the previous year. This information is reported in the annual filing only.

2. Enter in column (e) the balance for the reporting quarter and in column (f) the balance for the same three month period for the prior year.

3. Report in column (g) the quarter to date amounts for electric utility function; in column (i) the quarter to date amounts for gas utility, and in column (k) the quarter to date amounts for other utility function for the current year quarter.

4. Report in column (h) the quarter to date amounts for electric utility function; in column (j) the quarter to date amounts for gas utility, and in column (l) the quarter to date amounts for other utility function for the prior year quarter.

5. If additional columns are needed, place them in a footnote.

**Annual or Quarterly if applicable**

5. Do not report fourth quarter data in columns (e) and (f)

6. Report amounts for accounts 412 and 413, Revenues and Expenses from Utility Plant Leased to Others, in another utility column in a similar manner to a utility department. Spread the amount(s) over lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals.

7. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.

Line No.	Title of Account (a)	(Ref.) Page No. (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
1	UTILITY OPERATING INCOME					
2	Operating Revenues (400)	300-301	158,563,248	174,362,933	158,563,248	174,362,933
3	Operating Expenses					
4	Operation Expenses (401)	320-323	89,647,887	105,007,988	89,647,887	105,007,988
5	Maintenance Expenses (402)	320-323	19,270,682	18,476,688	19,270,682	18,476,688
6	Depreciation Expense (403)	336-337	24,233,124	23,236,204	24,233,124	23,236,204
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-337	-331,898	-331,896	-331,898	-331,896
8	Amort. & Depl. of Utility Plant (404-405)	336-337	2,240,513	1,918,874	2,240,513	1,918,874
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)		532,485	532,485	532,485	532,485
13	(Less) Regulatory Credits (407.4)			65,310		65,310
14	Taxes Other Than Income Taxes (408.1)	262-263	16,071,840	16,188,656	16,071,840	16,188,656
15	Income Taxes - Federal (409.1)	262-263	-463,198	-422,592	-463,198	-422,592
16	- Other (409.1)	262-263	8,405	135,673	8,405	135,673
17	Provision for Deferred Income Taxes (410.1)	234, 272-277	12,572,298	10,419,040	12,572,298	10,419,040
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272-277	16,283,931	12,244,974	16,283,931	12,244,974
19	Investment Tax Credit Adj. - Net (411.4)	266	-404,910	-404,910	-404,910	-404,910
20	(Less) Gains from Disp. of Utility Plant (411.6)					
21	Losses from Disp. of Utility Plant (411.7)					
22	(Less) Gains from Disposition of Allowances (411.8)					
23	Losses from Disposition of Allowances (411.9)					
24	Accretion Expense (411.10)		2,485,723	2,279,676	2,485,723	2,279,676
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		149,579,020	164,725,602	149,579,020	164,725,602
26	Net Util Oper Inc (Enter Tot line 2 less 25) Carry to Pg117, line 27		8,984,228	9,637,331	8,984,228	9,637,331

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 purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.
- 12. If any notes appearing in the report to stockholders 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
158,563,248	174,362,933					2
						3
89,647,887	105,007,988					4
19,270,682	18,476,688					5
24,233,124	23,236,204					6
-331,898	-331,896					7
2,240,513	1,918,874					8
						9
						10
						11
532,485	532,485					12
	65,310					13
16,071,840	16,188,656					14
-463,198	-422,592					15
8,405	135,673					16
12,572,298	10,419,040					17
16,283,931	12,244,974					18
-404,910	-404,910					19
						20
						21
						22
						23
2,485,723	2,279,676					24
149,579,020	164,725,602					25
8,984,228	9,637,331					26

STATEMENT OF INCOME FOR THE YEAR (continued)

Line No.	Title of Account (a)	(Ref.) Page No. (b)	TOTAL		Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
			Current Year (c)	Previous Year (d)		
27	Net Utility Operating Income (Carried forward from page 114)		8,984,228	9,637,331	8,984,228	9,637,331
28	Other Income and Deductions					
29	Other Income					
30	Nonutility Operating Income					
31	Revenues From Merchandising, Jobbing and Contract Work (415)		356,205	260,495	356,205	260,495
32	(Less) Costs and Exp. of Merchandising, Job. & Contract Work (416)		388,673	228,871	388,673	228,871
33	Revenues From Nonutility Operations (417)					
34	(Less) Expenses of Nonutility Operations (417.1)					
35	Nonoperating Rental Income (418)					
36	Equity in Earnings of Subsidiary Companies (418.1)	119				
37	Interest and Dividend Income (419)		1,284,516	1,828,366	1,284,516	1,828,366
38	Allowance for Other Funds Used During Construction (419.1)		586,420	1,000,575	586,420	1,000,575
39	Miscellaneous Nonoperating Income (421)		1,573,492	18,366,946	1,573,492	18,366,946
40	Gain on Disposition of Property (421.1)					
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		3,411,960	21,227,511	3,411,960	21,227,511
42	Other Income Deductions					
43	Loss on Disposition of Property (421.2)		-17,044		-17,044	
44	Miscellaneous Amortization (425)					
45	Donations (426.1)		208,084	400,919	208,084	400,919
46	Life Insurance (426.2)		63,069	89,750	63,069	89,750
47	Penalties (426.3)		424	4,915	424	4,915
48	Exp. for Certain Civic, Political & Related Activities (426.4)		192,528	209,427	192,528	209,427
49	Other Deductions (426.5)		34,289,692	912,520	34,289,692	912,520
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		34,736,753	1,617,531	34,736,753	1,617,531
51	Taxes Applic. to Other Income and Deductions					
52	Taxes Other Than Income Taxes (408.2)	262-263	3,197	3,672	3,197	3,672
53	Income Taxes-Federal (409.2)	262-263	474,832	605,700	474,832	605,700
54	Income Taxes-Other (409.2)	262-263	39,977	45,378	39,977	45,378
55	Provision for Deferred Inc. Taxes (410.2)	234, 272-277	442,653	3,492,609	442,653	3,492,609
56	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272-277	7,230,604	258,592	7,230,604	258,592
57	Investment Tax Credit Adj.-Net (411.5)					
58	(Less) Investment Tax Credits (420)					
59	TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)		-6,269,945	3,888,767	-6,269,945	3,888,767
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		-25,054,848	15,721,213	-25,054,848	15,721,213
61	Interest Charges					
62	Interest on Long-Term Debt (427)		18,282,718	18,563,717	18,282,718	18,563,717
63	Amort. of Debt Disc. and Expense (428)		257,444	233,656	257,444	233,656
64	Amortization of Loss on Reaquired Debt (428.1)		237,564	224,605	237,564	224,605
65	(Less) Amort. of Premium on Debt-Credit (429)		34,710	33,111	34,710	33,111
66	(Less) Amortization of Gain on Reaquired Debt-Credit (429.1)					
67	Interest on Debt to Assoc. Companies (430)					
68	Other Interest Expense (431)		893,741	1,278,380	893,741	1,278,380
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		884,966	971,884	884,966	971,884
70	Net Interest Charges (Total of lines 62 thru 69)		18,751,791	19,295,363	18,751,791	19,295,363
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		-34,822,411	6,063,181	-34,822,411	6,063,181
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)		-34,822,411	6,063,181	-34,822,411	6,063,181



STATEMENT OF RETAINED EARNINGS

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

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter/Year Year to Date Balance (c)	Previous Quarter/Year Year to Date Balance (d)
	UNAPPROPRIATED RETAINED EARNINGS (Account 216)			
1	Balance-Beginning of Period		1,302,299,251	1,256,673,995
2	Changes			
3	Adjustments to Retained Earnings (Account 439)			
4				
5				
6				
7				
8				
9	TOTAL Credits to Retained Earnings (Acct. 439)			
10	Retirement of Treasury Shares	217		( 16,372,067)
11				
12				
13				
14				
15	TOTAL Debits to Retained Earnings (Acct. 439)			( 16,372,067)
16	Balance Transferred from Income (Account 433 less Account 418.1)		-34,822,411	123,715,379
17	Appropriations of Retained Earnings (Acct. 436)			
18				
19				
20				
21				
22	TOTAL Appropriations of Retained Earnings (Acct. 436)			
23	Dividends Declared-Preferred Stock (Account 437)			
24				
25				
26				
27				
28				
29	TOTAL Dividends Declared-Preferred Stock (Acct. 437)			
30	Dividends Declared-Common Stock (Account 438)			
31	Class Common Stock \$1 Par Value		-15,696,420	( 61,718,056)
32				
33				
34				
35				
36	TOTAL Dividends Declared-Common Stock (Acct. 438)		-15,696,420	( 61,718,056)
37	Transfers from Acct 216.1, Unapprop. Undistrib. Subsidiary Earnings			
38	Balance - End of Period (Total 1,9,15,16,22,29,36,37)		1,251,780,420	1,302,299,251
	APPROPRIATED RETAINED EARNINGS (Account 215)			
39				
40				

STATEMENT OF RETAINED EARNINGS

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

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter/Year Year to Date Balance (c)	Previous Quarter/Year Year to Date Balance (d)
41				
42				
43				
44				
45	TOTAL Appropriated Retained Earnings (Account 215)			
	APPROP. RETAINED EARNINGS - AMORT. Reserve, Federal (Account 215.1)			
46	TOTAL Approp. Retained Earnings-Amort. Reserve, Federal (Acct. 215.1)			
47	TOTAL Approp. Retained Earnings (Acct. 215, 215.1) (Total 45,46)			
48	TOTAL Retained Earnings (Acct. 215, 215.1, 216) (Total 38, 47) (216.1)		1,251,780,420	1,302,299,251
	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account			
	Report only on an Annual Basis, no Quarterly			
49	Balance-Beginning of Year (Debit or Credit)			
50	Equity in Earnings for Year (Credit) (Account 418.1)			
51	(Less) Dividends Received (Debit)			
52				
53	Balance-End of Year (Total lines 49 thru 52)			

**STATEMENT OF CASH FLOWS**

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

Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)
1	Net Cash Flow from Operating Activities:		
2	Net Income (Line 78(c) on page 117)	-34,822,411	6,063,181
3	Noncash Charges (Credits) to Income:		
4	Depreciation and Depletion	24,233,124	23,236,204
5	Amortization of Other	6,346,587	5,931,323
6	Amortization of Nuclear Fuel	10,784,249	10,760,970
7			
8	Deferred Income Taxes (Net)	-10,499,584	1,408,082
9	Investment Tax Credit Adjustment (Net)	-404,910	-404,910
10	Net (Increase) Decrease in Receivables	9,020,696	8,352,517
11	Net (Increase) Decrease in Inventory	1,717,776	-2,110,895
12	Net (Increase) Decrease in Allowances Inventory		
13	Net Increase (Decrease) in Payables and Accrued Expenses	-26,860,922	-15,849,188
14	Net (Increase) Decrease in Other Regulatory Assets	112,754	-383,251
15	Net Increase (Decrease) in Other Regulatory Liabilities	-6,501,188	12,798,950
16	(Less) Allowance for Other Funds Used During Construction	586,420	1,000,575
17	(Less) Undistributed Earnings from Subsidiary Companies		
18	Other (provide details in footnote):	33,806,645	-14,220,886
19			
20	Deferred Charges and Credits	-3,347,885	-2,588,720
21	Net (Increase) Decrease in Prepayments and Other	-4,402,017	-5,519,224
22	Net Cash Provided by (Used in) Operating Activities (Total 2 thru 21)	-1,403,506	26,473,578
23			
24	Cash Flows from Investment Activities:		
25	Construction and Acquisition of Plant (including land):		
26	Gross Additions to Utility Plant (less nuclear fuel)	-52,380,767	-54,400,614
27	Gross Additions to Nuclear Fuel	-14,035,814	-11,088,641
28	Gross Additions to Common Utility Plant		
29	Gross Additions to Nonutility Plant		
30	(Less) Allowance for Other Funds Used During Construction	-586,420	-1,000,575
31	Other (provide details in footnote):		
32			
33			
34	Cash Outflows for Plant (Total of lines 26 thru 33)	-65,830,161	-64,488,680
35			
36	Acquisition of Other Noncurrent Assets (d)		
37	Proceeds from Disposal of Noncurrent Assets (d)	4,500	112,763
38	Proceeds from Insurance	4,591,184	
39	Investments in and Advances to Assoc. and Subsidiary Companies		
40	Contributions and Advances from Assoc. and Subsidiary Companies		
41	Disposition of Investments in (and Advances to)		
42	Associated and Subsidiary Companies		
43			
44	Purchase of Investment Securities (a)		
45	Proceeds from Sales of Investment Securities (a)		

**STATEMENT OF CASH FLOWS**

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

Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)
46	Loans Made or Purchased		
47	Collections on Loans		
48			
49	Net (Increase) Decrease in Receivables		
50	Net (Increase ) Decrease in Inventory		
51	Net (Increase) Decrease in Allowances Held for Speculation		
52	Net Increase (Decrease) in Payables and Accrued Expenses		
53	Investment in Decommissioning Trust Fund (Purchases)	-3,073,394	-37,612,254
54	Investment in Decommissioning Trust Fund (Sales and Maturities)	1,406,000	35,468,606
55	Other (provided details in footnote):	824,540	-837,146
56	Net Cash Provided by (Used in) Investing Activities		
57	Total of lines 34 thru 55)	-62,077,331	-67,356,711
58			
59	Cash Flows from Financing Activities:		
60	Proceeds from Issuance of:		
61	Long-Term Debt (b)		
62	Preferred Stock		
63	Common Stock		
64	Other: Financing and Other Capital Lease Obligations - Proceeds	202,094,153	215,195,483
65			
66	Net Increase in Short-Term Debt (c)		
67	Other (provide details in footnote):		
68			
69			
70	Cash Provided by Outside Sources (Total 61 thru 69)	202,094,153	215,195,483
71			
72	Payments for Retirement of:		
73	Long-term Debt (b)		-63,500,000
74	Preferred Stock		
75	Common Stock		
76	Other (provide details in footnote):	-1,240,724	-652,088
77	Financing and Capital Lease Obligations - Payments	-75,115,271	-61,451,514
78	Net Decrease in Short-Term Debt (c)		
79			
80	Dividends on Preferred Stock		
81	Dividends on Common Stock	-15,696,420	-14,658,483
82	Net Cash Provided by (Used in) Financing Activities		
83	(Total of lines 70 thru 81)	110,041,738	74,933,398
84			
85	Net Increase (Decrease) in Cash and Cash Equivalents		
86	(Total of lines 22,57 and 83)	46,560,901	34,050,265
87			
88	Cash and Cash Equivalents at Beginning of Period	10,818,137	12,900,068
89			
90	Cash and Cash Equivalents at End of period	57,379,038	46,950,333

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
El Paso Electric Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	2020/Q1
FOOTNOTE DATA			

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

	2020	2019
Other:		
Net (Gains) Losses on Decommissioning Trust Funds	\$ 32,918,696	\$ (15,865,822)
Amortization of Unearned Compensation	1,031,439	1,296,210
Unrealized Losses on Investments in Debt Securities	22,354	23,352
Other Operating Activities	(165,844)	325,374
Total	\$ 33,806,645	\$ (14,220,886)

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

	2020	2019
Other:		
Net Customer Advances for Construction	\$ 1,121,813	\$ 8,680
Net Salvage Value and Cost of Removal	(555,469)	(845,826)
Customer Revenue Agreements	258,196	-
Total	\$ 824,540	\$ (837,146)

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

	2020	2019
Other:		
Stock Awards Withheld for Taxes	\$ (846,449)	\$ (636,658)
Issuance Costs Related to Senior Notes	-	(15,090)
Issuance Costs Related to RGRT Senior Notes	-	1,727
Costs Related to Revolving Credit Facilities Terms Modification	(394,275)	-
Other Financing Activities	-	(2,067)
Total	\$ (1,240,724)	\$ (652,088)

Name of Respondent El Paso Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report / /	Year/Period of Report End of <u>2020/Q1</u>
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NOTES TO FINANCIAL STATEMENTS

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

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

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2020/Q1
El Paso Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

### Note 1. Regulatory-Basis Financial Statements

The accompanying regulatory-basis financial statements are presented in accordance with the accounting requirements of the Federal Energy Regulatory Commission (the "FERC") as set forth in its applicable Uniform System of Accounts and published accounting releases which is a comprehensive basis of accounting other than United States ("U.S.") Generally Accepted Accounting Principles ("GAAP") used in the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020 (the "March 31, 2020 Form 10-Q") filed by El Paso Electric Company (the "Company") with the U.S. Securities and Exchange Commission ("SEC"). Notes A through L of the regulatory-basis financial statements are from the March 31, 2020 Form 10-Q and have been revised where the presentation of regulatory-basis financial statements, in accordance with requirements under the Uniform System of Accounts and published accounting releases of the FERC, result in different financial statement amounts or disclosures than under GAAP. Because many types of transactions are susceptible to varying interpretations, the amounts and classifications reported in the accompanying regulatory-basis financial statements may be subject to change at a later date upon final determination by the FERC. In the remainder of this Note 1, information contained in Notes A through L is supplemented for additional regulatory-basis disclosures.

#### Regulatory-Basis Financial Statements Compared to GAAP

The significant differences between the Company's regulatory-basis financial statements and those prepared in accordance with GAAP include the application of fresh-start reporting to the GAAP financial statements and the discontinuance and subsequent re-application of the provisions of Financial Accounting Standards Board (the "FASB") accounting guidance for regulated operations. In 1996, the Company adopted fresh-start reporting for its GAAP financial statements in accordance with the FASB guidance related to financial reporting by entities in reorganization under the U.S. 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.

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.

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## Statement of Cash Flows

Cash and cash equivalents and amortization of other presented on the statement of cash flows for the three months ended March 31, 2020 and 2019 consist of the following (in thousands):

	<u>2020</u>	<u>2019</u>
<b>Cash and Cash Equivalents:</b>		
Cash (131)	\$ 5,737	\$ 7,985
Special Deposits (132-134)	0	38,445
Working Funds (135)	1,259	113
Temporary cash investments (136)	50,383	407
Cash and cash equivalents at end of period	<u>\$ 57,379</u>	<u>\$ 46,950</u>
<b>Amortization of Other:</b>		
ARO depreciation (403.1)	\$ (332)	\$ (332)
Other utility plant (404)	2,241	1,919
Regulatory assets (407.3)	532	532
Regulatory liabilities (407.4)	0	(65)
ARO accretion expense (411.10)	2,486	2,280
Debt expense (428)	257	234
Loss on reacquired debt (428.1)	238	225
Debt premium (429)	(35)	(33)
Interest rate lock losses	158	148
Operating lease assets amortization	159	163
Nuclear fuel financing issuance costs	34	51
Dry cask storage amortization	69	162
Coal reclamation amortization	165	165
Texas rate case amortization	375	375
New Mexico rate case amortization	0	107
	<u>\$ 6,347</u>	<u>\$ 5,931</u>

### A. Principles of Preparation

These condensed regulatory-basis financial statements should be read in conjunction with the regulatory-basis financial statements and notes thereto in the Annual Report of El Paso Electric Company on FERC Form No. 1 for the fiscal year ended December 31, 2019 (the "2019 FERC Form No. 1"). Capitalized terms used in this report and not defined herein have the meaning ascribed to such terms in the 2019 FERC Form No. 1. In the opinion of the Company's management, the accompanying regulatory-basis financial statements contain all adjustments necessary to present fairly the financial position of the Company at March 31, 2020 and December 31, 2019; the results of its operations for the three months ended March 31, 2020 and 2019; its comprehensive operations for the three months ended March 31, 2020 and the year ended December 31, 2019; and its cash flows for the three months ended March 31, 2020 and 2019. The results of operations, comprehensive operations, and the cash flows for the three months ended March 31, 2020 are not necessarily indicative of the results to be expected for the full calendar year.

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



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*Coronavirus Disease 2019 ("COVID-19") Impacts.* On March 11, 2020, the World Health Organization declared the current COVID-19 outbreak to be a global pandemic, and on March 13, 2020, the U.S. declared a national emergency. In response to these declarations and the rapid spread of COVID-19, federal, state, and local governments have imposed varying degrees of restrictions on business and social activities to contain the spread of COVID-19, including quarantine and "stay-at-home" orders and directives in the Company's service territory. The pandemic and directives have significantly impacted many sectors of the economy, including record levels of unemployment, with businesses, nonprofit organizations, and governmental entities modifying, curtailing or ceasing normal operations. The Company also modified certain business practices to conform to government restrictions and best practices encouraged by the Centers for Disease Control and Prevention, the World Health Organization, and other governmental and regulatory authorities.

While the Company continues to assess the impact of COVID-19 on its business, the Company cannot predict the full impact that COVID-19 or the significant disruption and volatility currently being experienced in the markets will have on its business, cash flows, liquidity, financial condition, and results of operations at this time, due to the numerous uncertainties that exist. The ultimate impact will depend on future developments, including, among others, the ultimate geographic spread of COVID-19, the consequences of governmental and other measures designed to prevent the spread of COVID-19, the development of effective treatments and/or vaccines, the duration of the outbreak, actions taken by governmental authorities, customers, suppliers and other third parties, workforce availability, and the timing and extent to which normal economic and operating conditions resume. An extended slowdown of economic growth in the U.S. could result in lower growth and reduced demand for and usage of electricity in the Company's service territory as facilities continue to close or remain closed. The ability of customers, contractors and suppliers to meet their obligations to the Company, including payment obligations, could also be affected under the current economic conditions.

*Agreement and Plan of Merger.* On June 1, 2019, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement"), by and among the Company, Sun Jupiter Holdings LLC, a Delaware limited liability company ("Parent"), and Sun Merger Sub Inc., a Texas corporation and wholly owned subsidiary of Parent ("Merger Sub"). Pursuant to the Merger Agreement, on and subject to the terms and conditions set forth therein, Merger Sub will merge with and into the Company (the "Merger"), with the Company continuing as the surviving corporation in the Merger and becoming a wholly owned subsidiary of Parent. Parent and Merger Sub are affiliates of Infrastructure Investments Fund, an investment vehicle advised by J.P. Morgan Investment Management Inc. ("IIF"). See Note L of Notes to Financial Statements for a discussion of the Merger.

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

*Operating Revenues.* The Company accrues revenues for services rendered, including unbilled electric service revenues, which are reflected within Accrued Utility Revenues. The Company recognizes revenue associated with contracts with customers when performance obligations under the terms of the contract with the customer are satisfied. Revenue is measured as the amount of consideration the Company receives in exchange for transferring goods or providing services to the customer. Taxes collected concurrently with revenue producing activities are excluded from revenue. Accrued Utility Revenues are recorded for estimated amounts of energy delivered in the period following the customer's last billing cycle to the end of the reporting period. Accrued Utility Revenues are estimated based on monthly generation volumes and by applying an average revenue/kilowatt-hour ("kWh") to the number of estimated kWhs delivered but not billed. The Company recorded \$18.3 million of Accrued Utility Revenues as of March 31, 2020 and \$25.6 million as of December 31, 2019.

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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 are billed under base rates and a fuel adjustment clause that is adjusted monthly, as approved by the NMPRC. The Company's FERC sales for resale customers are billed under formula base rates and fuel factors and a fuel adjustment clause that is adjusted monthly. The Company's recovery of fuel and purchased power expenses is subject to periodic reconciliations of actual fuel and purchased power expenses incurred to actual fuel revenues collected. The difference between fuel and purchased power expenses incurred and fuel revenues charged to customers is reflected in the accompanying Regulatory-Basis Balance Sheet in Other Regulatory Assets and Other Regulatory Liabilities, as appropriate. See Note C of Notes to Financial Statements for further discussion.

*Credit Losses.* On January 1, 2020, the Company adopted Accounting Standards Update ("ASU") 2016-13, Financial Instruments - Credit Losses (Topic 326). There was no cumulative effect adjustment at the initial application of the new standard. In addition, comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. The Company expects the ongoing impact of the new standard to be immaterial to its financial position and results of operations and no significant changes in the Company's business processes and internal controls were necessary upon adoption of the new standard. The Company is exposed to credit losses as a result of recording customer receivables related to retail and wholesale electric sales and the provision of transmission services to customers. The allowance for doubtful accounts represents the Company's estimate of existing accounts receivable that will ultimately be uncollectible. The allowance is calculated by applying estimated write-off factors to various classes of outstanding receivables. The write-off factors used to estimate uncollectible accounts are based upon consideration of both historical collections experience and management's best estimate of future collections success given the existing collections environment and qualitative forecasts of future conditions. During the first quarter of 2020, the Company performed its assessment, which included consideration of the COVID-19 pandemic. Based on that assessment, the Company recorded a charge for anticipated uncollectible customer accounts. Additions, deductions and balances for the allowance for doubtful accounts for the three months ended March 31, 2020 and March 31, 2019 are as follows (in thousands):

	Three Months Ended	
	March 31,	
	2020	2019
Balance at beginning of period	\$ 1,900	\$ 2,070
Additions:		
Increase to provision	676	217
Recovery of previous write-offs	340	342
Uncollectible receivables written off	(1,138)	(1,115)
Balance at end of period	<u>\$ 1,778</u>	<u>\$ 1,514</u>

*Leases.* The Company determines if an arrangement contains a lease and the classification of that lease at inception. Operating lease right-of-use ("ROU") assets represent the Company's right to use an underlying asset for the lease term and operating lease liabilities represent the obligation to make payments under the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of the minimum lease payments over the lease term. In determining lease terms, the Company considers any options to extend or terminate the lease that are reasonably certain of being exercised. As the Company's leases do not include an implicit rate, the Company uses an estimated incremental borrowing rate, at lease commencement, to determine the present value of the future lease payments. In calculating the incremental borrowing rate, the Company takes into consideration recent debt issuances and other data for instruments with similar characteristics. The Company's lease agreements do not contain residual value guarantees or restrictive covenants. For leases with lease and non-lease components, the Company has elected to account for the consideration as a single lease component. The Company has also elected not to record leases with a term of 12 months or less on the Regulatory-Basis Balance Sheet. The operating lease ROU assets are included as part of electric plant in service and lease liabilities are included as part of Current and Non-current Obligation Under Capital Lease in the Company's Regulatory-Basis Balance Sheet in accordance with FERC Docket No. A119-1-000.

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

#### Supplemental Cash Flow Disclosures (in thousands):

	Three Months Ended March 31,	
	2020	2019
Cash paid (refunded) for:		
Interest on long-term debt and borrowings under the revolving credit facility	\$ 12,240	\$ 11,592
Income tax paid (refunded), net	180	(300)
Non-cash investing and financing activities:		
Changes in accrued plant additions	(288)	(218)
Grants of restricted shares of common stock	339	524
Issuance of performance shares	732	2,143
Non-cash operating activities:		
Operating lease liabilities arising (reducing) from obtaining ROU assets	(88)	6,217

#### New Accounting Standards

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

#### New Accounting Standards Adopted in 2020

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326). ASU 2016-13 changes how companies measure and recognize credit impairment for many financial assets. The new expected credit loss model requires companies to immediately recognize an estimate of credit losses expected to occur over the remaining life of the financial assets that are in the scope of the standard. ASU 2016-13 is required for reporting periods beginning after December 15, 2019. ASU 2016-13 was applied in a modified retrospective approach through a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is implemented. The Company adopted ASU 2016-13 on January 1, 2020. As part of its implementation process, the Company evaluated the impact of the new standard, which included evaluating the impact of (i) ASU 2019-04, Codification Improvements to Topic 326, Financial Instruments - Credit Losses; Topic 815, Derivatives and Hedging; and Topic 825, Financial Instruments and (ii) ASU 2019-05, Financial Instruments - Credit Losses (Topic 326): Targeted Transition Relief. The adoption of this standard did not have a material impact or require a cumulative effect adjustment to retained earnings. The Company anticipates the ongoing impact of ASU 2016-13 will be immaterial to the Company's financial position, results of operations, and cash flows.

#### New Accounting Standards to be Adopted in the Future

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740), as part of its initiative to reduce complexity in accounting standards. ASU 2019-12 amends the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. The amendments also improve consistent application of and simplify GAAP for other areas of Topic 740 by clarifying and amending existing guidance. ASU 2019-12 will be effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2020. Early adoption is permitted, including adoption in any interim periods for reporting periods for which financial statements have not been issued. The Company is currently evaluating the future impact of ASU 2019-12.

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## B. Revenues

The following table disaggregates revenue from contracts with customers, for the three months ended March 31, 2020 and 2019 (in thousands):

	Three Months Ended March 31,	
	2020	2019
Retail	\$ 134,277	\$ 132,126
Wholesale	18,540	35,691
Wheeling (transmission)	5,079	6,005
Total revenues from contracts with customers	157,896	173,822
Other	667	541
Total operating revenues	<u>\$ 158,563</u>	<u>\$ 174,363</u>

*Accounts receivable.* Accounts receivable is principally comprised of revenue from contracts with customers. The Company recognizes expense for accounts that are deemed uncollectible in operating expense. The Company recorded \$0.7 million to its provision for uncollectible accounts for the three months ended March 31, 2020.

## C. Regulation

### General

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

On June 1, 2019, the Company entered into the Merger Agreement. Pursuant to the Merger Agreement, on and subject to the terms and conditions set forth therein, Merger Sub will merge with and into the Company, with the Company continuing as the surviving corporation in the Merger and becoming a wholly owned subsidiary of Parent. Parent and Merger Sub are affiliates of IIF. Among other things, the Company, Parent and Merger Sub are required to obtain certain regulatory approvals of the Merger as discussed further in Note L of the Notes to Financial Statements.

On August 13, 2019, the Company, Parent and IIF US Holding 2 LP, an affiliate of IIF, as applicable, filed (i) the joint report and application for regulatory approvals with the PUCT requesting approval of the Merger pursuant to the Texas Public Utility Regulatory Act ("PURA"), which was assigned PUCT Docket No. 49849, (ii) the joint application for regulatory approvals with the NMPRC requesting approval of the Merger pursuant to the New Mexico Public Utility Act ("NMPUA") and NMPRC Rule 450, which was assigned NMPRC Case No. 19-00234-UT, (iii) the joint application requesting approval of the Merger with the FERC under Section 203 of the Federal Power Act, which was assigned FERC Docket No. EC19-120-000, and (iv) the joint application for regulatory approval for the indirect transfer of the Company's Nuclear Regulatory Commission ("NRC") licenses from the NRC under the Atomic Energy Act of 1954, which was assigned Docket ID NRC-2019-0214. In addition, on August 13, 2019, the Company and Parent sought the authorization of the Federal Communications Commission ("FCC") to assign or transfer control of the Company's FCC licenses under FCC File No. 0008737430. On December 4, 2019, the Company and Parent received consent from the FCC to transfer the Company's FCC licenses.

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On August 16, 2019, the Company and IIF US Holding 2 LP filed the notification and report form with the Antitrust Division of the U.S. Department of Justice and the Federal Trade Commission ("FTC") under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "HSR Act"), as amended, and the rules and regulations promulgated thereunder, which was assigned Transaction Identification No. 20191858. On September 3, 2019, the Company and IIF US Holding 2 LP received notice from the FTC granting early termination of the waiting period under the HSR Act.

On November 21, 2019, the Company, Parent and IIF US Holding 2 LP reached an agreement in principle with the PUCT Staff and most intervenors regarding the Merger. The PUCT issued an order delaying the hearing on the merits in order to assist in reaching a unanimous settlement. The parties continued discussions and provided an update on the status of settlement at the PUCT meeting on December 13, 2019. A non-unanimous settlement was filed with the PUCT on December 18, 2019, resolving substantially all issues in the application. The hearing at the PUCT on the non-unanimous issues was held on January 7, 2020, at the conclusion of which the PUCT requested the Company and IIF attend the PUCT's January 16, 2020 open meeting to answer any follow-up questions. On January 16, 2020, the PUCT approved the Merger and issued its final order on January 28, 2020.

On January 3, 2020, the Company, Parent and IIF US Holding 2 LP filed an unopposed stipulation with the NMPRC regarding the Merger. A hearing at the NMPRC on the unopposed stipulation was held on January 16, 2020. On January 16, 2020, the Hearing Examiner of the NMPRC (the "Hearing Examiner") agreed with the consent of parties to waive briefing. On February 12, 2020, the Hearing Examiner issued an Amended Certification of the Stipulation in which it is recommended that the NMPRC approve the unopposed stipulation subject to the parties agreeing to the Hearing Examiner's modifications. A final order adopting the Certification of the Stipulation and approving the Merger was issued by the NMPRC on March 11, 2020.

On December 5, 2019, the FERC requested additional information regarding the parties to the Merger. On January 6, 2020, the Company and Parent filed a joint response to the FERC's inquiry. On January 17, 2020, the Company and Parent filed a second supplement to the application. The FERC established a January 27, 2020 deadline date for comments on both filings. Several motions to intervene were filed, along with a protest of the January 6, 2020 response. On February 6, 2020, the Company and Parent filed a reply to the January 27, 2020 protest. On March 30, 2020, the FERC issued an order authorizing the Merger, subject to the FERC's approval of mitigation to address certain discrete competitive effects of the Merger that could arise. The FERC concluded that the Merger, as conditioned, satisfies governing federal standards and authorized the Merger as consistent with the public interest. The FERC required that the proposed mitigation be filed within 45 days of the issuance of the FERC Order. On April 9, 2020 and April 29, 2020, two requests seeking rehearing of the FERC's findings in the March 30, 2020 approval order were submitted. On May 8, 2020, the FERC issued a procedural order that serves the limited purpose of affording additional time for FERC to respond to the requests. However, FERC action on the requests is not needed to close the Merger. On April 15, 2020, the Company and Parent filed proposed mitigation options with the FERC. The proposed mitigation filing is pending approval from the FERC.

The FERC's approval of the proposed mitigation filing is the last regulatory approval needed to close the Merger. The Company anticipates that the closing of the Merger will occur in the second quarter of 2020, upon the FERC's approval of the mitigation filing and satisfaction or waiver of the other Merger Agreement closing conditions.

### Texas Regulatory Matters

*2017 Texas Retail Rate Case Filing.* On February 13, 2017, the Company filed with the City of El Paso, other municipalities incorporated in the Company's Texas service territory, and the PUCT in Docket No. 46831, a request for an increase in non-fuel base revenues. On December 18, 2017, the PUCT issued a final order in Docket No. 46831 (the "2017 PUCT Final Order").

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The 2017 PUCT Final Order required the Company to file a refund tariff if the federal statutory income tax rate, as it relates to the Company, was decreased before the Company files its next general rate case. Following the enactment of the federal legislation commonly referred to as the Tax Cuts and Jobs Act of 2017 (the "TCJA") on December 22, 2017, and in compliance with the 2017 PUCT Final Order, on March 1, 2018, the Company filed with the PUCT and each of its Texas municipalities a proposed refund tariff designed to reduce base charges for Texas customers equivalent to the expected annual decrease of \$22.7 million in federal income tax expense resulting from the TCJA changes, and an additional refund of \$4.3 million for the amortization of a regulatory liability related to the reduced tax expense for the months of January through March of 2018. This filing was assigned PUCT Docket No. 48124. On March 27, 2018, the PUCT approved the Company's proposed refund tariff on an interim basis, subject to refund or surcharge, for customer billing effective April 1, 2018. Each of the Company's municipalities also implemented the Company's proposed tax credits on an interim basis effective April 1, 2018. The refund is reflected in rates over a period of one year beginning April 1, 2018, and is required to be updated annually until new base rates are implemented pursuant to the Company's next Texas rate case filing. The PUCT issued an order on December 10, 2018, approving the proposed refund tariff. On February 22, 2019, the Company filed with the PUCT and each of its Texas municipalities an application to modify the tax refund tariff to remove the portion of the base rate credit associated with the \$4.3 million of regulatory liability amortization, which expired March 31, 2019. The filing was assigned PUCT Docket No. 49251 and approved by final order on June 27, 2019. On February 20, 2020, the Company filed its required annual update of the refund factor with the PUCT and each of its Texas municipalities. In its application, the Company proposed that the existing refund factors remain in effect. On May 11, 2020, PUCT Staff filed their review and a recommendation that the Company's filed tariff be approved. The filing is currently pending as PUCT Docket No. 50575.

*Texas Energy Efficiency Cost Recovery Factor ("EECRF").* On May 1, 2018, the Company filed its annual application with the PUCT, which was assigned PUCT Docket No. 48332, to establish its EECRF for 2019. In addition to projected energy efficiency costs for 2019 and a reconciliation of collections to actual costs for the prior year, the Company requested approval of a \$1.0 million incentive bonus for the 2017 energy efficiency program results in accordance with PUCT rules. Instead of convening a live hearing on the merits of this case, the parties agreed to enter into the record the pre-filed testimony of the parties and certain other exhibits and then file briefs on the contested issues. The Administrative Law Judge ("ALJ") issued a proposal for final decision on November 15, 2018, including the Company's fully requested incentive bonus. On January 17, 2019, the PUCT issued a final order approving a modified bonus amount of \$0.9 million.

On May 1, 2019, the Company filed its annual application with the PUCT, which was assigned PUCT Docket No. 49496, to establish its EECRF for 2020. In addition to projected energy efficiency costs for 2020 and a reconciliation of collections to actual costs for the prior year, the Company requested approval of a \$0.8 million incentive bonus for the 2018 energy efficiency program results in accordance with PUCT rules. On July 1, 2019, the Company requested, and received approval for, a suspension of the procedural schedule in order to pursue settlement of the case. On July 12, 2019, the Company informed the ALJ in the case that all parties had agreed in principle on terms for settlement. On August 14, 2019, the Company filed an unopposed settlement agreement and proposed order which resolved all issues in the proceeding, including the requested incentive bonus. The case was remanded on August 16, 2019, to the PUCT for a final order approving the settlement agreement and the Company's EECRF rates. On November 14, 2019, the PUCT issued an order approving the filed settlement.

On May 1, 2020, the Company filed its annual application with the PUCT, which was assigned PUCT Docket No. 50806, to establish its EECRF for 2021. In addition to projected energy efficiency costs of \$4.7 million for 2021 and a reconciliation of collections to actual costs for the prior year, the Company requested approval of a \$1.2 million incentive bonus for the 2019 energy efficiency program results in accordance with PUCT rules. The filing is currently pending.

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

On April 29, 2019, the Company filed a petition with the PUCT, which was assigned PUCT Docket No. 49482, requesting authority to implement, beginning on June 1, 2019, a four-month, interim fuel refund of \$19.4 million in fuel cost over-recoveries, including interest, for the period from April 2016 through March 2019. On May 30, 2019, the Company's fuel refund credit was approved on an interim basis. The Company implemented the fuel refund in customer bills beginning June 1, 2019. On September 27, 2019, the PUCT issued a final order approving the fuel refund credits. The fuel refund was completed on September 30, 2019, with a total fuel refund of \$20.1 million, including interest, returned to Texas customers.

On September 13, 2019, the Company filed a request with the PUCT, which was assigned PUCT Docket No. 49960, to decrease the Texas fixed fuel factor by approximately 12.2% to reflect decreased fuel expenses primarily related to a decrease in the price of natural gas used to generate power. On September 25, 2019, the Company's fixed fuel factor was approved by the PUCT on an interim basis effective for the first billing cycle of the October 2019 billing month. The Texas fixed fuel factor was determined to be final on October 15, 2019, and will continue until changed by the PUCT.

On November 26, 2019, the Company filed a petition with the PUCT, which was assigned PUCT Docket No. 50292, requesting authority to implement, beginning on January 1, 2020, a three-month, interim fuel refund of \$15.0 million in fuel cost over-recoveries for the period from April 2019 through October 2019, including interest for the period from April 2019 through March 2020. On December 12, 2019, the Company's fuel refund credit was approved on an interim basis. The Company implemented the fuel refund in customer bills beginning January 1, 2020, and completed the refund period on March 31, 2020, during which \$14.0 million was refunded. On March 26, 2020, the PUCT issued a final order approving the fuel refund credits. As of March 31, 2020, the Company had a net fuel over-recovery balance of approximately \$8.8 million in Texas.

*Fuel Reconciliation Proceeding.* On September 27, 2019, the Company filed an application with the PUCT, which was assigned PUCT Docket No. 50058, to reconcile \$363.0 million of Texas fuel and purchased power expenses incurred during the period of April 1, 2016, through March 31, 2019. The Company cannot predict the outcome of this filing at this time. The April 1, 2019, through March 31, 2020, Texas jurisdictional fuel and purchased power costs subject to a future prudence review total approximately \$61.7 million.

*Community Solar.* On March 20, 2018, the Company filed a petition with the PUCT and each of its Texas municipalities to expand its community solar program in Texas to include two-megawatts ("MW") of solar powered generation from the ten-MW solar photovoltaic facility located at Newman Power Station ("Newman") and to reduce rates under the community solar tariff. The case before the PUCT was assigned PUCT Docket No. 48181 and a hearing was held on December 4, 2018. The ALJ issued a proposal for decision on March 19, 2019, that approved the project as proposed by the Company. On May 9, 2019, the PUCT approved the Company's request to expand the program utilizing the two-MW of solar powered generation available from Newman. New subscriptions for the expanded program were accepted beginning in June 2019, and new rates for all existing and new customers were implemented in customer bills beginning July 1, 2019. As of June 30, 2019, the expanded program was fully subscribed.

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*Transmission Cost Recovery Factor ("TCRF").* On January 25, 2019, the Company filed an application with the PUCT to establish its TCRF, which was assigned PUCT Docket No. 49148 (the "2019 TCRF rate filing"). The 2019 TCRF rate filing was designed to recover a requested \$8.2 million of Texas jurisdictional transmission revenue requirement that was not being recovered in the Company's Texas base rates for transmission-related investments placed in service from October 1, 2016, through September 30, 2018, net of retirements. On September 12, 2019, the Company filed an unopposed settlement agreement and proposed order for a TCRF revenue requirement of \$7.5 million with a provision for recovery of revenue relating to the period from July 30, 2019 to December 31, 2019. Such revenue through December 31, 2019, approximated \$3.0 million. On December 16, 2019, the PUCT issued a final order approving the settlement agreement, and the Company's TCRF rates became effective in customer bills beginning January 1, 2020. On January 14, 2020, the Company filed with the PUCT a proposed surcharge in compliance with the final order issued in PUCT Docket No. 49148 for recovery of the \$3.0 million related to 2019, over a period of 12 months beginning on April 1, 2020. The filing was assigned PUCT Docket No. 50256, and on February 7, 2020, the surcharge was approved through delegated authority by a Commission ALJ.

*Distribution Cost Recovery Factor ("DCRF").* On March 28, 2019, the Company filed an application with the PUCT and each of its Texas municipalities to establish its DCRF, which was assigned PUCT Docket No. 49395 (the "2019 DCRF rate filing"). The 2019 DCRF rate filing was designed to recover a requested \$7.9 million of Texas jurisdictional distribution revenue requirement that was not being recovered in the Company's Texas base rates for distribution-related investments placed in service from October 1, 2016, through December 31, 2018, net of retirements. On August 13, 2019, the Company filed an unopposed settlement agreement and proposed order which resolved all issues in the proceeding and approved a DCRF revenue requirement of \$7.8 million. On September 27, 2019, the PUCT issued a final order approving the settlement agreement, and the Company's DCRF rates became effective in customer bills beginning October 1, 2019.

*Newman Unit 6 Certificate of Convenience and Necessity ("CCN").* On November 22, 2019, the Company filed an application with the PUCT for a CCN to own and operate a new, approximately 228 MW, natural gas-fired unit to be constructed at Newman. The case was assigned PUCT Docket No. 50277. The proposed unit is called Newman Unit 6. An air permit application for Newman Unit 6 was concurrently submitted to the Texas Commission on Environmental Quality. The new unit was selected through a competitive bidding process and is needed to serve growth in customer demand, to replace older and less efficient generators that the Company plans to retire in the next several years, and to help the Company meet its planning reserve margin. Hearings on the merits in this case are scheduled for June 9-10, 2020. The Company cannot predict the outcome of these filings at this time.

*Merger Rate Credit.* On March 13, 2020, the Company filed an application with the PUCT and each of its Texas municipalities to implement a Merger rate credit of \$21.0 million over 36 months, which was assigned PUCT Docket No. 50477. The final order that approved the Merger in Docket No. 49849 required the Company to file for approval of the Merger rate credit within 45 days after the issuance of that final order. On May 18, 2020, the ALJ granted a joint motion filed by the PUCT Staff for an amended procedural schedule. If the application is uncontested, the amended schedule would require administrative review to be completed on June 8, 2020. The Company cannot predict the outcome of this filing at this time.

*COVID-19 Orders.* On March 13, 2020, in response to the growing threat of COVID-19, Governor Greg Abbott issued a Declaration of State of Disaster for all counties in Texas. On March 16, 2020, the PUCT opened Docket No. 50664 for *Issues Related to the State of Disaster for the Coronavirus Disease 2019*. That same day, the PUCT issued an order suspending certain of its rules related to filings and procedural requirements.

On March 26, 2020, the PUCT issued an order finding that the public emergency and imperative public necessity constitute good cause to grant exemptions to its rules related to utility authorization to disconnect service for nonpayment and the assessment of late fees for delinquent bills. On the same day, the PUCT issued a second order to provide regulated utility companies regulatory certainty by authorizing the use of an accounting mechanism and a subsequent process through which regulated utility companies may seek future recovery of expenses resulting from the effects of COVID-19. The PUCT order authorized electric, water, and sewer utilities to record as regulatory assets expenses resulting from the effects of COVID-19, including but not limited to non-payment of qualified customer bills as specified by the prior order. In future proceedings, the PUCT indicated it would consider whether each utility's request for recovery of these regulatory assets is reasonable and necessary.



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On April 12, 2020, Governor Abbott renewed the disaster declaration proclamation for all counties in Texas. Finding that good cause continued to exist, the PUCT on April 17, 2020 extended its order finding exceptions to its rules until May 15, 2020 for residential customers. On May 14, 2020, the PUCT subsequently extended the order to June 13, 2020.

*Other Required Approvals.* The Company has obtained other required approvals for tariffs and other approvals required by the PURA and the PUCT.

## New Mexico Regulatory Matters

*Future New Mexico Rate Case Filing.* The Company was required to file its next New Mexico base rate case no later than July 31, 2019. On July 10, 2019, the NMPRC issued an order approving a joint request by the Company, NMPRC Staff, and the New Mexico Attorney General to delay filing of the Company's next base rate case until after the conclusion of a proceeding addressing the Merger. The NMPRC order requires the Company to file its next rate case application within three months of the final disposition of the proceeding addressing the Merger in New Mexico. A final order approving the Merger was issued by the NMPRC on March 11, 2020.

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

On September 5, 2018, the NMPRC issued an order in Case No. 17-00255-UT involving the request of Southwestern Public Service Company ("SPS") to change rates in which the NMPRC directed SPS to refund the difference in corporate tax rate from January 1, 2018, through the effective date of new rates. SPS appealed the NMPRC order to the New Mexico Supreme Court in *Southwestern Public Service Co. v. NMPRC, No. S-1-SC-37248 ("SPS Appeal No. 1")*, challenging the refund as prohibited retroactive ratemaking among other reasons. The New Mexico Supreme Court issued a partial and interim stay of the rates on September 26, 2018. On September 12, 2018, the NMPRC in Case No. 18-00016-UT issued an Order Regarding the Disposition of Tax Savings Under the Federal Tax Cuts and Jobs Act of 2017, which put public utilities on notice that all revenue collected through general rates for the purpose of payment of federal income taxes is and will continue to be subject to possible refund upon a subsequent determination to be made in the appropriate pending or future NMPRC adjudicatory hearing. On October 11, 2018, SPS filed a Notice of Appeal of that NMPRC order to the New Mexico Supreme Court in *Southwestern Public Service Co. v. NMPRC, No. S-1-SC-37308 ("SPS Appeal No. 2")*. On February 15, 2019, the NMPRC and SPS filed a joint motion for remand and stipulated dismissal of SPS appeals of NMPRC orders with the New Mexico Supreme Court, which among other things, reflected agreements between the NMPRC and SPS, which in part provide that the NMPRC will replace the order in Case No. 17-00255-UT with a new order that eliminates the retroactive TCJA refund and that SPS will request dismissal of *SPS Appeal No. 1* and *SPS Appeal No. 2*. On February 28, 2019, the New Mexico Supreme Court remanded *SPS Appeal No. 1* back to the NMPRC and dismissed the appeal. On March 6, 2019, the NMPRC issued a revised final order on remand in Case No. 17-00255-UT that, in part, eliminated the retroactive TCJA refund.

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*Fuel and Purchased Power Costs.* Pursuant to NMPRC Rule 550, fuel and purchased power costs, net of the cost of off-system sales and related shared margins, are reconciled to actual costs on a monthly basis and recovered or refunded to customers the second succeeding month through the New Mexico Fuel and Purchased Power Cost Adjustment Clause ("FPPCAC"). The Company must file an application for continued use of its FPPCAC no more than four years from the date its last FPPCAC was continued. As required, the Company filed a request to continue use of its FPPCAC with the NMPRC on January 5, 2018, which was assigned Case No. 18-00006-UT. The NMPRC issued a final order in the case on February 13, 2019, which authorized the Company to continue use of its FPPCAC without change and approved the Company's reconciliation of its fuel and purchased power costs for the period January 1, 2015, through December 31, 2016. New Mexico jurisdictional fuel and purchased power costs subject to a future prudence review are fuel and purchased power costs from January 1, 2017, through March 31, 2020 that total approximately \$116.6 million. At March 31, 2020, the Company had a net fuel over-recovery balance of approximately \$0.8 million related to the FPPCAC in New Mexico.

*Amendments to the New Mexico Renewable Energy Act (the "REA").* The REA requires electric utilities to meet a Renewable Portfolio Standard ("RPS") of twenty percent of its total retail sales to New Mexico customers by 2020. Effective June 14, 2019, the New Mexico Energy Transition Act amended the REA (the "Amended REA") to, among other things: (i) increase the RPS to forty percent by 2025, fifty percent by 2030, and eighty percent by 2040; (ii) impose a zero-carbon standard by 2045; (iii) eliminate the reduction to the RPS requirement for sales to qualifying large non-governmental customers whose costs are capped under the REA; (iv) set a statutory reasonable cost threshold; and (v) provide cost recovery for certain undepreciated investments and decommissioning costs, such as coal-fired generation, associated with generation required by the NMPRC to be discontinued and replaced with lower or zero-carbon generation. In administering the eighty percent RPS and zero-carbon standards, the Amended REA requires the NMPRC to consider certain factors, including safety, reliability and rate impact to customers. On October 10, 2019, the NMPRC initiated a rulemaking proceeding to implement the Amended REA in Case No. 19-00296-UT. The Company is currently evaluating the impact that the Amended REA may have on its operations. Further, the Company has not determined the costs associated with complying with the Amended REA including potential fines that could be associated with non-compliance.

*New Mexico RPS.* Effective January 1, 2018, pursuant to the final order in NMPRC Case No. 17-00090-UT, the RPS costs for New Mexico are recovered through a separate RPS Cost Rider and not through the FPPCAC. At March 31, 2020, the Company had a net fuel over-recovery balance related to the RPS Cost Rider of approximately \$2.5 million. The RPS Cost Rider is updated in an annual NMPRC filing, including a reconciliation of the prior year's RPS costs and RPS Cost Rider revenue. On October 1, 2019, in Case No. 19-00099-UT, the Company filed its required application with the NMPRC for approval of its 2019 Annual Renewable Plan and for adjustment of its RPS Cost Rider for reconciliation of 2018 costs and revenues and to recover RPS costs for 2020. On November 18, 2019, following a second prehearing conference, the Hearing Examiner issued an order suspending the procedural schedule in order to allow the Company to amend its filed plan after the completion of an ongoing Request for Proposals to solicit possible new resources, by no later than March 31, 2020. The order suspending the procedural schedule also required the Company to file a revised RPS Cost Rider to reconcile the net fuel over-recovery balance as of December 31, 2018, which the Company filed on December 2, 2019 and which became effective on January 1, 2020. On March 31, 2020, the Company filed an application for approval of its amended 2019 Annual Renewable Plan and 2020 Annual Renewable Plan and for adjustment of its RPS Cost Rider for reconciliation of 2019 costs and revenue and to recover RPS costs for 2021. The Company cannot predict the outcome of this filing at this time.

*Expedited Approval for CCN (Solar/Storage Project at New Mexico State University ("NMSU")).* On November 20, 2019, the Company filed an application with the NMPRC requesting a certificate of public convenience and necessity to construct, own and operate a three-MW solar powered generation facility coupled with a one-MW battery storage system to be located on NMSU property in Arrowhead Park in the Company's service territory in New Mexico. The Company's application also seeks approval of a special retail rate contract between the Company and NMSU to recover the costs of the new facility and its operations from NMSU. The new facility will be a dedicated Company-owned resource serving NMSU. The Company has requested approval such that the project can begin construction in 2020 to maximize potential tax benefits. This case was assigned NMPRC Case No. 19-00350-UT. Following the withdrawal of the single protest filed in the case and the filing of a joint motion to amend the procedural schedule, the Hearing Examiner issued an order vacating the requirements for party testimony, requiring an affidavit recommendation from NMPRC Staff, and setting a tentative hearing date for June 4, 2020. NMPRC Staff filed its affidavit recommending the application be approved on May 1, 2020. On May 15, 2020, the Hearing Examiner issued an order vacating the planned hearing and proceeded to a Recommended Decision for consideration by the NMPRC. The Company cannot predict the outcome of this filing at this time.

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*New Mexico Efficient Use of Energy Recovery Factor ("EUERF").* On July 2, 2018, the Company filed its required application with the NMPRC for approval of its 2019-2021 Energy Efficiency and Load Management Plan and EUERF. The application was assigned Case No. 18-00116-UT. On March 6, 2019, the NMPRC issued a final order approving: (i) the Company's 2019-2021 Energy Efficiency and Load Management Plan, with minor program modifications; (ii) the base incentive of 7.1% of program expenditures, or approximately \$0.4 million annually for 2019-2021; and (iii) the continuation of the Company's EUERF. During 2019, the Company recorded incentives in operating revenues of \$0.4 million related to its 2019 Energy Efficiency and Load Management Plan.

*Newman Unit 6 CCN.* On November 18, 2019, the Company filed an application with the NMPRC for a CCN to own and operate a new, approximately 228 MW, natural gas-fired unit to be constructed at Newman. The case was assigned NMPRC Case No. 19-00349-UT. The proposed unit is called Newman Unit 6. The new unit was selected through a competitive bidding process and is needed to serve growth in customer demand, to replace older and less efficient generators that the Company plans to retire in the next several years, and to help the Company meet its planning reserve margin. In light of the current COVID-19 pandemic conditions, on April 8, 2020, the Hearing Examiner issued an order holding the procedural order in abeyance to reset procedural dates, including the public hearing. The Hearing Examiner subsequently issued a procedural order on April 15, 2020, to reset the schedule and establish a new hearing date for July 20-24, 2020. The Company cannot predict the outcome of this case at this time.

*Long-Term Purchased Power Agreement ("LTPPA") Approval.* On November 18, 2019, the Company filed an application with the NMPRC to request prior approval for three LTPPAs pursuant to NMPRC Rule 17.9.551 of the New Mexico Administrative Code ("Rule 551"). The case was assigned NMPRC Case No. 19-00348-UT. The three LTPPAs provide for the purchase of energy and capacity from: (i) a 100 MW solar plant to be constructed in Santa Teresa, New Mexico; (ii) a 100 MW solar plant combined with a 50 MW of battery energy storage to be constructed in Otero County, New Mexico; and (iii) a 50 MW battery energy storage facility to be constructed in Canutillo, Texas. Rule 551 requires that no utility become irrevocably obligated under a LTPPA without first obtaining the NMPRC's written approval of the agreement. On April 22, 2020, the Hearing Examiner issued a Recommended Decision in NMPRC Case No. 19-00348-UT recommending NMPRC approval of the solar plant and the combined solar plant and battery energy storage LTPPAs and disapproval of the battery energy storage LTPPA. The Company filed exceptions to the Recommended Decision on April 29, 2020. On May 13, 2020, the NMPRC approved the Recommended Decision as filed.

*COVID-19 Order.* On March 19, 2020, the NMPRC issued an "Order Finding the Need for the Adoption and Issuance of an Immediate Temporary Emergency Rule Prohibiting the Discontinuation of Residential Customers Utility Service" in NMPRC Case No. 20-00069-UT, adopting a temporary emergency rule prohibiting public utilities from discontinuing residential customer utility service during the period of the New Mexico Governor Lujan Grisham's Emergency Executive Orders related to the COVID-19. Based on those orders, the NMPRC found that a Public Health Emergency is in effect based on findings of an imminent peril to the public health, safety or welfare and the necessity for the preservation of the public, health, safety or general welfare. The NMPRC order does not prohibit disconnection of a residential customer's service during the time period during which the Emergency Executive Orders are in effect for emergency or safety reasons or upon customer request.

On April 27, 2020, the Company, New Mexico Gas Company, Public Service Company of New Mexico, and Southwestern Public Service Company filed a Joint Motion for Authorization for an Accounting Order to Allow Creation of a Regulatory Asset to Track Costs of Emergency Conditions. The joint motion seeks authority to create regulatory assets for uncollectible payment arrearages and incremental expenses incurred March 11, 2020 through December 31, 2020. On May 6, 2020, the NMPRC ordered that additional information is necessary before a final order can be issued on the joint motion. As such, utilities and interested parties are requested to address the additional issues noted in its order, as well as any additional issues they may identify, in the response to the joint motion.

*Other Required Approvals.* The Company has obtained other required approvals for tariffs and other approvals as required by the NMPUA and the NMPRC.

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## Federal Regulatory Matters

*Inquiry Regarding the Effect of the TCJA on Commission-Jurisdictional Rates and Order to Show Cause.* On March 15, 2018, the FERC issued two show cause orders under Section 206 of the Federal Power Act and Rule 209(a) of the FERC's Rules of Practice and Procedure, directing 48 individual public utilities with stated transmission rates or transmission formula rates with a fixed line item of 35% for the federal income tax component to, within 60 days of the date of the orders, either (i) propose revisions to their transmission rates under their open access transmission tariffs or transmission owner tariffs on file with the FERC, or (ii) show cause why they should not be required to do so ("Show Cause Proceeding"). The Company was included in the list of public utilities impacted by the FERC orders. On May 14, 2018, the Company submitted its response, as required by the FERC order, which demonstrated that the reduced annual income tax does not cause the Company's total transmission revenues to become excessive and therefore no rate reduction was justified. Instead, the Company stated in its response that it will prepare for a future filing in which it will seek approval for revised Open Access Transmission Tariff ("OATT") rates that would include the recovery of an increased total transmission revenue requirement from OATT customers based on current circumstances and appropriate forward-looking adjustments. On November 15, 2018, the FERC issued an order finding that the Company had demonstrated that no rate reduction was justified and terminating the Show Cause Proceeding. The Company expects to file its request for approval to revise OATT rates in 2020.

*Notice of Proposed Rulemaking ("NOPR") on Public Utility Transmission Changes to Address ADIT.* On November 15, 2018, the FERC issued a NOPR that proposes to direct public utilities with transmission OATT rates, a transmission owner tariff or a rate schedule to determine the amount of excess or deficient ADIT caused by the TCJA's reduction to the federal corporate income tax rate and return or recover this amount to or from customers. The NOPR has been assigned FERC Docket No. RM19-5-000. On November 21, 2019, the FERC issued a final rule, Order No. 864, which declined to adopt the proposals to require public utilities such as the Company with transmission stated rates to determine the amount of excess or deficient ADIT caused by the TCJA's reduction to the federal corporate income tax and return or recover this amount to or from customers. Instead, the FERC determined that companies with transmission stated rates should address any excess or deficient ADIT caused by the TCJA in their next rate case. On April 16, 2020, the FERC issued an order on rehearing, Order No. 864-A, affirming this decision.

*FERC Audit.* On February 6, 2019, the FERC notified the Company that it is commencing an audit that is intended to evaluate the Company's compliance with: (i) the approved terms, conditions, and rates of its OATT; (ii) the accounting requirements of the Uniform System of Accounts; (iii) the reporting requirements of the FERC Form No. 1 Annual Report and Supplemental Form 3-Q Quarterly Financial Reports; and (iv) the regulations regarding Open Access Same-time Information Systems. The audit covers the period January 1, 2016 to the present and was assigned FERC Docket No. PA19-3-000. The Company cannot predict the outcome or findings, if any, of the FERC audit at this time.

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

### D. Palo Verde Generating Station ("Palo Verde")

*Spent Fuel and Waste Disposal.* Pursuant to the Nuclear Waste Policy Act of 1982, as amended in 1987, the U.S. Department of Energy ("DOE") is legally obligated to accept and dispose of all spent nuclear fuel and other high-level radioactive waste generated by all domestic power reactors by 1998. The DOE's obligations are reflected in a contract for Disposal of Spent Nuclear Fuel and/or High Level Radioactive Waste with each nuclear power plant. The DOE failed to begin accepting spent nuclear fuel by 1998. On December 19, 2012, Arizona Public Service Company ("APS"), acting on behalf of itself and those utilities that share in power and energy entitlements, and bear certain allocated costs, with respect to Palo Verde pursuant to the Arizona Nuclear Power Project Participation Agreement dated August 23, 1973, as amended (the "Palo Verde Participants"), filed a second breach of contract lawsuit against the DOE. This lawsuit sought to recover damages incurred due to the DOE's failure to accept Palo Verde's spent nuclear fuel for the period beginning January 1, 2007 through June 30, 2011. Pursuant to the terms of the August 18, 2014 settlement agreement, and as amended with the DOE, APS files annual claims for the period July 1 of the then-previous year to June 30 of the then-current year on behalf of itself and the Palo Verde Participants. The settlement agreement, as amended, provides APS with a method for submitting claims and receiving recovery for costs incurred through December 31, 2016, which has been extended to December 31, 2019. Currently, the DOE is reviewing a possible three year extension of the settlement agreement. The Company cannot predict the timing of the DOE's decision on the extension.

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On October 31, 2019, APS filed a \$16.0 million claim for the period July 1, 2018 through June 30, 2019. In February 2020, the DOE approved this claim. On April 20, 2020, the Company received approximately \$2.4 million, representing its share of the award, of which \$0.9 million was credited to customers through the applicable fuel adjustment clauses.

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

	<u>2020</u>	<u>2019</u>
Three months ended March 31,	\$ 19,613	\$ 21,344

#### E. Common Stock

*Dividends.* The Company paid \$15.7 million and \$14.7 million in quarterly cash dividends during the three months ended March 31, 2020 and 2019, respectively.

Under the Merger Agreement, the Company is not allowed to declare or pay dividends or distributions on shares of common stock in an amount in excess of \$0.385 per share for quarterly dividends declared before June 1, 2020 and \$0.41 per share for quarterly dividends declared on or after June 1, 2020. See Note L of Notes to Financial Statements for further discussion.

#### F. Income Taxes

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, Texas, Arizona and New Mexico jurisdictions for years prior to 2015.

For the three months ended March 31, 2020 and 2019, the Company's regulatory-basis effective tax rate was 23.7% and 18.4%, respectively. The Company's regulatory-basis effective tax rate for the three months ended March 31, 2020 and 2019 differ from the federal statutory tax rate due to state income taxes, capital gains in the decommissioning trusts which are taxed at the federal rate of 20%, the tax benefit of stock incentive plans, and other permanent differences.

#### G. Commitments, Contingencies and Uncertainties

For a full discussion of commitments and contingencies, see Note L of the Notes to Financial Statements in the 2019 FERC Form No. 1. In addition, see Notes C and D of Notes to Financial Statements above and Notes D and F of the Notes to Financial Statements in the 2019 FERC Form No. 1 regarding matters related to wholesale power sales contracts and transmission contracts subject to regulation and Palo Verde, including decommissioning, spent nuclear fuel and waste disposal, and liability and insurance matters.

#### Power Purchase and Sale Contracts

To supplement its own generation and operating reserve requirements and to meet its RPS requirements, the Company engages in power purchase arrangements that may vary in duration and amount based on an evaluation of the Company's resource needs, the economics of the transactions and specific RPS requirements. See Note C of Notes to Financial Statements for further discussion. For a discussion of power purchase and sale contracts that the Company has entered into with various counterparties, see Note L of the Notes to Financial Statements in the 2019 FERC Form No. 1.

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## Environmental Matters

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

## H. Litigation

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

See Notes C and G of Notes to Financial Statements above and Notes D and L of Notes to Financial Statements in the 2019 FERC Form No. 1 for further discussion of the effects of government legislation and regulation on the Company as well as certain pending legal proceedings.

*Litigation Related to the Merger.* Three purported Company shareholders filed lawsuits under the federal securities laws, two in the U.S. District Court for the Southern District of New York and one in the U.S. District Court for the District of Delaware, challenging the adequacy of the disclosures made in the Company's preliminary proxy statement in connection with the Merger. All three actions alleged violations of Sections 14(a) and 20(a) of the Securities and Exchange Act of 1934, as amended, and Rule 14a-9 promulgated thereunder based on various alleged omissions of material information from the preliminary proxy statement. These cases were captioned *Stein v. El Paso Electric Company, et al.*, Case No. 1:19-cv-06703 (the "Stein Action"), *Rosenblatt v. El Paso Electric Company, et al.*, Case No. 1:19-cv-01367-UNA (the "Rosenblatt Action"), and *Gorski v. El Paso Electric Company, et al.*, Case No. 1:19-cv-07211 (the "Gorski Action"), respectively. The Stein Action, filed on July 18, 2019, the Rosenblatt Action, filed on July 23, 2019, and the Gorski Action, filed on August 1, 2019, were asserted on behalf of putative classes of Company shareholders. The Rosenblatt Action was voluntarily dismissed on January 29, 2020; the Stein Action was dismissed for want of prosecution on March 6, 2020; and the Gorski Action was voluntarily dismissed on May 7, 2020. The Company expenses legal costs, including expenses related to loss contingencies, as they are incurred.

## I. Employee Benefits

The Company adopted ASU 2017-07, Compensation-Retirement Benefits, effective January 1, 2018 for GAAP purposes. The Company records all components of net periodic pension cost as an operating expense in its regulatory-basis financial statements and has elected to conform to the GAAP capitalization policy, which is that only the service cost component is eligible for capitalization.

The cumulative impact of the change in capitalization policy, effective January 1, 2018, resulted in additional capitalized benefits cost of \$6.2 million as of March 31, 2020. This will increase rate base in the future, while lowering cost of service by an offsetting amount. As the assets impacted by the change in rate base are depreciated over their useful life, rate base will decrease, offset by an increase in cost of service due to higher depreciation expense. While the Company believes that its Texas and New Mexico regulators are likely to accept the change in policy allowed by the FERC, the outcome of future rate proceedings in the Company's Texas and New Mexico jurisdictions relative to this change cannot be predicted at this time. In the event that one or both of the Company's regulatory jurisdictions reject the new capitalization policy in the next rate case proceeding, the Company would likely be required to record a regulatory liability and reconcile the capitalized differences between GAAP and regulatory-basis financial statements.

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NOTES TO FINANCIAL STATEMENTS (Continued)			

## Retirement Plans

The net periodic benefit cost recognized for the three months ended March 31, 2020 and 2019, is made up of the components listed below as determined using the projected unit credit actuarial cost method (in thousands):

	Three Months Ended March 31,	
	2020	2019
<b>Components of net periodic benefit cost:</b>		
Service cost	\$ 3,157	\$ 2,488
Interest cost	3,095	3,608
Expected return on plan assets	(5,691)	(5,383)
Amortization of:		
Net loss	2,281	1,418
Prior service benefit	(877)	(878)
Net periodic benefit cost	<u>\$ 1,965</u>	<u>\$ 1,253</u>

During the three months ended March 31, 2020, the Company contributed \$2.9 million of its projected \$9.3 million 2020 annual contribution to its retirement plans.

## Other Postretirement Benefits

The net periodic benefit recognized for the three months ended March 31, 2020 and 2019, is made up of the components listed below (in thousands):

	Three Months Ended March 31,	
	2020	2019
<b>Components of net periodic benefit:</b>		
Service cost	\$ 801	\$ 625
Interest cost	489	618
Expected return on plan assets	(612)	(530)
Amortization of:		
Prior service benefit	(774)	(1,308)
Net gain	(836)	(575)
Net periodic benefit	<u>\$ (932)</u>	<u>\$ (1,170)</u>

During the three months ended March 31, 2020, the Company contributed \$0.2 million of its projected \$0.6 million 2020 annual contribution to its other postretirement benefits plan.

## J. Financial Instruments and Investments

The FASB guidance requires the Company to disclose estimated fair values for its financial instruments. The Company has determined that cash and temporary investments, investment in debt securities, accounts receivable, decommissioning trust funds ("NDT"), that are reflected in Other Special Funds in the Regulatory-Basis Balance Sheet, long-term debt, financial obligations and capital lease obligations, short-term borrowings under the revolving credit facility ("RCF"), accounts payable and customer deposits meet the definition of financial instruments. The carrying amounts of cash and temporary investments, accounts receivable, accounts payable and customer deposits approximate fair value because of the short maturity of these items. Investments in debt securities and decommissioning trust funds are carried at estimated fair value.

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NOTES TO FINANCIAL STATEMENTS (Continued)			

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

	<u>March 31, 2020</u>		<u>December 31, 2019</u>	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Pollution Control Bonds	\$ 159,835	\$ 163,903	\$ 159,835	\$ 167,256
Senior Notes	1,128,183	1,320,125	1,128,184	1,398,645
RGRT Senior Notes (1)	110,000	111,570	110,000	114,270
RCF (1)	241,408	241,408	115,657	115,657
Capitalized Operating Leases	5,247	5,247	5,607	5,607
Total	<u>\$ 1,644,673</u>	<u>\$ 1,842,253</u>	<u>\$ 1,519,283</u>	<u>\$ 1,801,435</u>

(1) Nuclear fuel capital lease obligations, as of March 31, 2020 and December 31, 2019, are funded through \$110 million Rio Grande Resources Trust II ("RGRT") Senior Notes and \$34.4 million and \$31.7 million, respectively, under the RCF. As of March 31, 2020 and December 31, 2019, \$207.0 million and \$84.0 million, was outstanding under the RCF for working capital or general corporate purposes, respectively. The interest rate on the Company's borrowings under the RCF is reset throughout the quarter reflecting current market rates. Consequently, the carrying value approximates fair value.

*Marketable Securities.* The Company's marketable securities, included in NDT that are reflected in Other Special Funds in the Regulatory-Basis Balance Sheet, are reported at fair value which was \$294.5 million and \$326.0 million at March 31, 2020 and December 31, 2019, respectively. The market losses experienced by the Company were in line with declines reported in the financial markets worldwide.

The investments in the Company's Palo Verde NDT are classified as equity securities and temporary cash and cash equivalents restricted solely for investment in the NDT. These investments are recorded at their estimated fair value in accordance with FASB guidance for certain investments in equity securities, which requires entities to recognize changes in fair value for these securities in net income as reported in the Company's Regulatory-Basis Statement of Income.

During September 2019, the Company sold all of the fixed income securities classified as available for sale held in the NDT which approximated 450 individual securities. The proceeds were reinvested in three exchange traded funds that hold similar securities. The exchange traded funds meet the definition of equity securities with readily determinable fair values and therefore are not classified as available for sale as of March 31, 2020.

The Company's available for sale securities in the NDT were sold from time to time and the Company used the specific identification basis to determine the amount to reclassify from accumulated other comprehensive income into net income. The proceeds from the sale of these securities during the three months ended March 31, 2020 and 2019, and the related effects on pre-tax income are as follows (in thousands):

	<u>Three Months Ended</u>	
	<u>March 31,</u>	
	<u>2020</u>	<u>2019</u>
Proceeds from sales or maturities of available for sale securities	<u>\$ —</u>	<u>\$ 15,771</u>
Gross realized gains included in pre-tax income	—	58
Gross realized losses included in pre-tax income	—	(887)
Net losses included in pre-tax income	<u>\$ —</u>	<u>\$ (829)</u>



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NOTES TO FINANCIAL STATEMENTS (Continued)			

Upon the adoption of ASU 2016-01, Financial Instruments - Overall, on January 1, 2018, the Company began recording changes in fair market value for equity securities held in the NDT in the Company's Regulatory-Basis Statement of Income. The unrealized gains and losses recognized during the three months ended March 31, 2020 and 2019, and related effects on pre-tax income are as follows (in thousands):

	Three Months Ended March 31,	
	2020	2019
Net gains (losses) recognized on equity securities	\$ (32,919)	\$ 16,695
Less: Net gains recognized on equity securities sold	24	128
Unrealized gains (losses) recognized on equity securities still held at reporting date	<u>\$ (32,943)</u>	<u>\$ 16,567</u>

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

- Level 1 – Observable inputs that reflect quoted market prices for identical assets and liabilities in active markets. Financial assets utilizing Level 1 inputs include the NDT investments in active exchange-traded equity securities, mutual funds and U.S. Treasury securities that are in a highly liquid and active market. The Institutional Funds - International Equity investments are valued using the Net Asset Value ("NAV") provided by the administrator of the fund. The NAV price is quoted on a restrictive market although the underlying investments are traded on active markets. The NAV used for determining the fair value of the Institutional Funds - International Equity investments have readily determinable fair values. Accordingly, such fund values are categorized as Level 1.
- Level 2 – Inputs other than quoted market prices included in Level 1 that are observable for the asset or liability either directly or indirectly. The Company does not hold any financial assets utilizing Level 2 inputs in the NDT. Investments in fixed income securities were sold by the Company on September 30, 2019, and reinvested in similar fixed income securities held in three exchange traded funds. The fair value of these financial instruments is based on evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences.
- Level 3 – Unobservable inputs using data that is not corroborated by market data and primarily based on internal Company analysis using models and various other analysis. Financial assets utilizing Level 3 inputs are the Company's investment in debt securities.

The fair value of the NDT and investments in debt securities at March 31, 2020 and December 31, 2019, and the level within the three levels of the fair value hierarchy defined by the FASB guidance are presented in the table below (in thousands):

Description of Securities	Fair Value as of March 31, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Trading Securities:</b>				
Investments in Debt Securities	\$ 1,565	\$ —	\$ —	\$ 1,565
<b>Equity Securities:</b>				
Domestic (a)	\$ 270,522	\$ 270,522	\$ —	\$ —
International	21,938	21,938	—	—
Total Equity Securities	292,460	292,460	—	—
<b>Cash and Cash Equivalents</b>	<u>2,041</u>	<u>2,041</u>	<u>—</u>	<u>—</u>
<b>Total</b>	<u>\$ 294,501</u>	<u>\$ 294,501</u>	<u>\$ —</u>	<u>\$ —</u>

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NOTES TO FINANCIAL STATEMENTS (Continued)			

Description of Securities	Fair Value as of	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
	December 31, 2019	(Level 1)	(Level 2)	(Level 3)
<b>Trading Securities:</b>				
Investments in Debt Securities	\$ 1,587	\$ —	\$ —	\$ 1,587
<b>Equity Securities:</b>				
Domestic (a)	\$ 295,065	\$ 295,065	\$ —	\$ —
International	29,202	29,202	—	—
Total Equity Securities	324,267	324,267	—	—
<b>Cash and Cash Equivalents</b>	1,731	1,731	—	—
<b>Total</b>	<b>\$ 325,998</b>	<b>\$ 325,998</b>	<b>\$ —</b>	<b>\$ —</b>

(a) Includes \$151.9 million and \$148.1 million, as of March 31, 2020 and December 31, 2019, respectively, held in exchange traded funds with underlying investments in debt securities that meet the definition of equity securities with readily determinable fair values.

There were no purchases, sales, issuances and settlements related to the assets in the Level 3 fair value measurement category during the three months ended March 31, 2020 and 2019.

#### K. Long-Term Debt and Financing Obligations

*Revolving Credit Facility.* The Company has an RCF for working capital and general corporate purposes and financing nuclear fuel through the RGRT. On March 20, 2020, the Company exercised its option to extend the maturity of the RCF by one year to September 13, 2024 and to increase the borrowing commitments under the RCF by \$50.0 million to \$400.0 million. The Company has the option to extend the facility by one additional year to September 2025 upon the satisfaction of certain conditions set forth in the RCF agreement, including requisite lender approval.

Under the Merger Agreement, subject to certain exceptions, the Company cannot incur additional indebtedness over \$200.0 million (excluding borrowings up to the existing borrowing capacity of the RCF), without the prior written consent of Parent.

#### L. Agreement and Plan of Merger

On June 1, 2019, the Company entered into the Merger Agreement, by and among the Company, Parent and Merger Sub. Pursuant to the Merger Agreement, on and subject to the terms and conditions set forth therein, Merger Sub will merge with and into the Company, with the Company continuing as the surviving corporation in the Merger and becoming a wholly owned subsidiary of Parent. Parent and Merger Sub are affiliates of IIF.

On and subject to the terms and conditions set forth in the Merger Agreement, upon the closing of the Merger, each share of common stock including outstanding and unvested restricted stock and unvested performance stock of the Company shall be cancelled and converted into the right to receive \$68.25 in cash, without interest (the "Merger Consideration").

The Company, Parent and Merger Sub each have made various representations, warranties and covenants in the Merger Agreement. Among other things, the Company has agreed, subject to certain exceptions, to conduct its business in the ordinary course, consistent with past practice, from the date of the Merger Agreement until the closing of the Merger, and not to take certain actions prior to the closing of the Merger without the prior written consent of Parent (which consent shall not be unreasonably withheld, conditioned or delayed). The Company has made certain additional customary covenants, including, subject to certain exceptions: (i) to cause a meeting of the Company's shareholders to be held to consider approval of the Merger Agreement, (ii) not to solicit proposals relating to alternative business combination transactions and not to participate in discussions concerning, or furnish information in connection with, alternative business combination transactions and (iii) not to withdraw its recommendation to the Company's shareholders regarding the Merger. In addition, subject to the terms of the Merger Agreement, the Company, Parent and Merger Sub are required to use reasonable best efforts to obtain all required regulatory approvals, which will include clearance under

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NOTES TO FINANCIAL STATEMENTS (Continued)			

federal antitrust laws and certain approvals by federal and state regulatory bodies, subject to certain exceptions, including that such efforts not result in a Burdensome Condition (as defined in the Merger Agreement). Parent has obtained equity and debt financing commitments for the transactions contemplated by the Merger Agreement, the aggregate proceeds of which will be sufficient to consummate the Merger and the other transactions contemplated by the Merger Agreement, including payment of the aggregate Merger Consideration.

Consummation of the Merger is subject to various conditions, including: (i) approval of the shareholders of the Company, (ii) expiration or termination of the applicable HSR Act waiting period, (iii) receipt of all required regulatory and statutory approvals without the imposition of a Burdensome Condition, (iv) absence of any law or order prohibiting the consummation of the Merger and (v) other customary closing conditions, including (a) subject to materiality qualifiers, the accuracy of each party's representations and warranties, (b) each party's compliance in all material respects with its obligations and covenants under the Merger Agreement and (c) the absence of a material adverse effect with respect to the Company.

The Merger Agreement contains certain termination rights for both the Company and Parent, including if the Merger is not consummated by June 1, 2020 (subject to extension for an additional three months if all of the conditions to closing, other than the conditions related to obtaining regulatory approvals, have been satisfied). The Merger Agreement also provides for certain termination rights for each of the Company and Parent, and provides that, upon termination of the Merger Agreement under certain specified circumstances, Parent would be required to pay a termination fee of \$170 million to the Company, and under other specified circumstances, the Company would be required to pay Parent a termination fee of \$85 million.

On August 2, 2019, the Company filed a definitive proxy statement with the SEC in connection with the Merger. During 2019, three purported Company shareholders filed lawsuits alleging violations under the federal securities laws, two in the U.S. District Court for the Southern District of New York and one in the U.S. District Court for the District of Delaware, challenging the adequacy of the disclosures made in the Company's proxy statement in connection with the Merger. As discussed in Note H of Notes to Financial Statements, all three lawsuits have been dismissed.

On August 13, 2019, the Company, Parent and IIF US Holding 2 LP, an affiliate of IIF, as applicable, filed (i) the joint report and application for regulatory approvals with the PUCT requesting approval of the Merger pursuant to the PURA, which was assigned PUCT Docket No. 49849, (ii) the joint application for regulatory approvals with the NMPRC requesting approval of the Merger pursuant to the NMPUA and NMPRC Rule 450, which was assigned NMPRC Case No. 19-00234-UT, (iii) the joint application requesting approval of the Merger with the FERC under Section 203 of the Federal Power Act, which was assigned FERC Docket No. EC19-120-000, and (iv) the joint application for regulatory approval for the indirect transfer of the Company's NRC licenses from the NRC under the Atomic Energy Act of 1954, which was assigned Docket ID NRC-2019-0214. In addition, on August 13, 2019, the Company and Parent sought the authorization of the FCC to assign or transfer control of the Company's FCC licenses under FCC File No. 0008737430. On December 4, 2019, the Company and Parent received consent from the FCC to transfer the Company's FCC licenses.

On August 16, 2019, the Company and IIF US Holding 2 LP filed the notification and report form with the Antitrust Division of the Department of Justice and the FTC under the HSR Act, which was assigned Transaction Identification No. 20191858. On September 3, 2019, the Company and IIF US Holding 2 LP received notice from the FTC granting early termination of the waiting period under the HSR Act.

At a special meeting of the Company's shareholders held on September 19, 2019, the Company's shareholders approved the Merger Agreement and the transactions contemplated thereby, including the Merger, and the compensation that will or may become payable by the Company to its named executive officers in connection with the Merger.

Under the Merger Agreement, the consent to the Merger by the City of El Paso under its franchise agreement with the Company is a condition to the closing of the Merger. Under the franchise agreement, if the City of El Paso does not grant its consent to the Merger, the franchise agreement would terminate upon the closing of the Merger. On September 20, 2019, the Company submitted the Franchise Agreement Assignment Application to the City of El Paso to receive the City's consent to the Merger. On February 4, 2020, the City of El Paso passed Ordinance No. 019022 approving the Franchise Agreement Assignment Application and granting the City of El Paso's consent to the Merger.

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On November 21, 2019, the Company, Parent and IIF US Holding 2 LP reached an agreement in principle with the PUCT Staff and most intervenors regarding the Merger. The PUCT issued an order delaying the hearing on the merits in order to assist in reaching a unanimous settlement. The parties continued discussions and provided an update on the status of settlement at the PUCT meeting on December 13, 2019. A non-unanimous settlement was filed with the PUCT on December 18, 2019, resolving substantially all issues in the application. The hearing at the PUCT on the non-unanimous issues was held on January 7, 2020, at the conclusion of which the PUCT requested the Company and IIF attend the PUCT's January 16, 2020 open meeting to answer any follow-up questions. On January 16, 2020, the PUCT approved the Merger and issued its final order on January 28, 2020.

On January 3, 2020, the Company, Parent and IIF US Holding 2 LP filed an unopposed stipulation with the NMPRC regarding the Merger. A hearing at the NMPRC on the unopposed stipulation was held on January 16, 2020. On January 16, 2020, the Hearing Examiner agreed with the consent of parties to waive briefing. On February 12, 2020, the Hearing Examiner issued an Amended Certification of the Stipulation in which it is recommended that the NMPRC approve the unopposed stipulation subject to the parties agreeing to the Hearing Examiner's modifications. A final order adopting the Certification of the Stipulation and approving the Merger was issued by the NMPRC on March 11, 2020.

On March 5, 2020, the NRC's Staff approved the joint application for the indirect transfer of control of the Company's NRC licenses to IIF US Holding 2 LP.

On December 5, 2019, the FERC requested additional information regarding the parties to the Merger. On January 6, 2020, the Company and Parent filed a joint response to the FERC's inquiry. On January 17, 2020, the Company and Parent filed a second supplement to the application. The FERC established a January 27, 2020 deadline date for comments on both filings. Several motions to intervene were filed, along with a protest of the January 6, 2020 response. On February 6, 2020, the Company and Parent filed a reply to the January 27, 2020 protest. On March 30, 2020, the FERC issued an order authorizing the Merger, subject to the FERC's approval of mitigation to address certain discrete competitive effects of the Merger that could arise. The FERC concluded that the Merger, as conditioned, satisfies governing federal standards and authorized the Merger as consistent with the public interest. The FERC required that the proposed mitigation be filed within 45 days of the issuance of the FERC Order. On April 9, 2020 and April 29, 2020, two requests seeking rehearing of the FERC's findings in the March 30, 2020 approval order were submitted. On May 8, 2020, the FERC issued a procedural order that serves the limited purpose of affording additional time for FERC to respond to the requests. However, FERC action on the requests is not needed to close the Merger. On April 15, 2020, the Company and Parent filed proposed mitigation options with the FERC. The proposed mitigation filing is pending approval from the FERC.

The FERC's approval of the proposed mitigation filing is the last regulatory approval needed to close the Merger. The Company anticipates that the closing of the Merger will occur in the second quarter of 2020, upon the FERC's approval of the mitigation filing and satisfaction or waiver of the other Merger Agreement closing conditions.

The Company, Parent and IIF US Holding 2 LP have agreed to numerous regulatory commitments in connection with the Merger under the agreements with the PUCT, NMPRC, and the City of El Paso discussed above. Among the commitments that will apply to the Company as of the closing of the Merger are the issuance of rate credits to its Texas customers in a total aggregate amount of \$21 million and to New Mexico customers of \$8.7 million. Both rate credits will be distributed among customers in 36 monthly installments. The Company is required to make tariff filings to implement the rate credits no later than 45 days and 7 days, respectively, in Texas and New Mexico after the closing of the Merger. The Company made its required tariff filing in Texas under PUCT Docket No. 50477 on March 13, 2020. The Company has agreed not to attempt to recover the value of these rate credits in future rate cases.

In connection with the Merger, the Company recorded \$1.3 million of strategic transaction costs, including expenses for legal and other consulting costs, in the three months ended March 31, 2020, which are reflected in Other income (deductions) - Strategic transaction costs in the Company's Regulatory-Basis Statement of Income. The Company will not attempt to recover strategic transaction costs in future rate cases. The Company will reflect any non-deductible amounts in the effective tax rate at the Merger closing date.

For more information regarding the terms of the Merger, including a copy of the Merger Agreement, see the Company's Current Report on Form 8-K filed with the SEC on June 3, 2019, and its definitive proxy statement relating to the special meeting of shareholders filed with the SEC on August 2, 2019.

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

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

Line No.	Item (a)	Unrealized Gains and Losses on Available-for-Sale Securities (b)	Minimum Pension Liability adjustment (net amount) (c)	Foreign Currency Hedges (d)	Other Adjustments (e)
1	Balance of Account 219 at Beginning of Preceding Year	( 2,748,804)			( 24,923,193)
2	Preceding Qtr/Yr to Date Reclassifications from Acct 219 to Net Income	( 1,713,417)			( 4,144,063)
3	Preceding Quarter/Year to Date Changes in Fair Value	4,867,900			( 9,424,206)
4	Total (lines 2 and 3)	3,154,483			( 13,568,269)
5	Balance of Account 219 at End of Preceding Quarter/Year	405,679			( 38,491,462)
6	Balance of Account 219 at Beginning of Current Year	405,679			( 38,491,462)
7	Current Qtr/Yr to Date Reclassifications from Acct 219 to Net Income				( 152,519)
8	Current Quarter/Year to Date Changes in Fair Value	( 196,507)			
9	Total (lines 7 and 8)	( 196,507)			( 152,519)
10	Balance of Account 219 at End of Current Quarter/Year	209,172			( 38,643,981)

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

Line No.	Other Cash Flow Hedges Interest Rate Swaps (f)	Other Cash Flow Hedges [Insert Footnote at Line 1 to specify] (g)	Totals for each category of items recorded in Account 219 (h)	Net Income (Carried Forward from Page 117, Line 78) (i)	Total Comprehensive Income (j)
1		( 10,918,883)	( 38,590,880)		
2		457,502	( 5,399,978)		
3			( 4,556,306)		
4		457,502	( 9,956,284)	123,715,379	113,759,095
5		( 10,461,381)	( 48,547,164)		
6		( 10,461,381)	( 48,547,164)		
7		128,381	( 24,138)		
8			( 196,507)		
9		128,381	( 220,645)	( 34,822,411)	( 35,043,056)
10		( 10,333,000)	( 48,767,809)		

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FOOTNOTE DATA			

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

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

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

During the first quarter of 2005, the Company entered into treasury rate lock agreements to hedge against potential movements in the treasury reference interest rate pending the issuance of 6% Senior Notes. These treasury rate locks were terminated on May 11, 2005. The treasury rate lock agreements met the criteria for hedge accounting and were designated as a cash flow hedge. In accordance with cash flow hedge accounting, the Company recorded the loss associated with the fair value of the cash flow hedge of approximately \$14.5 million, net of tax, as a component of accumulated other comprehensive income. In May 2005, the Company began to recognize in earnings (as additional interest expense) the accumulated other comprehensive income associated with the cash flow hedge. During the next twelve-month period, approximately \$0.7 million pre-tax of this accumulated other comprehensive income item will be reclassified to interest expense.

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

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

Line No.	Classification (a)	Total Company for the Current Year/Quarter Ended (b)	Electric (c)
1	Utility Plant		
2	In Service		
3	Plant in Service (Classified)	4,655,814,843	4,655,814,843
4	Property Under Capital Leases	5,464,449	5,464,449
5	Plant Purchased or Sold		
6	Completed Construction not Classified	714,449,441	714,449,441
7	Experimental Plant Unclassified		
8	Total (3 thru 7)	5,375,728,733	5,375,728,733
9	Leased to Others		
10	Held for Future Use		
11	Construction Work in Progress	164,527,892	164,527,892
12	Acquisition Adjustments		
13	Total Utility Plant (8 thru 12)	5,540,256,625	5,540,256,625
14	Accum Prov for Depr, Amort, & Depl	2,403,880,354	2,403,880,354
15	Net Utility Plant (13 less 14)	3,136,376,271	3,136,376,271
16	Detail of Accum Prov for Depr, Amort & Depl		
17	In Service:		
18	Depreciation	2,332,217,753	2,332,217,753
19	Amort & Depl of Producing Nat Gas Land/Land Right		
20	Amort of Underground Storage Land/Land Rights		
21	Amort of Other Utility Plant	71,662,601	71,662,601
22	Total In Service (18 thru 21)	2,403,880,354	2,403,880,354
23	Leased to Others		
24	Depreciation		
25	Amortization and Depletion		
26	Total Leased to Others (24 & 25)		
27	Held for Future Use		
28	Depreciation		
29	Amortization		
30	Total Held for Future Use (28 & 29)		
31	Abandonment of Leases (Natural Gas)		
32	Amort of Plant Acquisition Adj		
33	Total Accum Prov (equals 14) (22,26,30,31,32)	2,403,880,354	2,403,880,354



**ELECTRIC PLANT IN SERVICE AND ACCUMULATED PROVISION FOR DEPRECIATION BY FUNCTION**

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

Line No.	Item (a)	Plant in Service Balance at End of Quarter (b)	Accumulated Depreciation and Amortization Balance at End of Quarter (c)
1	Intangible Plant	169,395,153	71,662,603
2	Steam Production Plant	577,768,227	257,551,303
3	Nuclear Production Plant	1,893,147,532	1,279,576,974
4	Hydraulic Production - Conventional		
5	Hydraulic Production - Pumped Storage		
6	Other Production	541,517,868	67,833,492
7	Transmission	561,287,610	240,344,575
8	Distribution	1,368,570,900	398,864,305
9	Regional Transmission and Market Operation		
10	General	264,041,443	88,047,102
11	TOTAL (Total of lines 1 through 10)	5,375,728,733	2,403,880,354

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	<b>Transmission Studies</b>				
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21	<b>Generation Studies</b>				
22	Fall 2019 Cluster Study	61,161	186-000	( 61,161)	186-000
23	Fall 2019 Cluster Study	157	408-100	( 157)	186-000
24	Fall 2019 Cluster Study	19	925-000	( 19)	186-000
25	Fall 2019 Cluster Study	710	926-000	( 710)	186-000
26	Spring 2019 Cluster Study	66,321	186-000	( 66,321)	186-000
27	Spring 2019 Cluster Study	301	408-100	( 301)	186-000
28	Spring 2019 Cluster Study	39	925-000	( 39)	186-000
29	Spring 2019 Cluster Study	1,455	926-000	( 1,455)	186-000
30	D150S	172	186-000	( 172)	186-000
31	D150S	10	408-100	( 10)	186-000
32	D150S	2	925-000	( 2)	186-000
33	D150S	65	926-000	( 65)	186-000
34	EC500W	139,915	186-000	( 139,915)	186-000
35	AN20SB	17,532	186-000	( 17,532)	186-000
36	AN20SB	21	408-100	( 21)	186-000
37	AN20SB	3	925-000	( 3)	186-000
38	AN20SB	130	926-000	( 130)	186-000
39					
40					

Name of Respondent El Paso Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2020/Q1
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**OTHER REGULATORY ASSETS (Account 182.3)**

- Report below the particulars (details) called for concerning other regulatory assets, including rate order docket number, if applicable.
- 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.
- For Regulatory Assets being amortized, show period of amortization.

Line No.	Description and Purpose of Other Regulatory Assets  (a)	Balance at Beginning of Current Quarter/Year  (b)	Debits  (c)	CREDITS		Balance at end of Current Quarter/Year  (f)
				Written off During the Quarter /Year Account Charged (d)	Written off During the Period Amount (e)	
1	Taxes - Regulatory Assets	52,119,315	285,443	Various	800,170	51,604,588
2						
3	Rio Grande Resources Trust:					
4	Nuclear Fuel Postload Daily Finance Charge	4,549,885	774,345	518	811,294	4,512,936
5						
6	Coal Reclamation	3,404,612		501	165,133	3,239,479
7						
8	Four Corners Decommissioning	5,022,830		407.3	197,586	4,825,244
9						
10	Net Undercollection of Fuel Revenues:					
11	New Mexico	327,487		440s	327,487	
12						
13	Texas:					
14	2015 Texas Rate Case Costs	378,036		928	92,280	285,756
15	2017 Texas Rate Case Costs	1,504,261		928	282,549	1,221,712
16	Demand Response Program	294,365		928	90,492	203,873
17	Texas Tax Credit Refund	263,497		440s	36	263,461
18	Texas TCRF Surcharge	2,964,943		440s	197,730	2,767,213
19	Texas Corporate Tax Compliance Reform	106,837				106,837
20	Texas Energy Efficiency Program	156,485	89,401			245,886
21	Texas TCRF Filing	285,124	9,231			294,355
22	Texas DCRF Filing	129,461				129,461
23						
24	New Mexico Renewable Energy:					
25	Credits and Related Costs	3,587,594		407.3	278,760	3,308,834
26						
27	New Mexico:					
28	2010 FPPCAC Audit	180,957		407.3	18,093	162,864
29	2020 New Mexico Rate Case Costs	434,787	37,441			472,228
30	Demand Response Program	196,822	13,452			210,274
31	New Mexico Energy Efficiency Program		88,529			88,529
32						
33	FERC Cost of Service General	368,454		131	8,177	360,277
34						
35	Palo Verde Deferred Depreciation	3,958,849		407.3	38,046	3,920,803
36						
37	COVID-19 Related Costs		337,796			337,796
38						
39						
40						
41						
42						
43						
<b>44</b>	<b>TOTAL :</b>	80,234,601	1,635,638		3,307,833	78,562,406

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2020/Q1
El Paso Electric Company			
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**Schedule Page: 232 Line No.: 1 Column: f**

Amortization period ranges from 5 to 40 years.

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

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

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

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

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

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

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

The 2017 PUCT Final Order in Docket No. 46831 approved the recovery of approximately \$5.5 million representing the Texas portion to decommission Four Corners, over a seven year period beginning August 2017.

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

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

On August 25, 2016, the PUCT issued the 2016 PUCT Final Order in Docket No. 44941 approving the recovery of rate case expenses through a separate surcharge beginning October 1, 2016 and ending September 30, 2018. Subsequently, in the 2017 PUCT Final Order, the remaining 2015 rate case costs were combined with the 2017 rate case costs into one surcharge over three years beginning in January 2018.

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

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

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

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

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

This item is related to the refund tariff ordered in PUCT Docket No. 48124. The tariff is designed to reduce Texas base rate charges for the decrease in federal income tax expense resulting from the TCJA. The over-refunded amount was addressed in the Company's 2019 Texas fuel reconciliation filing, PUCT Docket No. 50058.

**Schedule Page: 232 Line No.: 18 Column: a**

This item represents revenue associated with the Company's 2019 TCRF rate filing in PUCT Docket No. 49148, related to the period from July 30, 2019 through December 31, 2019. The recovery period is over a period of 12 months beginning on April 1, 2020.

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

Represents costs associated with the Company's filing of a proposed refund tariff with the PUCT in Docket No. 48124. The tariff is designed to reduce Texas base rate charges for the

Name of Respondent El Paso Electric Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2020/Q1
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decrease in federal income tax expense resulting from the TCJA. The Company will request recovery of these costs in the Company's next Texas rate case filing.

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

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

**Schedule Page: 232 Line No.: 21 Column: a**

Represents costs associated with the Company's filing to establish its Transmission Cost Recovery Factor ("TCRF") with the PUCT in Docket No. 49148. These costs will be requested in the next Texas base rate case filing.

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

Represents costs associated with the Company's filing to establish its Distribution Cost Recovery Factor ("DCRF") with the PUCT in Docket No. 49395. These costs will be requested in the next Texas base rate case filing.

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

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

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

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

**Schedule Page: 232 Line No.: 29 Column: a**

The Company will request recovery of these costs in the Company's next New Mexico rate case filing.

**Schedule Page: 232 Line No.: 30 Column: a**

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

**Schedule Page: 232 Line No.: 31 Column: a**

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

**Schedule Page: 232 Line No.: 33 Column: a**

Represents costs incurred for the FERC transmission rate case expected to be filed in 2020. The Company will request these costs in the Company's FERC rate case filing.

**Schedule Page: 232 Line No.: 35 Column: a**

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

**Schedule Page: 232 Line No.: 37 Column: a**

On March 26, 2020, the PUCT issued an order authorizing regulated utility companies the ability to use an accounting mechanism and subsequent process to seek future recovery of expenses resulting from the effects of COVID-19. These costs will be requested for recovery in a future Texas rate making proceeding.

**OTHER REGULATORY LIABILITIES (Account 254)**

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

Line No.	Description and Purpose of Other Regulatory Liabilities  (a)	Balance at Beginning of Current Quarter/Year  (b)	DEBITS		Credits  (e)	Balance at End of Current Quarter/Year  (f)
			Account Credited  (c)	Amount  (d)		
1	Regulatory Tax Liabilities	289,378,134	Various	313,484	128,589	289,193,239
2						
3	Net Overcollection of:					
4	Texas Fuel Revenues	16,529,538	440s	7,706,957		8,822,581
5	New Mexico Fuel Revenues		440s		827,039	827,039
6	New Mexico Renewable Procurement Standard Revenue	2,177,973	440s		356,923	2,534,896
7	FERC Fuel Revenues	34,727	440s		21,808	56,535
8						
9	New Mexico Energy Efficiency Program	183,494	451,928	183,494		
10						
11	Texas Relate Back Surcharge	489,254	131		2,838	492,092
12						
13	New Mexico Gain on Sale of Assets	174,889				174,889
14						
15	Texas Military Base Discount and Recovery Factor	95,685	142	24,720		70,965
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41	<b>TOTAL</b>	309,063,694		8,228,655	1,337,197	302,172,236

Name of Respondent El Paso Electric Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2020/Q1
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**Schedule Page: 278 Line No.: 1 Column: f**

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

**Schedule Page: 278 Line No.: 9 Column: a**

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

**Schedule Page: 278 Line No.: 11 Column: a**

This item relates to the recovery of revenues through two separate surcharges; one for the 2015 Texas Retail Rate Case relate back revenues beginning October 1, 2016, and ending September 30, 2017, and a second surcharge for the 2017 Texas Retail Rate Case relate back revenues beginning January 10, 2018, and ending January 9, 2019. The over-recovered balance related to these surcharges was addressed in the 2019 Texas Fuel Reconciliation, PUCT Docket No. 50058.

**Schedule Page: 278 Line No.: 13 Column: a**

The balance represents gains on sale of assets that will be addressed in the Company's next New Mexico base rate case.

**Schedule Page: 278 Line No.: 15 Column: a**

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

**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	62,416,500	60,695,237
3	(442) Commercial and Industrial Sales		
4	Small (or Comm.) (See Instr. 4)	38,559,353	37,581,846
5	Large (or Ind.) (See Instr. 4)	8,777,668	8,868,523
6	(444) Public Street and Highway Lighting	1,077,785	1,075,449
7	(445) Other Sales to Public Authorities	19,298,122	19,387,709
8	(446) Sales to Railroads and Railways		
9	(448) Interdepartmental Sales		
10	TOTAL Sales to Ultimate Consumers	130,129,428	127,608,764
11	(447) Sales for Resale	18,540,127	35,690,610
12	TOTAL Sales of Electricity	148,669,555	163,299,374
13	(Less) (449.1) Provision for Rate Refunds		
14	TOTAL Revenues Net of Prov. for Refunds	148,669,555	163,299,374
15	Other Operating Revenues		
16	(450) Forfeited Discounts	181,637	180,681
17	(451) Miscellaneous Service Revenues	3,853,637	4,056,468
18	(453) Sales of Water and Water Power		
19	(454) Rent from Electric Property	716,459	752,506
20	(455) Interdepartmental Rents		
21	(456) Other Electric Revenues	62,427	69,014
22	(456.1) Revenues from Transmission of Electricity of Others	5,079,533	6,004,890
23	(457.1) Regional Control Service Revenues		
24	(457.2) Miscellaneous Revenues		
25			
26	TOTAL Other Operating Revenues	9,893,693	11,063,559
27	TOTAL Electric Operating Revenues	158,563,248	174,362,933



**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
574,083	574,089			2
				3
486,410	496,367			4
231,676	252,056			5
9,669	10,025			6
321,580	321,922			7
				8
				9
1,623,418	1,654,459			10
1,127,479	1,024,316			11
2,750,897	2,678,775			12
				13
2,750,897	2,678,775			14

Line 12, column (b) includes \$ -7,391,000 of unbilled revenues.  
 Line 12, column (d) includes -96,777 MWH relating to unbilled revenues

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

Includes 269,061 Mwhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

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

Includes 175,384 Mwhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

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

Includes 269,061 Mwhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

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

Includes 175,384 Mwhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

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

Includes 269,061 Mwhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

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

Includes 175,384 Mwhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

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

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

	March 2020
Non Pay Reconnect Charges	\$ 405,085
Name Change/Cut in Charge	512,226
New Service Charges	91,883
Overhead/Underground Connection Charges	211,820
New Mexico Energy Efficiency Incentive	90,768
Texas and New Mexico Energy Efficiency Cost Recovery	2,342,925
Misc Other	198,930
Total	\$ 3,853,637

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

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

	March 2019
Non Pay Reconnect Charges	\$ 600,163
Name Change/Cut in Charge	528,325
New Service Charges	82,644
Overhead/Underground Connection Charges	169,645
Texas and New Mexico Energy Efficiency Cost Recovery	2,507,549
Misc Other	168,142
Total	\$ 4,056,468

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

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

Line No.	Account (a)	Year to Date Quarter (b)
1	1. POWER PRODUCTION AND OTHER SUPPLY EXPENSES	
2	Steam Power Generation - Operation (500-509)	12,236,350
3	Steam Power Generation - Maintenance (510-515)	9,544,545
4	Total Power Production Expenses - Steam Power	21,780,895
5	Nuclear Power Generation - Operation (517-525)	23,618,068
6	Nuclear Power Generation - Maintenance (528-532)	3,302,107
7	Total Power Production Expenses - Nuclear Power	26,920,175
8	Hydraulic Power Generation - Operation (535-540.1)	
9	Hydraulic Power Generation - Maintenance (541-545.1)	
10	Total Power Production Expenses - Hydraulic Power	
11	Other Power Generation - Operation (546-550.1)	4,569,592
12	Other Power Generation - Maintenance (551-554.1)	1,414,720
13	Total Power Production Expenses - Other Power	5,984,312
14	Other Power Supply Expenses	
15	Purchased Power (555)	9,766,586
16	System Control and Load Dispatching (556)	244,314
17	Other Expenses (557)	60,000
18	Total Other Power Supply Expenses (line 15-17)	10,070,900
19	Total Power Production Expenses (Total of lines 4, 7, 10, 13 and 18)	64,756,282
20	2. TRANSMISSION EXPENSES	
21	Transmission Operation Expenses	
22	(560) Operation Supervision and Engineering	446,154
23		
24	(561.1) Load Dispatch-Reliability	31,793
25	(561.2) Load Dispatch-Monitor and Operate Transmission System	206,247
26	(561.3) Load Dispatch-Transmission Service and Scheduling	241,000
27	(561.4) Scheduling, System Control and Dispatch Services	165,030
28	(561.5) Reliability, Planning and Standards Development	152,509
29	(561.6) Transmission Service Studies	
30	(561.7) Generation Interconnection Studies	
31	(561.8) Reliability, Planning and Standards Development Services	
32	(562) Station Expenses	24,287
33	(563) Overhead Line Expenses	176,042
34	(564) Underground Line Expenses	
35	(565) Transmission of Electricity by Others	1,564,949
36	(566) Miscellaneous Transmission Expenses	1,589,492
37	(567) Rents	36,225
38	(567.1) Operation Supplies and Expenses (Non-Major)	

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

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

Line No.	Account (a)	Year to Date Quarter (b)
39	TOTAL Transmission Operation Expenses (Lines 22 - 38)	4,633,728
40	Transmission Maintenance Expenses	
41	(568) Maintenance Supervision and Engineering	3,086
42	(569) Maintenance of Structures	-6,272
43	(569.1) Maintenance of Computer Hardware	
44	(569.2) Maintenance of Computer Software	
45	(569.3) Maintenance of Communication Equipment	
46	(569.4) Maintenance of Miscellaneous Regional Transmission Plant	
47	(570) Maintenance of Station Equipment	33,937
48	(571) Maintenance Overhead Lines	339,523
49	(572) Maintenance of Underground Lines	
50	(573) Maintenance of Miscellaneous Transmission Plant	2,494
51	(574) Maintenance of Transmission Plant	
52	TOTAL Transmission Maintenance Expenses (Lines 41 - 51)	372,768
53	Total Transmission Expenses (Lines 39 and 52)	5,006,496
54	3. REGIONAL MARKET EXPENSES	
55	Regional Market Operation Expenses	
56	(575.1) Operation Supervision	
57	(575.2) Day-Ahead and Real-Time Market Facilitation	
58	(575.3) Transmission Rights Market Facilitation	
59	(575.4) Capacity Market Facilitation	
60	(575.5) Ancillary Services Market Facilitation	
61	(575.6) Market Monitoring and Compliance	
62	(575.7) Market Facilitation, Monitoring and Compliance Services	
63	Regional Market Operation Expenses (Lines 55 - 62)	
64	Regional Market Maintenance Expenses	
65	(576.1) Maintenance of Structures and Improvements	
66	(576.2) Maintenance of Computer Hardware	
67	(576.3) Maintenance of Computer Software	
68	(576.4) Maintenance of Communication Equipment	
69	(576.5) Maintenance of Miscellaneous Market Operation Plant	
70	Regional Market Maintenance Expenses (Lines 65-69)	
71	TOTAL Regional Control and Market Operation Expenses (Lines 63,70)	
72	4. DISTRIBUTION EXPENSES	
73	Distribution Operation Expenses (580-589)	3,863,799
74	Distribution Maintenance Expenses (590-598)	2,405,698
75	Total Distribution Expenses (Lines 73 and 74)	6,269,497

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

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

Line No.	Account (a)	Year to Date Quarter (b)
1	(901-905) Customer Accounts Expenses	4,472,028
2	(907-910) Customer Service and Information Expenses	31,787
3	(911-917) Sales Expenses	
4	8. ADMINISTRATIVE AND GENERAL EXPENSES	
5	Operations	
6	920 Administrative and General Salaries	6,969,534
7	921 Office Supplies and Expenses	1,109,570
8	(Less) 922 Administrative Expenses Transferred-Credit	
9	923 Outside Services Employed	3,845,027
10	924 Property Insurance	-546,989
11	925 Injuries and Damages	1,309,350
12	926 Employee Pensions and Benefits	5,900,846
13	927 Franchise Requirements	
14	928 Regulatory Commission Expenses	3,788,692
15	(Less) 929 Duplicate Charges-Credit	
16	930.1 General Advertising Expenses	285,852
17	930.2 Miscellaneous General Expenses	3,387,658
18	931 Rents	102,095
19	TOTAL Operation (Total of lines 6 thru 18)	26,151,635
20	Maintenance	
21	935 Maintenance of General Plant	2,230,844
22	TOTAL Administrative and General Expenses (Total of lines 19 and 21)	28,382,479

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

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

Line No.	Payment By (Company of Public Authority) (Footnote Affiliation) (a)	Energy Received From (Company of Public Authority) (Footnote Affiliation) (b)	Energy Delivered To (Company of Public Authority) (Footnote Affiliation) (c)	Statistical Classification (d)
1	El Paso Electric Marketing	Public Service Company of New Mex	El Paso Electric Marketing	NF
2	Rio Grande Electric Co-Op	El Paso Electric Marketing	El Paso Electric Marketing	FNO
3	Arizona Electric Power Cooperative	Salt River Project	Arizona Public Service Company	LFP
4	Arizona Electric Power Cooperative	Salt River Project	Arizona Public Service Company	SFP
5	Arizona Electric Power Cooperative	Arizona Public Service Company	Salt River Project	SFP
6	Brookfield Renewable Trading and Marketing	Salt River Project	Arizona Public Service Company	NF
7	Brookfield Renewable Trading and Marketing	Salt River Project	Arizona Public Service Company	NF
8	Central Arizona Water Conservation District	Salt River Project	Arizona Public Service Company	LFP
9	Central Arizona Water Conservation District	Salt River Project	Arizona Public Service Company	NF
10	Central Arizona Water Conservation District	Salt River Project	Arizona Public Service Company	SFP
11	Central Arizona Water Conservation District	Arizona Public Service Company	Salt River Project	SFP
12	City of Glendale	Salt River Project	Arizona Public Service Company	SFP
13	Coral Power	Salt River Project	Arizona Public Service Company	LFP
14	Coral Power	Salt River Project	Arizona Public Service Company	SFP
15	Eagle Energy Partners	Salt River Project	Arizona Public Service Company	NF
16	Eagle Energy Partners	Salt River Project	Arizona Public Service Company	SFP
17	Eagle Energy Partners	Salt River Project	Arizona Public Service Company	SFP
18	Exelon Generation LLC	Arizona Public Service Company	Salt River Project	NF
19	Imperial Irrigation District	Arizona Public Service Company	Salt River Project	SFP
20	Macquarie Cook Power	Salt River Project	Arizona Public Service Company	NF
21	Macquarie Cook Power	Salt River Project	Arizona Public Service Company	SFP
22	Morgan Stanley	Salt River Project	Arizona Public Service Company	NF
23	Morgan Stanley	Arizona Public Service Company	Salt River Project	NF
24	Open Access Technology International, Inc.	Salt River Project	Arizona Public Service Company	NF
25	Open Access Technology International, Inc.	Tucson Electric Power Company	Tucson Electric Power Company	AD
26	Powerex	Salt River Project	Arizona Public Service Company	NF
27	Powerex	Salt River Project	Arizona Public Service Company	SFP
28	Public Service Company of New Mexico	Public Service Company of New Mex	Public Service Company of New Mex	SFP
29	Public Service Company of New Mexico	Public Service Company of New Mex	Public Service Company of New Mex	SFP
30	Public Service Company of New Mexico	Public Service Company of New Mex	Public Service Company of New Mex	SFP
31	Public Service Company of New Mexico	Public Service Company of New Mex	Public Service Company of New Mex	SFP
32	Public Service Company of New Mexico	Public Service Company of New Mex	Tucson Electric Power Company	LFP
33	Public Service Company of New Mexico	Public Service Company of New Mex	Tucson Electric Power Company	SFP
34	Public Service Company of New Mexico	Public Service Company of New Mex	Public Service Company of New Mex	LFP
	<b>TOTAL</b>			

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

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

FERC Rate Schedule of Tariff Number (e)	Point of Receipt (Substation or Other Designation) (f)	Point of Delivery (Substation or Other Designation) (g)	Billing Demand (MW) (h)	TRANSFER OF ENERGY		Line No.
				MegaWatt Hours Received (i)	MegaWatt Hours Delivered (j)	
OATT	Westmesa	EPE System		51	51	1
OATT	EPE System	Coyote/Farmer	6	11,280	11,280	2
OATT	Palo Verde	Westwing	125	6,444	6,444	3
OATT	Palo Verde	Westwing		17	17	4
OATT	Westwing	Palo Verde		481	481	5
OATT	Palo Verde	Westwing		775	775	6
OATT	Palo Verde	Westwing		10,348	10,348	7
OATT	Palo Verde	Westwing	80	93,640	93,640	8
OATT	Palo Verde	Westwing		5,346	5,346	9
OATT	Palo Verde	Westwing		348	348	10
OATT	Westwing	Palo Verde		190	190	11
OATT	Palo Verde	Westwing		14	14	12
OATT	Palo Verde	Westwing	125	78,838	78,838	13
OATT	Palo Verde	Westwing		248	248	14
OATT	Palo Verde	Westwing		1,482	1,482	15
OATT	Palo Verde	Westwing				16
OATT	Palo Verde	Westwing		193	193	17
OATT	Westwing	Palo Verde		401	401	18
OATT	Westwing	Palo Verde		417	417	19
OATT	Palo Verde	Westwing		52,286	52,286	20
OATT	Palo Verde	Westwing		4	4	21
OATT	Palo Verde	Westwing		89,820	89,820	22
OATT	Westwing	Palo Verde		24	24	23
OATT	Palo Verde	Westwing		146	146	24
OATT	Springerville	Greenlee				25
OATT	Palo Verde	Westwing		12,361	12,361	26
OATT	Palo Verde	Westwing		32	32	27
OATT	Afton	Amrad		16,864	16,864	28
OATT	Afton	Amrad		2,086	2,086	29
OATT	Afton	Luna		11,807	11,807	30
OATT	Afton	Luna		1,186	1,186	31
OATT	Afton	Springerville	94	64,239	64,239	32
OATT	Afton	Springerville		4,909	4,909	33
OATT	Afton	Westmesa	141	80,125	80,125	34
			900	1,213,181	1,213,181	

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

9. In column (k) through (n), report the revenue amounts as shown on bills or vouchers. In column (k), provide revenues from demand charges related to the billing demand reported in column (h). In column (l), provide revenues from energy charges related to the amount of energy transferred. In column (m), provide the total revenues from all other charges on bills or vouchers rendered, including out of period adjustments. Explain in a footnote all components of the amount shown in column (m). Report in column (n) the total charge shown on bills rendered to the entity Listed in column (a). If no monetary settlement was made, enter zero (11011) in column (n). Provide a footnote explaining the nature of the non-monetary settlement, including the amount and type of energy or service rendered.

10. The total amounts in columns (i) and (j) must be reported as Transmission Received and Transmission Delivered for annual report purposes only on Page 401, Lines 16 and 17, respectively.

11. Footnote entries and provide explanations following all required data.

REVENUE FROM TRANSMISSION OF ELECTRICITY FOR OTHERS

Demand Charges (\$) (k)	Energy Charges (\$) (l)	(Other Charges) (\$) (m)	Total Revenues (\$) (k+l+m) (n)	Line No.
				1
37,998			37,998	2
152,940			152,940	3
				4
	411		411	5
	1,914		1,914	6
	9,327		9,327	7
97,956			97,956	8
	3,596		3,596	9
	2,124		2,124	10
	138		138	11
	13		13	12
153,219			153,219	13
				14
	3,412		3,412	15
	61		61	16
	237		237	17
	234		234	18
	240		240	19
	47,599		47,599	20
	2		2	21
	82,013		82,013	22
	22		22	23
	59		59	24
	24		24	25
	11,084		11,084	26
	30		30	27
	88,380		88,380	28
	7,972		7,972	29
	105,130		105,130	30
	4,445		4,445	31
683,639			683,639	32
	18,077		18,077	33
589,093			589,093	34
<b>3,371,312</b>	<b>1,708,221</b>	<b>0</b>	<b>5,079,533</b>	



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

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

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

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

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

FERC Rate Schedule of Tariff Number (e)	Point of Receipt (Substation or Other Designation) (f)	Point of Delivery (Substation or Other Designation) (g)	Billing Demand (MW) (h)	TRANSFER OF ENERGY		Line No.
				MegaWatt Hours Received (i)	MegaWatt Hours Delivered (j)	
OATT	Afton	Westmesa		6	6	1
OATT	Afton	Westmesa		7,614	7,614	2
OATT	Greenlee	Luna		284	284	3
OATT	Luna	Springerville	60	68,955	68,955	4
OATT	Luna	Springerville		11,874	11,874	5
OATT	Springerville	Luna		357	357	6
OATT	Springerville	Luna		15	15	7
OATT	Westmesa	Amrad	25	26,291	26,291	8
OATT	Westmesa	Amrad		1,896	1,896	9
OATT	Westmesa	Amrad		432	432	10
OATT	Westmesa	Amrad		1,384	1,384	11
OATT	Westmesa	Amrad		1,409	1,409	12
OATT	Palo Verde	Westwing		281	281	13
OATT	Palo Verde	Westwing		11,172	11,172	14
OATT	Westwing	Palo Verde		65	65	15
80	Springerville	Las Cruces/Orogrande	50	83,493	83,493	16
OATT	Springerville	Las Cruces/Orogrande		3,534	3,534	17
OATT	Springerville	Las Cruces		3,150	3,150	18
OATT	Springerville	Las Cruces		321	321	19
OATT	Westmesa	Las Cruces		2,053	2,053	20
OATT	Jojoba	Kyrene	142	120,355	120,355	21
OATT	Jojoba	Kyrene		491	491	22
OATT	Jojoba	Palo Verde		3,220	3,220	23
OATT	Jojoba	Palo Verde		113,538	113,538	24
OATT	Jojoba	Westwing		22,311	22,311	25
OATT	Luna	Greenlee	30	49,307	49,307	26
OATT	Luna	Greenlee		411	411	27
OATT	Luna	Greenlee		3,158	3,158	28
OATT	Luna	Greenlee		2,086	2,086	29
OATT	Luna	Springerville	10			30
OATT	Luna	Springerville		2,359	2,359	31
OATT	Macho Springs	Greenlee				32
OATT	Macho Springs	Hidalgo		101	101	33
OATT	Macho Springs	Luna		298	298	34
			900	1,213,181	1,213,181	

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

9. In column (k) through (n), report the revenue amounts as shown on bills or vouchers. In column (k), provide revenues from demand charges related to the billing demand reported in column (h). In column (l), provide revenues from energy charges related to the amount of energy transferred. In column (m), provide the total revenues from all other charges on bills or vouchers rendered, including out of period adjustments. Explain in a footnote all components of the amount shown in column (m). Report in column (n) the total charge shown on bills rendered to the entity Listed in column (a). If no monetary settlement was made, enter zero (11011) in column (n). Provide a footnote explaining the nature of the non-monetary settlement, including the amount and type of energy or service rendered.

10. The total amounts in columns (i) and (j) must be reported as Transmission Received and Transmission Delivered for annual report purposes only on Page 401, Lines 16 and 17, respectively.

11. Footnote entries and provide explanations following all required data.

REVENUE FROM TRANSMISSION OF ELECTRICITY FOR OTHERS

Demand Charges (\$) (k)	Energy Charges (\$) (l)	(Other Charges) (\$) (m)	Total Revenues (\$) (k+l+m) (n)	Line No.
	34		34	1
	24,065		24,065	2
	1,757		1,757	3
436,365			436,365	4
	614,775		614,775	5
	3,995		3,995	6
				7
181,819			181,819	8
	9,167		9,167	9
	2,746		2,746	10
	11,112		11,112	11
	3,488		3,488	12
	184		184	13
	11,471		11,471	14
	52		52	15
346,500			346,500	16
				17
	17,340		17,340	18
	1,006		1,006	19
	9,499		9,499	20
394,539			394,539	21
				22
	6,295		6,295	23
	192,415		192,415	24
	89,669		89,669	25
209,971			209,971	26
	7,955		7,955	27
	78,742		78,742	28
				29
				30
	12,594		12,594	31
	30		30	32
	517		517	33
	1,906		1,906	34
<b>3,371,312</b>	<b>1,708,221</b>	<b>0</b>	<b>5,079,533</b>	

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

1. Report all transmission of electricity, i.e., wheeling, provided for other electric utilities, cooperatives, other public authorities, qualifying facilities, non-traditional utility suppliers and ultimate customers for the quarter.

2. Use a separate line of data for each distinct type of transmission service involving the entities listed in column (a), (b) and (c).

3. Report in column (a) the company or public authority that paid for the transmission service. Report in column (b) the company or public authority that the energy was received from and in column (c) the company or public authority that the energy was delivered to. Provide the full name of each company or public authority. Do not abbreviate or truncate name or use acronyms. Explain in a footnote any ownership interest in or affiliation the respondent has with the entities listed in columns (a), (b) or (c)

4. In column (d) enter a Statistical Classification code based on the original contractual terms and conditions of the service as follows: FNO - Firm Network Service for Others, FNS - Firm Network Transmission Service for Self, LFP - "Long-Term Firm Point to Point Transmission Service, OLF - Other Long-Term Firm Transmission Service, SFP - Short-Term Firm Point to Point Transmission Reservation, NF - non-firm transmission service, OS - Other Transmission Service and AD - Out-of-Period Adjustments. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting periods. Provide an explanation in a footnote for each adjustment. See General Instruction for definitions of codes.

Line No.	Payment By (Company of Public Authority) (Footnote Affiliation) (a)	Energy Received From (Company of Public Authority) (Footnote Affiliation) (b)	Energy Delivered To (Company of Public Authority) (Footnote Affiliation) (c)	Statistical Classification (d)
1	Tucson Electric Power Company	Tucson Electric Power Company	Tucson Electric Power Company	NF
2	Tucson Electric Power Company	Tucson Electric Power Company	Tucson Electric Power Company	SFP
3	Tucson Electric Power Company	Tucson Electric Power Company	Tucson Electric Power Company	SFP
4	Tucson Electric Power Company	Tucson Electric Power Company	Tucson Electric Power Company	SFP
5	Tucson Electric Power Company	Salt River Project	Arizona Public Service Company	NF
6	UniSource Energy Services	Salt River Project	Arizona Public Service Company	NF
7	UniSource Energy Services	Salt River Project	Arizona Public Service Company	NF
8	Western Area Power Admin	Public Service Company of New Mex	El Paso Electric Company	LFP
9	Western Area Power Admin	Public Service Company of New Mex	El Paso Electric Company	SFP
10	Western Area Power Admin - DSW	Salt River Project	Arizona Public Service Company	NF
11				
12				
13				
14				
15				
16				
17				
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34				
	<b>TOTAL</b>			

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

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

FERC Rate Schedule of Tariff Number (e)	Point of Receipt (Substation or Other Designation) (f)	Point of Delivery (Substation or Other Designation) (g)	Billing Demand (MW) (h)	TRANSFER OF ENERGY		Line No.
				MegaWatt Hours Received (i)	MegaWatt Hours Delivered (j)	
OATT	Macho Springs	Springerville		1,252	1,252	1
OATT	Macho Springs	Springerville		4,518	4,518	2
OATT	Macho Springs	Springerville	10	10,329	10,329	3
OATT	Macho Springs	Springerville		6,573	6,573	4
OATT	Palo Verde	Westwing		37,568	37,568	5
OATT	Jojoba	Westwing		2,319	2,319	6
OATT	Palo Verde	Westwing		59,877	59,877	7
OATT	Westmesa	Holloman	2	2,016	2,016	8
OATT	Westmesa	Holloman		86	86	9
OATT	Palo Verde	Westwing		20	20	10
						11
						12
						13
						14
						15
						16
						17
						18
						19
						20
						21
						22
						23
						24
						25
						26
						27
						28
						29
						30
						31
						32
						33
						34
			900	1,213,181	1,213,181	

Name of Respondent  
El Paso Electric Company

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

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

Year/Period of Report  
End of 2020/Q1

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

9. In column (k) through (n), report the revenue amounts as shown on bills or vouchers. In column (k), provide revenues from demand charges related to the billing demand reported in column (h). In column (l), provide revenues from energy charges related to the amount of energy transferred. In column (m), provide the total revenues from all other charges on bills or vouchers rendered, including out of period adjustments. Explain in a footnote all components of the amount shown in column (m). Report in column (n) the total charge shown on bills rendered to the entity Listed in column (a). If no monetary settlement was made, enter zero (11011) in column (n). Provide a footnote explaining the nature of the non-monetary settlement, including the amount and type of energy or service rendered.

10. The total amounts in columns (i) and (j) must be reported as Transmission Received and Transmission Delivered for annual report purposes only on Page 401, Lines 16 and 17, respectively.

11. Footnote entries and provide explanations following all required data.

REVENUE FROM TRANSMISSION OF ELECTRICITY FOR OTHERS

Demand Charges (\$) (k)	Energy Charges (\$) (l)	(Other Charges) (\$) (m)	Total Revenues (\$) (k+l+m) (n)	Line No.
	6,082		6,082	1
	43,540		43,540	2
72,727			72,727	3
	80,196		80,196	4
	31,665		31,665	5
	10,776		10,776	6
	48,592		48,592	7
14,546			14,546	8
				9
	12		12	10
				11
				12
				13
				14
				15
				16
				17
				18
				19
				20
				21
				22
				23
				24
				25
				26
				27
				28
				29
				30
				31
				32
				33
				34
3,371,312	1,708,221	0	5,079,533	

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2020/Q1
El Paso Electric Company			
FOOTNOTE DATA			

**Schedule Page: 328 Line No.: 1 Column: a**

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

**Schedule Page: 328 Line No.: 1 Column: c**

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

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

OATT = Open Access Transmission Tariff.

**Schedule Page: 328 Line No.: 2 Column: b**

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

**Schedule Page: 328 Line No.: 2 Column: c**

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

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

Network Integration Transmission Service. Evergreen contract may expire on March 31st of the applicable year with a prior two year notice.

**Schedule Page: 328 Line No.: 3 Column: d**

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

**Schedule Page: 328 Line No.: 4 Column: i**

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

**Schedule Page: 328 Line No.: 8 Column: d**

Firm transmission contract of 80 MW, expiration January 1, 2025. Service was partially redirected to hourly services.

**Schedule Page: 328 Line No.: 13 Column: d**

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

**Schedule Page: 328 Line No.: 14 Column: i**

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

**Schedule Page: 328 Line No.: 25 Column: d**

Adjustment related to November 2019 WestConnect Non-Firm Point-to-Point Tariff activity.

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

Firm transmission contract, expiration August 1, 2024.

**Schedule Page: 328 Line No.: 34 Column: d**

Firm transmission contracts of 111 and 30 MW, expiration January 1, 2024. Includes 111 MW generation dependent firm transmission service per executed service agreement. Service was partially redirected to hourly services.

**Schedule Page: 328.1 Line No.: 3 Column: i**

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

**Schedule Page: 328.1 Line No.: 4 Column: d**

Firm transmission contract, expiration January 1, 2025.

**Schedule Page: 328.1 Line No.: 7 Column: i**

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

**Schedule Page: 328.1 Line No.: 8 Column: d**

Firm transmission contract, expiration July 1, 2023.

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

Firm grandfathered transmission contract, expiration January 1, 2026.

**Schedule Page: 328.1 Line No.: 17 Column: i**

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

**Schedule Page: 328.1 Line No.: 21 Column: d**

Name of Respondent El Paso Electric Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2020/Q1
FOOTNOTE DATA			

Firm transmission contract, expiration January 1, 2025. Service was partially redirected to hourly services.

**Schedule Page: 328.1 Line No.: 22 Column: i**

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

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

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

**Schedule Page: 328.1 Line No.: 29 Column: i**

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

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

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

**Schedule Page: 328.2 Line No.: 8 Column: d**

Firm transmission contract, expiration October 1, 2024.

**Schedule Page: 328.2 Line No.: 9 Column: i**

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



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

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

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	TRANSFER OF ENERGY		EXPENSES FOR TRANSMISSION OF ELECTRICITY BY OTHERS			
			Magawatt-hours Received (c)	Magawatt-hours Delivered (d)	Demand Charges (\$) (e)	Energy Charges (\$) (f)	Other Charges (\$) (g)	Total Cost of Transmission (\$) (h)
1	Arizona Public Service	SFP	31	31		160		160
2	Arizona Public Service	AD					438	438
3	Open Access Technology	NF	36	36		247		247
4	Public Serv. Co. of NM	LFP	199,551	199,551	929,331			929,331
5	Public Serv. Co. of NM	LFP	722	722	178,717			178,717
6	Public Serv. Co. of NM	SFP	11,151	11,151				
7	Public Serv. Co. of NM	NF	1,212	1,212		9,085		9,085
8	Public Serv. Co. of NM	AD				10,893		10,893
9	Salt River Project	OLF	5,124	5,124	434,599			434,599
10	Tucson Electric Power	OLF	11,494	11,494				
11	Tucson Electric Power	SFP	100	100		876		876
12	Tucson Electric Power	NF	69	69		603		603
13								
14								
15								
16								
	TOTAL		229,490	229,490	1,542,647	21,864	438	1,564,949

Name of Respondent El Paso Electric Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2020/Q1
FOOTNOTE DATA			

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

Amounts shown based on transmission reservations.

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

Amounts shown based on transmission reservations.

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

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

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

Prior year CAISO pricing adjustment for August 2018.

**Schedule Page: 332 Line No.: 2 Column: g**

Prior year CAISO pricing adjustment for August 2018.

**Schedule Page: 332 Line No.: 3 Column: c**

Amounts shown based on transmission reservations.

**Schedule Page: 332 Line No.: 3 Column: d**

Amounts shown based on transmission reservations.

**Schedule Page: 332 Line No.: 3 Column: f**

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

**Schedule Page: 332 Line No.: 4 Column: b**

Contract terminates July 1, 2022.

**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: b**

Contract terminates June 1, 2024.

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

Amounts shown based on actual energy flows.

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

Amounts shown based on actual energy flows.

**Schedule Page: 332 Line No.: 6 Column: c**

Amounts shown based on actual energy flows.

**Schedule Page: 332 Line No.: 6 Column: d**

Amounts shown based on actual energy flows.

**Schedule Page: 332 Line No.: 7 Column: c**

Amounts shown based on transmission reservations.

**Schedule Page: 332 Line No.: 7 Column: d**

Amounts shown based on transmission reservations.

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

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

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

Prior year adjustment related to Public Service Company of New Mexico Annual Transmission Revenue Requirement recalculation for June 2018 - December 2018.

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

Prior year adjustment related to Public Service Company of New Mexico Annual Transmission Revenue Requirement recalculation for June 2018 - December 2018.

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

Contract expires concurrent with the ANPP Participation Agreement.

**Schedule Page: 332 Line No.: 9 Column: c**

Amounts shown based on actual energy flows.

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

Amounts shown based on actual energy flows.

**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, subject to twelve-month notice of termination by the Company.

Name of Respondent El Paso Electric Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2020/Q1
FOOTNOTE DATA			

**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 ancillary and losses.

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

Amounts shown based on transmission reservations.

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

Amounts shown based on transmission reservations.

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

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

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

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

Line No.	Functional Classification  (a)	Depreciation Expense (Account 403)  (b)	Depreciation Expense for Asset Retirement Costs (Account 403.1)  (c)	Amortization of Other Limited-Term Electric Plant (Account 404)  (e)	Amortization of Other Electric Plant (Account 405)  (e)	Total  (f)
1	Intangible Plant			2,240,513		2,240,513
2	Steam Production Plant	3,005,718	( 5,786)			2,999,932
3	Nuclear Production Plant	7,257,693	( 329,292)			6,928,401
4	Hydraulic Production Plant Conv					
5	Hydraulic Production Plant - Pumped Storage					
6	Other Production Plant	3,114,236	1,522			3,115,758
7	Transmission Plant	1,899,356				1,899,356
8	Distribution Plant	6,024,707				6,024,707
9	General Plant	2,931,414	1,658			2,933,072
10	Common Plant					
11	TOTAL ELECTRIC (lines 2 through 10)	24,233,124	( 331,898)	2,240,513		26,141,739

**MONTHLY PEAKS AND OUTPUT**

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

NAME OF SYSTEM:

Line No.	Month (a)	Total Monthly Energy (MWH) (b)	Monthly Non-Requirements Sales for Resale & Associated Losses (c)	MONTHLY PEAK		
				Megawatts (See Instr. 4) (d)	Day of Month (e)	Hour (f)
1	January	987,410	386,606	1,078	2	1900
2	February	893,534	327,224	1,133	11	1900
3	March	977,089	402,368	1,015	3	1900
4	Total	2,858,033	1,116,198	3,226		
5	April				0	0
6	May				0	0
7	June				0	0
8	Total					
9	July				0	0
10	August				0	0
11	September				0	0
12	Total					

Name of Respondent El Paso Electric Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2020/Q1
FOOTNOTE DATA			

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

Includes 91,915 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

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

Includes 91,915 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

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

Includes 86,102 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

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

Includes 86,102 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

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

Includes 91,044 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

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

Includes 91,044 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

Name of Respondent  
El Paso Electric Company

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

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

Year/Period of Report  
End of 2020/Q1

MONTHLY TRANSMISSION SYSTEM PEAK LOAD

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

NAME OF SYSTEM:

Line No.	Month (a)	Monthly Peak MW - Total (b)	Day of Monthly Peak (c)	Hour of Monthly Peak (d)	Firm Network Service for Self (e)	Firm Network Service for Others (f)	Long-Term Firm Point-to-point Reservations (g)	Other Long-Term Firm Service (h)	Short-Term Firm Point-to-point Reservation (i)	Other Service (j)
1	January	1,078	2	1900		6	761	50	73	
2	February	1,133	11	1900		7	758	50	76	
3	March	1,015	3	1900		5	764	50	70	
4	Total for Quarter 1					18	2,283	150	219	
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					18	2,283	150	219	

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