

RESOLUTION

WHEREAS, El Paso Electric Company, distributes electric power within the City Limits of the City of El Paso pursuant to a 25-year franchise granted to El Paso Electric Company dated as of July 15, 2005, and is an electric utility, and

WHEREAS, El Paso Electric Company (“Company” or “EPE”), is a regulated utility subject to the exclusive original jurisdiction of the City of El Paso (“City”) for rates, services and operations within the City, and

WHEREAS, in 2011 the City Council of the City reviewed the base rates then being charged by EPE from customers within the City in accordance with the provisions of Texas Utilities Code § 36.051; and

WHEREAS, the City Council determined that it had reason to believe that the base rates being collected by EPE from customers within the City resulted in the Company receiving a level of revenues that was greater than needed to provide a reasonable opportunity to earn a reasonable return on the invested capital used and useful in rendering utility service to the public above its reasonable and necessary operating expenses, as provided in Texas Utilities Code Sections 36.003 and 36.051, thus rendering such rates unreasonable; and

WHEREAS, pursuant to the City Charter and the Texas Utilities Code § 36.151, the City Council determined that an inquiry should proceed to determine whether the rates being charged by EPE for service within the City are just and reasonable; and

WHEREAS, on October 4, 2011, pursuant to Texas Utilities Code §36.151 the City Council of the City of El Paso adopted a resolution directing EPE to Show Cause why its base rates for electric service in the City of El Paso should not be lowered, and ordering EPE to file a rate-filing package with the City of El Paso no later than February 1, 2012 pursuant to Texas Utilities Code §36.153; and

WHEREAS, on October 25, 2011, the City Council held a public hearing concerning the City’s proposal to establish interim temporary rates for EPE pending the City’s review of the rate-filing package ordered to be filed by February 1, 2012; and

WHEREAS, pursuant to Texas Utilities Code §36.155 by resolution dated November 15, 2011, the City Council set the then existing rates of EPE for electric service within the City of El Paso as temporary rates pending the decision to be based on the filing package to be filed by the Company on February 1; and

WHEREAS, upon appeal by EPE to the Public Utility Commission of Texas (“PUCT”) of the City’s Show Cause Resolution dated October 4, 2011 EPE, the PUCT by order dated January 23, 2012, determined that it had no jurisdiction over EPE’s appeals and denied relief to EPE, thereby appropriately allowing the City to exercise its original jurisdiction over EPE’s rates and services; and

WHEREAS, on January 10, 2012, after EPE filed a Motion to Withdraw its Appeal of the Resolution Setting Temporary rates, the PUCT dismissed EPE's appeal of that Resolution, and

WHEREAS, on February 1, 2012, EPE filed a document stated to be the response to the City's Show Cause Resolution and also filed a Statement of Intent to increase rates within the City of El Paso based upon an increase of \$26.255 million for Texas Jurisdictional Customers, said rate increase specified to be effective March 7, 2012; and

WHEREAS, on February 1, 2012, EPE filed the an identical Statement of Intent to increase rates with the PUCT of Texas to be effective in areas outside the boundaries of the City of El Paso, over which the PUCT exercises original jurisdiction, said proceeding being docketed as PUCT Docket No. 40094; and

WHEREAS, on February 28, 2012, the City Council suspended the operation of the filings for 90 days from the effective date or the maximum allowed by law; and

WHEREAS, the EPE application at the PUCT included an Application to Reconcile Fuel Costs for the period July 1, 2009 through September 30, 2011; and

WHEREAS the City has filed a Motion to Intervene, and has been granted status as an intervenor in Docket No. 40094 at the PUCT; and

WHEREAS, the City Council held a public hearing on April 17, 2012, at which time the City Council heard a presentation from the City's counsel, the City's staff, and witnesses for EPE concerning a proposed settlement which would resolve the issues in the case pending at the City as well as the pending docket at the PUCT; and

WHEREAS, the proposed settlement calls for an overall annual decrease in rates for the Company of \$15,000,000 per annum based on EPE's existing rates as expressed in its February 1, 2012 filing with the City, effective with EPE's May 2012 billing month for bills rendered on and after May 1, 2012. The settlement is considered a "black box" settlement with no specific findings on issues except for the following provisions:

1. Effective May 1, 2012, EPE will use the depreciation rates attached as Exhibit 1 to this resolution which rates are the same as currently being charged, except that EPE will use the depreciation rates proposed for gas-fired generating units in the February 1, 2012 filing package, and the transmission and distribution depreciation rates approved by the New Mexico Public Regulation Commission in 2009 for EPE's use in New Mexico.
2. EPE shall accrue and deposit \$3.6 million annually on a Texas jurisdictional basis for Palo Verde Decommissioning Expense into the Palo Verde decommissioning funds. The amount of funding for Palo Verde decommissioning is for purposes of this case only and is subject to review and adjustment on a going-forward basis in future proceedings.

3. The revenue decrease authorized under the agreement shall be distributed among customer classes as set forth in Exhibit 2 to this Resolution. The revenue decrease includes an annual credit to residential customers in the amount of \$1.5 million, to be applied in the summer months as a partial offset to the summer rate differential.
4. The tariffs for those rates that are changed pursuant to the agreement shall be as attached in Exhibit 3 to this Resolution.
5. EPE's tariff shall include a new Economic Development Rate, which is included in as Rate Schedule 33 in Exhibit 3 to this Resolution.
6. EPE shall amortize total rate case expenses in this matter over a two-year period. EPE shall not request recovery of such rate case expenses from Texas ratepayers in any future proceeding.
7. Revenues collected after May 1, 2012, by EPE pursuant to the Power Factor Adjustment Charges in excess of an annual amount of \$250,000 shall be credited to fuel costs.
8. EPE shall withdraw its pending fuel reconciliation request and will file a fuel reconciliation request for the period beginning July 1, 2009 and ending no later than June 30, 2013.

WHEREAS, the City Council finds that the City's outside expenses incurred in connection with the Show Cause Proceeding, the Temporary Rate Order, and the February 1, 2012 filings by EPE with the City of El Paso and the PUCT in an amount not to exceed \$625,000 are reasonable, and

WHEREAS, the City Council finds that the distribution of the rate decrease among the various Texas Customer Classes as identified in Exhibit 2 to this Resolution is reasonable; and

WHEREAS, EPE has provided evidence that it has complied with the notice requirements of Texas Utilities Code § 36.103 by publication in the *El Paso Times* on February 10, 17, 24 and March 2, 2012 as well as by direct mail to customers; and

WHEREAS, the City Council finds that the tariffs attached to this Resolution as Exhibit 3 implement the settlement and the approved rate decrease; and

WHEREAS, the City Council finds that the base rate change proposed by El Paso Electric Company on February 1, 2012 should be denied, and that a rate decrease as identified herein is reasonable and will produce revenues that allow El Paso Electric Company a reasonable opportunity to earn a reasonable return on its invested capital used and useful to the public in providing electric service; and,

WHEREAS, the City Council determines that the City Attorney should be authorized to sign a Stipulation and Agreement in Docket No. 40094 at the Public Utility Commission of Texas implementing the provisions of the settlement agreement;

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO, TEXAS,
THAT:**

SEC. 1. The Rate Increase Request of El Paso Electric Company as requested by El Paso Electric Company on February 1, 2012, is denied, and a decrease of Fifteen Million Dollars (\$15,000,000) in (non-fuel) rates for the May 2012 billing month for bills rendered on or after May 1, 2012, is approved, with the decrease apportioned among the customer classes as provided in Exhibit 2 to this Resolution, which is incorporated herein for all purposes.

SEC. 2. The tariffs attached as Exhibit 3 to this Resolution are approved for the May 2012 billing month for bills rendered on or after May 1, 2012, for service within the City of El Paso.

SEC. 3. The City Council Resolution of November, 15, 2011, establishing temporary rates is rescinded and withdrawn on the effective date of this resolution.

SEC. 4. The Company is ordered to reimburse the City for the City's expenses in an amount not to exceed \$625,000, within thirty (30) days after invoice from the City.

SEC. 5. The City Attorney is authorized to sign a Stipulation and Agreement in Docket No. 40094 at the Public Utility Commission of Texas implementing the provisions of the Agreement.

SEC. 6. This resolution shall be effective upon its adoption.

SEC. 7. All relief requested by the Company within the original jurisdiction of the City of El Paso not granted herein is denied.

SEC 8. Nothing in this Resolution shall be construed to limit the power or authority of the City to exercise its original jurisdiction over the rates and services of El Paso Electric Company.

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ADOPTED this the 17th day of April, 2012.

THE CITY OF EL PASO

John F. Cook, Mayor

ATTEST:

Richarda Duffy Momsen, City Clerk

Approved as to Form:

Approved as to Content:

Sylvia Borunda Firth
City Attorney

William F. Studer, Deputy City Manager
Financial and Management Support Services

EL PASO ELECTRIC COMPANY
DOCKET # 40094
SETTLEMENT DEPRECIATION EXPENSE SCHEDULE
AS OF TEST YEAR ENDED SEPTEMBER 30, 2011

Line No.	Account Number	Description of Account	ADJUSTED TEST YEAR		
			Depreciable Plant	Adjusted Rate (%)	Depreciation Expense
Depreciation of Electric Plant In Service					
Production Plant					
Steam Production Plant					
Newman Unit No. 1					
1	311	Structures and Improvements	\$ 1,424,881	1.76	\$ 25,078
2	312	Boiler Plant Equipment	7,856,693	3.19	250,629
3	313	Engines and Engine Driven Generators	327,497	0.63	2,063
4	314	Turbogenerator Units	10,151,095	2.22	225,354
5	315	Accessory Electric Equipment	1,148,178	0.89	10,219
6	316	Miscellaneous Power Plant Equipment	2,525,156	4.36	110,097
7	317	Asset Retirement Obligation	(81,368)		(4,504)
8		Total Newman Unit No. 1	<u>23,352,132</u>		<u>618,936</u>
Newman Unit No. 2					
9	311	Structures and Improvements	901,653	5.29	47,697
10	312	Boiler Plant Equipment	6,256,754	2.92	182,697
11	314	Turbogenerator Units	8,248,060	4.54	374,462
12	315	Accessory Electric Equipment	1,052,959	2.29	24,113
13	316	Miscellaneous Power Plant Equipment	3,272,328	7.30	238,880
14	317	Asset Retirement Obligation	(81,368)		(4,504)
15		Total Newman Unit No. 2	<u>19,650,386</u>		<u>863,345</u>
Newman Unit No. 3					
16	311	Structures and Improvements	766,274	3.99	30,574
17	312	Boiler Plant Equipment	5,197,490	2.95	153,326
18	314	Turbogenerator Units	7,217,646	3.16	228,078
19	315	Accessory Electric Equipment	800,308	1.12	8,963
20	316	Miscellaneous Power Plant Equipment	6,088,515	5.04	306,861
21	317	Asset Retirement Obligation	(81,368)		(4,504)
22		Total Newman Unit No. 3	<u>19,988,865</u>		<u>723,298</u>
Newman Unit No. 4					
23	311	Structures and Improvements	6,519,781	3.57	232,756
24	312	Boiler Plant Equipment	11,301,545	3.25	367,300
25	313	Engines and Engine Driven Generators	16,731,954	6.41	1,072,518
26	314	Turbogenerator Units	31,125,914	7.60	2,365,569
27	315	Accessory Electric Equipment	6,332,739	3.46	219,113
28	316	Miscellaneous Power Plant Equipment	11,914,551	9.11	1,085,416
29	317	Asset Retirement Obligation	(81,368)		(4,504)
30		Total Newman Unit No. 4	<u>83,845,116</u>		<u>5,338,168</u>
Newman Unit No. 5					
31	311	Structures and Improvements	11,529,335	2.13	245,575
32	312	Boiler Plant Equipment	46,580,724	2.17	1,010,802
33	314	Turbogenerator Units	155,760,437	2.15	3,348,849
34	315	Accessory Electric Equipment	10,288,360	2.20	226,344
35	316	Miscellaneous Power Plant Equipment	10,601,106	2.26	239,585
36		Total Newman Unit No. 5	<u>234,759,962</u>		<u>5,071,155</u>
37	316	Zero Liquid Discharge	<u>14,075,508</u>	2.28	<u>320,922</u>
38		Total Newman Station	<u>\$ 395,671,969</u>		<u>\$ 12,935,824</u>
Rio Grande Unit No. 6					
39	311	Structures and Improvements	\$ 1,387,059	4.06	\$ 56,315
40	312	Boiler Plant Equipment	2,973,007	0.53	15,757
41	314	Turbogenerator Units	3,522,429	0.17	5,988
42	315	Accessory Electric Equipment	729,967	1.14	8,322
43	316	Miscellaneous Power Plant Equipment	1,712,066	4.70	80,467
44	317	Asset Retirement Obligation	25,661		384
45		Total Rio Grande Unit No. 6	<u>10,350,189</u>		<u>167,233</u>
Rio Grande Unit No. 7					
46	311	Structures and Improvements	1,357,186	2.12	28,772
47	312	Boiler Plant Equipment	4,372,838	0.73	31,922
48	314	Turbogenerator Units	3,995,214	0.78	31,163
49	315	Accessory Electric Equipment	560,581	1.54	8,633
50	316	Miscellaneous Power Plant Equipment	2,095,400	2.15	45,051

EL PASO ELECTRIC COMPANY
DOCKET # 40094
SETTLEMENT DEPRECIATION EXPENSE SCHEDULE
AS OF TEST YEAR ENDED SEPTEMBER 30, 2011

Line No.	Account Number	Description of Account	ADJUSTED TEST YEAR		
			Depreciable Plant	Adjusted Rate (%)	Depreciation Expense
51	317	Asset Retirement Obligation	25,661		385
52		Total Rio Grande Unit No. 7	12,406,880		145,926
Rio Grande Unit No. 8					
53	311	Structures and Improvements	1,942,174	3.12	60,596
54	312	Boiler Plant Equipment	12,306,120	3.33	409,794
55	314	Turbogenerator Units	10,152,944	2.40	243,671
56	315	Accessory Electric Equipment	3,458,778	5.14	177,781
57	316	Miscellaneous Power Plant Equipment	5,935,587	4.83	286,689
58	317	Asset Retirement Obligation	25,661		385
59		Total Rio Grande Unit No. 8	33,821,264		1,178,916
60		Total Rio Grande Station	56,578,333		1,492,075
Four Corners Unit No. 4					
61	311	Structures and Improvements	1,399,828	3.81	53,333
62	312	Boiler Plant Equipment	32,628,813	2.48	809,195
63	314	Turbogenerator Units	5,754,231	5.74	330,293
64	315	Accessory Electric Equipment	1,492,050	6.24	93,104
65	316	Miscellaneous Power Plant Equipment	3,624,438	7.54	273,283
66	317	Asset Retirement Obligation	15,746		347
67		Total Four Corners Unit No. 4	44,915,106		1,559,555
Four Corners Unit No. 5					
68	311	Structures and Improvements	1,298,939	4.56	59,232
69	312	Boiler Plant Equipment	32,400,768	3.97	1,286,310
70	314	Turbogenerator Units	4,496,962	5.96	268,019
71	315	Accessory Electric Equipment	716,666	4.91	35,188
72	316	Miscellaneous Power Plant Equipment	4,260,585	6.30	268,417
73	317	Asset Retirement Obligation	15,746		347
74		Total Four Corners Unit No. 5	43,189,666		1,917,513
75		Total Four Corners Station	88,104,772		3,477,068
76		Total Steam Production	\$ 540,355,074		\$ 17,904,967
Other Production Plant					
Copper & Other					
77	341	Structures and Improvements	\$ 731,437	0.05	\$ 366
78	342	Fuel Holders, Producers and Accessories	480,893	-	-
79	344	Generators (Copper Turbine)	1,364,612	6.65	90,747
80	344	Generators (Hueco Mountain Wind Turbines)	-	5.00	-
81	345	Accessory Electric Equipment	451,417	-	-
82	346	Miscellaneous Power Plant Equipment	4,033,082	0.11	-
83	347	Asset Retirement Obligation	15,479		416
84		Total Copper & Other Production	7,076,920		91,529
Nuclear Production					
85		PV Unit 1	268,349,156		5,888,645
86		PV Unit 2	316,677,209		6,643,722
87		PV Unit 3	272,361,672		5,772,006
88		Palo Verde Common	-		-
90		Total Nuclear Production	857,388,037		18,304,373
89		PV Asset Retirement Obligation	-		-
91		Total Production	1,404,820,031		36,300,869
Transmission					
92	350	Land Rights	9,754,433	0.97	94,618
93	352	Structures and Improvements - Non Four Corners	6,684,021	2.66	177,795
94	352	Structures and Improvements - Four Corners	106,240	10.70	-
95	353	Station Equipment - Non Four Corners	130,737,708	1.36	1,778,033
96	353	Station Equipment - Four Corners	2,618,931	2.42	63,378
97	354	Towers and Fixtures - Non Four Corners	24,086,169	1.62	390,196
98	354	Towers and Fixtures - Four Corners	1,241	-	-
99	355	Poles and Fixtures	87,071,600	2.84	2,472,833
100	356	O/H Conductors and Devices - Non Four Corners	75,160,044	1.61	1,210,077

EL PASO ELECTRIC COMPANY
DOCKET # 40094
SETTLEMENT DEPRECIATION EXPENSE SCHEDULE
AS OF TEST YEAR ENDED SEPTEMBER 30, 2011

Line No.	Account Number	Description of Account	ADJUSTED TEST YEAR		
			Depreciable Plant	Adjusted Rate (%)	Depreciation Expense
101	356	O/H Conductors and Devices - Four Corners	500	1.40	7
102	359	Roads and Trails	1,095,500	3.05	33,413
103		PVT Asset Impairment	-		(36,840)
104		Total Transmission	<u>\$ 337,316,387</u>		<u>\$ 6,183,510</u>
Distribution					
105	360	Land Rights	\$ 2,198,897	1.00	\$ 21,989
106	361	Structures and Improvements	3,901,197	1.76	68,661
107	362	Station Equipment	145,106,036	1.76	2,553,866
108	364	Poles, Towers and Fixtures	123,601,459	1.87	2,311,347
109	365	Overhead Conductors and Devices	73,207,593	2.02	1,478,793
110	366	Underground Conduit	106,857,829	2.03	2,169,214
111	367	Underground Conductors and Devices	103,840,030	2.76	2,865,985
112	368	Line Transformers	165,795,987	1.81	3,000,907
113	369	Services	39,859,052	1.66	661,660
114	370	Meters	37,628,862	3.87	1,456,237
115	371	Installations On Customers' Premises	10,700,027	2.94	314,581
116	373	Street Lighting and Signal Systems	9,859,476	2.03	200,147
117		Total Distribution	<u>822,556,445</u>		<u>17,103,387</u>
General					
118	390	Structures and Improvements	10,303,383	1.18	121,580
119	390	Structures and Improvements - Sys Ops Bldg	5,061,312	2.02	102,239
120	390	Structures and Improvements - Stanton Tower	21,355,106	2.04	435,644
121	390	Structures and Improvements - Vanderbilt	4,005,966	0.00	-
122	391	Office Furniture and Equip - Four Corners	7,280	1.85	-
123	391	Office Furniture and Equipment	9,536,151	2.36	190,183
124	391	OF&E (Computer Equipment)	21,122,553	20.00	3,204,655
125	392	Transportation Equipment	27,364,317	14.29	3,910,359
126	392	Transportation Equipment - Four Corners	184,367	14.29	26,370
127	393	Stores Equipment	111,034	1.98	2,198
128	393	Stores Equipment - Four Corners	128,038	7.43	9,513
129	394	Tools, Shop and Garage Equipment	2,696,516	3.01	81,165
130	395	Laboratory Equipment	3,469,383	0.54	15,922
131	396	Power Operated Equipment	1,842,097	3.43	63,184
132	396	Power Operated Equipment - Four Corners	1,733	0.00	-
133	397	Communication Equipment	34,732,616	5.61	1,484,352
134	397	Communication Equipment - Four Corners	316,085	7.13	22,537
135	398	Miscellaneous Equipment	3,319,763	4.52	88,009
136		Total General	<u>145,557,700</u>		<u>9,757,910</u>
137		Total Depreciable Plant and Expense	<u>\$ 2,710,250,563</u>		<u>\$ 69,345,676</u>
Amortization of Limited Term Electric Plant					
Intangible					
138	303	Miscellaneous Intangible Plant	\$ 63,141,226		\$ 6,513,486
139		Total Amortization Expense	<u>63,141,226</u>		<u>6,513,486</u>
140		Grand Total	<u>\$ 2,773,391,789</u>		<u>\$ 75,859,162</u>

(A) Computer software is amortized from five to ten years.
Note: Copper turbine depreciation expense is excluded from EPE's rate request.

Settlement Allocation of \$15M Base Rate Reduction by Class

Rate No.	Description	Present Revenues	Settlement Increase	% Settlement Increase
1	Residential Service	\$169,652,808	(\$1,500,000) *	-0.88%
2	Small Commercial Service	\$30,751,620	(\$1,482,503)	-4.82%
7	Outdoor Recreational Lighting	\$435,137	\$0	
8	Governmental Street Lighting	\$4,295,925	\$0	
9	Signal Systems	\$68,419	\$0	
11	Municipal Pumping	\$8,398,639	\$0	
15	Electrolytic Refining Service	\$2,539,850	(\$166,581)	-6.56%
WH	Water Heating Service	\$1,061,224	\$0	
22	Irrigation Service	\$360,612	(\$21,478)	-5.96%
24	General Service	\$119,357,696	(\$7,828,300)	-6.56%
25	Large Power Service	\$42,051,802	(\$2,758,047)	-6.56%
26	Petroleum Refinery Service	\$12,441,173	(\$815,978)	-6.56%
28	Area Lighting Service	\$2,751,839	(\$180,485)	-6.56%
30	Electric Furnace Rate	\$1,141,018	\$0	
31	Military Reservation Service	\$16,568,976	\$0	
34	Cotton Gin Service	\$104,491	\$0	
41	City & County	\$21,617,251	\$0	
43	University Service	\$3,760,339	(\$246,629)	-6.56%
Total Revenue Reduction		\$437,358,819	(15,000,000)	-3.09%

EL PASO ELECTRIC COMPANY

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EL PASO ELECTRIC COMPANY

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Revision Number 29
 Effective with bills issued on or after the
first billing cycle in May 2012

EL PASO ELECTRIC COMPANY
DESCRIPTION OF COMPANY OPERATIONS

The El Paso Electric Company serves the County of El Paso and portions of the Counties of Culberson and Hudspeth in the State of Texas. The Company serves portions of Dona Ana, Sierra, Otero and Luna Counties in the State of New Mexico. The Company generates, transmits and distributes electric energy for the entire Company service area. The Company has transmission line interconnections in the states of Arizona, New Mexico and provides (FERC Jurisdictional) electrical energy to Rio Grande Electric Cooperative, Inc., for Cooperative's Culberson and Hudspeth Counties service areas.

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Revision Number 9
Effective with bills issued on or after the
first billing cycle in May 2012

EL PASO ELECTRIC COMPANY
STATE OF TEXAS SERVICE AREA

Incorporated Cities, Towns and Villages

City of El Paso
Town of Anthony
Town of Clint
Town of Horizon City
City of Socorro
Town of Van Horn
Village of Vinton
City of Fabens

Unincorporated Service Areas

County of El Paso
Portion of County of Culberson
Portion of County of Hudspeth

EL PASO ELECTRIC COMPANY

SCHEDULE NO. 01
RESIDENTIAL SERVICE RATE

APPLICABILITY

This rate is available for all domestic purposes in single family residences or individually metered apartments and non-commercial uses located on the same property and used in connection with the main residence.

TERRITORY

Texas Service Area

TYPE OF SERVICE

The type of service available will normally be 120/240 volt, single phase, except that three-phase 120/240 volt service may be provided for motors over 5 horsepower (HP) if economically feasible. Single or three-phase motors shall not exceed 10 HP individual capacity without the written approval of the Company. All service will be taken at one point of delivery designated by the Company and at one of the Company's standard types of service. Electric energy will be measured by a single meter, or other measuring device, of each kind needed.

MONTHLY RATE

\$5.00 Customer Charge

Energy Charge	Per kWh
Summer (May through October): All kWh	0.08745
Winter (November through April): All kWh	0.07745

ALTERNATE TIME-OF-USE RATE

MONTHLY RATE

\$6.50 Customer Charge

Energy Charge	Per kWh
On-Peak	\$0.15831
Off-Peak	\$0.06743

The Customer must contract for this provision for a minimum of twelve (12) months. The on-peak period shall be from 12:00 P.M. through 8:00 p.m., Mountain Daylight Time, Monday through Friday, for the months of May through October. Off-Peak period shall be all other hours not covered in the on-peak period.

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EL PASO ELECTRIC COMPANY

SCHEDULE NO. 01
RESIDENTIAL SERVICE RATE

MONTHLY MINIMUM

Customer Charge

OFF-PEAK WATER HEATING RIDER

This rider is closed to all new service applications.

For domestic electric water heating service (swimming pool water heating, and water heating utilized for space heating excluded). The service shall be metered on a circuit which shall include only water heating elements and exclude all other services.

Periods of electric supply service may be scheduled to conform to off-peak conditions of the Company's system. The Company reserves the right to change the off-peak period of supply to meet the changing off-peak conditions of its system. The Company, at its option, will furnish and connect to the Customer's wiring and retain ownership of a time switch or suitable device to regulate the hours of use.

Service under this rider shall be limited to water heaters of thirty (30) gallons or more capacity. All water heaters will be controlled by a thermostat and if two or more heating elements are used, the water heater will be wired so that only one element will operate at one time. The minimum wattage of all heating elements shall total not less than 3,000 watts. Service may be limited where the Customer has an abnormally large connected load, and is only available as a secondary service in conjunction with a main service.

MONTHLY RATE – OFF-PEAK WATER HEATING

\$1.00 Customer Charge

Energy Charge	Per kWh
Summer (May through October): All kWh	0.05603
Winter (November through April): All kWh	0.04603

MONTHLY MINIMUM – OFF-PEAK WATER HEATING

Customer Charge

LOW INCOME RIDER

Upon qualification under the below defined criteria, the Customer Charge will not be applicable. All other charges (credits) and/or provisions of Schedule No. 01 will remain

EL PASO ELECTRIC COMPANY

SCHEDULE NO. 01
RESIDENTIAL SERVICE RATE

unchanged.

The Low Income Rider ("LIR") is available to qualified residential customers who are identified by the Texas Department of Human Services ("TDHS") client database as eligible to receive food stamps under the Federal Food Stamp Program. On a monthly basis, the Company will compare the names in its Texas customer database with those in TDHS's client database. All matching customers will automatically be certified to receive the LIR. Once enrolled, customers will continue to receive the LIR until the date on which TDHS annually purges its client database. At that time, all customers who remain eligible to receive food stamps under the Federal Food Stamp Program will automatically be re-enrolled to receive the LIR for another year.

QUALIFIED WATER CONSERVATION AIR COOLING RIDER

This rider is closed to all new service applications.

Service under this Rider shall be available only to residential customers taking electric service within the City limits of El Paso. Residential customers qualify for service under this Rider by meeting either of the following requirements: 1) the customer has previously installed a refrigerative air cooling system meeting the requirements of the El Paso Water Utilities and El Paso Electric Company Joint Water Conservation Initiative Refrigerated Air Conditioning Program or, 2) the customer has installed a refrigerative air cooling system after January 1, 2001 meeting or exceeding a Department of Energy (DOE) Seasonal Energy Efficiency Rating (SEER) factor of 12.

This Rate Rider is applicable only during the Company's summer billing months of May through October.

WATER CONSERVATION AIR COOLING RIDER RATE

Energy Charge (May through October)	Per kWh
First 1,000 kWh	\$0.08745
All Other kWh	\$0.08245

RESIDENTIAL SERVICE CREDIT RIDER

(N) |

This rider is a monthly billing credit applicable only in the months of May through October.

Credit per kWh	\$0.00138
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EL PASO ELECTRIC COMPANY

SCHEDULE NO. 01
RESIDENTIAL SERVICE RATE

FIXED FUEL FACTOR

The above rates are subject to the provisions of the Company's Tariff Schedule No. 98 entitled Fixed Fuel Factor.

ENERGY EFFICIENCY COST RECOVERY FACTOR

The above rates are subject to the provisions of the Company's Tariff Schedule No. 97, entitled Energy Efficiency Cost Recovery Factor.

MILITARY BASE DISCOUNT RECOVERY FACTOR

The above rates are subject to the provisions of the Company's Tariff Schedule No. 96, entitled Military Base Discount Recovery Factor.

TERMS OF PAYMENT

The due date of the bill for utility service shall not be less than sixteen (16) days after issuance. A bill becomes delinquent if not received at the Company by the due date.

TERMS AND CONDITIONS

The Company's Rules and Regulations apply to service under this rate schedule.

APPLICATION OF RESIDENTIAL SERVICE RATE

This rate is available only under the following conditions:

1. For a single household or single family for domestic purposes in individual private residences or individually metered apartments.
2. For separately metered living quarters recognized as single-family living quarters for domestic home use.
3. Service under this rate shall include home lighting and residential power for operation of household appliances.
4. Single-phase motors for domestic use may not exceed 10 HP without the written approval of the Company. The use of all single-phase motors over 5 HP must be approved by the Company concerning the motor's lock rotor amperes.
5. If the three-phase service is supplied, sizes of motors and other loads will be subject

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SCHEDULE NO. 01
RESIDENTIAL SERVICE RATE

to Company approval. Three-phase service is only available if it is existing at the location or economically feasible to bring to the location.

6. Wiring may be extended from the residence circuit to private garages, barns and similar structures and/or wells which are located on the same property as the residence and used exclusively for domestic purposes in connection with the residence.
7. Residences where rooms are rented or meals served to boarders, if these are incidental to the maintenance of a private residence, are permitted.

This rate is not available under the following conditions:

1. If a separate meter and service are provided to garages, barns and similar structures and/or wells even though their use may be in connection with the residence.
2. When it is evident, both visually and/or electrically, that activity of a business or professional character is being conducted in the residence. Service to a combination residential and commercial establishment will be supplied under the appropriate commercial service rate, but the portion used as living quarters may be wired and metered separately and served on the Residential Service Rate.
3. When service in the primary residence is resold or shared with one or more other family residences, i.e., a garage apartment or a separate living quarters connected to the main residence electric service, or a duplex with one meter. The additional residence or separate living quarters may be placed on the residential rate if local zoning ordinances permit such use and the additional residence is served and metered separately.
4. When the Customer operates devices which cause undue fluctuation of voltage. Service may be limited where the Customer has an abnormally large connected load or kW demand.
5. For a recognized or accepted boarding or rooming house.

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EL PASO ELECTRIC COMPANY
SCHEDULE NO. 02
SMALL COMMERCIAL SERVICE RATE

APPLICABILITY

This rate is available to all customers for lighting, power and heating service. Service under this rate shall be limited to customers who otherwise do not qualify for service under the Company's other rates, and which during the current month and the previous (11) month period, did not have maximum demands exceeding 15 kW in any two (2) consecutive months.

TERRITORY

Texas Service Area

TYPE OF SERVICE

The type of service available will be determined by the Company and will either be single or three phase at the option of the Company and at a standard Company approved voltage. All service will be taken at one point of delivery designated by the Company and at one of the Company's standard types of service. Electric energy will be measured by a single meter, or other measuring device, of each kind needed.

MONTHLY RATE

\$5.95 Customer Charge (R)

Energy Charge per kWh	Summer (May through October)	Winter (November through April)	
For the first 1,500 kWh	\$0.11711	\$0.10759	(R,R)
For all additional kWh	\$0.10488	\$0.09534	(R,R)

MONTHLY MINIMUM

Customer Charge

OFF-PEAK WATER HEATING RIDER

This rider is closed to all new service applications.

For domestic electric water heating service (swimming pool water heating, commercial dishwasher water heating and water heating utilized for space heating excluded). The service shall be metered on a circuit which shall include only water heating elements and

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EL PASO ELECTRIC COMPANY
SCHEDULE NO. 02
SMALL COMMERCIAL SERVICE RATE

exclude all other services.

Periods of electric supply service may be scheduled to conform to off-peak conditions of the Company's system. The Company reserves the right to change the off-peak periods of supply to meet the changing off-peak conditions of its system. The Company, at its option, will furnish and connect to the Customer's wiring and retain ownership of a time switch or suitable device to regulate the hours of use.

Service under this rider shall be limited to water heaters of thirty (30) gallons or more capacity. All water heaters will be controlled by a thermostat and if two (2) or more heating elements are used, the water heater will be wired so that only one element will operate at one time. The minimum wattage of all heating elements shall total not less than 3,000 watts. Service may be limited where the Customer has an abnormally large connected load, and is only available as a secondary service in conjunction with a main service.

MONTHLY RATE – OFF-PEAK WATER HEATING

\$1.00 Customer Charge

Energy Charge	Per kWh
Summer (May through October): All kWh	\$0.05603
Winter (November through April): All kWh	\$0.04603

MONTHLY MINIMUM – OFF-PEAK WATER HEATING

Customer Charge

NON-METERED SERVICE

In instances when metering of energy would be impractical because of the low monthly level of usage and when estimates of this usage can be accurately calculated, the Company may, at its option, provide non-metered service. Billings for non-metered service shall be based on the customer charge plus the monthly energy usage calculated by the Company and applied to the energy charge of this rate. All other approved factors are also applicable.

The Customer is responsible for notifying the Company of additions of equipment served under the Non-Metered Service provision. Failure to provide notice will result in a billing adjustment calculated by the Company. The billing adjustment will be equal to six (6) months billing based on the calculated monthly consumption of the non-meter load.

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EL PASO ELECTRIC COMPANY
SCHEDULE NO. 02
SMALL COMMERCIAL SERVICE RATE

FIXED FUEL FACTOR

The above rates are subject to the provisions of the Company's Tariff Schedule No. 98 entitled Fixed Fuel Factor.

ENERGY EFFICIENCY COST RECOVERY FACTOR

The above rates are subject to the provisions of the Company's Tariff Schedule No. 97, entitled Energy Efficiency Cost Recovery Factor.

MILITARY BASE DISCOUNT RECOVERY FACTOR

The above rates are subject to the provisions of the Company's Tariff Schedule No. 96, entitled Military Base Discount Recovery Factor.

TERMS OF PAYMENT

The due date of the bill for utility service shall not be less than sixteen (16) days after issuance. A bill becomes delinquent if not received at the Company by the due date.

TERMS AND CONDITIONS

The Company's Rules and Regulations apply to service under this rate schedule.

The Company may install metering equipment to measure the Customer's thirty (30) minute average kilowatt (kW) load for purposes of determining the applicable rate schedule.

Any new Customer that has not established a prior service history with the Company shall be classified under the appropriate rate schedule in accordance with a demand estimate performed by the Company.

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EL PASO ELECTRIC COMPANY
SCHEDULE NO. 15
ELECTROLYTIC REFINING SERVICE RATE

APPLICABILITY

This rate is available to electrolytic refining plants where the Customer contracts for a minimum contract capacity of 10,000 kilowatts (kW). This rate is not available to any new or existing Customer who takes initial service after January 1, 1980.

TERRITORY

Texas Service Area

TYPE OF SERVICE

The type of service shall be alternating current, 60 hertz, three phase at a primary or transmission voltage of not less than 13,800 volts. All service will be taken at one point of delivery designated by the Company. Electric energy will be measured by a single meter, or other measuring device, of each kind needed.

MONTHLY RATE

\$210.24 Customer Charge (R)

Demand Charge per kW	\$14.27	(R)
Energy Charge per kWh		
On-Peak	\$0.13908	(R)
Off-Peak	\$0.00445	(R)

The on-peak period shall be from 12:00 P.M. through 6:00 P.M., Mountain Daylight Time, Monday through Friday, for the months of June through September. Off-Peak period shall be all other hours not covered in the on-peak period.

MONTHLY MINIMUM

The applicable demand charge.

In the event the Customer has signed a contract for firm demand in conjunction with interruptible power service, then the monthly demand to be billed under this rate schedule shall be that amount specified in the power sales agreement for firm demand.

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EL PASO ELECTRIC COMPANY
SCHEDULE NO. 15
ELECTROLYTIC REFINING SERVICE RATE

DETERMINATION OF BILLING DEMAND

Maximum demand is defined as the highest measured thirty (30) minute average kW load.

The billing demand will be the highest of:

- A. 10,000 kW; or,
- B. The maximum demand; or,
- C. 75% of the highest measured demand established during the billing months of June through September in the twelve (12) month period ending with the current month.

POWER FACTOR ADJUSTMENT

Effective April 1, 2011, if the power factor at the time of the highest measured thirty (30) minute interval kW demand for the entire plant is below 90% lagging, a power factor adjustment shall be calculated as follows:

ADJ = ((kW x .95 / PF) – kW) x DC, where
ADJ = Increase to applicable Demand Charge,
kW = Monthly Billing Demand,
PF = Monthly measured Power Factor, and
DC = Demand Charge.

FIXED FUEL FACTOR

The above rates are subject to the provisions of the Company's Tariff Schedule No. 98 entitled Fixed Fuel Factor.

MILITARY BASE DISCOUNT RECOVERY FACTOR

The above rates are subject to the provisions of the Company's Tariff Schedule No. 96, entitled Military Base Discount Recovery Factor.

TERMS OF PAYMENT

The due date of the bill for utility service shall not be less than sixteen (16) days after issuance. A bill becomes delinquent if not received at the Company by the due date.

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EL PASO ELECTRIC COMPANY
SCHEDULE NO. 15
ELECTROLYTIC REFINING SERVICE RATE

TERMS AND CONDITIONS

The Company's Rules and Regulations apply to service under this rate schedule.

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EL PASO ELECTRIC COMPANY

SCHEDULE NO. 22
IRRIGATION SERVICE RATE

APPLICABILITY

This rate is available to irrigation water pumps dedicated solely for irrigation water pumping. Only irrigation water pump loads of 15 kW or larger will be served under this rate schedule.

TERRITORY

Texas Service Area

TYPE OF SERVICE

The type of service available will either be single or three phase at the option of the Company and at a standard Company approved voltage. All service will be taken at one point of delivery designated by the Company and at one of the Company's standard types of service. Electric energy will be measured by a single meter, or other measuring device, of each kind needed.

MONTHLY RATE

\$13.17 Customer Charge (R)

Energy Charge per kWh	Summer (May through October)	Winter (November through April)
All kWh	\$0.09585	\$0.07234

(R,R)

ALTERNATE TIME-OF-USE MONTHLY RATE

\$14.58 Customer Charge (R)

Energy Charge per kWh	On-Peak	Off-Peak
All kWh	\$0.34199	\$0.07090

(R,R)

The Customer must contract for this provision for a minimum of twelve (12) months. The on-peak period shall be from 1:00 p.m. through 5:00 p.m., Mountain Daylight Time, Monday through Friday, for the months of June through September. Off-Peak period shall be all other hours not covered in the on-peak period.

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EL PASO ELECTRIC COMPANY

SCHEDULE NO. 22
IRRIGATION SERVICE RATE

MONTHLY MINIMUM

Customer Charge

FIXED FUEL FACTOR

The above rates are subject to the provisions of the Company's Tariff Schedule No. 98 entitled Fixed Fuel Factor.

ENERGY EFFICIENCY COST RECOVERY FACTOR

The above rates are subject to the provisions of the Company's Tariff Schedule No. 97, entitled Energy Efficiency Cost Recovery Factor.

MILITARY BASE DISCOUNT RECOVERY FACTOR

The above rates are subject to the provisions of the Company's Tariff Schedule No. 96, entitled Military Base Discount Recovery Factor.

TERMS OF PAYMENT

The due date of the bill for utility service shall not be less than sixteen (16) days after issuance. A bill becomes delinquent if not received at the Company by the due date.

TERMS AND CONDITIONS

The Company's Rules and Regulations apply to service under this rate schedule.

The Term of Contract for service under this rate schedule shall be not less than one (1) year during which time the Customer will maintain an active account and will pay the monthly minimum regardless of whether or not service is consumed.

CONDITIONS FOR SERVICE AVAILABILITY

Service will be provided under the provisions of the Company's Line Extension Policy.

DISCONTINUANCE OF USE BY CUSTOMER

Where use of service is discontinued by the Customer or payments for any billing year

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EL PASO ELECTRIC COMPANY

SCHEDULE NO. 22
IRRIGATION SERVICE RATE

are not made in accordance with the rate, the Company may at such time, after issuance of disconnect notice, remove the facilities installed by it to provide the service with no further liability by the Company to the Customer. Such removal shall not relieve the Customer of any payments due Company for service.

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EL PASO ELECTRIC COMPANY

SCHEDULE NO. 24
GENERAL SERVICE RATE

APPLICABILITY

This rate is available to all customers for lighting, power, and heating service with a highest measured demand as defined by the Determination of Billing Demand. Service under this rate shall be limited to customers who otherwise do not qualify for service under the Company's other rates and whose highest measured demand, during the current month and previous (11) month period, was (i) greater than fifteen (15) kW in any month and (ii) did not exceed six hundred (600) kW, in any two (2) consecutive months.

TERRITORY

Texas Service Area

TYPE OF SERVICE

The type of service available will be determined by the Company and will either be single or three phase at the option of the Company and at a standard Company approved voltage. All service will be taken at one point of delivery designated by the Company and at one of the Company's standard types of service. Electric energy will be measured by a single meter, or other measuring device, of each kind needed.

MONTHLY RATE

\$17.55 Customer Charge (R)

Secondary Voltage	Summer	Winter	
Demand Charge per kW	\$11.91	\$8.29	(R,R)
Energy Charge, per kWh,			
For the first 200 hours times the maximum measured demand.	\$0.06755	\$0.03324	(R,R)
For the next 150 hours times the maximum measured demand.	\$0.04913	\$0.02418	(R,R)
For all additional kWh	\$0.03573	\$0.01758	(R,R)
Primary Voltage	Summer	Winter	
Demand Charge per kW	\$10.64	\$7.02	(R,R)
Energy Charge, per kWh,			
For the first 200 hours times the maximum measured demand.	\$0.05376	\$0.02645	(R,R)
For the next 150 hours times the maximum measured demand.	\$0.03909	\$0.01924	(R,R)
For all additional kWh	\$0.02842	\$0.01399	(R,R)

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SCHEDULE NO. 24
GENERAL SERVICE RATE

Summer period shall be the months of May through October. Winter period shall be the months November through April.

ALTERNATE TIME-OF-USE MONTHLY RATE

\$19.26 Customer Charge (R)

	Secondary Voltage	Primary Voltage	
Demand Charge per kW	\$15.13	\$14.13	(R,R)
Energy Charge per kWh			
On-Peak	\$0.13842	\$0.13272	(R,R)
Off-Peak	\$0.01758	\$0.01399	(R,R)

Customers electing this rate must continue to take service under this rate for a minimum of twelve (12) months. The on-peak period shall be from 12:00 P.M. through 6:00 P.M., Mountain Daylight Time, Monday through Friday, for the months of June through September. Off-Peak period shall be all other hours not covered in the on-peak period.

MONTHLY MINIMUM

Customer Charge plus the applicable demand charge.

DETERMINATION OF BILLING DEMAND

Maximum demand is defined as the highest measured thirty (30) minute average kW load determined.

The billing demand will be the highest of:

- A. 15 kW; or,
- B. The maximum demand; or,
- C. 60% of the highest measured demand established during the billing months of June through September in the twelve (12) month period ending with the current month.

The Company may refuse service to another Customer at the same address when service is terminated to avoid or evade payment of the minimum demand charges as set forth in this rate.

EL PASO ELECTRIC COMPANY

SCHEDULE NO. 24
GENERAL SERVICE RATE

POWER FACTOR ADJUSTMENT

Effective April 1, 2011, if the measured power factor at the time of the highest measured thirty (30) minute interval kW demand for the entire plant is below 90% lagging, a power factor adjustment shall be calculated as follows:

ADJ = ((kW x .95 / PF) – kW) x DC, where
ADJ = Increase to applicable Demand Charge,
kW = Monthly Billing Demand,
PF = Monthly measured Power Factor, and
DC = Demand Charge.

METER VOLTAGE ADJUSTMENT

If electric service is delivered on the high voltage side of a Customer-supplied transformer, but metered on the low voltage side of the transformer, the following meter adjustments shall be made:

Adjusted Maximum kW Demand = Metered Maximum kilowatts multiplied by 1.015
Billing kilowatt-hours = Metered kilowatt-hours multiplied by 1.021

If electric service is delivered on the low voltage side of a Company-owned transformer and metered on the high voltage side of the transformer, the following meter adjustments shall be made:

Adjusted Maximum kW Demand = Metered Maximum kilowatts divided by 1.015
Billing kilowatt-hours = Metered kilowatt-hours divided by 1.021

OFF-PEAK WATER HEATING RIDER

This rider is closed to all new service applications.

For domestic electric water heating service (swimming pool water heating, commercial dishwasher water heating and water heating utilized for space heating excluded). The service shall be metered on a circuit which shall include only water heating elements and exclude all other services.

Periods of electric supply service may be scheduled to conform to off-peak conditions of the Company's system. The Company reserves the right to change the off-peak periods of supply to meet the changing off-peak conditions of its system. The Company, at its option, will furnish and connect to the Customer's wiring and retain ownership of a time

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GENERAL SERVICE RATE

switch or suitable device to regulate the hours of use.

Service under this rider shall be limited to water heaters of thirty (30) gallons or more capacity. All water heaters will be controlled by a thermostat and if two (2) or more heating elements are used, the water heater will be wired so that only one element will operate at one time. The minimum wattage of all heating elements shall total not less than 3,000 watts. Service may be limited where the Customer has an abnormally large connected load, and is only available as a secondary service in conjunction with a main service.

MONTHLY RATE – OFF-PEAK WATER HEATING

\$1.00 Customer Charge

Energy Charge	Per kWh
Summer (May through October): All kWh	\$0.05603
Winter (November through April): All kWh	\$0.04603

MONTHLY MINIMUM – OFF-PEAK WATER HEATING

Customer Charge

THERMAL ENERGY STORAGE RIDER

This rider is closed to all new service applications.

Available to customers with separately metered Thermal Energy Storage (TES) Systems whose maximum demand does not exceed the maximum demand of the building after completion of the necessary contract arrangements and installation of necessary metering equipment. The billing demand for this separately metered load will be the highest measured thirty (30) minute average kW load established during the on-peak period.

On-Peak period shall be from 12:00 P.M. through 6:00 P.M., Mountain Daylight Time, Monday through Friday. Off-Peak period shall be all other hours not covered in the on-peak period.

No other options or riders are applicable to consumption covered under this rider. Both separately metered TES systems and total building loads must be served under this rate schedule.

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EL PASO ELECTRIC COMPANY

SCHEDULE NO. 24
GENERAL SERVICE RATE

CHURCH RIDER

This rider is closed to all new service applications.

The kW demand for billing for churches shall be the highest measured thirty (30) minute average kW load, which has been established during the current billing month. This rider is not applicable to meeting halls, schools or other ancillary buildings which may be associated with the church. At its option, the Company may switch this service to the Alternative Rate applicable to Schedule No. 02, Small Commercial Service Rate. Refer to terms provided under the Terms and Conditions of this Schedule.

FIXED FUEL FACTOR

The above rates are subject to the provisions of the Company's Tariff Schedule No. 98 entitled Fixed Fuel Factor.

ENERGY EFFICIENCY COST RECOVERY FACTOR

The above rates are subject to the provisions of the Company's Tariff Schedule No. 97, entitled Energy Efficiency Cost Recovery Factor.

MILITARY BASE DISCOUNT RECOVERY FACTOR

The above rates are subject to the provisions of the Company's Tariff Schedule No. 96, entitled Military Base Discount Recovery Factor.

TERMS OF PAYMENT

The due date of the bill for utility service shall not be less than sixteen (16) days after issuance. A bill becomes delinquent if not received at the Company by the due date.

TERMS AND CONDITIONS

The Company's Rules and Regulations apply to service under this rate schedule.

If a Customer's highest measured thirty (30) minute average kW load exceeds 600 kW for two (2) consecutive months, the Customer shall be placed on the Large Power Service Rate Schedule No. 25 for a minimum of twelve (12) months. Upon completion of the minimum twelve (12) month period, a determination will be made by the Company for the

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EL PASO ELECTRIC COMPANY

SCHEDULE NO. 24
GENERAL SERVICE RATE

Customer's applicable rate schedule.

If a Customer's highest measured thirty (30) minute average kW load has not exceeded 15 kW for two (2) consecutive months during the current month and previous eleven (11) month period, at the Company's option, that Customer shall be placed on Schedule No. 02, Small Commercial Service Rate.

Any new Customer that has not established a prior service history with the Company shall be classified under the appropriate rate schedule in accordance with a demand estimate performed by the Company.

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EL PASO ELECTRIC COMPANY

SCHEDULE NO. 25
LARGE POWER SERVICE RATE

APPLICABILITY

This rate is available to all customers for lighting, power, and heating service with a highest measured demand as defined by the Determination of Billing Demand. Service under this rate shall be limited to customers who otherwise do not qualify for service under the Company's other rates and whose highest measured demand, during the current month and previous (11) month period, exceeded six hundred (600) kW, in any month.

TERRITORY

Texas Service Area

TYPE OF SERVICE

The type of service available will be determined by the Company and will either be single or three phase at the option of the Company and at a standard Company approved voltage. All service will be taken at the point of delivery designated by the Company and at one of the Company's standard types of service. Electric energy will be measured by a single meter, or other measuring device, of each kind needed.

MONTHLY RATE

	Secondary Voltage	Primary Voltage	Transmission Voltage	
Customer Charge	\$100.00	\$100.00	\$200.00	
Demand Charge per kW	\$19.67	\$18.62	\$17.75	(R,R,R)
Energy Charge per kWh				
On-Peak	\$0.13292	\$0.12998	\$0.12619	
Off-Peak	\$0.00720	\$0.00709	\$0.00694	(R,R,R)

The on-peak period shall be from 12:00 P.M. through 6:00 P.M., Mountain Daylight Time, Monday through Friday for the months of June through September. Off-Peak period shall be all other hours not covered in the on-peak period.

MONTHLY MINIMUM

Customer Charge plus the applicable demand charge.

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EL PASO ELECTRIC COMPANY

SCHEDULE NO. 25
LARGE POWER SERVICE RATE

DETERMINATION OF BILLING DEMAND

Maximum demand is defined as the highest measured thirty (30) minute average kW load.

The billing demand will be the highest of:

- A. 600 kW; or,
- B. The maximum demand; or,
- C. 75% of the highest measured demand established during the billing months of June through September in the twelve (12) month period ending with the current month.

The Company may refuse service to another Customer at the same address when service is terminated to avoid or evade payment of the minimum demand charges as set forth in this rate.

THERMAL ENERGY STORAGE RIDER

This rider is closed to all new service applications.

Available to customers with separately metered Thermal Energy Storage (TES) Systems whose maximum demand does not exceed the maximum demand of the building after completion of the necessary contract arrangements and installation of necessary metering equipment. The billing demand for this separately metered load will be the highest measured thirty (30) minute average kW load established during the on-peak period.

On-Peak period shall be from 12:00 P.M. through 6:00 P.M., Mountain Daylight Time, Monday through Friday. Off-Peak period shall be all other hours not covered in the on-peak period.

No other options or riders are applicable to consumption covered under this rider. Both separately metered TES systems and total building loads must be served under this rate schedule.

POWER FACTOR ADJUSTMENT

Effective April 1, 2011, if the power factor at the time of the highest measured thirty (30) minute interval kW demand for the entire plant is below 90% lagging, a power factor

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SCHEDULE NO. 25
LARGE POWER SERVICE RATE

adjustment shall be calculated as follows:

ADJ = $((kW \times .95 / PF) - kW) \times DC$, where
ADJ = Increase to applicable Demand Charge,
kW = Monthly Billing Demand,
PF = Monthly measured Power Factor, and
DC = Demand Charge.

METER VOLTAGE ADJUSTMENT

If electric service is delivered on the high voltage side of a Customer-supplied transformer, but metered on the low voltage side of the transformer, the following meter adjustments shall be made:

Adjusted Maximum kW Demand = Metered Maximum kilowatts multiplied by 1.015
Billing kilowatt-hours = Metered kilowatt-hours multiplied by 1.021

If electric service is delivered on the low voltage side of a Company-owned transformer and metered on the high voltage side of the transformer, the following meter adjustments shall be made:

Adjusted Maximum kW Demand = Metered Maximum kilowatts divided by 1.015
Billing kilowatt-hours = Metered kilowatt-hours divided by 1.021

FIXED FUEL FACTOR

The above rates are subject to the provisions of the Company's Tariff Schedule No. 98 entitled Fixed Fuel Factor.

ENERGY EFFICIENCY COST RECOVERY FACTOR

The above rates, excluding the Transmission Voltage rate, are subject to the provisions of the Company's Tariff Schedule No. 97, entitled Energy Efficiency Cost Recovery Factor.

MILITARY BASE DISCOUNT RECOVERY FACTOR

The above rates are subject to the provisions of the Company's Tariff Schedule No. 96, entitled Military Base Discount Recovery Factor.

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EL PASO ELECTRIC COMPANY

SCHEDULE NO. 25
LARGE POWER SERVICE RATE

TERMS OF PAYMENT

The due date of the bill for utility service shall not be less than sixteen (16) days after issuance. A bill becomes delinquent if not received at the Company by the due date.

TERMS AND CONDITIONS

The Company's Rules and Regulations apply to service under this rate schedule.

Any new Customer that has not established a prior service history with the Company shall be classified under the appropriate rate schedule in accordance with a demand estimate performed by the Company.

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EL PASO ELECTRIC COMPANY
SCHEDULE NO. 26
PETROLEUM REFINERY SERVICE RATE

APPLICABILITY

This rate is available to those customers operating petroleum refining facilities whose highest measured demand, as defined by the Determination of Billing Demand, exceeds 3,000 kilowatts (kW).

TERRITORY

Texas Service Area

TYPE OF SERVICE

The type of service available shall be alternating current 60 hertz, three phase at a transmission voltage of not less than 115,000 volts. All service will be taken at one point of delivery designated by the Company. Electric energy will be measured by a single meter, or other measuring device, of each kind needed.

MONTHLY RATE

\$513.93 Customer Charge (R)

Demand Charge per kW	\$18.68	(R)
Energy Charge per kWh	\$0.00805	(R)

The on-peak period shall be from 12:00 P.M. through 6:00 P.M., Mountain Daylight Time, Monday through Friday, for the months of June through September. Off-Peak period shall be all other hours not covered in the on-peak period.

MONTHLY MINIMUM

Customer Charge plus the applicable demand charge plus the facility charge.

FACILITY CHARGE

The Facility Charge shall be made for necessary construction costs incurred by the Company on behalf of the Customer. The amount and duration of the Facility Charge shall be determined by separate agreement between the Company and the Customer as part of facility construction.

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EL PASO ELECTRIC COMPANY
SCHEDULE NO. 26
PETROLEUM REFINERY SERVICE RATE

DETERMINATION OF BILLING DEMAND

Maximum demand is defined as the highest measured thirty (30) minute average kW load.

The billing demand will be the highest of:

- A. 3,000 kW; or,
- B. The maximum demand; or,
- C. 65% of the highest measured demand established during the billing months of June through September in the twelve (12) month period ending with the current month.

The Company may refuse service to another customer at the same address when service is terminated to avoid or evade payment of the minimum demand charges as set forth in this rate.

POWER FACTOR ADJUSTMENT

Effective April 1, 2011, if the power factor at the time of the highest measured thirty (30) minute interval kW demand for the entire plant is below 90% lagging, a power factor adjustment shall be calculated as follows:

ADJ = ((kW x .95 / PF) – kW) x DC, where
ADJ = Increase to applicable Demand Charge,
kW = Monthly Billing Demand,
PF = Monthly measured Power Factor, and
DC = Demand Charge.

FIXED FUEL FACTOR

The above rates are subject to the provisions of the Company's Tariff Schedule No. 98 entitled Fixed Fuel Factor.

MILITARY BASE DISCOUNT RECOVERY FACTOR

The above rates are subject to the provisions of the Company's Tariff Schedule No. 96, entitled Military Base Discount Recovery Factor.

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EL PASO ELECTRIC COMPANY
SCHEDULE NO. 26
PETROLEUM REFINERY SERVICE RATE

TERMS OF PAYMENT

The due date of the bill for utility service shall not be less than sixteen (16) days after issuance. A bill becomes delinquent if not received at the Company by the due date.

TERMS AND CONDITIONS

The Company's Rules and Regulations apply to service under this rate schedule.

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EL PASO ELECTRIC COMPANY
SCHEDULE NO. 28
AREA LIGHTING SERVICE RATE

APPLICABILITY

This rate is available to customers who desire overhead outdoor lighting service under the conditions specified herein.

TERRITORY

Texas Service Area

MONTHLY RATE

Mercury Vapor* – Overhead System Company Owned-Wood Pole	Total Wattage	Per Single Fixture Charge	
175W – 7,000 Lumen – 35 FT	195	\$11.95	(R)
250W – 11,000 Lumen – 35 FT	275	\$13.35	(R)
400W – 20,000 Lumen – 35 FT	460	\$16.34	(R)

* Refer to Mercury Vapor Closed to New Installations and Conversion/Replacement of Existing Installations section of the tariff.

High Pressure Sodium Vapor – Overhead System Company Owned-Wood Pole	Total Wattage	Per Single Fixture Charge	
100W – 8,500 Lumen – 35 FT	124	\$11.72	(R)
250W – 23,200 Lumen – 35 FT	313	\$14.68	(R)
150W – 14,400 Lumen – 35 FT	193	\$13.49	(R)
400W – 50,000 Lumen – 35 FT	485	\$19.71	(R)

High Pressure Sodium Vapor Floodlight On Existing Wood Pole (Distribution Or Lighting)	Total Wattage	Per Single Fixture Charge	
100W – 9,500 Lumen	137	\$7.65	(R)
250W – 27,500 Lumen	330	\$10.57	(R)
400W – 50,000 Lumen	490	\$13.38	(R)
1000W – 119,500 Lumen	1,103	\$27.79	(R)

Metal Halide Floodlight On Existing Wood Pole (Distribution Or Lighting)	Total Wattage	Per Single Fixture Charge	
400W – 38,000 Lumen 35' Pole (CLOSED)	490	\$16.75	(R)
1000W – 115,000 Lumen 35' Pole	1,100	\$29.31	(R)

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SCHEDULE NO. 28
AREA LIGHTING SERVICE RATE

High Pressure Sodium Vapor Floodlight With New Company Wood Pole	Total Wattage	Per Single Fixture Charge	
100W – 9,500 Lumen 35' Pole	137	\$10.93	(R)
250W – 27,500 Lumen 35' Pole	330	\$13.85	(R)
400W – 50,000 Lumen 35' Pole	490	\$16.66	(R)
1000W – 119,500 Lumen 35' Pole	1,103	\$37.30	(R)
1000W – 119,500 Lumen 45' Pole	1,103	\$38.51	(R)

Metal Halide Floodlight With New Company Wood Pole	Total Wattage	Per Single Fixture Charge	
400W – 38,000 Lumen 35' Pole (CLOSED)	490	\$26.27	(R)
1000W – 115,000 Lumen 35' Pole	1,100	\$38.82	(R)
1000W – 115,000 Lumen 45' Pole	1,100	\$40.03	(R)

TYPE OF SERVICE

Outdoor all night lighting service contracted for by the Customer for overhead service, automatically controlled, existing standard mercury vapor (refer to Mercury Vapor Closed to New Installations and Conversion/Replacement of Existing Installations section of this tariff) and high pressure sodium vapor, and metal halide luminaire units mounted on Company-owned wood poles.

FACILITIES PROVIDED

The Company will install a 30-foot wood pole, luminaire and necessary equipment and extend overhead secondary wiring up to 125 feet where necessary. The Company will own, operate and maintain the installation. Facilities necessary to provide lighting in addition to above will be paid for by the Customer. All facilities installed by the Company will remain the property of the Company. The Company has the option to not install poles and/or luminaires in areas inaccessible to the Company trucks.

**MERCURY VAPOR CLOSED TO NEW INSTALLATIONS AND
CONVERSION/REPLACEMENT OF EXISTING INSTALLATIONS**

Mercury Vapor lamp categories are closed to new installations. The Company will continue to maintain existing Mercury Vapor installations and will, at the Company's option, install High Pressure Sodium Vapor ballasts in place of defective non-repairable Mercury Vapor ballasts. Customers with existing fixtures which are defective and must be replaced, will have the option to convert its service to high pressure sodium vapor

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SCHEDULE NO. 28
AREA LIGHTING SERVICE RATE

lamps or may cancel service at no cost.

Mercury Vapor Fixture Replacement Schedule

For Company-owned lights, when existing mercury vapor fixtures require replacement, the Company will make such replacements with comparable high pressure sodium vapor lighting at no cost, as specified below:

Existing Mercury Vapor Lighting:			High Pressure Sodium Vapor Replacement:		
Wattage	Lumens	kWh	Wattage	Lumens	kWh
195	7,000	70	124	8,500	44
275	11,000	98	313	23,200	112
460	20,000	164	313	23,200	112

At the time of the replacement, the Customer will be billed at the applicable rate charge and associated kWh usage for the high pressure sodium vapor replacement lighting.

Mercury Vapor Fixture Conversion Or Replacement Of Existing Facilities

Upon the request of the Customer, the Company will convert or replace existing Company owned mercury vapor lighting to applicable Company offered street lighting options other than those indicated above.

Upon the request of and payment by the Customer, the Company will convert existing Company owned facilities (size or type of luminaire) to a different applicable Company offered size or type of luminaire at an amount equal to all applicable costs less the salvage value of the existing facilities.

Upon the request of and payment by the Customer, the Company will replace existing Company owned lighting facilities at an amount equal to all applicable costs less the salvage value of the existing facilities. Installation of new facilities requested by the Customer will be performed pursuant to the applicable Schedule and lamp category described above.

FIXED FUEL FACTOR

The above rates are subject to the provisions of the Company's Tariff Schedule No. 98 entitled Fixed Fuel Factor.

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EL PASO ELECTRIC COMPANY
SCHEDULE NO. 28
AREA LIGHTING SERVICE RATE

MILITARY BASE DISCOUNT RECOVERY FACTOR

The above rates are subject to the provisions of the Company's Tariff Schedule No. 96, entitled Military Base Discount Recovery Factor.

TERMS OF PAYMENT

The due date of the bill for utility service shall not be less than sixteen (16) days after issuance. A bill becomes delinquent if not received at the Company by the due date.

TERMS AND CONDITIONS

The Company's Rules and Regulations apply to service under this rate schedule.

The initial Term of Contract for service under this rate schedule shall be not less than two (2) years.

The Company reserves the right to remove all equipment furnished under this rate schedule, after issuance of disconnect notice, and void the contract if in the opinion of the Company, there is excessive breakage or vandalism of its facilities.

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EL PASO ELECTRIC COMPANY

(N)

SCHEDULE NO. 33
ECONOMIC DEVELOPMENT RATE RIDER

APPLICABILITY

This Rate is available for the additional maximum demand of an existing customer or for the total maximum demand of a new customer. The minimum monthly billing demand for any customer to be eligible for service under this rate must be at least 500 kW. This rate is only available to customers who take service under Rate Schedules No. 15 Electrolytic Refining Service, No. 24 General Service, No. 25 Large Power Service, No. 26 Petroleum Refinery Service and No. 30 Electric Furnace Rate. The availability of this rate will be limited to 150 MW of total applicable demand for all participating customers at any one time and participation will be based upon the date on which customers complete all requirements for participation.

This Rate is available for additional demand of existing businesses or new businesses and industries in the following targeted sectors:

- Basic manufacturing industries, that is, industries which manufacture a product for sale or resale, but does not include construction;
- Regional warehousing and distribution facilities;
- Scientific and industrial research and development facilities;
- Corporate relocations to the Company service area, where the Corporation takes electric service in its own name;
- Correctional facilities; and
- Non-retail facilities receiving tax abatements.

New and existing Customers taking service under this Rate and not qualifying under the Load Retention Applicability Provision must permanently increase employment by a minimum of two (2) full-time employees per 100 kW of new or additional load. Customer must furnish the Company a notarized affidavit from an officer, owner or other appropriate official of the Customer identifying the number of Qualifying Employees directly associated with the new or increased connected load. The Customer must also furnish the Company similar affidavits stating the actual number of Qualifying Employees as of December 31 of each year that this Rate is in effect. Such subsequent written affidavits will be submitted to the Company no later than January 31 of the following year.

Customers not qualifying under the Load Retention Provision must also furnish Company with a notarized affidavit from an officer, owner, or other official responsible for the decision that resulted in the new load or addition thereto, confirming that availability of the Rate was an important contributing factor in the Customer's decision to add the new or additional load. The Company reserves the right to verify statements included in each Customer's affidavit.

This rate is not available to customers who have another source of power which can be substituted for the Company's service unless the other source of power is maintained solely for use in case of interruption of Company's service.

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SCHEDULE NO. 33
ECONOMIC DEVELOPMENT RATE RIDER

LOAD RETENTION APPLICABILITY PROVISION

This Rate is also available to Customers of the Company that have taken service from the Company for a period of at least twelve (12) consecutive months, have a minimum monthly demand of at least 500 kW and are served under the rate schedules identified above, which meet the following criteria:

1. The Customer must provide notice to the Company that they will request termination of electrical service for either all or a portion of their load or demonstrate that they will leave the Company's system, or discontinue or curtail operations for financial reasons, and
2. The Customer must submit a notarized affidavit from an officer, owner or other appropriate official of the Customer that attests to the fact that but for the Economic Development Rate Rider, the Customer will discontinue or curtail operations or relocate operations outside the Company's service territory. The Company reserves the right to verify the statements included in a Customer's affidavit.

Customers that qualify under this provision are not required to meet any employment requirements.

TERRITORY

Texas Service Area

TYPE OF SERVICE

The type of service available will be determined by the Company and will normally be single or three phase, at the option of the Company, at a standard Company approved voltage.

DEFINITION OF BASE PERIOD

For an existing customer, the "Base Period" will be the twelve (12) months immediately preceding the month that service is requested under this rate. For an existing customer that does not qualify under the Load Retention Provision, the monthly measured demands for the Base Period will be used to determine the additional demand to be billed under this rate. In the event an existing customer installs energy efficiency measures that reduces its demands, the monthly measured demands for the Base Period will be adjusted to compensate for any such verified demand reduction. For Load Retention Provision customers, the monthly measured demands for the Base Period will be used to determine the maximum demand to which the demand credit will be applied.

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SCHEDULE NO. 33
ECONOMIC DEVELOPMENT RATE RIDER

DEFINITION OF FULL-TIME EMPLOYMENT

"Full-time employment" is that employment existing at the end of the base period for those whose employment has been regularly scheduled for at least 1,500 hours during the Base Period for the purpose of normal operations. Full-Time Employment for new customers will be mutually agreed upon between the Company and the Customer. Employment verification procedures will be mutually agreed upon between the Company and the Customer.

MONTHLY MINIMUM

Customer charge plus the applicable demand charge.

DETERMINATION OF DEMAND

Maximum demand will be defined as the highest measured thirty (30) minute average kilowatt load determined by measurement.

The billing demand will be as defined in the applicable standard tariff.

MODIFICATIONS TO MONTHLY DEMAND RATE DISCOUNT

The Demand Charge Discount component of the monthly bill will be applied to the additional maximum demand for customers not qualifying under the Load Retention Provision. The Demand Charge Discount component of the monthly bill for customers qualifying under the Load Retention Provision will be applied to the lesser of the demands during the Base Period or the amount of at-risk load identified in the affidavit provided by the Customer. A discount will be applied to the Demand Charge for additional kW as follows:

	Applicable Discount
Year 1	10.0%
Year 2	7.5%
Year 3	5.0%
Year 4	2.5%
Year 5 and thereafter	0%

The rates resulting from this discount are greater than or equal to the variable cost of providing electric utility service to the Customer.

Existing businesses which change ownership, location or name do not qualify as new customers. Those businesses must assume the same Base Period kW as though they were

EL PASO ELECTRIC COMPANY

(N)

SCHEDULE NO. 33
ECONOMIC DEVELOPMENT RATE RIDER

continuing businesses since neither new jobs nor new capital investment are created in the Company's service territory. Those businesses may qualify for the Economic Development Rate Rider as any other existing business does. If a business ceases to exist and the premises are occupied by a new owner and new business is opened, it may qualify as a new customer. The designation as a new customer shall be determined by the Company, subject to the Customer's right to seek Public Utility Commission of Texas ("PUCT") review of such determination.

In the event the maximum monthly demand of an existing Customer that does not qualify under the Load Retention Provision falls below the base period monthly maximum demand, Schedule Nos. 15, 24, 25, 26 or 30, as applicable, will prevail. If the maximum monthly demand of an existing Customer that does not qualify under the Load Retention Provision falls below the base period monthly maximum demand, the contract between the Company and the Customer will be void and the Customer will take service under Schedule Nos. 15, 24, 25, 26, or 30, as applicable. The Company retains the right to modify specific customer contracts so as to insure compliance with PUCT regulation.

The Company retains the right to modify this tariff schedule, with notice and upon Commission approval, as economic conditions in its Texas service area dictate.

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EL PASO ELECTRIC COMPANY

SCHEDULE NO. 43
UNIVERSITY SERVICE RATE

APPLICABILITY

This rate is closed to all new service applications.

This rate is available to state universities' main campuses whose highest measured demand as defined by the Determination of Billing Demand exceeds 2,000 kW.

TERRITORY

Texas Service Area

TYPE OF SERVICE

The type of service available will be determined by the Company and will either be single or three phase at the option of the Company and at a standard Company approved voltage. All service will be taken at the point of delivery designated by the Company and at one of the Company's standard types of service. Electric energy will be measured by a single meter, or other measuring device, of each kind needed.

MONTHLY RATE

\$93.44 Customer Charge (R)

	Secondary Voltage	Primary Voltage	
Demand Charge per kW	\$15.87	\$15.87	(R,R)
Energy Charge per kWh	\$0.02986	\$0.02117	(R,R)

MONTHLY MINIMUM

The applicable customer and demand charge.

DETERMINATION OF BILLING DEMAND

Maximum demand is defined as the highest measured thirty (30) minute average kW load.

The billing demand will be the highest of:

- A. 2,000 kW; or,

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SCHEDULE NO. 43
UNIVERSITY SERVICE RATE

- B. The maximum demand; or,
- C. 75% of the highest measured demand established during the billing months of June through September in the twelve (12) month period ending with the current month.

THERMAL ENERGY STORAGE RIDER

This rider is closed to all new service applications.

Available to state universities with separately metered Thermal Energy Storage (TES) Systems whose maximum demand does not exceed the maximum demand of the building after completion of the necessary contract arrangements and installation of necessary metering equipment. The billing demand for this separately metered load will be the highest measured thirty (30) minute average kW load established during the on-peak period.

On-Peak period shall be from 12:00 P.M. through 6:00 P.M., Mountain Daylight Time, Monday through Friday. Off-Peak period shall be all other hours not covered in the on-peak period.

No other options or riders are applicable to consumption covered under this rider. Both separately metered TES systems and total building loads must be served under this rate schedule.

POWER FACTOR ADJUSTMENT

Effective April 1, 2011, if the power factor at the time of the highest measured thirty (30) minute interval kW demand for the entire plant is below 90% lagging, a power factor adjustment shall be calculated as follows:

ADJ = ((kW x .95 / PF) – kW) x DC, where
ADJ = Increase to applicable Demand Charge,
kW = Monthly Billing Demand,
PF = Monthly measured Power Factor, and
DC = Demand Charge.

METER VOLTAGE ADJUSTMENT

If electric service is delivered on the high voltage side of a Customer-supplied

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SCHEDULE NO. 43
UNIVERSITY SERVICE RATE

transformer, but metered on the low voltage side of the transformer, the following meter adjustments shall be made:

Adjusted Maximum kW Demand = Metered Maximum kilowatts multiplied by 1.015
Billing kilowatt-hours = Metered kilowatt-hours multiplied by 1.021

If electric service is delivered on the low voltage side of a Company-owned transformer and metered on the high voltage side of the transformer, the following meter adjustments shall be made:

Adjusted Maximum kW Demand = Metered Maximum kilowatts divided by 1.015
Billing kilowatt-hours = Metered kilowatt-hours divided by 1.021

FIXED FUEL FACTOR

The above rates are subject to the provisions of the Company's Tariff Schedule No. 98 entitled Fixed Fuel Factor.

ENERGY EFFICIENCY COST RECOVERY FACTOR

The above rates are subject to the provisions of the Company's Tariff Schedule No. 97, entitled Energy Efficiency Cost Recovery Factor.

MILITARY BASE DISCOUNT RECOVERY FACTOR

The above rates are subject to the provisions of the Company's Tariff Schedule No. 96, entitled Military Base Discount Recovery Factor.

TERMS OF PAYMENT

The due date of the bill for utility service shall not be less than sixteen (16) days after issuance. A bill becomes delinquent if not received at the Company by the due date.

TERMS AND CONDITIONS

The Company's Rules and Regulations apply to service under this rate schedule.

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Agenda Item 11

April 17, 2012

El Paso Electric Company Statement of Intent to
Increase Rates in the City of El Paso

Issue for Discussion Today

- Consider the Proposal for a \$15 million Reduction in EPE's rates in Texas-Effective May 1, 2012
- Actions
 - Approve the Negotiated Proposal
 - Proceed with the Case

How Did We Get Here?

- Review of Earnings Report 6/30/11
- Other events
- Discussions with EPE
- September 13, 2011 Presentation to Council

How Did We Get Here?

- Meetings with EPE-September
 - Attempt to narrow issues
 - Attempt to address timetable
- Council Action October 4— “Show Cause”
- Council Action-November 15-Temporary Rates

How Did We Get Here?

- EPE Response
 - Appeal to PUC of October 4, 2011 Action
 - Requested Expedited Consideration
 - Dismissed by PUC on City's Motion to Dismiss (12/15/11)
 - Appeal to PUC of November 15, 2011 Temporary Rate Resolution
 - Motions filed.
 - Dismissed by EPE on its own Motion January 2012

Where Are We Now?

- February 1, 2012 EPE Filing
 - Statement of Intent and Fuel Reconciliation at Public Utility Commission
 - Statement of Intent to Increase Rates at City
 - Response to Show Cause
- February 28, 2012-Suspension of Increase
- April 17, 2012 Consider Settlement

What did we do?

- Engaged Consultants
 - Accountants, Economists, Engineers , Rate Case Expense Experts (9 Consultants)
 - Studied the more than 7,000 pages of the filing
 - Sent requests for Data to El Paso Electric.
 - 23 Separate Sets
 - Over 1,200 separate questions
 - Reviewed Answers to Data Requests

What Did We Do? (cont'd)

- Set up Technical Conference with all parties where EPE provided oral answers
- Reviewed earnings Reports/ SEC, PUC and FERC filings
- Identified issues in the Company's filing
- Met with Company and Representatives of Customers Customer Groups and Public Utility Commission Staff to discuss issues and Potential Settlement

What was the Increase Request?

Base Rate Increase	\$13.766 million
Interruptible Service	3.173 million
Misc. Service Charges	0.658 million
Rate Case Expense	8.658 million

TOTAL	\$26.255 million

What is the Settlement ?

- **Rate Reduction** **\$15 million**
- Misc. Service Charges \$ 0
- Interruptible Increase \$ 0
- Rate Case Expense \$ 0
 - (Estimated Costs 3.2 million absorbed by EPE)

What is the Settlement Impact on Classes ?

		EPE Proposed	EPE	Settlement	Settlement
Rate		Increase	Proposed	Rate Decrease	Rate Decrease
No.	Description	<u>(Decrease)</u>	<u>%</u>		<u>%</u>
1	Residential Service	\$13,572,255	8.00%	(1,500,000)	-0.88%
2	Small Commercial Service	(\$307,516)	-1.00%	(1,482,503)	-4.82%
7	Outdoor Recreational Lighting	\$34,811	8.00%	0	
8	Governmental Street Lighting	\$4,682,559	109.00%	0	
9	Signal Systems	\$205,256	300.00%	0	
11	Municipal Pumping	(\$251,959)	-3.00%	0	
15	Electrolytic Refining Service	(\$203,188)	-8.00%	(166,581)	-6.56%
WH	Water Heating Service	\$1,061,224	100.00%	0	

What is the Settlement Impact on Classes?(Cont'd)

		EPE Proposed	EPE	Settlement	Settlement
Rate		Increase	Proposed	Rate Decrease	Rate Decreases
No.	Description	<u>(Decrease)</u>	<u>%</u>		<u>%</u>
22	Irrigation Service	(\$3,606)	-1.00%	(21,478)	-5.96%
24	General Service	(\$5,559,937)	-4.66%	(7,828,300)	-6.56%
25	Large Power Service	(\$3,187,935)	-7.58%	(2,758,047)	-6.56%
26	Petroleum Refinery Service	(\$248,823)	-2.00%	(815,978)	-6.56%
28	Area Lighting Service	(\$55,037)	-2.00%	(180,485)	-6.56%
30	Electric Furnace Rate	\$91,281	8.00%	0	
31	Military Reservation Service	\$550,000	3.32%	0	
34	Cotton Gin Service	\$8,359	8.00%	0	
41	City & County	\$3,904,449	18.06%	0	
43	University Service	(\$526,447)	-14.00%	(246,629)	-6.56%
	Total	\$13,765,424		(15,000,000)	-3.09%

EPE Proposed Rate Design Changes

- Increase Residential Customer Charge from \$5.00 to \$9.95
- Eliminate Air Conditioning Rider
- Impose a non-bypassable charge on future distributed generation customers
- Meter Traffic Signal Lights
- Eliminate City-County Service Rate
- Eliminate Fort Bliss as a Separate Class
- Impose Rate Case Expenses on City Customers Only.

Settlement

- Increase Residential Customer Charge from \$5.00 to \$9.95-
Removed
- Eliminate Air Conditioning Rider--**Removed**
- Impose a non-by-passable charge on future distributed generation customers--**Removed**
- Meter Traffic Signal Lights--**Removed**
- Eliminate City-County Service Rate--**Removed**
 - Eliminate Fort Bliss as a Separate Class **Removed**
- Impose Rate Case Expenses on City Customers Only--
Removed

Changes Included In Settlement

- Economic Development Rate Created
- Palo Verde Decommissioning Expense Reduced from \$7 million to \$3.6 million annually
- Depreciation Expense Reduced
- Residential Credit to be applied to Summer Rates (reducing Summer/Winter Differential)
- Large Power Reduction to Demand Charges
- 60% of General Service Reduction to Demand Charges
- Power Factor Revenues over \$250,000 a credit to fuel

Fuel Factor Reduction

- Filed April 12
- Reduces Factor from \$0.027658 to \$0.022545
- Reduction is \$ \$0.0051 per kWh (18.5% decrease)
- \$3.07 for 600 kWh Residential Bill
- Proposed to be Effective May 1

Changes to Summer Residential Bills

Description	Current	Proposed (Summer) (With Credit)	Change	% Change
Customer Charge	\$5.00	\$5.00	0	0
Energy	\$52.47	\$51.64	(\$0.83)	-1.57%
MBDRF	\$0.54	\$0.54	0	0
EECRF	\$1.02	\$1.02	0	0
Fuel Charge	\$16.59	\$13.53	(\$3.06)	-18.44%
TOTAL BILL	\$75.62	\$71.73	(\$3.89)	-5.05%

Action Today

- Hear Public Comment
- Consider Resolution
 - Approves Reduced Rates Effective May 1, 2012
 - Rescinds Temporary Rate Order
 - Finds City's Expenses Reasonable and Orders Reimbursement
 - Allows Attorneys to sign settlement agreement at PUCT.