Evaluation of Commercial Paper Takeout

Water and Sewer System Revenue Refunding Bonds, Series 2008C

October 7, 2008

First Southwest Company
Investment Bankers Since 1946

Transaction Overview

The El Paso Water Utilities/Public Service Board the ("PSB") is contemplating a commercial paper fix-out.

The notes were originally used to provide short-term financing for capital projects. The Bonds will provide a long-term take-out of the notes.

It is unlikely that municipal bond insurance will be available for this transaction due to deteriorating credit ratings for those entities.

Therefore, the Bonds will likely sell on the underlying credit of the El Paso Water Utilities/Public Service Board.

Parameters

Because of market conditions, we are recommending a parameters delegation

The bond issue size will not exceed $36,000,000.

The interest rate not exceed 6.75%.

The maturity is not to exceed 30 years.

The authority to finalize the parameters sale would be delegated to the President/Chief Executive Officer of the PSB or in the absence thereof the Chief Financial Officer of the PSB

Estimated Debt Service

Date	Principal	Coupon	Interest	Total
03/01/2009	-	-	977,141.67	977,141.67
03/01/2010	-	-	1,794,750.00	1,794,750.00
03/01/2011	-	-	1,794,750.00	1,794,750.00
03/01/2012	-	-	1,794,750.00	1,794,750.00
03/01/2013	-	-	1,794,750.00	1,794,750.00
03/01/2014	1,085,000.00	5.000%	1,794,750.00	2,879,750.00
03/01/2015	1,140,000.00	5.000%	1,740,500.00	2,880,500.00
03/01/2016	1,195,000.00	5.000%	1,683,500.00	2,878,500.00
03/01/2017	1,255,000.00	5.000%	1,623,750.00	2,878,750.00
03/01/2018	1,320,000.00	5.000%	1,561,000.00	2,881,000.00
03/01/2019	1,385,000.00	5.000%	1,495,000.00	2,880,000.00
03/01/2020	1,455,000.00	5.000%	1,425,750.00	2,880,750.00
03/01/2021	1,525,000.00	5.000%	1,353,000.00	2,878,000.00
03/01/2022	1,605,000.00	5.000%	1,276,750.00	2,881,750.00
03/01/2023	1,685,000.00	5.000%	1,196,500.00	2,881,500.00
03/01/2024	1,770,000.00	5.000%	1,112,250.00	2,882,250.00
03/01/2025	1,855,000.00	5.000%	1,023,750.00	2,878,750.00
03/01/2026	1,950,000.00	5.000%	931,000.00	2,881,000.00
03/01/2027	2,045,000.00	5.000%	833,500.00	2,878,500.00
03/01/2028	2,150,000.00	5.000%	731,250.00	2,881,250.00
03/01/2029	2,255,000.00	5.000%	623,750.00	2,878,750.00
03/01/2030	2,370,000.00	5.000%	511,000.00	2,881,000.00
03/01/2031	2,490,000.00	5.000%	392,500.00	2,882,500.00
03/01/2032	2,615,000.00	5.000%	268,000.00	2,883,000.00
03/01/2033	2,745,000.00	5.000%	137,250.00	2,882,250.00
Total	**$35,895,000.00**	**-**	**$29,870,891.67**	**$65,765,891.67**

Estimated Sources and Uses

Dated 10/21/2008 | Delivered 10/21/2008

Sources Of Funds

Par Amount of Bonds	$35,895,000.00
Accrued Interest from 10/21/2008 to 10/21/2008	29,912.50
Total Sources	**$35,924,912.50**

Uses Of Funds

Deposit to Project Construction Fund	35,000,000.00
Gross Bond Insurance Premium (75.0 bp)	493,244.19
Total Underwriter's Discount (0.700%)	251,265.00
Costs of Issuance	150,000.00
Deposit to Debt Service Fund	29,912.50
Rounding Amount	490.81
Total Uses	**$35,924,912.50**

Recommended Underwriters

Senior Manager (40%)…….....……. Southwest Securities, Inc.

Co-Manager (30%)…….....…… Ramirez & Co.

Co-Manager (30%)……..……. Wells Fargo Capital Markets

Recommendation

First Southwest Company recommends that the Ordinance Authorizing the Bonds be approved