

EL PASO ELECTRIC COMPANY
THIRTY-FIRST REVISED RATE NO. 16
CANCELLING THIRTIETH REVISED RATE NO. 16

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X

PURCHASED POWER SERVICE

Page 1 of 7

APPLICABILITY:

This rate is applicable to qualifying facilities who qualify as small power production and cogeneration facilities as defined in 18 CFR, Part 292, Subpart B, of the final rules issued by the Federal Energy Regulatory Commission to implement Sections 201 and 210 of the Public Utility Regulatory Policy Act of 1978.

This rate sets forth the energy rates for purchases made by the Company for the energy generated by the qualifying facility pursuant to 17 NMAC 9.568 and 17 NMAC 9.570. 17 NMAC 9.568 shall control for Customer-owned qualifying facilities of 100 kW or smaller, to the extent that the terms and conditions of this rate are inconsistent with 17 NMAC 9.568.

The qualifying facility will furnish to the Company such data as required in the Application for Interconnection and shall enter into an Interconnection Agreement.

DEFINITION – PURCHASED POWER:

Purchased Power means the purchase of electric energy from a qualifying facility by the Company.

TERRITORY:

Areas served by the Company in Dona Ana, Sierra, Otero and Luna Counties.

TYPE OF SERVICE:

Type of service will be alternating current at one of the Company's standard service voltages, single or three phase, at 60 Hertz. The harmonic content of the Customer's generation must not cause interference or equipment problems for the Company or other Company customers. The Company reserves the right to disconnect from its electrical system any qualifying facility that causes harmful or annoying voltage fluctuations.

MONTHLY RATE:

Energy Payments

The monthly energy payment rate for a qualifying facility who wishes to contract for energy sales will be based on the energy rates tabulated below, pursuant to 17 NMAC 9.568 and 17 NMAC 9.570.

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Signature/Title



David G. Carpenter
Senior Vice President-Chief Financial
Officer

BY

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NON-TOU RATE			
	Transmission \$/kWh	Primary \$/kWh	Secondary \$/kWh
January 2012	0.04339	0.04450	0.04554
February	0.07304	0.07491	0.07667
March	0.03837	0.03936	0.04028
April	0.03989	0.04091	0.04186
May	0.03893	0.03992	0.04086
June	0.05518	0.05659	0.05792
July	0.06106	0.06263	0.06409
August	0.05887	0.06037	0.06179
September	0.04484	0.04599	0.04706
October	0.04006	0.04109	0.04205
November	0.03467	0.03556	0.03639
December 2012	0.03820	0.03918	0.04010

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Residential - TOU On-Peak Rate			
	Transmission \$/kWh	Primary \$/kWh	Secondary \$/kWh
January 2012	0.00000	0.00000	0.00000
February	0.00000	0.00000	0.00000
March	0.00000	0.00000	0.00000
April	0.00000	0.00000	0.00000
May	0.03934	0.04035	0.04129
June	0.05567	0.05709	0.05843
July	0.06237	0.06396	0.06546
August	0.05950	0.06103	0.06246
September	0.04566	0.04683	0.04793
October	0.03999	0.04101	0.04197
November	0.00000	0.00000	0.00000
December 2012	0.00000	0.00000	0.00000

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Residential - TOU Off-Peak Rate			
	Transmission \$/kWh	Primary \$/kWh	Secondary \$/kWh
January 2012	0.04339	0.04450	0.04554
February	0.07304	0.07491	0.07667
March	0.03837	0.03936	0.04028
April	0.03989	0.04091	0.04186
May	0.03764	0.03860	0.03950
June	0.05437	0.05576	0.05707
July	0.05919	0.06071	0.06213
August	0.05808	0.05957	0.06096
September	0.04296	0.04405	0.04509
October	0.04023	0.04126	0.04222
November	0.03467	0.03556	0.03639
December 2012	0.03820	0.03918	0.04010

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On-Peak hours are 12 p.m. to 8 p.m. Mountain Daylight Time, Monday through Friday, May through October.

Off-Peak hours are all other hours not included in On-Peak.

Non-Residential – TOU On-Peak Rate			
	Transmission \$/kWh	Primary \$/kWh	Secondary \$/kWh
January 2012	0.00000	0.00000	0.00000
February	0.00000	0.00000	0.00000
March	0.00000	0.00000	0.00000
April	0.00000	0.00000	0.00000
May	0.00000	0.00000	0.00000
June	0.05538	0.05680	0.05813
July	0.06350	0.06512	0.06665
August	0.05978	0.06131	0.06274
September	0.04588	0.04705	0.04815
October	0.00000	0.00000	0.00000
November	0.00000	0.00000	0.00000
December 2012	0.00000	0.00000	0.00000

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Non-Residential – TOU Off-Peak Rate			
	Transmission \$/kWh	Primary \$/kWh	Secondary \$/kWh
January 2012	0.04339	0.04450	0.04554
February	0.07304	0.07491	0.07667
March	0.03837	0.03936	0.04028
April	0.03989	0.04091	0.04186
May	0.03893	0.03992	0.04086
June	0.05497	0.05638	0.05770
July	0.05868	0.06018	0.06159
August	0.05816	0.05964	0.06104
September	0.04360	0.04471	0.04576
October	0.04006	0.04109	0.04205
November	0.03467	0.03556	0.03639
December 2012	0.03820	0.03918	0.04010

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On-Peak hours are 12 p.m. to 6 p.m. Mountain Daylight Time, Monday through Friday, June through September.

Off-Peak hours are all other hours not included in On-Peak.

METER OPTIONS:

The qualifying facility who has contracted for energy payments may choose one of the following meter options for measurement of energy to be purchased by the Company:

1. Load Displacement Option

Where the Customer primarily wishes to serve his own load, the Company will measure the flow of energy from the Company to the Customer with a single meter. There will be no additional Customer Charge and no payment by the Company for any excess power which may be generated by the Customer. The Customer shall be billed for all energy supplied by the Company under the applicable standard rate, absent any generation from the qualifying facility.

2. Net Metering Option

The Company shall install an additional meter to separately measure the flow of energy

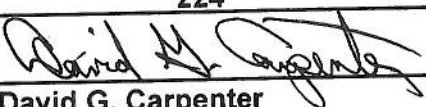
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generated by the Customer into the Company's electrical system. The Company shall calculate the net energy consumed or supplied by the Customer and the Customer shall be paid for the energy supplied above the amount consumed by the Customer at the rate specified in the Monthly Rate Section of this rate. The Customer shall be billed for the energy consumed by the Customer above the energy supplied by the Customer under applicable standard rate.

3. Separate Load Metering (Simultaneous Buy/Sell) Option

The Company shall install an additional meter to separately measure all the energy produced and the power consumed by the Customer. The Company shall purchase all energy produced at its energy rate. The Customer shall be billed for all power consumed under the applicable standard rate.

COMMON PROVISIONS:

Interconnection Charge:

Customers in this rate shall be subject to a charge for interconnection costs.

Interconnection costs are the reasonable costs of connection, switching, metering, transmission, distribution, safety provisions, engineering, and administrative costs incurred by the Company directly related to the installation of the physical facilities necessary to permit interconnect operations with a qualifying facility, to the extent such costs are in excess of the corresponding costs that the Company would have incurred if it had not engaged in interconnected operations, but instead generated an equivalent amount of electric energy itself or purchased an equivalent amount of electric energy or capacity from other sources.

Except as otherwise established by 17 NMAC 9.570, in conformance with 17 NMAC 9.568 the Company shall provide a detailed estimate of the cost of interconnection within thirty (30) days of receipt of the approved written application for interconnection. The Customer shall pay the full amount of the estimated interconnection costs at the time notice to interconnect is provided to the Company. Upon completion of the interconnection the actual costs shall be computed and reimbursements to the appropriate party shall be made for any differences between the actual and estimated cost of interconnection.

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METERING FACILITIES:

The Company will install, own and maintain all meters and metering equipment. The Customer will install Company approved meter sockets and metering cabinets.

The Company may install, at its expense, on the Customer's premises load research metering. The Customer shall supply, at no expense to the Company, a suitable location for meters and associated equipment used for billing and for load research.

CUSTOMER FACILITIES:

The Customer shall design, furnish, install, own, operate, and maintain in good order and repair, and at no cost to the Company, facilities such as relays, switches, synchronizing equipment, control and protective devices designated by the Company as necessary for parallel operation with the Company system to permit safe and practical operation.

The Customer's generation equipment shall not be connected in parallel with the Company's system without written consent of the Company.

OPERATION OF FACILITIES:

The Customer shall notify the Company before the initial energizing and start-up testing of the Customer-owned generator and the Company shall have the right to have a representative present at such test.

BILLING STATEMENT:

Under Meter Option 2 and Meter Option 3, the Company shall prepare a monthly statement showing the kilowatt-hours delivered to the Company for the monthly billing period and the total amount due the Customer. The Company shall submit the statement and the net payment, if any, to the Customer approximately twenty (20) calendar days from the meter reading date.

NEGOTIATIONS:

The Company and the qualifying facility may, at the qualifying facility's option, negotiate the energy to be supplied by the qualifying facility. Negotiated agreements shall meet the applicable general principles and conditions established in 17 NMAC 9.568 and 17 NMAC 9.570.

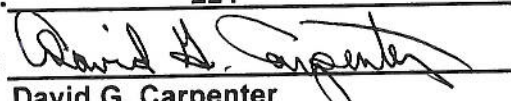
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TERMS OF PAYMENT:

All bills under this rate are due and payable when rendered and become delinquent twenty (20) calendar days thereafter.

TERMS AND CONDITIONS:

This rate shall be binding upon the Company and the Customer for a period coterminous with the interconnection agreement; provided, however, that the Customer may terminate service provided under this rate at any time during such term by providing the Company with written notice at least one (1) year prior to the effective date of such termination and the Company may terminate in accordance with regulatory regulations. Any change in this rate approved by a regulatory authority with the requisite jurisdiction, shall become effective upon such approval and remain in force until the expiration of the term of this rate or the termination by the Customer in accordance with the requirements herein contained, whichever events occurs first in time. The service supplied hereunder is to be used exclusively within the premises of the Customer, as defined in his application for service.

The Company's Rules and Regulations and the contract provisions shall apply under this rate.

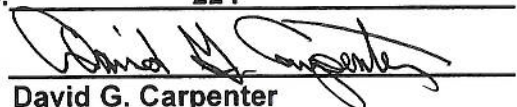
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