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

Form 1 Approved
OMB No.1902-0021
(Expires 11/30/2016)
Form 1-F Approved
OMB No.1902-0029
(Expires 11/30/2016)
Form 3-Q Approved
OMB No.1902-0205
(Expires 11/30/2016)

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

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

Exact Legal Name of Respondent (Company)	**Year/Period of Report**
El Paso Electric Company	**End of** 2016/Q3

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

GENERAL INFORMATION

I. Purpose

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

II. Who Must Submit

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

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

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

III. What and Where to Submit

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

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

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

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

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

The CPA Certification Statement should:

a) Attest to the conformity, in all material aspects, of the below listed (schedules and pages) with the Commission's applicable Uniform System of Accounts (including applicable notes relating thereto and the Chief Accountant's published accounting releases), and

b) Be signed by independent certified public accountants or an independent licensed public accountant certified or licensed by a regulatory authority of a State or other political subdivision of the U. S. (See 18 C.F.R. §§ 41.10-41.12 for specific qualifications.)

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

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

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

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

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

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

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

IV. When to Submit:

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

a) FERC Form 1 for each year ending December 31 must be filed by April 18th of the following year (18 CFR § 141.1), and

b) FERC Form 3-Q for each calendar quarter must be filed within 60 days after the reporting quarter (18 C.F.R. § 141.400).

V. Where to Send Comments on Public Reporting Burden.

The public reporting burden for the FERC Form 1 collection of information is estimated to average 1,144 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data-needed, and completing and reviewing the collection of information. The public reporting burden for the FERC Form 3-Q collection of information is estimated to average 150 hours per response.

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

GENERAL INSTRUCTIONS

I. Prepare this report in conformity with the Uniform System of Accounts (18 CFR Part 101) (USofA). Interpret all accounting words and phrases in accordance with the USofA.

II. Enter in whole numbers (dollars or MWH) only, except where otherwise noted. (Enter cents for averages and figures per unit where cents are important. The truncating of cents is allowed except on the four basic financial statements where rounding is required.) The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting period, and use for statement of income accounts the current year's year to date amounts.

III Complete each question fully and accurately, even if it has been answered in a previous report. Enter the word "None" where it truly and completely states the fact.

IV. For any page(s) that is not applicable to the respondent, omit the page(s) and enter "NA," "NONE," or "Not Applicable" in column (d) on the List of Schedules, pages 2 and 3.

V. Enter the month, day, and year for all dates. Use customary abbreviations. **The "Date of Report" included in the header of each page is to be completed only for resubmissions** (see VII. below).

VI. Generally, except for certain schedules, all numbers, whether they are expected to be debits or credits, must be reported as positive. Numbers having a sign that is different from the expected sign must be reported by enclosing the numbers in parentheses.

VII For any resubmissions, submit the electronic filing using the form submission software only. Please explain the reason for the resubmission in a footnote to the data field.

VIII. Do not make references to reports of previous periods/years or to other reports in lieu of required entries, except as specifically authorized.

IX. Wherever (schedule) pages refer to figures from a previous period/year, the figures reported must be based upon those shown by the report of the previous period/year, or an appropriate explanation given as to why the different figures were used.

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

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

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

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

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

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

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

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

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

DEFINITIONS

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

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

EXCERPTS FROM THE LAW

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

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

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

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

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

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

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

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

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

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

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

General Penalties

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

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

IDENTIFICATION

01 Exact Legal Name of Respondent El Paso Electric Company	02 Year/Period of Report End of 2016/Q3
03 Previous Name and Date of Change *(if name changed during year)* / /	
04 Address of Principal Office at End of Period *(Street, City, State, Zip Code)* P.O. Box 982, El Paso, TX 79960-0982; 100 North Stanton, El Paso, TX 79901	
05 Name of Contact Person Russell G. Gibson	06 Title of Contact Person Vice President & Controller
07 Address of Contact Person *(Street, City, State, Zip Code)* P.O. Box 982, El Paso, TX 79960-0982; 100 North Stanton, El Paso, TX 79901	

08 Telephone of Contact Person, *Including Area Code* (915) 351-4222	09 This Report Is (1) [X] An Original (2) [ ] A Resubmission	10 Date of Report *(Mo, Da, Yr)* / /

QUARTERLY CORPORATE OFFICER CERTIFICATION

The undersigned officer certifies that:

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

01 Name /s/ Russell G. Gibson 02 Title Vice President & Controller	03 Signature /s/ Russell G. Gibson	04 Date Signed *(Mo, Da, Yr)* 11/18/2016

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

LIST OF SCHEDULES (Electric Utility)

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

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

IMPORTANT CHANGES DURING THE QUARTER/YEAR

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

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

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

1. Changes in and Important Additions to Franchise Rights:

None

2. Acquisition of Ownership in Other Companies:

None

3. Purchase or Sale of an Operating Unit or System:

On February 17, 2015, El Paso Electric Company ("the Company") and Arizona Public Service Company ("APS") entered into an asset purchase agreement (the "Purchase and Sale Agreement") providing for the purchase by APS of the Company's interests in Four Corners. Four Corners continued to provide energy to serve the Company's native load up to the closing date.

On June 26, 2015, APS filed an application requesting authorization from FERC to purchase 100% of the Company's ownership interest in Units 4 and 5 of Four Corners and the associated transmission interconnection facilities and rights. On December 22, 2015, FERC issued an order approving the proposed transaction.

On April 27, 2015, the Company filed an application in New Mexico Public Regulation Commission ("NMPRC") Case No. 15-00109-UT requesting all necessary regulatory approvals to sell its ownership interest in Four Corners. On February 2, 2016, the Company filed a joint stipulation with the NMPRC reflecting a settlement agreement among the NMPRC's Utility Division Staff, the Company and the New Mexico Attorney General proposing approval of abandonment and sale of its seven percent minority interest in Four Corners Units 4 and 5 and common facilities to APS. A hearing in the case was held on February 16, 2016, and the Hearing Examiner issued a Certification of Stipulation on April 22, 2016 recommending approval of the joint stipulation without modification. On June 15, 2016, the NMPRC issued its final order approving the stipulation.

The Four Corners transaction closed on July 6, 2016. The sales price was $32.0 million based on the net book value as defined in the Purchase and Sale Agreement. The sales price was adjusted downward by $7.0 million and $19.5 million, respectively, to reflect APS's assumption of the Company's obligation to pay for future plant decommissioning and mine reclamation expenses. The sales price was also adjusted downward by approximately $1.3 million for estimated closing adjustments and other assets and liabilities assumed by APS. At the closing, the Company received approximately $4.2 million in cash, subject to post-closing adjustments. No significant gain or loss was recorded upon the closing of the sale. APS assumed responsibility for all capital expenditures made after July 6, 2016. In addition, APS will indemnify the Company against liabilities and costs related to the future operation of Four Corners. Subsequently, the Company recorded post-closing adjustments to reflect adjustments to estimated capital expenditures and other assets and liabilities assumed by APS through July 6, 2016, which resulted in a $1.6 million refund due to APS.

On June 10, 2015, the Company filed an application in Texas requesting reasonableness and public interest findings and certain rate and accounting findings related to the Purchase and Sale Agreement. This case was assigned PUCT Docket No. 44805. Subsequent to the filing of the application, the case has been subject to numerous procedural matters, including a March 23, 2016 order in which the PUCT determined not to dismiss the reasonableness and public interest issues in this docket but to consider the requested rate and accounting findings, including mine reclamation costs, in the Company's next rate case, which is expected to be filed in the first half of 2017. The procedural schedule related to the public interest issues calls for a hearing to be held on October 6-7, 2016. However, on September 1, 2016, a motion by parties in the proceeding to suspend the procedural schedule in order to pursue settlement was approved by the PUCT.

4. Important Leaseholds That Have Been Acquired or Given, Assigned or Surrendered:

As part of the Four Corners Purchase and Sale Agreement discussed in item 3 above, the sales price was reduced for a facilities lease which was assigned to APS. This facilities lease was pursuant to an Indenture of Lease dated December 1, 1960 between the Navajo Tribe of Indians and Purchaser, as amended, supplemented and revised by the Supplemental and Additional Indenture of Lease executed as of July 6, 1966 between the Navajo Tribe of Indians and the Facilities Owners.

5. Important Extension or Reduction of Transmission or Distribution System:

None

6. Obligations Incurred as a Result of Issuance of Securities or Assumption of Liabilities or Guarantees:

Issuance of $150 million of Senior Notes. On March 24, 2016, the Company issued $150 million in aggregate principal amount of 5.00% Senior Notes due December 1, 2044. Authorization for this transaction was received in FERC Docket No. ES15-66-000 and from the NMPRC in Case No. 15-00280-UT. The net proceeds from the issuance of the senior notes, after deducting the underwriters' commission, were $158.1 million. These proceeds include accrued interest of $2.4 million and a $7.1 million premium before expenses. The effective interest rate is approximately 4.77%. The net proceeds from the sale of these senior notes were used to repay outstanding short-term borrowings under the revolving credit facility ("RCF") used for working capital and general corporate purposes, which may include funding capital expenditures. These senior notes constitute an additional issuance of the Company's 5.00% Senior Notes due 2044, of which $150 million was previously issued on December 1, 2014, for a total principal amount outstanding of $300 million of the Company's 5.00% Senior Notes due 2044.

7. Changes in Articles of Incorporation:

None

8. Important Wage Scale Changes:

Base salaries for non-union employees were increased by an average of approximately 2.89% effective in January 2016 compared to 2015 through the merit award process. The annual effect of this increase was approximately $1.6 million.

Base salaries for union employees under contract were increased by 3.00 % effective August 2016 compared to the previous level. The annual effect of this increase was approximately $0.9 million.

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

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

10. Materially Important Transactions:

None

11. Reserved

12. Important changes during the year:

2015 Texas Retail Rate Case Filing. On August 10, 2015, the Company filed with the City of El Paso, other municipalities incorporated in its Texas service territory, and the Public Utility Commission of Texas ("PUCT") in Docket No. 44941, a request for an annual increase in non-fuel base revenues of approximately $71.5 million. On January 15, 2016, the Company filed its rebuttal testimony modifying the requested increase to $63.3 million.

On August 25, 2016, the PUCT issued its final order in Docket No. 44941 (the "PUCT Final Order"), as proposed, approving the Joint Motion to Implement Uncontested Amended and Restated Stipulation and Agreement (the "Unopposed Settlement") that was filed with the PUCT on July 21, 2016, which was unopposed by the parties to the rate case. The PUCT Final Order provides for the following: (i) an annual non-fuel rate increase of $37 million, lower annual depreciation expense of approximately $8.5 million, a return on equity of 9.7% for AFUDC purposes, and inclusion of substantially all new plant in service in rate base; (ii) an additional annual non-fuel base rate increase of $3.7 million related to Four Corners costs, which will be collected through a surcharge that terminates on July 12, 2017 and applies to consumption on and after January 12, 2016; (iii) removal of the separate rate treatment for residential customers with solar systems; (iv) recovery of $3.1 million in rate case expenses through a separate surcharge; and (v) recovery of revenues associated with the relate back of rates to consumption on and after January 12, 2016 through March 31, 2016 (aggregating $4.8 million) through a separate surcharge, all as specified in the Unopposed Settlement. The costs of serving residential customers with solar generation will be addressed in a future proceeding.

Interim rates associated with the annual non-fuel rate increase of $37 million became effective on April 1, 2016. The additional surcharges associated with the incremental Four Corners costs, rate case expenses and the relate back of rates to consumption on and after January 12, 2016 through March 31, 2016 were implemented on October 1, 2016.

Given the uncertainties regarding the ultimate resolution of this rate case, the Company did not recognize the impacts of the Unopposed Settlement in the regulatory-basis statement of income until it received the PUCT Final Order on August 25, 2016. Accordingly, operating revenues increased approximately $34.8 million, depreciation decreased approximately $7.4 million, and other expenses, net, increased approximately $1.9 million for an aggregate increase in income before income taxes of $40.3 million and an increase in net income of $23.3 million in the third quarter of 2016 to reflect the effects of the PUCT Final Order.

2015 New Mexico Rate Case Filing. On May 11, 2015, the Company filed with the NMPRC in Case No. 15-00127-UT, for an annual increase in non-fuel base rates of approximately $8.6 million or 7.1%. Subsequently, the Company reduced its requested increase in non-fuel base rates to approximately $6.4 million. On June 8, 2016, the NMPRC issued its final order approving an annual increase in non-fuel base rates of approximately $1.1 million and a decrease in the Company's allowed return on equity to 9.48%. The final order concludes that all of the Company's new plant in service was reasonable and necessary and therefore would be recoverable in rate base. The Company's rates were approved by the NMPRC effective July 1, 2016 and implemented at such time.

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

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

On May 26, 2016, Patricia Z. Holland-Branch retired from the Board of Directors.

On May 27, 2016, James A. Schichtl, formerly Director of Regulatory Affairs, was appointed Vice President of

Regulatory Affairs.

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

None

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2016/Q3

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	**UTILITY PLANT**			
2	Utility Plant (101-106, 114)	200-201	4,675,839,417	4,484,604,114
3	Construction Work in Progress (107)	200-201	153,867,944	293,796,089
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		4,829,707,361	4,778,400,203
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200-201	2,147,628,157	2,188,391,141
6	Net Utility Plant (Enter Total of line 4 less 5)		2,682,079,204	2,590,009,062
7	Nuclear Fuel in Process of Ref., Conv.,Enrich., and Fab. (120.1)	202-203	0	0
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)		0	0
9	Nuclear Fuel Assemblies in Reactor (120.3)		0	0
10	Spent Nuclear Fuel (120.4)		0	0
11	Nuclear Fuel Under Capital Leases (120.6)		203,318,720	191,560,563
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202-203	86,060,167	75,495,520
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)		117,258,553	116,065,043
14	Net Utility Plant (Enter Total of lines 6 and 13)		2,799,337,757	2,706,074,105
15	Utility Plant Adjustments (116)		-947,680	158,346
16	Gas Stored Underground - Noncurrent (117)		0	0
17	**OTHER PROPERTY AND INVESTMENTS**			
18	Nonutility Property (121)		709,446	652,094
19	(Less) Accum. Prov. for Depr. and Amort. (122)		0	0
20	Investments in Associated Companies (123)		0	0
21	Investment in Subsidiary Companies (123.1)	224-225	0	0
22	(For Cost of Account 123.1, See Footnote Page 224, line 42)			
23	Noncurrent Portion of Allowances	228-229	0	0
24	Other Investments (124)		1,432,754	1,577,339
25	Sinking Funds (125)		0	0
26	Depreciation Fund (126)		0	0
27	Amortization Fund - Federal (127)		0	0
28	Other Special Funds (128)		261,096,909	245,772,654
29	Special Funds (Non Major Only) (129)		0	0
30	Long-Term Portion of Derivative Assets (175)		0	0
31	Long-Term Portion of Derivative Assets – Hedges (176)		0	0
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)		263,239,109	248,002,087
33	**CURRENT AND ACCRUED ASSETS**			
34	Cash and Working Funds (Non-major Only) (130)		0	0
35	Cash (131)		8,312,433	7,930,601
36	Special Deposits (132-134)		0	0
37	Working Fund (135)		1,559,643	72,140
38	Temporary Cash Investments (136)		171,510	146,267
39	Notes Receivable (141)		0	0
40	Customer Accounts Receivable (142)		78,125,293	43,939,283
41	Other Accounts Receivable (143)		6,566,822	2,798,211
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		2,292,073	2,077,888
43	Notes Receivable from Associated Companies (145)		0	0
44	Accounts Receivable from Assoc. Companies (146)		0	0
45	Fuel Stock (151)	227	2,038,593	1,471,698
46	Fuel Stock Expenses Undistributed (152)	227	0	0
47	Residuals (Elec) and Extracted Products (153)	227	0	0
48	Plant Materials and Operating Supplies (154)	227	45,489,771	47,227,673
49	Merchandise (155)	227	0	0
50	Other Materials and Supplies (156)	227	0	0
51	Nuclear Materials Held for Sale (157)	202-203/227	0	0
52	Allowances (158.1 and 158.2)	228-229	-23,652	130

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2016/Q3

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

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
53	(Less) Noncurrent Portion of Allowances		0	0
54	Stores Expense Undistributed (163)	227	-6,931	-2,006
55	Gas Stored Underground - Current (164.1)		0	0
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		0	0
57	Prepayments (165)		13,263,031	10,610,637
58	Advances for Gas (166-167)		0	0
59	Interest and Dividends Receivable (171)		5,535	5,892
60	Rents Receivable (172)		0	0
61	Accrued Utility Revenues (173)		30,291,000	21,661,000
62	Miscellaneous Current and Accrued Assets (174)		-28,217	21,558
63	Derivative Instrument Assets (175)		0	0
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)		0	0
65	Derivative Instrument Assets - Hedges (176)		0	0
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176		0	0
67	Total Current and Accrued Assets (Lines 34 through 66)		183,472,758	133,805,196
68	**DEFERRED DEBITS**			
69	Unamortized Debt Expenses (181)		13,545,600	12,551,913
70	Extraordinary Property Losses (182.1)	230a	0	0
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230b	0	0
72	Other Regulatory Assets (182.3)	232	146,664,905	146,133,174
73	Prelim. Survey and Investigation Charges (Electric) (183)		1,097,415	1,087,630
74	Preliminary Natural Gas Survey and Investigation Charges 183.1)		0	0
75	Other Preliminary Survey and Investigation Charges (183.2)		0	0
76	Clearing Accounts (184)		-146,065	-78,158
77	Temporary Facilities (185)		0	0
78	Miscellaneous Deferred Debits (186)	233	5,592,494	5,900,411
79	Def. Losses from Disposition of Utility Plt. (187)		0	0
80	Research, Devel. and Demonstration Expend. (188)	352-353	0	0
81	Unamortized Loss on Reaquired Debt (189)		16,794,643	17,459,086
82	Accumulated Deferred Income Taxes (190)	234	227,760,139	243,635,616
83	Unrecovered Purchased Gas Costs (191)		0	0
84	Total Deferred Debits (lines 69 through 83)		411,309,131	426,689,672
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		3,656,411,075	3,514,729,406

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251	65,823,149	65,817,279
3	Preferred Stock Issued (204)	250-251	0	0
4	Capital Stock Subscribed (202, 205)		0	0
5	Stock Liability for Conversion (203, 206)		0	0
6	Premium on Capital Stock (207)		309,665,348	308,083,747
7	Other Paid-In Capital (208-211)	253	1,940,275	1,972,274
8	Installments Received on Capital Stock (212)	252	0	0
9	(Less) Discount on Capital Stock (213)	254	0	0
10	(Less) Capital Stock Expense (214)	254b	340,939	340,939
11	Retained Earnings (215, 215.1, 216)	118-119	1,149,041,081	1,094,535,966
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	0	0
13	(Less) Reaquired Capital Stock (217)	250-251	421,532,303	422,846,261
14	Noncorporate Proprietorship (Non-major only) (218)		0	0
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	-12,337,424	-13,913,805
16	Total Proprietary Capital (lines 2 through 15)		1,092,259,187	1,033,308,261
17	LONG-TERM DEBT			
18	Bonds (221)	256-257	193,135,000	193,135,000
19	(Less) Reaquired Bonds (222)	256-257	0	0
20	Advances from Associated Companies (223)	256-257	0	0
21	Other Long-Term Debt (224)	256-257	1,000,000,000	850,000,000
22	Unamortized Premium on Long-Term Debt (225)		6,964,594	0
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		3,768,520	3,850,917
24	Total Long-Term Debt (lines 18 through 23)		1,196,331,074	1,039,284,083
25	OTHER NONCURRENT LIABILITIES			
26	Obligations Under Capital Leases - Noncurrent (227)		45,000,000	95,000,000
27	Accumulated Provision for Property Insurance (228.1)		0	0
28	Accumulated Provision for Injuries and Damages (228.2)		0	0
29	Accumulated Provision for Pensions and Benefits (228.3)		139,764,529	145,079,894
30	Accumulated Miscellaneous Operating Provisions (228.4)		0	0
31	Accumulated Provision for Rate Refunds (229)		0	0
32	Long-Term Portion of Derivative Instrument Liabilities		0	0
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges		0	0
34	Asset Retirement Obligations (230)		80,085,755	81,620,628
35	Total Other Noncurrent Liabilities (lines 26 through 34)		264,850,284	321,700,522
36	CURRENT AND ACCRUED LIABILITIES			
37	Notes Payable (231)		19,000,000	108,000,000
38	Accounts Payable (232)		70,485,624	59,978,382
39	Notes Payable to Associated Companies (233)		0	0
40	Accounts Payable to Associated Companies (234)		0	0
41	Customer Deposits (235)		6,585,750	6,600,485
42	Taxes Accrued (236)	262-263	31,900,571	26,457,792
43	Interest Accrued (237)		18,773,374	10,947,501
44	Dividends Declared (238)		0	0
45	Matured Long-Term Debt (239)		0	0

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)(continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
46	Matured Interest (240)		0	0
47	Tax Collections Payable (241)		3,015,661	1,549,579
48	Miscellaneous Current and Accrued Liabilities (242)		19,942,049	20,175,475
49	Obligations Under Capital Leases-Current (243)		86,766,985	35,439,067
50	Derivative Instrument Liabilities (244)		0	0
51	(Less) Long-Term Portion of Derivative Instrument Liabilities		0	0
52	Derivative Instrument Liabilities - Hedges (245)		0	0
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges		0	0
54	Total Current and Accrued Liabilities (lines 37 through 53)		256,470,014	269,148,281
55	DEFERRED CREDITS			
56	Customer Advances for Construction (252)		18,483,932	15,520,732
57	Accumulated Deferred Investment Tax Credits (255)	266-267	20,160,721	21,325,447
58	Deferred Gains from Disposition of Utility Plant (256)		0	0
59	Other Deferred Credits (253)	269	1,529,636	22,583,727
60	Other Regulatory Liabilities (254)	278	41,057,900	54,884,685
61	Unamortized Gain on Reaquired Debt (257)		0	0
62	Accum. Deferred Income Taxes-Accel. Amort.(281)	272-277	0	0
63	Accum. Deferred Income Taxes-Other Property (282)		744,914,793	657,029,391
64	Accum. Deferred Income Taxes-Other (283)		20,353,534	79,944,277
65	Total Deferred Credits (lines 56 through 64)		846,500,516	851,288,259
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		3,656,411,075	3,514,729,406

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2016/Q3

STATEMENT OF INCOME

Quarterly

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

Annual or Quarterly if applicable

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

Line No.	Title of Account (a)	(Ref.) Page No. (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
1	UTILITY OPERATING INCOME					
2	Operating Revenues (400)	300-301	698,899,346	672,967,389	323,225,685	289,713,044
3	Operating Expenses					
4	Operation Expenses (401)	320-323	353,379,598	364,416,578	141,551,382	144,011,532
5	Maintenance Expenses (402)	320-323	52,004,629	49,771,825	14,063,947	14,354,650
6	Depreciation Expense (403)	336-337	59,344,850	62,113,621	14,692,619	21,370,429
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-337	-874,488	-852,337	-292,675	-277,470
8	Amort. & Depl. of Utility Plant (404-405)	336-337	3,908,226	5,274,311	1,274,293	1,105,856
9	Amort. of Utility Plant Acq. Adj. (406)	336-337				
10	Amort. Property Losses, Unrecov Plant and Regulatory Study Costs (407)					
11	Amort. of Conversion Expenses (407)					
12	Regulatory Debits (407.3)		342,245	114,138	201,430	38,046
13	(Less) Regulatory Credits (407.4)		65,310		65,310	
14	Taxes Other Than Income Taxes (408.1)	262-263	50,296,458	48,843,624	20,163,927	19,252,513
15	Income Taxes - Federal (409.1)	262-263	-7,912,551	-2,445,941	-7,042,762	-1,802,782
16	- Other (409.1)	262-263	1,682,599	2,388,485	705,058	1,832,769
17	Provision for Deferred Income Taxes (410.1)	234, 272-277	169,062,937	75,305,108	114,225,947	40,863,118
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272-277	120,535,650	43,938,740	72,139,105	17,955,017
19	Investment Tax Credit Adj. - Net (411.4)	266	-1,164,726	-894,240	-388,242	-298,080
20	(Less) Gains from Disp. of Utility Plant (411.6)					
21	Losses from Disp. of Utility Plant (411.7)					
22	(Less) Gains from Disposition of Allowances (411.8)			3		
23	Losses from Disposition of Allowances (411.9)					
24	Accretion Expense (411.10)		5,457,750	5,139,211	1,715,306	1,713,093
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		564,926,567	565,235,640	228,665,815	224,208,657
26	Net Util Oper Inc (Enter Tot line 2 less 25) Carry to Pg117,line 27		133,972,779	107,731,749	94,559,870	65,504,387

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2016/Q3

STATEMENT OF INCOME FOR THE YEAR (Continued)

9. Use page 122 for important notes regarding the statement of income for any account thereof.
10. Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in material refund to the utility with respect to power or gas purchases. State for each year effected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power or gas purchases.
11 Give concise explanations concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purches, and a summary of the adjustments made to balance sheet, income, and expense accounts.
12. If any notes appearing in the report to stokholders are applicable to the Statement of Income, such notes may be included at page 122.
13. Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also, give the appropriate dollar effect of such changes.
14. Explain in a footnote if the previous year's/quarter's figures are different from that reported in prior reports.
15. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles report the information in a footnote to this schedule.

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		
Current Year to Date (in dollars) (g)	Previous Year to Date (in dollars) (h)	Current Year to Date (in dollars) (i)	Previous Year to Date (in dollars) (j)	Current Year to Date (in dollars) (k)	Previous Year to Date (in dollars) (l)	Line No.
						1
698,899,346	672,967,389					2
						3
353,379,598	364,416,578					4
52,004,629	49,771,825					5
59,344,850	62,113,621					6
-874,488	-852,337					7
3,908,226	5,274,311					8
						9
						10
						11
342,245	114,138					12
65,310						13
50,296,458	48,843,624					14
-7,912,551	-2,445,941					15
1,682,599	2,388,485					16
169,062,937	75,305,108					17
120,535,650	43,938,740					18
-1,164,726	-894,240					19
						20
						21
	3					22
						23
5,457,750	5,139,211					24
564,926,567	565,235,640					25
133,972,779	107,731,749					26

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2016/Q3

STATEMENT OF INCOME FOR THE YEAR (continued)

Line No.	Title of Account (a)	(Ref.) Page No. (b)	TOTAL Current Year (c)	TOTAL Previous Year (d)	Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
27	Net Utility Operating Income (Carried forward from page 114)		133,972,779	107,731,749	94,559,870	65,504,387
28	Other Income and Deductions					
29	Other Income					
30	Nonutilty Operating Income					
31	Revenues From Merchandising, Jobbing and Contract Work (415)		527,708	592,862	272,180	259,905
32	(Less) Costs and Exp. of Merchandising, Job. & Contract Work (416)		748,349	469,505	312,356	187,807
33	Revenues From Nonutility Operations (417)					
34	(Less) Expenses of Nonutility Operations (417.1)					
35	Nonoperating Rental Income (418)					
36	Equity in Earnings of Subsidiary Companies (418.1)	119				
37	Interest and Dividend Income (419)		4,867,338	4,757,717	1,678,305	1,606,257
38	Allowance for Other Funds Used During Construction (419.1)		5,867,265	8,416,887	1,399,040	1,873,749
39	Miscellaneous Nonoperating Income (421)		10,548,193	12,626,254	3,720,682	5,794,671
40	Gain on Disposition of Property (421.1)		997,434	586,952		586,952
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		22,059,589	26,511,167	6,757,851	9,933,727
42	Other Income Deductions					
43	Loss on Disposition of Property (421.2)		947,683			
44	Miscellaneous Amortization (425)		158,343	226,686	7,219	75,562
45	Donations (426.1)		1,095,259	1,385,644	490,646	291,727
46	Life Insurance (426.2)		228,920	275,983	285,946	277,410
47	Penalties (426.3)			9,003		7,000
48	Exp. for Certain Civic, Political & Related Activities (426.4)		520,935	513,125	184,561	132,804
49	Other Deductions (426.5)		1,331,167	640,134	389,169	325,047
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		4,282,307	3,050,575	1,357,541	1,109,550
51	Taxes Applic. to Other Income and Deductions					
52	Taxes Other Than Income Taxes (408.2)	262-263	5,751	7,091	2,115	2,265
53	Income Taxes-Federal (409.2)	262-263	9,251,270	2,972,538	7,689,903	1,357,191
54	Income Taxes-Other (409.2)	262-263	531,215	49,616	506,271	7,398
55	Provision for Deferred Inc. Taxes (410.2)	234, 272-277	552,433	419,258	214,765	197,368
56	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272-277	355,590	308	355,482	100
57	Investment Tax Credit Adj.-Net (411.5)					
58	(Less) Investment Tax Credits (420)			-25,497		-8,499
59	TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)		9,985,079	3,473,692	8,057,572	1,572,621
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		7,792,203	19,986,900	-2,657,262	7,251,556
61	Interest Charges					
62	Interest on Long-Term Debt (427)		51,805,181	47,963,473	17,835,048	15,953,780
63	Amort. of Debt Disc. and Expense (428)		838,386	815,548	297,311	289,870
64	Amortization of Loss on Reaquired Debt (428.1)		664,443	664,443	221,481	221,481
65	(Less) Amort. of Premium on Debt-Credit (429)		86,906		29,446	
66	(Less) Amortization of Gain on Reaquired Debt-Credit (429.1)					
67	Interest on Debt to Assoc. Companies (430)					
68	Other Interest Expense (431)		1,182,153	1,131,278	238,150	484,357
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		4,164,258	5,365,374	1,131,730	1,353,063
70	Net Interest Charges (Total of lines 62 thru 69)		50,238,999	45,209,368	17,430,814	15,596,425
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		91,525,983	82,509,281	74,471,794	57,159,518
72	Extraordinary Items					
73	Extraordinary Income (434)					
74	(Less) Extraordinary Deductions (435)					
75	Net Extraordinary Items (Total of line 73 less line 74)					
76	Income Taxes-Federal and Other (409.3)	262-263				
77	Extraordinary Items After Taxes (line 75 less line 76)					
78	Net Income (Total of line 71 and 77)		91,525,983	82,509,281	74,471,794	57,159,518

Name of Respondent El Paso Electric Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2016/Q3

STATEMENT OF RETAINED EARNINGS

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

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter/Year Year to Date Balance (c)	Previous Quarter/Year Year to Date Balance (d)
	UNAPPROPRIATED RETAINED EARNINGS (Account 216)			
1	Balance-Beginning of Period		1,094,535,966	1,057,500,972
2	Changes			
3	Adjustments to Retained Earnings (Account 439)			
4				
5				
6				
7				
8				
9	TOTAL Credits to Retained Earnings (Acct. 439)			
10				
11				
12				
13				
14				
15	TOTAL Debits to Retained Earnings (Acct. 439)			
16	Balance Transferred from Income (Account 433 less Account 418.1)		91,525,983	84,093,567
17	Appropriations of Retained Earnings (Acct. 436)			
18				
19				
20				
21				
22	TOTAL Appropriations of Retained Earnings (Acct. 436)			
23	Dividends Declared-Preferred Stock (Account 437)			
24				
25				
26				
27				
28				
29	TOTAL Dividends Declared-Preferred Stock (Acct. 437)			
30	Dividends Declared-Common Stock (Account 438)			
31			-37,020,868	(47,058,573)
32				
33				
34				
35				
36	TOTAL Dividends Declared-Common Stock (Acct. 438)		-37,020,868	(47,058,573)
37	Transfers from Acct 216.1, Unapprop. Undistrib. Subsidiary Earnings			
38	Balance - End of Period (Total 1,9,15,16,22,29,36,37)		1,149,041,081	1,094,535,966
	APPROPRIATED RETAINED EARNINGS (Account 215)			
39				
40				

STATEMENT OF RETAINED EARNINGS

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

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter/Year Year to Date Balance (c)	Previous Quarter/Year Year to Date Balance (d)
41				
42				
43				
44				
45	TOTAL Appropriated Retained Earnings (Account 215)			
	APPROP. RETAINED EARNINGS - AMORT. Reserve, Federal (Account 215.1)			
46	TOTAL Approp. Retained Earnings-Amort. Reserve, Federal (Acct. 215.1)			
47	TOTAL Approp. Retained Earnings (Acct. 215, 215.1) (Total 45,46)			
48	TOTAL Retained Earnings (Acct. 215, 215.1, 216) (Total 38, 47) (216.1)		1,149,041,081	1,094,535,966
	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account			
	Report only on an Annual Basis, no Quarterly			
49	Balance-Beginning of Year (Debit or Credit)			
50	Equity in Earnings for Year (Credit) (Account 418.1)			
51	(Less) Dividends Received (Debit)			
52				
53	Balance-End of Year (Total lines 49 thru 52)			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2016/Q3

STATEMENT OF CASH FLOWS

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

Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)
1	Net Cash Flow from Operating Activities:		
2	Net Income (Line 78(c) on page 117)	91,525,983	82,509,281
3	Noncash Charges (Credits) to Income:		
4	Depreciation and Depletion	59,344,850	62,113,621
5	Amortization of Other	12,614,134	15,248,050
6	Amortization of Nuclear Fuel	33,311,183	33,027,626
7			
8	Deferred Income Taxes (Net)	48,724,150	31,785,318
9	Investment Tax Credit Adjustment (Net)	-1,164,726	-868,743
10	Net (Increase) Decrease in Receivables	-46,370,079	-33,156,035
11	Net (Increase) Decrease in Inventory	-40,212	-3,352,739
12	Net (Increase) Decrease in Allowances Inventory	23,782	127,195
13	Net Increase (Decrease) in Payables and Accrued Expenses	20,114,091	931,778
14	Net (Increase) Decrease in Other Regulatory Assets	-18,605,274	6,764,579
15	Net Increase (Decrease) in Other Regulatory Liabilities	-2,803,581	3,110,625
16	(Less) Allowance for Other Funds Used During Construction	5,867,265	8,416,887
17	(Less) Undistributed Earnings from Subsidiary Companies		
18	Other (provide details in footnote):	-2,830,145	-5,415,998
19			
20	Deferred Charges and Credits	-6,607,404	-2,394,848
21	Net (Increase) Decrease in Prepayments and Other	-4,466,749	-5,400,593
22	Net Cash Provided by (Used in) Operating Activities (Total 2 thru 21)	176,902,738	176,612,230
23			
24	Cash Flows from Investment Activities:		
25	Construction and Acquisition of Plant (including land):		
26	Gross Additions to Utility Plant (less nuclear fuel)	-178,861,776	-225,298,627
27	Gross Additions to Nuclear Fuel	-33,789,960	-34,428,307
28	Gross Additions to Common Utility Plant		
29	Gross Additions to Nonutility Plant		
30	(Less) Allowance for Other Funds Used During Construction	-5,867,265	-8,416,887
31	Other (provide details in footnote):		
32			
33			
34	Cash Outflows for Plant (Total of lines 26 thru 33)	-206,784,471	-251,310,047
35			
36	Acquisition of Other Noncurrent Assets (d)		
37	Proceeds from Disposal of Noncurrent Assets (d)	3,250,904	643,744
38			
39	Investments in and Advances to Assoc. and Subsidiary Companies		
40	Contributions and Advances from Assoc. and Subsidiary Companies		
41	Disposition of Investments in (and Advances to)		
42	Associated and Subsidiary Companies		
43			
44	Purchase of Investment Securities (a)		
45	Proceeds from Sales of Investment Securities (a)		

Name of Respondent El Paso Electric Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2016/Q3

STATEMENT OF CASH FLOWS

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

Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)
46	Loans Made or Purchased		
47	Collections on Loans		
48			
49	Net (Increase) Decrease in Receivables		
50	Net (Increase) Decrease in Inventory		
51	Net (Increase) Decrease in Allowances Held for Speculation		
52	Net Increase (Decrease) in Payables and Accrued Expenses		
53	Investment in Decommissioning Trust Fund (Purchases)	-66,463,141	-70,016,311
54	Investment in Decommissioning Trust Fund (Sales and Maturities)	60,164,971	63,775,680
55	Other (provide details in footnote):	3,383,594	-619,342
56	Net Cash Provided by (Used in) Investing Activities		
57	Total of lines 34 thru 55)	-206,448,143	-257,526,276
58			
59	Cash Flows from Financing Activities:		
60	Proceeds from Issuance of:		
61	Long-Term Debt (b)	157,051,500	
62	Preferred Stock		
63	Common Stock		
64	Other: Financing and Other Capital Lease Obligations- Proceeds	269,976,477	266,779,192
65			
66	Net Increase in Short-Term Debt (c)		
67	Other (provide details in footnote):		
68			
69			
70	Cash Provided by Outside Sources (Total 61 thru 69)	427,027,977	266,779,192
71			
72	Payments for Retirement of:		
73	Long-term Debt (b)		
74	Preferred Stock		
75	Common Stock		
76	Other Financing Activities	-1,782,308	-503,185
77	Financing and Capital Lease Obligations	-356,522,810	-177,617,975
78	Net Decrease in Short-Term Debt (c)		
79	Tax (Obligations) Benefits from Long-Term Incentive Plans	-262,008	-536,013
80	Dividends on Preferred Stock		
81	Dividends on Common Stock	-37,020,868	-35,138,487
82	Net Cash Provided by (Used in) Financing Activities		
83	(Total of lines 70 thru 81)	31,439,983	52,983,532
84			
85	Net Increase (Decrease) in Cash and Cash Equivalents		
86	(Total of lines 22,57 and 83)	1,894,578	-27,930,514
87			
88	Cash and Cash Equivalents at Beginning of Period	8,149,008	40,503,836
89			
90	Cash and Cash Equivalents at End of period	10,043,586	12,573,322

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

	2016	2015
Other:		
Net Gain on Sale of Property, Plant and Equipment	$ (545,029)	$ (586,951)
Net Gains on Equity Investments	(5,569,974)	(7,886,355)
Amortization of Unearned Compensation	2,914,251	2,787,720
Unrealized Losses on Investments in Debt Securities	144,585	80,009
Other Operating Activities	226,022	189,579
Total	$ (2,830,145)	$ (5,415,998)

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

	2016	2015
Other:		
Net Customer Advances for Construction	$ 2,963,200	$ (290,554)
Net Salvage Value and Cost of Removal	(527,289)	(328,788)
Provision for Four Corners Decommissioning Salvage Value	947,683	-
Total	$ 3,383,594	$ (619,342)

NOTES TO FINANCIAL STATEMENTS

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

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

Note 1. Regulatory-Basis Financial Statements

The accompanying regulatory-basis financial statements are presented in accordance with the accounting requirements of the Federal Energy Regulatory Commission (the "FERC") as set forth in its applicable Uniform System of Accounts and published accounting releases which is a comprehensive basis of accounting other than U.S. Generally Accepted Accounting Principles ("GAAP") used in the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016 filed by El Paso Electric Company with the Securities and Exchange Commission (the "September 30, 2016 Form 10-Q"). Notes A through I of the regulatory-basis financial statements are from the September 30, 2016 Form 10-Q and have been revised where the presentation of regulatory-basis financial statements, in accordance with requirements under the Uniform System of Accounts and published accounting releases of the FERC, result in different financial statement amounts or disclosures than under GAAP. Because many types of transactions are susceptible to varying interpretations, the amounts and classifications reported in the accompanying regulatory-basis financial statements may be subject to change at a later date upon final determination by the FERC. In the remainder of this Note 1, information contained in Notes A through I is supplemented for additional regulatory-basis disclosures.

Regulatory-Basis Financial Statements Compared to GAAP

The significant differences between the Company's regulatory-basis financial statements and those prepared in accordance with GAAP include the application of fresh-start reporting to the GAAP financial statements and the discontinuance and subsequent re-application of the provisions of Financial Accounting Standards Board ("FASB") accounting guidance for regulated operations. In 1996, the Company adopted fresh-start reporting for its GAAP financial statements in accordance with the FASB guidance related to financial reporting by entities in reorganization under the bankruptcy code. The adoption of fresh-start reporting resulted in the creation of a new reporting entity having no retained earnings or accumulated deficit and significantly altered, compromised, or modified the Company's historical capital structure.

GAAP requires earnings per share information on the income statement and the classification of tax assets related to an uncertainty in income taxes as a reduction to related tax asset rather than as an increase to current liabilities. GAAP also requires the classification of interest and penalties related to uncertain tax positions as tax expense rather than as interest and penalty expense.

In addition, certain items in the accompanying regulatory-basis financial statements are classified differently under FERC requirements than in the Company's GAAP financial statements.

Statement of Cash Flows

Cash and cash equivalents and amortization of other presented on the statement of cash flows for the nine months ended September 30, 2016 and 2015 consist of the following (in thousands):

	2016	2015
Cash and Cash Equivalents:		
Cash (131)	$ 8,312	$ 12,104
Working funds (135)	1,560	330
Temporary cash investments (136)	172	139
Cash and cash equivalents at end of period	$ 10,044	$ 12,573
Amortization of Other:		
ARO depreciation (403.1)	$ (874)	$ (852)
Other utility plant (404)	3,908	5,274
Regulatory assets (407.3)	342	114
Regulatory liabilities (407.4)	(65)	0
ARO liability accretion (411.10)	5,458	5,139
Miscellaneous amortization (425)	158	227
Debt expense (428)	838	816
Loss on reacquired debt (428.1)	664	664
Debt premium (429)	(87)	0
Interest rate lock losses	371	348
Nuclear fuel financing issuance costs	117	125
Dry cask storage amortization	876	2,506
Coal reclamation amortization	801	887
New Mexico rate case amortization	107	0
	$ 12,614	$ 15,248

A. Principles of Preparation

These condensed regulatory-basis financial statements should be read in conjunction with the regulatory-basis financial statements and notes thereto in the Annual Report of El Paso Electric Company on FERC Form No. 1 for the fiscal year ended December 31, 2015 (the "2015 FERC Form No. 1 "). Capitalized terms used in this report and not defined herein have the meaning ascribed to such terms in the 2015 FERC Form No. 1. In the opinion of the Company's management, the accompanying regulatory-basis financial statements contain all adjustments necessary to present fairly the financial position of the Company at September 30, 2016 and December 31, 2015; the results of its operations for the three and nine months ended September 30, 2016 and 2015; its comprehensive operations for the nine months ended September 30, 2016 and the year ended December 31, 2015; and its cash flows for the nine months ended September 30, 2016 and 2015. The results of operations for the three and nine months ended September 30, 2016 and the comprehensive operations and the cash flows for the nine months ended September 30, 2016 are not necessarily indicative of the results to be expected for the full calendar year.

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

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

Revenues. Revenues related to the sale of electricity are generally recorded when service is provided or electricity is delivered to customers. The billing of electricity sales to retail customers is based on the reading of their meters, which occurs on a systematic basis throughout the month. Accrued Utility Revenues are recorded for estimated amounts of energy delivered in the period following the customer's billing cycle to the end of the month. Accrued Utility Revenues are estimated based on monthly generation volumes and by applying an average revenue/kWh to the number of estimated kWhs delivered but not billed. The Company presents revenues net of sales taxes in its regulatory-basis statement of income.

Depreciation. The Company routinely evaluates the depreciable service lives, cost of removal and salvage values of its property, plant and equipment. Based, in part, upon a 2014 study performed for the Company, the Company modified certain salvage values related to both interim and final removal costs and service lives which were approved by the Company's regulators in 2016. The effect of the change in these estimates resulted in reducing depreciation expense approximately $7.4 million for the nine months ended September 30, 2016. The Company expects that the 2016 annual reduction to depreciation expense to approximate $9.5 million.

Income Taxes. The Company accounts for federal and state income taxes under the asset and liability method of accounting for income taxes. Deferred income taxes are recognized for the estimated future tax consequences of "temporary differences" by applying enacted statutory tax rates for each taxable jurisdiction applicable to future years to differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. Historically, certain temporary differences are accorded flow-through treatment by the Company's regulators and impact the Company's effective tax rate. The Financial Accounting Standards Board ("FASB") guidance requires that rate-regulated companies record deferred income taxes for temporary differences accorded flow-through treatment at the direction of the regulatory commission. The resulting deferred tax assets and liabilities are recorded at the expected cash flow to be reflected in future rates. Because the Company's regulators have consistently permitted the recovery of tax effects previously flowed-through earnings, the Company has recorded regulatory liabilities and assets offsetting such deferred tax assets and liabilities. During the third quarter of 2016, the Company changed its accounting for state income taxes from the flow-through method to the normalization method in accordance with the Company's regulators in its most recent final orders from the PUCT and the NMPRC. Accordingly, the Company recorded deferred state income tax expense as required by normalization, retroactive to January 2016 as provided in the final orders. See Note E for further discussion. The effect on deferred tax assets and liabilities of a change in tax rate is recognized in income in the period that includes the enactment date. The Company recognizes tax assets and liabilities for uncertain tax positions in accordance with the recognition and measurement criteria of the FASB guidance for uncertainty in income taxes as modified by FERC Docket No. AI07-2-000. See Note E.

Supplemental Cash Flow Disclosures (in thousands)

	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Cash paid (received) for:		
Interest on long-term debt and borrowing under the revolving credit facility	$ 46,867	$ 41,406
Income tax paid (refunded), net	3,337	(272)
Non-cash investing and financing activities:		
Sale of Interest in Four Corners Generating Station (a)	27,720	—
Changes in accrued plant additions	4,277	(13,150)
Grants of restricted shares of common stock	1,236	1,106

(a) The Company sold its interest in the Four Corners Generating Station ("Four Corners") for approximately $32.0 million based on the book value as defined in the asset purchase agreement entered into by the Company and Arizona Public Service Company ("APS") on February 17, 2015 (the "Purchase and Sale Agreement"). The sales price was adjusted downward by $7.0 million and $19.5 million, respectively, to reflect APS assumption of the Company's obligation to pay for future plant decommissioning and mine reclamation expense. The sales price was also adjusted downward by approximately $1.3 million for closing adjustments and other assets and liabilities assumed by APS. At the closing of the sale, the Company received approximately $4.2 million in cash, subject to post-closing adjustments. Subsequently, the Company recorded post-closing adjustments to reflect adjustments to estimated capital expenditures and other assets and liabilities assumed by APS through July 6, 2016, which resulted in a $1.6 million refund due to APS.

New Accounting Standards. In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606) to provide a framework that replaces the existing revenue recognition guidance. ASU 2014-09 is the result of a joint effort by the FASB and the International Accounting Standards Board intended to clarify the principles for recognizing revenue and to develop a common revenue standard for GAAP and International Financial Reporting Standards. ASU 2014-09 provides that an entity should recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 was originally intended to be effective for annual periods and interim periods within that reporting period beginning after December 15, 2016, for public business entities. In August 2015, FASB issued ASU 2015-14 to defer the effective date of ASU 2014-09 for all entities by one year. Public business entities will apply the guidance in ASU 2014-09 to annual reporting periods beginning after December 15, 2017 and interim periods within that reporting period. In March 2016, the FASB issued ASU 2016-08 to clarify the implementation guidance on principal versus agent consideration. In April 2016, the FASB issued ASU 2016-10 to clarify the implementation guidance on identifying performance obligations and licensing. In May 2016, the FASB issued ASU 2016-11, which rescinds certain SEC Staff Observer comments that are codified in FASB ASC Topic 605 (Revenue Recognition), effective upon adoption of Topic 606. In May 2016, the FASB issued ASU 2016-12, which makes narrow-scope amendments to ASU 2014-09, and provides practical expedients to simplify the transition to the new standard and to clarify certain aspects of the standard. Early adoption of ASU 2014-09 is permitted after December 15, 2016. The Company has not selected a transition method and is currently assessing the future impact of this ASU.

In January 2016, the FASB issued ASU 2016-01, Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Liabilities to enhance the reporting model for financial instruments by addressing certain aspects of recognition, measurement, presentation, and disclosure. ASU 2016-01 generally requires entities to measure equity investments that do not result in consolidation and are not accounted for under the equity method at fair value and recognize any changes in fair value in net income. The guidance for classifying and measuring investments in debt securities and loans is not changed by this ASU, but requires entities to record changes in other comprehensive income. Financial assets and financial liabilities must be separately presented by measurement category on the regulatory-basis balance sheet or in the accompanying notes to the regulatory-basis financial statements. ASU 2016-01 clarifies the need for a valuation allowance on a deferred tax asset related to available-for-sale securities in combination with the entity's other deferred tax assets. The standard includes a requirement that businesses must report changes in the fair value of their own liabilities in other comprehensive income instead of earnings, and this is the only provision of the update for which the FASB is permitting early adoption. The remaining provisions of this ASU become effective for public companies for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The Company is currently assessing the future impact of this ASU.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the regulatory-basis balance sheet and requiring qualitative and quantitative disclosures on leasing agreements. ASU 2016-02 maintains a distinction between finance leases and operating leases similar to the distinction under previous leases guidance for capital leases and operating leases. The impact of leases reported in the Company's operating results and statement of cash flows are expected to be similar to previous GAAP. ASU 2016-02 requires the recognition in the statement of financial position, by the lessee, of a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. How leases are recorded in regard to financial position represents a significant change from previous GAAP. The lessee is permitted to make an accounting policy election to not recognize lease assets and lease liabilities for short-term leases. Implementation of the standard for public companies will be required for annual reporting periods beginning after December 15, 2018 and interim periods within that reporting period. Early adoption of ASU 2016-02 is permitted for all entities. Adoption of the new lease accounting standard will require the Company to apply the new standard to the earliest period using a modified retrospective approach. The Company is currently assessing the future impact of this ASU.

In March 2016, the FASB issued ASU 2016-09, Compensation – Stock Compensation (Topic 718) Improvements to Employee Share-Based Payment Accounting to simplify the accounting for share-based payment transactions, including the income tax consequences, classification of awards either as equity or liabilities, and classification on the statements of cash flows. This ASU is effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Early adoption is permitted. The Company is currently assessing the future impact of this ASU.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326). ASU 2016-13 significantly changes how companies measure and recognize credit impairment for many financial assets. The new current expected credit loss model will require companies to immediately recognize an estimate of credit losses expected to occur over the remaining life of the financial assets that are in the scope of the standard. The ASU also makes targeted amendments to the current impairment model for available-for-sale debt securities. For public business entities, the provisions of ASU 2016-13 are effective for fiscal years and interim periods within that reporting period beginning after December 15, 2019. Early implementation is permitted as of the fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. ASU 2016-13 will be applied in a modified-retrospective approach through a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is implemented. The Company is currently assessing the future impact of this ASU.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230) Classification of Certain Cash Receipts and Cash Payments to reduce diversity in practice in how certain cash receipts and cash payments are classified in the statement of cash flows. The new guidance addresses the following classification issues: debt prepayment or debt extinguishment costs; settlement of zero-coupon bonds; contingent consideration payments made after a business combination; proceeds from the settlement of insurance claims; proceeds from the settlement of corporate-owned life insurance policies, including bank-owned life insurance policies; distributions received from equity method investees; beneficial interests in securitization transactions; and separately identifiable cash flows and application of the predominance principle. For public business entities, the provisions of ASU 2016-15 are effective for fiscal years and interim periods within that reporting period beginning after December 15, 2017. Early adoption is permitted, including adoption in an interim period. If an entity elects early adoption of ASU 2016-15 in an interim period, adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. An entity that elects early adoption must adopt all of the amendments in the same period. ASU 2016-15 will be applied using a retrospective transition method to each period presented. If it is impracticable to apply ASU 2016-15 retrospectively for some of the issues, the amendments for those issues may be applied prospectively as of the earliest date practicable. The Company is currently assessing the future impact of this ASU.

B. Regulation

General

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

Texas Regulatory Matters

2015 Texas Retail Rate Case Filing. On August 10, 2015, the Company filed with the City of El Paso, other municipalities incorporated in its Texas service territory, and the PUCT in Docket No. 44941, a request for an annual increase in non-fuel base revenues of approximately $71.5 million. On January 15, 2016, the Company filed its rebuttal testimony modifying the requested increase to $63.3 million.

On August 25, 2016, the PUCT issued its final order in Docket No. 44941 (the "PUCT Final Order"), as proposed, approving the Joint Motion to Implement Uncontested Amended and Restated Stipulation and Agreement (the "Unopposed Settlement") that was filed with the PUCT on July 21, 2016, which was unopposed by the parties to the rate case. The PUCT Final Order provides for the following: (i) an annual non-fuel rate increase of $37 million, lower annual depreciation expense of approximately $8.5 million, a return on equity of 9.7% for AFUDC purposes, and inclusion of substantially all new plant in service in rate base; (ii) an additional annual non-fuel base rate increase of $3.7 million related to Four Corners costs, which will be collected through a surcharge that terminates on July 12, 2017 and applies to consumption on and after January 12, 2016; (iii) removal of the separate rate treatment for residential customers with solar systems; (iv) recovery of $3.1 million in rate case expenses through a separate surcharge; and (v) recovery of revenues associated with the relate back of rates to consumption on and after January 12, 2016 through March 31, 2016 (aggregating $4.8 million) through a separate surcharge, all as specified in the Unopposed Settlement. The costs of serving residential customers with solar generation will be addressed in a future proceeding.

Interim rates associated with the annual non-fuel rate increase of $37 million became effective on April 1, 2016. The additional surcharges associated with the incremental Four Corners costs, rate case expenses and the relate back of rates to consumption on and after January 12, 2016 through March 31, 2016 were implemented on October 1, 2016.

Given the uncertainties regarding the ultimate resolution of the rate case, the Company did not recognize the impacts of the Unopposed Settlement in the regulatory-basis statement of income until it received the PUCT Final Order on August 25, 2016. Accordingly, operating revenues increased approximately $34.8 million, depreciation decreased approximately $7.4 million, and other expenses, net, increased approximately $1.9 million for an aggregate increase in income before income taxes of $40.3 million and an increase in net income of $23.3 million in the third quarter of 2016 to reflect the effects of the PUCT Final Order.

Energy Efficiency Cost Recovery Factor. On May 1, 2015, the Company filed its annual application to establish its energy efficiency cost recovery factor for 2016. In addition to projected energy efficiency costs for 2016 and a true-up to prior year actual costs, the Company requested approval of a $1.0 million bonus for the 2014 energy efficiency program results in accordance with PUCT rules. This case was assigned PUCT Docket No. 44677. A stipulation and settlement agreement was filed September 24, 2015 and the PUCT approved the settlement on November 5, 2015. The settlement approved by the PUCT includes a performance bonus of $1.0 million. The Company recorded the performance bonus as operating revenue in the fourth quarter of 2015.

On April 29, 2016, the Company filed its annual application to establish its energy efficiency cost recovery factor for 2017. In addition to projected energy efficiency costs for 2017 and true-up to prior year actual costs, the Company requested approval of a $668 thousand bonus for the 2015 energy efficiency program results in accordance with PUCT rules. This case was assigned PUCT Docket No. 45885. Parties in the proceeding, including PUCT staff and the City of El Paso, have filed a settlement in the case that approves the Company's filed proposal with a reduction to the 2015 program bonus of $155 thousand. The PUCT approved the settlement on October 28, 2016. The settlement approved by the PUCT includes a performance bonus of $0.5 million. The Company recorded the performance bonus as operating revenue in the third quarter of 2016.

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

On April 15, 2015, the Company filed a request, which was assigned PUCT Docket No. 44633, to reduce its fixed fuel factor by approximately 24% to reflect reduced fuel expenses primarily related to a reduction in the price of natural gas used to generate power. The over-recovered balance was below the PUCT's materiality threshold. The reduction in the fixed fuel factor was effective on an interim basis May 1, 2015 and approved by the PUCT on May 20, 2015. As of September 30, 2016, the Company had under-recovered fuel costs in the amount of $8.9 million for the Texas jurisdiction.

Fuel Reconciliation Proceeding. On September 27, 2016, the Company filed an application with the PUCT, designated as PUCT Docket No. 46308, to reconcile $436.6 million of fuel and purchased power expenses incurred during the period of April 1, 2013 through March 31, 2016.

Montana Power Station Approvals. The Company has received a Certificate of Convenience and Necessity ("CCN") from the PUCT to construct four natural gas fired generating units at Montana Power Station ("MPS") in El Paso County, Texas. The Company also obtained air permits from the Texas Commission on Environmental Quality (the "TCEQ") and the U.S. Environmental Protection Agency (the "EPA"). MPS Units 1 and 2 and associated transmission lines and common facilities were completed and placed into service in March 2015. MPS Units 3 and 4 were completed and placed into service on May 3, 2016 and September 15, 2016, respectively.

Community Solar. On June 8, 2015, the Company filed a petition with the PUCT to initiate a community solar program to include construction and ownership of a 3 MW solar photovoltaic system located at MPS. Participation will be on a voluntary basis, and customers will contract for a set capacity (kW) amount and receive all energy produced. This case was assigned PUCT Docket No. 44800. The Company filed a settlement agreement among all parties on July 1, 2016 approving the program, and the PUCT approved the settlement agreement and program on September 1, 2016.

Four Corners Generating Station. On February 17, 2015, the Company and APS entered the Purchase and Sale Agreement providing for the purchase by APS of the Company's interests in Four Corners. The Four Corners transaction closed on July 6, 2016. See Note C for further details on the sale of Four Corners.

On June 10, 2015, the Company filed an application in Texas requesting reasonableness and public interest findings and certain rate and accounting findings related to the Purchase and Sale Agreement. This case was assigned PUCT Docket No. 44805. Subsequent to the filing of the application, the case has been subject to numerous procedural matters, including a March 23, 2016 order in which the PUCT determined not to dismiss the reasonableness and public interest issues in this docket but to consider the requested rate and accounting findings, including mine reclamation costs, in the Company's next rate case, which is expected to be filed in the first half of 2017. The procedural schedule related to the public interest issues called for a hearing to be held on October 6-7, 2016. However, on September 1, 2016, a motion by parties in the proceeding to suspend the procedural schedule in order to pursue settlement was approved by the PUCT.

At September 30, 2016, the regulatory asset associated with the Four Corners mine reclamation costs for our Texas jurisdiction approximated $7.5 million. The Company currently continues to recover its mine reclamation costs in Texas under previous orders and decisions of the PUCT. If any future determinations made by our regulators result in changes to how existing regulatory assets or previously incurred costs for Four Corners are recovered in rates, any such changes would be recognized only when it becomes probable future cash flows will change as a result of such regulatory actions.

Other Required Approvals. The Company has obtained other required approvals for tariffs and approvals as required by the Public Utility Regulatory Act (the "PURA") and the PUCT.

New Mexico Regulatory Matters

2015 New Mexico Rate Case Filing. On May 11, 2015, the Company filed with the NMPRC in Case No. 15-00127-UT, for an annual increase in non-fuel base rates of approximately $8.6 million or 7.1%. Subsequently, the Company reduced its requested increase in non-fuel base rates to approximately $6.4 million. On June 8, 2016, the NMPRC issued its final order approving an annual increase in non-fuel base rates of approximately $1.1 million and a decrease in the Company's allowed return on equity to 9.48%. The final order concludes that all of the Company's new plant in service was reasonable and necessary and therefore would be recoverable in rate base. The Company's rates were approved by the NMPRC effective July 1, 2016 and implemented at such time.

Fuel and Purchased Power Costs. On January 8, 2014, the NMPRC approved the continuation of the Fuel and Purchased Power Cost Adjustment Clause (the "FPPCAC") without modification in NMPRC Case No. 13-00380-UT. Historically, fuel and purchased power costs were recovered through base rates and a FPPCAC that accounts for changes in the costs of fuel relative to the amount included in base rates. Effective July 1, 2016, with the implementation of the final order of Case No. 15-00127-UT, fuel and purchased power costs will no longer be recovered through base rates but will be completely recovered through the FPPCAC. Fuel and purchased power costs are reconciled to actual costs on a monthly basis and recovered or refunded to customers the second succeeding month. The Company recovers costs related to Palo Verde Unit 3 capacity and energy in New Mexico through the FPPCAC as purchased power using a proxy market price approved in Case No. 13-00380-UT. At September 30, 2016, the Company had a net fuel over-recovery balance of $1.3 million in New Mexico.

Montana Power Station Approvals. The Company has received a CCN from the NMPRC to construct four units at MPS and the associated transmission lines. The Company also obtained all necessary air permits from the TCEQ and the EPA. A final order in NMPRC Case No. 13-00297-UT approving the CCN for MPS Units 3 and 4 was issued on June 11, 2014. MPS Units 1 and 2 were completed and placed into service in March 2015. MPS Units 3 and 4 were completed and placed into service on May 3, 2016 and September 15, 2016, respectively.

Four Corners. On February 17, 2015, the Company and APS entered into the Purchase and Sale Agreement providing for the purchase by APS of the Company's interests in Four Corners. On April 27, 2015, the Company filed an application in NMPRC Case No. 15-00109-UT requesting all necessary regulatory approvals to sell its ownership interest in Four Corners. On February 2, 2016, the Company filed a joint stipulation with the NMPRC reflecting a settlement agreement among the NMPRC's Utility Division Staff, the Company and the New Mexico Attorney General proposing approval of abandonment and sale of its seven percent minority ownership interest in Four Corners Units 4 and 5 and common facilities to APS. A hearing in the case was held on February 16, 2016, and the Hearing Examiner issued a Certification of Stipulation on April 22, 2016 recommending approval of the joint stipulation without modification. On June 15, 2016, the NMPRC issued its final order approving the stipulation. See Note C for further details on the sale of Four Corners.

5 MW Holloman Air Force Base ("HAFB") Facility CCN. On June 15, 2015, the Company filed a petition with the NMPRC requesting CCN authorization to construct a 5 MW solar-powered generation facility to be located at HAFB in the Company's service territory in New Mexico. The new facility will be a dedicated Company-owned resource serving HAFB. This case was assigned NMPRC Case No. 15-00185-UT. On October 7, 2015, the NMPRC issued a final order accepting the Hearing Examiner’s Recommended Decision to approve the CCN, as modified. The Company and HAFB negotiated a special retail contract, which includes power sales agreement for the facility, to replace the existing load retention agreement and requested approval in NMPRC Case No. 16-00224-UT. On October 5, 2016 the new agreement was approved by the NMPRC. Construction of the solar generation facility will begin in the fourth quarter of 2016 and is expected to be completed in the second quarter of 2017.

Issuance of Long-Term Debt and Guarantee of Debt. On October 7, 2015, the Company received approval in NMPRC Case No. 15-00280-UT to issue up to $310 million in new long-term debt; and to guarantee the issuance of up to $65 million of new debt by Rio Grande Resources Trust ("RGRT") to finance future purchases of nuclear fuel and to refinance existing nuclear fuel debt obligations. This approval supersedes prior approvals. Under this authorization, on March 24, 2016, the Company issued $150 million in aggregate principal amount of 5.00% Senior Notes due December 1, 2044. The net proceeds from the issuance of these senior notes, after deducting the underwriters' commission, were $158.1 million. These proceeds include accrued interest of $2.4 million and a $7.1 million premium before expenses. These senior notes constitute an additional issuance of the Company's 5.00% Senior Notes due 2044, of which $150 million was previously issued on December 1, 2014, for a total principal amount outstanding of $300 million.

Other Required Approvals. The Company has obtained other required approvals for other tariffs, securities transactions, recovery of energy efficiency costs through a base rate rider and other approvals as required by the NMPRC.

Federal Regulatory Matters

Four Corners. On June 26, 2015, APS filed an application requesting authorization from FERC to purchase 100% of the Company's ownership interest in Units 4 and 5 of Four Corners and the associated transmission interconnection facilities and rights. On December 22, 2015, FERC issued an order approving the proposed transaction. The Four Corners transaction closed on July 6, 2016. See Note C for further details on the sale of Four Corners.

Public Service Company of New Mexico ("PNM") Transmission Rate Case. On December 31, 2012, PNM filed with FERC to change its method of transmission rate recovery for its transmission delivery services from stated rates to formula rates. The Company takes transmission service from PNM and is among the PNM transmission customers affected by PNM's shift to formula rates. On March 1, 2013, the FERC issued an order rejecting in part PNM's filing, and establishing settlement judge and hearing procedures. On March 20, 2015, PNM filed with FERC a settlement agreement and offer of settlement resolving all issues set for hearing in the proceeding. On March 25, 2015, the Chief Judge issued an order granting PNM's motion to implement the settled rates. On March 17, 2016, FERC issued an order approving the settlement.

Revolving Credit Facility; Issuance of Long-Term Debt and Guarantee of Debt. On October 19, 2015, the FERC issued an order in Docket No. ES15-66-000 approving the Company's filing to issue short-term debt under its existing revolving credit facility ("RCF") up to $400 million outstanding at any time, to issue up to $310 million in long-term debt, and to guarantee the issuance of up to $65 million of new long-term debt by RGRT to finance future nuclear fuel purchases. The authorization is effective from November 15, 2015 through November 15, 2017. This approval supersedes prior approvals. Under this authorization, on March 24, 2016, the Company issued $150 million in aggregate principal amount of 5.00% Senior Notes due December 1, 2044. The net proceeds from the issuance of these senior notes, after deducting the underwriters' commission, were $158.1 million. These proceeds include accrued interest of $2.4 million and a $7.1 million premium before expenses. These senior notes constitute an additional issuance of the Company's 5.00% Senior Notes due 2044, of which $150 million was previously issued on December 1, 2014, for a total principal amount outstanding of $300 million.

Other Required Approvals. The Company has obtained required approvals for rates and tariffs, securities transactions and other approvals as required by the FERC.

C. Palo Verde and Four Corners

Spent Nuclear Fuel and Waste Disposal. Pursuant to the Nuclear Waste Policy Act of 1982, as amended in 1987 (the "NWPA"), the U.S. Department of Energy (the "DOE") is legally obligated to accept and dispose of all spent nuclear fuel and other high-level radioactive waste generated by all domestic power reactors by 1998. The DOE's obligations are reflected in a contract for Disposal of Spent Nuclear Fuel and/or High-Level Radioactive Waste (the "Standard Contract") with each nuclear power plant. The DOE failed to begin accepting spent nuclear fuel by 1998.

On December 19, 2012, APS, acting on behalf of itself and the Palo Verde Participants, filed a second breach of contract lawsuit against the DOE. This lawsuit sought to recover damages incurred due to the DOE's failure to accept Palo Verde's spent nuclear fuel for the period beginning January 1, 2007 through June 30, 2011. On August 18, 2014, APS and the DOE entered into a settlement agreement, stipulating to a dismissal of the lawsuit and payment of $57.4 million by the DOE to the Palo Verde Participants for certain specified costs incurred by Palo Verde during the period January 1, 2007 through June 30, 2011. On October 8, 2014, the Company received approximately $9.1 million, representing its share of the award, of which $7.9 million was credited to customers through the applicable fuel adjustment clauses.

On October 31, 2014, APS, acting on behalf of itself and the Palo Verde Participants, submitted to the government an additional request for reimbursement of spent nuclear fuel storage costs for the period July 1, 2011 through June 30, 2014. The accepted claim amount was $42.0 million. On June 1, 2015, the Company received approximately $6.6 million, representing its share of the award, of which $5.8 million was credited to customers through the applicable fuel adjustment clauses in March 2015. Thereafter, APS will file annual claims for the period July 1 of the then-previous year to June 30 of the then-current year.

On November 2, 2015, APS filed a $12.0 million claim for the period July 1, 2014 through June 30, 2015. In February 2016, the DOE notified APS of the approval of the claim. Funds related to this claim were received in the first quarter of 2016. The Company's share of this claim is approximately $1.9 million, of which $1.6 million was credited to customers through the applicable fuel adjustment clauses in March 2016.

On October 31, 2016, APS filed an $11.3 million claim for the period July 1, 2015 through June 30, 2016. The Company's share of this claim is approximately $1.8 million. Any reimbursement is anticipated to be received in the second quarter of 2017, and the majority will be credited to customers through the applicable fuel adjustment clauses.

Palo Verde Operations and Maintenance Expense. Included in other operations and maintenance expenses are expenses associated with Palo Verde as follows (in thousands):

	2016	2015
Three months ended September 30,	$ 21,123	$ 22,016
Nine months ended September 30,	67,514	67,702

Four Corners. On February 17, 2015, the Company and APS entered into the Purchase and Sale Agreement providing for the purchase by APS of the Company’s interests in Four Corners. Four Corners continued to provide energy to serve the Company's native load up to the closing date. The Four Corners transaction closed on July 6, 2016. The sales price was $32.0 million based on the net book value as defined in the Purchase and Sale Agreement. The sales price was adjusted downward by $7.0 million and $19.5 million, respectively, to reflect APS's assumption of the Company's obligation to pay for future plant decommissioning and mine reclamation expenses. The sales price was also adjusted downward by approximately $1.3 million for estimated closing adjustments and other assets and liabilities assumed by APS. At the closing, the Company received approximately $4.2 million in cash, subject to post-closing adjustments. No significant gain or loss was recorded upon the closing of the sale. APS assumed responsibility for all capital expenditures made after July 6, 2016. In addition, APS will indemnify the Company against liabilities and costs related to the future operation of Four Corners. Subsequently, the Company recorded post-closing adjustments to reflect adjustments to estimated capital expenditures and other assets and liabilities assumed by APS through July 6, 2016, which resulted in a $1.6 million refund due to APS. See Note B for a discussion of regulatory filings associated with Four Corners.

D. Common Stock

Dividends. The Company paid $12.5 million and $11.9 million in quarterly cash dividends during the three months ended September 30, 2016 and 2015, respectively. The Company paid a total of $37.0 million and $35.1 million in quarterly cash dividends during the nine months ended September 30, 2016 and 2015, respectively.

E. Income Taxes

The Company files income tax returns in the United States ("U.S.") federal jurisdiction and in the states of Texas, New Mexico and Arizona. The Company is no longer subject to tax examination by the taxing authorities in the federal and New Mexico jurisdictions for years prior to 2011. The Company is currently under audit in Texas for tax years 2007 through 2011. In June 2016, the Arizona Department of Revenue discontinued their audits for tax years 2009 through 2012. The discontinuance of the audits did not have a material impact on the Company's results of operations or financial position.

For the three months ended September 30, 2016 and 2015, the Company’s regulatory-basis effective tax rate was 36.8% and 29.8%, respectively. For the nine months ended September 30, 2016 and 2015, the Company's regulatory-basis effective tax rate was 35.8% and 29.1%, respectively. The Company's regulatory-basis effective tax rate for all periods differs from the federal statutory tax rate of 35.0% primarily due to capital gains in the decommissioning trusts which are taxed at the federal rate of 20.0%, the allowance for equity funds used during construction, state taxes and the issue discussed in the following paragraph.

In the third quarter of 2016, the Company changed its accounting for state income taxes from the flow-through method to the normalization method in accordance with the Company's regulators in its most recent final orders from the PUCT and the NMPRC. Under the flow-through method, the Company previously recorded deferred state income taxes and regulatory liabilities and assets offsetting such deferred state income taxes at the expected cash flow to be reflected in future rates. Upon implementation of normalization, the Company began amortizing the net regulatory asset for deferred state income taxes to deferred income tax expense over a 15 year period as allowed by the regulators. In the third quarter of 2016, the Company began recording deferred state income tax expense as required by normalization, retroactive to January 2016 as provided in the final orders. The impact of the change was additional deferred income tax expense of $2.8 million for the three months ended September 30, 2016.

F. Commitments, Contingencies and Uncertainties

For a full discussion of commitments and contingencies, see Note J of the Notes to Regulatory-Basis Financial Statements in the 2015 FERC Form No. 1. In addition, see Notes B and C above and Notes C and E of the Notes to Regulatory-Basis Financial Statements in the 2015 FERC Form No. 1 regarding matters related to wholesale power sales contracts and transmission contracts subject to regulation and Palo Verde, including decommissioning, spent nuclear fuel and waste disposal, and liability and insurance matters.

Power Purchase and Sale Contracts

To supplement its own generation and operating reserve requirements, and to meet required renewable portfolio standards, the Company engages in power purchase arrangements which may vary in duration and amount based on an evaluation of the Company's resource needs, the economics of the transactions, and specific renewable portfolio requirements. For a full discussion of power purchase and sale contracts that the Company has entered into with various counterparties, see Note J of the Notes to Regulatory-Basis Financial Statements in the 2015 FERC Form No. 1.

Environmental Matters

General. The Company is subject to extensive laws, regulations, and permit requirements with respect to air and greenhouse gas emissions, water discharges, soil and water quality, waste management and disposal, natural resources, and other environmental matters by federal, state, regional, tribal, and local authorities. Failure to comply with such laws, regulations, and requirements can result in actions by authorities or other third parties that might seek to impose on the Company administrative, civil, and/or criminal penalties or other sanctions. In addition, releases of pollutants or contaminants into the environment can result in costly cleanup liabilities. These laws, regulations, and requirements are subject to change through modification or reinterpretation, or the introduction of new laws and regulations and, as a result, the Company may face additional capital and operating costs to comply. For a more detailed discussion of certain key environmental issues, laws, and regulations facing the Company, see Note J of the Notes to Regulatory-Basis Financial Statements in the 2015 FERC Form No. 1.

Clean Air Interstate Rule/Cross State Air Pollution Rule. The EPA promulgated the Cross-State Air Pollution Rule ("CSAPR") in August 2011, which rule involves requirements to limit emissions of nitrogen oxides ("NOx") and sulfur dioxide ("SO2") from certain of the Company's power plants in Texas and/or purchase allowances representing other parties' emissions reductions. CSAPR was intended to replace the EPA's 2005 Clean Air Interstate Rule ("CAIR"). While the U.S. Court of Appeals for the District of Columbia Circuit ("D.C. Circuit") vacated CSAPR in August 2012 and allowed CAIR to stand until the EPA issued a proper replacement, on April 29, 2014, the U.S. Supreme Court reversed and upheld CSAPR, remanding certain portions of CSAPR to the D.C. Circuit for further consideration. On June 26, 2014, the EPA filed a motion asking the D.C. Circuit to lift its stay on CSAPR, and on October 23, 2014, the D.C. Circuit lifted its stay of CSAPR. On July 28, 2015, the D.C. Circuit ruled that the EPA's emissions budgets for 13 states including Texas are invalid, but left the rule in place on remand. On October 26, 2016, the EPA published its final CSAPR Update Rule with an effective date of December 27, 2016. While we are unable to determine the full impact of this rule at this time, the Company believes it is currently positioned to comply with CSAPR.

National Ambient Air Quality Standards ("NAAQS"). Under the Clean Air Act ("CAA"), the EPA sets NAAQS for six criteria pollutants considered harmful to public health and the environment, including particulate matter ("PM"), NOx, carbon monoxide ("CO"), ozone, and SO2. NAAQS must be reviewed by the EPA at five-year intervals. In 2010, the EPA tightened the NAAQS for both nitrogen dioxide ("NO2") and SO2. The EPA is considering a 1-hour secondary NAAQS for NO2 and SO2. In January 2013, the EPA tightened the NAAQS for fine PM. On October 1, 2015, following on its November 2014 proposal, the EPA released a final rule tightening the primary and secondary NAAQS for ground-level ozone from its 2008 standard levels of 75 parts per billion ("ppb") to 70 ppb. Ozone is the main component of smog. While not directly emitted into the air, it forms from precursors, including NOx and volatile organic compounds, in combination with sunlight. The EPA is expected to make attainment/nonattainment designations for the revised ozone standards by October 1, 2017. While it is currently unknown how the areas in which we operate will ultimately be designated, for nonattainment areas classified as "Moderate" and above, states, and any tribes that choose to do so, are expected to be required to complete development of implementation plans in the 2020-2021 timeframe. Most nonattainment areas are expected to have until 2020 or 2023 to meet the primary (health) standard, with the exact attainment date varying based on the ozone level in the area. The Company continues to evaluate what impact these final and proposed NAAQS could have on its operations. If the Company is required to install additional equipment to control emissions at its facilities, the NAAQS, individually or in the aggregate, could have a material impact on its operations and financial results.

Other Laws and Regulations and Risks. The Company sold its interest in Four Corners to APS on July 6, 2016. The Company no longer owns any coal-fired generation, and therefore has reduced its exposure to a number of environmental matters. As of the closing date of the sale, the Company's environmental liabilities associated with Four Corners were limited to conditions that existed at the time of the sale. The Company's liability is limited to the portion thereof for which the Company would have been financially responsible if Four Corners had fully ceased operations on July 6, 2016. The Company believes it is not responsible for a significant portion of the compliance or ongoing operational costs associated with the Mercury and Air Toxics Standards ("MATS"), the Coal Combustion Residue ("CCR") Rule, or the revised Wastewater Effluent Limitation Guidelines ("ELG"). While the outcome of these matters cannot be predicted with certainty, the Company does not expect the MATS, CCR, or ELG rules to have a significant impact on its financial condition or results of operations, nor does the Company expect that ongoing lawsuits between environmental organizations, the Office of Surface Mining Reclamation and Enforcement, the Bureau of Indian Affairs, and other federal agencies will have a significant impact on its financial condition or results of operations.

Mercury and Air Toxics Standards. The operation of coal-fired power plants, such as Four Corners, results in emissions of mercury and other air toxics. In December 2011, the EPA finalized the MATS Rule for oil- and coal-fired power plants, which requires significant reductions in emissions of mercury and other air toxics. Several judicial and other challenges have been made to this rule, and on June 29, 2015, the U.S. Supreme Court remanded the rule to the D.C. Circuit Court. On December 15, 2015, the D.C. Circuit Court issued an order remanding the rule to the EPA but did not vacate the rule during remand. On April 15, 2016, the EPA completed a cost-benefit analysis of the MATS rule and reaffirmed its finding that the rule is "appropriate and necessary," which will be reviewed by the D.C. Circuit Court. The legal status of the MATS Rule notwithstanding, the Company believes, under the terms of the Purchase and Sale Agreement and after the sale, as a former owner, that the Company is not responsible for a significant portion of the costs under the MATS Rule. Accordingly, the Company does not expect the MATS Rule to have a significant impact on its financial condition or results of operations.

Coal Combustion Waste. On October 19, 2015, the EPA's final rule regulating the disposal of CCR (the "CCR Rule") from electric utilities as solid waste took effect. As of the effective date of the CCR Rule, the Company had a 7% ownership interest in Units 4 and 5 of Four Corners, the only coal-fired generating facility for which the Company had an ownership interest subject to the CCR Rule. The Company sold its entire ownership interest in Four Corners to APS on July 6, 2016. The CCR Rule requires plant owners to treat coal combustion residuals as Subtitle D (as opposed to a more costly Subtitle C) waste. The Company, however, believes, under the terms of the Purchase Agreement and after the sale, as a former owner, that the Company is not responsible for a significant portion of the costs under the CCR Rule, such as ongoing operational costs after July 6, 2016. Accordingly, the Company does not expect the CCR Rule to have a significant impact on its financial condition or results of operations.

On November 3, 2015, the EPA published a final rule revising wastewater effluent limitation guidelines for steam electric power generators (the "Revised ELG Rule"). The Revised ELG Rule establishes requirements for wastewater streams from certain processes at affected facilities, including limits on toxic metals in wastewater discharges. Facilities must comply with the Revised ELG Rule between 2018 and 2023. The EPA anticipates that the new requirements in the Revised ELG Rule will only affect certain coal-fired steam electric power plants. Because the Company does not have an interest in Four Corners after the closing of the sale in July 2016, the Company does not expect the Revised ELG Rule will have a significant impact on its financial condition or results of operations.

In 2012, several environmental groups filed a lawsuit in federal district court against the Office of Surface Mining Reclamation and Enforcement ("OSM") of the U.S. Department of the Interior, challenging OSM's 2012 approval of a permit revision which allowed for the expansion of mining operations into a new area of the mine that serves Four Corners ("Area IV North"). In April 2015, the court issued an order invalidating the permit revision, thereby prohibiting mining in Area IV North until OSM takes action to cure the defect in its permitting process identified by the court. On December 29, 2015, OSM took action to cure the defect in its permitting process by issuing a revised environmental assessment and finding of no new significant impact, and reissued the permit. This action is subject to possible judicial review. On March 30, 2016, the U.S. Court of Appeals vacated and dismissed the federal court decision that halted operations in Area IV North at the Navajo Mine.

On April 20, 2016, the same environmental groups filed a new complaint in Arizona's federal district court, challenging multiple permits and approvals, issued to both the Navajo Mine and Four Corners, authorizing operations from July 2016 onwards. The complaint seeks to enjoin federal agencies, including the OSM and Bureau of Indian Affairs, from authorizing any element of the power plant or mine without further environmental impact analysis.

Climate Change. In recent years, there has been increasing public debate regarding the potential impact of global climate change. There has been a wide-ranging policy debate, both nationally and internationally, regarding the impact of GHG and possible means for their regulation. In addition, efforts have been made and continue to be made in the international community toward the adoption of international treaties or protocols that would address global climate change issues. Most recently, in 2015, the United States participated in the United Nations Conference on Climate Change, which led to creation of the Paris Agreement. On April 22, 2016, 175 countries, including the United States, signed the Paris Agreement, signaling their intent to join. Those countries that subsequently ratify the agreement will be required to review and "represent a progression" in their intended nationally determined contributions, which set GHG emission reduction goals, every five years beginning in 2020.

The U.S. federal government has either considered, proposed, and/or finalized legislation or regulations limiting GHG emissions, including carbon dioxide. In particular, the U.S. Congress has considered legislation to restrict or regulate GHG emissions. In the past few years, the EPA began using the CAA to regulate carbon dioxide and other GHG emissions, such as the 2009 GHG Reporting Rule and the EPA's sulfur hexafluoride ("SF6") reporting rule, both of which apply to the Company, as well as the EPA's 2010 actions to impose permitting requirements on new and modified sources of GHG emissions. After announcing his plan to address climate change in 2013, the President directed the EPA to issue proposals for GHG rulemaking addressing power plants. In October 2015, the EPA published a final rule establishing new source performance standards ("NSPS") limiting CO2 emissions from new, modified, and reconstructed electric generating units. In October 2015, the EPA also published a rule establishing guidelines for states to regulate CO2 emissions from existing power plants, as well as a proposed "federal plan" to address CO2 emissions from affected units in those states that do not submit an approvable compliance plan. The standards for existing plants are known as the Clean Power Plan ("CPP"), under which rule interim emissions performance rates must be achieved beginning in 2022 and final emissions performance rates by 2030. Legal challenges to the CPP were filed by groups of states and industry members. On February 9, 2016, the U.S. Supreme Court issued a decision to stay the rule until legal issues are resolved. We cannot at this time determine the impact the CPP and related rules and legal challenges may have on our financial position, results of operations, or cash flows.

G. Litigation

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

See Notes B and F above and Notes C and J of the Notes to Regulatory-Basis Financial Statements in the 2015 FERC Form No. 1 for discussion of the effects of government legislation and regulation on the Company.

H. Employee Benefits

Retirement Plans

The net periodic benefit cost recognized for the three and nine months ended September 30, 2016 and 2015 is made up of the components listed below as determined using the projected unit credit actuarial cost method (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Components of net periodic benefit cost:				
Service cost	$ 2,191	$ 2,394	$ 6,001	$ 6,594
Interest Cost	3,250	3,622	9,780	10,872
Expected return on plan assets	(4,734)	(4,951)	(14,159)	(14,846)
Amortization of:				
Net loss	1,730	2,485	5,505	7,985
Prior service benefit	(875)	(855)	(2,630)	(2,630)
Net periodic benefit cost	$ 1,562	$ 2,695	$ 4,497	$ 7,975

During the nine months ended September 30, 2016, the Company contributed $8.8 million of its projected $9.4 million 2016 annual contribution to its retirement plans.

Other Postretirement Benefits

The net periodic benefit cost recognized for the three and nine months ended September 30, 2016 and 2015 is made up of the components listed below (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Components of net periodic benefit cost:				
Service cost	$ 749	$ 841	$ 2,179	$ 2,591
Interest Cost	871	976	2,616	3,026
Expected return on plan assets	(452)	(503)	(1,372)	(1,553)
Amortization of:				
Prior service benefit	(788)	(751)	(2,363)	(2,301)
Net gain	(643)	(519)	(1,973)	(1,519)
Net periodic benefit cost (benefit)	$ (263)	$ 44	$ (913)	$ 244

During the nine months ended September 30, 2016, the Company contributed $1.6 million of its projected $1.7 million 2016 annual contribution to its other postretirement benefits plan.

During October 2016, the Company approved and communicated a plan amendment that is expected to result in a remeasurement. Effective January 1, 2017, retirees and dependents who are less than 65 years of age will be offered a choice between a $1,000 and $2,250 deductible plan. Additionally, retirees and dependents who are 65 years of age or greater will be covered by a fully insured Medicare advantage plan. While the effects of the plan amendment cannot be estimated at this time, the Company believes that the postretirement benefit obligation will decrease as a result of the October 1, 2016 remeasurement. The effects of the remeasurement will be recorded in the fourth quarter of 2016.

I. Financial Instruments and Investments

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

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

	September 30, 2016		December 31, 2015	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Pollution Control Bonds	$ 193,135	$ 211,050	$ 193,135	$ 212,624
Senior Notes	1,003,196	1,207,162	846,149	829,864
RGRT Senior Notes (1)	95,000	100,465	95,000	100,345
RCF (1)	55,767	55,767	143,439	143,439
Total	$ 1,347,098	$ 1,574,444	$ 1,277,723	$ 1,286,272

(1) Nuclear fuel capital lease obligation, as of September 30, 2016 and December 31, 2015, is funded through the $95 million RGRT Senior Notes and $36.8 million and $35.4 million, respectively under the RCF. As of September 30, 2016, $19.0 million was outstanding under the RCF for working capital or general corporate purposes. As of December 31, 2015, $108.0 million was outstanding under the RCF for working capital or general corporate purposes. The interest rate on the Company's borrowings under the RCF is reset throughout the quarter reflecting current market rates. Consequently, the carrying value approximates fair value.

Marketable Securities. The Company's marketable securities, included in decommissioning trust funds in the regulatory-basis balance sheets, are reported at fair value which was $254.6 million and $239.0 million at September 30, 2016 and December 31, 2015, respectively. These securities are classified as available for sale and recorded at their estimated fair value using the FASB guidance for certain investments in debt and equity securities. The reported fair values include gross unrealized losses on marketable securities whose impairment the Company has deemed to be temporary. The tables below present the gross unrealized losses and the fair value of these securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position (in thousands):

	September 30, 2016					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Description of Securities (1):						
Federal Agency Mortgage Backed Securities	$ 1,028	$ (9)	$ —	$ —	$ 1,028	$ (9)
U.S. Government Bonds	8,728	(151)	12,300	(526)	21,028	(677)
Municipal Obligations	4,692	(43)	8,171	(515)	12,863	(558)
Corporate Obligations	3,380	(50)	2,381	(138)	5,761	(188)
Total Debt Securities	17,828	(253)	22,852	(1,179)	40,680	(1,432)
Common Stock	1,393	(124)	—	—	1,393	(124)
Institutional Funds-International Equity	22,847	(249)	—	—	22,847	(249)
Total Temporarily Impaired Securities	$ 42,068	$ (626)	$ 22,852	$ (1,179)	$ 64,920	$ (1,805)

(1) Includes 104 securities.

	December 31, 2015					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Description of Securities (2):						
Federal Agency Mortgage Backed Securities	$ 9,383	$ (97)	$ 1,113	$ (47)	$ 10,496	$ (144)
U.S. Government Bonds	24,094	(310)	14,272	(623)	38,366	(933)
Municipal Obligations	8,286	(160)	7,388	(446)	15,674	(606)
Corporate Obligations	6,058	(722)	2,307	(228)	8,365	(950)
Total Debt Securities	47,821	(1,289)	25,080	(1,344)	72,901	(2,633)
Common Stock	3,584	(344)	—	—	3,584	(344)
Institutional Funds-International Equity	22,454	(768)	—	—	22,454	(768)
Total Temporarily Impaired Securities	$ 73,859	$ (2,401)	$ 25,080	$ (1,344)	$ 98,939	$ (3,745)

(2) Includes 133 securities.

The Company monitors the length of time specific securities trade below their cost basis along with the amount and percentage of the unrealized loss in determining if a decline in fair value of marketable securities below recorded cost is considered to be other than temporary. The Company recognizes impairment losses on certain of its securities deemed to be other than temporary. In accordance with the FASB guidance, these impairment losses are recognized in net income, and a lower cost basis is established for these securities. In addition, the Company will research the future prospects of individual securities as necessary. The Company does not anticipate expending monies held in trust before 2044 or a later period when decommissioning of Palo Verde begins.

For the three and nine months ended September 30, 2016 and 2015, the Company recognized other than temporary impairment losses on its available-for-sale securities as follow (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Unrealized holding losses included in pre-tax income	$ (196)	$ —	$ (352)	$ —

The reported securities also include gross unrealized gains on marketable securities which have not been recognized in the Company's net income. The table below presents the unrecognized gross unrealized gains and the fair value of these securities, aggregated by investment category (in thousands):

	September 30, 2016		December 31, 2015	
	Fair Value	Unrealized Gains	Fair Value	Unrealized Gains
Description of Securities:				
Federal Agency Mortgage Backed Securities	$ 16,772	$ 701	$ 9,589	$ 438
U.S. Government Bonds	35,711	1,285	12,033	136
Municipal Obligations	9,273	398	8,671	332
Corporate Obligations	18,368	1,347	10,110	368
Total Debt Securities	80,124	3,731	40,403	1,274
Common Stock	66,055	34,418	72,636	37,001
Equity Mutual Funds	35,552	1,995	18,853	91
Cash and Cash Equivalents	7,975	—	8,204	—
Total	$ 189,706	$ 40,144	$ 140,096	$ 38,366

The Company's marketable securities include investments in municipal, corporate and federal debt obligations. Substantially all of the Company's mortgage-backed securities, based on contractual maturity, are due in ten years or more. The mortgage-backed securities have an estimated weighted average maturity which generally range from two years to six years and reflects anticipated future prepayments. The contractual year for maturity of these available-for-sale securities as of September 30, 2016 is as follows (in thousands):

	Total	2016	2017 through 2020	2021 through 2025	2026 and Beyond
Municipal Debt Obligations	$ 22,136	$ 417	$ 7,909	$ 12,730	$ 1,080
Corporate Debt Obligations	24,129	—	5,501	9,941	8,687
U.S. Government Bonds	56,739	—	29,297	14,542	12,900

The Company's marketable securities in its decommissioning trust funds are sold from time to time and the Company uses the specific identification basis to determine the amount to reclassify from accumulated other comprehensive income into net income. The proceeds from the sale of these securities during the three and nine months ended September 30, 2016 and 2015 and the related effects on pre-tax income are as follows (in thousands):

	Three Months Ended September 30		Nine Months Ended September 30	
	2016	2015	2016	2015
Proceeds from sales or maturities of available-for-sale securities	$ 19,453	$ 26,618	$ 60,165	$ 63,776
Gross realized gains included in pre-tax income	$ 2,446	$ 4,515	$ 6,687	$ 8,330
Gross realized losses included in pre-tax income	(178)	(191)	(765)	(443)
Gross unrealized losses included in pre-tax income	(196)	—	(352)	—
Net gains in pre-tax income	$ 2,072	$ 4,324	$ 5,570	$ 7,887
Net unrealized holding gains (losses) included in accumulated other comprehensive income	$ 4,313	$ (8,092)	$ 9,293	$ (8,641)
Net gains reclassified from accumulated other comprehensive income	(2,072)	(4,324)	(5,570)	(7,887)
Net gains (losses) in other comprehensive income	$ 2,241	$ (12,416)	$ 3,723	$ 16,528

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

- Level 1 – Observable inputs that reflect quoted market prices for identical assets and liabilities in active markets. Financial assets utilizing Level 1 inputs include the nuclear decommissioning trust investments in active exchange-traded equity securities, mutual funds and U.S. Treasury securities that are in a highly liquid and active market. The Institutional Funds are valued using the NAV provided by the administrator of the fund. The NAV price is quoted on a restrictive market although the underlying investments are traded on active markets. During the third quarter of 2016, the Company re-evaluated the decommissioning trust funds investments as to whether they have a readily determinable fair value. Based on that re-evaluation, certain accounting policy, and NAV disclosures have been revised and now the investments in the Institutional Funds are categorized as Level 1.
- Level 2 – Inputs other than quoted market prices included in Level 1 that are observable for the asset or liability either directly or indirectly. Financial assets utilizing Level 2 inputs include the nuclear decommissioning trust investments in fixed income securities. The fair value of these financial instruments is based on evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences.

- Level 3 – Unobservable inputs using data that is not corroborated by market data and primarily based on internal Company analysis using models and various other analysis. Financial assets utilizing Level 3 inputs are the Company's investment in debt securities.

The securities in the Company's decommissioning trust funds are valued using prices and other relevant information generated by market transactions involving identical or comparable securities. The FASB guidance identifies this valuation technique as the "market approach" with observable inputs. The Company analyzes available-for-sale securities to determine if losses are other than temporary.

The fair value of the Company's decommissioning trust funds and investments in debt securities at September 30, 2016 and December 31, 2015, and the level within the three levels of the fair value hierarchy defined by the FASB guidance are presented in the table below (in thousands):

Description of Securities	Fair Value as of September 30, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Trading Securities:				
Investments in Debt Securities	$ 1,398	$ —	$ —	$ 1,398
Available for sale:				
U.S. Government Bonds	$ 56,739	$ 56,739	$ —	$ —
Federal Agency Mortgage Backed Securities	17,800	—	17,800	—
Municipal Obligations	22,136	—	22,136	—
Corporate Asset Backed Obligations	24,129	—	24,129	—
Subtotal Debt Securities	120,804	56,739	64,065	—
Common Stock	67,448	67,448	—	—
Equity Mutual Funds	35,552	35,552	—	—
Institutional Funds-International Equity	22,847	22,847		—
Cash and Cash Equivalents	7,975	7,975	—	—
Total available for sale	$ 254,626	$ 190,561	$ 64,065	$ —

Description of Securities	Fair Value as of December 31, 2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Trading Securities:				
Investments in Debt Securities	$ 1,543	$ —	$ —	$ 1,543
Available for sale:				
U.S. Government Bonds	$ 50,399	$ 50,399	$ —	$ —
Federal Agency Mortgage Backed Securities	20,085	—	20,085	—
Municipal Obligations	24,345	—	24,345	—
Corporate Asset Backed Obligations	18,475	—	18,475	—
Subtotal Debt Securities	113,304	50,399	62,905	—
Common Stock	76,220	76,220	—	—
Equity Mutual Funds	18,853	18,853	—	—
Institutional Funds-International Equity	22,454	22,454	—	—
Cash and Cash Equivalents	8,204	8,204	—	—
Total available for sale	$ 239,035	$ 176,130	$ 62,905	$ —

There were no transfers in or out of Level 1 and Level 2 fair value measurements categories due to changes in observable inputs during the three and nine months ended September 30, 2016 and 2015. There were no purchases, sales, issuances, and settlements related to the assets in the Level 3 fair value measurement category during the three and nine months ended September 30, 2016 and 2015.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2016/Q3

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

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

Line No.	Item (a)	Unrealized Gains and Losses on Available-for-Sale Securities (b)	Minimum Pension Liability adjustment (net amount) (c)	Foreign Currency Hedges (d)	Other Adjustments (e)
1	Balance of Account 219 at Beginning of Preceding Year	38,956,534			(34,883,501)
2	Preceding Qtr/Yr to Date Reclassifications from Acct 219 to Net Income	(8,936,512)			1,237,110
3	Preceding Quarter/Year to Date Changes in Fair Value	(2,255,081)			3,777,691
4	Total (lines 2 and 3)	(11,191,593)			5,014,801
5	Balance of Account 219 at End of Preceding Quarter/Year	27,764,941			(29,868,700)
6	Balance of Account 219 at Beginning of Current Year	27,764,941			(29,868,700)
7	Current Qtr/Yr to Date Reclassifications from Acct 219 to Net Income	(4,493,086)			(1,467,203)
8	Current Quarter/Year to Date Changes in Fair Value	7,458,650			
9	Total (lines 7 and 8)	2,965,564			(1,467,203)
10	Balance of Account 219 at End of Current Quarter/Year	30,730,505			(31,335,903)

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

Line No.	Other Cash Flow Hedges Interest Rate Swaps (f)	Other Cash Flow Hedges [Insert Footnote at Line 1 to specify] (g)	Totals for each category of items recorded in Account 219 (h)	Net Income (Carried Forward from Page 117, Line 78) (i)	Total Comprehensive Income (j)
1		(12,074,428)	(8,001,395)		
2		264,382	(7,435,020)		
3			1,522,610		
4		264,382	(5,912,410)	84,093,567	78,181,157
5		(11,810,046)	(13,913,805)		
6		(11,810,046)	(13,913,805)		
7		78,020	(5,882,269)		
8			7,458,650		
9		78,020	1,576,381	91,525,983	93,102,364
10		(11,732,026)	(12,337,424)		

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

The Company's decommissioning trust funds include marketable securities which are reported at fair value. These securities are classified as available for sale under FASB guidance for certain investments in debt and equity securites and are valued using prices and other relevant information generated by market transactions involving identical or comparable securities.

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

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

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

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

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2016/Q3

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

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

Line No.	Classification (a)	Total Company for the Current Year/Quarter Ended (b)	Electric (c)
1	Utility Plant		
2	In Service		
3	Plant in Service (Classified)	3,920,823,713	3,920,823,713
4	Property Under Capital Leases		
5	Plant Purchased or Sold		
6	Completed Construction not Classified	755,015,704	755,015,704
7	Experimental Plant Unclassified		
8	Total (3 thru 7)	4,675,839,417	4,675,839,417
9	Leased to Others		
10	Held for Future Use		
11	Construction Work in Progress	153,867,944	153,867,944
12	Acquisition Adjustments		
13	Total Utility Plant (8 thru 12)	4,829,707,361	4,829,707,361
14	Accum Prov for Depr, Amort, & Depl	2,147,628,157	2,147,628,157
15	Net Utility Plant (13 less 14)	2,682,079,204	2,682,079,204
16	Detail of Accum Prov for Depr, Amort & Depl		
17	In Service:		
18	Depreciation	2,093,623,151	2,093,623,151
19	Amort & Depl of Producing Nat Gas Land/Land Right		
20	Amort of Underground Storage Land/Land Rights		
21	Amort of Other Utility Plant	54,005,006	54,005,006
22	Total In Service (18 thru 21)	2,147,628,157	2,147,628,157
23	Leased to Others		
24	Depreciation		
25	Amortization and Depletion		
26	Total Leased to Others (24 & 25)		
27	Held for Future Use		
28	Depreciation		
29	Amortization		
30	Total Held for Future Use (28 & 29)		
31	Abandonment of Leases (Natural Gas)		
32	Amort of Plant Acquisition Adj		
33	Total Accum Prov (equals 14) (22,26,30,31,32)	2,147,628,157	2,147,628,157

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2016/Q3

ELECTRIC PLANT IN SERVICE AND ACCUMULATED PROVISION FOR DEPRECIATION BY FUNCTION

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

Line No.	Item (a)	Plant in Service Balance at End of Quarter (b)	Accumulated Depreciation and Amortization Balance at End of Quarter (c)
1	Intangible Plant	130,721,128	54,005,006
2	Steam Production Plant	493,849,603	222,630,834
3	Nuclear Production Plant	1,781,586,294	1,219,745,212
4	Hydraulic Production - Conventional		
5	Hydraulic Production - Pumped Storage		
6	Other Production	493,623,329	27,292,892
7	Transmission	458,336,058	216,914,181
8	Distribution	1,096,677,807	344,828,347
9	Regional Transmission and Market Operation		
10	General	221,045,198	62,211,685
11	TOTAL (Total of lines 1 through 10)	4,675,839,417	2,147,628,157

Transmission Service and Generation Interconnection Study Costs

1. Report the particulars (details) called for concerning the costs incurred and the reimbursements received for performing transmission service and generator interconnection studies.
2. List each study separately.
3. In column (a) provide the name of the study.
4. In column (b) report the cost incurred to perform the study at the end of period.
5. In column (c) report the account charged with the cost of the study.
6. In column (d) report the amounts received for reimbursement of the study costs at end of period.
7. In column (e) report the account credited with the reimbursement received for performing the study.

Line No.	Description (a)	Costs Incurred During Period (b)	Account Charged (c)	Reimbursements Received During the Period (d)	Account Credited With Reimbursement (e)
1	**Transmission Studies**				
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21	**Generation Studies**				
22	AC200S PV Project	46,631	186-000	(46,631)	186-000
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2016/Q3

OTHER REGULATORY ASSETS (Account 182.3)

1. Report below the particulars (details) called for concerning other regulatory assets, including rate order docket number, if applicable.
2. Minor items (5% of the Balance in Account 182.3 at end of period, or amounts less than $100,000 which ever is less), may be grouped by classes.
3. For Regulatory Assets being amortized, show period of amortization.

Line No.	Description and Purpose of Other Regulatory Assets (a)	Balance at Beginning of Current Quarter/Year (b)	Debits (c)	CREDITS: Written off During the Quarter /Year Account Charged (d)	CREDITS: Written off During the Period Amount (e)	Balance at end of Current Quarter/Year (f)
1	Taxes - Regulatory Assets	117,285,444	15,776,883	various	33,680,822	99,381,505
2						
3	Rio Grande Resources Trust:					
4	Nuclear Fuel Postload Daily Finance Charge	4,372,952	658,595	518	860,696	4,170,851
5						
6	Coal Reclamation	8,601,172		501/431	210,949	8,390,223
7						
8	New Mexico Four Corners Decommissioning	1,400,433				1,400,433
9						
10	Net Undercollection of Fuel Revenue:					
11	Texas		8,944,687			8,944,687
12	FERC	30,483		440s	13,015	17,468
13						
14	2015 Texas Rate Case Costs	3,361,431	264,207	928	600,000	3,025,638
15	2017 Texas Rate Case Costs	15,974	3,347			19,321
16						
17	Texas Relate Back Surcharge		8,045,170			8,045,170
18						
19	New Mexico Renewable Energy Cost:					
20	Renewable Energy Credits	6,399,000	1,098,814	407.3	278,760	7,219,054
21						
22	New Mexico:					
23	2010 FPPCAC Audit	434,259		407.3	18,093	416,166
24	2015 New Mexico Rate Case Costs	1,288,300		407.3	107,358	1,180,942
25						
26	Palo Verde Deferred Depreciation	4,491,493		407.3	38,046	4,453,447
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44	**TOTAL :**	147,680,941	34,791,703		35,807,739	146,664,905

Schedule Page: 232 Line No.: 1 Column: f

Amortization period ranges from 5 to 40 years.

Schedule Page: 232 Line No.: 4 Column: f

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

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

This amount represents the Company's total final coal mine reclamation unamortized costs, based on a 2014 Golder Associate Study, related to the Company's 7% interest in Units 4 and 5 at Four Corners. Final coal mine reclamation represents the cost to reclaim the land disturbed during the coal mining that was not previously reclaimed while the mine was in operation. Current ongoing reclamation of land was passed through as reconcilable fuel costs.

On February 17, 2015, the Company and Arizona Public Service Company ("APS") entered into an asset purchase agreement (the "Purchase and Sale Agreement") providing for the purchase by APS of the Company's interests in Four Corners. The Four Corners transaction closed on July 6, 2016.

In the Company's Texas jurisdiction, the recovery of the initial final reclamation costs was approved as a component of reconcilable fuel in the Final Order of PUCT Docket No. 38361 issued January 27, 2011, to be amortized over a 113-month period beginning March 2007 through July 2016, the termination date of the 50-year participation agreement among the owners of the Four Corners generating facility. The Final Order of PUCT Docket No. 41852, issued July 11, 2014, acknowledged that the Company will seek recovery of additional coal reclamation costs not previously addressed in its fuel reconciliation cases, and as such, provided for amortization of such final coal reclamation costs to continue in the amount of approximately $70 thousand per month until such additional costs are resolved in a separate proceeding. The Company currently continues to recover its mine reclamation costs in Texas under previous orders and decisions of the PUCT. If any future determinations made by our regulators result in changes to how existing regulatory assets or previously incurred costs for Four Corners are recovered in rates, any such changes would be recognized only when it becomes probable future cash flows will change as a result of such regulatory actions.

On June 10, 2015, the Company filed an application in Texas requesting reasonableness and public interest findings and
certain rate and accounting findings related to the Purchase and Sale Agreement. This case was assigned PUCT Docket No. 44805. Subsequent to the filing of the application, the case has been subject to numerous procedural matters, including a March 23, 2016 order in which the PUCT determined not to dismiss the reasonableness and public interest issues in this docket but to consider the requested rate and accounting findings, including mine reclamation costs, in the Company's next rate case, which is expected to be filed in the first half of 2017. The procedural schedule related to the public interest issues called for a hearing to be held on October 6-7, 2016. However, on September 1, 2016, a motion by parties in the proceeding to suspend the procedural schedule in order to pursue settlement was approved by the PUCT.

At September 30, 2016, the regulatory asset associated with the Four Corners mine reclamation costs for our Texas jurisdiction approximated $7.5 million. The Company currently continues to recover its mine reclamation costs in Texas under previous orders and decisions of the PUCT. If any future determinations made by our regulators result in changes to how existing regulatory assets or previously incurred costs for Four Corners are recovered in rates, any such changes would be recognized only when it becomes probable future cash flows will change as a result of such regulatory actions.

In the Company's New Mexico jurisdiction, the recovery of the initial final coal reclamation costs was approved as a base fuel component in Case No. 06-00258-UT and were amortized through July 2016. On April 27, 2015, the Company filed an application in NMPRC Case No. 15-00109-UT requesting all necessary regulatory approvals to sell its ownership interest in Four Corners and to seek recovery of costs incurred in excess of the initial coal reclamation amounts together with other costs. On February 2, 2016, the Company filed a joint stipulation with the NMPRC reflecting a settlement agreement among the NMPRC's Utility Division Staff, the Company and the New Mexico Attorney General proposing approval of abandonment and sale of its seven percent minority ownership interest in Four Corners Units 4 and 5 and common facilities to APS. An addendum to the joint stipulation was subsequently filed and the joint stipulation was unopposed. A hearing in the case was held on February 16, 2016, and the Hearing Examiner issued a Certification of Stipulation on April 22, 2016 recommending approval of the joint stipulation without modification. On June 15, 2016, the NMPRC issued its final order approving the stipulation. The NMPRC also approved the recovery of a portion of the deferred coal mine reclamation costs requested resulting in a $0.5 million decrease in regulatory assets. Pursuant to the final order, the coal reclamation costs are to be recovered through the FPPPCAC over a seven-year period beginning with the rate case to be filed after closing the sale of Four Corners on July 6, 2016.

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

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

Schedule Page: 232 Line No.: 10 Column: a

At September 30, 2016, the Company had a net under-collection of fuel revenues. The under-collection is presented as a regulatory asset in account 182.3.

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

On August 25, 2016, the PUCT issued its final order in Docket No. 44941 approving the recovery of rate case expenses through a separate sucharge beginning October 1, 2016 and ending September 30, 2018.

Schedule Page: 232 Line No.: 15 Column: f

The Company will request these costs as a component of base rates in the Company's next rate case filing.

Schedule Page: 232 Line No.: 17 Column: f

On August 25, 2016, the PUCT issued its final order in Docket No. 44941 approving the recovery of revenues associated with the relate back of rates to consumption on and after January 12, 2016 through March 31, 2016 through a separate surcharge beginning July 1, 2016 and ending September 30, 2017.

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

In the NMPRC Case No. 15-00127-UT, the NMPRC approved the Company's request to recover costs related to renewable energy certificates over a six-year period beginning July 1, 2016.

Schedule Page: 232 Line No.: 23 Column: a

Represents costs incurred for a Fuel and Purchased Power Adjustment Clause (FPPCAC) audit. The Company requested such amounts in Case No. 15-00127-UT and they are being amortized over a three-year period which began when new rates became effective on July 1, 2016.

Schedule Page: 232 Line No.: 24 Column: a

This balance is related to rate case costs requested in Case No. 15-00127-UT and is being amortized over a three-year period beginning July 1, 2016.

Schedule Page: 232 Line No.: 26 Column: a

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

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2016/Q3

OTHER REGULATORY LIABILITIES (Account 254)

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

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance at Begining of Current Quarter/Year (b)	DEBITS Account Credited (c)	DEBITS Amount (d)	Credits (e)	Balance at End of Current Quarter/Year (f)
1	Regulatory Tax Liabilities	47,253,851	various	12,312,818	407,654	35,348,687
2						
3	Net Overcollection of Fuel Revenues:					
4	Texas	965,079	440s	965,079		
5	New Mexico	1,097,793			121,502	1,219,295
6						
7	New Mexico Energy Efficiency Program	1,812,273	131	1,217,168	1,594,602	2,189,707
8						
9	Texas Energy Efficiency Program	693,095	131	1,370,596	1,826,756	1,149,255
10						
11	Texas Military Base Discount and Recovery	495,850	142	982,040	743,844	257,654
12						
13	New Mexico Gain on Sale of Assets		407.4	65,310	958,612	893,302
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41	TOTAL	52,317,941		16,913,011	5,652,970	41,057,900

Schedule Page: 278 Line No.: 1 Column: f

Amortization period ranges from 5 to 40 years.

Schedule Page: 278 Line No.: 7 Column: a

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

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

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

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

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

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

In accordance with the Final Order in Case No. 15-00127-UT, effective in July 2016, the Company will share gains on the sales of utility properties over a three-year period.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2016/Q3

ELECTRIC OPERATING REVENUES (Account 400)

1. The following instructions generally apply to the annual version of these pages. Do not report quarterly data in columns (c), (e), (f), and (g). Unbilled revenues and MWH related to unbilled revenues need not be reported separately as required in the annual version of these pages.
2. Report below operating revenues for each prescribed account, and manufactured gas revenues in total.
3. Report number of customers, columns (f) and (g), on the basis of meters, in addition to the number of flat rate accounts; except that where separate meter readings are added for billing purposes, one customer should be counted for each group of meters added. The -average number of customers means the average of twelve figures at the close of each month.
4. If increases or decreases from previous period (columns (c),(e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.
5. Disclose amounts of $250,000 or greater in a footnote for accounts 451, 456, and 457.2.

Line No.	Title of Account (a)	Operating Revenues Year to Date Quarterly/Annual (b)	Operating Revenues Previous year (no Quarterly) (c)
1	Sales of Electricity		
2	(440) Residential Sales	281,335,850	251,665,486
3	(442) Commercial and Industrial Sales		
4	Small (or Comm.) (See Instr. 4)	201,209,880	193,652,279
5	Large (or Ind.) (See Instr. 4)	47,921,509	48,962,747
6	(444) Public Street and Highway Lighting	3,885,285	3,535,348
7	(445) Other Sales to Public Authorities	103,057,589	98,406,294
8	(446) Sales to Railroads and Railways		
9	(448) Interdepartmental Sales		
10	TOTAL Sales to Ultimate Consumers	637,410,113	596,222,154
11	(447) Sales for Resale	36,859,980	54,099,636
12	TOTAL Sales of Electricity	674,270,093	650,321,790
13	(Less) (449.1) Provision for Rate Refunds		
14	TOTAL Revenues Net of Prov. for Refunds	674,270,093	650,321,790
15	Other Operating Revenues		
16	(450) Forfeited Discounts	1,041,025	1,029,011
17	(451) Miscellaneous Service Revenues	4,211,691	2,740,010
18	(453) Sales of Water and Water Power		
19	(454) Rent from Electric Property	2,246,548	2,386,819
20	(455) Interdepartmental Rents		
21	(456) Other Electric Revenues	473,061	289,527
22	(456.1) Revenues from Transmission of Electricity of Others	16,656,928	16,200,232
23	(457.1) Regional Control Service Revenues		
24	(457.2) Miscellaneous Revenues		
25			
26	TOTAL Other Operating Revenues	24,629,253	22,645,599
27	TOTAL Electric Operating Revenues	698,899,346	672,967,389

ELECTRIC OPERATING REVENUES (Account 400)

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

MEGAWATT HOURS SOLD		AVG.NO. CUSTOMERS PER MONTH		Line No.
Year to Date Quarterly/Annual (d)	Amount Previous year (no Quarterly) (e)	Current Year (no Quarterly) (f)	Previous Year (no Quarterly) (g)	
				1
2,239,109	2,203,590			2
				3
1,849,618	1,835,931			4
769,425	802,182			5
27,004	27,253			6
1,172,863	1,194,934			7
				8
				9
6,058,019	6,063,890			10
2,136,505	2,356,217			11
8,194,524	8,420,107			12
				13
8,194,524	8,420,107			14

Line 12, column (b) includes $ 8,630,000 of unbilled revenues.

Line 12, column (d) includes 12,986 MWH relating to unbilled revenues

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

Includes 632,416 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

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

Includes 388,427 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

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

Includes 632,416 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

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

Includes 388,427 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

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

Includes 632,416 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

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

Includes 388,427 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

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

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

	September 2016
Non Pay Reconnect Charges	1,288,797
Name Change/Cut in Charge	1,645,956
New Service Charges	294,486
Overhead/Underground Connection Charges	233,113
Texas Energy Efficiency Bonus	512,545
Misc Other	236,794
Total	4,211,691

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

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

	September 2015
Non Pay Reconnect Charges	1,289,450
Name Change/Cut in Charge	858,900
New Service Charges	235,792
Overhead/Underground Connection Charges	164,748
Misc Other	191,120
Total	2,740,010

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

Includes $388,149 related to the Company's 15.8% share of Palo Verde other electric revenues from APS.

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

Includes $288,799 related to the Company's 15.8% share of Palo Verde other electric revenues from APS.

Schedule Page: 300 Line No.: 27 Column: b

Includes the effect of rate increases approved by the PUCT in its Final Order in Docket No. 44941 on August 25, 2016 and the NMPRC in its Final Order in Case No. 15-00127-UT on June 8, 2016.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2016/Q3

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

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

Line No.	Account (a)	Year to Date Quarter (b)
1	1. POWER PRODUCTION AND OTHER SUPPLY EXPENSES	
2	Steam Power Generation - Operation (500-509)	89,091,813
3	Steam Power Generation - Maintenance (510-515)	22,052,016
4	Total Power Production Expenses - Steam Power	111,143,829
5	Nuclear Power Generation - Operation (517-525)	70,495,114
6	Nuclear Power Generation – Maintenance (528-532)	15,533,552
7	Total Power Production Expenses - Nuclear Power	86,028,666
8	Hydraulic Power Generation - Operation (535-540.1)	
9	Hydraulic Power Generation – Maintenance (541-545.1)	
10	Total Power Production Expenses – Hydraulic Power	
11	Other Power Generation - Operation (546-550.1)	23,514,103
12	Other Power Generation - Maintenance (551-554.1)	1,998,891
13	Total Power Production Expenses - Other Power	25,512,994
14	Other Power Supply Expenses	
15	Purchased Power (555)	47,715,156
16	System Control and Load Dispatching (556)	854,422
17	Other Expenses (557)	85,500
18	Total Other Power Supply Expenses (line 15-17)	48,655,078
19	Total Power Production Expenses (Total of lines 4, 7, 10, 13 and 18)	271,340,567
20	2. TRANSMISSION EXPENSES	
21	Transmission Operation Expenses	
22	(560) Operation Supervision and Engineering	1,292,063
23		
24	(561.1) Load Dispatch-Reliability	62,523
25	(561.2) Load Dispatch-Monitor and Operate Transmission System	577,035
26	(561.3) Load Dispatch-Transmission Service and Scheduling	582,879
27	(561.4) Scheduling, System Control and Dispatch Services	496,236
28	(561.5) Reliability, Planning and Standards Development	739,155
29	(561.6) Transmission Service Studies	
30	(561.7) Generation Interconnection Studies	
31	(561.8) Reliability, Planning and Standards Development Services	
32	(562) Station Expenses	462,201
33	(563) Overhead Line Expenses	155,842
34	(564) Underground Line Expenses	
35	(565) Transmission of Electricity by Others	4,734,429
36	(566) Miscellaneous Transmission Expenses	4,706,550
37	(567) Rents	238,564
38	(567.1) Operation Supplies and Expenses (Non-Major)	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2016/Q3

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

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

Line No.	Account (a)	Year to Date Quarter (b)
39	TOTAL Transmission Operation Expenses (Lines 22 - 38)	14,047,477
40	Transmission Maintenance Expenses	
41	(568) Maintenance Supervision and Engineering	56,595
42	(569) Maintenance of Structures	12,824
43	(569.1) Maintenance of Computer Hardware	
44	(569.2) Maintenance of Computer Software	
45	(569.3) Maintenance of Communication Equipment	
46	(569.4) Maintenance of Miscellaneous Regional Transmission Plant	
47	(570) Maintenance of Station Equipment	310,400
48	(571) Maintenance Overhead Lines	1,078,846
49	(572) Maintenance of Underground Lines	
50	(573) Maintenance of Miscellaneous Transmission Plant	44,648
51	(574) Maintenance of Transmission Plant	
52	TOTAL Transmission Maintenance Expenses (Lines 41 - 51)	1,503,313
53	Total Transmission Expenses (Lines 39 and 52)	15,550,790
54	3. REGIONAL MARKET EXPENSES	
55	Regional Market Operation Expenses	
56	(575.1) Operation Supervision	
57	(575.2) Day-Ahead and Real-Time Market Facilitation	
58	(575.3) Transmission Rights Market Facilitation	
59	(575.4) Capacity Market Facilitation	
60	(575.5) Ancillary Services Market Facilitation	
61	(575.6) Market Monitoring and Compliance	
62	(575.7) Market Facilitation, Monitoring and Compliance Services	
63	Regional Market Operation Expenses (Lines 55 - 62)	
64	Regional Market Maintenance Expenses	
65	(576.1) Maintenance of Structures and Improvements	
66	(576.2) Maintenance of Computer Hardware	
67	(576.3) Maintenance of Computer Software	
68	(576.4) Maintenance of Communication Equipment	
69	(576.5) Maintenance of Miscellaneous Market Operation Plant	
70	Regional Market Maintenance Expenses (Lines 65-69)	
71	TOTAL Regional Control and Market Operation Expenses (Lines 63,70)	
72	4. DISTRIBUTION EXPENSES	
73	Distribution Operation Expenses (580-589)	11,195,977
74	Distribution Maintenance Expenses (590-598)	6,144,620
75	Total Distribution Expenses (Lines 73 and 74)	17,340,597

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2016/Q3

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

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

Line No.	Account (a)	Year to Date Quarter (b)
1	(901-905) Customer Accounts Expenses	13,956,731
2	(907-910) Customer Service and Information Expenses	154,223
3	(911-917) Sales Expenses	
4	8. ADMINISTRATIVE AND GENERAL EXPENSES	
5	Operations	
6	920 Administrative and General Salaries	25,230,279
7	921 Office Supplies and Expenses	3,328,142
8	(Less) 922 Administrative Expenses Transferred-Credit	
9	923 Outside Services Employed	11,476,643
10	924 Property Insurance	2,839,408
11	925 Injuries and Damages	3,114,470
12	926 Employee Pensions and Benefits	19,787,027
13	927 Franchise Requirements	
14	928 Regulatory Commission Expenses	4,531,505
15	(Less) 929 Duplicate Charges-Credit	
16	930.1General Advertising Expenses	599,595
17	930.2Miscellaneous General Expenses	11,121,160
18	931 Rents	240,853
19	TOTAL Operation (Total of lines 6 thru 18)	82,269,082
20	Maintenance	
21	935 Maintenance of General Plant	4,772,237
22	TOTAL Administrative and General Expenses (Total of lines 19 and 21)	87,041,319

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

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

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

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2016/Q3

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

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

FERC Rate Schedule of Tariff Number (e)	Point of Receipt (Subsatation or Other Designation) (f)	Point of Delivery (Substation or Other Designation) (g)	Billing Demand (MW) (h)	TRANSFER OF ENERGY MegaWatt Hours Received (i)	TRANSFER OF ENERGY MegaWatt Hours Delivered (j)	Line No.
OATT	EPE System	Coyote/Farmer	11	19,862	19,862	1
OATT	Palo Verde	Westwing	125	19,124	19,124	2
OATT	Westwing	Palo Verde		4,764	4,764	3
OATT	Westwing	Palo Verde		228	228	4
OATT	Palo Verde	Westwing		19,083	19,083	5
OATT	Palo Verde	Westwing	125	51,297	51,297	6
OATT	Jojoba	Palo Verde		34	34	7
OATT	Jojoba	Palo Verde	470	744,372	744,372	8
OATT	Jojoba	Palo Verde		63,537	63,537	9
OATT	Palo Verde	Jojoba		675	675	10
OATT	Palo Verde	Westwing		5,280	5,280	11
OATT	Westwing	Palo Verde		401	401	12
OATT	Palo Verde	Westwing		275	275	13
OATT	Palo Verde	Westwing		2,859	2,859	14
OATT	Palo Verde	Westwing		2,055	2,055	15
OATT	Eddy	Springerville		31	31	16
OATT	Greenlee	Eddy				17
OATT	Westwing	Palo Verde		390	390	18
OATT	Palo Verde	Westwing		214	214	19
OATT	Westwing	Palo Verde		79	79	20
OATT	Westwing	Palo Verde		576	576	21
OATT	Afton	Amrad		20	20	22
OATT	Afton	Amrad		17,980	17,980	23
OATT	Afton	Amrad		4,325	4,325	24
OATT	Afton	Luna		30	30	25
OATT	Afton	Luna		14,772	14,772	26
OATT	Afton	Springerville	94	48,610	48,610	27
OATT	Afton	Springerville		29	29	28
OATT	Afton	Westmesa	141	131,091	131,091	29
OATT	Afton	Westmesa		32	32	30
OATT	Afton	Westmesa		100	100	31
OATT	Greenlee	Luna		565	565	32
OATT	Las Cruces	Amrad		16,239	16,239	33
OATT	Luna	Springerville	60	53,549	53,549	34
			1,415	**2,221,513**	**2,221,513**	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2016/Q3

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

9. In column (k) through (n), report the revenue amounts as shown on bills or vouchers. In column (k), provide revenues from demand charges related to the billing demand reported in column (h). In column (l), provide revenues from energy charges related to the amount of energy transferred. In column (m), provide the total revenues from all other charges on bills or vouchers rendered, including out of period adjustments. Explain in a footnote all components of the amount shown in column (m). Report in column (n) the total charge shown on bills rendered to the entity Listed in column (a). If no monetary settlement was made, enter zero (11011) in column (n). Provide a footnote explaining the nature of the non-monetary settlement, including the amount and type of energy or service rendered.
10. The total amounts in columns (i) and (j) must be reported as Transmission Received and Transmission Delivered for annual report purposes only on Page 401, Lines 16 and 17, respectively.
11. Footnote entries and provide explanations following all required data.

REVENUE FROM TRANSMISSION OF ELECTRICITY FOR OTHERS

Demand Charges ($) (k)	Energy Charges ($) (l)	(Other Charges) ($) (m)	Total Revenues ($) (k+l+m) (n)	Line No.
43,233			43,233	1
150,702			150,702	2
	3,604		3,604	3
	240		240	4
	18,710		18,710	5
153,219			153,219	6
	1,206		1,206	7
1,325,400			1,325,400	8
	158,979		158,979	9
	1,724		1,724	10
	4,826		4,826	11
	393		393	12
	268		268	13
	2,287		2,287	14
	1,687		1,687	15
	217		217	16
	1		1	17
	194		194	18
	203		203	19
	48		48	20
	437		437	21
	108		108	22
	92,069		92,069	23
	18,524		18,524	24
	165		165	25
	91,038		91,038	26
683,639			683,639	27
	160		160	28
970,433			970,433	29
	685		685	30
	452		452	31
	13,620		13,620	32
	102,820		102,820	33
436,365			436,365	34
5,790,340	**1,341,555**	**0**	**7,131,895**	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2016/Q3

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

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

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

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

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

FERC Rate Schedule of Tariff Number (e)	Point of Receipt (Subsatation or Other Designation) (f)	Point of Delivery (Substation or Other Designation) (g)	Billing Demand (MW) (h)	TRANSFER OF ENERGY MegaWatt Hours Received (i)	MegaWatt Hours Delivered (j)	Line No.
OATT	Luna	Springerville				1
OATT	Luna	Springerville	120	10,170	10,170	2
OATT	Westmesa	Amrad	25	30,287	30,287	3
OATT	Westmesa	Amrad		232	232	4
OATT	Westmesa	Amrad		620	620	5
OATT	Palo Verde	Westwing		69	69	6
OATT	Palo Verde	Westwing		880	880	7
80	Springerville	Las Cruces/Orogrande	50	98,747	98,747	8
OATT	Jojoba	Kyrene	142	209,719	209,719	9
OATT	Jojoba	Kyrene		204	204	10
OATT	Jojoba	Palo Verde		6,419	6,419	11
OATT	Jojoba	Westwing		4,387	4,387	12
OATT	Luna	Greenlee	30	42,001	42,001	13
OATT	Luna	Greenlee		437	437	14
OATT	Luna	Greenlee		4,528	4,528	15
OATT	Luna	Springerville	10			16
OATT	Luna	Springerville		107	107	17
OATT	Macho Springs	Springerville		1,924	1,924	18
OATT	Macho Springs	Springerville		8,200	8,200	19
OATT	Macho Springs	Springerville		248	248	20
OATT	Macho Springs	Springerville	10	6,711	6,711	21
OATT	Palo Verde	Westwing		1,940	1,940	22
OATT	Palo Verde	Westwing		268,128	268,128	23
OATT	Springerville	Luna		3,923	3,923	24
OATT	Westwing	Palo Verde		300	300	25
OATT	Westwing	Palo Verde		460	460	26
OATT	Palo Verde	Westwing		295,475	295,475	27
OATT	Eddy	Greenlee		31	31	28
OATT	Westmesa	Holloman	2	1,995	1,995	29
OATT	Palo Verde	Westwing		893	893	30
						31
						32
						33
						34
			1,415	**2,221,513**	**2,221,513**	

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

9. In column (k) through (n), report the revenue amounts as shown on bills or vouchers. In column (k), provide revenues from demand charges related to the billing demand reported in column (h). In column (l), provide revenues from energy charges related to the amount of energy transferred. In column (m), provide the total revenues from all other charges on bills or vouchers rendered, including out of period adjustments. Explain in a footnote all components of the amount shown in column (m). Report in column (n) the total charge shown on bills rendered to the entity Listed in column (a). If no monetary settlement was made, enter zero (11011) in column (n). Provide a footnote explaining the nature of the non-monetary settlement, including the amount and type of energy or service rendered.
10. The total amounts in columns (i) and (j) must be reported as Transmission Received and Transmission Delivered for annual report purposes only on Page 401, Lines 16 and 17, respectively.
11. Footnote entries and provide explanations following all required data.

REVENUE FROM TRANSMISSION OF ELECTRICITY FOR OTHERS

Demand Charges ($) (k)	Energy Charges ($) (l)	(Other Charges) ($) (m)	Total Revenues ($) (k+l+m) (n)	Line No.
	11		11	1
872,640			872,640	2
103,625			103,625	3
	1,064		1,064	4
	4,630		4,630	5
	68		68	6
	730		730	7
346,500			346,500	8
399,127			399,127	9
	416		416	10
	12,681		12,681	11
	23,470		23,470	12
218,183			218,183	13
	19,528		19,528	14
	46,562		46,562	15
				16
	890		890	17
	26,773		26,773	18
	206,839		206,839	19
	5,371		5,371	20
72,728			72,728	21
	1,223		1,223	22
	211,066		211,066	23
	19,086		19,086	24
	272		272	25
	417		417	26
	244,771		244,771	27
	157		157	28
14,546			14,546	29
	865		865	30
				31
				32
				33
				34
5,790,340	**1,341,555**	**0**	**7,131,895**	

Schedule Page: 328 Line No.: 1 Column: d

Network Integration Transmission Service. Evergreen contract expires March 31st with a two year notice.

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

OATT = Open Access Transmission Tariff.

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

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

Schedule Page: 328 Line No.: 6 Column: d

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

Schedule Page: 328 Line No.: 27 Column: d

Firm transmission contract, expiration August 1, 2019.

Schedule Page: 328 Line No.: 29 Column: d

Firm transmission contracts of 111 and 30 MW, expiration January 1, 2019. Includes 111 MW generation dependent firm transmission service per executed service agreement. Service was partially redirected to hourly services.

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

Firm transmission contract, expiration January 1, 2020.

Schedule Page: 328.1 Line No.: 3 Column: d

Firm transmission contract, expiration July 1, 2018. Service was partially redirected to daily and hourly services.

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

Firm transmission contract, expiration January 1, 2026.

Schedule Page: 328.1 Line No.: 9 Column: d

Firm transmission contract, expiration January 1, 2020.

Schedule Page: 328.1 Line No.: 13 Column: d

Firm transmission contract, expiration November 1, 2029.

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

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

Schedule Page: 328.1 Line No.: 29 Column: d

Firm transmission contract, expiration October 1, 2024.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2016/Q3

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

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

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	TRANSFER OF ENERGY: Magawatt-hours Received (c)	TRANSFER OF ENERGY: Magawatt-hours Delivered (d)	EXPENSES FOR TRANSMISSION OF ELECTRICITY BY OTHERS: Demand Charges ($) (e)	Energy Charges ($) (f)	Other Charges ($) (g)	Total Cost of Transmission ($) (h)
1	Arizona Public Service	SFP	50	50		393		393
2	Arizona Public Service	OS	29	29			747	747
3	Public Serv. Co. of NM	LFP	222,937	222,937	916,149			916,149
4	Public Serv. Co. of NM	LFP	2,818	2,818	176,183			176,183
5	Public Serv. Co. of NM	SFP	12,030	12,030				
6	Public Serv. Co. of NM	NF	2,679	2,679		22,246		22,246
7	Public Serv. Co. of NM	AD				-78,695		-78,695
8	Public Serv. Co. of NM	AD				-52,390		-52,390
9	Public Serv. Co. of NM	AD				-390		-390
10	Public Serv. Co. of NM	AD				485		485
11	Salt River Project	OLF	88,245	88,245	444,375			444,375
12	Salt River Project	SFP	50	50		292		292
13	Salt River Project	NF	150	150		765		765
14	Ariz Elect Power Coop	NF	28	28		190		190
15	Tristate G&T Assn, Inc	SFP	200	200		2,851		2,851
16	Tucson Electric Power	OLF	117,243	117,243				
	TOTAL		449,527	449,527	1,536,707	-79,680	747	1,457,774

Name of Respondent El Paso Electric Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2016/Q3

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

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

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	TRANSFER OF ENERGY		EXPENSES FOR TRANSMISSION OF ELECTRICITY BY OTHERS			
			Magawatt-hours Received (c)	Magawatt-hours Delivered (d)	Demand Charges ($) (e)	Energy Charges ($) (f)	Other Charges ($) (g)	Total Cost of Transmission ($) (h)
1	Tucson Electric Power	SFP	1,416	1,416		8,894		8,894
2	Tucson Electric Power	NF	646	646		4,806		4,806
3	Open Access Technology	NF	1,006	1,006		10,873		10,873
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
	TOTAL		449,527	449,527	1,536,707	-79,680	747	1,457,774

Schedule Page: 332 Line No.: 1 Column: c
Amounts shown based on transmission reservations.

Schedule Page: 332 Line No.: 1 Column: d
Amounts shown based on transmission reservations.

Schedule Page: 332 Line No.: 1 Column: f
Amounts shown include short term transmission reservations, related ancillary and losses.

Schedule Page: 332 Line No.: 2 Column: b
Four Corners switchyard transformer/reactor losses.

Schedule Page: 332 Line No.: 2 Column: c
Four Corners switchyard transformer/reactor losses

Schedule Page: 332 Line No.: 2 Column: d
Four Corners switchyard transformer/reactor losses

Schedule Page: 332 Line No.: 2 Column: g
Four Corners switchyard transformer/reactor losses.

Schedule Page: 332 Line No.: 3 Column: b
Contract terminates July 1, 2017.

Schedule Page: 332 Line No.: 3 Column: c
Amounts shown based on actual energy flows.

Schedule Page: 332 Line No.: 3 Column: d
Amounts shown based on actual energy flows.

Schedule Page: 332 Line No.: 4 Column: b
Contract terminates June 1, 2019.

Schedule Page: 332 Line No.: 4 Column: c
Amounts shown based on actual energy flows.

Schedule Page: 332 Line No.: 4 Column: d
Amounts shown based on actual energy flows.

Schedule Page: 332 Line No.: 5 Column: c
Amounts shown based on actual energy flows.

Schedule Page: 332 Line No.: 5 Column: d
Amounts shown based on actual energy flows.

Schedule Page: 332 Line No.: 6 Column: c
Amounts shown based on transmission reservations.

Schedule Page: 332 Line No.: 6 Column: d
Amounts shown based on transmission reservations.

Schedule Page: 332 Line No.: 6 Column: f
Amounts shown include short term transmission reservations, related ancillary and losses.

Schedule Page: 332 Line No.: 7 Column: b
Prior period year adjustment related to June 2015-December 2015 PNM Annual Transmission Revenue Requirement recalculation.

Schedule Page: 332 Line No.: 7 Column: f
Prior period year adjustment related to June 2015-December 2015 PNM Annual Transmission Revenue Requirement recalculation.

Schedule Page: 332 Line No.: 8 Column: b
Prior period adjustment for Long-Term Firm Point-to-Point Transmission related to January 2016-May 2016 PNM Annual Transmission Revenue Requirement recalculation.

Schedule Page: 332 Line No.: 8 Column: f
Prior period adjustment for Long-Term Firm Point-to-Point Transmission related to January 2016-May 2016 PNM Annual Transmission Revenue Requirement recalculation.

Schedule Page: 332 Line No.: 9 Column: b
Prior period adjustment for Non-Firm Transmission related to January 2016-May 2016 PNM Annual Transmission Revenue Requirement recalculation.

Schedule Page: 332 Line No.: 9 Column: f
Prior period adjustment for Non-Firm Transmission related to January 2016-May 2016 PNM Annual Transmission Revenue Requirement recalculation.

Schedule Page: 332 Line No.: 10 Column: b
Prior period adjustment for Short-Term Firm Point-to-Point Transmission related to January 2016-May 2016 PNM Annual Transmission Revenue Requirement recalculation.

Schedule Page: 332 Line No.: 10 Column: f
Prior period adjustment for Short-Term Firm Point-to-Point Transmission related to January 2016-May 2016 PNM Annual Transmission Revenue Requirement recalculation.

Schedule Page: 332 Line No.: 11 Column: b
Contract expires concurrent with the ANPP Participation Agreement.

Schedule Page: 332 Line No.: 11 Column: c
Amounts shown based on actual energy flows.

Schedule Page: 332 Line No.: 11 Column: d
Amounts shown based on actual energy flows.

Schedule Page: 332 Line No.: 12 Column: c
Amounts shown based on transmission reservations.

Schedule Page: 332 Line No.: 12 Column: d
Amounts shown based on transmission reservations.

Schedule Page: 332 Line No.: 12 Column: f
Amounts shown include short term transmission reservations, related ancillary and losses.

Schedule Page: 332 Line No.: 13 Column: c
Amounts shown based on transmission reservations.

Schedule Page: 332 Line No.: 13 Column: d
Amounts shown based on transmission reservations.

Schedule Page: 332 Line No.: 13 Column: f
Amounts shown include short term transmission reservations, related ancillary and losses.

Schedule Page: 332 Line No.: 14 Column: c
Amounts shown based on transmission reservations.

Schedule Page: 332 Line No.: 14 Column: d
Amounts shown based on transmission reservations.

Schedule Page: 332 Line No.: 14 Column: f
Amounts shown include short term transmission reservations, related ancillary and losses.

Schedule Page: 332 Line No.: 15 Column: c
Amounts shown based on transmission reservations

Schedule Page: 332 Line No.: 15 Column: d
Amounts shown based on transmission reservations

Schedule Page: 332 Line No.: 15 Column: f
Amounts shown include short term transmission reservations, related ancillary and losses.

Schedule Page: 332 Line No.: 16 Column: b
Service Schedule C terminates on the date of retirement of the last generating unit at Palo Verde Nuclear Generating Station, subject to twelve-month notice of termination by the Company.

Schedule Page: 332 Line No.: 16 Column: c
Amounts shown based on actual energy flows.

Schedule Page: 332 Line No.: 16 Column: d
Amounts shown based on actual energy flows.

Schedule Page: 332 Line No.: 16 Column: e
Under a pre-order 888/889 agreement, the Company was assigned rights as part of the Power Exchange and Transmission Agreement.

Schedule Page: 332.1 Line No.: 1 Column: c
Amounts shown based on transmission reservations.

Schedule Page: 332.1 Line No.: 1 Column: d
Amounts shown based on transmission reservations.
Schedule Page: 332.1 Line No.: 1 Column: f
Amounts shown include short term transmission reservations, related ancillary and losses.
Schedule Page: 332.1 Line No.: 2 Column: c
Amounts shown based on transmission reservations.
Schedule Page: 332.1 Line No.: 2 Column: d
Amounts shown based on transmission reservations.
Schedule Page: 332.1 Line No.: 2 Column: f
Amounts shown include short term transmission reservations, related ancillary and losses.
Schedule Page: 332.1 Line No.: 3 Column: c
Amounts shown based on transmission reservations.
Schedule Page: 332.1 Line No.: 3 Column: d
Amounts shown based on transmission reservations.
Schedule Page: 332.1 Line No.: 3 Column: f
Amounts shown include short term transmission reservations, related ancillary and losses.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2016/Q3

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

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

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Depreciation Expense for Asset Retirement Costs (Account 403.1) (c)	Amortization of Other Limited-Term Electric Plant (Account 404) (e)	Amortization of Other Electric Plant (Account 405) (e)	Total (f)
1	Intangible Plant			3,908,226		3,908,226
2	Steam Production Plant	10,279,160	69,533			10,348,693
3	Nuclear Production Plant	18,031,120	(947,717)			17,083,403
4	Hydraulic Production Plant Conv					
5	Hydraulic Production Plant - Pumped Storage					
6	Other Production Plant	6,693,099	3,696			6,696,795
7	Transmission Plant	4,464,138				4,464,138
8	Distribution Plant	14,466,698				14,466,698
9	General Plant	5,410,635				5,410,635
10	Common Plant					
11	TOTAL ELECTRIC (lines 2 through 10)	59,344,850	(874,488)	3,908,226		62,378,588

Name of Respondent El Paso Electric Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2016/Q3

MONTHLY PEAKS AND OUTPUT

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

NAME OF SYSTEM:

Line No.	Month (a)	Total Monthly Energy (MWH) (b)	Monthly Non-Requirements Sales for Resale & Associated Losses (c)	MONTHLY PEAK Megawatts (See Instr. 4) (d)	MONTHLY PEAK Day of Month (e)	MONTHLY PEAK Hour (f)
1	January	916,793	276,359	1,095	4	2000
2	February	847,666	277,494	1,099	2	2000
3	March	853,098	270,523	990	2	2000
4	Total	2,617,557	824,376	3,184		
5	April	708,786	121,950	1,142	22	1500
6	May	939,733	239,221	1,424	13	1600
7	June	1,139,598	269,612	1,863	23	1600
8	Total	2,788,117	630,783	4,429		
9	July	1,186,508	205,730	1,877	14	1600
10	August	1,097,298	228,224	1,787	8	1600
11	September	955,440	195,022	1,620	21	1600
12	Total	3,239,246	628,976	5,284		

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

Includes 75,538 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

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

Includes 75,538 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

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

Includes 86,641 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

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

Includes 86,641 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

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

Includes 83,524 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

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

Includes 83,524 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

Schedule Page: 399 Line No.: 5 Column: b

Includes 46,951 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

Schedule Page: 399 Line No.: 5 Column: c

Includes 46,951 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

Schedule Page: 399 Line No.: 6 Column: b

Includes 69,488 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

Schedule Page: 399 Line No.: 6 Column: c

Includes 69,488 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

Schedule Page: 399 Line No.: 7 Column: b

Includes 63,543 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

Schedule Page: 399 Line No.: 7 Column: c

Includes 63,543 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

Schedule Page: 399 Line No.: 9 Column: b

Includes 68,942 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

Schedule Page: 399 Line No.: 9 Column: c

Includes 68,942 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

Schedule Page: 399 Line No.: 10 Column: b

Includes 67,747 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

Schedule Page: 399 Line No.: 10 Column: c

Includes 67,747 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

Schedule Page: 399 Line No.: 11 Column: b

Includes 70,042 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

Schedule Page: 399 Line No.: 11 Column: c

Includes 70,042 MWhs related to the Company's Power Purchase and Sales Agreement with Freeport-McMoRan dated December 16, 2005.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
El Paso Electric Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	End of 2016/Q3

MONTHLY TRANSMISSION SYSTEM PEAK LOAD

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

NAME OF SYSTEM:

Line No.	Month (a)	Monthly Peak MW - Total (b)	Day of Monthly Peak (c)	Hour of Monthly Peak (d)	Firm Network Service for Self (e)	Firm Network Service for Others (f)	Long-Term Firm Point-to-point Reservations (g)	Other Long-Term Firm Service (h)	Short-Term Firm Point-to-point Reservation (i)	Other Service (j)
1	January	1,095	4	2000		5	681	50	73	
2	February	1,099	2	2000		5	684	50	70	
3	March	990	2	2000		6	638	50	72	
4	Total for Quarter 1					16	2,003	150	215	
5	April	1,142	22	1500		9	612	50	142	
6	May	1,424	13	1600		12	684	50	70	
7	June	1,863	23	1600		15	681	50	543	
8	Total for Quarter 2					36	1,977	150	755	
9	July	1,877	14	1600		14	710	50	634	
10	August	1,787	8	1600		9	732	50	612	
11	September	1,620	21	1600		9	729	50	615	
12	Total for Quarter 3					32	2,171	150	1,861	
13	October									
14	November									
15	December									
16	Total for Quarter 4									
17	Total Year to Date/Year					84	6,151	450	2,831	

Schedule	Page No.