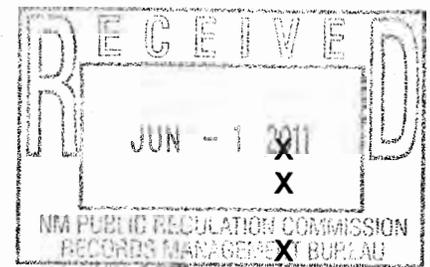


**EL PASO ELECTRIC COMPANY
SECOND REVISED RULE NO. 16
CANCELLING FIRST REVISED RULE NO. 16**



BUDGET PAYMENT PLAN

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The Budget Payment Plan is designed to help residential customers by giving them the option to pay their electric bills with an average monthly payment which will levelize large and small bills over a twelve (12) month period. The Budget Payment Plan will be designed to avoid the accumulation of an unpaid balance that will be burdensome to pay in a single payment. X
X
X
X

I. Eligibility

Customers who meet the following are eligible for the Budget Payment Plan: X

- A. Must be a residential account; X
- B. Must be current in payments for utility charges; or X
- C. Have entered into and are complying with the terms of a settlement or installment agreement at any time during the year, without regard to the residential customer's length of service with the Company. X
X
- D. Must not be a customer qualifying for and taking service under the Company's net metering option. X
X

II. Estimating the Average Monthly Payment

- A. In determining an annual budget payment plan, the computation will be specific to each residential customer. X
X
X
- B. If the residential customer has been served by the Company at the same location for the previous year, the average monthly payment will be based on the residential customer's actual use for the previous year and may be adjusted for known price changes, bill averages, and normalized weather conditions. X
X
X
X
X
- C. If the residential customer has not been served by the Company at the same location for the previous year at that location, the average monthly payment will be based on the actual use at that location for the previous year and may be adjusted for known price changes, bill averages, and normalized weather conditions, as applied to the residential class of customers or similar residences. X
X
X
X
X
X
- D. The specific methodology of the plan will be approved by the Commission and will be non-discriminatory. X
X

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BY Rule NO. 17.1.210

Advice Notice No. 221

Signature/Title *David G. Carpenter*

David G. Carpenter
Senior Vice President-Chief Financial Officer

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X
X

BUDGET PAYMENT PLAN

X

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III. Terms and Conditions

- A. Each month the customer will pay one-twelfth of the estimate of annual billings plus the amount of any settlement or installment agreement if applicable.
- B. Customers on the plan who fail to make the monthly payment by the due date may be removed from the plan.
- C. A customer with returned checks may also be removed from the plan.
- D. A customer will be removed from the plan if they so desire.
- E. Should a chronically delinquent residential customer fail to pay the amount specified in the budget payment plan by the due date, the Company may remove that residential customer from the plan and withhold the plan from that residential customer from the date of removal for up to twelve (12) succeeding months. X
X
X
X
X

 - 1. If the plan is discontinued, any debit balance will become due and payable immediately.
 - 2. A credit balance will be refunded promptly or applied to future billings at the customer's option.

- F. All residential customer usage of electric energy will be billed on applicable rates at all times as approved by regulatory authority.
- G. Customers may enter the Budget Payment Plan at any time. X

IV. Review of Estimate

- A. Each Budget Payment Plan account will be reviewed on a periodic basis for the purpose of estimating the customer's charges for electric service for the next fiscal year. X
X
X
- B. Following the review and if applicable, the monthly payment under the Budget Payment Plan account will be adjusted to mitigate the accumulation of an unpaid balance that would be burdensome to pay in a single amount should the plan be cancelled. X
X
X

V. Final Bill

When a Budget Payment Plan customer discontinues service, the account balance will be due within 20 days of rendering the final bill. X

X
X

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Signature/Title David G. Carpenter

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David G. Carpenter
Senior Vice President-Chief Financial Officer