

EL PASO ELECTRIC COMPANY

SECTION 3

LINE EXTENSION POLICY

AND

CONSTRUCTION CHARGES

EL PASO ELECTRIC COMPANY

SECTION 3

LINE EXTENSION POLICY AND CONSTRUCTION CHARGES

TABLE OF CONTENTS

<u>Title</u>	<u>Sheet Number</u>	<u>Page Number</u>
Table of Contents	1	1
State of Texas Service Area	2	1
Purpose	3	1
Definitions	4	1
<u>POLICIES</u>		
A. General	5	1
B. Line Extensions	5	2
C. Special Underground Service Provisions	5	6
D. Temporary Service	5	9
E. Special Services	5	10
F. Public Street Lighting, Freeway Lighting and Traffic Signal Lights	5	11
G. Removal and Relocation	5	13
H. After Hours Rate	5	14
I. Rental of Company Equipment	5	15
J. Sale of Company Installed Facilities	5	16
K. Impaired Line Clearance	5	17

EL PASO ELECTRIC COMPANY
STATE OF TEXAS SERVICE AREA

Incorporated Cities and Towns

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

Unincorporated Service Areas

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

EL PASO ELECTRIC COMPANY

Line Extension Policy and Construction Charges

PURPOSE

It is the purpose of this document to set forth uniform and comprehensive policies concerning Line Extensions and construction charges for the entire Texas service area of El Paso Electric Company (hereinafter the "Company").

EL PASO ELECTRIC COMPANY

Line Extension Policy and Construction Charges

DEFINITIONS

A. Customer Advance for Construction means

A cash advance by a Customer for construction that is subject to refund either wholly or in part, depending on the amount of revenue generated over the forty-eight (48) month (four year) revenue period.

B. Customer Contributions means

A Customer Advance for Construction or a Revenue Guarantee.

C. Estimated Forty-Eight Month Base Revenue or Estimated Four-Year Base Revenue means

The estimated base revenue from the anticipated first forty-eight (48) monthly bills to the Customer once service is established. The respective monthly kWh usage is determined by estimating the Customer's monthly demand, hours per day, days per week, and an average of 4.3 weeks per month, and calculated with the following formula.

$$\text{kWh} = \text{kW} * \text{hrs} * \text{days} * \text{weeks}$$

The above formula will be adjusted by a load factor and power factor, as applicable, based on the customer type and rate schedule for which the Customer qualifies. The monthly demand (kW) above is estimated based on operating and load information provided by the Customer and/or the average demand and operating characteristics of similar Customers.

The estimated forty-eight (48) month revenue is determined by using the estimates of kWh and kW usage calculated by the above methods, and applying the appropriate rate schedule, less the fixed fuel factor costs, and less taxes.

D. Actual Annual Revenue means

The revenue received from twelve (12) monthly bills rendered to the Customer, determined by the metered monthly kilowatt demand and kilowatt-hour usage, applied to the appropriate rate schedule, less the fixed fuel factor costs, and less taxes.

E. Franchised Area means

Those cities, towns and villages in which the Company has been granted a franchise to provide electric utility service.

F. Overhead Line Extension means

The new pole line facilities including, without limitation, poles, anchors, conductors, insulators, arrestors, cut-outs, transformers, breakers, and other miscellaneous hardware necessary to provide electric service to the Company-specified Point of Delivery.

EL PASO ELECTRIC COMPANY

Line Extension Policy and Construction Charges

G. Cost of the Overhead Line Extension means

The actual cost to the Company to install new pole line facilities from existing overhead pole line facilities to the Company-specified Point of Delivery. The Cost of the Overhead Extension includes storage charges, labor, overhead, transportation, right-of-way acquisition, and survey costs in addition to the cost of materials specified in Paragraph F. The cost of the service drop, Meters and metering equipment is not included in estimating the Cost of the Overhead Extension for revenue requirements, except for those Customers served at one of the Company's standard Transmission Voltages.

H. Permanent Customer means

Any Customer whose service is delivered to any installation that is constructed or placed on and permanently affixed to a foundation, and that is, or will be, used or occupied on a full time basis. A Customer whose service is delivered to a manufactured home, or a prefabricated structure shall qualify as a permanent Customer if 1) the home or structure is installed on a foundation system according to regulations of the Texas Department of Labor and Standards or is otherwise impractical to move and has the wheels, axles, and hitch or towing device removed, and 2) if the home or structure is connected to a permanent water and sewer system.

I. Point of Delivery means

For overhead service, the point specified by the Company where the Company's and the Customer's conductors are connected. For underground Point of Delivery see Sheet No. 5, Section C (Special Underground Service Provisions), Paragraph 2.

J. Temporary Service means

Electric service to a Customer that, in the sole opinion of the Company, is not of a permanent nature, for example, construction purposes or temporary sales stands.

K. Underground Line Extension means

The new underground Primary or Secondary Voltage facilities including, without limitation, conduit system, pull boxes, transformer enclosure(s), transformer(s), primary voltage cables, secondary voltage cables, arrestors, switches, cut-outs, pole risers, and miscellaneous hardware necessary to provide underground service to the Company-specified Point of Delivery.

L. Cost of the Underground Line Extension means

The cost to install new underground primary or secondary facilities from either existing overhead pole line facilities or existing underground Primary or Secondary Voltage facilities to the Company-specified Point of Delivery. The Cost of the Underground Line Extension includes storage charges, labor, overhead, transportation, right-of-way acquisition and survey costs in addition to the cost of materials specified in Paragraph K. The cost of service of cables, Meters and metering equipment is not included in estimating the cost of the Underground Line Extension for revenue requirements, except for those Customers served at one of the Company's standard Transmission Voltages.

EL PASO ELECTRIC COMPANY

Line Extension Policy and Construction Charges

M. Revenue Deficiency means

The amount by which the estimated forty-eight (48) month revenue is less than the estimated cost of an Overhead Line Extension or an Underground Line Extension.

N. Revenue Guarantee means

The process by which the Customer guarantees and secures in a manner acceptable to the Company an amount equal to the cost of a Line Extension, plus an additional charge for line construction based on the tax-effected cost of capital at the time of the completion of the Line Extension, as the process is further described in Section B(2)(b)(3).

O. Secondary Voltage means

Any one of the Company's standard service voltages below 600 volts.

P. Primary Voltage means

Any one of the Company's standard voltages between 2,400 volts and 25,000 volts.

Q. Transmission Voltage means

Any one of the Company's standard voltages greater than or equal to 69,000 volts.

R. Meter means

A recording instrument of standard manufacture provided by the Company to measure energy consumption.

S. Impaired Clearance means

The condition in which structure(s) including, but not limited to, buildings, signs, towers, poles, fencing and swimming pools, is located in a position or manner in which insufficient clearance, as specified by any applicable local code(s) and the National Electric Safety Code, as such codes now exist or as such codes may be amended, exists between the structure and the Company's existing transmission, substation, express feeder, street light or distribution line facilities, or any combination thereof.

T. Extension or Line Extension, when those terms are used without modifiers, means

The additional facilities needed to extend service from the Company's existing facilities to the Point of Delivery of the Customer, including increases in capacity of any existing facilities, and include both Overhead Line Extensions and Underground Line Extensions as those terms are defined herein.

EL PASO ELECTRIC COMPANY

Line Extension Policy and Construction Charges

POLICIES

A. GENERAL

1. The policies herein contained are subject to the terms and conditions contained in the Company rate schedules, its other service Rules and Regulations, and standard operating procedures.
2. The Company will extend its facilities and provide service in a uniform and nondiscriminatory manner to all customers within its service territory under its standard applicable rate schedules and this policy. The Company will make Extensions within its territory required to serve any Customer on a basis equitable both to the Company and the Customer.

3. Meters:

The Company will provide the Meter and designate the location of all Meters and metering equipment.

4. Type of Service:

Either single phase or three phase electrical service shall be specified by the Company, and service will be at one of the Company's standard voltages. Customers requesting three phase service must meet Company requirements.

5. Rights-of-Way (Easements):

The Company will not construct a Line Extension for a Customer until the Company has secured all required firm rights-of-way and permits. All Extensions shall be constructed on private rights-of-way, except that within incorporated municipalities where private rights-of-way are not available, Line Extensions may be constructed on existing public roads, streets, alleys or easements. New customers shall furnish such rights-of-way as required, without charge to the Company, over property owned or leased by said new Customers and, if possible, will assist the Company in securing other rights-of-way necessary to provide service. The Customer shall have all of the Customer's property corners surveyed and necessary property irons installed by licensed surveyors to permit the Company to properly install Company's electrical facilities within said rights-of-way.

EL PASO ELECTRIC COMPANY

Line Extension Policy and Construction Charges

B. LINE EXTENSIONS

1. General:

The Company will provide at its expense, the Line Extension necessary to provide primary or secondary electric service to a Permanent Customer if the Estimated Four-Year Base Revenue equals or exceeds the estimated cost of the Extension. No Extension of overhead lines will be made from underground facilities or into areas designated or committed to underground facilities. If the Company determines the Estimated Four-Year Base Revenues from the primary or secondary electric service Extension do not equal or exceed the estimated cost of the Line Extension investment, the Company shall be allowed to require a Revenue Guarantee or contribution from the Customer for the actual cost of the Extension investment pursuant to the terms and conditions of this Line Extension Policy.

2. Revenue Deficiencies:

- a. If the Estimated Four-Year Base Revenue described in the preceding paragraph results in a Revenue Deficiency, the Company is not obligated to provide the Extension unless the Customer provides a Customer Contribution. The amount of the Customer Contribution will be computed using the following formula:

(1) Estimated Annual Base Revenue	\$ _____	
(2) Investment Required by Company	\$ _____	
(3) Revenue Credit, if any	\$ _____	(Line 1 x 4)
(4) Revenue Guarantee or Contribution	\$ _____	(Line 2 less Line 3)

The estimated annual revenue will be determined by estimating the Customer's expected annual usage multiplied by the applicable rate schedule rate charges.

The investment required by the Company to complete the Extension will be calculated on the basis of current costs to install the same or similar type of Line Extension required and will be provided to the Customer.

- b. In cases of Revenue Deficiency, the Customer must enter into a written agreement with the Company to cover the Revenue Deficiency through a Customer Contribution, which, as described below, is either a Customer Advance for Construction or a Revenue Guarantee.

EL PASO ELECTRIC COMPANY

Line Extension Policy and Construction Charges

(1) Customer Advance for Construction:

The Customer may be required to make a Customer Advance for Construction in the amount of the estimated cost of the Line Extension.

(a) Individual Customer Served:

If the Extension is to an individual Customer, the Customer's monthly bills, determined by applying the appropriate rate schedule, less all fixed fuel factor costs and taxes, shall be deducted from the Customer Advance for Construction for forty-eight (48) months, or until the amount advanced has been exhausted. If a balance remains after forty-eight (48) months from the date the Line Extension was completed, the balance reverts to the Company as a Customer Contribution. All of the fixed fuel factor costs and taxes shall be paid monthly by the Customer.

(b) More Than One Customer Served:

If the Extension is to serve a group of Customers, refunds of the Customer Advance for Construction will be made annually based upon actual annual revenue received from Customers served. If additional Customers are served from additional Line Extensions, refunds may be given as set forth in paragraph (d) which follows.

(c) Revenue Credit Given - Partial Cash Advance Required:

If the Customer is given a revenue credit, the Customer then may be required to make a Customer Advance for Construction for the Revenue Deficit amount. Refunds will then be made only from revenue received from other Customers served when additional Line Extensions are constructed. Refunds or appropriation of the advance will be made as set forth in the following paragraph (d).

(d)
$$R = \frac{E - C}{48} \times (48 - M) \text{ , where:}$$

R = the amount of the refund,
E = the Estimated 48-Month Base Revenue from Permanent Customers served from additional Line Extensions,
C = the estimated costs of the additional Extensions, and
M = the number of months since the Customer's Line Extension was completed.

Note that in no case will refunds from electric bills and one-time refunds exceed the Customer's Advance for Construction.

(e) The Company will reduce or waive the Customer Contribution when portions of a Line Extension are a service betterment for existing lines which constitute an upgrade or improvement that the Company would

EL PASO ELECTRIC COMPANY

Line Extension Policy and Construction Charges

pursue even if the Customer had not requested the Line Extension.

Following the payment of a Customer Contribution, the Company will reconcile refund balances at the end of the first twelve (12) month period and thereafter annually. The interest rate that will be applied to balances subject to refund will be the annual Commission-approved interest rate for Customer Deposits.

(3) Revenue Guarantee:

Customers may enter into a written agreement for a term of four (4) years with the Company that guarantees and secures payment to the Company of an amount equal to the cost of the Extension plus applicable interest charges as defined below. The four (4) year agreement period will begin for (i) Overhead Line Extensions on the completion date of the overhead line facilities or (ii) for Underground Line Extensions upon completion of the underground structural facilities. At the end of the four-year agreement period, actual revenues, less fixed fuel factor costs and taxes, received during the four-year agreement period from Customers served from the Line Extension will be compared to the cost of the Extension. If revenues have not equaled or exceeded the cost, additional charges will be computed on the deficit amount. The additional charge shall be based upon the overall tax-effected cost of capital to the Company at the time of the Line Extension construction and the amount so specified in the written agreement. The additional charge to municipalities shall be no more than the maximum interest rate for municipalities as set by law, whichever is less. The deficit amount and the additional charges will then be due within thirty (30) days of billing.

If additional Line Extensions are connected to the original Line Extension, any revenue received from Customers served from the additional Extensions must first cover the cost of the additional facilities, including transformers, before it can be applied to the original Customer agreement. When a Customer enters into a Revenue Guarantee to offset the cost of a Line Extension, those revenues can come from the Customer entering into the agreement and also other Customers who are later served from the same facilities. Where there is an expectation that the revenues from a Line Extension project will equal or exceed the Extension cost within an additional two-year period, at the Company's option, an extension of two (2) years may be granted after the four (4) year term of the original contract expires.

The above terms related to Revenue Guarantees apply to individual residential Customers, commercial and industrial Customers, land developers, residential subdivision developers and commercial and industrial subdivision/park developers.

EL PASO ELECTRIC COMPANY

Line Extension Policy and Construction Charges

(4) Renewable Energy Information:

The Company will inform each Customer requesting a Line Extension of the availability of information concerning renewable resources. If the Customer requests the information, or if a Revenue Deficiency exists and the Customer declines to enter into a written agreement with the Company pursuant to Section 2.b. above to cover such deficiency, then the Company will provide the Customer with information regarding implementation of renewable energy resource options that may be feasible for the Customer. The Company will provide a list of vendors for renewable energy resource options and, when possible, the cost of such installations.

EL PASO ELECTRIC COMPANY

Line Extension Policy and Construction Charges

C. SPECIAL UNDERGROUND SERVICE PROVISIONS

A. Secondary Voltage Underground Extensions:

1. Permanent New Residential Customers:

(1) Overhead System:

Where 120/240 volt service is readily available from an existing overhead system, the Company will install, own, and maintain service conductors (maximum of 100 foot run at Company expense) for single phase service in a Customer-supplied, owned, and maintained conduit system. The Customer-supplied conduit system shall include, without limitation, the pole riser installation and the installation of all necessary conduit from the Company-specified point on the nearest Company service pole to the Point of Delivery. The Customer-supplied conduit system must meet Company specifications and local code requirements. The Customer shall make a Customer Contribution for the cost of any portion of the service conductor run in excess of 100 feet.

If the Company has reason to believe that more than one Customer will be served underground from the Company's service pole, the Company will be responsible for the installation of the pole riser installation and a service pedestal. The cost of installing the service pedestal and the pole riser installation shall be borne by the Customer and the Company shall own and maintain the service pedestal and the pole riser installation.

Where 120/240 volt service is readily available from an existing overhead system, the Company will install, own, and maintain a pole riser, riser base, secondary service enclosure if needed and service conductors (maximum of 150 foot run at Company expense) for providing single phase underground secondary service to a Customer. The Customer will supply, install, own and maintain the conduit system from the riser base to service enclosure to the meter enclosure. The Customer-supplied conduit system must meet Company specifications and local code requirements.

(2) Underground System:

Where 120/240 volt service is readily available from an existing underground system, the Company will install, own, and maintain service conductors (maximum of 150 foot run at Company expense) for single phase service, in a customer supplied, owned, and maintained conduit system, from the nearest Company transformer or service enclosure to the Point of Delivery. The location of both points will be designated by the Company. The Customer-supplied conduit system must meet Company specifications and local code requirements.

EL PASO ELECTRIC COMPANY

Line Extension Policy and Construction Charges

C. SPECIAL UNDERGROUND SERVICE PROVISIONS

2. Point of Delivery:

The Point of Delivery for individually served and metered permanent residential Customers requesting underground service shall be the meter enclosure.

When multiplex residential units (duplex and above) have their Meters grouped and connected into a common gutter, the Point of Delivery shall be at a Company-owned secondary service enclosure or transformer as designated by the Company.

The Point of Delivery for all other Customers requesting underground service shall be the low voltage terminals of the Company's transformation, unless another Point of Delivery is specified by the Company.

3. Residential Subdivisions:

In a residential subdivision, normally Underground Line Extensions must be made before construction of houses begins. The Company will install an underground distribution system in a filed, dedicated subdivision after the developer has met Company requirements pertaining to the installation of other utilities and has entered into a written agreement covering the number of residential lots to be served, the location of any necessary overhead express feeder lines, the amount of the Revenue Guarantee, the method of securing the Revenue Guarantee, and other necessary conditions.

The developer's Revenue Guarantee amount for an underground residential system will be determined using current material and construction costs.

No overhead or underground Secondary Voltage services will be extended from the overhead express feeder lines.

4. Commercial and Industrial Customers:

The Company will install an underground Primary Voltage or Secondary Voltage extension to serve a Commercial or an Industrial customer after the Customer has entered into a written agreement (if needed) covering the location of the Company's new overhead and underground facilities, the amount of the Revenue Guarantee if applicable, and the method of securing payment of the Revenue Guarantee. Commercial areas designated or committed to underground facilities by the Company and/or the developer or any regulatory body will only be served underground.

5. Conversion of Overhead Facilities to Underground Facilities:

Residential Service Drops:

If a residential Customer requests conversion of the Customer's existing overhead service drop to underground service, the Company will, at its expense, install underground service conductors a maximum run of 100 feet if the following four (4)

EL PASO ELECTRIC COMPANY

Line Extension Policy and Construction Charges

C. SPECIAL UNDERGROUND SERVICE PROVISIONS

conditions are met:

- (1) The Customer supplies and installs the pole riser, riser base, secondary service enclosure (if required by the Company) and any conduit between the riser base and the service enclosure. After the installation of the above facilities, inspection and approval by the Company, the Company will assume ownership and maintenance of these facilities. The Customer must also grant any needed firm easements for this installation and for future underground Extensions from the service enclosure to adjacent lot(s) as required.
- (2) The Customer supplies, installs, owns and maintains the conduit system from the riser base or service enclosure to the meter enclosure. The conduit system must meet Company and local code requirements.
- (3) The Customer makes any changes to his service entrance equipment necessary to accommodate the new underground service.
- (4) The Customer pays the Company the current estimated cost to install and remove the overhead service drop.

If the new underground service run is greater than 100 feet, the Customer shall make a Customer Contribution for the amount of the service run in excess of 100 feet.

If the Company has reason to believe that more than one Customer will be served underground from the Company's service pole, the Company will be responsible for the installation of the pole riser installation and a service pedestal. The cost of installing the service pedestal and the pole riser installation shall be borne by the Customer and the Company shall own and maintain the service pedestal and the pole riser installation.

B. Overhead Primary Voltage Distribution Facilities:

If the Company, in response to a Customer request, agrees to replace the Company's existing overhead facilities with underground facilities, the Customer shall pay the Company in advance the estimated installed cost of the Company's new underground facilities plus the estimated cost to remove the existing overhead facilities less the estimated salvage of the removed overhead facilities.

Commercial and industrial Customers will provide, own and maintain all facilities beyond the new Point of Delivery.

EL PASO ELECTRIC COMPANY

Line Extension Policy and Construction Charges

D. TEMPORARY SERVICE

A Customer requesting Temporary Service shall pay the Company in advance the estimated cost of equipment plus installation and removal expenses, less the estimated salvage value. The cost of the equipment plus installation shall be calculated in the same manner as for permanent service. The removal expenses will be estimated based on the specific equipment and installation used for the Customer and the most current standard labor cost estimates. Salvage value will be based on the specific equipment and the market value of the equipment at the time the estimate is provided.

EL PASO ELECTRIC COMPANY

Line Extension Policy and Construction Charges

E. SPECIAL SERVICES

1. Dual Feeders:

Any permanent customer requesting an alternate Primary Voltage line in addition to the regular main Primary Voltage line shall either make a Customer Contribution in the amount of the estimated cost to provide the alternate Primary Voltage line (including substation facilities), or enter into a written agreement to pay a monthly facilities charge equal to the Company's fixed costs on the additional facilities.

2. Transmission Voltage Service:

Electric service from the Company's Transmission Voltage system is available at the Company's option to Customers whose electrical load is of such magnitude or unusual character that it should not be served otherwise. The Customer shall be responsible for providing all transformation equipment, in accordance with Company specifications. The total cost of the Transmission Line Extension (including metering) shall be subject to a monthly facilities charge. The Company, at its option, may require a Customer Contribution for all or a portion of the construction costs of the Extension.

3. Private Security Lighting or Area Lighting:

Dusk to dawn security lighting service is available in the Company's service area under the terms and conditions of the applicable rate schedule. If 240 volt overhead service is readily available within 125 feet, the Company will install a standard fixture on an existing wood pole or a new 30 foot wood pole located as mutually agreed to by the Company and Customer. If 240 volt overhead service is not readily available within 125 feet, the cost of any required additional facilities will be borne by the Customer, including the total cost of all underground associated facilities if the installation is served from an underground system. All requests for service from an underground system must be negotiated separately with the Company as this lighting service is not available in all underground situations.

The Company retains the right to remove a security light if it is vandalized repeatedly.

EL PASO ELECTRIC COMPANY

Line Extension Policy and Construction Charges

**F. PUBLIC STREET LIGHTING, FREEWAY LIGHTING
AND TRAFFIC SIGNAL LIGHTS**

1. Company-Owned Street Lighting:

Street lighting systems are normally installed, owned and maintained by the Company. Only Company specified standard street lighting components are used in the installations. Street lighting service is available to all city, town, village, county and state governmental entities (hereinafter referred to as "City") and will be installed only after the appropriate installation and billing authorization is received by Company in writing. This lighting service is also available to public schools for street, parking and area lighting. All lighting service will be provided and billed under the applicable rate schedules.

a. Lights Served from Overhead Lines:

In areas with overhead electric distribution lines, street lights are installed on existing wood poles. If the desired location of the new light does not have an existing pole, the Company will install one additional pole for each street light at no cost. If additional facilities are required in order to provide service to the light, the City, State or school shall pay the additional cost of the facilities as a Customer Contribution.

b. Lights Served from Underground Facilities:

In areas with underground electric distribution lines, street lights, including a standard wood pole, will be installed at a location designated by the City and agreed to by the Company. The Company will also install the underground conduit, service wire and related facilities as needed. Where street lights are requested to be served underground and are installed by the Company and the street light installation will be owned by the Company, the Customer shall make a Customer Contribution for the difference between the cost of the underground installation and the four-year estimated revenue if there is a difference. The Company will install street light poles only on streets or main thoroughfares that are paved and have curbs and gutters.

2. City Owned Street Lighting:

If a city desires to own street lights that are to be installed by the Company, the city shall pay the Company the total installed cost incurred by the Company. The Company will operate and maintain the lights under the applicable rate schedule. If the city specifies the materials and installation standards, they must be agreed to by the Company.

EL PASO ELECTRIC COMPANY

Line Extension Policy and Construction Charges

a. Lights Served from Overhead Lines:

In overhead served areas, the Company shall install all requested lights and related facilities at the city's cost.

b. Lights Served from Underground Facilities:

In underground distribution areas, the Company or the city may provide and install the street lights at the city's cost. If the city provides and installs the lights (or requires a third party to do so) the Company will not assume any responsibility for operation or maintenance until after the light is connected and in service. If the Company is asked to make a connection to a new city-installed light and is unable to do so because of a faulty installation by the city, a charge for the service call equal to the Company's actual cost will be made.

3. State or City-Owned Street or Freeway Lighting:

In Franchised Areas, the Company may contract with the city, town or village to operate and maintain street lighting installed and owned by the State of Texas (State). In some cases, the Company may contract with a county for Interstate Highway lighting only. In the absence of such a contract, electric service for State-owned street lighting systems shall be provided under the Company's standard practice for metered commercial services, and billed under the applicable rate schedule. The same terms apply to State-owned traffic signals, sign lighting, etc.

4. Relocation of Street Lights:

Street lighting facilities will be relocated for the benefit or convenience of a Customer only when written approval of the new location is received from proper county or municipal authorities, and when the Customer making the request bears all relocation cost.

5. Lights in New Subdivisions with Underground Electric Facilities:

If street lights are to be installed in a subdivision, the locations shall be mutually agreed to by the city and the Company before the Company designs its underground distribution system. The necessary conduit shall be installed from the nearest Company power source location to the proposed light pole location at the time of the subdivision development. Payment for these costs will be negotiated between the parties.

6. General Information

If the city or school desires to convert an existing Company-owned mercury vapor fixture to a high pressure sodium vapor fixture, the city shall pay all the labor costs associated with the conversion and purchase the old mercury vapor fixture from the Company at the un-depreciated value.

EL PASO ELECTRIC COMPANY

Line Extension Policy and Construction Charges

G. REMOVAL AND RELOCATION

A Customer requesting removal and/or relocation of Company facilities shall bear all costs incurred by the Company in completing the removal and/or relocation. If removal and/or relocation causes operating problems for the Company, or is objectionable to other parties, the Company may refuse to remove and/or relocate the facilities. Relocation of Company facilities is always contingent upon the Company's securing all necessary rights-of-way.

EL PASO ELECTRIC COMPANY

Line Extension Policy and Construction Charges

H. AFTER HOURS RATE

A Customer requesting the Company to perform work on an overtime basis shall be required to pay the appropriate after-hours rate.

Section Number 3
Sheet Number 5
Page 14 of 17

Revision Number 7
Effective with service provided on and after
 July 18, 2017

EL PASO ELECTRIC COMPANY

Line Extension Policy and Construction Charges

I. RENTAL OF COMPANY EQUIPMENT

The Company will rent certain equipment to Customers on a short-term, emergency basis, provided the items of equipment are not immediately available from local suppliers, and the Company has a sufficient supply of such items in stock to meet its operating requirements. The terms and conditions of the rental transaction shall be specified in writing.

EL PASO ELECTRIC COMPANY

Line Extension Policy and Construction Charges

J. SALE OF COMPANY INSTALLED FACILITIES

The Company, in response to a Customer request, may sell Company facilities, in place, as is, for the estimated replacement cost less depreciation on replacement cost, if:

- (1) The facilities are solely for the purpose of serving the Customer, and
- (2) The Customer is changing or expanding the Customer's electrical facilities in a manner that will include the Company's facilities as an integral part of the Customer's facilities.

EL PASO ELECTRIC COMPANY

Line Extension Policy and Construction Charges

K. IMPAIRED LINE CLEARANCE

Any Customer (person, company, corporation, partnership, contractor, land developer, property owner, or property lease, or any combination thereof) who installs or constructs any permanent or temporary structure(s) that constitutes an Impaired Clearance of the Company's existing transmission, substation, express, feeder, street light or distribution line facilities, or any combination thereof, shall bear all costs incurred by the Company in the reconstruction or relocation, or both, necessary to remove any and all Impaired Clearances. The Customer shall notify the Company as soon as possible of any existing or anticipated Impaired Clearances.