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AUSTIN, TEXAS 78701

August 31, 2006

Irene Montelongo  
Administrative Law Judge  
Policy Development  
Public Utility Commission of Texas  
1701 N. Congress Ave.  
Austin, Texas 78711

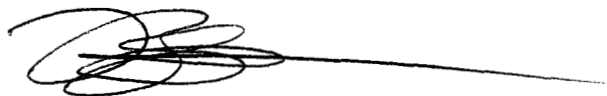
Re: PUC Docket No. 32289 – *Joint Petition of El Paso Electric Company and the City of El Paso for Approval of Fuel-Related Provisions of Rate Agreement*

Dear Judge Montelongo:

On August 24, 2006, El Paso Electric Company filed the Direct Testimony of Gary R. Hedrick with a notation that the Company would supplement Exhibit GRH-5. Exhibit GRH-5 is attached and should be inserted into Mr. Hedrick's testimony as a new page 169.

If you have any questions or require additional information, please let me know.

Very truly yours,



William Coe

Enclosure

cc: All Parties of Record

El Paso Electric Company  
Return on Equity Deadband  
Under City of El Paso Rate Agreement

<u>Month</u>	Moody's Public Utility <u>"Baa" Bond Yield</u>
August-05	5.80%
September-05	5.83%
October-05	6.08%
November-05	6.19%
December-05	6.14%
January-06	6.06%
February-06	6.11%
March-06	6.26%
April-06	6.54%
May-06	6.59%
June-06	6.61%
July-06	<u>6.61%</u>
Twelve Month Average	6.24%
Rounded to Nearest .1%	6.2%
Plus 4% (400 basis points)	<u>4.0%</u>
<b>Deadband Midpoint</b>	<b>10.2%</b>
<b>Deadband Floor (Midpoint less 2%)</b>	<b>8.2%</b>
<b>Deadband Ceiling (Midpoint plus 2%)</b>	<b>12.2%</b>