

EL PASO ELECTRIC COMPANY

**SCHEDULE NO. DCRF**  
**DISTRIBUTION COST RECOVERY FACTOR (DCRF)**

**APPLICABILITY**

Retail electric service customers connected to the Company's distribution system, except those taking service under transmission voltage rates, shall be subject to Schedule No. DCRF. The charges applicable to each rate class are provided in the Monthly Rate section and are calculated pursuant to the requirements of 16 Tex. Admin. Code § 25.243.

**TERRITORY**

Texas Service Area

**MONTHLY RATE**

| <u>Rate</u><br><u>No.</u> | <u>Description</u>                         | Distribution Cost<br>Recovery Factor |     |
|---------------------------|--|--------------------------------------|-----|
|                           |  | \$                                   | BD* |
| 01                        | Residential Service Rate                   | \$0.00                               | kWh |
| 02                        | Small General Service Rate                 | \$0.00                               | kWh |
| 07                        | Outdoor Recreational Lighting Service Rate | \$0.00                               | kWh |
| 08                        | Governmental Street Lighting Service Rate  | \$0.00                               | kWh |
| 09                        | Governmental Traffic Signal Service Rate   | \$0.00                               | kWh |
| 11-TOD                    | Time-Of-Day Municipal Pumping Service Rate | \$0.00                               | kWh |
| 15                        | Electric Refining Service Rate             | \$0.00                               | kW  |
| WH                        | Water Heating Service Rate                 | \$0.00                               | kWh |
| 22                        | Irrigation Service Rate                    | \$0.00                               | kWh |
| 24                        | General Service Rate                       | \$0.00                               | kW  |
| 25                        | Large Power Service Rate                   | \$0.00                               | kW  |
| 26                        | Petroleum Refining Service Rate            | \$0.00                               | kW  |
| 28                        | Private Area Lighting Service Rate         | \$0.00                               | kWh |
| 30                        | Electric Furnace Service Rate              | \$0.00                               | kW  |
| 31                        | Military Reservation Service Rate          | \$0.00                               | kW  |
| 34                        | Cotton Gin Service Rate                    | \$0.00                               | kW  |
| 41                        | City and County Service Rate               | \$0.00                               | kW  |

\* BD – Billing Determinant

kWh – Energy is defined as total metered billing energy

kW – Demand is defined as the billing demand, plus any demand associated with the power factor adjustment, as determined in the applicable tariff schedule, plus any thermal energy storage kW.

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**EL PASO ELECTRIC COMPANY**  
**SCHEDULE NO. COVID-19**  
**PROJECT NO. 50664 ASSET SURCHARGE**

**APPLICABILITY**

The Project No. 50664 Asset Surcharge (PN 50664 Surcharge) is applicable to all customers taking service under the rate schedules listed below as either a dollar per kilowatt hour (\$/kWh) factor applied to billed energy or as a directly assigned amount, pursuant to the Public Utility Commission of Texas's (PUCT) order issued in Docket No. 52195 that authorized El Paso Electric Company (EPE) to recover the regulatory asset allowed by the PUCT's order on March 26, 2020, (PN 50664 Order) in Project No. 50664, *Issues Related to the State of Disaster for the Coronavirus Disease 2019*. The PN 50664 Order authorized electric utilities to record as a regulatory asset and seek recovery for any costs, offset by any savings, that EPE incurred due to the COVID-19 pandemic that began in 2020. EPE will file an annual update to the PN50664 Surcharge to reflect any over- or under-recovery of the regulatory asset in order to account for any subsequent recovery by EPE of any costs included in the regulatory asset.

**TERRITORY**

Texas service area.

**TERM**

This rate shall expire on the earlier of four years (48 months) from the effective date below or upon EPE collecting an amount equal to the amount allowed by Docket No. 52195, subject to any PUCT-approved updates.

**MONTHLY CHARGE**

The PN50664 Surcharge is calculated for customers taking service at primary or secondary voltage levels on a (\$/kWh) factor and as a directly assigned monthly for customers taking service at transmission voltage levels. Upon the expiration of PN50664 Surcharge's term, the amount of any final over- or under-recovery of the approved regulatory asset shall be calculated by rate class. Each rate class's final over- or under-recovery amount shall be included in the deferred fuel balance of each rate class as either a refund or surcharge. Customers entering EPE's system during the period that any over- or under-recovery is being refunded or surcharged to customers (the Reconciliation Period) will receive any refund or surcharge in billings from their entry date. Customers leaving EPE's system during the Reconciliation Period will receive any refund or surcharge through their exit date.

| <u>Rate</u> | <u>Rate Schedule</u>                  | <u>Voltage Level *</u> | <u>Annual Surcharge</u> | <u>Surcharge Factor (\$/kWh) or Monthly Rate (\$)</u> |
|-------------|---------------------------------------|------------------------|-------------------------|---|
| 01          | Residential Service                   | S                      | \$971,519               | \$0.000392  |
| 02          | Small General Service                 | S                      | 98,417                  | \$0.000361  |
| 07          | Outdoor Recreational Lighting Service | S/P                    | 1,881                   | \$0.000512  |
| 08          | Governmental Street Lighting Service  | S                      | 10,813                  | \$0.000300  |
| 09          | Governmental Traffic Signal Service   | S                      | 259                     | \$0.000098  |
| 11TD        | Municipal Pumping Service - TOD       | S/P                    | 23,920                  | \$0.000139  |
| 15          | Electrolytic Refining Service         | T (A)                  | 4,792                   | \$399.33  |
| WH          | Water Heating Service                 | S                      | 3,815                   | \$0.000745  |
| 22          | Irrigation Service                    | S                      | 1,428                   | \$0.000372  |
| 24          | General Service                       | S/P                    | 266,711                 | \$0.000184  |
| 25          | Large Power Service                   | S/P                    | 82,982                  | \$0.000138  |
| 25          | Large Power Service                   | T (A)                  | 1,059                   | \$88.24   |
| 26          | Petroleum Refinery Service            | T (A)                  | 27,935                  | \$2,327.92  |
| 28          | Area Lighting Service Rate            | S                      | 4,703                   | \$0.000175  |
| 30          | Electric Furnace Service              | T (A)                  | 3,012                   | \$251.00  |
| 31          | Military Reservation Service          | T (A)                  | 32,200                  | \$2,683.33  |
| 34          | Cotton Gin Service                    | S/P                    | 442                     | \$0.000277  |
| 41          | City & County Service                 | S/P                    | 38,564                  | \$0.000200  |
|             | Total Annual Surcharge                |                        | <u>\$1,574,452</u>      |   |

(A) Directly assigned to customer

\* Voltage Levels: S = Secondary, P = Primary, and T = Transmission

EL PASO ELECTRIC COMPANY

**SCHEDULE NO. RPRF**  
**RETIRING PLANT RIDER FACTOR (RPRF)**

**APPLICABILITY**

This Retiring Plant Rider Factor (RPRF) is applicable to all customers taking service under a retail rate schedule except for the interruptible portion of those customers that are taking service under Schedule No. 38. The rider shall continue to be charged so long as there is continued electric service provided from each of the following generation units: Rio Grande Unit 7, Newman Unit 1, and Newman Unit 2. Rider charges will be adjusted as each unit discontinues electric service to Texas ratepayers.

**TERRITORY**

Texas Service Area

**MONTHLY CHARGE**

| <u>Rate No.</u> | <u>Rate Schedule</u>                       | <u>Retiring Plant<br/>Rider Factor</u> |           |
|-----------------|--|--|-----------|
|                 |  | <u>\$</u>                              | <u>BD</u> |
| 01              | Residential Service Rate                   | \$0.001313                             | kWh       |
| 02              | Small General Service Rate                 | \$0.001024                             | kWh       |
| 07              | Outdoor Recreational Lighting Service Rate | \$0.000499                             | kWh       |
| 08              | Governmental Street Lighting Service Rate  | \$0.000499                             | kWh       |
| 09              | Governmental Traffic Signal Service Rate   | \$0.000389                             | kWh       |
| 11TD            | Time-Of-Day Municipal Pumping Service Rate | \$0.000557                             | kWh       |
| 15              | Electric Refining Service Rate             | \$0.34                                 | kW        |
| WH              | Water Heating Service Rate                 | \$0.000498                             | kWh       |
| 22              | Irrigation Service Rate                    | \$0.001467                             | kWh       |
| 24              | General Service Rate                       | \$0.27                                 | kW        |
| 25              | Large Power Service Rate                   | \$0.29                                 | kW        |
| 26              | Petroleum Refining Service Rate            | \$0.34                                 | kW        |
| 28              | Private Area Lighting Service Rate         | \$0.000498                             | kWh       |
| 30              | Electric Furnace Service Rate              | \$0.32                                 | kW        |
| 31              | Military Reservation Service Rate          | \$0.34                                 | kW        |
| 34              | Cotton Gin Service Rate                    | \$0.13                                 | kW        |
| 41              | City and County Service Rate               | \$0.29                                 | kW        |

BD – Billing Determinant

kWh – Energy is defined as total metered billing energy

kW – Demand is defined as the billing demand, plus any demand associated with the power factor adjustment, as determined in the applicable tariff schedule.

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Revision Number 0  
Effective for electricity consumed on or after  
June 1, 2022

**EL PASO ELECTRIC COMPANY**

**SECTION 2**

**RULES AND REGULATIONS**

**EL PASO ELECTRIC COMPANY**  
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**EL PASO ELECTRIC COMPANY**  
**SECTION 2**  
**RULES AND REGULATIONS REGARDING**  
**ELECTRIC SERVICE**

**INTRODUCTION**

The Rules and Regulations set forth herein are provided as a standard for the supplying of electric service to customers of El Paso Electric Company.

**CUSTOMER RELATIONS**

El Paso Electric Company is required to follow the requirements of section 32.101 of the Public Utility Regulatory Act and Public Utility Commission of Texas Substantive Rule §25.31, regarding information available to its Customers. Upon request of the Customer, the Company will provide a copy of these Rules and Regulations to the Customer.

**SECTION I**

**DEFINITIONS**

1. COMPANY

El Paso Electric Company

2. COMMISSION

The Public Utility Commission of Texas

3. CUSTOMER AND APPLICANT

A Customer is any corporation, business establishment, institution, association, governmental entity or individual currently being served or using electric energy supplied by the Company.

A Residential Customer is each separate house, apartment, flat, or other living quarters occupied by a person or persons constituting a distinct household that is primarily an end user consuming electricity at his/her residence for personal, family or household purposes and who is not a re-seller of electricity.

A Non-Residential Customer is any Customer who is not a Residential Customer and includes, but is not limited to, Commercial and Industrial Customers, State Agencies, School Districts, Colleges and Universities, Municipal Accounts, Military Bases, and Public Street and Highway Lighting but does not include sales of electricity for re-sale.

An Applicant is a person who has applied for service for the first time or reapplies at a new or existing location after disconnection of service.

4. DELIVERY OF SERVICE

Delivery of service means readiness and ability on the part of the Company to furnish service or deliver electricity to the Customer, and the maintenance by the Company at the Point of Delivery of approximately the agreed frequency and voltage, irrespective of whether or not Customer makes any use thereof.

5. PERMANENT INSTALLATION

Permanent Installation means 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 by the Customer. A manufactured home or prefabricated structure will qualify as a permanent installation only if it is installed on a foundation system according to regulations of the Texas Department of Licensing & Regulation or is otherwise impractical to move and has the wheels, axles and hitch or towing device removed, and if it is connected to a permanent water and sewer system.

6. CUSTOMER'S INSTALLATION

Customer's Installation means all wires, cut-outs, switches, appliances and apparatus of every kind and nature located on the Customer's side of Point of Delivery and used in connection with or forming a part of any installation for utilizing electricity for any purpose, including Service Leads, whether such installation is owned outright by Customer or used by Customer under lease or otherwise.

7. POINT OF DELIVERY

The Point of Delivery is the point where the Company's wires or facilities are connected with those of the Customer. The Point of Delivery will be designated by the Company.

8. SERVICE WIRES

Service Wires are the wires of the Company that are connected to the Customer's Service Leads.

9. SERVICE LEADS

Service Leads are that portion of Customer's Installation to which the Company will or has connected its Service Wires.

10. CONNECTED LOAD

Connected Load means the combined nominal rated capacity in kilowatts of all motors or other electric energy consuming devices installed on the Customer's premises that may be operated with electric energy supplied by the Company.



11. MAXIMUM DEMAND

When mentioned in any rate schedule, Maximum Demand is to be applied as set forth in the rate schedule under consideration and refers to the greatest demand occurring during a specified period of time placed by the Customer on the Company's electric system. The Company reserves the right to estimate the maximum demand for purposes of establishing the type of service and the facilities to be provided.

12. SAFETY ENTRANCE SWITCH

A safety entrance switch is a device that allows the Company to connect its service wires to the Customer's service leads, and allows for a meter to be installed within a structure.

13. ENERGY ASSISTANCE PROVIDER

An energy assistance provider is defined as a public or private organization engaged in assisting individuals in the payment of their electric utility bills.

## SECTION II

### RULES AND REGULATIONS

1. APPLICABILITY

In order that all Customers receive uniform, efficient and adequate service, the Company will provide electric service to its Customers in accordance with the Public Utility Regulatory Act, Commission rules and these Rules and Regulations.

2. SERVICE APPLICATIONS

Before the Company takes action to supply electric service, an Applicant may be required to sign an "Application for Service" from the Company for such service [see Sheet Number 8].

3. SERVICE AGREEMENTS

In addition to approval by the Company of an Application for Service, if one is required, a Customer may be required to sign an "Agreement for the Purchase of Electric Service from El Paso Electric Company" [see Sheet Number 3]. Service under such Agreement will be furnished to the Customer with the provision that any change in rate schedule or rates or in the Rules and Regulations applying to them, as may from time to time be approved by such regulatory body as may have jurisdiction, will apply in the same manner as if incorporated in said Agreement.

In the event service is supplied by the Company to any Customer who requested service and has not signed an Agreement with the Company as above mentioned, then, in consideration of the Company's supplying service, Customer will be bound in all respects to the same extent as if an Agreement had been signed.

4. CUSTOMER CHANGE OF PREMISES

When a Customer plans to vacate the premises at which the Customer is receiving electric service, the Customer must notify the Company prior to moving from the premises. The Customer will be responsible for all service supplied to the original premises until such notice has been received and the Company has not had more than three (3) working days to disconnect the Customer's service.

5. ELECTRICAL PERMIT

The Company will not connect its Service Wires to the Customer's Service Leads until the Customer has obtained a certificate of compliance or a certificate of inspection from the proper authority.

6. RIGHT-OF-WAY (EASEMENT)

The Customer will make or procure satisfactory conveyance to the Company of right-of-way for the Company's facilities across the property owned or controlled by the Customer, necessary or incidental to the furnishing of service by the Company. The Customer must have all property corners surveyed and all necessary irons installed by a licensed surveyor to permit the Company to install its facilities within said rights-of-way.

7. LINE EXTENSIONS

The Company will furnish, without cost to the Customer, a standard Meter and Service Wires of a length appropriate to the electrical load being served. In all other cases requiring the installation of additional facilities, the Company will make Line Extensions within its territory required to serve any Customer or Customers, whose usage will be of a permanent nature, on a basis equitable both to the Customer and to the Company and in accordance with the Company's Line Extension Policy.

When temporary or emergency service, with emergency service defined as a prompt action taken to protect a Customer or the public in the event of an accident, is requested by a Customer and is furnished by the Company, it may be supplied, at the Company's option, only when the Customer pays in advance the entire cost to the Company of installing and removing equipment necessary to make such temporary or emergency service available.

Temporary or emergency electric service will be billed in accordance with the rate schedule applicable to the loads served.

8. SERVICES

The ordinary method of connection between the Company's distribution system and the Customer's Service Leads will be:

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- a. Overhead, where Company's general distribution system in a given area is overhead, or
- b. Underground, where Company's general distribution system in a given area is underground.

If the Customer requests connection in any manner other than specified above, special arrangements may, at the Company's option, be made between the Customer and the Company by which the connection will be made and maintained.

In an area where the Company's distribution system is overhead, the length of the service wire drop will be dependent upon the Customer's electrical load, but the service wire drop will not exceed seventy-five (75) feet for services of 200 amps or less.

Customer's Service Leads will be installed at a location and height designated by the Company. However, should such location not be acceptable to the Customer, the Customer may, at the Customer's expense, carry the Service Leads in metal conduit to the Company's location.

In overhead areas, conduit for Customer's Service Leads will be provided by the Customer with approved fittings with drip loop and with wires extending at least twenty-four (24) inches beyond its end.

In an area where the Company's distribution system is underground, the Company will furnish up to 150 feet of service wire, for services of 200 amps or less, to a Residential Customer at no cost. The service wire will be installed in a duct system provided, installed, owned and maintained by the Customer. Non-residential Customers will provide, own, install and maintain the service wire and duct system between the Customer's building and a Company transformer, service enclosure or other termination point as designated by the Company. It is the Customer's responsibility that the Customer's wires must extend at least thirty-six (36) inches into the Company's service box or be able to reach the secondary bushings of the Company transformer.

## 9. METER INSTALLATION—CUSTOMER RESPONSIBILITIES

The Customer must provide and at all times maintain, free of expense to the Company, a suitable and easily accessible location on Customer's premises at which electricity is to be supplied and sufficient and proper space for the installation of meters or other similar devices of the Company. The Customer must also provide the necessary wiring, meter enclosures, meter loops, and meter board of approved design, constructed and installed in accordance with the Company's specifications.

For all new meter installations or relocation of existing meter installations, the Meter or Meters will be installed on the outside of the building. If it is impractical to locate the Meter on the outside, the Customer must obtain approval for any other location in advance from the Company. When it is necessary to install Meters on the inside of the building, the Customer must furnish a standardized safety entrance switch of

approved construction. However, in no case will Meters be installed in bedrooms, kitchens, bathrooms, toilets or closets or under stairways.

The Company at any time may require the location of the Meters on existing installations be changed at the Customer's expense.

The Customer's Meter must be installed and maintained by the Customer at the Customer's expense in a safe and efficient manner in accordance with the specifications of the Company and in full compliance with all laws and governmental regulations applicable to the same.

#### 10. METER INSTALLATION-COMPANY RESPONSIBILITIES

Unless otherwise specified in the Company's applicable rate schedules, the Company will, without rental or other charge, furnish a Meter for registration of electricity sold to the Customer by the Company. The Company will supply electricity only through Meters or other measuring devices it furnishes and owns. The Customer must notify the Company of its desire to have such Meter or other measuring device installed, relocated, changed or removed.

The Company, may, at any time and at its option, change the type of Meter(s) measuring electric usage by the Customer. When possible, the Customer will be notified in advance of a Meter change so that Customer verification of Meter readings can be accomplished.

#### 11. GROUPING OF METERS

Where two (2) or more Meters are to be installed in the same building or on the same premises for different Customers, they will be grouped at one common place accessible for reading and testing, and the meter loops for each Customer must be clearly designated by the Customer(s).

All arrangements of meter loops and meter boards must be made by the Customer or owner of the building, at a location to be designated by the Company, and each Meter must be protected by an individual standardized safety entrance switch and cut-out.

#### 12. ONE METER PER SERVICE

All service will be taken at one Point of Delivery designated by the Company and at one of the Company's standard types of service. Electric energy is to be measured by a single Meter of each kind needed at each Point of Delivery for each Customer served.

Two or more Points of Delivery to one Customer, for the same character of service, will be considered as separate services, and bills will be separately calculated for each Point of Delivery unless special circumstances exist and written agreements are made with the Company. In no case may a Customer extend wiring or lines in order to furnish electric energy to any other premises through one Meter, even though such premises may be owned or occupied by the Customer.

### 13. METER ACCURACY

At the request of a Customer, the Company will, make, without charge, a test of the accuracy of the Customer's Meter. The test will be conducted during the Company's normal working hours at a time convenient to the Customer if the Customer desires to observe the test or have an authorized representative observe the test. The test will be conducted on the Customer's premises, but may, at the Company's discretion, be made at the Company's test laboratory.

If, at the Customer's request, the Meter has been tested by the Company or by an authorized agency, and, within a period of four (4) years, the Customer requests a new test, the Company will conduct the test, but if the Meter is found to be within the accuracy standards established by the American National Standards Institute, the Company may charge the Customer a fee that reflects the cost to test the Meter. This charge will be at the amount from the Company's Rate Schedule No. 99, Miscellaneous Service Charges. Following the completion of any requested test, the Company will promptly advise the Customer of the date of removal of the Meter, date of the test, result and who conducted the test. If any Meter is found to be outside of the established accuracy standards, the Company will make proper correction of previous readings for the period of six (6) months immediately preceding the removal of such Meter from service for test, or from the time the Meter was in service since last tested, but not exceeding six (6) months.

The Company will provide a refund only to the Customer last served by the Meter prior to the testing. If a Meter is found not to register for any period, unless bypassed or tampered with, the Company will make a charge for units used, but not metered, for a period not to exceed six (6) months based on amounts used by the Customer under similar conditions during the period preceding or subsequent thereto, or during corresponding periods in previous years.

### 14. STANDBY OR AUXILIARY SERVICE

The Company will render standby or auxiliary service to Customers having other power or power generating equipment and facilities pursuant to the requirements of the Public Utility Regulatory Act, Commission Substantive Rules, and the Company's own tariff schedule(s).

### 15. ACCESS TO CUSTOMER'S PREMISES

In the event a Customer prohibits access to the Company to read the Meter (due to premises being locked, presence of a threatening animal, physical threats to meter reader, or other similar reason), the Company shall provide the Customer a door hanger requesting that the Customer provide the Company access the following month and informing the Customer of the reason why the Company was unable to access the Meter, of the number of consecutive months the Company has been denied access, that their bill will be estimated, of the consequences for continuing to fail to provide access, and of who at the Company the Customer should contact. If there is no door on which to leave a door hanger, the Company may leave the door

hanger at a point of ingress. If the Customer does not respond to the initial notice, the Company may try to contact the Customer again by mail, telephone, or door to door contact. After three consecutive months of denial of access by the Customer to the Company to read the Meter the Customer has the following options:

- Installation of a remotely read Meter at the Customer's expense or
- Relocation of the Meter to make the Meter accessible at the Customer's expense.

If the Customer does not choose an option, the Company shall choose the option on behalf of the Customer. The Company may continue to estimate a residential or a non-critical load for an additional 60 days in order to implement one of the options. The Company may continue to estimate a non-residential Critical Load Premises for an additional 60 days in order to implement one of the options. The Company must provide documentation of its attempts to implement the option to the Customer or the Commission upon request.

#### 16. PROTECTION OF COMPANY'S PROPERTY

The Customer will properly protect the Company's property located on the Customer's premises. In the event of any loss or damage to the Company's property caused by or arising out of carelessness, neglect, or misuse by Customer or other unauthorized parties, the cost of making good such loss or repairing such damage will be paid by the Customer.

#### 17. ADDITIONAL CUSTOMER RESPONSIBILITY AND INDEMNIFICATION OF COMPANY

- a. The Customer will indemnify, save harmless and defend the Company against all claims, demands, cost or expense, for loss, damage or injury to persons or property, in any manner directly or indirectly connected with, or growing out of transmission and use of electricity by the Customer at or on the Customer's side of the Point of Delivery and not directly attributable to the Company's negligence.
- b. The Customer will indemnify, save harmless and defend the El Paso Electric Company, its directors, officers, agents, representatives or employees from all claims, demands, costs, damages, liabilities or expenses, including but not limited to attorney's fees, resulting from any injury to persons (including death) or damages or destruction of property resulting from the delivery to and use of electricity by the Customer at or on the Customer's side of the Point of Delivery to the extent not attributable to the negligence of the Company, its directors, officers, agents, representatives or employees.
- c. For the mutual protection of the Customer and the Company, only authorized employees of the Company are permitted to make and energize the connections between the Company's Service Wires and either the Customer Service Leads or the Customer service entrance conductors. The Company does not assume any duty of inspecting the Customer's lines, wires, switches or other equipment and

will not be responsible therefor. ***To the extent allowed by law, the Customer agrees to defend, indemnify and hold Company and its agents harmless from and against all claims, causes of action, liability, losses, costs and expenses (including attorney's fees) of any kind made against the Company for personal injury, death, property damage, or other damage arising out of or resulting (i) from the design, installation, operation or maintenance of the lines, wires, switches, or other equipment on the Customer's side of the Point of Delivery or (ii) from contact by the Customer, its invitees, or licensees with a Company's overhead or underground line through use of equipment, machinery, tool, material, or contact by any other object within the Customer's control without forty-eight (48) hours advance notice to the Company's dispatcher of the Customer's intent to perform any function or activity with such equipment, machinery, tool, material, or other object if it is possible for a person performing any such function or activity to be brought within ten feet of a Company overhead or underground line, even if and regardless of whether such injury, death, or damage is caused by the joint or concurrent negligence of the Company or its agents. Overhead and underground lines will include any and all Company Service Wires up to the Customer's Service Leads or service entrance conductors.***

18. RIGHT-OF-WAY

Without reimbursement by the Company, the Customer will furnish to the Company all permits, certificates and/or rights-of-way necessary for the Company to cross the property owned or controlled by the Customer for the Company's overhead or underground lines or extensions thereof necessary or incidental for the supply of electricity to the Customer.

The Company will use reasonable diligence in protecting the property owner when providing or maintaining overhead or underground service connections. The Company has the right to clear its service connection of any interfering tree, shrub or other obstruction; except when the property owner objects to such clearance, the Company may change or relocate the service connection to meet its requirements, and the full cost of the change or relocation will be borne by the Customer or property owner.

19. ATTACHMENT TO COMPANY'S PROPERTY

The use of the Company's poles, wires, towers, structures or other facilities by the Customer for the purpose of fastening or supporting any radio equipment, or any lights, wires, ropes, signs, banners or anything of any nature not necessary to the delivery by the Company of electric service to the community, or the locating of same in such proximity to the Company's aforesaid property or facilities as to cause, or be likely to cause, interference with the delivery of electric service, or a dangerous condition in connection therewith, is prohibited. The Company has the right to immediately remove same without notice.

20. INCREASING OR DECREASING CONNECTED LOAD

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The Customer will not increase the Connected Load except upon notice to and consent by the Company, and, in the event of any such increase in the Connected Load, the Customer must pay for such increase or altered service pursuant to the appropriate tariff schedule(s). If requested by the Company, the Customer will execute a new Agreement at the Company's regular published rate covering the total Connected Load as so increased.

The Company's service conductors, transformers, meters and other devices used to supply electric energy to the Customer each have a definite capacity, and no addition to the Customer's Installed Connected Load thereto will be permitted until the Customer has secured the Company's consent. A violation of this rule makes the Customer liable for any damage resulting there from. In case the Customer's Connected Load is decreased, it is the responsibility of the Customer to notify the Company, in writing, of such decrease before obtaining any benefit in rates from such decrease.

21. LIMITATION OF USE

Electricity purchased from the Company must be used by the Customer only for the purpose specified in the Agreement for the Purchase of Electric Service, and the Customer will not sell or otherwise dispose of electricity, except with the written consent of the Company.

22. INTERRUPTION OF SERVICE

***The Company will use reasonable diligence in providing a regular and uninterrupted supply of electricity to the Customer but does not guarantee a constant supply of electricity. The Company is not liable for damage that occurs as a result of any fluctuation or interruption that is (a) caused by or results from, in whole or in part, governmental action, litigation, war, public enemies, strikes, acts of God, inclement weather, order of any court or judge granted in a bona fide adverse legal proceeding, fuel shortages, or any order of any commission or tribunal having competent jurisdiction, (b) necessary for repairs or changes in the Company's generating equipment or transmission or distribution systems, (c) due to the negligence of the Company, its employees, servants or agents, and does not constitute gross negligence or willful misconduct, or (d) caused by any other act, event, or occurrence beyond the Company's reasonable control. The Customer expressly waives any right to assert claims against the Company for damages caused by any fluctuation or interruption described in this paragraph. In the event of the Company's gross negligence or willful misconduct, the Company's liability under this paragraph will be limited to the cost of necessary repair or replacement of tangible property damaged or destroyed by the interruption or fluctuation.***

***The Company may, without liability, interrupt service to any Customer in the event of any condition that poses a threat to the area power supply if, in the Company's sole judgment, such action may prevent or alleviate such condition.***

23. SUSPENSION OF SERVICE FOR REPAIRS AND CHANGES

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When necessary to make repairs or changes in the Company's generating equipment or transmission or distribution systems, the Company may suspend service for such periods as may be reasonably necessary, and in such manner as not to inconvenience the Customer unnecessarily. The Company will be liable to the Customer for any damages occasioned by such suspension only when the damages are the result of gross negligence or willful misconduct on the part of the Company. In the event of the Company's gross negligence or willful misconduct, the Company's liability under this paragraph will be limited to the cost of necessary repair or replacement of tangible property damaged or destroyed by the interruption or fluctuation. The Company will endeavor to give reasonable notice to the Customer of the Company's intention to suspend service pursuant to this provision.

#### 24. CHARACTERISTICS OF SERVICE

Based on the availability of the voltage required by the Customer and the expense of additional equipment and installation needed to serve the Customer, the Company will provide single phase or three phase service at one of the Company's standard voltages. Motor requirements for single and three phase service can be found in the Company's Electric Service Requirements book.

The Company will provide secondary voltage for loads that require voltages up to 600 volts. The Company will provide primary voltage service for loads that require voltages between 2,400 volts and 25,000 volts. The Company will provide transmission voltage service for loads that require voltages of 69,000 volts or greater. The provision of primary or transmission voltage services must be negotiated with the Company.

#### 25. OWNERSHIP OF EQUIPMENT

All equipment furnished and installed by the Company will be and will remain the property of the Company unless purchased by the Customer.

#### 26. RESPONSE TO REQUEST FOR SERVICE

The Company will serve each qualified Applicant within the area certified by the Public Utility Commission of Texas as rapidly as practical. The following requirements apply to electric service provided by the Company:

The Company will process applications for new electric service not involving line extensions or construction of new facilities within seven (7) working days after an Applicant has met the credit requirements of these Rules and Regulations. The Company will process applications for electric residential service requiring line extension as quickly as possible and will complete such requests within ninety (90) days or within a time period agreed to by the Customer and the Company.

If facilities must be constructed, the Company will inform the Customer within ten (10) working days of receipt of the line extension application, giving the customer

an estimated completion date and an estimated cost for all charges to be incurred by the Customer.

Following assessment of necessary line work, the Company will explain to the Customer any construction cost options such as rebates to the Customer, sharing of construction costs between the Company and the Customer, or sharing of costs between the Customer and other Applicants.

### SECTION III

#### PROVISION OF SERVICE

##### 1. REFUSAL OF SERVICE

- a. The Company may decline to serve an Applicant until such Applicant has complied with state and municipal regulations and approved Rules and Regulations of the Company governing the service applied for or for any one of the following reasons:
  - (i) Applicant's facilities inadequate. If the Applicant's installation or equipment is known to be hazardous or of such character that satisfactory service cannot be provided;
  - (ii) Violation of tariffs. If the Applicant fails to comply with the Company's tariffs pertaining to operation of nonstandard equipment or unauthorized attachments;
  - (iii) Failure to pay guarantee. If the Applicant has acted as a guarantor for another Customer and failed to pay the guaranteed amount, where such guarantee was made in writing to the Company and was a condition of service;
  - (iv) Intent to deceive. If the Applicant applies for service for a location where another Customer received, or continues to receive, service and the electric utility bill is unpaid at that location and the Company can prove the change in identity is made in an attempt to help the other Customer avoid or evade payment of an electric utility bill;
  - (v) For indebtedness. If the Applicant is indebted to any electric utility for the same kind of service as that applied for; provided, however, that, in the event the indebtedness of the Applicant is in dispute, the Applicant will be served upon complying with the Company's deposit requirements which are set under the Commission's Substantive Rules; or
  - (vi) Refusal to pay deposit. For refusal to pay a deposit if Applicant is required to make a deposit under these sections.
- b. In the event that the Company refuses to serve an Applicant under the provisions of these Rules and Regulations, the Company will inform the Applicant of the basis of its refusal and that the Applicant may file a complaint with the appropriate regulatory authority.
- c. The following does not constitute sufficient cause for refusal of service to an Applicant:

- (i) Delinquency in payment for service by a previous occupant of the premises to be served;
- (ii) Failure to pay for merchandise, or charges for non-regulated services purchased from the Company;
- (iii) Failure to pay a bill that includes more than the allowed six (6) months of underbilling, unless the underbilling is the result of theft of service; or
- (iv) Failure to pay the bill of another Customer at the same address except where the change of Customer identity is made to avoid or evade payment of an electric bill.

## 2. CUSTOMER AND APPLICANT DEPOSIT

- a. The Company may require an Applicant for residential service to establish and maintain satisfactory credit as a condition of providing service. Establishment of credit will not relieve any Customer from complying with the Company's requirements for prompt payment of bills. The creditworthiness of spouses established during shared service in the twelve (12) months prior to their divorce will be equally applied to both spouses for twelve (12) months immediately after their divorce.
- b. An Applicant for residential service can demonstrate satisfactory credit and will not be required to pay an initial deposit if the Customer meets any one of the criteria listed below:
  - (i) The Applicant has been a customer of any electric utility for the same kind of service within the last two (2) years; is not delinquent in payment of any such electric utility service account; during the last twelve (12) consecutive months of service was not late in paying a bill more than once; did not have service disconnected for nonpayment; and is encouraged to obtain a letter of credit history from the Applicant's previous electric utility.
  - (ii) The Applicant demonstrates a satisfactory credit rating by appropriate means, including, but not limited to, the production of: generally acceptable credit cards; letters of credit reference; the names of credit references that can be quickly and inexpensively contacted by the Company; or ownership of substantial equity that is easily liquidated.
  - (iii) The Applicant is sixty-five (65) years of age or older and does not have an outstanding account balance incurred within the last two (2) years with the Company or another electric utility for the same type of utility service.
  - (iv) The Applicant has been determined to be a victim of family violence as defined in the Texas Family Code §71.004, by a family violence center as defined in Texas Human Resources Code §51.002, by treating medical personnel, by law enforcement personnel, by the Office of a Texas District Attorney or County Attorney, by the Office of the Attorney General, or by a grantee of the Texas Equal Access to Justice Foundation. This determination must be evidenced by submission of a certification letter developed by the Texas Council on Family Violence. The certification letter may be submitted directly by use of a toll-free fax number to the Company.

- c. If satisfactory credit cannot be demonstrated by an Applicant for residential service using the criteria listed above, the Company may require such Applicant to pay an initial deposit. An Applicant for residential service or a Customer who is required to pay a deposit may provide the Company with a written letter of guarantee pursuant to these Rules and Regulations instead of paying a cash deposit. The Company will not require a deposit from an existing Customer unless the Customer was late paying a bill more than once during the last twelve (12) months of service or had service disconnected for nonpayment. The Company may require the Customer to pay this deposit within ten (10) days after issuance of a written disconnection notice that requests such deposit. Instead of a deposit, the Customer may pay the total amount due on the current bill by the due date of the bill, provided the Customer has not exercised this option in the previous twelve (12) months.
- d. For non-residential service, if an Applicant's credit has not been demonstrated satisfactorily to the Company, the Applicant may be required to pay a deposit. The total of all deposits will not exceed an amount equivalent to one-sixth (1/6) of the Customer's estimated annual billing.
- e. The Company may require an additional deposit if the average of the Customer's actual billings for the last twelve (12) months is at least twice the amount of the original estimated annual billings and a disconnection notice has been issued for the account within the previous twelve (12) months. The Company may require that an additional deposit be paid within ten (10) days after it has issued a written disconnection notice and requested the additional deposit. Instead of an additional deposit, the Customer may pay the total amount due on the current bill by the due date of the bill, provided the Customer has not exercised this option in the previous twelve (12) months. The Company may disconnect service if the additional deposit is not paid within ten (10) days of the request, provided a written disconnection notice has been issued to the Customer. A disconnection notice may be issued concurrently with either the written request for the additional deposit or current usage payment.
- f. For temporary or seasonal service or weekend residences, the Company may require a deposit sufficient to reasonably protect it against the assumed risk.
- g. If service to an Applicant or Customer is not connected by the Company or is disconnected for any reason, the Company will refund the Applicant's/Customer's deposit plus accrued interest on the balance, if any, in excess of the unpaid bills for service furnished.
- h. When a Customer has paid bills for electric service for twelve (12) consecutive Residential billings or for twenty-four (24) consecutive Non-Residential billings without having service disconnected for non-payment of a bill and without having more than two (2) occasions in which the bill was delinquent, and when the Customer is not delinquent in the payment of his/her current bills, the Company will refund the deposit plus accrued interest to the Customer. If the Customer does not meet these refund criteria, the Customer's deposit may be retained by the Company.

- i. The Company will pay interest on Customer deposits at an annual rate at least equal to that set by the Commission on December 1 of the preceding year, pursuant to Texas Utilities Code §183.003 (relating to Rate of Interest). If a deposit is refunded within thirty (30) days of the date of deposit, the Company will not make an interest payment. If the Company keeps the deposit more than thirty (30) days, payment of interest will be made retroactive to the date of deposit. Payment of the interest to the Customer will be made annually, if requested by the Customer, or at the time the deposit is returned or credited to the Customer's account. The deposit will cease to draw interest on the date it is returned or credited to the Customer's account.
- j. In lieu of a deposit, a Residential Customer may submit an "Absolute Guaranty of Payment of Obligation of Electric Service" ("Guarantee Agreement") between the Company and a guarantor for no more than the amount of deposit the Company would require on the Applicant's or Customer's account [see Sheet Number 7]. The amount of the guarantee will be clearly indicated in the Guarantee Agreement. Upon default by a residential Customer, the guarantor of that Customer's account will be responsible for the unpaid balance of the account only up to the amount agreed to in the Guarantee Agreement. The Company will provide written notification to the guarantor of the Customer's default, the amount owed by the guarantor, and the due date for the amount owed. The Company will allow the guarantor sixteen (16) days from the date of notification to pay the amount owed on the defaulted account. If the sixteenth day falls on a holiday or weekend, the due date will be the next workday. The Company may transfer the amount owed on the defaulted account to the guarantor's own service bill provided the guaranteed amount owed is identified separately on the bill. The Company may disconnect service to the guarantor for nonpayment of the guaranteed amount only if the disconnection was included in the terms of the written agreement, and only after proper notice.

If service to an Applicant or Customer is not connected, or is disconnected, the Company will void and return to the guarantor the Guarantee Agreement or provide written documentation that the contract has been voided. When the Customer has paid bills for service for twelve (12) consecutive billings without having service disconnected for nonpayment of a bill and without having more than two occasions in which a bill was delinquent, and when the Customer is not delinquent in the payment of the current bills, the Company will void and return the Guarantee Agreement or provide written documentation that the contract has been voided. If the Customer does not meet these refund criteria, the Guarantee Agreement may be retained.

- k. Every Applicant who previously has been a Customer of the Company and whose service has been disconnected for nonpayment of bills or theft of service (meter tampering or bypassing of meter) will be required, before service is reconnected, to pay all amounts due or execute a Deferred Payment Plan Agreement, if offered, and reestablish credit. The Company must prove the amount of utility service received but not paid for and the reasonableness of any charges for the

unpaid service, and any other charges required to be paid as a condition of service restoration.

### 3. BILLS FOR SERVICE

- a. Unless otherwise authorized by the Commission, or unless service is rendered for a period of less than a month, the Company will render bills for electric service on a monthly basis. The Company will issue bills to Customers as promptly as possible after reading the Customer's meter. The due date of the bill for utility service will not be less than sixteen (16) days after issuance. If the due date falls on a holiday or weekend, the due date for payment purposes will be the next working day after the due date. The billing period will be construed to mean any period between two (2) meter readings taken for billing purposes, and will normally cover a period of approximately thirty (30) days. A payment for electric service is delinquent if not received by the Company or at the Company's authorized payment agent by the close of business on the due date.

The Customer's obligation to pay their bill is not released or diminished by non-receipt of bills.

- b. The Company may assess a one-time penalty of five (5) percent on delinquent bill payment of non-residential customers. The Company will not assess any penalty on delinquent payment of residential bills. The five (5) percent penalty on delinquent bill payment of non-residential customers will not be applied to any balance to which the penalty was applied in a previous billing. All payments by a state agency, as those terms are defined in Chapter 2251 of the Tex. Gov't. Code shall be due and bear interest as provided in that chapter.
- c. A Deferred Payment Plan Agreement is a written agreement between the Company and a Residential Customer that allows the Customer to pay an outstanding bill in installments that extend beyond the due date of the next bill. [see Sheet Number 6] The Company offers, upon request, a Deferred Payment Plan Agreement to any Residential Customer, including a guarantor of any residential Customer, who has expressed an inability to pay all of his/her bill if the Customer has not been issued more than two (2) disconnection notices at any time during the preceding twelve (12) months. A Deferred Payment Plan Agreement will provide that the delinquent amount may be paid by the Customer in equal amounts lasting at least three (3) billing cycles.

At the Company's option, the Company may decide not to enter into a Deferred Payment Plan Agreement with any Residential Customer who is lacking sufficient credit or a satisfactory history of payment for previous service when that Customer has had service from the Company for no more than three (3) months.

The Residential Customer may make a deferred payment arrangement by visiting the Company's business office or contacting the Company by telephone. If the Customer visits the Company's business office, the Company may ask the Customer to sign the Deferred Payment Plan Agreement. The Company will provide the Customer with a copy of the signed Agreement. If the Agreement is

made over the telephone, the Company will send a copy of the Agreement to the Customer.

A Deferred Payment Plan Agreement:

- may include a 5 percent penalty for late payment but will not include a finance charge;
- will state the length of time covered by the plan;
- will state the total amount to be paid under the plan;
- will state the specific amount of each installment;
- will allow the Company to disconnect service if the customer does not fulfill the terms of the Agreement;
- must be signed by the Customer, and a copy of the Agreement will be provided to the Customer; and
- will allow either the Customer or the Company to initiate a renegotiation of the Agreement if the Customer's economic or financial circumstances change substantially during the term of the Agreement.

The Company will not refuse customer participation in the Deferred Payment Plan on the basis of race, color, nationality, religion, sex or marital status.

If a Customer has not fulfilled terms of a Deferred Payment Plan Agreement, the Company will have the right to disconnect the Customer's electric service pursuant to the Company's Rules and Regulations. However, the Company will not disconnect service until a Disconnect Notice has been issued to the Customer indicating the Customer has not met the terms of the Deferred Payment Plan Agreement. The Company may, under such circumstances, but is not required to, offer subsequent negotiation of a Deferred Payment Plan Agreement prior to disconnection.

- d. The Company offers a Residential Budget Billing Plan to elderly or chronically ill Residential Customers who may be on fixed incomes and to other Customers who have similarly unique financial needs. The Budget Billing Plan Agreement allows eligible residential Customers to pay on a monthly basis a fixed billing rate of one-twelfth (1/12) of that Customer's estimated annual consumption at the appropriate Customer class rates, with provisions for periodic adjustments on at least an annual basis as may be determined based on actual usage. The Company may require a deposit from all Customers entering into a Residential Budget Billing Plan Agreement.

If a Customer does not fulfill the terms and obligations of the Residential Budget Billing Plan Agreement, the Company has the right to disconnect service to that Customer pursuant to the Company's disconnection rules.

#### 4. DISCONNECTION OF SERVICE

- a. If a bill has not been paid or a Deferred Payment Plan Agreement entered into within twenty-six (26) days from the date of issuance of a bill and if proper notice has been given, the Company may, in addition to all other legal remedies,

terminate an Agreement or disconnect Customer's service. The Company may disconnect Customer's service after proper notice for any of the following reasons:

- (i) Customer's failure to pay a delinquent account for service or make deferred payment arrangements by the date of disconnection;
  - (ii) Customer's failure to comply with the terms of a Deferred Payment Plan Agreement;
  - (iii) Customer's violation of the Company's Rules and Regulations pertaining to the use of service in a manner that interferes with the service of others or the operation of a nonstandard equipment, if a reasonable attempt has been made to notify the Customer and the Customer is provided with a reasonable opportunity to remedy the situation;
  - (iv) Customer's failure to pay a deposit as required by these Rules and Regulations;
  - (v) failure of the guarantor to pay the amount guaranteed, where the Company has a written agreement, signed by the guarantor, that allows for the disconnection of the guarantor's service; or
  - (vi) Customer's failure to fulfill the terms and obligations of a Level Payment Plan Agreement.
- b. Proper notice consists of a separate mailing or hand delivery at least ten (10) days prior to a stated date of disconnection, with the words "disconnection notice" or similar language prominently displayed on the notice. The information included in the notice will be provided in English and Spanish as necessary to adequately inform the Customer. In the disconnection notice, a statement will appear notifying the Customer that, if they are in need of assistance with the payment of their bill by the due date, or if they are ill and unable to pay their bill, they may be able to make some alternative payment arrangement, establish a deferred payment plan, or possibly secure payment assistance. The notice will advise the Customer to contact the Company for more information. Payment at a Company's authorized payment agency is considered payment to the Company. The Company will not issue a disconnection notice to the Customer before the first day the bill is due.
- c. The Company may disconnect Customer's service without prior notice for any of the following reasons: (1) where a known dangerous condition exists for as long as the condition exists, (2) where service is connected without authority by a person who has not made application for service, (3) where service was reconnected without authority following termination of service for nonpayment, or (4) where there has been meter tampering with the Company's equipment or evidence of theft of service. Where reasonable, given the nature of the hazardous condition, the Company will post a notice of disconnection and the reason for the disconnection at the place of common entry or upon the front door of each affected residential unit as soon as possible after service has been disconnected.
- d. The Company will not disconnect a Customer's service for any of the following reasons:



- (i) delinquency in payment for utility service by a previous occupant of the premises;
  - (ii) Customer's failure to pay for merchandise, or charges for non-regulated service provided by the Company;
  - (iii) Customer's failure to pay for a different type or class of utility service unless charges for such service were included on the bill at the time service was initiated;
  - (iv) Customer's failure to pay disputed charges, except for the required Level Payment Plan payment, until a determination as to the accuracy of the charges has been made by the Company or the Commission, and the Customer has been notified of the determination;
  - (v) Customer's failure to pay charges arising from an underbilling, except for charges arising from theft of service, more than six (6) months prior to the current billing;
  - (vi) Customer's failure to pay charges arising from an underbilling due to any faulty metering, unless the meter has been tampered with or unless such underbilling charges are due under these Rules and Regulations; or
  - (vii) Customer's failure to pay an estimated bill other than a bill rendered pursuant to an approved meter reading plan, unless the Company is unable to read the meter due to circumstances beyond its control.
- e. Unless a dangerous condition exists, or unless the Customer requests disconnection, the Company will not disconnect service to a Customer on holidays or weekends, or the day immediately preceding a holiday or weekend, unless the Company's personnel are available on those days to take payments and reconnect service.
- f. The Company will not disconnect service at a permanent individually metered dwelling unit of a Customer who is delinquent in paying his/her bill for electric service when that Customer establishes that disconnection of service will result in some person residing at that residence becoming seriously ill or more seriously ill. Each time a Customer seeks to avoid disconnection of service under this rule, the Customer must: have the attending physician (*i.e.*, any public health official, including but not limited to, medical doctors, doctors of osteopathy, nurse practitioners, registered nurses, and any other similar public health official) call or contact the Company within sixteen (16) days of issuance of the bill; have the attending physician submit a written statement to the Company; and enter into a Deferred Payment Plan Agreement. The Company will not disconnect service to such Customer for a period of at least sixty-three (63) days from the issuance of the electric bill or a shorter period agreed upon by the Company and the Customer or physician.
- g. The Company will not disconnect service to a residential Customer who is delinquent in paying his/her bill for electric service for a billing period in which the Company receives a pledge, letter of intent, purchase order, or other notification that an energy assistance provider is forwarding sufficient payment to continue service.

- h. The Company will not disconnect service to a residential Customer when the previous day's highest temperature did not exceed 32°F and the temperature is predicted to remain at or below that level for the next twenty-four (24) hours, according to the nearest National Weather Service (NWS) reports, or when the NWS issues a heat advisory for any county in the Company's service territory or when such advisory has been issued on any one of the preceding two (2) calendar days.
- i. Once the Company has issued a Notice of Disconnection of Service, and if the Customer has not entered into a Deferred Payment Plan Agreement, the Customer must pay his/her bill in full at one of the Company's business offices by the close of business (4:00 p.m.) or at one of the Company's authorized payment agents prior to 6:00 p.m. on the date the payment is due. **PAYMENTS PLACED IN ONE OF THE COMPANY'S 24-HOUR DROP BOXES MUST BE PLACED IN THE DROP BOX BY 4:00 P.M. TO BE CONSIDERED RECEIVED THE SAME DAY.** Payments deposited in one of the Company's 24-hour drop boxes after 4:00 p.m. are considered received the following day.

## 5. DISPUTED BILLS

If a Customer has a dispute regarding his/her bill for electric services, the Company will investigate and report the results of the investigation to the Customer. If the dispute is not resolved, the Company will inform the Customer of the complaint procedures of the Commission.

A Customer's electric service will not be disconnected for nonpayment of the disputed portion of a bill until the dispute is completely resolved by the Company. However, the Customer is obligated to pay any billings not disputed. If the Customer files a complaint with the Commission, the Customer's service will not be disconnected by the Company for nonpayment of the disputed portion of the bill before the Commission completes its informal complaint resolution process and informs the Customer of its determination.

## 6. SELECTION OF RATE SCHEDULES

Each Customer may use electric service under the schedule most advantageous to him/her, provided the terms prescribed in the schedule selected apply to the Customer's equipment and use of electricity.

When more than one schedule is applicable, the Customer must select the schedule under which service is to be furnished. The Company will assist the Customer in making this selection, but the responsibility of this selection rests entirely with the Customer.

## 7. OVERBILLING AND UNDERBILLING

If charges for Company service are found to differ from the Company's lawful rates for the services being purchased by the Customer, or if the Company fails to bill the Customer for such service, a billing adjustment will be calculated by the Company. If

the Customer is due a refund, an adjustment will be made for the entire period of the overbilling. If an overbilling is adjusted by the Company within three billing cycles of the bill in error, interest will not accrue. Unless otherwise provided in this section, if an overbilling is not adjusted by the Company within three (3) billing cycles of the bill in error, interest will be applied on the amount of the overbilling at the rate set by the Commission annually for the calendar year. Such interest will accrue from the date of payment from the date of the bill in error. Interest will not apply to Residential Level Payment Plan Agreements or estimated billings that are authorized by statute or rule.

The Company may backbill the Customer for the amount that was underbilled. The backbilling will not exceed six (6) months from the date the Company discovered the error unless such undercharge is a result of theft of service by the Customer. The Company may disconnect service if the customer fails to pay underbilled charges. If the underbilling is \$50 or more, the Company will offer the Customer a Deferred Payment Plan option for the same length of time as that of the underbilling. In cases of meter tampering, bypass, or diversion, the Company may offer a Customer a Deferred Payment Plan option. Interest will not apply to underbilled amounts unless such amounts are found to be the result of theft of service (meter tampering, bypass, or diversion) by the Customer. Interest on underbilled amounts will accrue from the day the Customer is found to have first stolen (tampered, bypassed or diverted) the service.

#### 8. ESTIMATED BILLS

When there is good reason for doing so, the Company may submit estimated bills provided that an actual meter reading is taken at least every three (3) months. In months where the Meter Reader is unable to gain access to the premises to read the meter on regular meter reading trips or in months where meters are not read, the Customer may request and the Company may, with good cause, allow the Customer to provide meter readings through an alternative method. If such method is not received by the Company in time for billing, the Company will estimate the meter reading and render a bill accordingly.

#### 9. ALTERNATE PAYMENT PROGRAMS AND PAYMENT ASSISTANCE

When a Residential Customer contacts the Company and indicates their inability to pay a bill or a need for assistance with the bill payment, the Company will inform the Customer of all alternate payment and payment assistance programs available from the Company, such as deferred payment plans, disconnection moratoriums for the ill, or energy assistance programs, as applicable, and of the eligibility requirements and procedures for applying for each.

#### 10. DISCONNECTION OF MASTER-METERED APARTMENTS

When a bill for Company services is delinquent for a master-metered apartment complex (defined as a submetered or nonsubmetered building in which a single meter serves five (5) or more residential dwelling units), the following shall apply:

- (1) The Company will send a disconnection notice to the Customer. At the time such notice is issued, the Company will also inform the Customer that notice of possible disconnection will be provided to the tenants of the apartment complex in six (6) days if payment is not rendered before that time.
- (2) At least six (6) days after providing the disconnection notice to the Customer and at least four (4) days prior to disconnect, the Company will post a minimum of five (5) notices in conspicuous areas in the corridors or other public places of the apartment complex. Language in the notice will be prominently displayed and will read:

Notice to residents of (name and address of apartment complex): electric utility service to this apartment complex is scheduled for disconnection on (date), because (reason for disconnection).

**AGREEMENT FOR THE PURCHASE OF ELECTRIC SERVICE FROM  
EL PASO ELECTRIC COMPANY**

**THIS AGREEMENT**, entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between **EL PASO ELECTRIC COMPANY**, a Texas Corporation (hereinafter called "Company"), and \_\_\_\_\_ (hereinafter called "Customer").

**WITNESSETH:** That, in consideration to the premises, covenants, and agreements herein contained, the Company and Customer mutually agree to and with each other as follows:

**ARTICLE I**

**Term**                      The term of this Agreement shall be for a period of \_\_\_\_\_ years from \_\_\_\_\_, 20\_\_\_\_, and shall continue thereafter from year to year unless a written notice to the contrary is given by either party to the other at least thirty (30) days prior to the expiration of the original term or of any renewal thereof.

**ARTICLE II**

**Service Specifications and Point of Delivery**                      Said electric energy, up to a maximum load of approximately \_\_\_\_\_ kilowatts, shall be furnished in the form of \_\_\_\_\_ phase alternating current at a nominal voltage of \_\_\_\_\_ volts and a nominal frequency of 60 cycles per second at a point designated by the Company on the Customer's premises located at \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**ARTICLE III**

**Use of Service**                      Electric energy furnished under this Agreement shall normally be served through one main circuit and only at the voltage specified in Article II and no resale of electric energy shall be permitted. The Company agrees to sell to the Customer electric energy for its entire power and lighting requirements at its local \_\_\_\_\_ at \_\_\_\_\_ unless otherwise agreed in writing, and the Customer agrees to pay thereafter, subject to and in accordance with the terms of this Agreement.

**ARTICLE IV**

**Rates**                      The Customer agrees to pay the Company for all electric energy delivered in accordance with the terms of this agreement as specified by the rates and provisions attached hereto, which are made a part hereof and are designated as follows:

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**AGREEMENT FOR THE PURCHASE OF ELECTRIC SERVICE FROM  
EL PASO ELECTRIC COMPANY**

**Continuation of Agreement For the Purchase of Electric Service**

\_\_\_\_\_  
—  
\_\_\_\_\_  
—  
\_\_\_\_\_  
—  
\_\_\_\_\_  
—  
\_\_\_\_\_  
—  
\_\_\_\_\_

It is understood and agreed, however, that if said rates or provisions are ordered or authorized changed by any competent governmental, regulatory, or other body having jurisdiction in the premises, such changes shall be applied as if incorporated as a part of this Agreement.

**ARTICLE V**

**Metering**

The electric energy furnished hereunder shall be measured at the voltage specified in Article II by such meter or meters as the Company may install.

In case of question as to the accuracy of the Company's measuring instruments, either party shall have the right at any time, upon request, to have them tested, and if necessary, recalibrated with both parties represented at the test.

If the Company's measuring instruments fail to register for any period, unless bypassed or tampered with, the Company shall charge for the power delivered, but not metered, for a period not to exceed three months based upon amounts used under similar conditions during the period preceding or subsequent thereto, or during corresponding periods in previous years. When the Company's measuring instruments fail to register accurately, the Customer's billing may be adjusted for a period not to exceed six (6) months unless the meter has been tampered with or bypassed.

**ARTICLE VI**

**Installation  
and**

The Customer agrees not to connect to the Company's service any motors or other apparatus that have not had the approval of the

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**AGREEMENT FOR THE PURCHASE OF ELECTRIC SERVICE FROM  
EL PASO ELECTRIC COMPANY**

Apparatus                      Company and further shall not install electrical apparatus on the lines of the Company that will in any way cause undue fluctuation of voltage on the distribution system of the Company or that will interfere with the successful operation thereof.

**Continuation of Agreement For the Purchase of Electric Service**

**ARTICLE VII**

Interruption  
of Supply                      *The Company will use reasonable diligence in providing a regular and uninterrupted supply of electricity to the Customer but does not guarantee a constant supply of electricity. The Company is not liable for damage that occurs as a result of fluctuation or interruption that is (a) caused by or results from, in whole or in part, governmental action, litigation, war, public enemies, strikes, acts of God, inclement weather, order of any court or judge granted in a bona fide adverse legal proceeding, fuel shortages, or any order of any commission or tribunal having competent jurisdiction, (b) necessary for repairs or changes in the Company's generating equipment or transmission or distribution systems, (c) due to the negligence of the Company, its employees, servants or agents, and does not constitute gross negligence or willful misconduct, or (d) caused by any other act, event, or occurrence beyond the Company's reasonable control. The Customer expressly waives any right to assert claims against the Company for damages caused by any fluctuation or interruption described in this paragraph. In the event of the Company's gross negligence or willful misconduct, the Company's liability under this paragraph will be limited to the cost of necessary repair or replacement of tangible property damaged or destroyed by the interruption or fluctuation.*

*The Company may, without liability, interrupt service to any Customer in the event of any condition that poses a threat to the area power supply if, in the Company's sole judgment, such action may prevent or alleviate such condition.*

**ARTICLE VIII**

Default by  
Customer                      If the Customer shall make default in the performance of any of his Customer obligations under this Agreement, the Company may suspend service, such suspension not to interfere with the enforcement by the Company of any rights under this Agreement or of any other legal right

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**AGREEMENT FOR THE PURCHASE OF ELECTRIC SERVICE FROM  
EL PASO ELECTRIC COMPANY**

or remedy. Any delay by the Company in enforcing any of its rights hereunder shall not be deemed a waiver of such rights, nor shall a waiver by the Company of one of the Customer's defaults be deemed a waiver of any other or subsequent default.

**Continuation of Agreement For the Purchase of Electric Service**

Should the Customer at any time be in default in the payment of sums due under this Agreement, as specified in the attached tariff, then this entire agreement shall, at the election of the Company, be wholly at an end and the parties shall thereby be severally released from all obligations hereunder, save in rights of action then already accrued.

Any dispute with reference to the amount due for power shall not excuse the Customer from paying at the time when payment is called for by this Agreement or the attached tariff, the amount stated by the Company to be due, but the Customer shall be entitled to recover any amount which he may have paid in excess of the amount actually found to be due.

**ARTICLE IX**

**Suspension  
of Service**

In the event the Customer is unable to operate his plant or other Service equipment in full or in part by reason of accident, act of God, fire, or strike of the Customer's employees, or other similar cause beyond the reasonable control of the Customer and without his neglect the Company will sell and deliver to the Customer electric service to be used at the plant being served under this Agreement during such time as may be reasonably necessary to correct any of the aforesaid conditions on any of the Company's standard rate schedules applicable to the then existing conditions rather than at the rate schedule and under the terms and conditions provided for in this Agreement, but it is agreed that for every month or portion thereof during which service is furnished the Customer under this Article this Agreement shall be extended for a corresponding period beyond its expiration date.

**ARTICLE X**

**Franchises**

The covenants of the Company herein contained are conditional upon its securing, at a cost agreeable to it and intervening property owners without expropriation, the necessary rights-of-way, privileges and franchises to enable it to make delivery under this Agreement.

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**AGREEMENT FOR THE PURCHASE OF ELECTRIC SERVICE FROM  
EL PASO ELECTRIC COMPANY**

**ARTICLE XI**

Liability                The electric energy under this agreement is supplied by the Company and purchased by the Customer upon the express condition that the energy so supplied, after it passes the metering equipment of the Company, or other point of delivery, becomes the property of the Customer, to be used only as herein provided; and the Company shall not, in any event, be liable for loss

**Continuation of Agreement For the Purchase of Electric Service**

or damage to any person or property whatsoever, resulting directly or indirectly from the use, misuse, or presence of the said electric energy on the Customer's premises, or elsewhere, after it passes the Company's metering equipment, or other point of delivery; or for any loss of damage resulting from the presence, character, or condition of the wires or appliances of the Customer, or for the inspection or repairs thereof.

**ARTICLE XII**

Assignment            This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto, but the Customer shall not assign any of his rights under this agreement without the written consent of the Company.

**IN WITNESS WHEREOF** the parties hereto have caused this Agreement to be executed by their officers, each thereunto duly authorized, the day and year first above written.

**CUSTOMER**

\_\_\_\_\_  
By \_\_\_\_\_

**EL PASO ELECTRIC COMPANY**

\_\_\_\_\_  
By \_\_\_\_\_

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**EL PASO ELECTRIC COMPANY**  
**ABSOLUTE GUARANTY OF PAYMENT OF OBLIGATION**  
**FOR ELECTRIC SERVICE**

In consideration of the extension of electric service to \_\_\_\_\_,  
hereinafter referred to as "Customer," at \_\_\_\_\_,  
\_\_\_\_\_, I, \_\_\_\_\_, hereinafter  
referred to as "Guarantor," of \_\_\_\_\_, absolutely guarantee  
payment to El Paso Electric Company for any electric service bill incurred at the address of Customer, as  
stated hereinabove, in an amount not to exceed the computed deposit amount of  
\$\_\_\_\_\_ which El Paso Electric Company has established for Customer in the  
event that Customer defaults in any or all payments for electric service provided at Customer's address.

If full payment has not been made, or if other acceptable arrangements for payment have not been made  
by Customer by the due date specified in the Customer's final bill, the unpaid balance, not to exceed the  
above-stated amount of \$\_\_\_\_\_, shall be transferred to the Guarantor's  
active account. Notice will be sent to Guarantor at the time of the transfer.

**FAILURE BY GUARANTOR TO PAY THE CUSTOMER'S DELINQUENT BILL IN ACCORDANCE WITH  
THE TERMS OF THIS GUARANTY SHALL RESULT IN THE TERMINATION OF ELECTRIC SERVICE  
TO GUARANTOR AT THE GUARANTOR'S RESIDENT ADDRESS IN ACCORDANCE WITH 16 TEXAS  
ADMINISTRATIVE CODE § 25.24(i)(5).**

This guaranty shall remain in effect until the customer has paid electric service bills for the above address  
for twelve (12) consecutive billings without having service disconnected for nonpayment of bill and without  
having more than three (3) occasions in which a bill was delinquent and when the customer is not  
delinquent in the payment of the current bill.

A Notary Public in Texas is not a practicing legal attorney. The guarantor and the guarantee should not  
expect to receive legal advice from the Notary Public.

I hereby certify that I have read this entire Guaranty and fully understand and agree to abide by its terms;  
in witness whereof I have executed this Guaranty this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ at  
El Paso County, Texas.

\_\_\_\_\_  
Signature of Guarantor

STATE OF TEXAS                    )  
  )  
COUNTY OF EL PASO            )

I, the undersigned notary public for the State of Texas, do hereby certify that the above-named individual  
personally appeared before me and under oath verified his review, understanding and acceptance of the  
terms contained in the foregoing document.

\_\_\_\_\_  
Notary Public in and for the  
State of Texas

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**EL PASO ELECTRIC COMPANY**  
**GARANTIA DE PAGO DEL SERVICIO DE ELECTRICIDAD**

En consideración a la extensión del servicio de electricidad a \_\_\_\_\_,  
en adelante llamado "Cliente," con domicilio en \_\_\_\_\_,  
\_\_\_\_\_, yo, \_\_\_\_\_ en adelante  
llamado "El Fiador," con domicilio en \_\_\_\_\_, doy garantía  
absoluta de pago a la Compañía de El Paso Electric de cualquier cantidad que se adeude por concepto de  
servicio de electricidad en el domicilio del Cliente arriba mencionado, por una cantidad no superior a  
\$ \_\_\_\_\_ que es el deposito establecido al Cliente por la Compañía de El Paso  
Electric en caso de incumplimiento en el pago.

Si el adeudo no ha sido pagado en su totalidad o "El Cliente" no ha hecho arreglos con la Campaña a la  
fecha del vencimiento para el pago señalado en el recibo, la cantidad no pagada, que no exceda de  
\$ \_\_\_\_\_, como se dejo establecido, le será cargada en su cuenta a  
"El Fiador." El Fiador será notificado al tiempo de aplicar el cargo a su cuenta.

**SI EL FIADOR NO PAGA LA CUENTA VENCIDA DE EL CLIENTE DE ACUERDO CON LOS TERMINOS  
DE ESTA GARANTIA, LE SERA TERMINADO EL SERVICIO DE ELECTRICIDAD A EL FIADOR EN SU  
DOMICILIO. DE ACUERDO A 16 CODIGO ADMINISTRATIVO DE TEXAS § 25.24(i)(5).**

Esta garantía permanecerá vigente hasta que "El Cliente" haya pagado 12 (doce) recibos de electricidad  
consecutivos en su domicilio, sin que el servicio se le haya sido suspendido por falta de pago, sin que su  
cuenta haya estado vencida en mas de 3 (tres) ocasiones, y que el Cliente este al corriente en sus pagos.

En el estado de Texas, un Notario Publico no tiene facultades legales. El Fiador y la persona interesada  
no deben contar con consejos legales de un Notario Publico.

Hago constar que he leído en su totalidad este documento de Garantía, que lo entiendo completamente y  
que me comprometo a cumplirlo en sus terminos, en testimonio de lo aquí expresado formalizó esta  
Garantía el día \_\_\_\_\_ del mes de \_\_\_\_\_ de 20\_\_\_\_ en el Condado de El Paso, Texas.

\_\_\_\_\_  
Firma del Fiador

STATE OF TEXAS                    )  
  )  
COUNTY OF EL PASO            )

I, the undersigned notary public for the State of Texas, do hereby certify that the above-named individual  
personally appeared before me and under oath verified his review, understanding and acceptance of the  
terms contained in the foregoing document.

\_\_\_\_\_  
Notary Public in and for the  
State of Texas

**APPLICATION FOR SERVICE**  
**For Residential Service, Complete the Following:**

**Service for Businesses, Complete the Following:**

- TO BE COMPLETED BY OFFICE ONLY**

Account Number: \_\_\_\_\_ Desired Service Date: \_\_\_\_\_  
 UAR: Yes \_\_\_\_\_ No \_\_\_\_\_ Amt: \_\_\_\_\_ Acct. No. \_\_\_\_\_ Transferred: \_\_\_\_\_ Date: \_\_\_\_\_  
 Did the Customer receive a Residential Handbook: \_\_\_\_\_  
 Type of Order: Res. \_\_\_\_\_ Comm. \_\_\_\_\_ Trailer \_\_\_\_\_ Lamp \_\_\_\_\_ S# or T#: \_\_\_\_\_  
 NSER Information: Temp. \_\_\_\_\_ Perm. \_\_\_\_\_ Refrig. Air/Space Heating \_\_\_\_\_  
 Space Heating Only \_\_\_\_\_ Overhead \_\_\_\_\_ Underground \_\_\_\_\_  
 Deposit Amt: \_\_\_\_\_ Deposit No.: \_\_\_\_\_ Deposit Arrangements: \_\_\_\_\_  
 Bond: \_\_\_\_\_ Letter of Credit from other Utility \_\_\_\_\_  
 Letter of Responsibility: Cosigner \_\_\_\_\_  
 Account No. \_\_\_\_\_ Telephone No. \_\_\_\_\_  
 No Deposit Required: \_\_\_\_\_ Reason: \_\_\_\_\_  
 Order taken by: \_\_\_\_\_ Date: \_\_\_\_\_

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EL PASO ELECTRIC COMPANY

SECTION 3

LINE EXTENSION POLICY

AND

CONSTRUCTION CHARGES

EL PASO ELECTRIC COMPANY

SECTION 3

LINE EXTENSION POLICY AND CONSTRUCTION CHARGES

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**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").

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**EL PASO ELECTRIC COMPANY**

**Line Extension Policy and Construction Charges**

**DEFINITIONS**

**A. Actual Revenue means**

The actual amount revenue received on account of the Line Extension by the Company from the Customer. The amount shall be based on monthly bills determined by the metered monthly kilowatt (kW) demand and kilowatt-hour (kWh) usage and applying the appropriate tariff schedule and riders, less the fixed fuel factor costs and taxes.

**B. Adequate Security means**

An irrevocable letter of credit, certificate of deposit, or withdrawal restricted savings account payable to the Company, in a manner acceptable to the Company, and in an amount equal to the Adjusted Revenue Obligation. Such Adequate Security shall be obtained by the Customer from or maintained by the Customer at a financial institution that is acceptable to the Company, insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA), and preferably located within the Company's service territory.

The terms and conditions of acceptable Adequate Security escrow agreements are as follows:

- (a) The Customer shall secure and maintain an escrow account at a financial institution acceptable to the Company and that is payable to the Company in the amount of the Adjusted Revenue Obligation.
- (b) The Customer's designated financial institution shall hold the escrow account in full force and effect on behalf of the Company until the Company has recovered the Extension Cost, which shall be no less than sixty (60) days after the final revenue calculations have been made.
- (c) The Company shall have the right to withdraw funds from the escrow account, only up to the Adjusted Revenue Obligation, to pay for any sums that may become due to the Company or for nonperformance of obligations under the terms of the Line Extension Agreement.
- d) For the term of the Line Extension Agreement, the Company will compute the Actual Revenue at the end of each of the Revenue Period's twelve- (12-) month periods. After the Actual Revenue calculations have been made, the Company shall recalculate the Adjusted Revenue Obligation and will promptly notify the Customer and the financial institution in writing.

**C. Adjusted Revenue Obligation means**

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**EL PASO ELECTRIC COMPANY**

**Line Extension Policy and Construction Charges**

The Revenue Guarantee Obligation reduced by any Actual Revenue earned in any of the Revenue Period's twelve- (12-) month periods.

**D. Cash 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 Actual Revenue generated over the Revenue Period.

**E. Completion Date means**

The date that the Company has completed its portion of the work on the Line Extension to include any electrical work, which does not necessarily include the Meter and service drop.

**F. Construction Refund Cap means**

The Company's design costs paid by the Customer plus the lesser of the Company's Estimated Extension Cost or the Customer's Company-approved actual costs for the construction of the Line Extension.

**G. Cost of Capital Charges means**

The over-all tax-effected PUCT approved cost of capital for either the Estimated Extension Cost or, upon the final accounting for the Line Extension's construction, the Extension Cost. The cost of capital shall be applied annually and based on the Company's weighted average cost of capital at the time construction of the Line Extension begins and so specified in the Line Extension Agreement.

**H. Customer means**

Any corporation, business establishment, institution, association, governmental entity, or individual currently being served or using electric energy supplied by the Company.

**I. Customer Contribution means**

A Cash Advance for Construction or a Revenue Guarantee to cover a Revenue Deficiency.

**J. Ending Revenue Deficiency means**

The amount by which the Extension Cost exceeds Actual Revenue received from Customers served from the Line Extension at the end of the Revenue Period.

**K. Estimated Annual Revenue means**

The estimated revenue during any of the Revenue Period's twelve- (12-) month periods. The estimated revenue shall be calculated in a similar fashion as Estimated Revenue.

## EL PASO ELECTRIC COMPANY

### Line Extension Policy and Construction Charges

L. Estimated Extension Cost means

The Company's estimate of the Extension Cost calculated on the basis of current costs to install the same or a similar type of Line Extension.

M. Estimated Revenue means

The estimated revenue during the Revenue Period. 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 revenue during the Revenue Period is determined by using the estimates of kWh and kW usage calculated by the above methods and applying the appropriate rate schedule and riders, less the fixed fuel factor costs and taxes.

N. Extension or Line Extension means

Depending on the context, Line Extension can mean an Overhead Line Extension, Underground Line Extension, Transmission Line Extension, or all.

O. Extension Cost means

The actual cost to the Company for the design, installation, acquisition of all rights of way and permits, and any other necessary costs for the Line Extension. The cost of the service drop, Meters, and metering equipment is not included in the cost of an Overhead Line Extension except for those Customers served at one of the Company's standard Transmission Voltages.

P. Franchised Area means

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

Q. Impaired Clearance means

The condition where a 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 law, regulation, and local codes and the National

**EL PASO ELECTRIC COMPANY**

**Line Extension Policy and Construction Charges**

Electric Safety Code, as may be amended, exists between the structure and the Company's existing transmission, substation, express feeder, streetlight, or distribution line facilities, or any combination thereof.

R. Line Extension Agreement means

The agreement entered into between the Customer and the Company in which either (1) the Company agrees to build a Line Extension in exchange for the Customer providing a Customer Contribution or (2) the Company grants the Customer a Refund Credit, subject to any reductions or refunds as outlined Sheet 6, Paragraph B.11 of Option 2, in exchange for the Customer building the Line Extension.

S. Maximum Run means

The maximum amount of distance as determined by Company policy at the time of construction.

T. Meter means

A recording instrument of standard manufacture provided by the Company to measure energy consumption, demand, or both at a single Point of Delivery.

U. Overhead Line Extension means

The new pole line facilities (including without limitations, poles, anchors, conductors, insulators, arresters, cut-outs, transformers, breakers, and other miscellaneous hardware) necessary to provide electric service to the Point of Delivery.

V. Permanent Customer means

A Customer whose service is delivered to a Permanent Installation.

W. Permanent Installation means

Any structure 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 manufactured home or a prefabricated structure shall qualify as a Permanent Installation 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) the home or structure is connected to a permanent water and sewer system.

X. Point of Delivery means

The point where the Company's wires or facilities are connected with those of the Customer. For overhead service, it is the point specified by the Company where the

## EL PASO ELECTRIC COMPANY

### Line Extension Policy and Construction Charges

Company's and the Customer's conductors are connected. For underground service, see Sheet No. 5, Paragraph C.A.2.

Y. Primary Service means

Electric service provided to a Customer at a Primary Voltage.

Z. Primary Voltage means

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

A1. Revenue Credit means

The Estimated Revenue for the Revenue Period that can be used to offset the Customer's monthly bill.

B1. Revenue Deficiency means

The amount by which the Estimated Revenue is less than the Estimated Extension Cost.

C1. Revenue Guarantee means

A written agreement entered into by the Company and the Customer providing Adequate Security.

D1. Revenue Guarantee Obligation means

The Estimated Extension Cost plus Cost of Capital Charges or, upon the final accounting for the Line Extension's construction, the Extension Cost as adjusted for Cost of Capital Charges.

E1. Revenue Period means

The forty-eight- (48) months that starts with the first full-billing month that begins after the Completion Date for a Company-built Line Extension and after the closing of the sale of the Line Extension to the Company for a Customer-built Line Extension. The Revenue Period shall be divided into four separate 12-month periods, the first of which begins on the first full-billing month that begins after the Completion Date. The Revenue Period may be extended in accordance with Sheet No. 5, Paragraph B.2(b)(2) of Option 1 for Company-built Line Extensions or Sheet No. 5, Paragraph B.11.c for Customer-built Line Extensions.

F1. Secondary Service means

Electric service provided to a Customer at a Secondary Voltage.

**EL PASO ELECTRIC COMPANY**

**Line Extension Policy and Construction Charges**

**G1. Secondary Voltage means**

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

**H1. Temporary Service means**

Electric service to a Customer that is not delivered to a Permanent Structure and, in the sole opinion of the Company, is otherwise not of a permanent nature (e.g., temporary sales stands or construction sites).

**I1. Transmission Line Extension means**

The new overhead Transmission Voltage facilities including, without limitation, poles, anchors, conductors, insulators, arresters, cut-outs, transformers, breakers, and other miscellaneous hardware) necessary to provide electric service to the Point of Delivery

**J1. Transmission Voltage means**

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

**K2. Underground Line Extension means**

The new underground Primary or Secondary Voltage facilities including, without limitation, conduit system, pullboxes, 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 Point of Delivery.

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**Line Extension Policy and Construction Charges**

**POLICIES**

**A. GENERAL**

1. The policies herein contained are subject to the terms and conditions in the Company tariff schedules, the rules and regulations of the Public Utility Commission of Texas and the Company's 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 (i.e., Primary or Secondary Voltage). 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 for 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 the Company's electrical facilities within said rights of way.

6. If the Customer decides to cancel the request for a Line Extension, the Company shall have the right to recover all Extension Costs incurred by the Company. The Customer shall secure a Revenue Guarantee or otherwise have available funds to cover the Adjusted Revenue Guarantee Obligation.



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**Line Extension Policy and Construction Charges**

7. Renewable Energy and Distributed Generation Information:

The Company will inform each Customer requesting a Line Extension of the availability of information concerning on-site renewable energy and distributed generation technology alternatives. The Company shall provide a Customer with such information:

- a. Upon request by the Customer,
- b. At the same time the estimate of any required Cash Advance for Construction or other such prepayment is provided to the Customer, or
- c. Prior to the Customer signing a Line Extension Agreement if the Customer is not required to provide a Cash Advance for Construction or other such prepayment.

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**B. LINE EXTENSIONS**

**OPTION 1: LINE EXTENSIONS BUILT BY THE COMPANY**

**1. General:**

The Company will provide, at its expense, Primary or Secondary Service to a Permanent Customer if the Estimated Revenue equals or exceeds the Estimated Extension Cost. 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 Revenue from the Primary or Secondary Service Line Extension does not equal or exceed the Estimated Extension Cost, the Company shall be allowed to require a Customer Contribution for the Extension pursuant to the terms and conditions of this Line Extension Policy.

**2. Revenue Deficiencies:**

- a. If the Estimated Revenue 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 shall be provided to the Customer and will be computed using the following formula:

|     |                          |          |                      |
|-----|--------------------------|----------|----------------------|
| (1) | Estimated Annual Revenue | \$ _____ |                      |
| (2) | Estimated Extension Cost | \$ _____ |                      |
| (3) | Revenue Credit, if any   | \$ _____ | (Line 1 x 4)         |
| (4) | Customer Contribution    | \$ _____ | (Line 2 less Line 3) |

- b. In cases of a Revenue Deficiency, the Customer must enter into a written agreement with the Company to cover the Revenue Deficiency through a Line Extension Agreement.

**(1) Cash Advance for Construction:**

The Customer may enter into a Line Extension Agreement for a term that begins upon the Customer providing a Cash Advance for Construction in the amount of the Estimated Extension Cost.

**(a) Individual Customer Served:**

If the Extension is to an individual Customer, the Actual Revenue from the Customer shall be deducted from the Cash Advance for Construction for the Revenue Period, or until the amount advanced has been exhausted. If a balance remains after the Revenue Period, 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.

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### Line Extension Policy and Construction Charges

(b) More Than One Customer Served:

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

(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 Cash Advance for Construction for the Revenue Deficiency. Refunds will then be made only from Actual 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 Revenue from Permanent Customers served from additional Line Extensions,

C = the Estimated Extension Cost for the additional Extensions,

M = the number of months since the Completion Date.

Note that in no case will refunds from electric bill 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 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) months of the Revenue 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 as determined under 16 Texas Administrative Code § 25.24(g) or its successor.

(2) Revenue Guarantee:

Customers may enter into a Line Extension Agreement for a term that commences upon the execution of the Revenue Guarantee and terminates at the end of the Revenue Period. At the end of the Revenue Period, the

## EL PASO ELECTRIC COMPANY

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Company will determine if there is an Ending Revenue Deficiency. If there is an Ending Revenue Deficiency, Cost of Capital Charges will be assessed. The Ending Revenue Deficiency and the Cost of Capital Charges will then be due within thirty (30) days of billing.

If additional Line Extensions are connected to the original Line Extension, any Actual Revenue received from Customers served from the additional Extensions must first cover the cost of the additional Extension, including transformers, before it can be applied to the original Customer's Customer Contribution. When a Customer enters into a Revenue Guarantee to offset the Extension Cost, the Actual Revenue can come from the Customer entering into the Line Extension Agreement and other Customers who are later served from the Line Extension. If at the end of a Line Extension's term there is an expectation that the Actual Revenue will equal or exceed the Extension Cost within an additional two- (2-) year period, at the Company's option, the Line Extension Agreement's term may be extended by two (2) years.

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.

### **OPTION 2: LINE EXTENSIONS BUILT BY THE CUSTOMER**

#### 1. General

Customers desiring new Line Extensions to be built to their premises may choose to have the Extension constructed by a competent and qualified electrical contractor. After construction and acceptance, the Customer shall sell the Line Extension to the Company for \$1.00 for its use in serving end-users.

Customers may choose to have only the underground structural portion of the Underground Line Extension constructed by a competent and qualified contractor. The underground structural portion of an Underground Line Extension includes all trenching, bedding, backfilling and required compaction, duct, concrete pullboxes, pullbox lids, Secondary Service enclosures, transformer pad and pullbox and transformer protection from vehicular traffic. After construction and acceptance by the Company of the structural portion of the Underground Line Extension, the Customer shall sell the underground structural system to the Company for \$1.00 for its use in serving end-users.

In recognition of the need to protect the public from electrical hazards, and the need for structural and electrical systems that are useful and safely maintainable over a normal and customary service life, the following will govern the construction of customer built electrical systems.

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#### 2. Design and Construction Specifications

The Company will design the Line Extension required to serve the Customer, in accordance with the Company's standards and specifications, and shall provide the design drawings and specifications to the Customer. The Customer shall pay the Company for applicable design costs at the time of the closing of the Line Extension sale, which are refundable to the Customer in accordance with Paragraph 11 of this Sheet 6.

#### 3. Material Specifications

The Company shall specify all materials and equipment to be used in the Line Extension including, but not limited to, wire, cable, conduit, transformers, poles, fixtures, switchgear, relays, capacitors, and insulators. The Customer shall be free to acquire said materials from any source, provided that all materials shall be from Company approved manufacturers and meet the specifications as promulgated by the Company that are in effect at the time the Customer begins construction on the Line Extension.

#### 4. Quality Control and Assurance

The Customer agrees to comply with Company specifications for materials, equipment, and construction standards. In order to assure compliance, the Company will select a construction inspector who will visit the construction site. The construction inspector shall have the authority to accept or reject the work and materials of the Customer or contractor and shall certify such acceptance or rejection at the time of inspection. The function of the construction inspector shall be to verify compliance with design, materials, equipment and installation specifications, and all other matters relating to the quality control of the Line Extension's construction.

The Customer agrees to pay the Company at the closing of the sale of the Line Extension for EPE's reasonable costs incurred in the inspection of the Line Extension. The inspections costs are refundable in accordance with Paragraph 11 of this Sheet 6.

#### 5. Easements and Rights of Way

The Company will secure all required firm rights of way and permits for customer-built Line Extensions, and the Customer shall pay the Company for all costs incurred by the Company for right of way acquisition. The Customer, at its option, can secure all required firm rights of way and permits. In this case, the following will apply:

- a. The Customer shall provide to the Company easements and rights of way in a Company approved format that reflect the as built configuration and location of the Line Extension.
- b. The Company will assist the Customer in securing rights of way necessary for the Extension, if requested. The Customer shall pay the Company for such assistance.

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- c. The Customer shall pay the Company for its reasonable costs incurred to verify the easements and rights of way. Rights of way verification must be completed prior to the closing of the Line Extension sale.
- d. All rights of way costs incurred by the Company shall be paid by the Customer at the time of the closing of the Line Extension sale. Such rights of way costs are refundable in accordance with Paragraph 11 of this Sheet 6.

#### 6. Licensing Requirements and Compliance with Required Governmental Inspections

The Customer shall only use those contractors that are properly qualified and licensed, in accordance with any applicable state and local law and regulation, to construct the Line Extension. The Customer shall also obtain from the contractor and transfer to EPE at the closing of the sale of the Line Extension a one-year workmanship warranty as well as any standard equipment warranties for the Line Extension's components. The Customer agrees to comply with all applicable state and local construction inspection requirements.

#### 7. Meters

The purchase and installation of Meters will be the sole responsibility of the Company.

#### 8. Purchase of System and Resulting Tax Liability

After the Line Extension has been constructed and accepted by the Company's construction inspector, the Customer agrees to sell to the Company and the Company agrees to buy the line extension for \$1.00. This sale shall be free of any liens or encumbrances.

Should any sales or use tax liability to the Company result from the sale, the Customer agrees to pay the cost of said tax liability.

The Company and the Customer shall execute an agreement (Customer Built Line Extension) to transfer the property and to make the Customer eligible for refunds in accordance with Paragraph 11 of this Sheet 6.

#### 9. Property Records at the Time of Sale

The Customer agrees to supply to the Company its actual costs incurred in constructing the Line Extension so that proper accounting of the extension may be made by the Company. The Company will review the actual costs and may, at its sole discretion, request further documentation to support the submitted actual costs. Further, the Company may, at its sole discretion, reject such costs that after review it deems unreasonable. Those costs rejected by the Company shall reduce the Customer's total actual costs, which may affect the amount of the Construction Refund Cap. The Company agrees to keep the Line Extension costs incurred by the Customer confidential

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unless the Company is required to disclose this information to regulatory or other governmental agencies or bodies.

**10. Liability for the Line Extension**

Commencing with the date of sale of the Line Extension to the Company, the Company will assume full and complete operating responsibility for the Extension. The Customer shall be liable for the direct and indirect consequences of any defects or failures of the Line Extension constructed by the Customer for a period of one (1) year from the date of acceptance, unless such defects or failures arise from the Company's design, specifications, or improper operation of the Extension.

**11. Refunds for Customer Built Line Extensions**

- a. At the time of sale of the Line Extension to the Company, the Customer may receive an initial refund payment based upon the installation of permanent Meters. The revenue refund payment is based on the Estimated Revenue from the Meters over the Revenue Period and cannot exceed the Construction Refund Cap. In such cases, the amount subject to refund will be computed using the following formula:

|   |          |
|---|----------|
| (1) Construction Refund Cap   | \$ _____ |
| (2) Total Revenue Credits for the Revenue Period<br>(Estimated Revenue) | \$ _____ |
| (3) Amount Subject to Refund<br>(Line 1 less Line 2)                    | \$ _____ |

The Customer must enter into a Line Extension Agreement with the Company to make the Customer eligible for refunds.

- b. The Amount Subject to refund will be refunded by the Company as follows:
- (1) The Company will refund at the end of each of the Revenue Period's twelve- (12-) month periods to the Customer the Actual Revenue from such period above the Revenue Credit already given for the same twelve- (12-) month period or reduce the refundable portion by Actual Revenue from the twelve- (12-) month period below the Revenue Credit already given for such twelve- (12-) month period. At no time will the Company ever refund in total more than the Construction Refund Cap.
  - (2) The Company must review the account at the end of each of the Revenue Period's twelve- (12-) month periods. If at the end of a twelve- (12-) month period or the Revenue Period the total Actual Revenue exceeds the

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Construction Refund Cap, the Company must refund the entire amount subject to refund to the Customer.

- (3) The Company will refund an amount equal to the Actual Revenue over the Revenue Period or the Estimated Revenue of each new customer connected to the customer-built Line Extension, less an amount equal to the Estimated Extension Cost of the additional Extensions, including transformers. No refund shall be made for Customers connected to a new Line Extension off the original Line Extension unless the new Extension and Customers are within the area exactly described in the original Line Extension Agreement. The total of all such refunds shall in no case exceed the Construction Refund Cap. Refunds will be made annually or at shorter intervals at the option of the Company.
- c. If the Line Extension is generating sufficient revenue in the fourth (4th) twelve (12) month period of the Revenue Period to cover the Company's fixed costs, the Company will extend the Line Extension Agreement for an additional two (2) years.



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#### 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 a pole riser, riser base, secondary service enclosure, and service conductors up to the Maximum Run for providing single phase underground secondary service to a Customer. The cost of installing the service enclosure and the pole riser installation shall be borne by the Customer. The Customer will supply, install, own, and maintain the conduit system from 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 up to the Maximum Run 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.

##### 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.

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

##### 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

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requirements pertaining to the installation of other utilities and has entered into a Line Extension Agreement covering the number of residential lots to be served, the location of any necessary overhead express feeder lines, the Revenue Guarantee Obligation, the Adequate Security, and other necessary conditions as determined by the Company. The developer's Revenue Guarantee Obligation for an underground residential system will be determined using then-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 Line Extension Agreement (if needed) covering the location of the Company's new Overhead and Underground Extensions, 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 the Customer's expense, install underground service conductors up to the Maximum Run if the following four (4) conditions are met:

- (1) The Company supplies and installs the pole riser, riser base, Secondary Service enclosure, and any conduit between the riser base and the service enclosure. After the installation of the above facilities, 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 Line 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 the Customer's own service entrance equipment necessary to accommodate the new underground service.
- (4) The Customer pays the Company the then-current estimated cost to install and remove the overhead service drop.

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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. 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.

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**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.

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#### 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 of the Primary Voltage Extension (including substation facilities) or enter into a written agreement to pay a monthly facilities charge equal to the Company's fixed costs on the alternate Extension.

2. Primary and Transmission Voltage Service:

Electric service from the Company's Primary and 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, which must be 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 the Maximum Run, the Company will install a standard fixture on an existing wood pole or a new wood pole located as mutually agreed to by the Company and Customer. If 240-volt overhead service is not readily available within the Maximum Run, the Extension Cost will be borne by the Customer. 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.

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#### **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, streetlights 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 entity, or school shall pay the Extension Cost 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 Line Extension 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.

##### 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.

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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 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 or LED fixture, the City or school 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.

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**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. Should a request involve providing electric service simultaneously to new or additional electrical loads, the cost incurred by the Company in completing the removal and/or relocation shall be combined with the estimated cost to provide service. This applies to the removal and/or relocation of Company facilities that will physically interfere with the development of a property or construction of a new building(s), but does not apply to the removal and/or relocation of Company facilities simply as a matter of preference or for aesthetic reasons. 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.

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**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.

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**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.

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**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:

- (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.

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**K. IMPAIRED LINE CLEARANCE**

Any Customer 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. In accordance with Section 2.III.4.c., of the Company's Texas Rules and Regulations approved by the Public Utility Commission of Texas (PUCT), the Company may discontinue utility service to a customer without prior notice in the event of a condition determined by the Company to be hazardous.

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**PUC DOCKET NO. 52195  
SOAH DOCKET NO. 473-21-2606**

|                                   |          |                                  |
|-----------------------------------|----------|----------------------------------|
| <b>APPLICATION OF EL PASO</b>     | <b>§</b> | <b>PUBLIC UTILITY COMMISSION</b> |
| <b>ELECTRIC COMPANY TO CHANGE</b> | <b>§</b> |                                  |
| <b>RATES</b>                      | <b>§</b> | <b>OF TEXAS</b>                  |

**PROPOSED ORDER**

This Order addresses the application of El Paso Electric Company for authority to change rates. An uncontested Agreement was executed that resolves all of the issues between the parties to this proceeding. Consistent with the Agreement and this Order, the application is approved.

The Commission adopts the following findings of fact and conclusions of law:

**I. Findings of Fact**

**Introduction and Procedural History**

1. El Paso Electric Company (EPE) is an electric utility, a public utility, and a utility.
2. On June 1, 2021, EPE filed an application for approval of a \$69.7 million Texas-jurisdiction-retail increase in base rates and other miscellaneous revenues and changes to the structure and terms of its tariff.
3. The requested net increase to base revenues is \$41.8 million after accounting for the revenues EPE is already recovering through its Distribution Cost Recovery Factor (DCRF) and its Transmission Cost Recovery Factor (TCRF).
4. Concurrent with the filing of the application with the Commission, EPE filed a similar petition and statement of intent with each incorporated municipality in its Texas service area that has original jurisdiction over its rates.
5. EPE proposed an effective date of July 6, 2021.
6. EPE also requested that, if the new rates were suspended for a period beyond 155 days after EPE filed its application, then final rates would relate back and be made effective for consumption on and after November 3, 2021.
7. EPE used a test year of January 1, 2020 through December 31, 2020.

8. Notice of EPE's application was published once each week for four consecutive weeks in a newspaper having general circulation in each county in EPE's Texas service territory. In addition, EPE provided individual notice to EPE's Texas retail customers, each municipality within EPE's service area with original jurisdiction over EPE's retail rates, and each party to EPE's last general rate case.<sup>1</sup>
9. EPE appealed to the Commission the actions of the following municipalities exercising original jurisdiction within their service territory: the City of El Paso, the town of Anthony, the Town of Horizon City, the Town of Clint, the Village of Vinton, the Town of Van Horn, the City of San Elizario, and the City of Socorro. All such appeals were consolidated for determination in this docket.
10. The following parties were granted intervenor status in this docket:  
the City of El Paso; the Office of Public Utility Counsel (OPUC); Texas Industrial Energy Consumers (TIEC); Freeport-McMoran, Inc. (FMI); Wal-Mart Inc. (Walmart); W. Silver, Inc. (W. Silver); the Texas Cotton Ginners' Association (TCGA); the U.S. Department of Defense and all other Federal Executive Agencies (DoD-FEA); Ysleta Independent School District (ISD), El Paso ISD, Socorro ISD, Clint ISD, San Elizario ISD, Fabens ISD, Anthony ISD, Canutillo ISD, Tornillo ISD, the Housing Authority of the City of El Paso, El Paso County Housing Authority, the Region 19 Education Service Center, and the El Paso County Community College District (collectively, the Rate 41 Group); Vinton Steel, LLC (Vinton Steel); Local 960 of the International Brotherhood of Electrical Workers, AFL-CIO (IBEW); and the University of Texas at El Paso (UTEP). Commission Staff also participated in this docket.
11. On June 10, 2021, the Commission referred this case to the State Office of Administrative Hearings (SOAH) to conduct an evidentiary hearing and prepare a proposal for decision, if necessary.
12. On June 11, 2021, SOAH issued Order No. 1 suspending the effective date of the proposed tariff changes for 150 days from EPE's originally-proposed effective date, or until December 23, 2021, among other things.

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<sup>1</sup> *Application of El Paso Electric Company to Change Rates*, Docket No. 46831, Order (Dec. 18, 2017).

13. On June 28, 2021, the Commission issued a preliminary order determining the issues to be addressed in this proceeding.
14. On June 29, 2021, SOAH issued Order No. 2 resetting the effective date to May 3, 2021, as agreed by the parties.
15. On January 10, 2022, the hearing on the merits convened.
16. On January 19, 2022, SOAH issued Order No. 10 abating the proceeding for the parties to have settlement discussions.
17. On July 15, 2022, EPE and the other parties filed in this proceeding the Stipulation and Agreement (the “Agreement”), which settles and resolves all of the issues between the parties in this proceeding.
18. Along with the Agreement, EPE and the parties also filed a joint motion to implement the Agreement.
19. All of the parties to this proceeding are signatories to the Agreement.
20. Rate 41 Group joined the Agreement contingent on obtaining approval from all of the Rate 41 members.
21. On [date], Rate 41 Group made a filing indicating that all Rate 41 members had given final approval for Rate 41 Group to join the Agreement without further reservation.
22. On [date], 2022, SOAH issued Order No. ##, admitting the various identified exhibits into evidence, including the Agreement and testimony from EPE and Commission Staff in support of the Agreement; granting interim rates; dismissing the proceeding from the SOAH docket; and returning the matter to the Commission for further processing.

**Description of the Agreement**

23. The signatories agree that the Agreement results in just and reasonable rates and that the public interest will be served by resolution of the issues in the manner prescribed by the Agreement.

**Base Rate Revenues**

24. The Agreement provides that EPE should receive a base rate revenue increase of \$5.149 million in Texas-base-rate and non-firm revenues, effective for electricity consumed on and after November 3, 2021. (Agreement art. I.1.)

**Prudence Finding Regarding Investment**

25. Under the Agreement, the signatories agree that all EPE investment through the end of the test year (December 31, 2020), as presented in EPE's rate filing package, is used and useful and prudent and included in rate base, with two exceptions:
- a. a disallowance to the original cost for the Isleta transmission Right-of-Way as follows: in any future TCRF or base rate proceeding, the original cost of \$16.8 million will be reduced such that the net plant in service balance as of December 31, 2022, will be \$ 7.962 million (Texas retail); and
  - b. a disallowance of \$500,000 of the original cost (total company) of the spare LMS 100 Turbine and spare LMS 100 Booster at the Montana Power Station (Agreement art. I.2.)

**Depreciation**

26. The Agreement provides that beginning with the effective date of rates in this case, November 3, 2021, EPE will use the depreciation rates as proposed in the direct testimony of Staff witness Heidi Graham. These depreciation rates are shown on Exhibit 1 to the Agreement (Agreement art. I.3.).

**Financial Matters**

27. Under the Agreement, effective beginning with the effective date of rates in this case, November 3, 2021, EPE's Weighted Average Cost of Capital (WACC) shall be 7.501% based upon a 5.576% Cost of Debt, an authorized Return on Equity (ROE) of 9.35%, and EPE's proposed regulatory capital structure of 49% long-term debt and 51% equity. The foregoing WACC, Cost of Debt, ROE, and capital structure will apply for purposes of calculating EPE's allowance for funds used during construction and in proceedings where the WACC is required, for example, TCRF, DCRF and Generation Cost Recovery Rider (GCRR). (Agreement art. I.4.)



**Nuclear Decommissioning**

28. EPE presented a 2019 nuclear decommissioning study with regard to its interest in the Palo Verde Nuclear Station.
29. Because EPE's projections were that no additional funding is necessary, it did not include any cost for nuclear decommissioning in its request.
30. Under the Agreement, no amount is included in EPE's cost of service for nuclear decommissioning. (Agreement art I.5.)

**COVID-19 Costs**

31. The Agreement specifies that EPE will recover \$6,297,803 of deferred COVID-19 costs through a separate COVID-19 surcharge over a four-year period (\$1,574,451 annually in addition to the base rate revenue requirement in Finding of Fact 24 above). (Agreement art I.6.)
32. None of the test-year COVID-related costs are included in either EPE's rate base or EPE's base rate revenue requirement.
33. EPE will not include any carrying costs on the unamortized amount of the regulatory asset recovered through the surcharge. (Agreement art. I.6.)
34. This rider and the four-year amortization shall not relate back and instead will begin in the first billing cycle after this Order is issued.
35. The Agreement provides that by March 31 of each year, EPE will file for approval of a true-up of the previous year to account for any changes in the bad-debt amount and additional COVID-related expenses incurred after the test-year and deferred pursuant to the Order in Docket No. 50664, and the Commission may adjust the COVID-19 surcharge to account for approved costs.

**Rider for Retiring Plants**

36. The Agreement provides that its net investment and costs associated with Rio Grande Unit 7 and Newman Units 1 and 2 (collectively called the Retiring Plants) will be removed from EPE's base rates and recovered through a separate rider. EPE will implement a rider for the Retiring Plants in an amount of \$5,935,946 per year, based on the ROE in Finding of

Fact 27 above, that will continue until a unit discontinues the provision of electric service, including contingent service for reliability purposes, to Texas ratepayers. This rider is in addition to the base rate revenue requirement in Finding of Fact 24 above and will be a part of the relate back of rates.

- a. The rider shall continue to be charged so long as there is continued electric service provided from each unit, including contingent service for reliability purposes. Rider charges will be adjusted as each unit discontinues electric service to Texas ratepayers.
- b. Retirement dates chosen by EPE shall require supporting evidence in the next base rate proceeding and are subject to challenge by Staff and intervenors in that docket.
- c. Any over-recovery by EPE for an incorrect retirement date shall be subject to a refund to be provided to ratepayers in accordance with the cost allocation and rate design approved in this Order.
- d. Other than as provided by paragraph a. above, any necessary updates to the rider to reflect changing costs will be brought in a base rate proceeding.
- e. The treatment of any undepreciated capital remaining following discontinuance of cost recovery through the rider for any applicable generation unit will be addressed in a future base rate proceeding. (Agreement art I.7.)

### **Rate-Case Expenses**

37. The Agreement provides for EPE's rate case expenses to be recovered through a separate rider over a four-year period. (Agreement art I.8.)
38. After an agreed reduction of \$3,275, EPE's reasonable and necessary rate case expenses incurred through March 31, 2022, including reimbursement for the City of El Paso's expenses, that are to be recovered through the rate case expense rider are \$4,267,270.
39. This rider and the four-year amortization shall not relate back and instead will begin in the first billing cycle after this Order is issued.
40. For rate case expenses incurred after March 31, 2022, such expense will be considered in EPE's next rate proceeding.

41. In the agreement, the parties acknowledge that the final order in Docket No. 52040, Application of El Paso Electric Company for Advanced Metering System (AMS) Deployment Plan, AMS Surcharge, and Non-Standard Metering Service Fees may have implications concerning the expenses included in the rider from that proceeding, so the Agreement provides that if the final order in Docket No. 52040 does modify any of the expenses included in the rate case expense rider, EPE will make a compliance filing to adjust the rider to reflect the Commission's Order.

**Excess Deferred Income Taxes**

42. The Agreement provides that Excess Deferred Income Taxes (EDIT) in a total company amount of \$24,091,867 (\$3,106,666 unprotected and \$20,985,201 stub period protected) will be included as a rider to be returned to Texas customers over a four-year period of \$4,717,101 (Texas retail) per year, \$6,098,168 after grossing up for taxes. (Agreement art I.9.)
43. This rider and the four-year amortization shall not relate back and instead will begin in the first billing cycle after this Order is issued. However, the amount that would otherwise be returned to customers in the fourth year, and previous years if necessary, will be first used as an offset against the relate-back surcharge as provided in the Agreement, and any remaining amount will be returned in the amortization
44. The signatories agree to revise the EDIT credit rider in the event amounts included in the rider are determined by the Internal Revenue Service to be a violation of tax normalization requirements.

**Relate-back of Rates**

45. The Agreement provides that any relate-back surcharge applicable to the base rates and the retiring plant rider will be avoided by offsetting such surcharge amount on a rate class-by-rate class basis with the EDIT that would otherwise be refunded to customers in the rate class in the amortization. (Agreement art I.10.)
46. After the offset against the relate-back surcharge, any remaining EDIT shall be refunded in the amortization.

47. If a rate class is due a net refund under the relate-back, then the refund shall be made to the class as a credit over a 12 month period.

**EPE's Existing Distribution-Cost-Recovery Factor (DCRF) and Transmission Cost Recovery Factor (TCRF)**

48. Under the Agreement, EPE's existing DCRF and TCRF are set to zero and no refund is necessary for EPE's collections under its TCRF through December 31, 2020, and under its DCRF. (Agreement art I.11.)

**Baseline Values for DCRF Filing**

49. Under the Agreement, a baseline is set for future DCRF filings. (Agreement art. I.11 and Exhibit 2).

**Baseline Values for TCRF Filing**

50. Under the Agreement, a baseline is set for future TCRF filings. (Agreement art. I.11) and Exhibit 3).

**Baseline Values for Generation Cost-Recovery Rider (GCRR) Filing**

51. Under the Agreement, a baseline is set for future GCRR filings. The agreed GCRR baseline includes a jurisdictional allocator consistent with the treatment of Newman Unit 6 as a system resource, which will be used unless EPE petitions outside a GCRR filing and the treatment as a system resource is then otherwise modified in a subsequent Commission order. (Agreement art. I.11 and Exhibit 4).

**Allocation of the Revenue Increase and Riders**

52. The Agreement specifies how the \$5.149 million base rate revenue increase and each of the riders are distributed among the rate classes in Exhibit 5 to the Agreement. (Agreement art. I.12.)

**Rate Design and Tariff Approval**

53. The Agreement resolves the tariff and rate-design issues (Agreement art. I.12, and Exhibits 5 and 6.)
54. The rates and tariffs resulting from the Agreement are incorporated into the agreed tariff, Agreement Exhibit 7.

**Additional Ring-Fencing**

55. The Agreement states that EPE will be subject to two of the additional Ring-Fencing provisions proposed by Staff:
- a. EPE's debt will not be secured by non-EPE assets.
  - b. Except for access to the utility money pool and use of shared assets governed by the Commission's affiliate rules, EPE will not commingle its assets with those of Sun Jupiter Holdings LLC or IIF US Holding 2 LP. (Agreement art I.13.)

**Commission Approval**

56. The Agreement is the result of good faith negotiations by the parties, and these efforts, as well as the overall result of the Agreement viewed in light of the record as a whole, support the overall reasonableness and benefits of the terms of the Agreement.
57. The revenue increase in base rates is reasonable.
58. The recovery of COVID-related expense and rate case expenses in separate riders is reasonable.
59. The separation of the costs for Newman Units 1 and 2 and Rio Grande 7 for recovery through a rider and the continuation of the rider until the units are no longer serving EPE's customers is reasonable.
60. The use of EDIT to offset any relate-back surcharge is reasonable.
61. The return of the identified EDIT as provided by the separate rider is reasonable.
62. The allocation of the base rate increase and each of the riders among rate classes in Exhibit 5 to the Agreement is just and reasonable.
63. The rate design and tariff changes under the Agreement are reasonable.
64. The City of El Paso's and EPE's rate case expenses allowed to be recovered under the Agreement are reasonable and necessary, and it is appropriate to defer the review and recovery by EPE of any additional rate case expensed incurred after March 31, 2022 to EPE's next rate proceeding.

## **II. Conclusions of Law**

1. EPE is a public utility as that term is defined in PURA § 11.004(1) and an electric utility as that term is defined in PURA § 31.002(6).
2. The Commission exercises regulatory authority over EPE and jurisdiction over the subject matter of this application under PURA §§ 14.001, 32.001, 36.001–.211, and 39.552.
3. SOAH exercised jurisdiction over this proceeding under PURA § 14.053 and Texas Government Code § 2003.049.<sup>2</sup>
4. This docket was processed in accordance with the requirements of PURA, the Administrative Procedure Act,<sup>3</sup> and the Commission's rules.
5. EPE provided notice of the application in compliance with PURA § 36.103 and 16 TAC § 22.51(a) and (b).
6. The Commission has jurisdiction over an appeal from municipalities' rate proceedings under PURA § 33.051.
7. The Agreement, taken as a whole, is a just and reasonable resolution of all the issues it addresses, results in just and reasonable rates, terms, and conditions, is supported by a preponderance of the credible evidence in the record, is consistent with the relevant provisions of PURA, and should be approved.
8. The revenue requirement, cost allocation, revenue distribution, and rate design contemplated by the Agreement result in rates that are just and reasonable, comply with the ratemaking provisions of PURA, and are not unreasonably discriminatory or preferential.
9. EPE's rates resulting from the Agreement are just and reasonable and meet the requirements of PURA § 36.003.
10. The Agreement resolves all of the pending issues in this docket.

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<sup>2</sup> Tex. Gov't Code Ann. § 2003.049.

<sup>3</sup> Tex. Gov't Code Ann. § 2001.001-.902 (APA).

11. The tariff sheets and rate schedules included in the Agreement are just and reasonable and accurately reflect the terms of the Agreement.
12. The Commission's adoption of a final order consistent with the Agreement satisfies the requirements of the APA §§ 2001.051 and 2001.056 without the necessity of a decision on contested case issues resulting from a hearing on the merits.
13. The requirements for informal disposition under 16 TAC § 22.35 have been met in this proceeding.

### **III. Ordering Paragraphs**

In accordance with these findings of fact and conclusions of law, the Commission issues the following orders:

1. Consistent with the Agreement and this Order, EPE's application is approved.
2. Consistent with the Agreement and this Order, the rates, terms, and conditions described in this Order are approved.
3. EPE's tariffs attached to the Agreement are approved and shall be effective at the beginning of the first billing cycle after this Order.
4. Within 20 days of the date of this Order, EPE shall file a clean record copy of the approved tariffs to be stamped "Approved" by Central Records and retained by the Commission.
5. Within 60 days of this Order, EPE shall file a schedule showing its calculation of the relate back of rates to November 3, 2021, and the corresponding offset to the Excess Deferred Income Taxes provided under the Agreement in *Compliance for the Final Order in Docket No. 52195 (Application of El Paso Electric Company to Change Rates)*, Project No. #####. In its filing, EPE shall include its proposed tariffs for any refunds or surcharges resulting from the relate back, including any necessary adjustment to the Excess Deferred Income Tax Rider. No later than 45 days after the date of the filing, any intervenor in the instant proceeding or the Staff may request a hearing on the filing.
6. EPE is authorized to establish a regulatory asset to record any rate-case expenses associated with this proceeding that EPE and the City of El Paso incurred after March 31, 2022. EPE shall not accrue any return on this regulatory asset. In EPE's next general base-rate case,

EPE and the City of El Paso shall seek Commission review and recovery of any rate-case expenses recorded in this regulatory asset.

7. If the final order in Docket No. 52040 does modify any of the expenses included in the rate case expense rider, EPE will make a compliance filing to adjust the rider to reflect the Commission's final order within 30 days of the date that the Commission's final order in Docket No. 52040 is final and unappealable.
8. By March 31 of each year, EPE will file for approval of a true-up of the previous year to account for any changes in the bad-debt amount and additional COVID-related expenses incurred after the test-year and deferred pursuant to the Order in Docket No. 50664.
9. EPE shall comply with its commitments under the Agreement.
10. Entry of this Order consistent with the Agreement does not indicate the Commission's endorsement or approval of any principle or methodology that may underlie the Agreement. Entry of this Order consistent with the Agreement shall not be regarded as binding holding or precedent as to the appropriateness of any principle or methodology underlying the Agreement.
11. All other motions, requests for entry of specific findings of fact, conclusions of law, and any other requests for general or specific relief, if not expressly granted herein, are denied.



Signed at Austin, Texas the \_\_\_\_\_ day of [MONTH] 2022.

**PUBLIC UTILITY COMMISSION OF TEXAS**

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**PETER M. LAKE, CHAIRMAN**

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**WILL MCADAMS, COMMISSIONER**

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**LORI COBOS, COMMISSIONER**

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**JIMMY GLOTFELTY, COMMISSIONER**

**SOAH DOCKET NO. 473-21-2606  
PUC DOCKET NO. 52195**

|                                   |          |                                |
|-----------------------------------|----------|--------------------------------|
| <b>APPLICATION OF EL PASO</b>     | <b>§</b> | <b>BEFORE THE STATE OFFICE</b> |
| <b>ELECTRIC COMPANY TO CHANGE</b> | <b>§</b> | <b>OF</b>                      |
| <b>RATES</b>                      | <b>§</b> | <b>ADMINISTRATIVE HEARINGS</b> |

**SOAH ORDER NO. ##**

**GRANTING MOTION TO ADMIT EVIDENCE, GRANTING INTERIM RATES,  
DISMISSING SOAH DOCKET AND RETURNING SETTLED CASE TO COMMISSION**

On July 15, 2022, El Paso Electric Company (EPE), on behalf of all of the parties to this proceeding, filed a Joint Motion and a Stipulation and Agreement (Agreement) that resolves all issues in this proceeding. Rate 41 Group's signing of the Agreement is contingent on receiving approval of each of its individual members, as described in the Joint Motion.

The Joint Motion requests that the Administrative Law Judges admit evidence supporting the Agreement, grant interim rates, and dismiss this case from the State Office of Administrative Hearing's (SOAH) docket and return it to the Commission. These requests are GRANTED.

**I. ADMISSION OF EVIDENCE**

Consistent with the Signatories' request, the following additional evidence is admitted into the record:

1. The following intervenor testimonies filed in this proceeding, but not yet admitted into the record:
  - a. OPUC Exhibits 54 through 66--Direct testimony, workpapers, and attachments 1 through 13 of the Office of Public Utility Counsel witness Evan Evans.
  - b. OPUC Exhibits 67 through 76--Cross-rebuttal testimony, workpapers, and attachments 1 through 9 of the OPUC witness Evan Evans.
  - c. Rate 41 Group's Exhibits 1, 1a, and 1b--Direct testimony and exhibits, corrections, and workpapers of Rate 41 Group's witness James Daniel.
  - d. Rate 41 Group's Exhibits 2 and 2a--Cross-rebuttal testimony and exhibits, and workpapers of Rate 41 Group's witness James Daniel.

- e. University of Texas at El Paso (UTEP) Exhibits 1, 1a, 1b, and 1c—Direct testimony, workpaper KP-1, workpaper KP-2, and Errata of UTEP witness Kit Pevoto.
  - f. UTEP Exhibits 2, 2a, and 2b—Cross-rebuttal testimony and two workpapers of UTEP witness Kit Pevoto.
  - g. Vinton Steel Exhibit 1-- Direct Testimony of Raymond J. Stanley.
  - h. Vinton Steel Exhibit 2—Cross-Rebuttal Testimony of Raymond J. Stanley
2. The supplemental settlement testimony of James Schichtl, on behalf of EPE, and the supplemental settlement testimony of Darryl Tietjen, on behalf of the Staff, in support of the Agreement, filed concurrently with the Motion; and
3. The Agreement in Exhibit A to the Motion, along with its attachments.
4. Rate case expense information previously filed by EPE in its responses to Staff's Sixth and Eleventh Requests for Information as follows:
- a. El Paso Electric Company's Third Supplemental Response to Commission Staff's Sixth Request for Information (AIS 545)
  - b. El Paso Electric Company's Third Supplemental Response to Commission Staff's Eleventh Request for Information (AIS 546)
  - c. El Paso Electric Company's CONFIDENTIAL Third Supplemental Response to Commission Staff's Eleventh Request for Information (AIS 548)
  - d. El Paso Electric Company's Fourth Supplemental Response to Commission Staff's Sixth Request for Information (AIS 561)
  - e. El Paso Electric Company's Fourth Supplemental Response to Commission Staff's Eleventh Request for Information (AIS 562)
  - f. El Paso Electric Company's CONFIDENTIAL Fourth Supplemental Response to Commission Staff's Eleventh Request for Information (AIS 563)
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  - i. El Paso Electric Company's CONFIDENTIAL Fifth Supplemental Response to Commission Staff's Eleventh Request for Information (AIS 575)
  - j. El Paso Electric Company's Sixth Supplemental Response to Commission Staff's Sixth Request for Information (AIS 587)
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  - n. El Paso Electric Company's Seventh Supplemental Response to Commission Staff's Eleventh Request for Information (AIS 597)
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5. The rate case expense information previously filed by the City of El Paso as follows:
- a. Staff Exhibit 20--City of El Paso's (CEP) First Monthly Supplemental Rate Case Expense Submission (AIS 486).
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  - c. City of El Paso's Third Supplemental Rate Case Expense Submission (AIS 568)
  - d. City of El Paso's Fourth Supplemental Rate Case Expense Submission (AIS 580)

- e. City of El Paso's Fifth Supplemental Rate Case Expense Submission (AIS 590)
- f. City of El Paso's Sixth Supplemental Rate Case Expense Submission (AIS 594)

## **II. INTERIM RATES**

The Signatories request that the ALJs enter an Order approving interim rates, subject to refund or surcharge to the extent that they differ from the final rates, for the base-rates and riders agreed upon under the Agreement, as reflected in the agreed tariff, effective August 1, 2022. The request for interim rates is GRANTED.

## **III. DISMISSAL OF SOAH DOCKET AND RETURN OF CASE TO COMMISSION**

This case is now settled in full. Therefore, it is ORDERED that this case is dismissed from SOAH'S docket without prejudice and is returned to the Commission for final processing and approval. The Joint Motion includes agreed proposed findings of fact, conclusions of law and ordering paragraphs. As soon as practicable, EPE SHALL email a Word copy of the proposed order to the Commission via [cadmorders@puc.texas.gov](mailto:cadmorders@puc.texas.gov).

SIGNED [date], 2022.

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CHRISTIAAN SIANO  
ADMINISTRATIVE LAW JUDGE  
STATE OFFICE OF ADMINISTRATIVE HEARINGS

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ROSS HENDERSON  
ADMINISTRATIVE LAW JUDGE  
STATE OFFICE OF ADMINISTRATIVE HEARINGS

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DANIEL WISEMAN  
ADMINISTRATIVE LAW JUDGE  
STATE OFFICE OF ADMINISTRATIVE HEARINGS

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MEAGHAN BAILEY  
ADMINISTRATIVE LAW JUDGE  
STATE OFFICE OF ADMINISTRATIVE HEARINGS

**SOAH DOCKET NO. 473-21-2606  
PUC DOCKET NO. 52195**

|                                   |          |                                |
|-----------------------------------|----------|--------------------------------|
| <b>APPLICATION OF EL PASO</b>     | <b>§</b> | <b>BEFORE THE STATE OFFICE</b> |
| <b>ELECTRIC COMPANY TO CHANGE</b> | <b>§</b> | <b>OF</b>                      |
| <b>RATES</b>                      | <b>§</b> | <b>ADMINISTRATIVE HEARINGS</b> |

**SOAH ORDER NO. ##**

**GRANTING MOTION TO ADMIT EVIDENCE, GRANTING INTERIM RATES,  
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  - d. Rate 41 Group's Exhibits 2 and 2a--Cross-rebuttal testimony and exhibits, and workpapers of Rate 41 Group's witness James Daniel.

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- 3. The Agreement in Exhibit A to the Motion, along with its attachments.
- 4. Rate case expense information previously filed by EPE in its responses to Staff's Sixth and Eleventh Requests for Information as follows:
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  - d. El Paso Electric Company's Fourth Supplemental Response to Commission Staff's Sixth Request for Information (AIS 561)
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  - d. City of El Paso's Fourth Supplemental Rate Case Expense Submission (AIS 580)

- e. City of El Paso's Fifth Supplemental Rate Case Expense Submission (AIS 590)
- f. City of El Paso's Sixth Supplemental Rate Case Expense Submission (AIS 594)

## **II. INTERIM RATES**

The Signatories request that the ALJs enter an Order approving interim rates, subject to refund or surcharge to the extent that they differ from the final rates, for the base-rates and riders agreed upon under the Agreement, as reflected in the agreed tariff, effective August 1, 2022. The request for interim rates is GRANTED.

## **III. DISMISSAL OF SOAH DOCKET AND RETURN OF CASE TO COMMISSION**

This case is now settled in full. Therefore, it is ORDERED that this case is dismissed from SOAH'S docket without prejudice and is returned to the Commission for final processing and approval. The Joint Motion includes agreed proposed findings of fact, conclusions of law and ordering paragraphs. As soon as practicable, EPE SHALL email a Word copy of the proposed order to the Commission via [cadmorders@puc.texas.gov](mailto:cadmorders@puc.texas.gov).

SIGNED [date], 2022.

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CHRISTIAAN SIANO  
ADMINISTRATIVE LAW JUDGE  
STATE OFFICE OF ADMINISTRATIVE HEARINGS

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ROSS HENDERSON  
ADMINISTRATIVE LAW JUDGE  
STATE OFFICE OF ADMINISTRATIVE HEARINGS

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DANIEL WISEMAN  
ADMINISTRATIVE LAW JUDGE  
STATE OFFICE OF ADMINISTRATIVE HEARINGS

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MEAGHAN BAILEY  
ADMINISTRATIVE LAW JUDGE  
STATE OFFICE OF ADMINISTRATIVE HEARINGS