

EL PASO ELECTRIC COMPANY

SCHEDULE NO. 45

**SUPPLEMENTARY POWER SERVICE
FOR QUALIFYING FACILITIES**

APPLICABILITY

This rate schedule is available to Qualifying Facilities and to Customers taking service from a third party Qualifying Facility which qualifies as a small power production facility or a cogeneration facility as defined in 18 CFR, Part 292, Subpart B, of the final rules issued by the Federal Energy Regulatory Commission to implement Sections 201 and 210 of the Public Utility Regulatory Policies Act of 1978. Pursuant to 18 CFR Part 292.204(a), a qualifying power production facility is "small" when it does not exceed 80 megawatts.

The Customer will furnish the Company such data as required by the Company to determine that the Customer meets the requirements for qualification.

The facility may be connected for (1) parallel operation with the Company's service, or (2) isolated operation with Supplementary Power Service provided by the Company by means of a double-throw switch.

TERRITORY

Texas Service Area

TYPE OF SERVICE

Service available under this rate schedule will be determined by the Company and will either be single or three phase at the option of the Company and at a standard Company approved voltage. All service will be taken at one point of delivery designated by the Company. Electric energy will be measured by a single meter, or other measuring device, of each kind needed.

Supplementary power is defined as the electric energy and/or capacity regularly used by a Customer in addition to the energy and capacity supplied by a Qualifying Facility.

SUPPLEMENTARY POWER SERVICE RATE

Supplementary Power shall be billed under the retail rates currently in effect and applicable to the Customer having power requirements equal to the supplementary power requirements of the Qualifying Facility. All provisions in the retail rate schedule are applicable, except as specifically excluded in this rate schedule.

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COMMON PROVISIONS

Interconnection Charge:

Customers on this rate schedule shall be subject to a charge for interconnection costs.

Interconnection costs are the reasonable costs of connection, switching, metering, transmission, distribution, safety provisions and administrative costs incurred by the Company which are directly related to the installation and maintenance of the physical facilities necessary to permit interconnected operations with a Qualifying Facility, to the extent such costs are in excess of the costs that the Company would have incurred if it had not engaged in interconnected operations, but instead generated an equivalent amount of electric energy or capacity itself or purchased an equivalent amount of electric energy or capacity from other sources.

The Company shall provide a detailed estimate of the cost of interconnection after the Company has approved the written application for interconnection. The Customer shall pay the full amount of the estimated interconnection costs in full at the time notice to interconnect is provided to the Company. Upon completion of the interconnection, the actual costs of interconnection shall be computed by the Company and reimbursements for the difference between the actual and estimated cost of interconnection, if any, shall be made to the appropriate party.

In addition, Customers with a design capacity greater than 100 kilowatts (kW) shall pay an annual charge of 4.7511% of the capital costs of interconnection to provide for the recovery of property taxes, revenue related taxes, depreciation expense, and operation and maintenance expenses. The annual charge of 4.7511% is payable by the Customer in monthly installments at the rate of one-twelfth (1/12) of the annual charge per month.

METERING EQUIPMENT AND FACILITES

The Company will install, own and maintain all meters and metering equipment. The Customer will install Company approved meter sockets and metering cabinets.

The Company may install, at its expense, on the Customer's premises, load research metering. The Customer shall supply, at no expense to the Company, a suitable location for meters and associated equipment used for billing and for load research.

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POWER FACTOR ADJUSTMENT

If the power factor at the time of the Maximum Demand is below 90% lagging, a power factor adjustment shall be calculated as follows:

ADJ = $((kW \times .95 / PF) - kW) \times DC$, where
ADJ = Increase to applicable Demand Charge,
kW = Maximum Demand,
PF = Monthly Measured Power Factor, and
DC = Demand Charge

FIXED FUEL FACTOR

This rate schedule is subject to the provisions of the Company's Rate Schedule No. 98 (Fixed Fuel Factor).

OTHER APPLICABLE RIDERS

All service taken under this rate schedule is subject to the provisions of other Company riders that may apply to this rate schedule and shall be billed pursuant to the provisions of those riders.

TERMS OF PAYMENT

The due date of the bill for utility service shall not be less than sixteen (16) days after issuance. A bill becomes delinquent if not received at the Company by the due date. If the due date falls on a holiday or weekend, the next Company business day shall apply.

TERMS AND CONDITIONS

Service supplied under this rate schedule is subject to the Company's Rules and Regulations on file with the Public Utility Commission of Texas and available for inspection at Company offices. The contract provisions applicable to service under this rate schedule shall also apply.

This rate schedule shall be binding upon the Company and the Customer for a period conterminous with the interconnection agreement; provided, however, that the Customer may terminate service provided under this rate schedule at any time during such term by

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providing the Company with written notice at least one (1) year prior to the effective date of such termination. Any change in this rate schedule approved by a regulatory authority with the requisite jurisdiction, shall become effective upon such approval and remain in force until the expiration of the term of this rate schedule or the termination by Customer in accordance with the requirements herein contained, whichever event occurs first in time. The service supplied hereunder is to be used exclusively within the premises of the Customer, as described in the Customer's application for service.

PRORATION ADJUSTMENTS

Charges for service supplied under this rate schedule, except the Customer Charge, are subject to proration adjustments.

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