

EL PASO ELECTRIC CO /TX/  
Form 10-Q  
May 04, 2012  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form 10-Q  
(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended March 31, 2012

OR  
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-14206

El Paso Electric Company  
(Exact name of registrant as specified in its charter)  
Texas  
(State or other jurisdiction of incorporation or organization)

74-0607870  
(I.R.S. Employer Identification No.)

Stanton Tower, 100 North Stanton, El Paso, Texas  
(Address of principal executive offices)  
(915) 543-5711  
(Registrant's telephone number, including area code)

79901  
(Zip Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES  NO

Indicate by check mark whether the registrant submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES  NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES  NO

As of April 30, 2012, there were 40,037,222 shares of the Company's no par value common stock outstanding.



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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

EL PASO ELECTRIC COMPANY AND SUBSIDIARY  
CONSOLIDATED BALANCE SHEETS

	March 31, 2012 (Unaudited)	December 31, 2011
ASSETS		
(In thousands)		
Utility plant:		
Electric plant in service	\$2,789,419	\$2,789,773
Less accumulated depreciation and amortization	(1,117,867	) (1,121,653 )
Net plant in service	1,671,552	1,668,120
Construction work in progress	189,393	167,394
Nuclear fuel; includes fuel in process of \$61,123 and \$49,545, respectively	204,793	171,433
Less accumulated amortization	(69,560	) (59,882 )
Net nuclear fuel	135,233	111,551
Net utility plant	1,996,178	1,947,065
Current assets:		
Cash and cash equivalents	6,114	8,208
Accounts receivable, principally trade, net of allowance for doubtful accounts of \$2,712 and \$3,015, respectively	64,863	76,348
Accumulated deferred income taxes	17,720	13,752
Inventories, at cost	41,222	40,222
Income taxes receivable	2,214	2,269
Undercollection of fuel revenues	—	9,130
Prepayments and other	6,649	4,810
Total current assets	138,782	154,739
Deferred charges and other assets:		
Decommissioning trust funds	178,528	167,963
Regulatory assets	102,421	101,027
Other	30,580	26,057
Total deferred charges and other assets	311,529	295,047
Total assets	\$2,446,489	\$2,396,851

See accompanying notes to consolidated financial statements.

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CONSOLIDATED BALANCE SHEETS (Continued)

	March 31, 2012 (Unaudited)	December 31, 2011
<b>CAPITALIZATION AND LIABILITIES</b>		
(In thousands except for share data)		
Capitalization:		
Common stock, stated value \$1 per share, 100,000,000 shares authorized, 65,424,153 and 65,295,888 shares issued, and 109,369 and 156,185 restricted shares, respectively	\$65,534	\$65,452
Capital in excess of stated value	307,504	309,777
Retained earnings	881,709	887,174
Accumulated other comprehensive income (loss), net of tax	(69,943	) (77,505
	1,184,804	) 1,184,898
Treasury stock, 25,492,919 shares at cost	(424,647	) (424,647
Common stock equity	760,157	760,251
Long-term debt	816,510	816,497
Total capitalization	1,576,667	1,576,748
Current liabilities:		
Current maturities of long-term debt	33,300	33,300
Short-term borrowings under the revolving credit facility	92,570	33,379
Accounts payable, principally trade	34,293	51,704
Taxes accrued	23,507	30,700
Interest accrued	13,197	12,123
Overcollection of fuel revenues	4,912	2,105
Other	22,614	21,921
Total current liabilities	224,393	185,232
Deferred credits and other liabilities:		
Accumulated deferred income taxes	311,546	299,475
Accrued pension liability	125,170	129,627
Accrued postretirement benefit liability	101,938	100,455
Asset retirement obligation	57,004	56,140
Regulatory liabilities	21,205	21,049
Other	28,566	28,125
Total deferred credits and other liabilities	645,429	634,871
Commitments and contingencies		
Total capitalization and liabilities	\$2,446,489	\$2,396,851
See accompanying notes to consolidated financial statements.		

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CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(In thousands except for share data)

	Three Months Ended		Twelve Months Ended	
	March 31,		March 31,	
	2012	2011	2012	2011
Operating revenues	\$ 168,578	\$ 176,112	\$ 910,479	\$ 849,195
Energy expenses:				
Fuel	39,434	42,759	220,182	193,495
Purchased and interchanged power	12,559	18,474	69,234	81,543
	51,993	61,233	289,416	275,038
Operating revenues net of energy expenses	116,585	114,879	621,063	574,157
Other operating expenses:				
Other operations	54,417	54,107	229,880	228,230
Maintenance	15,968	12,236	65,824	54,559
Depreciation and amortization	20,518	20,936	80,913	82,663
Taxes other than income taxes	13,640	13,127	56,074	55,873
	104,543	100,406	432,691	421,325
Operating income	12,042	14,473	188,372	152,832
Other income (deductions):				
Allowance for equity funds used during construction	1,956	3,051	7,066	11,327
Investment and interest income, net	1,776	2,385	5,055	6,602
Miscellaneous non-operating income	70	270	685	1,636
Miscellaneous non-operating deductions	(482)	(715)	(2,954)	(3,562)
	3,320	4,991	9,852	16,003
Interest charges (credits):				
Interest on long-term debt and revolving credit facility	13,563	13,498	54,180	52,123
Other interest	200	297	892	511
Capitalized interest	(1,369)	(1,256)	(5,290)	(3,515)
Allowance for borrowed funds used during construction	(1,153)	(1,849)	(4,152)	(6,953)
	11,241	10,690	45,630	42,166
Income before income taxes and extraordinary item	4,121	8,774	152,594	126,669
Income tax expense	777	1,999	52,486	41,026
Income before extraordinary item	3,344	6,775	100,108	85,643
Extraordinary gain related to Texas regulatory assets, net of tax	—	—	—	10,286
Net income	\$ 3,344	\$ 6,775	\$ 100,108	\$ 95,929
Basic earnings per share:				
Income before extraordinary item	\$ 0.08	\$ 0.16	\$ 2.45	\$ 1.99
Extraordinary gain related to Texas regulatory assets, net of tax	—	—	—	0.24
Net income	\$ 0.08	\$ 0.16	\$ 2.45	\$ 2.23
Diluted earnings per share:				

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Income before extraordinary item	\$0.08	\$0.16	\$2.43	\$1.98
Extraordinary gain related to Texas regulatory assets, net of tax	—	—	—	0.24
Net income	\$0.08	\$0.16	\$2.43	\$2.22
Dividends declared per share of common stock	\$0.22	\$—	\$0.88	\$—
Weighted average number of shares outstanding	39,911,032	42,308,097	40,756,509	42,776,922
Weighted average number of shares and dilutive potential shares outstanding	39,999,509	42,523,285	40,962,007	42,964,190

See accompanying notes to consolidated financial statements.

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EL PASO ELECTRIC COMPANY AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE OPERATIONS  
(Unaudited)  
(In thousands)

	Three Months Ended		Twelve Months Ended	
	March 31,		March 31,	
	2012	2011	2012	2011
Net income	\$3,344	\$6,775	\$100,108	\$95,929
Other comprehensive income (loss):				
Unrecognized pension and postretirement benefit costs:				