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## El Paso Electric Company Q4 2007 Earnings Call Transcript

### Question-and-Answer Session

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**Operator**

(Operator Instructions) Our first question comes from Brian Russo - Ladenburg Thalmann.

**Brian Russo - Ladenburg Thalmann**

What types of capacity factors are you assuming at Palo Verde and Four Corners in 2008?

**Scott D. Wilson**

Palo Verde, I think we are in the mid-to-high 80s.

**J. Frank Bates**

And Brian, I don't know if we have the Four Corners number off the top of our head.

**Scott D. Wilson**

Four Corners is a 104 megawatts for us and so obviously important, but we tend to focus a lot on Palo Verde and the last numbers I've seen on Palo Verde is we are assuming something in the neighborhood of mid-to-high 80s and all three units are operating at 100% right now.

**Brian Russo - Ladenburg Thalmann**

I am sorry if you quantified this earlier, but what was the weather impact in 2007 in terms of earnings?

**Scott D. Wilson**

Well yes, we didn't actually turn it into a dollar amount, our heating degree days were up about 13%, and our cooling degree were up about 2%. So although we didn't quantify it, the sum of the weather changes and the increase in customers, which is over 2%, played quite a big part in our change in revenues.

**Brian Russo - Ladenburg Thalmann**

And what type of peak load growth in terms of megawatts do you expect going forward?

**J. Frank Bates**

Brian, historically we, prior to the last couple of years we have grown probably between 30 and 40 megawatt on an average year. Obviously with last year grown at a rate greater than 50 megawatts and this year grown at another 80 megawatts, we are clearly not in normal territory.

I think going forward at least until the Fort Bliss things work themselves through next four, five years we are seeing a growth in demand probably between 50 and 75 megawatts on average a year. In some years, it's going to be more, and some years it's going to be less and as you know the demands are very weather driven things and especially extreme weather in the summer, given our summer peaking propensity.

**Brian Russo - Ladenburg Thalmann**

Your assumptions for roughly \$10 million increased non-fuel O&M Palo Verde expense in '08. Is that dollar amount something can wage you by the operator of the plant or is that your own kind of internal estimation?

**Scott D. Wilson**

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