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## El Paso Electric Co. Q3 2007 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

Thank you. (Operator Instructions) The first question is from Greg Gordon from Citigroup.

#### Greg Gordon - Citigroup

Good afternoon gentleman. A question on the earnings guidance, obviously these numbers are pretty attractive. Earnings gross rate, fundamentals sound good, But are you inferring by not including a share buy back in guidance that - to cut to the chase are you assuming, are you excluding, a buy back from guidance because you don't think you'll have any discretionary cash flow in 2008, is it too dynamic of a situation for you to commit to a buy back, or is there some other reason why you've chosen not to include a buy back in guidance?

#### Scott Wilson

I think it is probably fair to say the dynamic answer is we're looking , Greg at probably a slightly over \$200 million construction program in 2008 given the [T and D] build out and given the work on Newman 5 really starts to pick up steam in 2008. And so we think with a construction program of that magnitude we're gonna play it by ear in 2008 and we fully intend to buy shares from time to time but we're just gonna be fluid in 2008.

It really isn't that material a driver for us in terms of improving earnings per share at this point in time. We do recognize its important means to return capital to shareholders.

#### Greg Gordon - Citigroup

All right, thanks guys.

#### Operator

Brian Russo of Ladenburg Thalmann

#### Brian Russo - Ladenburg Thalmann

Good Afternoon. Just quickly, when is the next board meeting where a decision on the incremental share buy back might be decided on?

#### Erschel Redd

Middle of November.

**Brian Russo - Ladenburg Thalmann**

Ok, and I think you mentioned earlier in the call that year-over-year Palo Verde prices were down in the third quarter?

**Unidentified Company Representative**

Yes

**Brian Russo - Ladenburg Thalmann**

Could you maybe just elaborate a little bit on that and then also what you are seeing in the fourth quarter in terms of pricing and how that is kind of baked in to your 2007 guidance?

**Scott Wilson**

Give me a minute here to pull something together on pricing in the third quarter. Clearly what we saw with I think a reduction of about \$7 on average MWh in the pricing environment in both Palo Verde and Four Corner Hubs we don't see any change in the fourth quarter relative to what our estimates are. We're not projecting any difference in fourth quarter off-system sales relative to where we've been.

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