

**El Paso Electric Company (“EPE”)  
Allocation Procedure for Transmission Losses on the  
ANPP Valley Transmission System**

This Allocation Procedure describes the process employed by EPE to allocate the actual monthly obligations for losses allocated to EPE for use of the ANPP Valley Transmission System (“ANPP Transmission”) among EPE’s transmission customers that use the affected paths on ANPP Transmission.

**Applicability:**

This allocation is applicable to transmission service provided by EPE pursuant to its OATT using the ANPP Transmission system for paths with Point(s) of Receipt and Point(s) of Delivery from the following:

PALOVERDE500  
WESTWING500  
KYRENE500  
JOJOBA500

**Allocation Method:**

Three types of losses are allocated to each owner of ANPP Transmission, including EPE, based on the activity on the owner’s system during a particular hour: (1) No-Load Losses (static losses), (2) Load Losses and (3) Inadvertent Losses. For its portion of ANPP Transmission, EPE computes each customer’s losses, in MWH, for each hour during a billing month. The customer’s hourly losses will be the sum of (a) a system component (No-Load Losses for the entire ANPP Transmission system plus Inadvertent Losses) pro-rated over the sum of all schedules on EPE’s transmission without regard to flow segment or direction and (b) flow segment specific losses (Load Losses for the segments affected by customer’s schedule) pro-rated with regard to the sum of the schedules on EPE’s transmission for each affected segment and in the prevailing direction of scheduled flow.

Inadvertent Losses cannot be related to the scheduled flows in a consistent manner because (1) they are calculated on a per-segment basis by ANPP Transmission and allocated to the owners of the system on a percent-of-ownership basis, (2) they could be caused by imbalances on other segments and (3) it is possible to have zero scheduled flow on a segment where EPE has been allocated Inadvertent Losses. For these reasons, Inadvertent Losses are distributed to all customers on a system wide basis along with the No-Load Losses.

A customer's Hourly Losses are represented by the following formula:

$$HL_c = NSL + SL$$

Where:

$HL_c$  = Hourly Loss allocated to customer, in MWH

$NSL$  = Non Schedule-Specific Losses, consisting of No-Load Losses and Inadvertent Losses, allocated over all of EPE's ownership in the ANPP Transmission system (see below)

$SL$  = Schedule Flow Specific Losses, consisting of Load Losses allocated to EPE by ANPP Transmission on a segment-specific basis (see below).

A customer's Hourly Losses are summed for all hours in a billing month to determine customer's total losses, in MWH, for the billing month.

#### **Non Schedule-Specific Losses:**

The No-Load Losses, and any reported system Inadvertent Losses, will be considered as system losses and will be distributed to each customer using the following formula:

$$NSL = (NLL + IL) * SMWH_c / TMWH$$

Where:

$NLL$  = Total No-Load Losses, in MWH, as reported to EPE by ANPP Transmission for the hour

$IL$  = Total Inadvertent Losses, in MWH, as reported to EPE by ANPP Transmission for the hour

$SMWH_c$  = Customer's Scheduled MWH on the ANPP Transmission system for the hour

$TMWH$  = Total MWH scheduled for all of EPE's customers using EPE's part of the ANPP Transmission system for the hour, without regard to flow segment or direction of flow.

### **Schedule Flow Specific Losses:**

The Load Losses are specific to flow segment and direction and will be distributed among only the customers with flow scheduled on the segment in the direction of prevailing flow (the direction of flow with the highest magnitude; counter flows during an hour will not be allocated Load Losses). Schedule Flow Specific Losses for an hour are allocated using the following formula:

$$SL = LL * SMWH_c / FDMWH$$

Where:

LL = The Load Losses for the segment, in MWH, as reported to EPE by ANPP Transmission for the hour

SMWH<sub>c</sub> = The customer's total scheduled MWH for the hour for the flow segment, if customer's schedule is in the prevailing direction of flow (zero if in the counter flow direction)

FDMWH = Total MWH for all schedules over EPE's part of the flow segment in the prevailing flow direction for the hour

A customer's Schedule Flow Specific Losses for an hour are calculated and summed for all segments on the ANPP Transmission system used by the customer during the hour.