

EL PASO ELECTRIC CO /TX/
 Form 424B5
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This preliminary prospectus supplement and the accompanying prospectus relate to an effective registration statement under the Securities Act of 1933, as amended, but are not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and we are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to completion, dated May 11, 2005

PROSPECTUS SUPPLEMENT TO PROSPECTUS DATED MAY 5, 2005

\$400,000,000

% Senior Notes due May 15, 2035

We will pay interest on the Senior Notes each May 15 and November 15. The first interest payment will be made on November 15, 2005.

We may redeem some or all of the Senior Notes at any time and from time to time at the make-whole redemption price described herein.

The Senior Notes will be our senior unsecured obligations and will rank equally with all of our other existing and future senior unsecured debt from time to time outstanding.

Investing in the Senior Notes involves risks. See "Risk Factors" beginning on page 4 of the accompanying prospectus.

	Price to Public (1)	%	Underwriting Discounts and Commissions	%	Proceeds to El Paso Electric Company (before expenses)	%
Per Senior Note						
Total	\$		\$		\$	

(1) Plus accrued interest, if any, from May , 2005, if settlement occurs after that date.
 Delivery of the Senior Notes in book-entry form only will be made on or about May , 2005.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the prospectus to which it relates is truthful or complete. Any representation to the contrary is a criminal offense.

Credit Suisse First Boston

The date of this prospectus supplement is May , 2005.

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You should rely only on the information incorporated by reference or provided in this prospectus supplement

and the accompanying prospectus. No person has been authorized to give any information or to make any representation other than those set forth or incorporated by reference in this prospectus supplement and the accompanying prospectus and, if given or made, such information or representations must not be relied upon. We are not, and the underwriter is not, making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information in this prospectus supplement and the accompanying prospectus is accurate as of any date other than the date on the front of this prospectus supplement or that the documents incorporated by reference are accurate as of any date other than the date that those documents were filed by us with the Securities and Exchange Commission.

All references to "El Paso", "the Company", "we", "our", and "us" in this prospectus supplement refer to El Paso Electric Company and its subsidiaries, unless the context requires otherwise.

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SUMMARY

The following summary information is qualified in its entirety by the information contained elsewhere in this prospectus supplement and the accompanying prospectus, including the documents we have incorporated by reference, and in the indenture as described under "Description of the Senior Notes". You should read the entire prospectus supplement, including the accompanying prospectus and the documents incorporated by reference. This prospectus supplement and the accompanying prospectus contain or incorporate certain forward-looking statements. Forward-looking statements should be read together with the cautionary statements and factors referred to under "Disclosure about Forward-Looking Statements" in the accompanying prospectus.

The Company

El Paso Electric Company is a public utility engaged in the generation, transmission and distribution of electricity in an area of approximately 10,000 square miles in west Texas and southern New Mexico. The Company also serves a wholesale customer in Texas and periodically in the Republic of Mexico. The Company was incorporated in Texas in 1901. As of February 28, 2005, the Company had approximately 1,000 employees, 33% of whom were covered by a collective bargaining agreement.

The Company derives revenue principally from the sale of power to retail and wholesale customers (including economy sales), which accounted for 81% and 17%, respectively, of the Company's revenues for the three months ended March 31, 2005 and 87% and 11%, respectively, of the Company's revenues for the year ended December 31, 2004. Revenues from the sale of electricity include fuel costs, which are passed through directly to customers, and base revenues. Base revenues are revenues from the sale of electricity excluding such fuel costs. Economy sales are sales into markets outside the Company's service territory. The Company owns or has significant ownership interests in six electrical generating facilities providing it with a total capacity of approximately 1,500 megawatts (MW). For the three months ended March 31, 2005, the Company's energy sources consisted of approximately 56% nuclear fuel, 23% natural gas, 9% coal, 12% purchased power and less than 1% generated by wind turbines.

The Company's principal executive offices are located at Stanton Tower, 100 North Stanton, El Paso, Texas 79901 (telephone 915-543-5711). The Company makes available free of charge through its website, www.epelectric.com, its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission. Information contained on our website is not part of this prospectus supplement

or the accompanying prospectus.

Recent Developments

Tender Offer and Defeasance of Outstanding First Mortgage Bonds

On May 5, 2005, we announced a tender offer (the Tender Offer) for any and all of our 8.90% Series D first mortgage bonds due February 1, 2006 (the Series D Bonds) and our 9.40% Series E first mortgage bonds due May 1, 2011, which are callable on February 1, 2006 (the Series E Bonds) of which in the aggregate there are approximately \$359.4 million outstanding as of the date of this prospectus supplement, as described in an Offer to Purchase dated May 5, 2005. The Tender Offer commenced on May 5, 2005 and will expire at 11:59 p.m., New York City time on June 2, 2005, unless extended by us. In connection with the Tender Offer, we also announced our intention to defease, pursuant to the terms of our mortgage, as defined in the accompanying prospectus, all of our Series D Bonds and Series E Bonds which are not tendered and accepted for payment pursuant to the Tender Offer promptly following the final settlement relating to the Tender Offer. We intend to fund the Tender Offer and the defeasance with the net proceeds of this offering.

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Amendment of our First Mortgage Bond Indenture

We have amended the terms of the mortgage by entering into a Sixth Supplemental Indenture dated as of May 5, 2005 pursuant to which the holders of the Collateral Series H Bonds (which secure our obligations under our nuclear fuel facility) have agreed that at such time as there are no more Series D Bonds or Series E Bonds outstanding, the covenants and the events of default relating to the Initial Series Bonds, described in the accompanying prospectus under "Description of First Mortgage Bonds—Initial Series Covenants" and "—Events of Default", respectively, shall cease to apply. While any of the Series D Bonds or Series E Bonds remain outstanding, however, such covenants and events of default shall remain in effect. As described above, we intend to retire the Series D Bonds and the Series E Bonds pursuant to the Tender Offer and the defeasance.

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The Offering

Issuer	El Paso Electric Company, a Texas corporation.
Securities Offered	\$400,000,000 aggregate principal amount of % Senior Notes due May 15, 2035.
Maturity	May 15, 2035.
Interest Payment Dates	May 15 and November 15 of each year, commencing on November 15, 2005.
Interest Rate	% per year.
Further Issuances	

We may issue additional debt securities under the indenture relating to the Senior Notes having the same terms and CUSIP number as the Senior Notes in all respects, except for the issue date and the issue price. Any such additional debt securities will be consolidated with and form a single series with the Senior Notes offered hereby.

In addition to the Senior Notes, we may issue other series of debt securities under the indenture relating to the Senior Notes. There is no limit on the total aggregate principal amount of debt securities that we can issue under the indenture relating to the Senior Notes.

Covenants

The Senior Notes will be subject to covenants that will limit our ability to:

- Create liens on our operating property; and
- Consolidate with or merge into, or transfer all or substantially all of our assets to, any other party.

These covenants are subject to important exceptions and qualifications that are described under "Description of Debt Securities—Successor Obligor" in the accompanying prospectus and under "Description of the Senior Notes—Limitation on Liens."

Events of Default

The Senior Notes will be subject to the events of default described under "Description of Debt Securities—Defaults and Remedies" in the accompanying prospectus.

In addition, it will be an event of default under the Senior Notes if we fail to observe or perform any term, covenant, condition or agreement contained in any agreement or instrument evidencing or governing any indebtedness of the Company in a principal amount in excess of \$10,000,000 if the effect of any such failure is to cause such indebtedness to become due prior to its maturity. See "Description of the Senior Notes—Events of Default."

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Optional Redemption

We may redeem the Senior Notes, in whole or in part, at any time and from time to time, at the make-whole redemption price described under "Description of the Senior Notes—Optional Redemption."

Ranking

The Senior Notes will be a senior unsecured obligation and will rank equally with all of our other existing and future senior unsecured debt, including all other debt securities issued under the indenture relating to the Senior Notes, from time to time outstanding. Our secured debt is effectively senior to the Senior Notes. See "Description of the Senior Notes—Ranking."

Form and Denomination	The Senior Notes will be issued in fully registered form in denominations of \$1,000 and in integral multiples of \$1,000.
DTC Eligibility	Senior Notes will be represented by global certificates deposited with, or on behalf of, The Depository Trust Company (DTC) or its nominee. See "Description of the Senior Notes—Book-Entry System."
Same Day Settlement	Beneficial interests in the Senior Notes will trade in DTC's same-day funds settlement system until maturity. Therefore, secondary market trading activity in such interests will be settled in immediately available funds.
Use of Proceeds	The net proceeds of this offering are intended to be used for the purchase of Series D Bonds and Series E Bonds tendered or to be tendered to us and accepted for payment pursuant to the Tender Offer, and the defeasance of all such Bonds which are not so purchased in the Tender Offer. Any remaining net proceeds after the consummation of the Tender Offer and the defeasance will be used for general corporate purposes. See "Use of Proceeds."
Risk Factors	See "Risk Factors" beginning on page 4 of the accompanying prospectus and other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus for a discussion of factors you should carefully consider before investing in the Senior Notes.
Trustee	JPMorgan Chase Bank, National Association.
Listing	The Senior Notes will not be listed on any national securities exchange.
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USE OF PROCEEDS

The net proceeds from the sale of the Senior Notes will be approximately \$ million after the deduction of the underwriting discount and our expenses. We intend to use the net proceeds from the sale of the Senior Notes to finance our previously announced Tender Offer for any and all of our Series D Bonds and our Series E Bonds, of which in the aggregate there are approximately \$359.4 million outstanding as of the date of this prospectus supplement, and for the defeasance of all Series D Bonds and Series E Bonds not purchased pursuant to the Tender Offer, including related premiums and expenses. Any remaining net proceeds after the consummation of the Tender Offer and the defeasance will be used for general corporate purposes.

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CAPITALIZATION

The following table sets forth our cash and cash equivalents and consolidated capitalization as of March 31, 2005 on an actual basis and on an as adjusted basis to give effect to the issuance of \$400,000,000 principal amount of the Senior Notes in this offering and the application of the net proceeds from this offering to the purchase and/or defeasance of the remaining outstanding \$359,362,000 aggregate principal amount of our Series D Bonds and our Series E Bonds, as described under "Use of Proceeds." This table should be read in conjunction with the financial statements and notes thereto incorporated by reference in this prospectus supplement and the accompanying prospectus.

	As of March 31, 2005	
	Actual	As Adjusted
	(In Millions)	
Cash and equivalents ⁽¹⁾	\$ 40.0	\$ 34.3
Current portion of long-term debt and financing obligations ⁽²⁾	\$ 214.0	\$ 214.0
8.90% Series D first mortgage bonds ⁽³⁾	175.8	—
9.40% Series E first mortgage bonds	183.6	—
Financing obligations, net of current portion	18.4	18.4
% Senior Notes due May 15, 2035	—	400.0
Total debt	591.7	632.4
Total common stock equity ⁽¹⁾	536.5	515.8
Total capitalization	\$ 1,128.2	\$ 1,148.2

(1) "As adjusted cash and equivalents" and "as adjusted total common stock equity" reflect payments related to (i) the estimated settlement of our treasury rate lock agreements and (ii) the estimated portion of the tender premium and defeasance costs relating to the 8.90% Series D and 9.40% Series E first mortgage bonds that will not be amortized under SFAS 71. The actual tender premium could vary based on the results of the Tender Offer.

(2) Consists of \$193.1 million of pollution control bonds classified as current maturities since they are due within one year and \$20.9 million current portion of nuclear fuel obligations.

(3) Currently classified as current portion of long-term debt since they mature on February 1, 2006.

RATIO OF EARNINGS TO FIXED CHARGES

Our ratio of earnings to fixed charges for the three months ended March 31, 2005 was 1.5. For our ratios of earnings to fixed charges for each of the five years ended December 31, 2004, see "Ratios of Earnings to Fixed Charges" in the accompanying prospectus.

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DESCRIPTION OF THE SENIOR NOTES

The following description of the particular terms of the Senior Notes supplements, and to the extent inconsistent, replaces, the description in the accompanying prospectus of the general terms and provisions of the debt securities under "Description of Debt Securities" to which description reference is hereby made. Capitalized terms defined in the accompanying prospectus and not defined herein are used herein as therein defined.

General

The following is a summary of the terms of the Senior Notes. The Senior Notes will be issued under an indenture dated as of May 1, 2005 between us and JPMorgan Chase Bank, National Association, as trustee in substantially the form attached as Exhibit 4.6 to our Registration Statement on Form S-3 (File No. 333-123646) of which the accompanying prospectus is a part. This description is not complete and investors should refer to the form of indenture. The Senior Notes will be established under the indenture pursuant to a securities resolution.

Maturity, Interest, Form and Denomination

The Senior Notes will initially be limited to \$400,000,000 in aggregate principal amount. The Senior Notes will mature on May 15, 2035, unless redeemed prior to that date, and will bear interest at the rate of % per year.

Interest on the Senior Notes will accrue from the date of original issuance and will be payable semi-annually in arrears on May 15 and November 15 of each year commencing on November 15, 2005 to holders of record of the Senior Notes on the preceding May 1 and November 1, respectively. If an interest payment date falls on a day that is not a business day, interest will be payable on the next succeeding business day with the same force and effect as if made on such interest payment date. Interest on the Senior Notes will be calculated on the basis of a 360-day year of twelve 30-day months. The notes will be issued in fully registered form in denominations of \$1,000 and in integral multiples of \$1,000.

Further Issues of the Same Series

We may, from time to time, without the consent of the existing holders of the Senior Notes, issue additional debt securities under the indenture having the same terms and CUSIP number as the Senior Notes in all respects, except for the issue date and the issue price. Any such additional debt securities will be consolidated with and form a single series with the Senior Notes offered hereby.

In addition to the Senior Notes, we may issue other series of debt securities under the indenture. There is no limit on the total aggregate principal amount of debt securities that we can issue under the indenture.

Ranking

The Senior Notes will be our senior unsecured obligations and will rank equally with all of our other existing and future senior unsecured debt, including any other debt securities issued under the indenture from time to time outstanding. As of March 31, 2005, we had outstanding \$193.1 million of senior unsecured obligations, which consisted of our pollution control bonds. The Senior Notes will be senior to any existing and future debt which by its terms is made subordinate to the Senior Notes.

The Senior Notes will rank junior to our existing and future secured debt. As of March 31, 2005, we had \$398.7 million of secured debt, which consisted of our Series D and our Series E Bonds and \$39.2 million outstanding under our nuclear fuel facility. We intend to purchase and/or defease our Series D Bonds and our Series E Bonds with the net proceeds of this offering. See "Use of Proceeds." We have the ability to increase the amount of our nuclear fuel facility to \$150 million. The limitation on liens covenant described below under "—Limitation on Liens" will restrict our ability to create liens on our operating property. However, this covenant is subject to a number of important

exceptions and qualifications, including an exception that will permit us to issue additional first mortgage bonds under our mortgage in the future. See "Description of First Mortgage Bonds—Issuance of Additional Bonds" in the accompanying prospectus.

Optional Redemption

The Senior Notes will be redeemable in whole or in part, at our option, at any time and from time to time, at a redemption price equal to the greater of (1) 100% of the principal amount of the Senior Notes to be redeemed or (2) the sum of the present values of the remaining scheduled payments of principal and interest thereon (exclusive of interest accrued to the redemption date) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate as defined below, plus basis points, plus, in either case, accrued and unpaid interest thereon to the redemption date.

"Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to a maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount equal to the Comparable Treasury Price for such redemption date). The Treasury Rate will be calculated on the third business day preceding the redemption date.

"Comparable Treasury Issue" means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the Senior Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Senior Notes.

"Comparable Treasury Price" means, with respect to any redemption date, (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (2) if we obtain fewer than four such Reference Treasury Dealer Quotations, the average of all such Quotations.

"Independent Investment Banker" means one of the Reference Treasury Dealers that we appoint.

"Reference Treasury Dealers" means (1) Credit Suisse First Boston LLC and its respective successors; provided, however, that if any of the foregoing shall cease to be a primary U.S. Government securities dealer (a "Primary Treasury Dealer"), we shall substitute another nationally recognized investment banking firm that is a Primary Treasury Dealer, and (2) two other Primary Treasury Dealers selected by us.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by us, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to us by such Reference Treasury Dealer at 5:00 p.m. on the third business day preceding such redemption date.

Notice of any redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each holder of Senior Notes to be redeemed. Any notice of redemption at our option with respect to the Senior Notes may state that such redemption will be conditional upon the occurrence of any event before the redemption date described in such notice, and such notice will be of no force and effect unless all such conditions to the redemption have occurred on or before such redemption date. In the event that such conditions are not met, we will not be required to

redeem the Senior Notes.

Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Senior Notes or portions thereof called for redemption.

Limitation on Liens

So long as any Senior Notes are outstanding, we may not create or permit to be created, any mortgage, security interest, pledge, lien or other encumbrance ("Lien") of or upon any of our

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Operating Property (as defined below), whether owned at the date of the indenture or thereafter acquired, to secure any Debt (as defined below), without effectively securing the Senior Notes (together with, if we shall so determine, any of our other Debt ranking senior to, or equally with, the Senior Notes) equally and ratably with such Debt (but only so long as such Debt is so secured), subject to the following exceptions, one or more of which may apply to any particular Lien.

The foregoing restriction will not apply to:

- Liens to secure Debt incurred without limitation as to amount under the Mortgage;
- Liens to secure Debt existing on the date of the issuance of the Senior Notes; provided that such Debt shall not be increased in amount, except for the Debt under our Credit Agreement dated as of December 17, 2004 among the Company, JPMorgan Chase Bank, National Association, as trustee of the Rio Grande Resources Trust II, the lenders party thereto and JPMorgan Chase Bank, National Association as Administrative Agent, Collateral Agent and Issuing Bank, which may be increased to \$150,000,000 in principal amount;
- Liens on any Operating Property which existed on such property prior to the acquisition thereof by us, to secure Debt assumed by us in connection with such acquisition;
- Liens to secure Debt incurred by the Company in connection with the acquisition or lease by the Company in the ordinary course of business, after the date of the issuance of the Senior Notes, of furniture, fixtures, equipment and other assets not owned by the Company as of the date of issuance of the Senior Notes provided that (a) such Debt shall not be secured by any Operating Property of the Company other than the Operating Property with respect to which such Debt is incurred, and (b) the Lien securing such Debt shall be created within 90 days of the incurrence of such Debt;
- Liens to secure Debt of any entity existing at the time such entity is merged into or consolidated with, or such entity disposes of all or substantially all its properties (or those of a division) to, us;
- Liens to secure Debt incurred to acquire, construct, develop or substantially repair, alter or improve Operating Property or to provide funds for any such purpose or for reimbursement of funds previously expended for any such purpose; provided that such Debt is incurred contemporaneously with, or within 24 months after, such acquisition or the completion of construction, development or substantial repair, alteration or improvement;
- Liens to secure, directly or indirectly, our obligations with respect to debt issued by any Governmental Authority (as defined herein), including debt represented by securities issued by

any such Governmental Authority (or providers of credit enhancement with respect to such securities), including, without limitation, our obligations with respect to industrial development, pollution control or similar revenue bonds incurred for the purpose of financing all or any part of the purchase price or the cost of substantially repairing or altering, constructing, developing or substantially improving our Operating Property;

- Liens to secure Debt which has been defeased, including the Senior Notes;
- Liens to secure Debt incurred in connection with an accounts receivable facility and/or contract payments facility or the securitization of any Excepted Assets (as defined below); and
- Liens to secure any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of an instrument or agreement creating any Debt referred to in the above clauses.

Also, the foregoing restriction will not apply to Liens, otherwise subject to the foregoing restrictions, to secure Debt of up to an aggregate principal amount (not including Debt secured by Liens permitted by any of the foregoing exceptions) which, immediately following the creation of such Lien, together with all other Debt so secured, does not exceed 15% of Capitalization (as defined below). As of March 31, 2005, our Capitalization, as defined for purposes of this covenant, was approximately \$1,128.2 million.

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For purposes of the limitation on liens covenant described above, certain terms are defined as follows:

"Capitalization" means the total of all the following items appearing on, or included in, our consolidated balance sheet:

- liabilities for Debt; and
- common stock, preferred stock, hybrid preferred securities, premium on capital stock, capital surplus, capital in excess of par value and retained earnings (however the foregoing may be designated), less, to the extent not otherwise deducted, the cost of shares of our capital stock held in our treasury.

Subject to the foregoing, Capitalization shall be determined in accordance with generally accepted accounting principles applicable to the type of business in which we are engaged and that are approved by independent accountants regularly retained by us, and may be determined as of a date not more than sixty (60) days prior to the happening of an event for which such determination is being made.

"Debt" means any of our outstanding debt for money borrowed evidenced by notes, debentures, bonds, or other securities, or guarantees of any thereof.

"Excepted Assets" means all bills, notes and other instruments, accounts receivable, claims, credits, judgments, demands, general intangibles, licenses and privileges (except franchises and permits), emissions allowances, choses in action, patents, patent applications, patent licenses and other patent rights, trade names, trademarks and all contracts, leases and agreements of whatsoever kind and nature, other than any of the foregoing which are by the express provisions of the Mortgage subjected or required to be subjected to the Lien of the Mortgage.

"Governmental Authority" means any federal, state, local or foreign court or governmental agency, authority, instrumentality or regulatory body.

"Mortgage" means the General Mortgage Indenture and Deed of Trust dated February 1, 1996 between the Company and U.S. Bank National Association, successor to State Street Bank and Trust Company, as Trustee, as amended, supplemented, substituted or replaced from time to time; provided, however, that any such substitution or replacement will provide for a Lien on substantially all of the Company's Operating Property subject to exceptions substantially similar to those contained in the previously existing Mortgage.

"Operating Property" means, as of any particular time, (i) all of the real, personal and mixed property which is an integral part of or is used or to be used as an integral part of the electric generating, transmission and/or distribution operations of the Company, (ii) any undivided legal interest of the Company in any such property which is jointly owned by the Company and any other person or persons and (iii) franchises and permits owned by the Company in connection with the electric generating, transmission and/or distribution operations of the Company, including, without limitation all of such property which is acquired by the Company after the date hereof; provided, however, that Operating Property shall not be deemed to include Excepted Property (as defined in the Mortgage). See "Description of First Mortgage Bonds – Mortgaged Property" in the accompanying prospectus.

Events of Default

The Senior Notes will be subject to the events of default contained in the indenture as described under "Description of Debt Securities—Defaults and Remedies" in the accompanying prospectus. In addition, pursuant to the securities resolution establishing the terms of the Senior Notes, it will be an event of default under the Senior Notes if the Company fails to observe or perform any term, covenant, condition or agreement contained in any agreement or instrument evidencing or governing any Debt (as defined above) in a principal amount in excess of \$10,000,000 if the effect of any such failure is to cause such Debt to become due prior to its stated maturity.

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Defeasance

The Senior Notes will be subject to covenant defeasance and legal defeasance pursuant to the terms and conditions set forth in Article 9 of the indenture. See "Description of Debt Securities— Legal Defeasance and Covenant Defeasance" in the accompanying prospectus.

Concerning the Trustee

The Trustee has loaned money to us and provided other services to us in the past and may do so in the future as a part of its regular business.

Book-Entry System

The Senior Notes will be issued in the form of one or more fully registered global securities. The global security will be deposited with the trustee as custodian for DTC and registered in the name of Cede & Co., or Cede, as DTC's nominee. Except in the limited circumstances described under "Global Securities" in the accompanying prospectus, the Senior Notes will not be issued in definitive certificated form. The global security may be transferred, in whole and not in part, only to another nominee of DTC.

DTC has advised us and the underwriter as follows:

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" under the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds securities that its participants deposit with DTC and facilitates the settlement of transactions among its participants in such securities, through electronic computerized book-entry changes in participants' accounts, thereby eliminating the need for physical movement of securities certificates. DTC's participants include securities brokers and dealers (including the Underwriters), banks, trust companies, clearing corporations, and certain other organizations, some of whom (and/or their representatives) own DTC. Access to the DTC system is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly.

Purchases of Senior Notes under the DTC system must be made by or through direct participants, which will receive a credit for the Senior Notes on DTC's records. The ownership of interest of each actual purchaser of Senior Notes (a "beneficial owner") is in turn to be recorded on the direct and indirect participants' records. Beneficial owners will not receive written confirmation from DTC of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct and indirect participant through which the beneficial owner entered into the transaction. Transfers of ownership interests in the Senior Notes are to be accomplished by entries made on the books of participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in the Senior Notes, except in the event that use of the book-entry system for the Senior Notes is discontinued.

To facilitate subsequent transfers, all Senior Notes deposited by participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Senior Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the Senior Notes; DTC's records reflect only the identity of the direct participants to whose accounts such Senior Notes are credited, which may or may not be the beneficial owners. The participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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Neither DTC nor Cede & Co. will consent or vote with respect to the global notes. Under its usual procedures DTC mails an Omnibus Proxy to us as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts interests in the global notes are credited on the record date (identified in the listing attached to the Omnibus Proxy).

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that we believe to be reliable (including DTC), but we take no responsibility for the accuracy for such information.

Neither we, the trustee nor the underwriter will have any responsibility or obligation to participants, or the persons for whom they act as nominees, with respect to the accuracy of the records of DTC, its nominee or any direct or indirect participant with respect to any ownership interest in the Senior Notes, or payments to, or the providing of notice to participants or beneficial owners.

Global Clearance and Settlement Procedures

Initial settlement for the Senior Notes will be made in immediately available funds. Secondary market trading between the DTC participants will occur in the ordinary way in accordance with DTC's rules and will be settled in immediately available funds using DTC's Same-Day Funds Settlement System.

Additional Information

See "Description of Debt Securities" in the accompanying prospectus for additional important information about the Senior Notes. That information includes:

- additional information about the terms of the Senior Notes;
- general information about the indenture and the trustee; and
- a description of the events of default under the indenture.

See "Description of First Mortgage Bonds" in the accompanying prospectus for information about our ability to issue additional first mortgage bonds under our mortgage, which will rank senior to the Senior Notes.

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UNDERWRITING

Under the terms and subject to the conditions contained in the Terms Agreement dated May , 2005 and the Underwriting Agreement attached as an annex to the Terms Agreement, we have agreed to sell to Credit Suisse First Boston LLC all of the Senior Notes.

The Underwriting Agreement provides that the underwriter is obligated to purchase all of the Senior Notes if any are purchased.

The underwriter proposes to offer the Senior Notes initially at the public offering price on the cover page of this prospectus supplement and to selling group members at that price less a selling concession of % of the principal amount per Senior Note. The underwriter and selling group members may allow a discount of % of the principal amount per Senior Note on sales to other broker/dealers.

We estimate that our out of pocket expenses for this offering will be approximately \$.

The Senior Notes are a new issue of securities with no established trading market. The underwriter intends to make a secondary market for the Senior Notes. However, the underwriter is not obligated to do so and may discontinue making a secondary market for the Senior Notes at any time without notice. No assurance can be given as to how liquid the trading market for the Senior Notes will be.

We have agreed to indemnify the underwriter against liabilities under the Securities Act, or contribute to payments which the underwriter may be required to make in that respect.

The underwriter and its affiliates have provided in the past and may in the future provide investment banking, general financing and commercial banking or other services to us and our affiliates, for which they have received and will receive fees and expenses. In addition, the underwriter is acting as dealer manager in connection with our outstanding

Tender Offer and the counter-party to treasury rate lock agreements we entered into during the first quarter of 2005.

In connection with the offering the underwriter, may engage in stabilizing transactions, over-allotment transactions, syndicate covering transactions and penalty bids in accordance with Regulation M under the Securities Exchange Act of 1934.

- Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.
- Over-allotment involves sales by the underwriter of Senior Notes in excess of the principal amount of the Senior Notes the underwriter is obligated to purchase, which creates a syndicate short position.
- Syndicate covering transactions involve purchases of the Senior Notes in the open market after the distribution has been completed in order to cover syndicate short positions. A short position is more likely to be created if the underwriter is concerned that there may be downward pressure on the price of the Senior Notes in the open market after pricing that could adversely affect investors who purchase in the offering.
- Penalty bids permit the underwriter to reclaim a selling concession from a selling group member when the Senior Notes originally sold by the selling group member are purchased in a stabilizing transaction or a syndicate covering transaction to cover syndicate short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of the Senior Notes or preventing or retarding a decline in the market price of the Senior Notes. As a result the price of the Senior Notes may be higher than the price that might otherwise exist in the open market. These transactions, if commenced, may be discontinued at any time.

Credit Suisse First Boston LLC will make the Senior Notes available for distribution on the Internet through a proprietary Web site and/or a third-party system operated by MarketAxess Corporation, an Internet-based communications technology provider. MarketAxess Corporation is

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providing the system as a conduit for communications between Credit Suisse First Boston LLC and its customers and is not a party to any transactions. MarketAxess Corporation, a registered broker-dealer, will receive compensation from Credit Suisse First Boston LLC based on transactions conducted through the system. Credit Suisse First Boston LLC will make the Senior Notes available to its customers through the Internet distributions, whether made through a proprietary or third-party system, on the same terms as distributions made through other channels.

NOTICE TO CANADIAN RESIDENTS

Resale Restrictions

The distribution of the Senior Notes in Canada is being made only on a private placement basis exempt from the requirement that we prepare and file a prospectus with the securities regulatory authorities in each province where trades of the Senior Notes are made. Any resale of the Senior Notes in Canada must be made under applicable securities laws which will vary depending on the relevant jurisdiction, and which may require resales to be made under available statutory exemptions or under a discretionary exemption granted by the applicable Canadian securities regulatory authority. Purchasers are advised to seek legal advice prior to any resale of the Senior Notes.

Representations of Purchasers

By purchasing Senior Notes in Canada and accepting a purchase confirmation a purchaser is representing to us and the dealer from whom the purchase confirmation is received that:

- the purchaser is entitled under applicable provincial securities laws to purchase the Senior Notes without the benefit of a prospectus qualified under those securities laws,
- where required by law, that the purchaser is purchasing as principal and not as agent, and
- the purchaser has reviewed the text above under Resale Restrictions.

Rights of Action – Ontario Purchasers Only

Under Ontario securities legislation, a purchaser who purchases a security offered by this prospectus supplement to the accompanying prospectus during the period of distribution will have a statutory right of action for damages, or while still the owner of the Senior Notes, for rescission against us in the event that this prospectus supplement and the accompanying prospectus contain a misrepresentation. A purchaser will be deemed to have relied on the misrepresentation. The right of action for damages is exercisable not later than the earlier of 180 days from the date the purchaser first had knowledge of the facts giving rise to the cause of action and three years from the date on which payment is made for the Senior Notes. The right of action for rescission is exercisable not later than 180 days from the date on which payment is made for the Senior Notes. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against us. In no case will the amount recoverable in any action exceed the price at which the Senior Notes were offered to the purchaser and if the purchaser is shown to have purchased the securities with knowledge of the misrepresentation, we will have no liability. In the case of an action for damages, we will not be liable for all or any portion of the damages that are proven to not represent the depreciation in value of the Senior Notes as a result of the misrepresentation relied upon. These rights are in addition to, and without derogation from, any other rights or remedies available at law to an Ontario purchaser. The foregoing is a summary of the rights available to an Ontario purchaser. Ontario purchasers should refer to the complete text of the relevant statutory provisions.

Enforcement of Legal Rights

All of our directors and officers as well as the experts named herein may be located outside of Canada and, as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon us or those persons. All or a substantial portion of our assets and the assets of

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those persons may be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against us or those persons in Canada or to enforce a judgment obtained in Canadian courts against us or those persons outside of Canada.

Taxation and Eligibility for Investment

Canadian purchasers of the Senior Notes should consult their own legal and tax advisors with respect to the tax consequences of an investment in the Senior Notes in their particular circumstances and about the eligibility of the Senior Notes for investment by the purchaser under relevant Canadian legislation.

VALIDITY OF THE SENIOR NOTES

The validity of the Senior Notes will be passed upon by Clark, Thomas & Winters, Austin, Texas, and Davis Polk & Wardwell, New York, New York. Certain legal matters in connection with the interpretation of federal law and the law of the States of Texas, New Mexico and Arizona will be passed upon by (i) Clark, Thomas & Winters, Austin, Texas, in respect of Texas law only, (ii) Law Offices of Randall W. Childress, P.C., Santa Fe, New Mexico, in respect of New Mexico law, (iii) Dewey Ballantine LLP, Washington, D.C., in respect of federal energy regulatory matters, and (iv) Perkins Coie Brown & Bain P.A., Phoenix, Arizona, in respect of Arizona law. Pillsbury Winthrop Shaw Pittman LLP, New York, New York, will issue an opinion about certain legal matters with respect to the Senior Notes for the underwriter.

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Prospectus

EL PASO ELECTRIC COMPANY

Debt Securities

First Mortgage Bonds

Common Stock (no par value)

Preferred Stock (no par value)

Warrants

Purchase Contracts

Units

We may offer and issue debt securities, first mortgage bonds, shares of our common stock and preferred stock, warrants, purchase contracts, and units from time to time in one or more offerings. This prospectus describes the general terms of these securities and the general manner in which we will offer them. We will provide the specific terms of these securities in supplements to this prospectus. The prospectus supplements will also describe the specific manner in which we will offer these securities and may also supplement, update or amend information contained in this document. You should read this prospectus and the applicable prospectus supplement before you invest.

We may offer these securities in amounts, at prices and on terms determined at the time of offering. We may sell the securities directly to you, through agents we select, or through underwriters and dealers we select. If we use agents, underwriters or dealers to sell these securities, we will name them and describe their compensation in a prospectus supplement.

Our common stock is listed on the New York Stock Exchange under the symbol "EE". We have not yet determined whether the other securities that may be offered by this prospectus will be listed on any exchange, inter-dealer quotation system or over-the-counter market. If we decide to seek the listing of any such securities upon issuance, the prospectus supplement relating to those securities will disclose the exchange, quotation system or market on which the securities will be listed.

Investing in our securities involves risk. See Risk Factors beginning on page 4.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is May 5, 2005.

You should rely only on the information contained in or incorporated by reference in this prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this prospectus.

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This summary highlights information contained elsewhere or incorporated by reference in this prospectus and may not contain all of the information that may be important to you. For a more complete understanding of this offering, we encourage you to read this entire document and the documents we refer you to. You should read the following summary together with the more detailed information and financial statements and the notes to those statements incorporated by reference in this prospectus. Unless the context otherwise requires, all references in this prospectus to "El Paso," "the Company," "we," "us," "the Registrant," "our," or similar words are to El Paso Electric Company.

The Company

The Company is subject to federal, Texas, and New Mexico regulations. In addition, the Company's Palo Verde Nuclear Generating Facility (Palo Verde), which represents approximately 40% of the Company's available net generating capacity and represented approximately 49% of the Company's available energy for the twelve months ended December 31, 2004, is subject to performance standards in New Mexico and Texas. If such performance standards are not met, the Company is subject to a penalty. See "Business—Regulation—Texas Regulatory Matters—Palo Verde Performance Standards" in our Annual Report on Form 10-K for the year ended December 31, 2004.

The Company serves approximately 332,000 residential, commercial, industrial and wholesale customers. The Company distributes electricity to retail customers principally in El Paso, Texas and Las Cruces, New Mexico (representing approximately 59% and 9%, respectively, of the Company's operating revenues for the year ended December 31, 2004). Pursuant to the Stipulation and Settlement Agreement dated August 30, 1995 between the Company, the City of El Paso, the Texas Office of Public Utility Counsel and most other parties to the Company's rate proceedings before the Public Utility Commission of Texas (the Texas Commission), the Company's retail rates in Texas are frozen for a period of ten years from August 2, 1995 to August 1, 2005 (the Freeze Period). After the expiration of the Freeze Period, the Company will be subject to traditional cost of service regulation by the Texas Commission and the Texas cities it serves.

The Company's wholesale sales include sales for resale to other electric utilities and periodically sales to the Comisión Federal de Electricidad de Mexico, the national electric utility of Mexico, and power marketers. Principal industrial and other large customers of the Company include steel producers, copper and oil refineries, and United States military installations, including the United States Army Air Defense Center at Fort Bliss in Texas and White Sands Missile Range and Holloman Air Force Base in New Mexico. The Company owns or has significant ownership interests in four major 345 kilovolts (kV) transmission lines in New Mexico and three 500 kV lines in Arizona, and owns the transmission and distribution network within its New Mexico and Texas retail service area and operates these facilities under franchise agreements with various municipalities.

About This Prospectus

This prospectus is part of a registration statement that we filed with the SEC utilizing a shelf registration process. Under this process, we may, from time to time, sell the debt securities, first mortgage bonds, shares of common stock, shares of preferred stock, warrants, purchase contracts, and units described in this prospectus in one or more offerings with a total aggregate offering price not to exceed \$1,000,000,000.

Certain matters discussed in this prospectus or incorporated by reference into this prospectus other than statements of historical information are "forward-looking statements." The Private Securities Litigation Reform Act of 1995 has established that these statements qualify for safe harbors from liability. Forward-looking statements may include words like "believes", "anticipates", "targets", "expects", "pro forma", "estimates", "intends" and words of similar meaning. Forward-looking statements describe the Company's future plans, objectives, expectations or goals. Such statements address future events and conditions concerning:

- capital expenditures,
- earnings,
- liquidity and capital resources,
- litigation,
- accounting matters,
- possible corporate restructurings, acquisitions and dispositions,
- compliance with debt and other restrictive covenants,
- interest rates and dividends,
- environmental matters,
- nuclear operations, and
- the overall economy of the Company's service area.

These forward-looking statements involve known and unknown risks that may cause the Company's actual results in future periods to differ materially from those expressed in any forward-looking statement. Factors that would cause or contribute to such differences include, but are not limited to, such things as:

- the Company's rates following the end of the Freeze Period,
- the Company's rates following the end of the three-year freeze on base rates pursuant to the Stipulation and Settlement Agreement dated April 27, 2004 between the Company and all other parties to the Company's rate proceedings before the New Mexico Public Regulation Commission (the New Mexico Commission),
- loss of margins on off-system sales,
- increased costs at Palo Verde,
- unscheduled outages,
- electric utility deregulation or re-regulation,
- regulated and competitive markets,
- ongoing municipal, state and federal activities,
- economic and capital market conditions,
- changes in accounting requirements and other accounting matters,
- changing weather trends,
- rates, cost recoveries and other regulatory matters,
- the impact of changes and downturns in the energy industry and the market for trading wholesale electricity,
- political, legislative, judicial and regulatory developments,

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- the impact of lawsuits filed against the Company,
 - the impact of changes in interest rates,
 - inability to refinance maturing debt,
 -

changes in, and the assumptions used for, pension and other post-retirement and post-employment benefit liability calculations, as well as actual and assumed investment returns on pension plan assets,

- the impact of changing cost and cost escalation and other assumptions on the Company's nuclear decommissioning liability for Palo Verde,
- Texas, New Mexico and electric industry utility service reliability standards,
- homeland security considerations,
- coal, natural gas, oil and wholesale electricity prices, and
- other circumstances affecting anticipated operations, sales and costs.

These lists are not all-inclusive because it is not possible to predict all factors. A discussion of some of these factors is included in this document under the heading "Risk Factors" and in our Annual Report on Form 10-K for the year ended December 31, 2004, incorporated by reference in this prospectus, under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the sections "—Summary of Critical Accounting Policies and Estimates" and "—Liquidity and Capital Resources". This report should be read in its entirety. No one section of this prospectus and our Annual Report on Form 10-K for the year ended December 31, 2004, incorporated by reference in this prospectus, deals with all aspects of the subject matter; these documents should be read in their entireties. Any forward-looking statement speaks only as of the date such statement was made, and the Company is not obligated to update any forward-looking statement to reflect events or circumstances after the date on which such statement was made except as required by applicable laws or regulations.

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RISK FACTORS

Like other companies in our industry, our consolidated financial results will be impacted by weather, the economy of our service territory, fuel prices, the performance of our customers and the decisions of regulatory agencies. Our common stock price and creditworthiness will be affected by national and international macroeconomic trends, general market conditions and the expectations of the investment community, all of which are largely beyond our control. In addition, the following statements highlight risk factors that may affect our consolidated financial condition and results of operations. This is not intended to be an exhaustive discussion of all such risks, and the statements below must be read together with factors discussed elsewhere in this document and in our other filings with the SEC.

Our Costs Could Increase if There Are Problems at the Palo Verde Nuclear Generating Station

A significant percentage of our generating capacity, assets and operating expenses is attributable to Palo Verde. The Company's 15.8% interest in each of the three Palo Verde units total approximately 600 MW of generating capacity. Palo Verde represents approximately 40% of our available net generating capacity and represented approximately 49% of our available energy for the twelve months ended December 31, 2004. Nuclear fuel represented approximately 49% of the total kilowatt-hours (kWh) energy mix of the Company for the twelve months ended December 31, 2004. We face the risk of additional or unanticipated costs at Palo Verde resulting from (i) increases in operation and maintenance expenses; (ii) the replacement of steam generators in Palo Verde Units 1 and 3; (iii) an extended outage of any of the Palo Verde units; (iv) increases in estimates of decommissioning costs; (v) the storage of radioactive waste, including spent nuclear fuel; (vi) insolvency of other utilities who share in power and energy entitlements and bear certain allocated costs with respect to Palo Verde pursuant to the Arizona Nuclear Power Project Participation Agreement dated August 23, 1973, as amended; and (vii) compliance with the various requirements and regulations governing commercial nuclear generating stations. At the same time, our retail base rates in Texas are effectively

capped for the duration of the Freeze Period. As a result, we cannot raise our base rates in Texas prior to the expiration of the Freeze Period in the event of increases in non-fuel costs or loss of revenue. Additionally, should retail competition occur, there may be competitive pressure on our power generation rates which could reduce our profitability. We cannot assure that our revenues will be sufficient to recover any increased costs, including any increased costs in connection with Palo Verde or other operations, whether as a result of inflation, changes in tax laws or regulatory requirements, or other causes.

Our Retail Rates Are Subject to Change Following the Termination of our Ten-Year Rate Freeze in August 2005

Sales to our customers in Texas accounted for 68% of our revenues for the twelve months ended December 31, 2004; our rates in Texas have been frozen and not subject to regulatory review since August 2, 1995. The Freeze Period expires on August 1, 2005. Thereafter, we will be subject to traditional cost of service regulation by the Texas cities that we serve and the Texas Commission. There can be no assurance that we will be able to maintain our Texas rates after expiration of the Freeze Period. In addition, the end of the Freeze Period may mean that we will no longer be entitled to retain 50% of our margins from off-system sales. If a return to cost of service regulation leads to lower rates or the retention by us of less of the margin from off-system sales, there would be a material negative impact on our revenues, earnings, cash flows and financial position.

Our Franchise With the City of El Paso Expires in August 2005

El Paso is the largest city in our service area, representing 59% of our revenues for the twelve months ended December 31, 2004. Our ten-year franchise with the City of El Paso expires on August 1, 2005 and there can be no assurance that we will be able to negotiate a new franchise on terms that are acceptable to us.

We May Not Be Able to Pass Through All of our Fuel Expenses to Customers

In general, through regulation, we can pass through our fuel and purchased power expenses to our customers. Nevertheless, we agreed in 2004 to a fixed fuel factor for ten percent of our retail

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customers in New Mexico. This subjects us to the risk of increased costs of fuel that would not be recoverable. The portion of fuel expense that is not fixed is subject to reconciliation by the Texas and New Mexico Commissions. Prior to the completion of a reconciliation, we record fuel transactions such that fuel revenues equal fuel expense except for the portion fixed in New Mexico. In the event that a disallowance occurs during a reconciliation proceeding, the amounts recorded for fuel and purchased power expenses could differ from the amounts allowed to be collected by us from our customers and we would incur a loss to the extent of the disallowance.

Equipment Failures and Other External Factors Can Adversely Affect our Results

The generation and transmission of electricity require the use of expensive and complex equipment. While we have a maintenance program in place, generating plants are subject to unplanned outages because of equipment failure. We are particularly vulnerable to this due to the advanced age of several of our generating units in or near the City of El Paso, Texas. In these events, we must acquire power from others at unpredictable costs in order to supply our customers and comply with our contractual agreements. This can increase our costs materially and prevent us from selling excess power at wholesale, thus reducing our profits. In addition, decisions or mistakes by other utilities may adversely affect our ability to use transmission lines to deliver or import power, thus subjecting us to unexpected

expenses or to the cost and uncertainty of public policy initiatives. We are particularly vulnerable to this because a significant portion of our available energy (at Palo Verde and Four Corners Generating Station) is located hundreds of miles from the City of El Paso, Texas and the City of Las Cruces, New Mexico and must be delivered to our customers over long distance transmission lines. These factors, as well as weather, interest rates, economic conditions, fuel prices and price volatility, are largely beyond our control, but may have a material adverse effect on our consolidated earnings, cash flows and financial position.

Competition and Deregulation Could Result in a Loss of Customers and Increased Costs

As a result of changes in federal law, our wholesale and large retail customers already have, in varying degrees, alternate sources of economical power, including co-generation of electric power. In addition, in recent years, both New Mexico and Texas passed industry deregulation legislation requiring us to separate our transmission and distribution functions, which would remain regulated, from our power generation and energy services businesses, which would operate in a competitive market, in the future. New Mexico repealed the New Mexico Restructuring Act in April 2003, our operations in New Mexico will remain fully regulated. On October 13, 2004, the Texas Commission approved a rule delaying retail competition in our Texas service territory. There is substantial uncertainty about both the regulatory framework and market conditions that would exist if and when retail competition is implemented in our Texas service territory, and we may incur substantial preparatory, restructuring and other costs that may not ultimately be recoverable. There can be no assurance that deregulation would not adversely affect our future operations, cash flows and financial condition.

USE OF PROCEEDS

Unless otherwise indicated in a prospectus supplement, the net proceeds from the sale of the offered securities will be used to refinance or otherwise retire our existing indebtedness under our outstanding first mortgage bonds described on page 16 and for general corporate purposes, primarily to fund our operations, to finance capital expenditures and from time to time to repurchase outstanding shares of our common stock. The prospectus supplement relating to a particular offering of securities by us will identify the use of proceeds for that offering.

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RATIOS OF EARNINGS TO FIXED CHARGES

The table below sets forth our ratios of earnings to fixed charges for the periods indicated.

For the Fiscal Years Ended				
December 31, 2004	December 31, 2003	December 31, 2002	December 31, 2001	December 31, 2000
1.8	1.5	1.6	2.3	2.2