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AUTH.NAME AUTHOR AFFILIATION
FLANIGAN,T.E. Central & South West Services,Inc.
FLANIGAN,T.E. Jones, Day, Reavis & Pogue
RECIP.NAME RECIPIENT AFFILIATION
NEWBERRY,S.F. License Renewal & Environmental Review Project Directorate

SUBJECT: Discusses AZPS,EPEC consideration of indirect transfer of control of ownership of license & opportunity for public comment on antitrust issues.Form 8-K rept Central & South West Corp submitted electronically on 950609 encl.

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WRITER'S DIRECT NUMBER:

(202) 879-3850

June 14, 1995

VIA HAND DELIVERY

Mr. Scott F. Newberry
Project Director
License Renewal and Environmental
Review Project Directorate
Advanced Reactors and License Renewal
Office of Nuclear Reactor Regulation
U.S. Nuclear Regulatory Commission
One White Flint North, Mail Stop 0-11-F-23
11555 Rockville Pike
Rockville, Maryland 20852-2738

Re: Arizona Public Service Company; El Paso Electric Company; Consideration of Indirect Transfer of Control of Ownership of License and Opportunity for Public Comment on Antitrust Issues
Docket Nos. STN 50-528, 50-529, 50-530

Dear Mr. Newberry:

On June 9, 1995, Central and South West Corporation (CSW) informed El Paso Electric Company (EPEC) of (i) CSW's termination of their Agreement and Plan of Merger dated May 3, 1993, as amended (Merger Agreement), a copy of which was filed as Exhibit H-1 to the Joint Application of El Paso Electric Company and Central and South West Services, Inc. for Approval of Merger and Disposition of Facilities filed in the above referenced proceedings on January 10, 1994; (ii) CSW's decision to decline to extend the Termination Date under the Merger Agreement from June 8, 1995 to December 8, 1995; and (iii) CSW's decision to revoke EPEC's Modified Third Amended Plan of Reorganization.

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Enclosed is a copy of a Form 8-K report CSW submitted electronically to the Securities and Exchange Commission on June 9, 1995. The Form 8-K report contains CSW's June 9 letter to EPEC.

Throughout these proceedings, CSW has endeavored to keep the Commission informed as to developments relating to implementation of the Merger Agreement. That is the sole purpose of this letter.

Please contact the undersigned if you have any questions regarding this letter or the enclosure.

Respectfully submitted,

Timothy E. Flanigan
Attorney for Central and South West Services, Inc.

Enclosure

cc: Joseph Rutberg, Esq.
William M. Lambe
Robert S. Wood
Brian Holian
Roy P. Lessy, Jr., Esq.
William L. Stewart
Ken Mann
Donald R. Allen, Esq.
Richard N. Carpenter, Esq.
J. Cathy Fogel, Esq.
Brian Almon
Alan J. Statman, Esq.
Steve Olea
Ken Johnston
Aubrey V. Godwin
Tom Rawles
Jade Eaton

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 9, 1995

Commission File Number	Registrant, State of Incorporation, Address and Telephone Number	I.R.S. Employer Identification No.
1-1443	Central and South West Corporation (A Delaware Corporation) 1616 Woodall Rodgers Freeway Dallas, TX 75202-1234 (214) 777-1000	51-0007707

ITEM 5. OTHER EVENTS

CENTRAL AND SOUTH WEST CORPORATION (CSW) AND EL PASO ELECTRIC COMPANY (EL PASO) PROPOSED MERGER

Recent Developments

On June 9, 1995, CSW sent a letter to El Paso terminating their merger agreement (Merger Agreement) and declining to extend the termination date under the Merger Agreement as requested by El Paso in its May 22, 1995 letter to CSW. CSW's June 9, 1995 letter also informed El Paso that it was revoking the Modified Third Amended Plan of Reorganization for the proposed merger with El Paso by a contemporaneous filing with the United States Bankruptcy Court for the Western District of Texas, Austin Division, before which the El Paso bankruptcy reorganization proceeding, Case No. 92-10148-FM is pending. The letter is attached as Exhibit 99.1. In addition, on June 9, 1995, CSW issued a press release announcing that it had terminated the Merger Agreement with El Paso because conditions for completing the proposed merger had not been satisfied and because El Paso had breached their agreement. The press release is attached as Exhibit 99.2.

Background Information

For background information and earlier developments related to the proposed merger with El Paso, reference is made to CSW's 1994 Annual Report on Form 10-K, Quarterly Report on Form 10-Q for the quarter ended March 31, 1995, Current Report on Form 8-K dated May 23, 1995 and the documents referenced therein.

Other

El Paso is subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports and other information with the Securities and Exchange Commission. For additional information concerning El Paso and the proposed merger, see El Paso's Annual Report on Form 10-K for the year ended December 31, 1994 and its Quarterly Report on Form 10-Q for the quarter ended March 31, 1995 and the documents referenced therein or supplementary thereto.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CENTRAL AND SOUTH WEST CORPORATION

Date: June 9, 1995

By: /s/ Wendy G. Hargus
Wendy G. Hargus
Controller

EXHIBIT 99.1

Letter from CSW to
El Paso dated 6/9/95

Central and South West Corporation
1616 Woodall Rodgers Freeway
P.O. Box 660164 - Dallas, Texas 75266-0164
214-777-1096

FERD. C. MEYER, JR.
Senior Vice President
and
General Counsel

June 9, 1995

Mr. David H. Wiggs, Jr.
Chairman and Chief Executive Officer
Mr. Curtis L. Hoskins
President
Board of Directors
El Paso Electric Company
303 North Oregon
El Paso, Texas 79901

Re: Notice of Termination and Response to Request for Extension of Termination Date

Gentlemen:

This letter (i) constitutes notice of termination of the Agreement and Plan of Merger among El Paso Electric Company ("EPE"), Central and South West Corporation ("CSW") and CSW Sub, Inc. ("CSW Sub") dated as of May 3, 1993, as amended (the "Merger Agreement"), and (ii) responds to the May 22, 1995 letter from EPE requesting a six-month extension of the Termination Date.

Pursuant to Sections 9.1(b) and (d) and 10.1 of the Merger Agreement, CSW, by and through its Board of Directors, hereby gives its notice of termination of the Merger Agreement to EPE's President and Board of Directors. CSW also declines to grant EPE's requested extension of the Termination Date because CSW has reasonably determined that one or more closing conditions are incapable of being satisfied on or before the Termination Date as extended. The granting of the extension would therefore be futile. Moreover, EPE's extension request is not supportable under existing facts and circumstances.

I. Termination - Failure of Conditions

CSW has the right to terminate the Merger Agreement if one or more of the closing conditions set forth in Article VIII of the Merger Agreement have not been satisfied on or before June 8, 1995. As described herein, a number of closing conditions were not fulfilled by June 8, 1995. These unsatisfied closing conditions include, but are not limited to, the following:

A. All required regulatory approvals and rate orders of the Public Utility Commission of Texas, the New Mexico Public Utility Commission, the Federal Energy Regulatory Commission, the Securities and Exchange Commission, and the Nuclear Regulatory Commission must have been received and become Final Orders and must be in effect. Merger Agreement at §§ 8.2(b), 8.3(g).

B. No Governmental Authority shall have enacted any law, rule, regulation, or ordinance, or issued an order, that would have an EPE Material Adverse Effect upon the prospects for the business of Reorganized EPE after the Merger. Merger Agreement at § 8.2(c).

C. No EPE Material Adverse Effect shall have occurred and no fact or circumstance shall exist which may reasonably be expected to give rise to an EPE Material Adverse Effect. Merger Agreement at § 8.3(f).

II. Termination - Breaches

In a letter dated May 23, 1995, CSW gave written notice of EPE's material breaches of its representations, warranties, covenants, and agreements under the Merger Agreement and requested that the breaches be remedied within ten (10) days of receipt thereof. The May 23 letter identified the following material breaches:

* EPE's failure to remedy the material adverse effects identified in his September 12, 1994 letter (constituting breaches of EPE's representations and warranties under Sections 3.6 and 8.3(b) and its covenants and agreements under Sections 5.2(o) and (p) and 6.8 of the Merger Agreement);

* EPE's action in Bankruptcy Court seeking to enjoin the PUCT, which caused the PUCT to postpone its consideration of the Merger, and which filings were not provided to CSW in advance (constituting breaches of EPE's agreements and covenants under Sections 5.2(o), 6.8 and 7.1 of the Merger Agreement);

* EPE's pursuit of a stand-alone plan in lieu of the proposed Merger, including actively participating in discussions with, and otherwise assisting, facilitating, and encouraging other persons, including representatives of EPE's creditors and shareholders, in connection with possible proposals regarding reorganization of EPE, and expending substantial sums in doing so, thereby reducing EPE's value and breaching Sections 5.3(b) and 6.8 of the Merger Agreement; and

* EPE's action, in further pursuit of a stand-alone plan, to reward its own senior management through abnormal stock option grants in breach of Sections 5.2(g) and 5.2(m) of the Merger Agreement.

These breaches have not been cured. In addition, EPE's pursuit of a stand-alone plan constitutes a breach permitting termination under Section 9.1(b)(iii) of the Merger Agreement.

III. Merger Agreement Void; Plan Revoked

By virtue of this termination, effective upon receipt of this letter, the Merger Agreement has become void and no further liability exists on the part of CSW or its officers or directors to any party. Merger Agreement at § 9.2.

CSW reserved the right under the Plan, at any time prior to the Effective Date, with or without approval of the Bankruptcy Court, to revoke or withdraw the Plan. Plan at § 6.7. Accordingly, CSW hereby gives its notice to EPE of revocation of the Plan, which notice shall be contemporaneously filed with the Bankruptcy Court. Consequently, the Plan and confirmation order shall be of no further force or effect.

The decision of CSW's Board of Directors to terminate the Merger Agreement was made only after a careful review and consideration of all facts and circumstances bearing thereon. We regret that CSW's best efforts did not result in the consummation of the Merger under the terms set forth in the Merger Agreement.

Very truly yours,

CENTRAL AND SOUTH WEST CORPORATION

By: Ferd. C. Meyer, Jr.
Senior Vice President
and General Counsel

FCM/ml

cc: Akin, Gump, Strauss,
Hauer & Feld, L.L.P.
4100 First City Center
1700 Pacific Avenue
Dallas, TX 75201-4518
Attn.: Allen P. Miller, P.C.

EXHIBIT 99.2

Press Release
Issued 6/9/95

Central and South West Corporation

News Release

Central and South West Corporation terminates
merger agreement with El Paso Electric Company,
cites breach of agreement and material adverse effects

Dallas (June 9, 1995)--Central and South West Corporation (NYSE: CSR) said it notified El Paso Electric Company today that it is terminating the companies' proposed merger because conditions for completing the agreement have not been satisfied and because El Paso Electric has breached the merger agreement.

Central and South West said its board of directors rejected a May 22 request from El Paso Electric to extend the merger agreement for six months until December 8.

"We have used our best efforts to complete the merger, investing many thousands of hours and millions of dollars," said E.R. Brooks, chairman, president and chief executive officer of Central and South West. "Our decision to terminate the merger agreement is in the best interests of Central and South West's shareholders and customers," Brooks said.

Under the merger agreement, Central and South West is permitted to terminate the agreement if conditions for completing the merger were not satisfied by June 8, 1995. The company noted that several of the closing conditions had not been satisfied and could not be satisfied by December 8, including receipt of required state and federal regulatory approvals.

In a May 23 letter, Central and South West had warned El Paso Electric that the utility was in breach of the merger agreement and that it had 10 days to remedy the breaches, as required under the merger agreement.

In a June 1 response, El Paso Electric denied that it had breached the merger agreement and accused Central and South West of repudiating and breaching the agreement.

Central and South West said its decision to terminate voided the merger agreement with El Paso Electric and the utility's plan of reorganization, which had been confirmed by the bankruptcy court on December 8, 1993. The proposed merger between Central and South West and El Paso Electric was announced on May 4, 1993.

Central and South West Corporation is a public utility holding company based in Dallas. It owns Central Power and Light Company, Public Service Company of Oklahoma, Southwestern Electric Power Company and West Texas Utilities Company. These four subsidiaries provide electric utility service to 1.6 million customers in Texas, Oklahoma, Louisiana and Arkansas.

Central and South West also owns Transok, Inc., an Oklahoma intrastate natural gas pipeline company, and several other subsidiaries.

El Paso Electric Company is an electric utility serving approximately 268,000 customers in El Paso, Texas, and an area of the Rio Grande Valley in West Texas and southern New Mexico as well as wholesale customers located in Southern California and Mexico.

# # #

Media contact: Gerald R. Hunter, manager of external communications for Central and South West Corporation, 214-777-1165.
Financial analyst contact: Sharon R. Peavy, director of investor relations for Central and South West Corporation, 214-777-1277.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing document upon each party designated on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, D.C. this 9th day of June, 1995.

Martin V. Kirkwood

JONES, DAY, REAVIS & POGUE
1450 G Street, N.W.
Washington, D.C. 20005