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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
 BORCHARDT, W.

SUBJECT: Forwards Form 8-K rept Central & Southwest Corp (CWS)
 submitted to Securities & Exchange Commission on 950523. Form
 8-K rept contains CWS 950523 ltr, identifying EPEC matl
 breaches of certain representations, warranties & covenants.

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May 26, 1995

VIA HAND DELIVERY

William Borchardt
Chief, Inspection Program Branch
Office of Nuclear Reactor Regulation
U.S. Nuclear Regulatory Commission
One White Flint North, Mail Room 12 E4
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

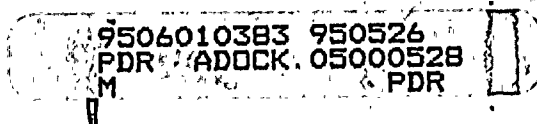
Dear Mr. Borchardt:

On May 23, 1995, Central and South West Corporation
(CSW) notified El Paso Electric Company (EPEC) that EPEC is in
breach of the Merger Agreement pursuant to which CSW agreed to
acquire EPEC (Transaction). The Transaction is the subject of
the above referenced proceedings.

Enclosed is a copy of a Form 8-K report CSW submitted
electronically to the Securities and Exchange Commission on
May 23, 1995. The Form 8-K report contains CSW's May 23 letter
to EPEC. Among other things, that letter identifies EPEC's
material breaches of certain representations, warranties,
covenants, and agreements under the Merger Agreement and requests
that such breaches be remedied within ten (10) days after EPEC
receives the May 23 letter.

In a separate letter also dated May 23, 1995, a copy of
which is also contained in the Form 8-K report, CSW acknowledged

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William Borchardt
May 26, 1995
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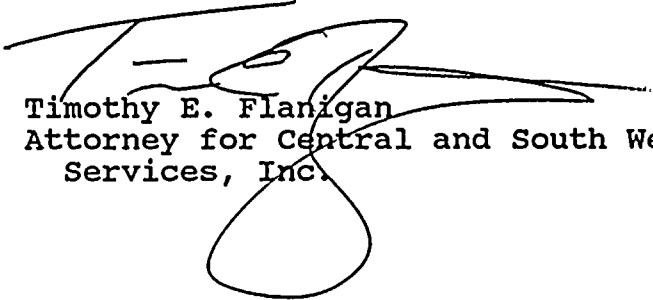
receipt from EPEC of EPEC's request that CSW consent to an extension of the Termination Date for the Merger Agreement from June 8, 1995 to December 8, 1995. In that letter, CSW stated that it will notify EPEC promptly after CSW's Board of Directors has made a decision. Such decision will be made at the next meeting of CSW's Board, which will be held on or after June 8, 1995.

Also contained in the Form 8-K report is a press release issued by CSW with respect to the matters addressed in the May 23 letters.

CSW's letters to EPEC do not terminate the Merger Agreement. CSW will continue to use its best efforts to fulfill its obligations under the Merger Agreement and to take all reasonable action necessary to obtain required regulatory approvals.

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): May 23, 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 Woodhill 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 May 23, 1995, CSW issued a press release with respect to its proposed merger with El Paso. The press release is attached as Exhibit 99.1. Additionally, on May 23, 1995, CSW sent to El Paso two letters with respect to the proposed merger. The letters are attached as Exhibits 99.2 and 99.3.

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 and Quarterly Report on Form 10-Q for the quarter ended March 31, 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: May 23, 1995

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



Central and South West Corporation

News Release

Contact:
Gerald R. Hunter
Manager of External Communications
1818 Woodall Rodgers Freeway
P.O. Box 660164 • Dallas, Texas 75266-0164
214-777-1165

EXHIBIT 99.1
Press Release
Issued 5/23/95

Central Power and Light Company, Corpus Christi
Public Service Company of Oklahoma, Tulsa
Southwestern Electric Power Company, Shreveport
West Texas Utilities Company, Abilene
Transton, Inc., Tulsa
Central and South West Services, Inc., Dallas
CSW Energy, Inc., Dallas
CSW Financial, Inc., Dallas
CSW Leasing, Inc., Dallas
CSW Credit, Inc., Dallas

**Central and South West Corporation reports
sending El Paso Electric Company breach letter,
receiving El Paso Electric request to extend merger**

Dallas (May 23, 1995)--Central and South West Corporation

(NYSE: CSR) said it notified El Paso Electric Company today in a letter that El Paso Electric is in breach of the companies' proposed merger agreement.

Central and South West also said it had received on May 22, 1995, a request from El Paso Electric to extend the merger agreement for six months until December 8, 1995, but had not made a decision about the extension.

Central and South West said it was notifying El Paso Electric to protect its rights and to give El Paso Electric 10 days to remedy the breaches, as required in the merger agreement. The company said it was not terminating the merger and was continuing to use its best efforts to fulfill its obligations under the merger agreement.

"EPE's failure to remedy its breaches will be among the factors CSW considers in deciding what action to take on or after the Termination Date" of the merger agreement, which is June 8, 1995, the company said in its letter to El Paso Electric.

Central and South West cited a number of actions by El Paso Electric that constitute breaches of the agreement.

On May 11, 1995, El Paso Electric made a filing in federal bankruptcy court, seeking a temporary restraining order to prevent the Public Utility Commission of Texas from issuing an interim order in El Paso Electric's rate and merger case pending before the commission (Docket 12700). As a result, the Texas PUC on May 12, 1995, suspended indefinitely a decision in the proceedings, "thereby severely jeopardizing the prospects of timely and favorable action by the PUCT," the company said.

On September 12, 1994, Central and South West had advised El Paso Electric that adverse developments could constitute material adverse effects unless resolved in a timely manner by El Paso Electric. Central and South West cited El Paso Electric's lack of timely remedy of these adverse developments that could prevent closing of the proposed merger agreement.

"Instead of undertaking to remedy the Material Adverse Effects identified in the September 12, 1994, letter and directing its efforts to satisfying the closing conditions under the Merger Agreement," Central and South West said, "EPE has pursued a course of conduct...to promote a stand-alone plan in lieu of the proposed merger. In so doing, EPE committed other breaches of the Merger Agreement."

Central and South West said El Paso Electric has breached the merger agreement by participating in discussions and spending large sums on a possible stand-alone reorganization plan.

The proposed merger between Central and South West and El Paso Electric was announced on May 4, 1993. El Paso Electric's plan of reorganization was confirmed by the federal bankruptcy court on December 8, 1993.

The proposed merger is contingent upon receiving regulatory approvals or authorizations from state and federal agencies as well as on other conditions. The merger agreement provides that the proposed merger can be terminated by either company if any required regulatory approvals have not been obtained within 18 months after confirmation by the federal bankruptcy court of a reorganization plan for El Paso Electric.

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.

Central and South West Corporation

1613 Woodall Rodgers Freeway
P.O. Box 660194 • Dallas, Texas 75266-0164
214-777-1026

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

May 23, 1995

Mr. Curtis L. Hoskins
President
El Paso Electric Company
303 North Oregon
El Paso, Texas 79901

Dear Mr. Hoskins:

Pursuant to Section 9.1(b)(ii) 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 5, 1993, as amended (the "Merger Agreement"), CSW gives written notice of material breaches of representations, warranties, covenants, and agreements of EPE under the Merger Agreement and requests that the breaches be remedied within ten (10) days after receipt of this notice.

On September 12, 1994, CSW notified EPE of its concern over certain adverse developments, including the actions taken by the City of Las Cruces, New Mexico to condemn EPE's Las Cruces distribution system, which, if not timely and favorably resolved, constitute Material Adverse Effects that would preclude closing the proposed merger. The Termination Date under the Merger Agreement is quickly approaching, and, even though CSW expressed its concerns more than eight months ago, EPE has not remedied the Material Adverse Effects identified in the September 12, 1994 letter. EPE is therefore in breach of its 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.

Instead of undertaking to remedy the Material Adverse Effects identified in the September 12, 1994 letter and directing its efforts to satisfying the closing conditions under the Merger Agreement, EPE has pursued a course of conduct to enrich its own management and to promote a stand-alone plan in lieu of the proposed merger. In so doing, EPE committed other breaches of the Merger Agreement.

EPE's recent filing in Bankruptcy Court only serves to confirm EPE's determination to take any action necessary to effect a stand-alone plan even if those actions adversely affect satisfaction of the closing conditions under the Merger Agreement. EPE's action seeking to enjoin the PUCT caused the PUCT to postpone indefinitely its consideration of the merits of Docket No. 12700,

Mr. Curtis L. Hoskins
May 23, 1995
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thereby severely jeopardizing the prospects of timely and favorable action by the PUCT. Although EPE's filings unquestionably affected consummation of the transactions contemplated by the Merger Agreement, EPE did not even give CSW the opportunity to see, let alone comment on, the pleadings before EPE filed them in the Bankruptcy Court. In pursuit of a stand-alone plan, EPE has breached its agreements and covenants under Sections 5.2(o), 6.8, and 7.1 of the Merger Agreement.

Instead of fulfilling its obligations under the Merger Agreement, EPE has been actively promoting an alternative stand-alone reorganization plan. In breach of Sections 5.3(b) and 6.8 of the Merger Agreement, EPE has participated in discussions with and has otherwise assisted, facilitated, and encouraged other persons, including representatives of EPE's creditors and shareholders, in connection with possible proposals regarding reorganization of EPE. In addition, considerable sums have been expended by EPE in its pursuit of a stand-alone proposal, diminishing EPE's value to CSW.

Further, CSW has only recently discovered that on September 14, 1994 EPE granted 840,395 stock options to Messrs. Wiggs, Hoskins, Rodriguez, Gibson, and Hedrick, as well as certain other members of EPE's senior management, in breach of Sections 5.2(g) and 5.2(m) of the Merger Agreement. As stated in the Compensation/Benefits Committee Report on Executive Compensation contained in EPE's 1995 proxy statement, these options were not issued consistent with EPE's prior practice. Rather, the criteria employed under EPE's prior practice were deliberately abandoned, and the options were issued to ensure the services of executive officers and senior management in pursuing EPE's alternative plan of reorganization.

CSW gives EPE written notice of these material breaches pursuant to Section 9.1(b)(ii) of the Merger Agreement and requests that they be remedied within ten days of receipt of this notice. CSW continues to use its best efforts to fulfill its obligations under the Merger Agreement. EPE's failure to remedy its breaches will be among the factors CSW considers in deciding what action to take on or after the Termination Date.

Yours truly,



FCM/ml

cc: Allen P. Miller, P.C.
Mr. Eduardo Rodriguez

Central and South West Corporation

1616 Woodhull Rodgers Freeway
P.O. Box 680164 • Dallas, Texas 75268-0164
214-777-1096

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

May 23, 1995

Mr. David H. Wiggs, Jr.
Chairman & Chief Executive Officer
El Paso Electric Company
303 North Oregon
El Paso, Texas 79960

Dear Mr. Wiggs:

This letter acknowledges the receipt by Central and South West Corporation (CSW) of El Paso Electric Company's (EPE) formal written request to extend the Termination Date under the Merger Agreement to December 8, 1995. CSW will notify you promptly after its Board of Directors has made a decision concerning your request at its next meeting which will be held on or after the Termination Date.

Yours truly,



FCM/ml

cc: Allen P. Miller, P.C.
Eduardo Rodriguez, Esq.

