

2025

TEXAS RATE REVIEW

Play Video



About EPE

- Established in 1901
- Serve 460,000 customers from Hatch, NM to Van Horn, TX
- **In Texas:**
 - 356,883 customers
 - 88.6% residential customers
 - 9.9% small commercial
 - Less than 1% large commercial/industrial
 - Less than 1.5% public authorities



Texas Rate Review

- El Paso Electric filed a rate review with its Texas regulators on January 27, 2025.
- The process typically takes a year to complete.
- The PUCT is expected to make a final decision on new rates by the end of 2025.
- New rates will NOT go into effect until process is complete (expected early 2026) .



Trends Shaping the Utility Landscape



Aging Infrastructure

70% of the U.S. electric grid is more than 25 years old.



Energy Transition

The U.S. is undergoing a significant structural change to support new load growth.



Reindustrialization

Focus on domestic manufacturing leading to increased demand for critical resources.

Trends Shaping the Utility Landscape



Infrastructure Investment

Trump administration energy emergency and AI development driving an unprecedented investment in energy.



Customer Affordability

Growing concern over the cost of energy for residential customers amidst historical need for infrastructure investment.



Extreme Weather Impacts

Increasing number of billion-dollar weather and climate disasters, including skyrocketing insurance costs impacting utilities.

Why is El Paso Electric adjusting rates?

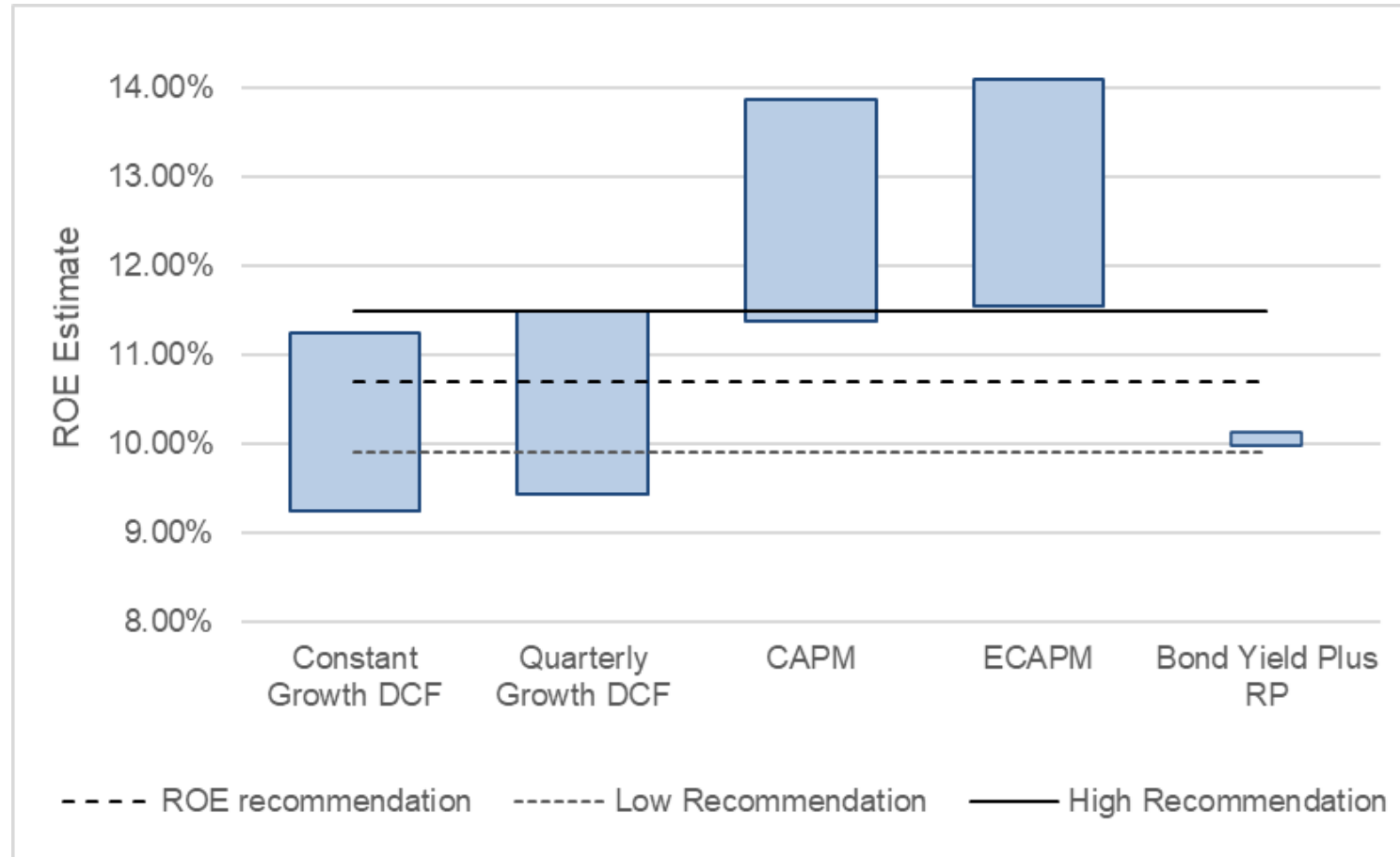
To recover costs for investments made since December 2020.

\$1.55 billion

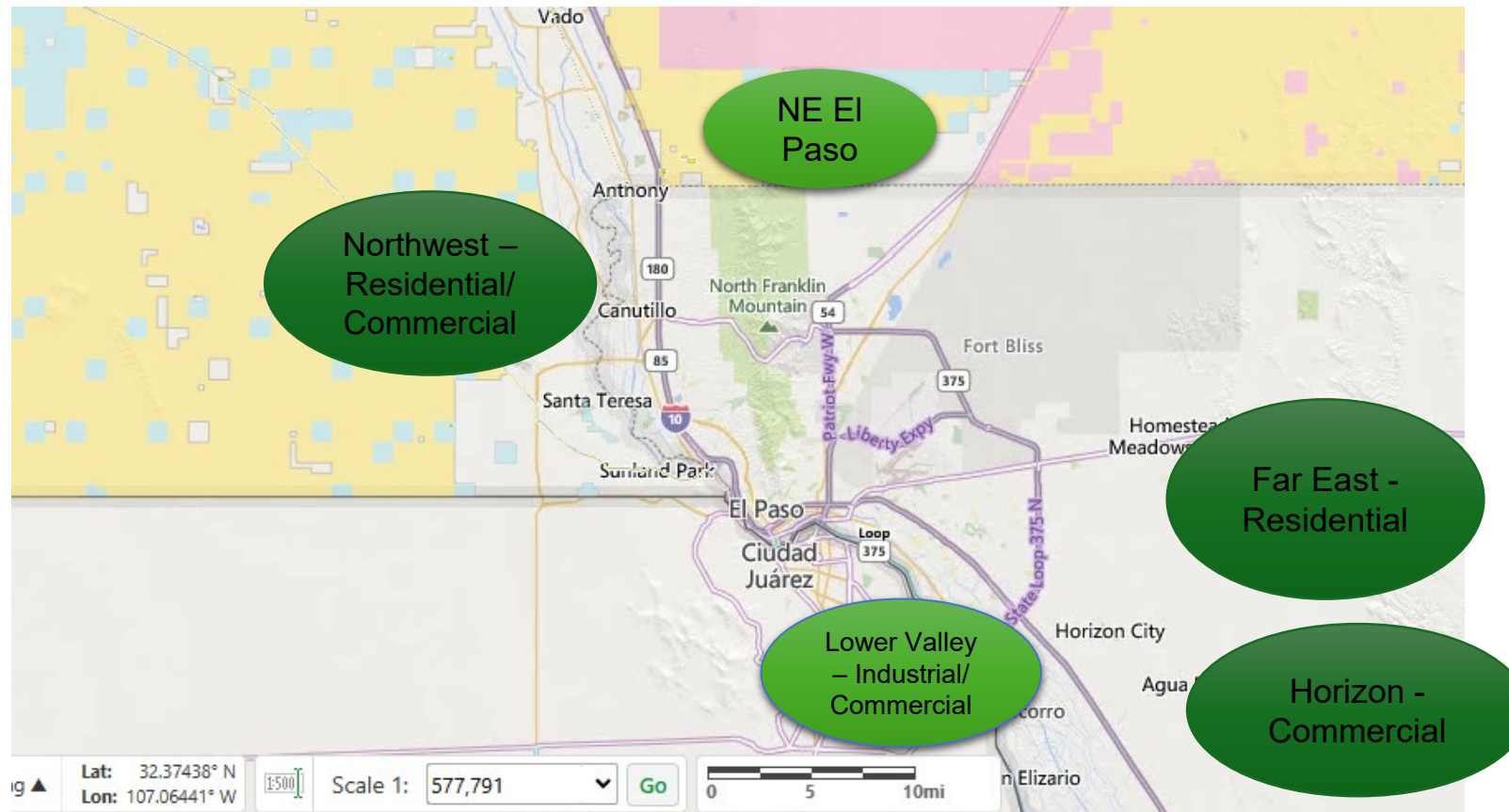
- EPE has proposed rates that reflect cost to serve.
- Investments made since 2020 have allowed us to increase economic development by attracting new customers to the region.



Requested ROE: Average of Expert Recommendations



Growth Areas



Capital Additions Since December 2020

Power Generation

\$619,646,000

Transmission

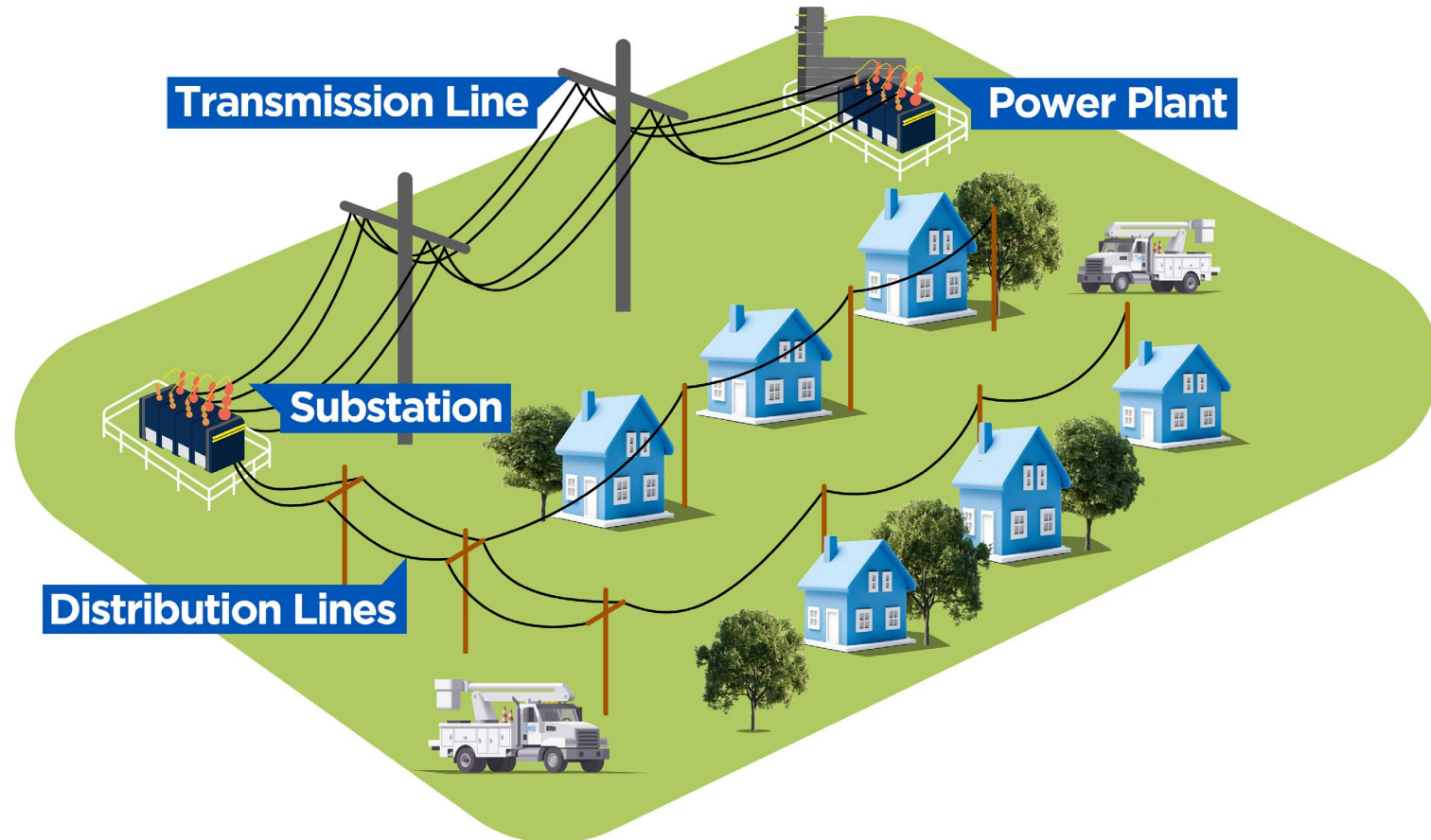
\$180,858,000

Distribution

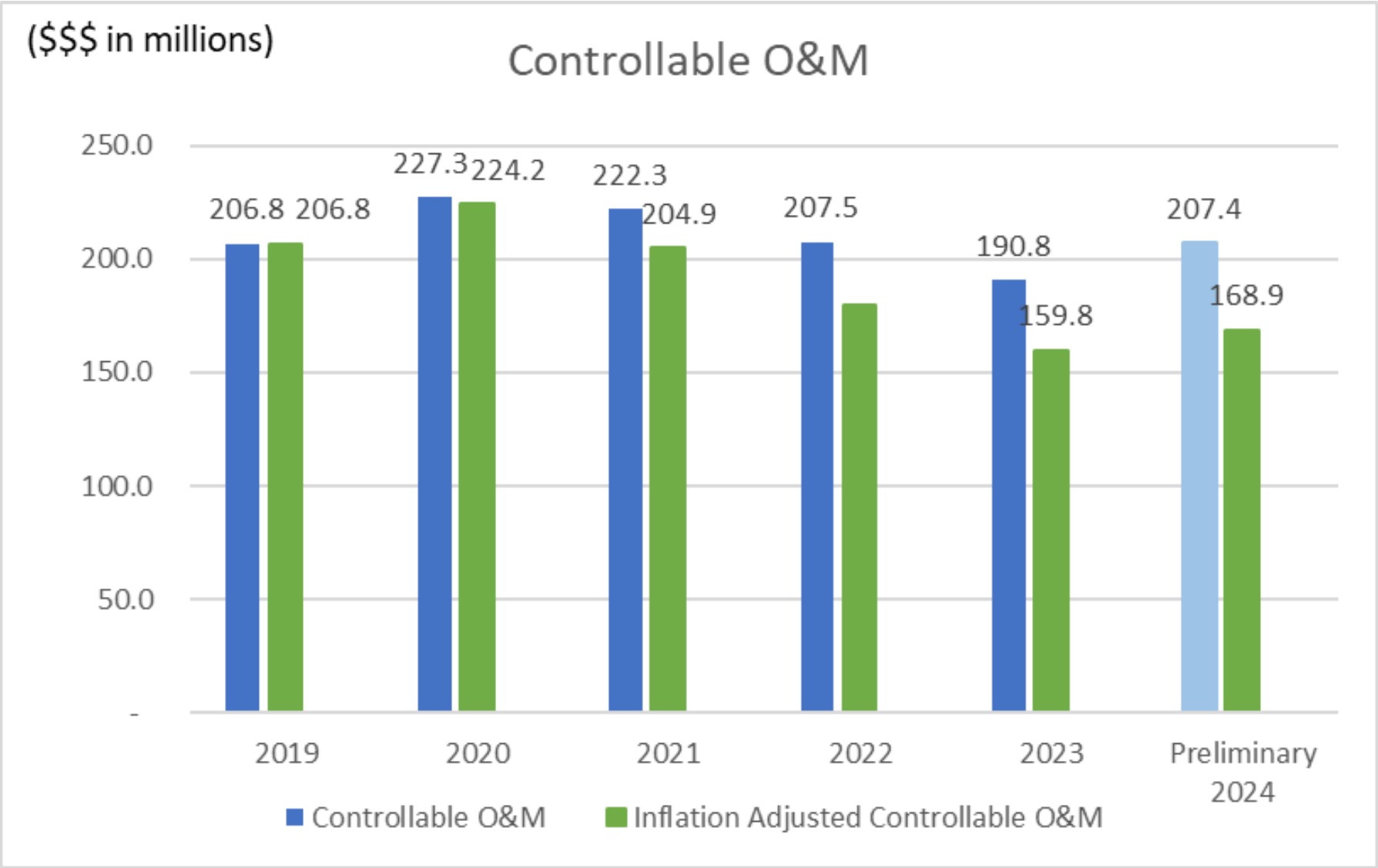
\$559,795,000

Intangible (i.e.,
technology to track
outages)

\$190,030,000



Flat Controllable O&M Since 2019



Controllable
O&M
0.6% CAGR

Inflation
Adjusted
(4.0%) CAGR

Investing in our Grid

20 substation
transformers energized

495 miles of distribution
lines added

839 transmission steel
poles

>75% of transmission
lines with upgraded
relays

Growth

Reliability

Resource Interconnections

We've Built a Stronger Electric Grid

- Maintained reliability and resiliency during severe weather events.
- Mitigated against increasing cyber and physical attacks to the electric system.
- Replaced aging infrastructure and build in areas with limited infrastructure.
- Invested in a varied generation mix.
- New technologies to increase efficiencies.



Ways You Can Save

- Rebates and instant savings on qualifying energy-efficient products and appliances
- Free online home energy analysis
- Customized energy saving tips
- Bill comparisons and weekly usage reports
- Demand response programs (i.e., smart thermostats)
- Discounted rates for EV drivers

To learn more, please visit epelectric.com.



Community Meetings

- Feb. 6: Greater El Paso Association of Realtors
- Feb. 26: San Juan Neighborhood Association (79905)
- Feb. 27: North Hills Pride Neighborhood Association (79934)
- March 12: District 3 Community Meeting

Currently working with city council to schedule upcoming community meetings

EPE will also be available to answer questions at various community events

Customers can visit www.epelectric.com/rate-review for more information

El Paso Electric Rate Review

El Paso Electric is committed to providing safe, reliable, and affordable energy to our customers 24/7. The investments we make today will enhance reliability and accelerate economic growth in our region.

We are asking our regulators for a rate adjustment to recover costs associated with upgrading the electric grid. We anticipate the new rates will go into effect in late 2025 or early 2026.

Key Improvements to Power the Local Economy

- Modernize technology
- Automate processes
- Expand and upgrade the grid

Watch our video to learn more about the rate review process.

What is a Rate Review?

Watch on YouTube

New rates will allow El Paso Electric to:

- ✓ Maintain reliability and resiliency during severe weather events.
- ✓ Recover costs associated with capital investments that have already been made.
- ✓ Deploy programs to support electric growth.
- ✓ Replace aging infrastructure and build in areas with limited infrastructure.
- ✓ Invest in a diverse and clean energy mix.
- ✓ Implement new technologies to increase efficiency.

Questions

Contact Customer Care
customercare@epelectric.com

Texas Customers
955-643-6670

New Mexico Customers
505-426-6666

Providing Customer Assistance

- Low Income Rider (customer charge waived for qualifying customers)
- Budget Billing
- Payment plans and payment arrangements
- Bright Hearts Fund
- Partner agencies who provide emergency or low-income financial assistance
- Free home weatherization for qualifying customers



To learn more or to enroll in one of these programs, please contact our Customer Care team (915) 543-5970 or visit epelectric.com.

We are investing in our future!

Together, we are building a brighter tomorrow





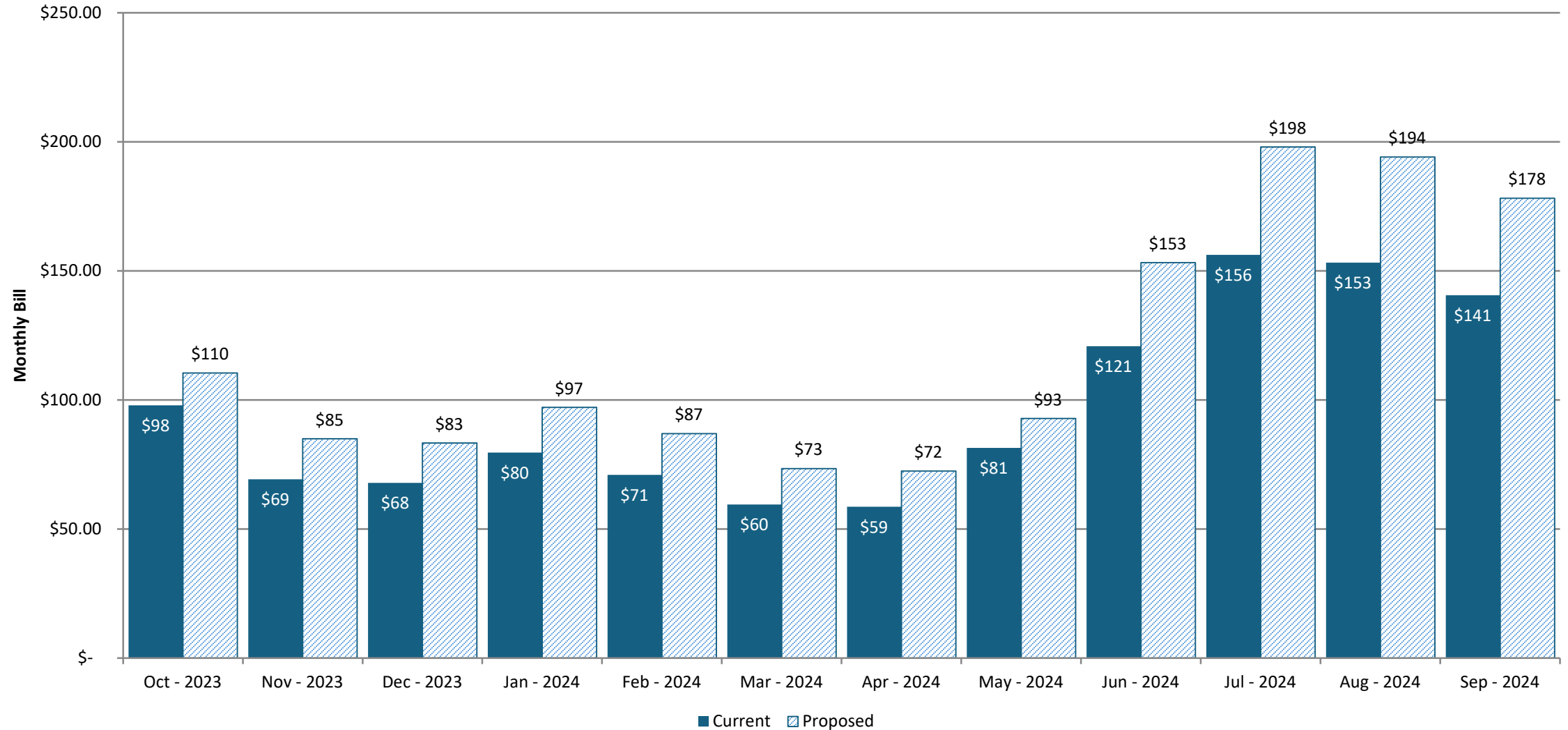
Appendix



Maintaining/Replacing Older Generation Units

Unit	Capacity	Age	Retirement
RG6	45	68	Dec 2025
RG7	45	67	Dec 2026
NM1	77	65	Dec 2026
NM2	65	62	Dec 2027
NM3	95	59	Dec 2031
NM4	224	50	Dec 2031
RG8	145	53	Dec 2033
Copper	60	45	Dec 2030
Total	756		

Rate 01: Monthly Bill Comparison for 658 kWh (Average Customer)



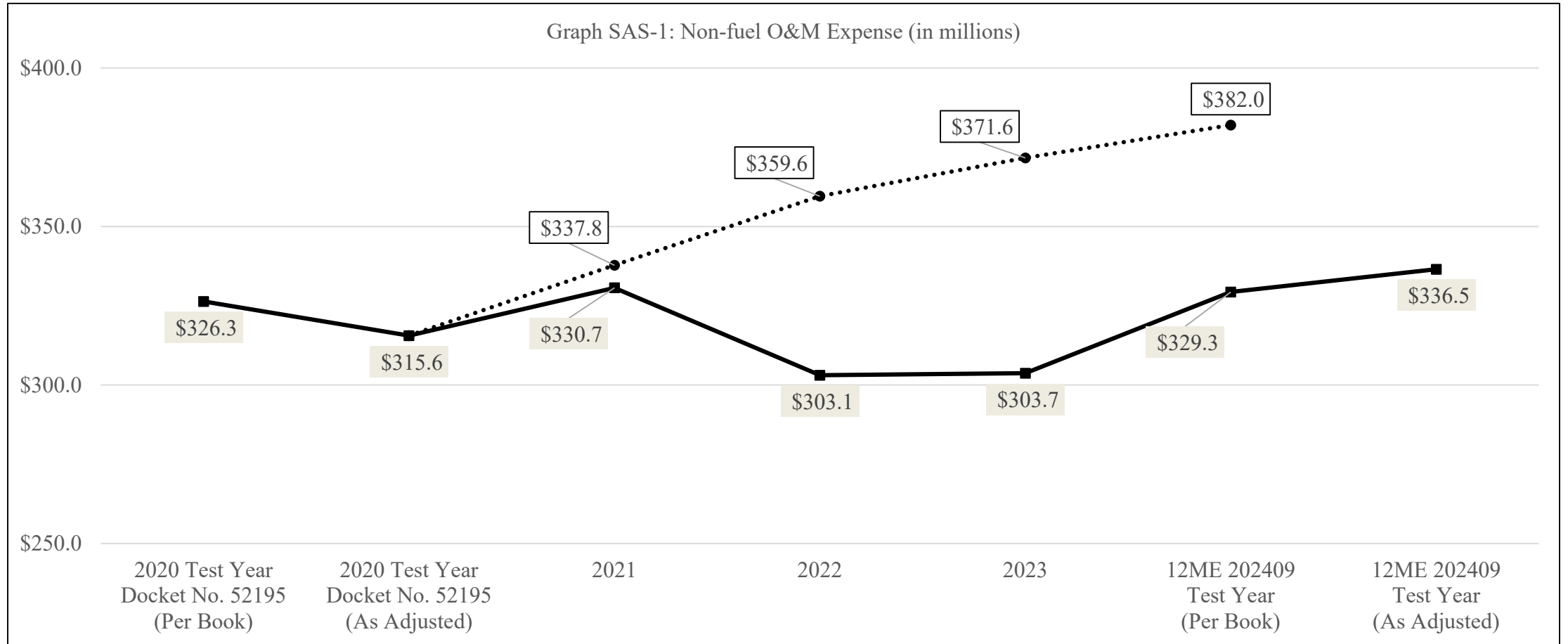
Data differences may exist due to the implementation of a new stratification sample study in January 2024, following the availability of AMI meters. Test year months prior relied on MV90 meters.

Cost of Service of Rate Classes

	Texas Retail	TX Rate 01 Residential	TX Rate 02 Small General Service	TX Rate 07 Recreational Lighting	TX Rate 08 Street Lighting	TX Rate 09 Traffic Signals	TX Rate 11 Municipal Pumping	TX Rate 15 Electric Refining	TX Rate 22 Irrigation Service
Base Rates	13.73%	25.09%	3.73%	1.47%	-18.41%	-1.82%	1.00%	22.47%	0.26%
Total Bill	10.09%	19.35%	2.90%	1.24%	-14.86%	-1.15%	0.66%	10.82%	0.21%

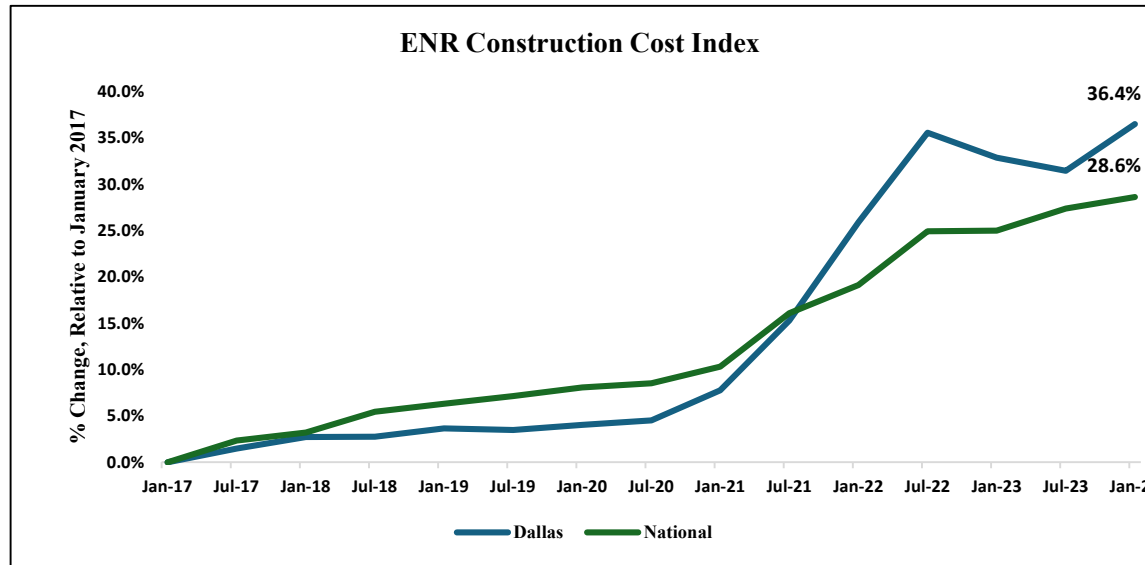
	TX Rate 24 General Service	TX Rate 25 Large Power	TX Rate 26 Petroleum Refinery	TX Rate 28 Area Lighting	TX Rate 30 Electric Furnace	TX Rate 31 Military Reservation	TX Rate 34 Cotton Gin	TX Rate 41 City and County	TX Rate WH Water Heating
Base Rates	-3.05%	11.77%	5.21%	19.45%	32.23%	9.21%	-1.83%	3.95%	7.91%
Total Bill	-2.25%	7.53%	2.97%	16.13%	7.24%	5.66%	-1.49%	2.97%	6.44%

Historic O&M Performance

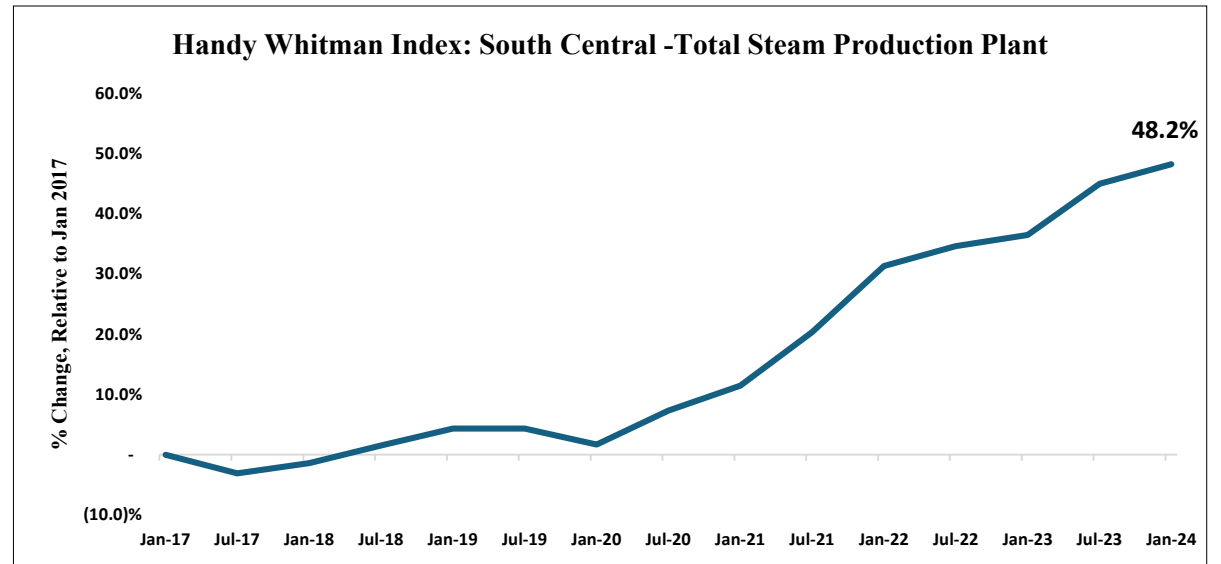


Total Company O&M compared to inflation adjusted

Rise of Construction Costs



Construction Cost Index – Engineering News Record (ENR)



Handy-Whitman Index of Public Utility Construction Costs