



# Proposed Budget and Rates FY2026-27

December 15, 2025



# Setting the Context

# What differentiates El Paso Water from other utilities

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	El Paso Water	Electric and Gas Utilities
<b>Profit factor</b>	Not for Profit – Municipally Owned	For Profit – Privately owned or publicly traded
<b>Growth considerations</b>	Obligation to serve within service area; TCEQ mandates facility expansions (for WW) that reach 75% of capacity	Market-driven growth; PUC defines where a utility is allowed to serve but does not have a guaranteed universal service mandate
<b>Rehabilitation investments</b>	Because water/wastewater systems directly affect public health and environmental quality, rehabilitation isn't optional; regulatory framework explicitly contemplates adequacy of service and can impose Consent Decrees (with steep investments and rate increases) if action is deemed inadequate	No equivalent statutory and regulatory framework for upkeep, maintenance, and infrastructure rehabilitation
<b>Authority to approve rate increases</b>	Public Service Board – Authority granted by City Council through ordinance; Council chooses expertise-based PSB members (Deliberately non-political)	City Council – “original jurisdiction” for customer inside the city PUC – Final authority

# Independent board enables long-term planning

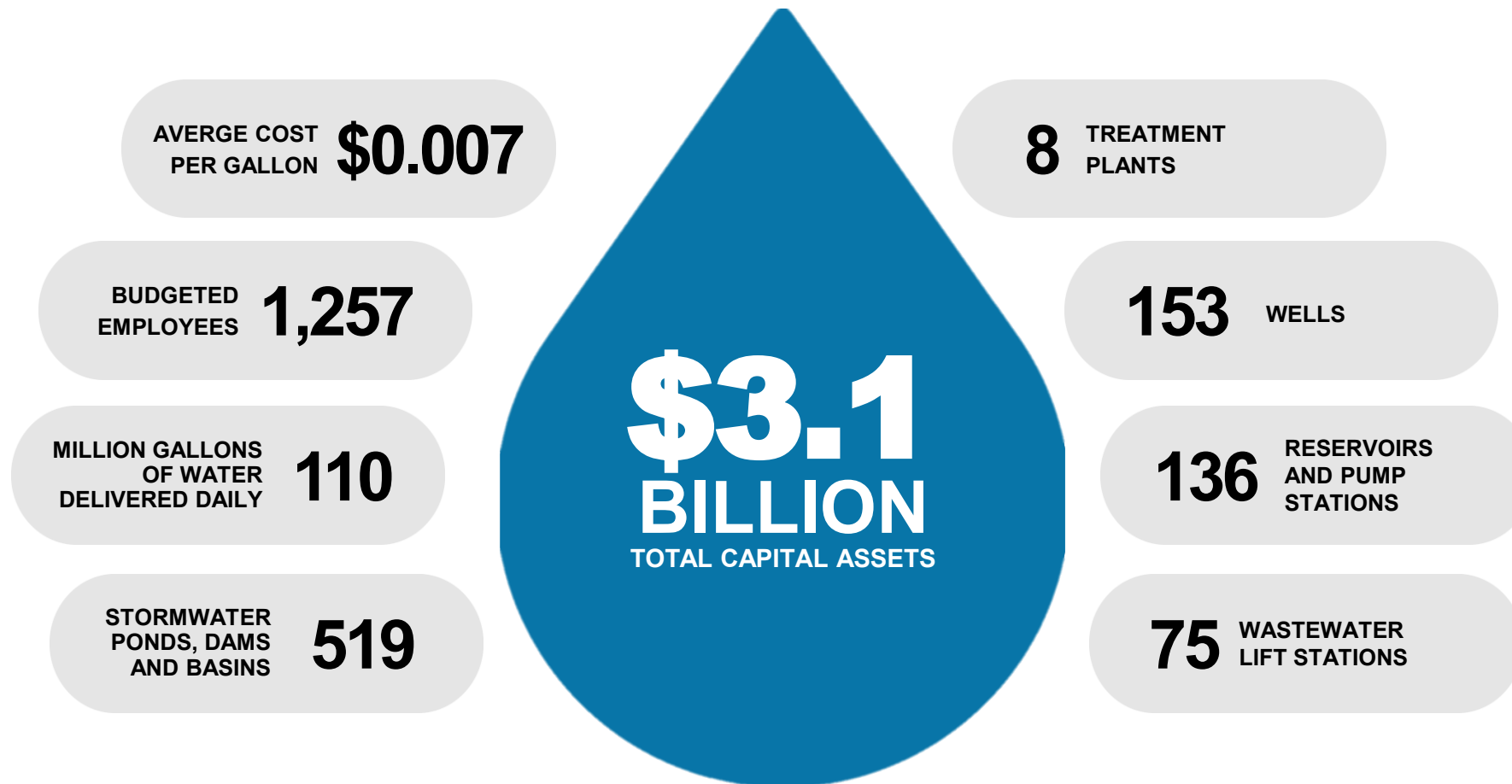
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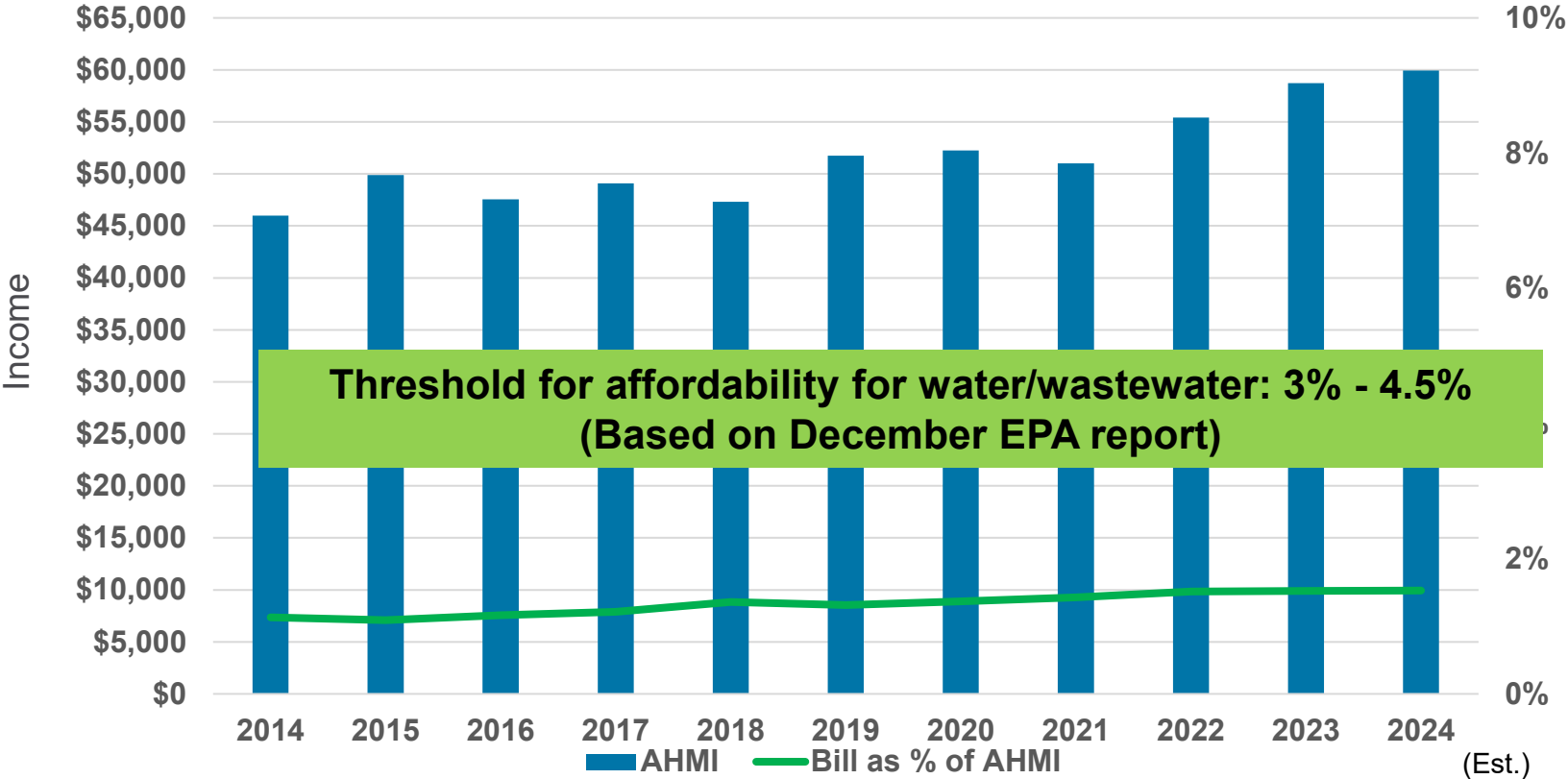
- Created in 1952 through City Ordinance 752
- Seven members including Mayor
- Controls four utilities: water, wastewater, reclaimed water and stormwater
- Provides water service to 95 percent of El Paso County
- Responsible body for budget and rate setting

# EPWater At a Glance

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As incomes have increased, water and wastewater rates have stayed mostly flat as a percentage of income



Typical bill as % of AHMI has remained essentially flat over last decade

# Customer Survey: Top Budget Priorities

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In an online survey conducted in late October to early November, 500 customers responded to key budget questions.

- **66%** High quality water
- **52%** Reliability - Replacing aging infrastructure
- **46%** Reliability - Rehabilitation
- **37%** Flood control
- **33%** New water supplies

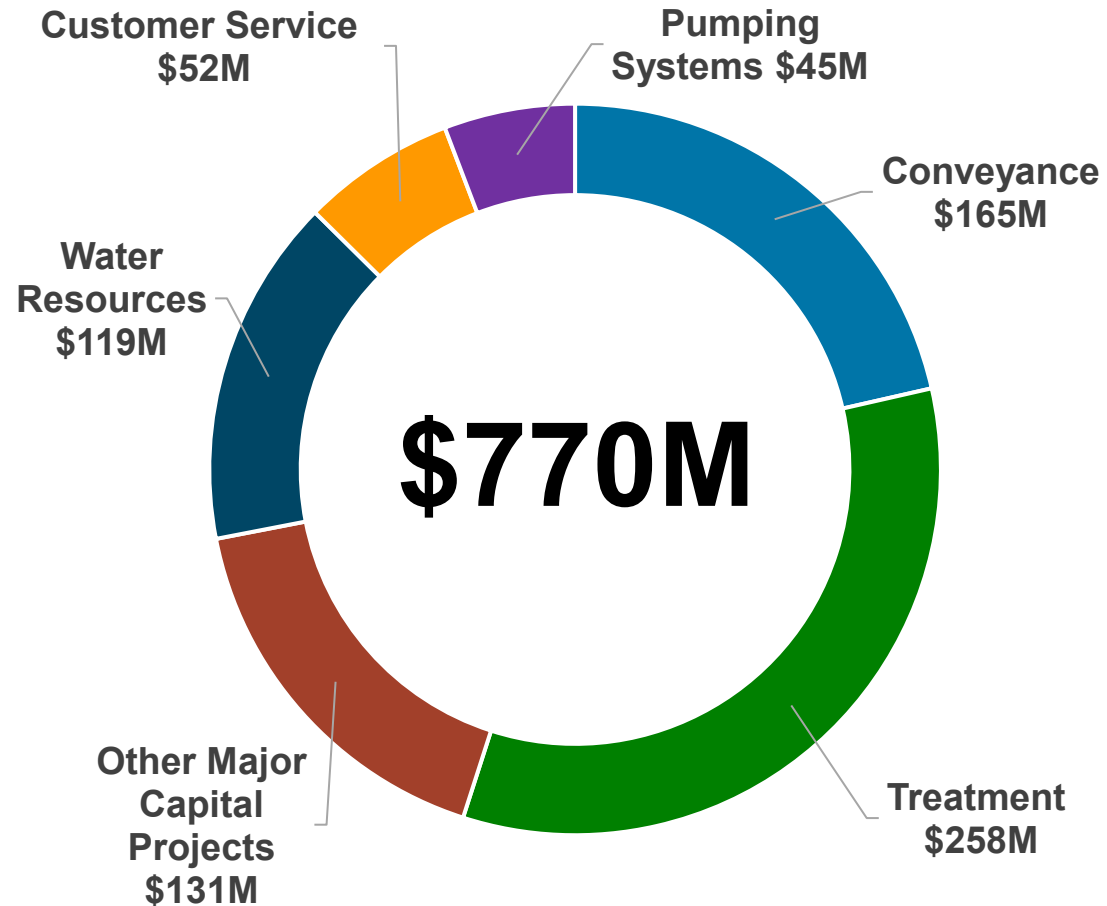


# FY2026-27 CIP Summary



# Capital Improvement Program FY2026-27

## Water and Wastewater



# Water Supply: Pure Water Center

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- Will provide 10 MGD potable water
- \$23M Bureau of Reclamation grant, pursuing more grant funding
- Estimated costs over the next three years are \$271 million



# Growth and Rehabilitation: Bustamante Plant

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- Expansion underway to meet growing demand in the service area
- Capacity of 75% increase triggered TCEQ rules for expansion
- Extensive rehabilitation is required
- Estimated costs over the next five years are \$641 million

39 MGD  51 MGD



Total project cost: \$1.2 Billion



# What Happens When a Water Utility Doesn't Invest in Rehabilitation?

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**The Consent Decree:** *A federal court order requiring a city to make environmental investments when EPA determines voluntary compliance isn't sufficient to meet sanitary sewer needs to protect public health.*

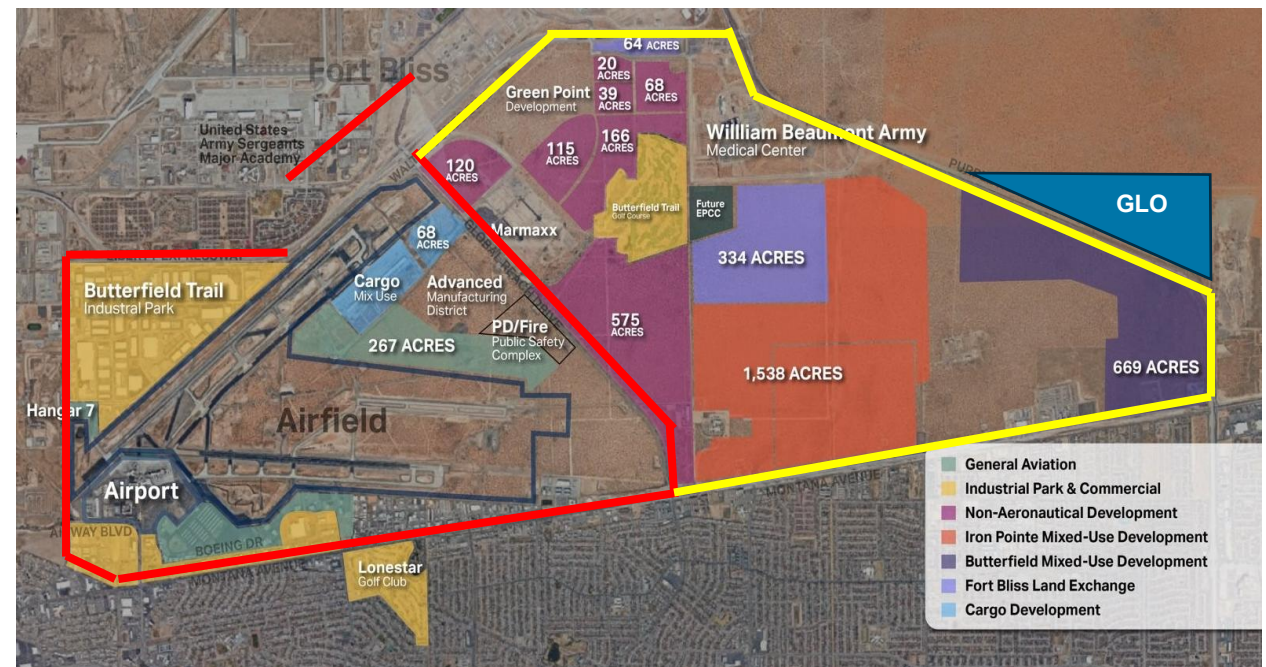
## **Houston Consent Decree (2021)**

- **Civil penalty of \$4.4M + ~\$2B** in required upgrades; later revised to ~9B for same work
- Court-mandated timeline → no flexibility, higher construction costs, rate impacts

Houston didn't receive decrees for ignoring regulations; they got them because the **investment in infrastructure fell behind** and EPA stepped in.

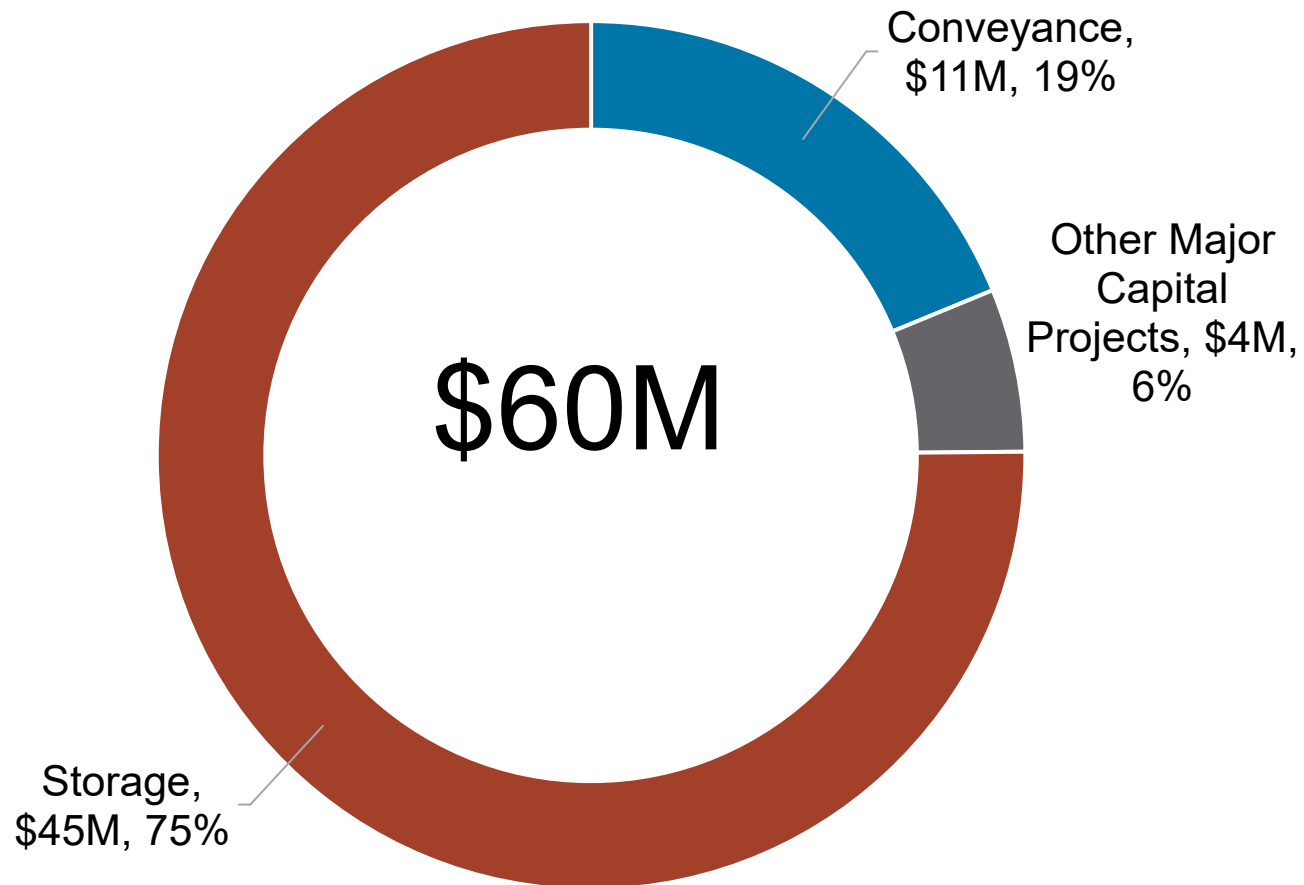
# Growth: Unanticipated New Services Needed

- Federal land was never considered for development; EPWater system was not designed to serve this area
- No funding source for needed infrastructure
- Nevertheless, EPWater will need to serve this area



Total of **4,043 acres** of unplanned development

# Capital Improvement Program FY 2026-27 - Stormwater





# Flood Control

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## FY2026-27 Project Highlight

- Will Ruth Pond and Conveyance
- Palisades Stormwater System
- Hondo Pass Drive Drainage Improvements





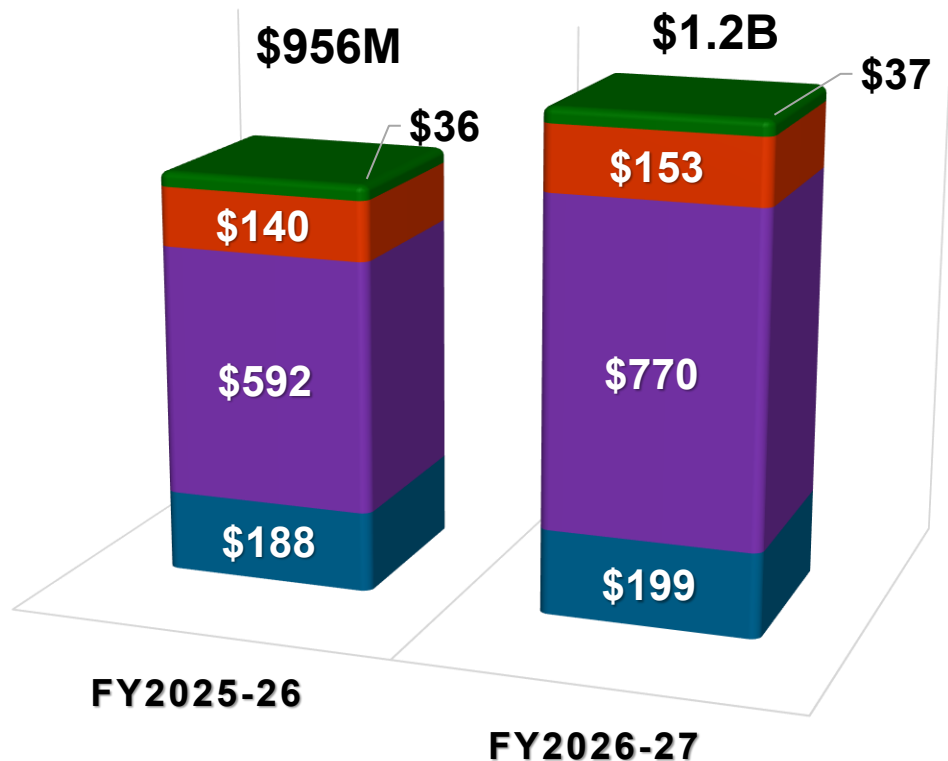
# Budget Summaries



# Water and Wastewater Budget Summary

## FY2025-26 VS FY2026-27

■ O&M ■ Capital ■ Debt Service ■ Other



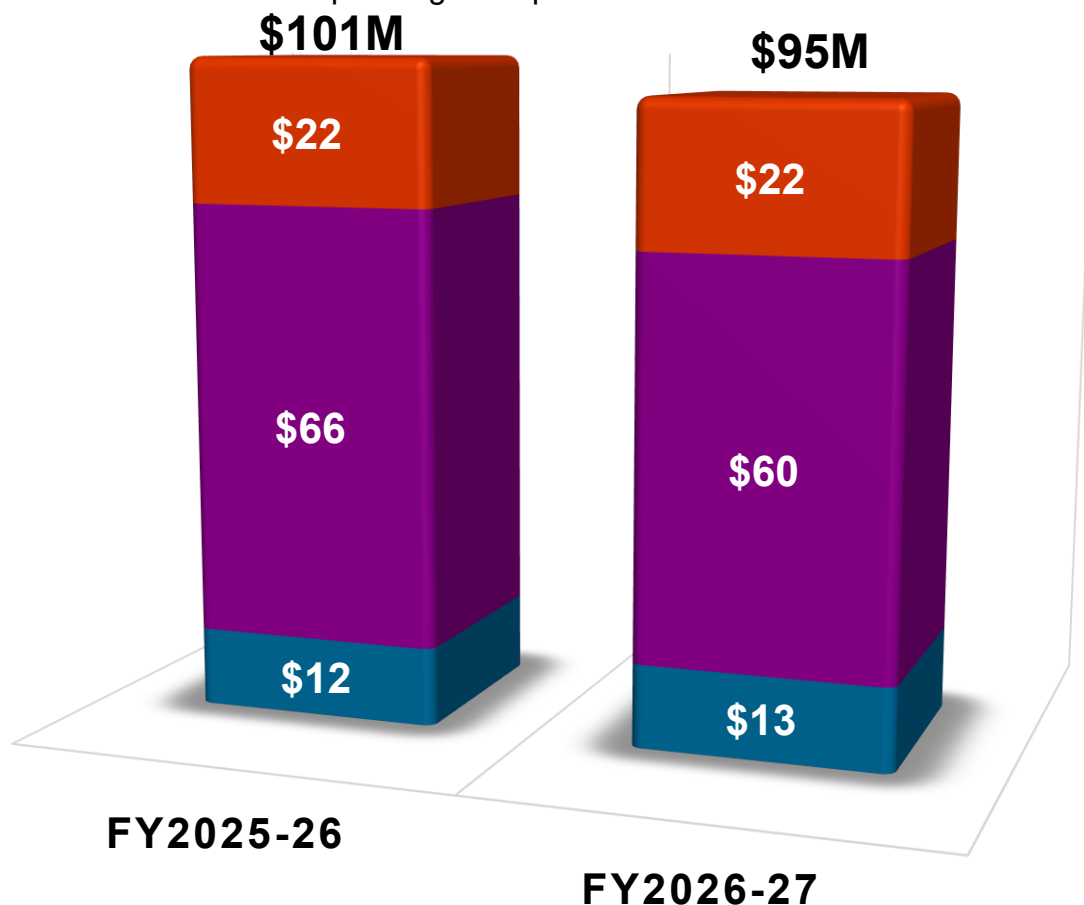
- Capital budget is \$770 million, an increase of \$178 million
- Operating and Maintenance budget increased by \$11 million
- Debt service increased by \$13 million
- Total budget is \$1.2 billion, an increase of \$204 million

Total estimated payment to the City in FY 26/27 will be **\$31.8M**

# Stormwater Budget Summary

## FY2025-26 VS. FY2026-27

■ Operating ■ Capital ■ Debt Service



- Total budget is \$95 million, a decrease of \$6 million
- Capital budget is \$60 million, a decrease of \$6 million



# Proposed Rates for FY2026-27

# Proposed Water Charges

Charge	Current	Proposed	Change
<b>Minimum Water Charge</b>	\$10.55 5 CCFs included	\$11.82 5 CCFs included	\$1.27
<b>Minimum Water Charge (Reduced)</b> (1 CCFs or less)	\$7.39	\$8.28	\$0.89
<b>Water Supply Replacement Charge</b> (5 CCFs or more)	\$15.62	\$17.49	\$1.87

Residential Water Volume Charge			
Block	Current	Proposed	Change
1	\$3.50	\$3.92	\$0.42
2	\$8.27	\$9.26	\$0.99
3	\$11.82	\$13.24	\$1.42

# Proposed Wastewater Charges

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Charge	Current	Proposed	Change
<b>Minimum Wastewater Charge</b>	\$30.26 <small>5 CCFs included</small>	\$34.80	\$4.54
<b>Minimum Water Charge (Reduced)</b> <small>(1 CCFs or less)</small>	\$21.18	\$24.36	\$3.18

Wastewater Volume Charge	Current	Proposed	Difference
<b>\$ per CCF (after 5 CCFs)</b>	\$4.23	\$4.86	\$0.63

# No Stormwater Fee Increase

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**0%**

**Stormwater Rate  
Increase**

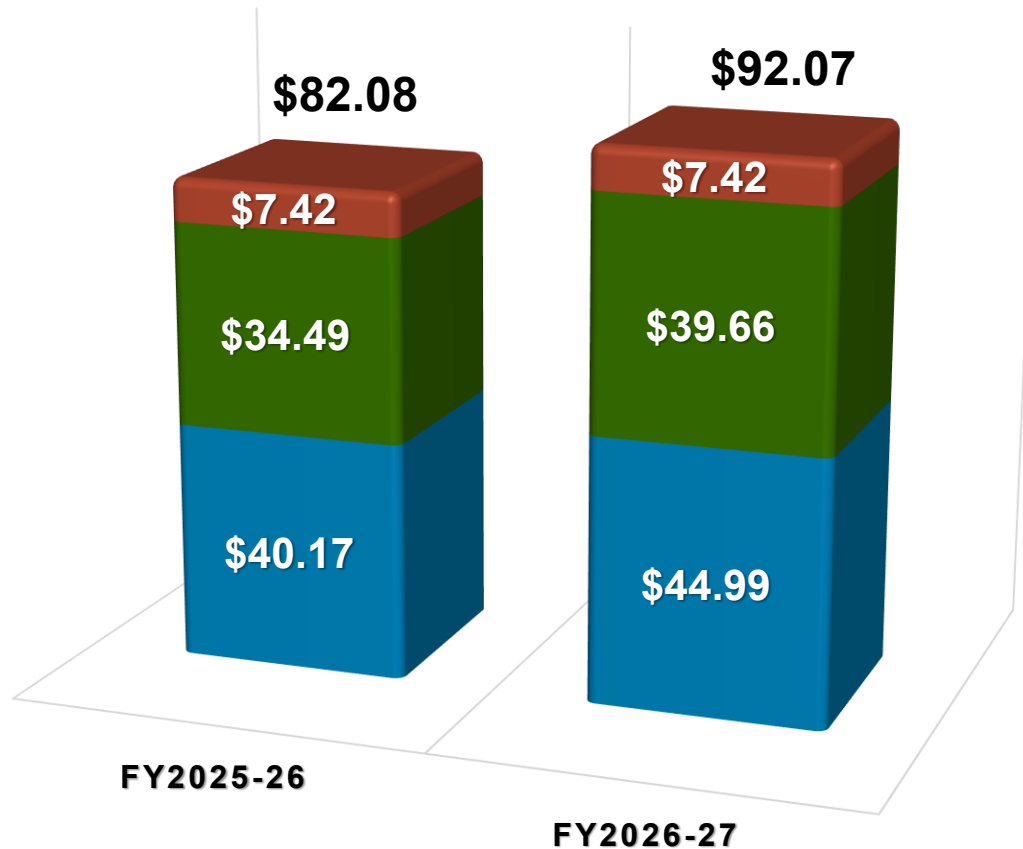
*9% projected increase based on last year's  
financial model*

# Proposed Stormwater Charges

Residential Customers	Current	Proposed	Change	Annual Stormwater Bill
<b>Extra Small</b> 0 to 900 sq. ft.	\$3.71 0 to 1,200 sq. ft.	\$3.00	(\$0.71)	\$36.00
<b>Small</b> 901 to 1,200 sq. ft.	\$3.71 0 to 1,200 sq. ft.	\$3.71	\$0.00	\$44.52
<b>Typical</b> 1,201 to 3,000 sq. ft.	\$7.42	\$7.42	\$0.00	\$89.04
<b>Large</b> 3,001 to 4,000 sq. ft.	\$14.81 3,001+ sq. ft.	\$14.81	\$0.00	\$177.72
<b>Extra Large</b> Over 4,001 sq. ft.	\$14.81 3,001+ sq. ft.	\$18.55	\$3.74	\$222.60

# Typical Residential Total Bill

■ Water ■ Wastewater ■ Stormwater



- \$ 4.82 increase for water
- \$ 5.17 increase in wastewater
- No increase for stormwater

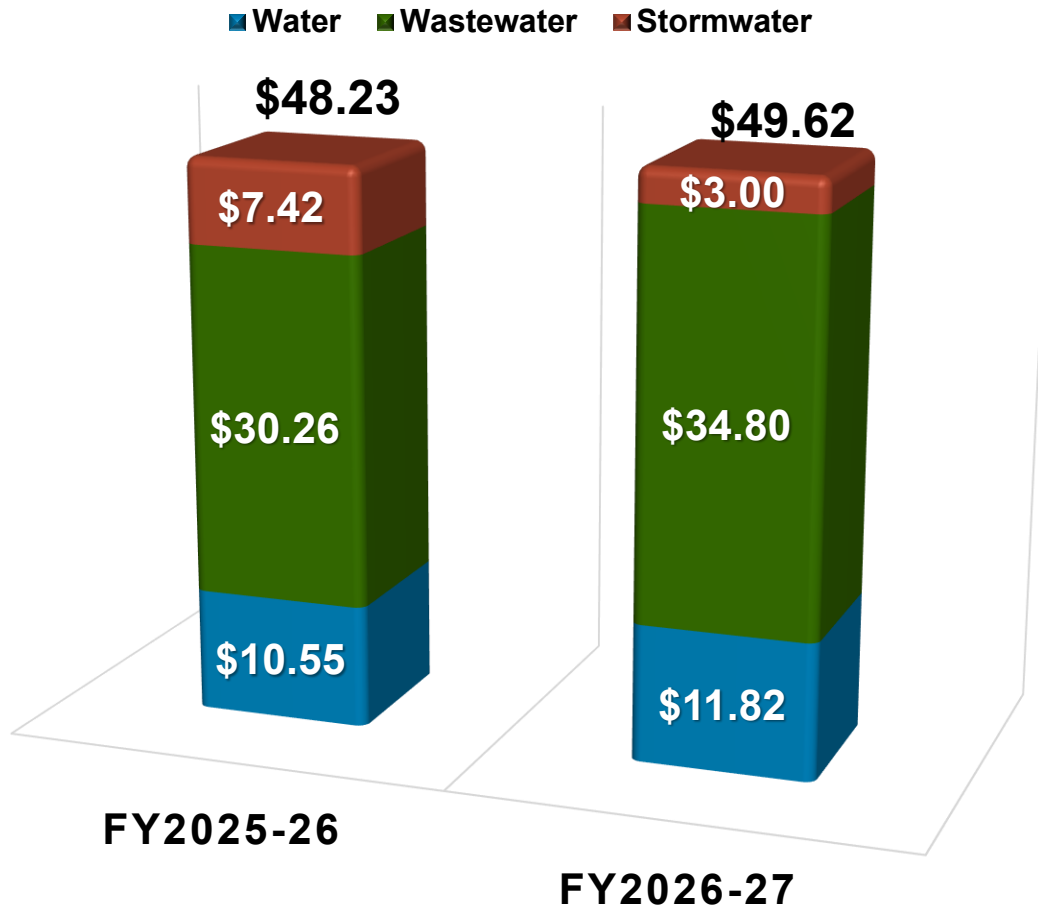
**TOTAL INCREASE \$9.99**

**DAILY COST \$3.02**

**Typical residential customer bill with proposed rate increases will be 12% higher**



# Low Residential Water User Total Bill for 4 CCFs



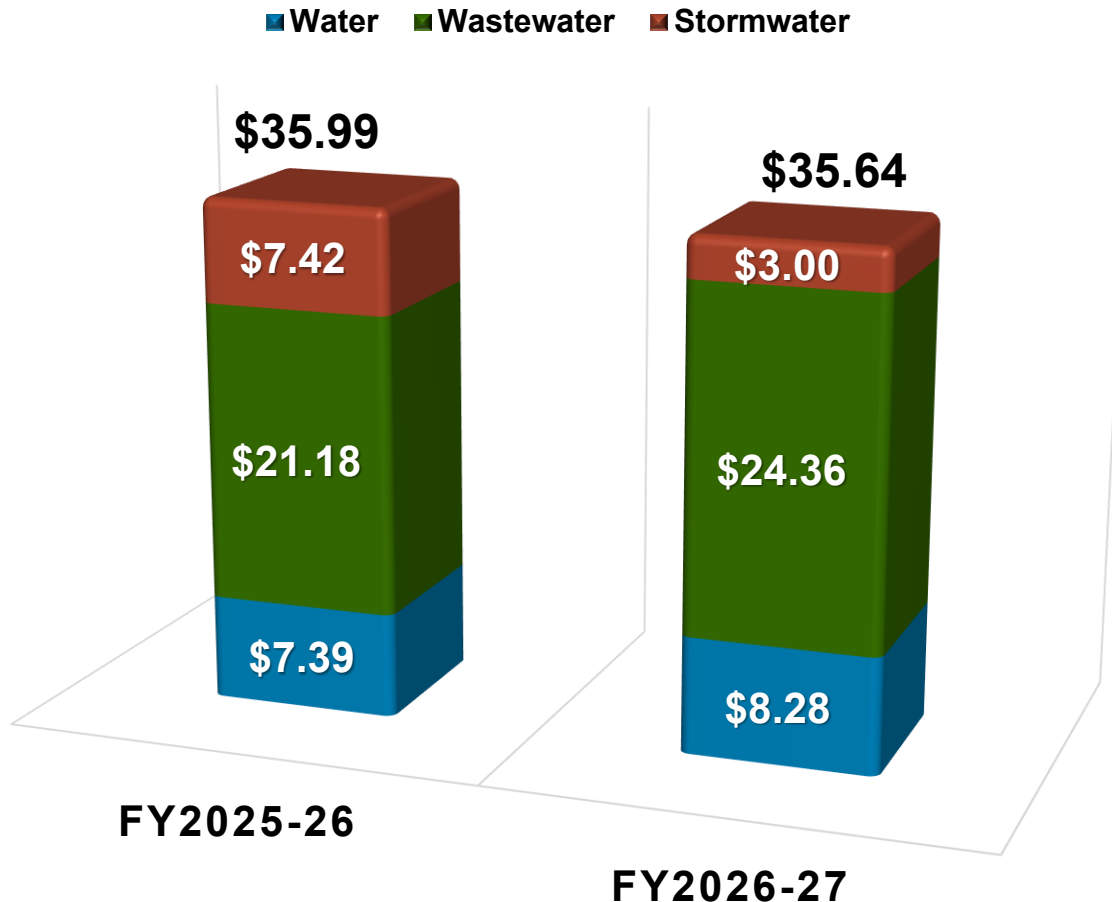
- \$ 1.27 decrease for water
- \$ 4.54 increase for wastewater
- \$ (4.42) decrease for stormwater

**TOTAL INCREASE \$1.39**

**DAILY COST \$1.63**

- Savings of \$17.49 from typical bill for water/wastewater
- Last year, 64,000 customers qualified
- An estimated 80,000 could qualify

# Very Low Residential Water User Total Bill for 1 CCF



- \$ 0.89 increase for water
- \$ 3.18 increase for wastewater
- \$ (4.42) decrease for stormwater

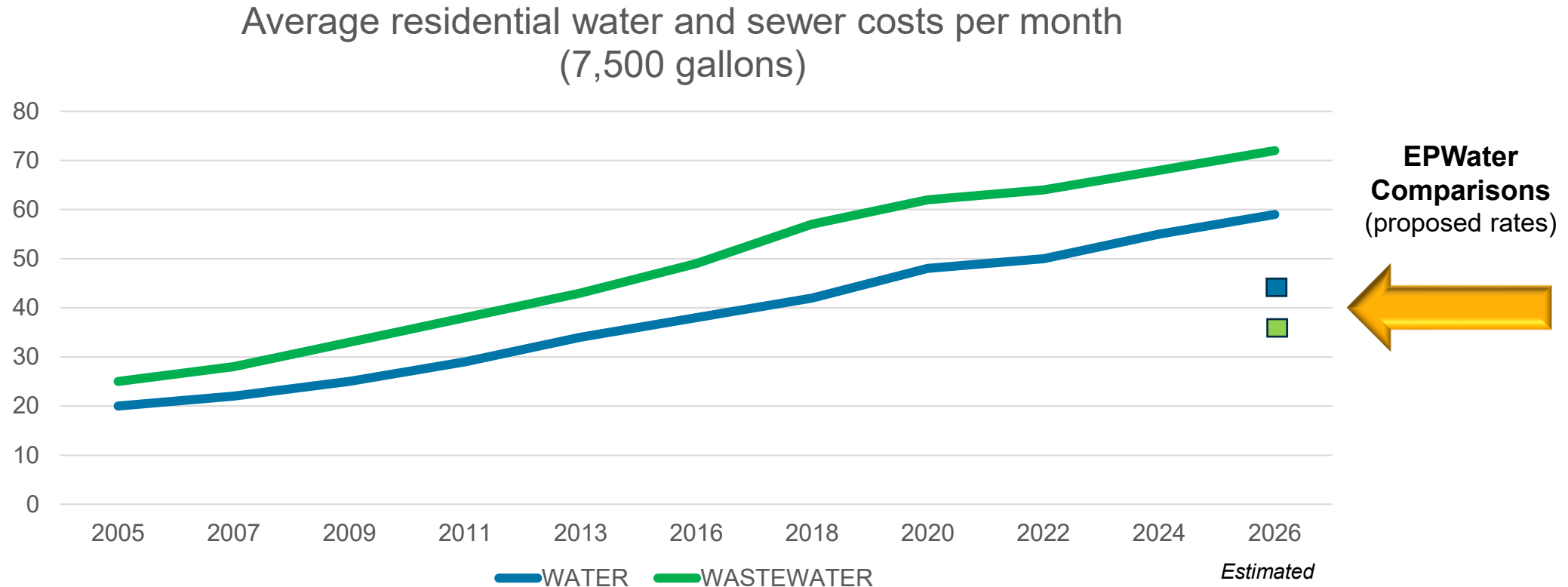
**TOTAL DECREASE \$0.35**

**DAILY COST \$1.17**

- Additional savings of \$13.99 on top of the \$17.49 per month for water/wastewater
- Last year, 2,000 customers qualified
- An estimated 8,000 could qualify

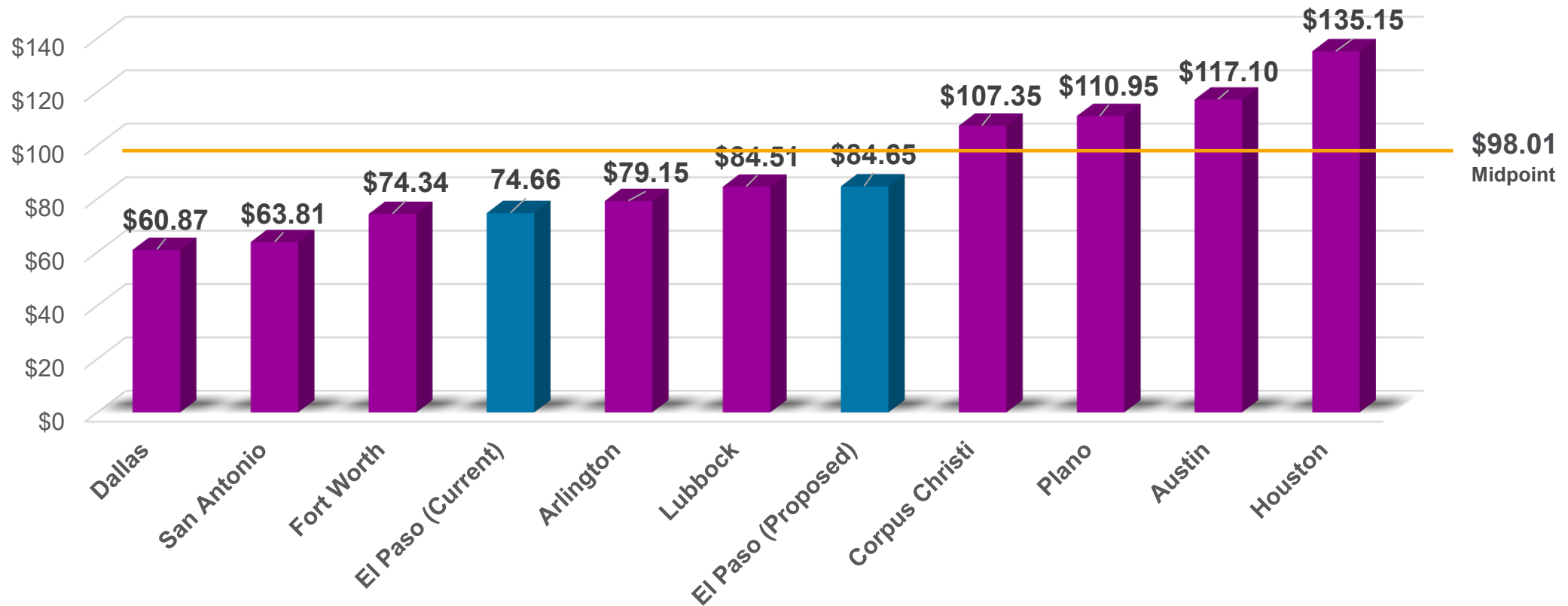
# El Paso bills remain lower than most U.S. Cities

For the top 50 cities in the U.S., water and wastewater bills for a typical U.S. household have increased by 55% over the last decade for an average of 4%.



# Average Residential Water and Wastewater Bill

Ten Largest Texas Cities as of October 2025

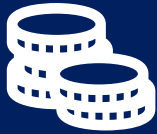




# Reducing Impact to Customers

# Menu of Affordability Options

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**Low water use**  
*4 CCFs Rate*  
**Water Supply  
Replacement Charge  
Waived**  
**\$17.49 in Savings**



**Very low water use**  
*1 CCF Rate*  
**Reduced Min Charges  
+ WSRC Waived**  
**\$31.48 in Savings**

**NEW**



**Stormwater  
low-impact fee**

*Lower fee for  
smallest properties*

**19% Fee Reduction**

On average, **68,000** customers are benefitting from these options.

# Rebates = Water and Bill Savings

## WATERWISE BUSINESS REBATE PROGRAM



RESTROOM  
FIXTURES



LAUNDRY  
EQUIPMENT



SMART WATER  
IRRIGATION



KITCHEN  
APPLIANCES



CAR WASH  
EQUIPMENT



## RESIDENTIAL REBATE PROGRAMS



 <p><b>WATERSENSE TOILETS*</b> \$50 <small>*Up to 2 per household, \$50 per toilet</small></p> 	 <p><b>LAUNDRY TO LANDSCAPE</b> Up to \$250</p>
 <p><b>ENERGY STAR WASHERS</b> \$100</p> 	 <p><b>RAINWATER HARVESTING</b> Up to \$1,000</p>
 <p><b>IRRIGATION CONTROLLERS*</b> \$75 <small>*Weather or soil moisture-based</small></p> 	<p><b>POOL COVERS &amp; POOL FILTERS</b></p> <p>Up to \$100    Up to \$250</p> 

# Customer Assistance Programs

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Available only to EPWater customers facing financial hardship and at risk of being disconnected from water service.

## AguaRepairs Leak Repair Program



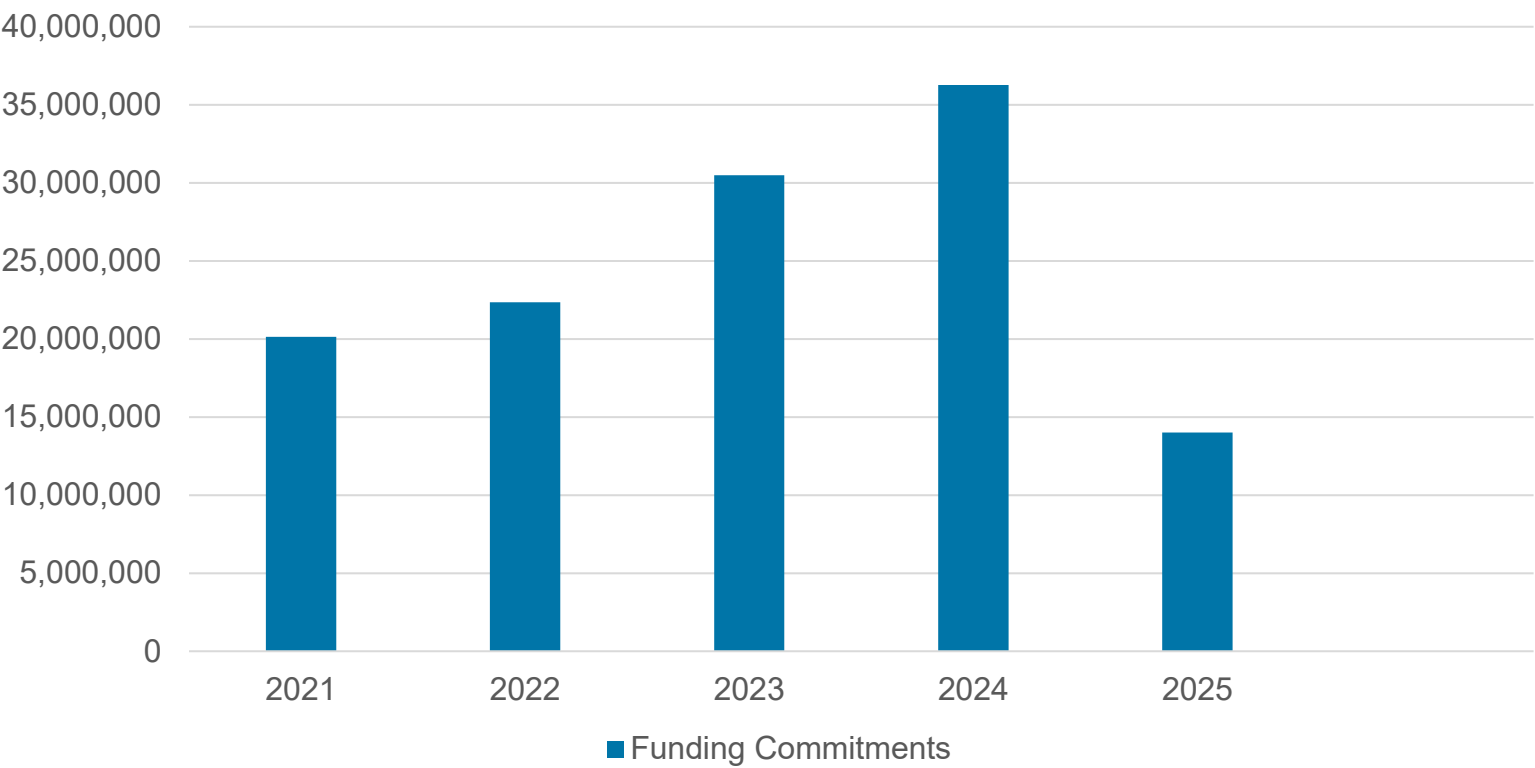
Residential water leak repair program focused on making plumbing repairs in single-family homes owned by EPWater customers.

Rebuilding Together administers the program.



# \$123+ Million in Funding Secured over the last 5 years

State and Federal Funding for Infrastructure Projects



# Breaking Down a Typical Bill

(by customer's dollar)

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# Community Engagement

# How customers want to receive information on rates?

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## What we are doing

**Email** *WaterWatch* Newsletter Special Edition with budget highlights

**Bill insert** February, after rates are finalized

**Local news** Significant media outreach around the Budget workshop, Open House

**Social media** Budget and rates proposal highlights with links to website

**Public meetings** Open House held Dec. 2 at TechH2O; PSB meetings on Nov. 20, Dec. 10 and Jan. 14, 2026.

## Preferences

- **74%** Email
- **48%** Bill insert
- **26%** Local news
- **13%** Social media
- **11%** Public meeting

# For more information

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Budget and rate information is available on the website, including

- Budget presentation slides and link to recording
- Fact Sheet, news release, videos

[www.epwater.org/proposedbudget](http://www.epwater.org/proposedbudget)

# EPWater is Recognized as a Model Water Utility

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One of two utilities nationally to twice receive the **Sustainability Water Utility Management Award** .



Received the **Utility of the Future Award** for the utility's achievements in energy efficiency



Recognized by Government Finance Officers Association with **budget award** in several years



Recognized as the **38<sup>th</sup> Best Public Fleet** among 2025's *100 Best Fleets in the Americas*.

# EPWater Employees Give Back to Their Community

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Employees raised nearly \$200,000 this year in support of local non-profit organizations

The United Way  
Employee Giving Campaign



Charity of Choice



# The driving forces for rate increase

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- The need for capital improvements to **proactively address infrastructure rehabilitation** for improved reliability of the water and wastewater systems
- Responding to **unfunded mandates** such as SB3 and other state and federal regulatory requirements
- **Securing water supplies** to support population growth and economic development
- Continued investment in **flood protection**





Thank You