



El Paso Electric Files to Implement a Distribution Cost Recovery Factor in Texas

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EL PASO, Texas--(BUSINESS WIRE)-- On March 28, 2019, El Paso Electric Company (EPE) (NYSE: EE) filed with the City of El Paso, other municipalities incorporated in its Texas service territory and the Public Utility Commission of Texas (PUCT) to implement a Distribution Cost Recovery Factor (DCRF) surcharge for its Texas customers.

The DCRF allows an electric utility to timely recover costs for investments in the distribution infrastructure necessary for serving its customers. Approximately \$130 million in capital investments have been made to EPE's electric distribution infrastructure and placed in service from October 1, 2016, through December 31, 2018, that are not currently reflected in EPE's Texas rates. These capital investments are necessary to provide safe and reliable service to over 325,000 customers across 3,000 square miles in Texas.

"Our commitment to each of our customers is the delivery of safe and reliable energy year-round," shared EPE President and CEO Mary Kipp. "We are continually working to build and maintain our infrastructure in a responsible manner, and this process allows us to gradually and timely recover these investments."

Through this filing, EPE is seeking approval to recover approximately \$7.9 million in distribution-related costs for infrastructure serving its Texas' customers. The proposed DCRF surcharge will result in a \$1.18 per month increase for Texas residential customers with an average monthly usage of 630 kilowatt hours. If approved, the DCRF surcharge could go into effect later this year.

Transmission Cost Recovery Factor

Earlier this year, EPE filed to implement a Transmission Cost Recovery Factor (TCRF) surcharge for Texas customers that would recover approximately \$8.2 million in transmission-related investments placed in service from October 1, 2016, through September 30, 2018. If approved by the PUCT, Texas residential customers with an average usage of 630 kilowatt hours could see a \$0.97 surcharge as a separate line item later this year.

About EPE's Electric Distribution System

In total, EPE owns, in whole or in part, approximately 4,700 circuit miles of over and under-ground conductors. EPE's Electric Distribution System is the system through which the utility delivers electricity to customers. The infrastructure includes poles, towers and fixtures; overhead and underground conductors and devices; transformers; and meters that serve to convert the electricity to voltage usable by the customers and deliver and measure the electricity provided.

About El Paso Electric

El Paso Electric is a regional electric utility providing generation, transmission and distribution service to approximately 425,600 retail and wholesale customers in a 10,000 square mile area of the Rio Grande valley in west Texas and southern New Mexico.

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Public Relations

Eddie Gutierrez | 915.543.5763

eduardo.gutierrez@epelectric.com

Investor Relations

Lisa Budtke | 915.543.5947

lisa.budtke@epelectric.com

Richard Gonzalez | 915.543.2236

richard.gonzalez@epelectric.com

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