



August 10, 2015

El Paso Electric Files 2015 Texas Rate Case

EL PASO, Texas--(BUSINESS WIRE)-- On August 10, 2015, El Paso Electric (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) a request for an increase in non-fuel base revenues of approximately \$71.5 million. Under the proposed rates, a residential customer using 625 kilowatt-hours per month will see an average bill increase of \$8.41 per month when new rates become effective in 2016.

"At El Paso Electric, our obligation to provide clean, safe and reliable energy to all customers in our service territory is a responsibility we take very seriously," said Tom Shockley, El Paso Electric CEO. "We filed a rate case in Texas, to recover our cost-effective and prudent investments to replace less efficient equipment and build new generation for our community's economic and population growth."

This 2015 rate case involves the review of all invested capital subsequent to the test year ended June 30, 2009. The Company has invested approximately \$1.3 billion in new electric plant to meet customer growth and improve grid reliability. These investments include newer, more efficient and more operationally flexible generating units such as Newman Unit 5 and Rio Grande Unit 9; however, the timing of the current filing was primarily driven by new plant placed into service at Montana Power Station including Units 1 & 2, common, the related transmission and distribution infrastructure, and the Eastside Operations Center. Investment in new plant continues with the construction of Montana Power Station Units 3 & 4, which are anticipated to be in service by the end of 2016.

The Company's filing seeks to ensure that the proposed rate structures reflect each customer's cost of service to effectively encourage energy conservation and reduce contributions to system peak. The filing also seeks to reduce subsidies between rate classes, provide stable rates for customers and promote the stability of revenues for the Company, and to ensure recovery of the costs of providing safe and reliable service to Texas customers.

In a simultaneous process, we filed the rate case with the City of El Paso, municipalities in our Texas service territory, and the PUCT. The PUCT will refer the case to the Texas State Office of Administrative Hearings, which will then appoint an administrative law judge. A discovery process will follow in which intervening parties have the opportunity to communicate and engage in the process. The procedural schedule issued by the administrative law judge will establish a timeline for testimony and hearings, which are expected to be held during the winter of 2015. We anticipate rates will become effective by early second quarter 2016.

"The rate case process is transparent, and in order to make sure we do not collect a single penny that is not justified, all parties are represented in the process," said Shockley. "As a local utility, we have a responsibility and obligation to serve all our customers. In order to do so, we must be a financially viable company, able to take care of our customers and employees that live and work in the region we serve."

The cities and towns in our Texas service territory maintain their right to regulate this rate case process and make a decision on rates within their city limits. Regardless of decisions made by municipalities, the PUCT has appellate jurisdiction and decides the rate request. Any municipality can participate in the proceeding before the PUCT as an intervening party in Austin where a final decision on this rate case will be made.

Conference Call

A conference call to discuss the 2015 Texas Rate Case with investors and analysts is scheduled for 10:30 A.M. Eastern Time, on August 11, 2015. The dial-in number is 888-455-2260 with a conference ID number of 7739967. The international dial-in number is 719-325-2215. The conference leader will be Lisa Budtke, Assistant Treasurer. A replay will run through August 25, 2015 with a dial-in number of 888-203-1112 and a conference ID number of 7739967. The replay international dial-in number is 719-457-0820. The conference call and presentation slides will be webcast live on the Company's website found at <http://www.epelectric.com>. A replay of the webcast will be available shortly after the call.

El Paso Electric is a regional electric utility providing generation, transmission and distribution service to approximately 400,000 retail and wholesale customers in a 10,000 square mile area of the Rio Grande valley in west Texas and southern New Mexico.

El Paso Electric has a net dependable generating capability of 2,010 MW. El Paso Electric's common stock trades on the New York Stock Exchange under the symbol EE.

Safe Harbor

This news release includes statements that may constitute forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. This information may involve risks and uncertainties that could cause actual results to differ materially from such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to: (i) full and timely recovery of capital investments and operating costs through rates in Texas and New Mexico; (ii) increased prices for fuel and purchased power and the possibility that regulators may not permit EE to pass through all such increased costs to customers or to recover previously incurred fuel costs in rates; (iii) uncertainties and instability in the general economy and the resulting impact on EE's sales and profitability; (iv) changes in customers' demand for electricity as a result of energy efficiency initiatives and emerging competing services and technologies; (v) unanticipated increased costs associated with scheduled and unscheduled outages of generating plant; (vi) the size of our construction program and our ability to complete construction on budget; (vii) potential delays in our construction schedule due to legal challenges or other reasons; (viii) costs at Palo Verde; (ix) deregulation and competition in the electric utility industry; (x) possible increased costs of compliance with environmental or other laws, regulations and policies; (xi) possible income tax and interest payments as a result of audit adjustments proposed by the IRS or state taxing authorities; (xii) uncertainties and instability in the financial markets and the resulting impact on EE's ability to access the capital and credit markets; (xiii) possible physical or cyber attacks, intrusions or other catastrophic events; and (xiv) other factors detailed by EE in its public filings with the Securities and Exchange Commission. EE's filings are available from the Securities and Exchange Commission or may be obtained through EE's website, <http://www.epelectric.com>. Any such forward-looking statement is qualified by reference to these risks and factors. EE cautions that these risks and factors are not exclusive. EE does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of EE except as required by law.

View source version on [businesswire.com](http://www.businesswire.com): <http://www.businesswire.com/news/home/20150810006399/en/>

El Paso Electric

Public Relations

Eddie Gutierrez, 915-497-3495

eduardo.gutierrez@epelectric.com

or

Investor Relations

Lisa Budtke, 915-543-5947

lisa.budtke@epelectric.com

Source: El Paso Electric

News Provided by Acquire Media