



January 21, 2016

El Paso Electric Files Joint Motion to Abate Procedural Schedule in Texas Rate Case Docket No. 44941

EL PASO, Texas--(BUSINESS WIRE)-- On January 21, 2016, El Paso Electric Company (EPE) (NYSE: EE) filed a joint motion to abate the procedural schedule related to its Public Utility Commission of Texas (PUCT) rate case proceeding to facilitate settlement talks. The PUCT Staff, the City of El Paso, the Office of Public Utility Counsel and the Texas Industrial Energy Consumers joined in this joint motion. The parties have made substantial progress in settlement talks but have not yet reached a full settlement agreement. An Order approving the joint motion, cancelling the prehearing conference scheduled for this Friday, January 22, 2016, and postponing the start of the hearing on the merits also was issued earlier today. EPE will file a status report on settlement progress with the Administrative Law Judges next Friday, January 29, 2016.

On August 10, 2015, EPE filed with the City of El Paso, other incorporated municipalities in its Texas service territory and the PUCT a request for an increase in non-fuel base revenues of approximately \$71.5 million. When EPE filed its rebuttal testimony on January 15, 2016, it modified the requested increase to \$63.3 million. A hearing on the merits of the rate case filing was set to begin on January 26, 2016.

"We continue to make progress with our intervenors and regulators toward reaching a settlement," said Mary Kipp, El Paso Electric CEO. "The temporary abatement of this rate case proceeding allows us to continue our settlement discussions."

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.

Safe Harbor

This news release includes statements that may constitute forward-looking statements made pursuant to the safe harbor provisions within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). This information often involves 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) a breakdown in settlement discussions with the parties in EPE's Texas rate case; (ii) EPE's inability to reach agreement with the intervenors in EPE's Texas rate case; (iii) increased prices for fuel and purchased power and the possibility that regulators may not permit EPE to pass through all such increased costs to customers or to recover previously incurred fuel costs in rates; (iv) full and timely recovery of capital investments and operating costs through rates in Texas and New Mexico; and (v) other factors detailed by EPE in its public filings with the Securities and Exchange Commission. EPE's filings are available from the Securities and Exchange Commission or may be obtained through EPE's website, <http://www.epelectric.com>. Although El Paso Electric believes that the expectations reflected in such forward-looking statements are reasonable, no assurances can be given that these expectations will prove to be correct. Any such forward-looking statement is qualified by reference to these risks and factors. EPE cautions that these risks and factors are not exclusive. EPE does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of EPE except as required by law.

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