



February 17, 2016

Hearing Examiner in El Paso Electric's New Mexico Rate Case Issues Recommended Decision

EL PASO, Texas--(BUSINESS WIRE)-- El Paso Electric Company (EPE) (NYSE: EE) announced that the Hearing Examiner assigned by the New Mexico Public Regulation Commission (NMPRC) to EPE's rate case (Case No. 15-00127-UT) issued a Recommended Decision in the case on February 16, 2016. In the Recommended Decision, the Hearing Examiner recommends an annual increase in non-fuel base rates of approximately \$0.64 million.

EPE had initially requested an annual increase in non-fuel base rates of approximately \$8.6 million, or 7.1%. EPE later reduced its requested increase in non-fuel base rates to approximately \$6.4 million. A hearing on the matter was held before the Hearing Examiner in November 2015. Today the NMPRC issued an order extending the suspension period in the rate case from March 10, 2016 until April 8, 2016, by which time the NMPRC is expected to issue a Final Order. All parties will be allowed to file Exceptions before the NMPRC ultimately rules on the issues by Final Order.

"While we do not agree with some of the Hearing Examiner's recommendations, we also recognize that this is just one more step in the process of establishing fair rates in New Mexico," said Mary Kipp, El Paso Electric CEO. "The rate case involves some complex legal and accounting issues, and we look forward to presenting our position to the full New Mexico Commission."

EPE will provide an update on the New Mexico rate case during the earnings conference call scheduled for February 24, 2016, at 10:30 a.m., Eastern Time.

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 2,055 MW.

Safe Harbor

This news release includes statements, including statements regarding the NMPRC's expected procedural schedule, 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) 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; (ii) full and timely recovery of capital investments and operating costs through rates in New Mexico; and (iii) 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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