

Texas Rate Case

- El Paso Electric (EPE) is required by the Public Utility Commission of Texas (PUC) to submit a rate case review every four years (last rate case was December 18, 2017)
- EPE filed the Texas rate review with the PUC on June 1, 2021
- A rate case is the regulatory process that all public utilities must follow to formally change their rates
- The rate filing is backwards looking; meaning that the investments that we have made have already been in use by customers and a rate review is the process for recovering those investments
- We will not be allowed to recover on any investment made by EPE unless the PUC finds it to be a prudent and necessary expense
- EPE is requesting \$40.9 million in capital and operations and maintenance investments to address continuous customer and energy usage growth
- **Since 2017, EPE has invested nearly \$1 billion into its infrastructure:**
 - Distribution: \$363.1 million
 - Transmission: \$114.6 million
 - Palo Verde: \$182.2 million
 - Local Generation: \$178.5 million
 - Tech/Systems: \$114.9 million
 - **Total: \$953.3 million**
- The regulatory process can take anywhere from six months to a year to reach a final approved decision
- Although EPE filed/proposed to recover \$40.9 million, the outcome will be determined by the PUC experts who closely review the request
 - **As filed:**
 - New investments will allow for EPE to better monitor, analyze, and optimize the grid
 - New Customer Care & Billing Web Portal to all customers to manage their account and report problems more easily
 - Joining the Energy Imbalance Market that increases reliability and enhances EPE's use of Renewable Energy
 - Addresses additional growth within the service region and the necessary replacements made to infrastructure to ensure reliable service
 - Elimination of the minimum bill for those DG customers who have elected the demand charge time of day rate
 - Reduction to the minimum bill for all non-grandfathered distributed generation (DG) residential and small commercial customers, from the current \$30 to \$24.02 and \$25.19 respectively
 - Return approximately \$2.5 million in excess deferred taxes to customers over the next four years
 - Introduces a new plan to support the deployment of electric vehicle (EV) charging stations to ensure our region is ready for the transition to EVs
 - More information at <https://www.epelectric.com/texas-rate-case>
 - **City of El Paso Suspends Rates (6.22.21):**
 - The suspension of rates is the first step in a rate case
 - This action allows for rates to be suspended for 90 days and that allows for municipalities to review the filing
 - El Paso Electric sees this time period as an opportunity to work collaboratively with the City of El Paso and all other parties on the filing
 - All Texas municipalities in our service area will be taking similar actions

- **Nonprofit Contributions/Donations included in rate filing:**
- Expenses related to contributions is a PUC approved expense
- After further review, we have decided to remove this request from the filing during the regulatory process
- We remain committed to providing contributions to organizations throughout our service area
- It is important to remember that our shareholder gave \$100 million for economic development and that is not going to be recovered in rates
- For more information on our community giving, visit <https://www.epelectric.com/community/community-partner-program/participate-in-the-epe-community-partner-program>