



May 19, 2016

Texas Commission Issues Decision on Notice in Pending El Paso Electric Rate Case

EL PASO, Texas--(BUSINESS WIRE)-- On May 19, 2016, the Public Utility Commission of Texas ("PUCT") ruled that the initial notice provided by El Paso Electric Company ("Company") (NYSE: EE) in the rate case pending before the PUCT did not include the treatment of residential customers with solar systems that was subsequently contained in the non-unanimous settlement executed by the Company. Those four intervenors who did not join in the non-unanimous settlement had filed an appeal with the PUCT challenging the adequacy of the notice with respect to solar customers. The May 19 ruling from the PUCT, which has not been reduced to a written order, will remand the notice issue to the Administrative Law Judges ("ALJs"), who are expected to establish a schedule for issuing additional notice. On April 22, 2016, the ALJs had issued an *Order Setting Procedural Schedule, Notice of Hearing on the Merits, and Ruling on Notice*, which ruled against the four intervenors on the notice issue. At this time the Company cannot predict what impact the PUCT ruling on notice will have on the Company's rate case or on the timing of when the PUCT will issue a Final Order in this rate case. However, it is possible that re-issuing notice could result in a significant delay in the issuance of a Final Order. Regardless of when the Final Order is issued, the new rates will relate back to consumption after January 12, 2016. Furthermore, as previously approved by the PUCT, the Company implemented interim rates, subject to refund or surcharge, effective April 1, 2016.

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 2,098 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) uncertainty regarding the actions and timing of matters in EPE's Texas rate case pending before the PUCT; (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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