



# POWER ON.

2014 Annual Shareholder Meeting

The logo for El Paso Electric, featuring the stylized text "El Electric Company" with "El Paso Electric" underneath. Below the logo is the website address "POWERONepe.com". The logo is set against a white background with a yellow and blue gradient to its right.

# Safe Harbor Statement



This presentation 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:

- 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
- Recovery of capital investments and operating costs through rates in Texas and New Mexico
- Uncertainties and instability in the general economy and the resulting impact on EE's sales and profitability
- Changes in customers' demand for electricity as a result of energy efficiency initiatives and emerging competing services and technologies
- Unanticipated increased costs associated with scheduled and unscheduled outages of generating plant
- The size of our construction program and our ability to complete construction on budget
- Potential delays in our construction schedule due to legal challenges or other reasons
- Costs at Palo Verde
- Deregulation and competition in the electric utility industry
- Possible increased costs of compliance with environmental or other laws, regulations and policies
- Possible income tax and interest payments as a result of audit adjustments proposed by the IRS or state taxing authorities
- Uncertainties and instability in the financial markets and the resulting impact on EE's ability to access the capital and credit markets
- 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

# Overview



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- Renewable Initiatives
- Greener Footprint
- East Side Distribution Operations Center
- Leadership Team and Additions

# Financial Highlights



- Paid over \$42 million in dividends in 2013, the largest amount in company history
- 2013 earnings of \$2.20 per share
- 2014 guidance range of \$2.10 to \$2.50 per share
- Moody's Investors Service upgraded EE's senior unsecured and issuer ratings to Baa1 from Baa2

# Operational Highlights

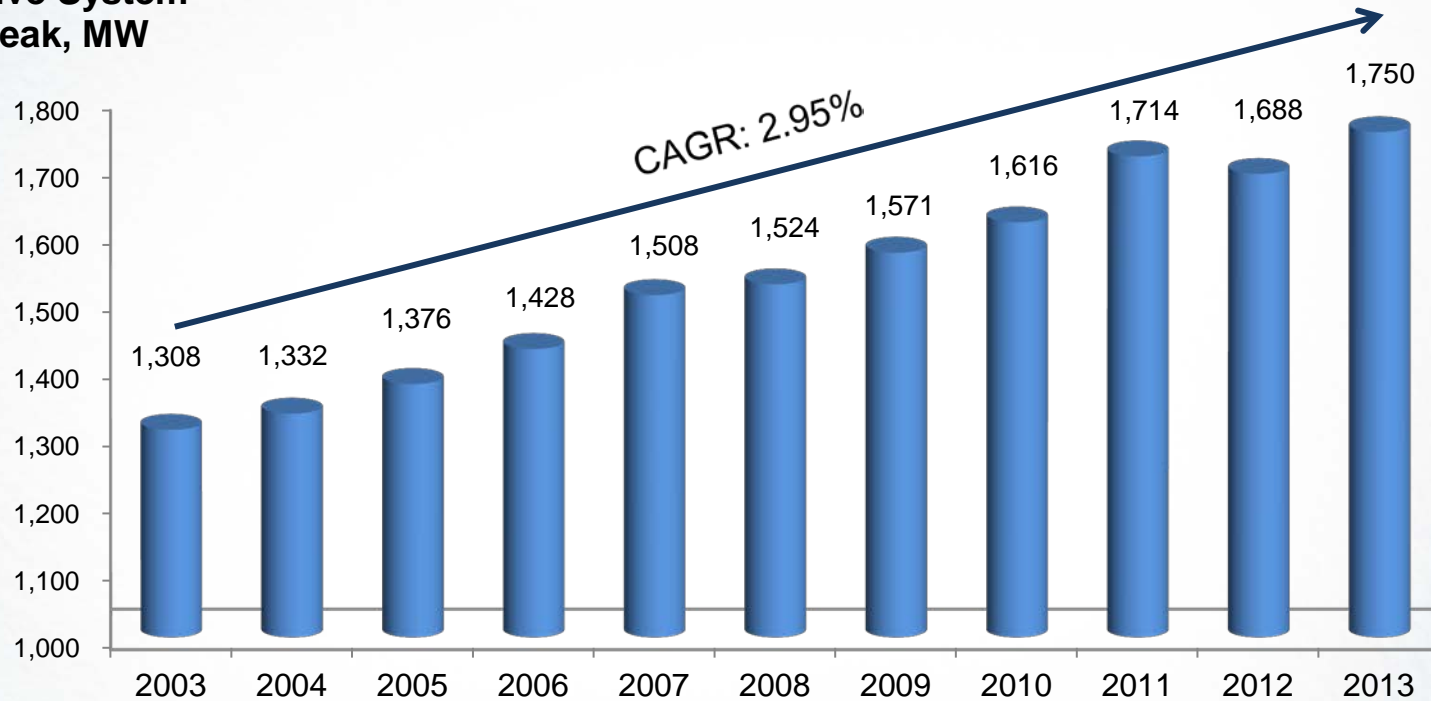
- Ranked #1 in reliability among investor owned electric utilities by the Public Utility Commission of Texas for the third consecutive year for both:
  - System Average Interruption Duration Index (SAIDI)
  - System Average Interruption Frequency Index (SAIFI)
- The Palo Verde Nuclear Generating Station was the nation's largest power producer for the 22<sup>nd</sup> consecutive year, generating 31.4 million megawatt-hours in 2013
- Palo Verde Unit 2 was ranked as the top producing U.S. generating reactor and second in the world in 2013. Unit 2 completed the spring 2014 refueling outage in 28 days, 22 hours; a new record for the plant

Reliability Rankings		
Year	SAIFI	SAIDI
2013	#1	#1
2012	#1	#1
2011	#1	#1
2010	#1	#2
2009	#1	#2



# Native Load Growth

Native System Peak, MW



- Achieved a new Native System Peak in 9 out of the past 10 years

# Montana Power Station

- Obtained final approval from the Environmental Protection Agency for the Montana Power Station (MPS) air permit which became effective on April 25, 2014
- Construction began on MPS Units 1 & 2 in late May 2014
- Commercial operation of MPS Units 1 & 2 anticipated by the summer peak of 2015
- Once complete, the four state of the art LMS-100 units at MPS will add 352MW of efficient, clean burning natural gas power



# Utility Scale Renewables

- The 50MW Macho Springs Solar Facility has begun delivering safe, dependable, and clean power to our system and began commercial operation in May 2014
- EE entered into a purchased power agreement with Newman Solar, LLC to purchase the entire output of a 10MW solar facility
- EE's owned solar and purchased power agreements are expected to represent approximately 5% of the Company's generating capacity for the 2014 peak
- EE is placing greater emphasis on utility scale renewables reflecting improving cost and economics





# Greener Footprint

- EE will reduce its carbon footprint by ceasing participation in the Four Corners coal plant in July 2016 when the 50-year participation agreement expires
  - EE's generation portfolio will be completely coal free when the agreement expires in July 2016
  - Costs associated with future retrofits required by environmental regulation will be avoided
  - The 108MW currently provided by Four Corners will be replaced by clean burning natural gas plants and supplemental solar facilities.



# Eastside Distribution Operations Center

- Began construction in October 2013
- New facility will consolidate several current facilities and approximately 235 employees
- New facility increases operational efficiencies
  - Closer to areas of new growth
  - Eliminates drive time between facilities
- Construction to be completed by early 2015



# Leadership Team and Additions



- David Carpenter and Hector Puente were promoted to Executive Vice President where they will continue to mentor the Finance, Regulatory, and Operations executives while leading special projects
- Steve Buraczyk was promoted to Senior Vice President of Operations
- Nathan Hirschi was promoted to Senior Vice President and Chief Financial Officer
- William Stiller was promoted to Senior Vice President of Human Resources and Customer Care
- Michael Blanchard elected as the new Vice President of Regulatory Affairs
- John Boomer elected as Vice President and Treasurer

# Q & A