



## 2016 Annual Meeting of Shareholders

# Safe Harbor Statement

This presentation 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, and Section 21E of the Securities Exchange Act of 1934, as amended. This information often involves risks and uncertainties that could cause actual results to differ materially from such forward-looking statements. The statements in this presentation that are not historical statements and any other statements regarding EE's future expectations, beliefs, plans, objectives, financial conditions, assumptions or future events or performance that are not historical facts, are forward-looking statements within the meaning of the federal securities laws. Additional information concerning factors that could cause actual results to differ materially from those expressed in forward-looking statements is contained in EE's most recently filed periodic reports and in other filings made by EE with the U.S. Securities and Exchange Commission (the "SEC"), and includes, but is 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
- Full and timely 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, including distributed generation
- 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 and on time
- 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
- Possible physical or cyber attacks, intrusions or other catastrophic events
- Other factors of which we are currently unaware or deem immaterial

EE's filings are available from the SEC or may be obtained through EE's website, <http://www.epelectric.com>. Any such forward-looking statement is qualified by reference to these risks and factors. EE cautions that these risks and factors are not exclusive. Management cautions against putting undue reliance on forward-looking statements or projecting any future results based on such statements or present or prior earnings levels. Forward-looking statements speak only as of the date of this news release, and EE does not undertake to update any forward-looking statement contained herein.



## Reflection on Recent Highlights

- EE completed construction and started commercial operation of Montana Power Station (MPS) Units 1, 2, and 3
- EE completed construction and placed into service the Eastside Operations Center (EOC)
- Construction of MPS Unit 4 is ahead of schedule and is now anticipated to be placed in service in September 2016
- EE filed rate cases in both Texas and New Mexico
- Received approval to begin collecting interim rates in Texas
- EE achieved two separate native system peak records
- Palo Verde achieved its highest output in its history
- EE maintained high customer satisfaction and reliability ratings



## 2015 Financial Highlights

- 2015 net income of \$81.9 million or \$2.03 per share
- EE paid over \$47 million in dividends in 2015
- Maintained stable financial profile with strong investment grade credit ratings (Baa1/BBB)

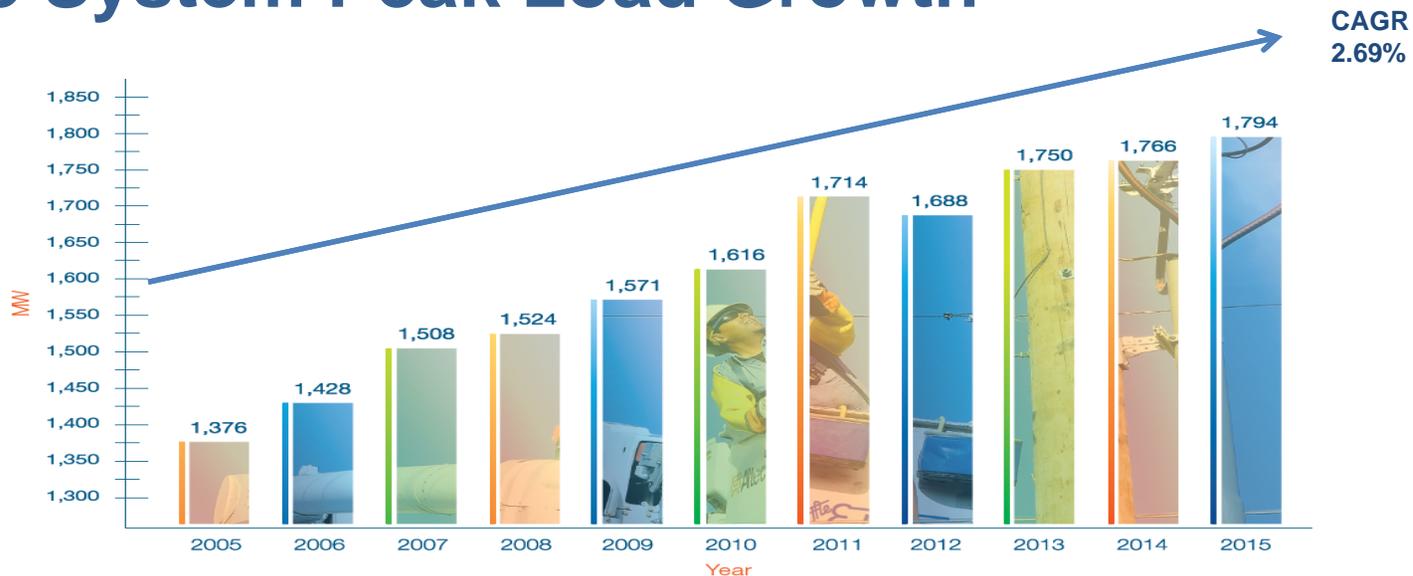


# Local Growth

- El Paso's unemployment rate remained below or on par with the national unemployment rate through December of 2015
- Local developer is on track to build 2 million square feet of new retail space in El Paso by 2020 which could spur the creation of 1,200 jobs
- Recent additions of businesses
  - Alamo Drafthouse Cinema
  - Dave & Buster's
  - CarMax
  - Whole Foods Market
  - Hotel Indigo
- Service territory continues to experience consistent customer growth



# Native System Peak Load Growth



- EE set two new Native Peak records in 2015
  - A native peak record of 1,787 MW was achieved on June 22, 2015
  - On August 6, 2015, a second native peak record was set at 1,794 MW
- EE set a new native peak record in 10 out of last 11 years



## Capital Requirements & Liquidity

- Expended \$281.5mm for additions to utility plant for the twelve months ended December 31, 2015
- At December 31, 2015, EE had liquidity of \$165.9mm including a cash balance of \$8.1mm and unused capacity under the revolving credit facility
- Capital expenditures for utility plant in 2016 are anticipated to be approximately \$231mm



## EE Carbon Footprint

- Four Corners exit
- In June 2015, EE filed for a new 3 MW Community Solar Pilot Program in TX, which will be constructed at MPS
- In October 2015, approved CCN for a 5 MW Solar Generation Project to be located at Holloman Air Force Base



## Regulatory Update

- In Texas EE filed a rate case, Docket No. 44941, with the Public Utility Commission of Texas (PUCT) on August 10, 2015
  - Hearing on the merits of the Settlement Agreement is scheduled for June 21-22, 2016
  - Interim rates, for the \$37mm increase, are effective as of April 1, 2016 and are subject to refund or surcharge
- In New Mexico EE filed a rate case, Case No. 15-00127-UT, with the New Mexico Public Regulation Commission (NMPRC) on May 11, 2015
  - The NMPRC has until June 10, 2016 to issue a final order authorizing new rates



## El Paso Electric Workforce

- Employees are committed to delivering safe, reliable and cost effective power
- 2015 annual customer satisfaction survey results were at maximum
- Employees contributed approximately 10,000 volunteer hours to the local community during the year through the Volunteers in Action Program
- Combined employee/company contributions to the United Way Campaign totaled more than \$340,000
- Worked successfully and safely to relocate infrastructure to meet the growth in service territory



# Q & A

