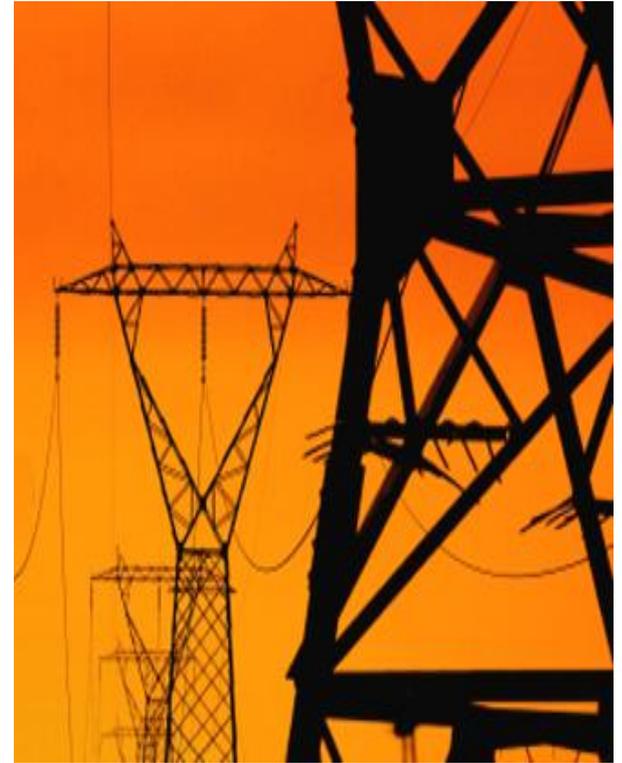


El Paso Electric Company



City Council
El Paso, Texas
March 26, 2013



El Paso Electric Quarterly Update



Mary Kipp

Senior Vice President, General Counsel and
Chief Compliance Officer

2012 Highlights



- ❖ Settled the Texas Rate Case and worked to improve relations with the City of El Paso
- ❖ Obtained Certificates of Convenience & Necessity in Texas and New Mexico for the first two units at the new Montana Power Station
- ❖ Added 22 MW of solar capacity and contracted for the output of the Macho Springs Solar Project, a 50 MW solar photovoltaic power plant, making EPE among the top utilities in the nation on a solar energy per customer basis
- ❖ Added two new board members from the El Paso area
- ❖ EPE employees contributed more than 13,000 hours of volunteer work in the El Paso/Las Cruces area

2012 Operational Highlights



- ❖ Edison Electric Institute (EEI) awarded EE the 2012 Emergency Assistance Award for its efforts to restore power to the New York area as a result of Super Storm Sandy
- ❖ Ranked #1 in terms of reliability among investor owned electric utilities by the Texas PUCT for the System Average Interruption Duration Index (SAIDI) and the System Average Interruption Frequency Index (SAIFI)
- ❖ Palo Verde Plant achieved its best generation year ever producing over 31 million mega-watt hours in 2012
- ❖ Palo Verde Unit 2 recorded the best performance in plant history by operating for a plant record 518 consecutive days

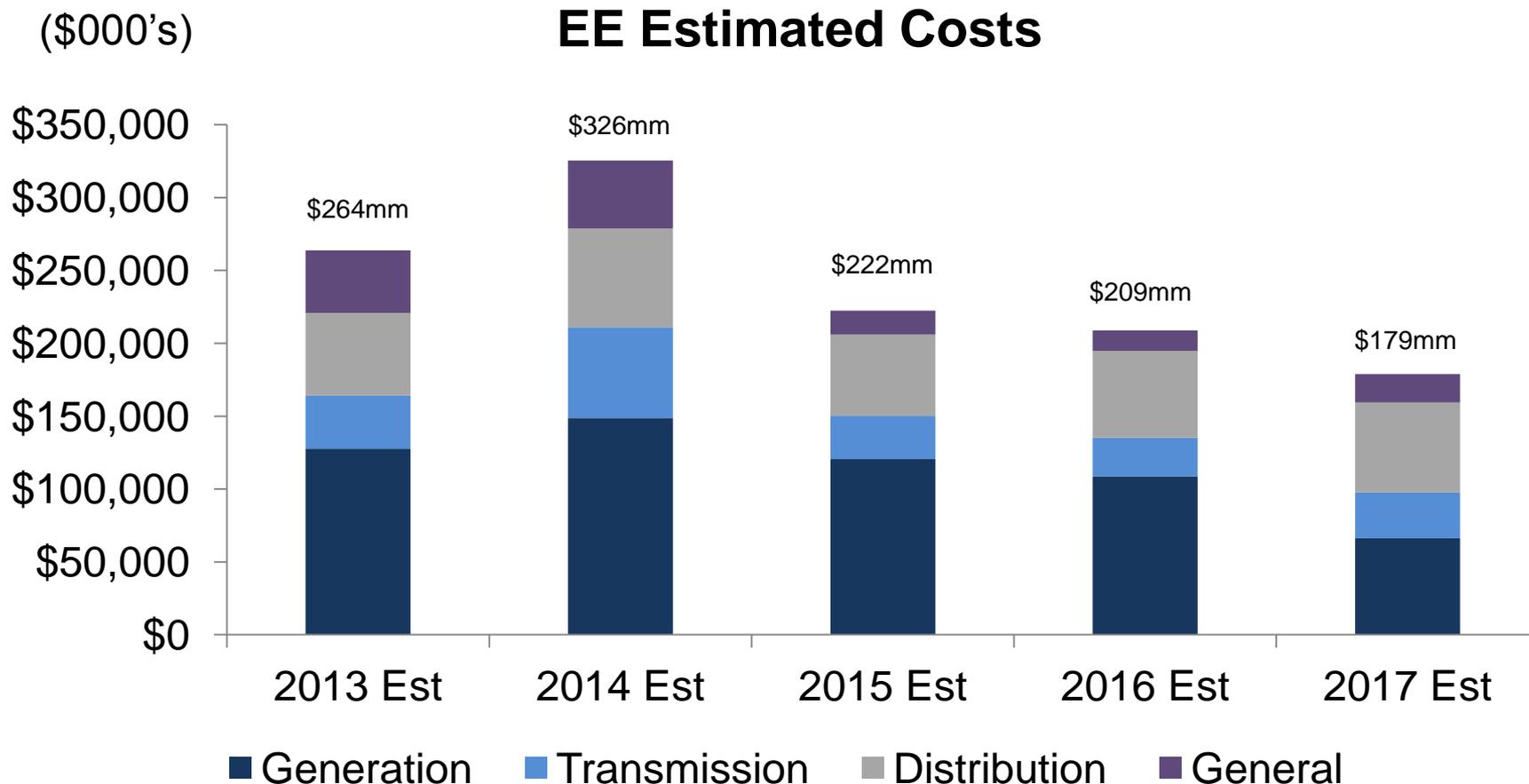


2013 Goals



- ❖ Complete construction and begin commercial operation of Rio Grande Unit 9
- ❖ Obtain approvals for air permits from the Texas Commission on Environmental Quality (TCEQ) and the Environmental Protection Agency (EPA) and begin construction of the Montana Power Station
- ❖ Open new customer service center in our down town office
- ❖ Begin construction of new distribution center on the east side of El Paso and plan for another on the west side
- ❖ Refine plans for future rate cases

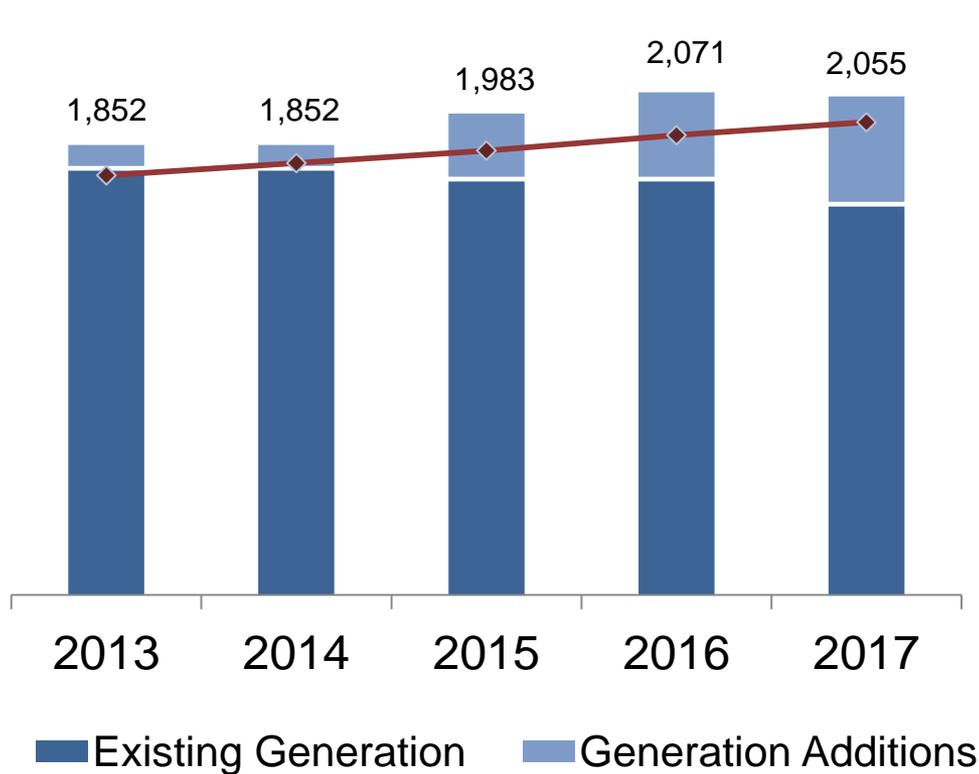
Five Year Cash Capital Expenditures



Generation Additions Schedule



Generating Capacity at Summer Peak (MW)



❖ Existing capacity 1,765 MW

Additions

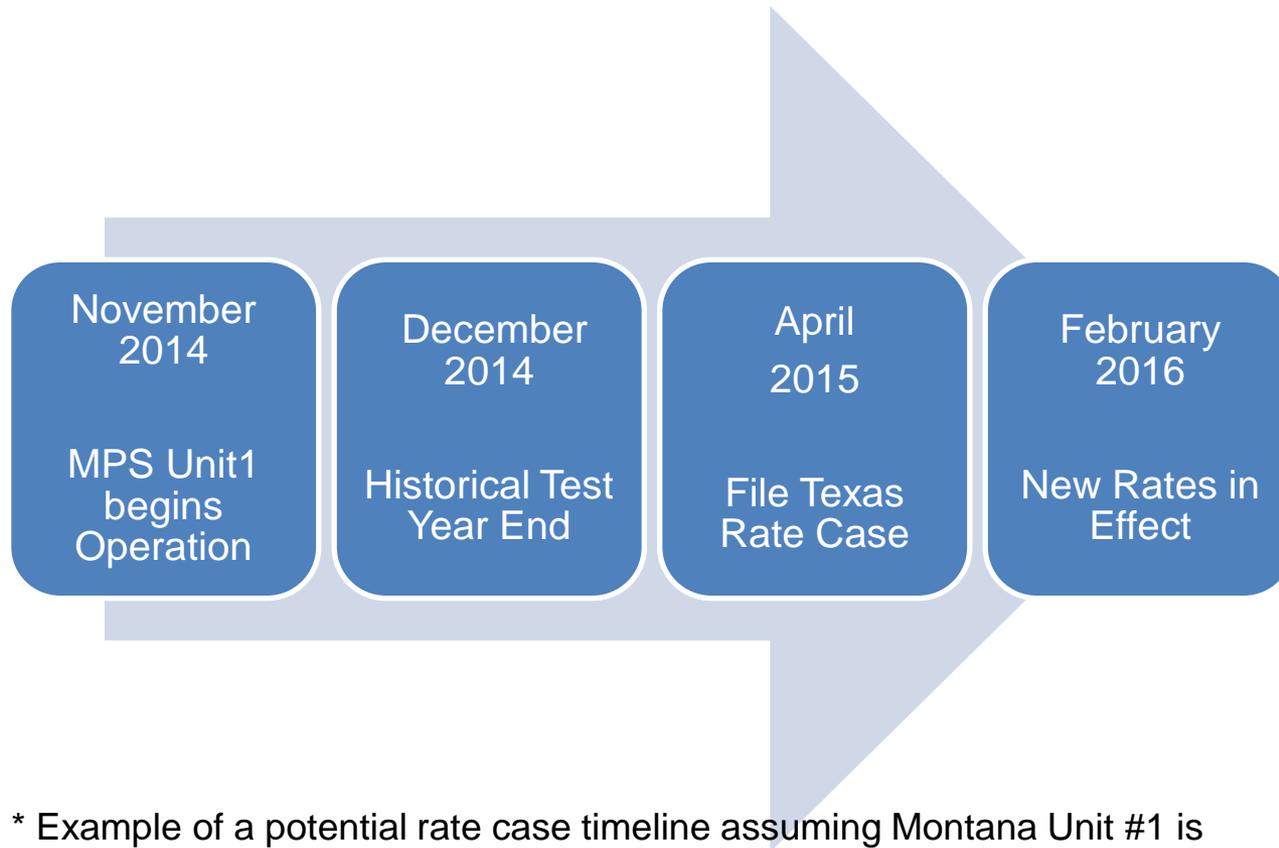
- ❖ 2013 Rio Grande 9 (87 MW)
- ❖ 2014 MPS Unit 1 (88 MW)
- ❖ 2015 MPS Unit 2 (88 MW)
- ❖ 2016 MPS Unit 3 (88 MW)
- ❖ 2017 MPS Unit 4 (88 MW)

Unit Retirements (a)

- ❖ 2014 Rio Grande 6 (45 MW)
- ❖ 2016 Four Corners 4 & 5 (104 MW)

(a) Unit retirements occur in December and impact capacity available in the following year

Example Rate Case Timeline



* Example of a potential rate case timeline assuming Montana Unit #1 is placed into service in November 2014



Q & A

March 26, 2013

