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**NEWS
RELEASE**

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City Council Seeks Rehearing Aiming to Protect Customers in EP Electric Rate Case

EL PASO, Texas—Following recent action by the Public Utility Commission of Texas (PUCT) in El Paso Electric's (EPE) rate case, El Paso City Council today authorized the City Attorney's Office to file a motion for rehearing to seek reconsideration on key issues that could further reduce customer impacts and ensure rates are fair and supported by the evidence.

In February, the PUCT took action on EPE's request. While the Commission reduced portions of EPE's original ask, final customer impacts still depend on a final PUCT order and the implementation details.

What the City is asking the PUCT to reconsider?

The City's Motion for Rehearing will focus on two issues that can meaningfully affect customer bills:

- **Federal Energy Regulatory Commission (FERC) Transmission Revenue Credits**
EPE receives revenues from other entities outside of the City of El Paso. Those revenues are credited back to local retail customers which can reduce the amount collected from customers through rates. The City is asking the PUCT to reconsider its treatment of FERC Transmission Revenue Credits to ensure customers receive the appropriate benefit and lower bills as much as possible.
- **Rate Increase to Residential Class (Class Cost Allocation)**
EPE filed this case requesting that all rate classes, including the residential rate class, should pay the full cost of providing service to each customer class. The City will ask the PUCT to reconsider its decision affecting the Residential rate, because this change will have the great impact on the residential customers.

"We are using every step available to push for the strongest customer protections possible and to make sure customers receive the full benefit of credits and allocations that can reduce bills," said City Attorney Karla Nieman.

What happens next

The PUCT will consider the motion at a public meeting and determine whether to grant or deny rehearing or modify its order. The City Attorney's Office will continue defending the case and will brief the Mayor and City Council as updated rate impacts, rate tariffs, and procedural milestones become available.

Background

In January 2025, EPE filed its general rate case seeking a \$93 million increase to its annual Texas retail revenue requirement, a request that was more than double the amount EPE initially sought in its last general rate case in 2021. As originally filed, EPE's proposal would have increased the typical residential bill by about \$22.39 per month, or about a 23% increase.

Under state law, the City of El Paso has original jurisdiction over electric rates in EPE's Texas service area. **However, the final determination under state law rests with the PUCT.**

—more—



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After the City held a local public hearing, El Paso City Council voted on June 24, 2025 to deny EPE's proposed increase at the local level. The case then proceeded through the state process at the PUCT, where the City continued to participate and advocate for residents and businesses.

EPE has sought under state law to have the new rates apply retroactively to July 1, 2025, even though a final order has not been approved by the PUCT and the new rates are not yet in effect.

In August 2025, the case was heard in a formal contested case hearing before Administrative Law Judges (ALJs). In December 2025, the ALJs issued a Proposal for Decision recommending reductions to EPE's request. On February 20, 2026, the PUCT took action on the case and approved a modified version of the ALJs' recommendation.

While the PUCT's action scaled back critical parts of EPE's original filing, final bill impacts have not yet been confirmed because additional implementing details are still needed to translate the PUCT's decisions into final rates.

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