All employees -- exempt, non-exempt, union, and non-union, are paid on a biweekly cycle. All union employees are paid under the "Agreement between El Paso Electric Company and Local Union No. 960 of the International Brotherhood of Electrical Workers", effective September 3, 2019. All non-union employees are paid under the Fair Labor Standards Act.

EL PASO ELECTRIC COMPANY
2021 TEXAS RATE CASE FILING
SCHEDULE G-1.1: REGULAR AND OVERTIME PAYROLL
SPONSOR: CYNTHIA S. PRIETO
PREPARER: TAMMY HENDERSON
FOR THE TEST YEAR ENDED DECEMBER 31, 2020

Line No.	(a) Month	(b) Regular Payroll	(c) Overtime Payroll	(d) Other (A)	(e) Total Payroll
1	JANUARY 2020	$ 7,380,373	$ 582,751	$ 1,165,739	$ 9,128,863
2	FEBRUARY	7,450,260	652,858	704,689	8,807,807
3	MARCH	11,129,615	882,517	(2,869,919)	9,142,213
4	APRIL	7,419,780	552,488	1,877,723	9,849,991
5	MAY	7,389,924	497,993	2,134,119	10,022,036
6	JUNE	7,475,544	623,473	1,993,097	10,092,114
7	JULY	7,424,489	817,006	4,129,440	12,370,935
8	AUGUST	7,485,284	615,180	8,898,340	16,998,804
9	SEPTEMBER	7,999,820	638,013	3,253,128	11,890,961
10	OCTOBER	11,201,059	840,344	(2,138,242)	9,903,161
11	NOVEMBER	7,603,413	671,964	1,756,890	10,032,267
12	DECEMBER	7,669,098	659,840	2,781,815	11,110,753
13	Total Test Year	$ 97,628,659	$ 8,034,427	$ 23,686,819	$ 129,349,905
14	JANUARY 2021	7,825,240	518,484	1,839,954	10,183,678
15	FEBRUARY	7,864,824	643,036	998,987	9,506,847
16	MARCH	7,789,353	777,456	2,091,381	10,658,190
17	Calendar Year 2019	$ 92,570,980	$ 8,494,721	$ 17,320,029	$ 118,385,730
18	Calendar Year 2018	90,585,764	8,114,123	12,069,619	110,769,506
19	Calendar Year 2017	87,492,048	7,536,657	10,769,799	105,798,504

Amounts may not add or tie to other schedules due to rounding
(A) Please refer to Schedule G-1.6 for the detail of Other Payroll.

EL PASO ELECTRIC COMPANY
2021 TEXAS RATE CASE FILING
SCHEDULE G-1.2: REGULAR PAYROLL BY CATEGORY
SPONSOR: CYNTHIA S. PRIETO
PREPARER: TAMMY HENDERSON
FOR THE TEST YEAR ENDED DECEMBER 31, 2020

Line No.	(a) Month	(b) Union Payroll	(c) Non-Union Payroll	(d) Total Regular Payroll	
1	JANUARY 2020	$ 2,325,449	$ 5,054,924	$ 7,380,373	
2	FEBRUARY	2,346,226	5,104,034	7,450,260	
3	MARCH	3,476,106	7,653,510	11,129,616	
4	APRIL	2,309,414	5,110,366	7,419,780	
5	MAY	2,324,264	5,065,661	7,389,925	
6	JUNE	2,346,901	5,128,644	7,475,545	
7	JULY	2,284,378	5,140,111	7,424,489	
8	AUGUST	2,331,660	5,153,624	7,485,284	
9	SEPTEMBER	2,535,758	5,464,062	7,999,820	
10	OCTOBER	3,623,762	7,577,296	11,201,058	
11	NOVEMBER	2,482,563	5,120,849	7,603,412	
12	DECEMBER	2,504,312	5,164,786	7,669,098	
13	Total Test Year	$ 30,890,793	$ 66,737,867	$ 97,628,660	(A)
14	JANUARY 2021	2,518,045	5,307,195	7,825,240	
15	FEBRUARY	2,516,494	5,348,330	7,864,824	
16	MARCH	2,482,057	5,307,297	7,789,354	
17	Calendar Year 2019	$ 28,934,105	$ 63,636,874	$ 92,570,979	
18	Calendar Year 2018	28,595,691	61,990,073	90,585,764	
19	Calendar Year 2017	27,569,707	59,922,342	87,492,049	

Amounts may not add or tie to other schedules due to rounding.
(A) Amount agrees to line 13 column (b) of Schedule G-1.1.

Line No.	(a) Month	(b) Payroll Expensed (A)	(c) Payroll Capitalized	(d) Other (Expensed) Payroll (A)	(e) Total Payroll	
1	JANUARY 2020	$ 6,600,855	$ 2,187,918	$ 340,089	$ 9,128,863	
2	FEBRUARY	6,229,884	2,383,939	193,984	8,807,807	
3	MARCH	6,646,653	2,110,011	385,548	9,142,213	
4	APRIL	7,084,074	2,508,615	257,302	9,849,991	
5	MAY	7,160,205	2,570,579	291,251	10,022,036	
6	JUNE	7,367,801	2,412,922	311,391	10,092,114	
7	JULY	9,102,753	2,942,532	325,650	12,370,935	
8	AUGUST	7,338,259	2,509,821	7,150,724	16,998,804	
9	SEPTEMBER	7,609,399	2,523,807	1,757,755	11,890,961	
10	OCTOBER	6,879,165	2,857,630	166,366	9,903,161	
11	NOVEMBER	7,260,825	2,794,300	(22,858)	10,032,267	
12	DECEMBER	7,603,644	2,601,152	905,957	11,110,753	
13	Total Test Year	$86,883,519	$30,403,226	$ 12,063,160	$129,349,905	(B)
14	JANUARY 2021	7,572,386	2,404,195	207,099	10,183,680	
15	FEBRUARY	6,865,254	2,458,257	183,337	9,506,848	
16	MARCH	8,040,116	2,386,957	231,119	10,658,193	
17	Calendar Year 2019	$84,864,678	$29,388,043	$ 4,133,009	$118,385,730	
18	Calendar Year 2018	83,805,115	26,591,132	373,259	110,769,506	
19	Calendar Year 2017	80,652,379	24,471,034	675,091	105,798,504	

Amounts may not add or tie to other schedules due to rounding.

(A) All figures under Payroll Expense (column b) were recorded in operating FERC expense accounts, while figures under Other (Expensed) Payroll (column d) were recorded in non-operating FERC expense accounts.

(B) Amount agrees to line 13 column (e) of Schedule G-1.1.

This schedule is not applicable to El Paso Electric Company.

While EPE owned a portion of the Palo Verde Generating Station during the Test Year, it was not the operator of this plant and did not disburse payroll to employees who work at this plant.

Number of Employees
For the Test Year-End December 31, 2020

Line No.	(a) Month	(b) Full Time Employees	(c) Part Time Employees	(d) Total Employees	(e) Fluctuation % (A)
1	JANUARY 2020	1,128	13	1,141	
2	FEBRUARY	1,126	14	1,140	-0.1%
3	MARCH	1,125	13	1,138	-0.2%
4	APRIL	1,121	12	1,133	-0.4%
5	MAY	1,123	19	1,142	0.8%
6	JUNE	1,133	17	1,150	0.7%
7	JULY	1,136	17	1,153	0.3%
8	AUGUST	1,135	18	1,153	0.0%
9	SEPTEMBER	1,137	19	1,156	0.3%
10	OCTOBER	1,136	19	1,155	-0.1%
11	NOVEMBER	1,137	17	1,154	-0.1%
12	DECEMBER	1,137	15	1,152	-0.2%
13	Total Test Year	1,137	15	1,152	
14	JANUARY 2021	1,140	18	1,158	0.5%
15	FEBRUARY	1,138	18	1,156	-0.2%
16	MARCH	1,142	20	1,162	0.5%
17	Calendar Year 2019	1,127	12	1,139	
18	Calendar Year 2018	1,084	25	1,109	
19	Calendar Year 2017	1,090	24	1,114	

(A) There are no monthly fluctuations greater than 3%.

EL PASO ELECTRIC COMPANY
2021 TEXAS RATE CASE FILING
SCHEDULE G-1.6: PAYMENTS OTHER THAN STANDARD PAY
SPONSOR: CYNTHIA S. PRIETO
PREPARER: TAMMY HENDERSON
FOR THE TEST YEAR ENDED DECEMBER 31, 2020

Other Payroll as listed on Schedule G-1.1 is detailed below:

	(a)	(b)	(c)	(d)	(e)	(f)
Line No	Period	Incentive Compensation	PTO Sellbacks	Strategic Transaction Costs	Accounting Accruals & Adjustments	Total
1	JANUARY 2020	$ (98,667)	$ -	$ 311,230	$ 953,176	$ 1,165,739
2	FEBRUARY	(19,365)	133,367	128,605	462,082	704,689
3	MARCH	(40,220)	26,854	261,342	(3,117,895)	(2,869,919)
4	APRIL	1,030,257	15,338	261,188	570,940	1,877,723
5	MAY	1,015,161	22,555	264,414	831,989	2,134,119
6	JUNE	1,024,637	47,186	263,996	657,278	1,993,097
7	JULY	2,867,304	39,220	286,422	936,495	4,129,440
8	AUGUST	800,026	34,495	7,109,216	954,603	8,898,340
9	SEPTEMBER	894,376	26,447	1,743,524	588,780	3,253,128
10	OCTOBER	884,161	57,249	117,537	(3,197,189)	(2,138,242)
11	NOVEMBER	885,492	231,338	(59,617)	699,677	1,756,890
12	DECEMBER	952,816	94,546	873,047	861,406	2,781,815
13	Total Test Year	$ 10,195,977	$ 728,596	$ 11,560,904	$ 1,201,342	$ 23,686,819
		(B)	(C)			(A)
1	JANUARY 2021	$ 861,751	$ -	$ 114,154	$ 864,049	$ 1,839,954
2	FEBRUARY	$ 872,611	$ -	$ 75,087	$ 51,289	$ 998,987
3	MARCH	$ 863,465	$ 84,063	$ 101,548	$ 1,042,844	$ 2,091,920
14	Calendar Year 2019	$ 12,213,244	$ 668,485	$ 3,102,712	$ 1,335,590	$ 17,320,031
15	Calendar Year 2018	11,113,498	663,185	-	292,935	12,069,618
16	Calendar Year 2017	9,681,054	747,782	-	340,961	10,769,797

Amounts may not add or tie to other schedules due to rounding.

(A) Amount agrees to line 13 column (d) of Schedule G-1.1.

(B) Annualized bonus expense of $4,026,409 is included in requested cost of service. See WP A-3, Adj. No. 3, page 2.

(C) PTO sellbacks of $546,083 are included in requested cost of service See WP A-3, Adj. No. 3, page 2.

EXCESS BENEFIT PLAN

ACTUARIAL VALUATION REPORT

2020

WillisTowersWatson

El Paso Electric Company

Excess Benefit Plan

Actuarial Valuation Report Benefit Cost for Fiscal Year Beginning January 1, 2020 under US GAAP

October 2020

Table of Contents

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Purposes of valuation

El Paso Electric Company engaged Willis Towers Watson US LLC (Willis Towers Watson) to value the Company's pension plan.

As requested by El Paso Electric Company (the Company), this report documents the results of an actuarial valuation of the El Paso Electric Company Excess Benefit Plan (the Plan) as of January 1, 2020

The primary purpose of this valuation is to determine the Net Periodic Benefit Cost/(Income) (Benefit Cost), in accordance with FASB Accounting Standards Codification Topic 715 (ASC 715) for the fiscal year beginning January 1, 2020 It is anticipated that a separate report will be prepared for year-end financial reporting purposes.

Limitations

This valuation has been conducted for the purposes described above and may not be suitable for any other purpose. In particular please note the following:

1. There may be certain events that have occurred since the valuation date that are not reflected in the current valuation See Subsequent Events in the Basis for Valuation section below for more information

2. This report is not intended to constitute a certification of the Adjusted Funding Target Attainment Percentage (AFTAP) under IRC §436 for any plan year.

3. This report does not determine funding requirements under IRC §430.

4. This report does not provide information for plan accounting and financial reporting under ASC 960.

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Section 1: Summary of key results

Benefit cost, plan assets & obligations

All monetary amounts shown in US Dollars

Fiscal Year Beginning		01/01/2020	01/01/2019[1]
Benefit Cost/ (Income)	Net Periodic Benefit Cost/(Income)	900,686	1,108,087
	Benefit Cost/(Income) due to Special Events	0	0
	Total Benefit Cost/(Income)	900,686	1,108,087
Measurement Date		**01/01/2020**	**01/01/2019**
Plan Assets	Fair Value of Plan Assets (FVA)	0	0
	Actual Return on Fair Value of Plan Assets during Prior Year	N/A	N/A
Benefit Obligations	Accumulated Benefit Obligation (ABO)	(10,769,067)	Not Available
	Projected Benefit Obligation (PBO)	(12,451,508)	(11,535,005)
Funded Ratios	Fair Value of Plan Assets to ABO	0.0%	0.0%
	Fair Value of Plan Assets to PBO	0 0%	0 0%
Accumulated Other Comprehensive (Income)/Loss (Pre-tax)	Net Prior Service Cost/(Credit)	(68,237)	(107,303)
	Net Loss/(Gain)	3,538,438	3,311,434
	Total Accumulated Other Comprehensive (Income)/Loss (pre-tax)	3,470,201	3,204,131
Assumptions	Equivalent Single Discount Rate for Benefit Obligations	3.39%	4 45%
	Equivalent Single Discount Rate for Service Cost	3.46%	4 53%
	Equivalent Single Discount Rate for Interest Cost	3 04%	4 18%
	Expected Long-Term Rate of Return on Plan Assets	N/A	N/A
	Rate of Compensation Increase	4.50%	4.50%
Participant Data	Census Date	01/01/2020	01/01/2019

[1] January 1, 2019 actuarial valuation performed by prior actuary.

Comments on results

The actuarial gains/(losses) due to demographic experience, including any assumption changes and impact of the actuarial transition, different from assumed during the prior year were $(486,996).

Change in net periodic cost and funded position

The net periodic cost declined from $1,108,087 in fiscal 2019 to $900,686 in fiscal 2020 and the funded position declined from $(11,535,005) to $(12,451,508).

Significant reasons for these changes include the following:

- The single equivalent discount rate used to measure PBO declined 106 basis points compared to the prior year and the single equivalent discount rate used to measure interest cost declined 114 basis points, which resulted in a net decrease in the periodic cost but caused the funded position to deteriorate.

Basis for valuation

Appendix A summarizes the assumptions and methods used in the valuation. Appendix B summarizes our understanding of the principal provisions of the plan being valued. Both of these appendices include a summary of any changes since the prior valuation. Unless otherwise described below under Subsequent Events, assumptions were selected based on information known as of the measurement date

Subsequent events

The results provided in this report reflect data and assumptions appropriate for the purpose of the measurement. Effects of COVID-19 on the financial markets, regulations, and experience are uncertain and still evolving. The results in this report make no allowances for the effects of COVID-19. There may be significant effects on plan experience and/or assumptions, both demographic and economic, used for future measurements

Additional information

None.

Actuarial certification

This valuation has been conducted in accordance with generally accepted actuarial principles and practices. However, please note the information discussed below regarding this valuation.

Reliances

In preparing the results presented in this report, we have relied upon information regarding plan provisions, participants, assets, and sponsor accounting policies and methods provided by the Company and other persons or organizations designated by the Company. See the Sources of Data and Other Information section of Appendix A for further details. We have relied on all the data and information provided as complete and accurate. We have reviewed this information for overall reasonableness and consistency, but have neither audited nor independently verified this information. Based on discussions with and concurrence by the plan sponsor, assumptions or estimates may have been made if data were not available. We are not aware of any errors or omissions in the data that would have a significant effect on the results of our calculations. The results presented in this report are directly dependent upon the accuracy and completeness of the underlying data and information. Any material inaccuracy in the data, assets, plan provisions or other information provided to us may have produced results that are not suitable for the purposes of this report and such inaccuracies, as corrected by the Company, may produce materially different results that could require that a revised report be issued.

Measurement of benefit obligations, plan assets and balance sheet adjustments

Census date/measurement date

The measurement date is January 1, 2020. The benefit obligations were measured as of January 1, 2020 and are based on participant data as of the census date, January 1, 2020.

Balance sheet adjustments

Accumulated other comprehensive (income)/loss amounts shown in the report are shown prior to adjustment for tax effects Any tax effects in AOCI should be determined by the Company in consultation with its tax advisors and independent accountants

Assumptions and methods under U.S. GAAP

The methods employed in the development of the pension cost and other disclosures have been selected by the plan sponsor, with the concurrence of Willis Towers Watson. The actuarial assumptions were also selected by the plan sponsor as required by U.S. GAAP, but without using the work of Willis Towers Watson. Evaluation of the actuarial assumptions was outside the scope of Willis Towers Watson's assignment and would have required substantial additional work that we were not engaged to perform. U.S. GAAP requires that each significant assumption "individually represent the best estimate of a particular future event."

The results shown in this report have been developed based on actuarial assumptions that, to the extent evaluated by Willis Towers Watson, we consider to be reasonable. Other actuarial assumptions could also be considered to be reasonable Thus, reasonable results differing from those presented in this report could have been developed by selecting different reasonable assumptions

A summary of the assumptions, methods and sources of data and other information used is provided in Appendix A. Note that any subsequent changes in methods or assumptions for the January 1, 2020 measurement date will change the results shown in this report.

Nature of actuarial calculations

The results shown in this report are estimates based on data that may be imperfect and on assumptions about future events that cannot be predicted with any certainty. The effects of certain plan provisions may be approximated, or determined to be insignificant and therefore not valued. Reasonable efforts were made in preparing this valuation to confirm that items that are significant in the context of the actuarial liabilities or costs are treated appropriately, and are not excluded or included inappropriately. Any rounding (or lack thereof) used for displaying numbers in this report is not intended to imply a degree of precision, which is not a characteristic of actuarial calculations

If overall future plan experience produces higher benefit payments or lower investment returns than assumed, the relative level of plan costs reported in this valuation will likely increase in future valuations (and vice versa). Future actuarial measurements may differ significantly from the current measurements presented in this report due to many factors, including: plan experience differing from that anticipated by the economic or demographic assumptions, changes in economic or demographic assumptions, increases or decreases expected as part of the natural operation of the methodology used for the measurements (such as the end of an amortization period), and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of such future measurements.

See Basis for Valuation in Section 1 above for a discussion of any material events that have occurred after the valuation date that are not reflected in this valuation.

Limitations on use

This report is provided subject to the terms set out herein and in our engagement letter dated March 9, 2020 and any accompanying or referenced terms and conditions.

The information contained in this report was prepared for the internal use of the Company and its independent accountants in connection with our actuarial valuation of the pension plan as described in Purposes of Valuation above. It is not intended for and may not be used for other purposes, and we accept no responsibility or liability in this regard The Company may distribute this actuarial valuation report to the appropriate authorities who have the legal right to require the Company to provide them this report, in which case the Company will use best efforts to notify Willis Towers Watson in advance of this distribution. Further distribution to, or use by, other parties of all or part of this report is expressly prohibited without Willis Towers Watson's prior written consent. Willis Towers Watson accepts no responsibility for any consequences arising from any other party relying on this report or any advice relating to its contents.

Professional qualifications

The undersigned are members of the Society of Actuaries and meet the "Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States" relating to pension plans. Our objectivity is not impaired by any relationship between the plan sponsor and our employer, Willis Towers Watson US LLC.

Cat Kenagy

Cat Kenagy, FSA, EA
Senior Director, Retirement
20-07490
October 2, 2020

David Anderson, ASA, EA
Director, Retirement
20-07493
October 2, 2020

Elizabeth Welborne, ASA, EA
Lead Associate, Retirement
20-08703
October 2, 2020

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Section 2: Accounting exhibits

2.1 Balance sheet asset/(liability)

All monetary amounts shown in US Dollars

Measurement Date	01/01/2020	01/01/2019[1]
A Development of Balance Sheet Asset/(Liability)[2]		
1 Projected benefit obligation (PBO)	(12,451,508)	(11,535,005)
2 Fair value of plan assets (FVA)	0	0
3 Net balance sheet asset/(liability)	(12,451,508)	(11,535,005)
B Current and Noncurrent Classification[3]		
1 Noncurrent asset	0	0
2 Current liability	(456,185)	Not Available
3 Noncurrent liability	(11,995,323)	Not Available
4 Net balance sheet asset/(liability)	(12,451,508)	(11,535,005)
C Accumulated Benefit Obligation (ABO)	(10,769,067)	Not Available
D Accumulated Other Comprehensive (Income)/Loss		
1 Net prior service cost/(credit)	(68,237)	(107,303)
2 Net loss/(gain)	3,538,438	3,311,434
3 Accumulated other comprehensive (income)/loss[4]	3,470,201	3,204,131
E Assumptions and Dates		
1 Equivalent single discount rate for benefit obligations	3 39%	4.45%
2 Rate of compensation increase	4 50%	4 50%
3 Census date	01/01/2020	01/01/2019

1 January 1, 2019 actuarial valuation performed by prior actuary
2 Whether any amounts in this table that differ from those disclosed at year-end must be disclosed in subsequent interim financial statements should be determined
3 The current liability (for each underfunded plan) was measured as the discounted value of benefits expected to be paid over the next 12 months in excess of the fair value of the plan's assets at the measurement date.
4 Amount shown is pre-tax and should be adjusted by plan sponsor for tax effects.

2.2 Changes in plan obligations and assets

All monetary amounts shown in US Dollars

Period Beginning	01/01/2020	01/01/2019[1]
A Change in Projected Benefit Obligation (PBO)		
1 PBO at beginning of prior fiscal year	11,535,005	11,814,040
2 Employer service cost	414,853	479,977
3 Interest cost	472,308	418,004
4 Actuarial loss/(gain)	486,996	(755,850)
5 Plan participants' contributions	0	0
6 Benefits paid from plan assets	0	0
7 Benefits paid from Company assets	(457,654)	(421,166)
8 Administrative expenses paid [2]	0	0
9 Plan amendments	0	0
10 Acquisitions/(divestitures)	0	0
11 Curtailments	0	0
12 Settlements	0	0
13 Special/contractual termination benefits	0	0
14 PBO at beginning of current fiscal year	12,451,508	11,535,005
B Change in Plan Assets		
1 Fair value of plan assets at beginning of prior fiscal year	0	0
2 Actual return on plan assets	0	0
3 Employer contributions	457,654	421,166
4 Plan participants' contributions	0	0
5 Benefits paid	(457,654)	(421,166)
6 Administrative expenses paid	0	0
7 Transfer payments	0	0
8 Acquisitions/(divestitures)	0	0
9 Settlements	0	0
10 Fair value of plan assets at beginning of current fiscal year	0	0

[1] January 1, 2019 actuarial valuation performed by prior actuary
[2] Only if future expenses are accrued in PBO through a load on service cost

2.3 Summary of net balances

All monetary amounts shown in US Dollars

A Summary of Net Prior Service Cost/(Credit)

Measurement Date Established	Original Amount	Net Amount at 01/01/2020	Remaining Amortization Period	Amortization Amount in 2020	Effect of Curtailments	Other Events
2/28/2014	(296,122)	(68,237)	1.74671	39,066	0	0
Total		(68,237)		39,066	0	0

All monetary amounts shown in US Dollars

B Summary of Net Loss/(Gain) (see Appendix A for a description of amortization method)

Net Amount at 01/01/2020 [1]	Amortization Amount in 2020	Effect of Curtailments	Effect of Settlements	Other Events (Identify)
3,538,438	295,931	0	0	0

[1] Before any immediate recognition on the same date.

2.4 Summary and comparison of benefit cost and cash flows

All monetary amounts shown in US Dollars

Fiscal Year Ending	12/31/2020	12/31/2019[1]
A Total Benefit Cost		
1 Employer service cost	273,327	414,853
2 Interest cost	370,494	472,308
3 Expected return on plan assets	0	0
4 Subtotal	643,821	887,161
5 Net prior service cost/(credit) amortization	(39,066)	(39,066)
6 Net loss/(gain) amortization	295,931	259,992
7 Subtotal	256,865	220,926
8 Net periodic benefit cost/(income)	900,686	1,108,087
9 Curtailments	0	0
10 Settlements	0	0
11 Special/contractual termination benefits	0	0
12 Total benefit cost	900,686	1,108,087
B Assumptions (See Appendix A for interim measurements, if any)		
1 Equivalent single discount rate for benefit obligations	3.39%	4 45%
2 Equivalent single discount rate for service cost	3 46%	4 53%
3 Equivalent single discount rate for interest cost	3 04%	4 18%
4 Expected long-term rate of return on plan assets	N/A	N/A
5 Rate of compensation increase	4.50%	4 50%
6 Census date	01/01/2020	01/01/2019
C Fair Value of Assets at Beginning of Year	0	0
D Cash Flows	Expected	Actual
1 Employer contributions	0	0
2 Plan participants' contributions	0	0
3 Benefits paid from Company assets	460,567	457,654
4 Benefits paid from plan assets	0	0
E Amortization Period	7.74940	8 30000

[1] Fiscal year 2019 benefit cost determined by prior actuary

Section 3: Participant data

3.1 Summary of participant data

All monetary amounts shown in US Dollars

Census Date		01/01/2020	01/01/2019
A	**Participating Employees**		
	1 Number	14	16
	2 Average expected plan compensation	410,054	439,175
	3 Average age	55 36	54.98
	4 Average credited service	12.93	14 50
B	**Participants with Deferred Benefits**		
	1 Number	2	1
	2 Total annual pension	150,030	12,612
	3 Average annual pension	75,015	12,612
	4 Average age	52.00	50.58
C	**Participants Receiving Benefits**		
	1 Number	16	15
	2 Total annual pension	437,662	433,260
	3 Average annual pension	27,354	28,884
	4 Average age	66 44	65.28
	5 Distribution at January 1, 2020		

Age	Number	Annual Pension
Under 55	0	0
55-59	2	12,144
60-64	5	115,738
65-69	5	224,996
70-74	3	68,416
75-79	1	16,368
80-84	0	0
85 and over	0	0

3.2 Participant reconciliation

		Active	Deferred Inactive	Currently Receiving Benefits	Total
1	At 01/01/2019 valuation	16	1	15	32
2	Change due to				
	a New hire and rehire	0	0	0	0
	b Non-vested termination	0	0	0	0
	c Vested termination	(1)	1	0	0
	d Retirement	(1)	0	1	0
	e Disability	0	0	0	0
	f Death	0	0	0	0
	g New beneficiary	0	0	0	0
	j Net change	(2)	0	1	0
3	At 01/01/2020 valuation	14	2	16	32

Appendix A: Statement of actuarial assumptions, methods and data sources

Plan Sponsor

El Paso Electric Company

Statement of Assumptions

The assumptions disclosed in this Appendix are for the fiscal year 2020 benefit cost.

Assumptions and methods for pension cost purposes

Actuarial Assumptions and Methods — Pension Cost	
Economic Assumptions	
Equivalent single discount rate for benefit obligations	3 39%
Equivalent single discount rate for service cost	3 46%
Equivalent single discount rate for interest cost	3.04%
Annual rates of increase:	
■ Consumer Price Index (CPI)	2.40%
■ Compensation:	4 50%
■ Cash balance interest credit rate	3.80%
Lump sum conversion for annuity substitution	Valuation interest rates and the "applicable mortality table" under Code Section 417(e)(B)

Demographic and Other Assumptions

Inclusion date	The valuation date coincident with or next following the date on which the employee becomes a participant.
New or rehired employees	It was assumed there will be no new or rehired employees.
Benefit commencement dates:	
■ Preretirement death benefit	The later of the death of the active participant or the date the participant would have attained age 55
■ Deferred vested benefit	The later of age 55 or termination of employment
■ Disability benefit	Upon disablement
■ Retirement benefit	Upon termination of employment
Form of payment:	
■ Individuals who became Participants before April 1, 2014	100% Single Life Annuity
■ Individuals who became Participants on or after April 1, 2014	100% Lump Sum
Percent married	75% of participants eligible for pre-retirement death benefits are assumed to have an eligible spouse.
Spouse age	Wife three years younger than husband
Covered pay	Assumed plan compensation for the year beginning on the valuation date was determined as basic compensation and bonus paid to the Company's "short term bonus plan" earned during the prior year provided by the employer

Demographic Assumptions

Mortality:

- Healthy mortality rates

Base Mortality Table (Male Table used for males; Female Table used for Females)

1. Base table: Pri-2012
2. Base mortality table year: 2012
3. Table type: White Collar
4. Healthy or Disabled: Healthy
5. Table weighting: Benefit
6. Blending of annuitants and non-annuitants: Separate rates for annuitants and non-annuitants (based on Employees table)
7. Blending of retirees and contingent annuitants: Combined non-disabled annuitant mortality

Mortality Improvement Scale (Male Table used for males; Female Table used for Females)

1. Base scale: MP-2019
2. Projection Type: Generational

- Disabled life mortality rates

1. Base table: Pri-2012 Disabled Retiree
2. Base mortality table year: 2012
3. Table type: No Collar
4. Healthy or Disabled: Disabled
5. Blending of annuitants and non-annuitants: Single blended table of rates for annuitants and non-annuitants

Mortality Improvement Scale

1. Base scale. MP-2019
2. Projection Type. Generational

Disability rates

The rates at which participants are assumed to become disabled by age are shown below:

Percentage assumed to become disabled during the year	
Attained Age	Males and Females
20	0 14%
25	0 15%
30	0 16%
35	0 19%
40	0.30%
45	0 45%
50	0 69%

Termination (not due to disability or retirement) rates

The rates at which participants are assumed to terminate employment by age and gender are shown below:

Representative Termination Rates

Percentage assumed to leave during the year		
Attained Age	Males	Females
20	5.00%	6.00%
25	5 00%	6 00%
30	5 00%	6.00%
35	4 00%	6.00%
40	3 00%	6 00%
45	2 00%	4.00%
50	1 00%	2 00%

Retirement

Rates at which participants are assumed to retire by age are shown below.

Percentage assumed to retire during the year				
	Active Participants			
	Final Average Pay			
Age	Reduced Early Retirement	Unreduced Retirement	Cash Balance	Terminated Vested Participants
55	3%	5%	10%	3%
56 - 59	3%	5%	10%	3%
60	3%	10%	10%	15%
61	3%	10%	10%	5%
62	20%	20%	20%	5%
63	10%	10%	10%	5%
64	10%	10%	10%	20%
65-69	25%	25%	25%	40%
70+	100%	100%	100%	100%

Additional Assumptions

Administrative expenses — $0; the plan sponsor pays administrative expenses directly.

Cash flow:

- Decrement timing — The assumptions used are collectively called rounded middle of year (rounded MOY) decrement timing. Most events are assumed to occur at the middle of year during which the eligibility condition will be met or the start/end date will occur. For death and disability decrements, the rate applied is based on the participant's rounded age (nearest integer age) at the beginning of the year, to align with the methodology generally used to create those rate tables. For retirement and withdrawal decrements: the age is generally the participant's rounded age at the middle of the year.
- Timing of benefit payments — Benefit payments are assumed to be made uniformly throughout the year and, on average, at mid-year.

- Amount and timing of contributions — Contributions are assumed to be made throughout the year and, on average, at mid-year.

Funding policy — This is an unfunded plan so the funding policy is to pay benefits directly from employer assets as they come due.

Methods – Pension Cost and Funded Position

Census date — January 1, 2020

Measurement date — January 1, 2020

Service cost and projected benefit obligation — The Unit Credit Cost Method is used to determine the Projected Benefit Obligation (PBO) related current service cost Under this method, the accrued benefit is calculated based upon service as of the measurement date. The PBO is the present value of this benefit and the service cost is the present value of the increase in the benefit due to service in the upcoming year. In normal circumstances the "accrued benefit" is based upon the Plan's accrual formula However, if service in later years leads to a materially higher level of benefit than in earlier years, the "accrued benefit" is calculated by attributing benefits on a straight-line basis over the relevant period.

The benefits described above are used to determine both ABO and PBO except that final average pay is assumed to remain constant in the future when calculating ABO.

PBO and service cost are measured by separately discounting the projected benefit payments underlying these measures, determined using the methodology described above, using the spot rates on the December 31, 2019 Willis Towers Watson RATE:Link 40:90 yield curve. Interest cost was measured by summing the individual interest costs associated with each future benefit payment underlying the PBO and service cost. These individual interest costs are developed by multiplying the present value of each benefit payment, discounted using the applicable spot rate on the yield curve relating to the future benefit payment, by that spot rate. Equivalent single discount rates that would reproducing the resulting benefit obligation, service cost and interest cost have been determined and disclosed.

Market-related value of assets — Since this is an unfunded plan, the asset method is not applicable.

Amortization of unamortized amounts:

- **Recognition of past service cost/(credit)** — Amortization of net prior service cost/(credit) resulting from a plan change is included as a component of Net Periodic Benefit Cost/(Income) in the year first recognized and every year thereafter until it is fully amortized The annual amortization payment is determined in the first year as the increase in PBO due to the plan change divided by the average remaining service period of active participants expected to receive benefits under the plan.

  However, when a plan change reduces the PBO, existing positive prior service costs are reduced or eliminated starting with the earliest established before a new prior service credit base is established.

- **Recognition of gains or losses**

Amortization of the net gain or loss resulting from experience different from that assumed and from changes in assumptions (excluding asset gains and losses not yet reflected in market-related value) is included as a component of Net Periodic Benefit Cost/(Income) for a year.

If, as of the beginning of the year, that net gain or loss exceeds 10% of the greater of the PBO and the market-related value of plan assets, the amortization is that excess divided by the average remaining service period of active plan participants.

Under this methodology, the gain/loss amounts recognized in AOCI are not expected to be fully recognized in benefit cost until the plan is terminated (or an earlier event, like a settlement, triggers recognition) because the average expected remaining service of active participants expected to benefit under the plan over which the amounts are amortized is redetermined each year and amounts that fall within the corridor described above are not amortized

Benefits not valued

All benefits described in the Plan Provisions section of this report were valued. Willis Towers Watson has reviewed the plan provisions with the plan sponsor and, based on that review, is not aware of any significant benefits required to be valued that were not.

Sources of Data and Other Information

The plan sponsor furnished participant data as of January 1, 2020. Information on assets, contributions and plan provisions was supplied by the plan sponsor. Data and other information were reviewed for reasonableness and consistency, but no audit was performed. Based on discussions with the plan sponsor, assumptions or estimates were made when data were not available Since hours of service were not provided by the plan sponsor, it was assumed that all employees who were both active at 01/01/2019 and 01/01/2020 earned 1,000 hours during the 2019 plan year.

Accumulated other comprehensive (income)/loss amounts shown in the report are shown prior to adjustment for deferred taxes. Any deferred tax effects in AOCI should be determined in consultation with the Company's tax advisors and auditors. We are not aware of any errors or omissions in the data that would have a significant effect on the results of our calculations

Assumptions Rationale - Significant Economic Assumptions

Discount rate(s)

As required by U.S. GAAP the discount rate methodology was chosen by the plan sponsor based on market information on the measurement date.

Cash balance interest crediting rate

Based on 20-year expectation of long-term government bonds, since the plan credits interest to cash balance accounts using the 30-year Treasury rate, but with a minimum interest credit rate of 3.8%.

Lump sum conversion rate

Lump sum benefits are valued using "annuity substitution".

Rates of increase in compensation

Assumed increases were chosen by the plan sponsor and, as required by U S GAAP they represent an estimate of future experience.

Assumptions Rationale - Significant Demographic Assumptions

Healthy Mortality	Assumptions were selected by the plan sponsor and, as required by U S. GAAP represent a best estimate of future experience.
Disabled Mortality	Assumptions used for accounting purposes were selected by the plan sponsor and, as required by U.S. GAAP represent a best estimate of future experience.
Termination	Termination rates were based on an experience study conducted in 2017, with annual consideration of whether any conditions have changed that would be expected to produce different results in the future
Disability	Disability rates were based on an experience study conducted in 2017, with annual consideration of whether any conditions have changed that would be expected to produce different results in the future.
Retirement	Retirement rates were based on an experience study conducted in 2017, with annual consideration of whether any conditions have changed that would be expected to produce different results in the future.
Benefit commencement date for deferred benefits:	
▪ Preretirement death benefit	Surviving spouses are assumed to begin benefits at the earliest permitted commencement date because ERISA requires benefits to start then unless the spouse elects to defer. If the spouse elects to defer, actuarial increases from the earliest commencement date must be given, so that a later commencement date is expected to be of approximately equal value, and experience indicates that most spouses do take the benefit as soon as it is available.
▪ Deferred vested benefit	Deferred vested participants are assumed to begin benefits based on rates applied to a number of commencement ages based on an analysis of actual commencement patterns.
Form of payment	The percentage of retiring participants assumed to take lump sums or an annuity is based on expectations given plan provisions The form of payment is restricted to an annuity for members who entered prior to April 1, 2014 and restricted to a lump sum for those who entered after April 1, 2014
Percent married	The assumed percentage married is based on historical experience of marital statuses, with annual consideration of changes expected to occur in marriage patterns of retirement age individuals in the future.

Source of Prescribed Methods

Accounting methods	The methods used for accounting purposes as described in Appendix A are "prescribed methods set by another party", as defined in the actuarial standards of practice (ASOPs). As required by U.S. GAAP, these methods were selected by the plan sponsor.

Changes in Assumptions, Methods and Estimation Techniques

Change in assumptions since prior valuation	The single equivalent PBO discount rate decreased from 4.45% as of January 1, 2019 to 3.39% as of January 1, 2020 to reflect the change in yields on high-quality corporate bonds. The single equivalent service cost discount rate decreased from 4.53% as of January 1, 2019 to 3.46% as of January 1, 2020 to reflect the change in yields on high-quality corporate bonds The single equivalent interest cost discount rate decreased from 4.18% as of January 1, 2019 to 3.04% as of January 1, 2020 to reflect the change in yields on high-quality corporate bonds. The mortality assumption was updated from the RP-2014 Total Data Set Mortality Tables, with projection from 2006 to 2014 using Scale MP-2014 improvement removed, then projected generationally using Scale MP-2018 to the Pri-2012 White Collar Mortality Tables with separate base tables used for actives and retirees and the retiree base table used for contingent survivors and projected generationally using Scale MP-2019. The lump sum conversion assumptions were updated to the IRC Section 417(e)(3) applicable interest rates for August 2019 and applicable mortality table for lump sum payments in 2020
Change in methods since prior valuation	None
Change in estimation techniques since prior valuation	The valuation software used for the plan was changed as part of the actuarial transition to Willis Towers Watson. El Paso Electric Company adopted the Willis Towers Watson RATE.Link 40·90 yield curve model for determining discount rates beginning January 1, 2020 as a result of actuarial transition. Previously, Ryan ALM Above Median Yield Curve was used

Appendix B: Summary of principal plan provisions

Plan Provisions

Effective January 1, 2004. The most recent amendment reflected in the following plan provisions was adopted on April 1, 2014.

Covered employees	Prior to April 1, 2014, participation was restricted to certain participants of the Retirement Income Plan, as selected by the Company. Generally, the officers of the Company were selected to participate. Beginning April 1, 2014, any employee who holds the office of Vice President or above.
Participation date	Date of becoming a covered employee.

Definitions

Vesting service	One year for each 1,000-hour calendar year of employment.
Pension service	One year for each 1,000-hour calendar year of employment.
Pensionable pay	A participant's basic compensation received from the Company, including regular wages and bonuses paid pursuant to the Company's "short term bonus plan", but excluding overtime pay, expense allowances, profit sharing, bonuses from other sources, and any other extra compensation in any form.
Average monthly earnings:	
■ Final Average Pay	The monthly average of a participant's Considered Earnings computed by summing his Considered Earnings as of any date and for each of the days beginning the four years preceding such date and dividing by sixty.
■ Cash Balance	For a Cash Balance Member who is employed by the employer as of April 1, 2014 and becomes a Cash Balance Member as of April 1, 2014, the monthly average of a Member's Considered Earnings computed by summing his Considered Earnings as of March 31, 2014 and as of March 31 of the preceding four calendar years and dividing by sixty.
Normal retirement date (NRD)	First of month coinciding with or next following the attainment of age 65 with five years of pension service.

Accrued benefit:

The monthly accrued benefit payable as a single life annuity upon Normal Retirement is the difference between (a) and (b) below:

- Final Average Pay
  a) The monthly amount to which the participant would be entitled under the Retirement Income Plan based on the participant's Average Monthly Earnings as defined in this plan and benefit accrual service as determined under the Retirement Income Plan, without giving effect to any limitations on benefits imposed by any provisions of the Internal Revenue Code.
  b) The monthly amount of the Retirement Income Plan benefit payable to the participant from the Retirement Income Plan.
- Cash Balance
  a) The cash balance account to which the participant would be entitled under the Retirement Income Plan if pay credits were calculated based on considered earnings as defined in this plan, years of vesting service as determined under the Retirement Income Plan, and interest credits calculated in the manner provided under the Retirement Income Plan, without giving effect to any limitations on benefits imposed by any provisions of the Internal Revenue Code.
  b) The cash balance account to which the participant is entitled under the Retirement Income Plan.

Monthly preretirement death benefit

If the participant has attained age 50 and completed at least 10 years of vesting service, 50% of the monthly pension benefit as of the date of death with no reductions for early commencement or optional forms of payment.

In all other cases, 50% of the monthly pension benefit as of the date of death, reduced for the 50% joint and survivor election and reduced for payment as early as the participant's 55^{th} birthday.

Eligibility for Benefits

Normal retirement	Retirement on NRD
Early retirement	Retirement before NRD and on or after both attaining age 55 and is fully vested in a benefit under the Qualified Plan
Postponed retirement	Retirement after NRD
Deferred vested termination	Termination for reasons other than death or retirement and participant is fully vested in a benefit under the Qualified Plan
Disability	Permanent and total disability prior to NRD, and participant is receiving a Social Security disability benefit
Preretirement death benefit	Death while eligible for normal, early, postponed, or deferred vested retirement benefits, with a surviving spouse

Benefits Paid Upon the Following Events

Normal retirement	The monthly pension benefit determined as of NRD
Early retirement	The monthly pension benefit determined as of NRD reduced under the reduction schedule provisions of the qualified plan
Postponed retirement	The monthly pension benefit determined as of the actual retirement date
Deferred vested termination	Accrued Normal Retirement Benefit with actuarial reductions
Preretirement death	If participant has attained age 50 and earned at least 10 years of vesting service, then the monthly preretirement death benefit payable on behalf of an active employee is unreduced for form of payment and early retirement. In all other cases, the monthly preretirement death benefit payable is reduced 6 667% for each of the first five years and 3.333% for each of the next five years that payment precedes the participant's NRD.

Other Plan Provisions

Forms of payment	Preretirement death benefits are payable only as described above. Monthly pension benefits are paid as described above as an annuity, if the individual became a participant prior to April 1, 2014 Optional forms of annuities are joint and survivor annuity with selected percentages up to 100%, a ten-year certain and life annuity, or a single life annuity. Otherwise, benefits are paid in the form of a lump sum. Actuarial equivalence for annuity forms uses the 1971 Group Annuity Mortality Table for males, set back three years, and an interest rate of 6% compounded annually. Actuarial equivalence for lump sum purposes is the "applicable mortality table" under Code Section 417(e)(3)(B) and the "applicable interest rate" under Code Section 417(e)(3)(C) determined as of the fifth month immediately preceding the first day of the Plan Year in which the distribution is being made.
Pension Increases	None
Plan participants' contributions	None

Maximum limits on benefits and pay None

Future Plan Changes

No future plan changes were recognized in determining pension cost or funding requirements. Willis Towers Watson is not aware of any future plan changes that are required to be reflected.

Changes in Benefits Valued Since Prior Year

There have been no changes in benefits valued since the prior year.

SRSIP, EXECUTIVE RETIREMENT AGREEMENTS, AND DIRECTORS' RETIREMENT PLAN

ACTUARIAL VALUATION REPORT

2020

WillisTowersWatson

El Paso Electric Company

El Paso Electric Company Supplemented Retirement and Survivor Income Plan, Executive Retirement Agreements, and Directors' Retirement Plan

Actuarial Valuation Report Benefit Cost for Fiscal Year Beginning January 1, 2020 under US GAAP

October 2020

Table of Contents

ii El Paso Electric Company Supplemented Retirement and Survivor Income Plan, Executive Retirement Agreements, and Directors' Retirement Plan

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Purposes of valuation

El Paso Electric Company engaged Willis Towers Watson US LLC (Willis Towers Watson) to value the Company's pension plan.

As requested by El Paso Electric Company (the Company), this report documents the results of an actuarial valuation of the El Paso Electric Company Supplemented Retirement and Survivor Income Plan, Executive Retirement Agreements, and Directors' Retirement Plan (the Plan) as of January 1, 2020.

The primary purpose of this valuation is to determine the Net Periodic Benefit Cost/(Income) (Benefit Cost), in accordance with FASB Accounting Standards Codification Topic 715 (ASC 715) for the fiscal year beginning January 1, 2020. It is anticipated that a separate report will be prepared for year-end financial reporting purposes.

Limitations

This valuation has been conducted for the purposes described above and may not be suitable for any other purpose. In particular, please note the following:

1. There may be certain events that have occurred since the valuation date that are not reflected in the current valuation. See Subsequent Events in the Basis for Valuation section below for more information.

2. This report is not intended to constitute a certification of the Adjusted Funding Target Attainment Percentage (AFTAP) under IRC §436 for any plan year.

3. This report does not determine funding requirements under IRC §430.

4. This report does not provide information for plan accounting and financial reporting under ASC 960.

2 El Paso Electric Company Supplemented Retirement and Survivor Income Plan, Executive Retirement Agreements, and Directors' Retirement Plan

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Section 1: Summary of key results

Benefit cost, plan assets & obligations

All monetary amounts shown in US Dollars

Fiscal Year Beginning		01/01/2020	01/01/2019[1]
Benefit Cost/ (Income)	Net Periodic Benefit Cost/(Income)	1,041,445	1,041,399
	Benefit Cost/(Income) due to Special Events	0	0
	Total Benefit Cost/(Income)	1,041,445	1,041,399
Measurement Date		**01/01/2020**	**01/01/2019**
Plan Assets	Fair Value of Plan Assets (FVA)	0	0
	Actual Return on Fair Value of Plan Assets during Prior Year	N/A	N/A
Benefit Obligations	Accumulated Benefit Obligation (ABO)	(16,326,200)	(15,256,466)
	Projected Benefit Obligation (PBO)	(16,326,200)	(15,256,466)
Funded Ratios	Fair Value of Plan Assets to ABO	0.0%	0 0%
	Fair Value of Plan Assets to PBO	0 0%	0.0%
Accumulated Other Comprehensive (Income)/Loss (Pre-tax)	Net Prior Service Cost/(Credit)	0	0
	Net Loss/(Gain)	7,572,082	6,060,934
	Total Accumulated Other Comprehensive (Income)/Loss (pre-tax)	7,572,082	6,060,934
Assumptions	Equivalent Single Discount Rate for Benefit Obligations	2.99%	4.11%
	Equivalent Single Discount Rate for Service Cost	N/A	N/A
	Equivalent Single Discount Rate for Interest Cost	2 60%	3 68%
	Expected Long-Term Rate of Return on Plan Assets	N/A	N/A
Participant Data	Census Date	01/01/2020	01/01/2019

[1] January 1, 2019 actuarial valuation performed by prior actuary

4 El Paso Electric Company Supplemented Retirement and Survivor Income Plan, Executive Retirement Agreements, and Directors' Retirement Plan

Comments on results

The actuarial gains/(losses) due to demographic experience, including any assumption changes and impact of the actuarial transition, different from assumed during the prior year were $(2,021,879).

Change in net periodic cost and funded position

The net periodic cost increased from $1,041,399 in fiscal 2019 to $1,041,445 in fiscal 2020 and the funded position declined from $(15,256,466) to $(16,326,200).

Significant reasons for these changes include the following.

- The single equivalent discount rate used to measure PBO declined 112 basis points compared to the prior year, which increased the net periodic cost and caused the funded position to deteriorate.

Basis for valuation

Appendix A summarizes the assumptions and methods used in the valuation Appendix B summarizes our understanding of the principal provisions of the plan being valued Both of these appendices include a summary of any changes since the prior valuation. Unless otherwise described below under Subsequent Events, assumptions were selected based on information known as of the measurement date.

Subsequent events

The results provided in this report reflect data and assumptions appropriate for the purpose of the measurement. Effects of COVID-19 on the financial markets, regulations, and experience are uncertain and still evolving. The results in this report make no allowances for the effects of COVID-19. There may be significant effects on plan experience and/or assumptions, both demographic and economic, used for future measurements.

Additional information

None

Actuarial certification

This valuation has been conducted in accordance with generally accepted actuarial principles and practices. However, please note the information discussed below regarding this valuation.

Reliances

In preparing the results presented in this report, we have relied upon information regarding plan provisions, participants, assets, and sponsor accounting policies and methods provided by the Company and other persons or organizations designated by the Company. See the Sources of Data and Other Information section of Appendix A for further details. We have relied on all the data and information provided as complete and accurate. We have reviewed this information for overall reasonableness and consistency, but have neither audited nor independently verified this information Based on discussions with and concurrence by the plan sponsor, assumptions or estimates may have been made if data were not available. We are not aware of any errors or omissions in the data that would have a significant effect on the results of our calculations. The results presented in this report are directly dependent upon the accuracy and completeness of the underlying data and information. Any material inaccuracy in the data, assets, plan provisions or other information provided to us may have produced results that are not suitable for the purposes of this report and such inaccuracies, as corrected by the Company, may produce materially different results that could require that a revised report be issued.

Measurement of benefit obligations, plan assets and balance sheet adjustments

Census date/measurement date

The measurement date is January 1, 2020. The benefit obligations were measured as of January 1, 2020 and are based on participant data as of the census date, January 1, 2020.

Balance sheet adjustments

Accumulated other comprehensive (income)/loss amounts shown in the report are shown prior to adjustment for tax effects. Any tax effects in AOCI should be determined by the Company in consultation with its tax advisors and independent accountants.

Assumptions and methods under U.S. GAAP

The methods employed in the development of the pension cost and other disclosures have been selected by the plan sponsor, with the concurrence of Willis Towers Watson. The actuarial assumptions were also selected by the plan sponsor as required by U.S GAAP, but without using the work of Willis Towers Watson. Evaluation of the actuarial assumptions was outside the scope of Willis Towers Watson's assignment and would have required substantial additional work that we were not engaged to perform. U.S. GAAP requires that each significant assumption "individually represent the best estimate of a particular future event."

6 El Paso Electric Company Supplemented Retirement and Survivor Income Plan, Executive Retirement Agreements, and Directors' Retirement Plan

The results shown in this report have been developed based on actuarial assumptions that, to the extent evaluated by Willis Towers Watson, we consider to be reasonable. Other actuarial assumptions could also be considered to be reasonable. Thus, reasonable results differing from those presented in this report could have been developed by selecting different reasonable assumptions.

A summary of the assumptions, methods and sources of data and other information used is provided in Appendix A. Note that any subsequent changes in methods or assumptions for the January 1, 2020 measurement date will change the results shown in this report.

Nature of actuarial calculations

The results shown in this report are estimates based on data that may be imperfect and on assumptions about future events that cannot be predicted with any certainty. The effects of certain plan provisions may be approximated, or determined to be insignificant and therefore not valued. Reasonable efforts were made in preparing this valuation to confirm that items that are significant in the context of the actuarial liabilities or costs are treated appropriately, and are not excluded or included inappropriately Any rounding (or lack thereof) used for displaying numbers in this report is not intended to imply a degree of precision, which is not a characteristic of actuarial calculations

If overall future plan experience produces higher benefit payments or lower investment returns than assumed, the relative level of plan costs reported in this valuation will likely increase in future valuations (and vice versa). Future actuarial measurements may differ significantly from the current measurements presented in this report due to many factors, including: plan experience differing from that anticipated by the economic or demographic assumptions, changes in economic or demographic assumptions, increases or decreases expected as part of the natural operation of the methodology used for the measurements (such as the end of an amortization period), and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of such future measurements.

See Basis for Valuation in Section 1 above for a discussion of any material events that have occurred after the valuation date that are not reflected in this valuation.

Limitations on use

This report is provided subject to the terms set out herein and in our engagement letter dated March 9, 2020 and any accompanying or referenced terms and conditions.

The information contained in this report was prepared for the internal use of the Company and its independent accountants in connection with our actuarial valuation of the pension plan as described in Purposes of Valuation above. It is not intended for and may not be used for other purposes, and we accept no responsibility or liability in this regard. The Company may distribute this actuarial valuation report to the appropriate authorities who have the legal right to require the Company to provide them this report, in which case the Company will use best efforts to notify Willis Towers Watson in advance of this distribution Further distribution to, or use by, other parties of all or part of this report is expressly prohibited without Willis Towers Watson's prior written consent. Willis Towers Watson accepts no responsibility for any consequences arising from any other party relying on this report or any advice relating to its contents.

Professional qualifications

The undersigned are members of the Society of Actuaries and meet the "Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States" relating to pension plans. Our objectivity is not impaired by any relationship between the plan sponsor and our employer, Willis Towers Watson US LLC.

Cat Kenagy

Cat Kenagy, FSA, EA
Senior Director, Retirement
20-07490
October 2, 2020

David Anderson, ASA, EA
Director, Retirement
20-07493
October 2, 2020

Elizabeth Welborne, ASA, EA
Lead Associate, Retirement
20-08703
October 2, 2020

http://natct.internal.towerswatson.com/clients/612160/ElPasoElectric2020/Documents/2020 SERP Expense Report.docx

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8 El Paso Electric Company Supplemented Retirement and Survivor Income Plan, Executive Retirement Agreements, and Directors' Retirement Plan

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Section 2: Accounting exhibits

2.1 Balance sheet asset/(liability)

All monetary amounts shown in US Dollars

Measurement Date	01/01/2020	01/01/2019[1]
A Development of Balance Sheet Asset/(Liability)[2]		
1 Projected benefit obligation (PBO)	(16,326,200)	(15,256,466)
2 Fair value of plan assets (FVA)	0	0
3 Net balance sheet asset/(liability)	(16,326,200)	(15,256,466)
B Current and Noncurrent Classification[3]		
1 Noncurrent asset	0	0
2 Current liability	(1,421,104)	(1,703,431)
3 Noncurrent liability	(14,905,096)	(13,553,035)
4 Net balance sheet asset/(liability)	(16,326,200)	(15,256,466)
C Accumulated Benefit Obligation (ABO)	(16,326,200)	(15,256,466)
D Accumulated Other Comprehensive (Income)/Loss		
1 Net prior service cost/(credit)	0	0
2 Net loss/(gain)	7,572,082	6,060,934
3 Accumulated other comprehensive (income)/loss[4]	7,572,082	6,060,934
E Assumptions and Dates		
1 Equivalent single discount rate for benefit obligations	2.99%	4.11%
2 Census date	1/1/2020	1/1/2019

[1] January 1, 2019 actuarial valuation performed by prior actuary
[2] Whether any amounts in this table that differ from those disclosed at year-end must be disclosed in subsequent interim financial statements should be determined
[3] The current liability (for each underfunded plan) was measured as the discounted value of benefits expected to be paid over the next 12 months in excess of the fair value of the plan's assets at the measurement date.
[4] Amount shown is pre-tax and should be adjusted by plan sponsor for tax effects

10 El Paso Electric Company Supplemented Retirement and Survivor Income Plan, Executive Retirement Agreements, and Directors' Retirement Plan

2.2 Changes in plan obligations and assets

All monetary amounts shown in US Dollars

Period Beginning	01/01/2020	01/01/2019[1]
A Change in Projected Benefit Obligation (PBO)		
1 PBO at beginning of prior fiscal year	15,256,466	16,576,894
2 Employer service cost	0	0
3 Interest cost	530,668	447,872
4 Actuarial loss/(gain)	2,021,879	(258,821)
5 Plan participants' contributions	0	0
6 Benefits paid from plan assets	0	0
7 Benefits paid from Company assets	(1,482,813)	(1,509,479)
8 Administrative expenses paid	0	0
9 Plan amendments	0	0
10 Acquisitions/(divestitures)	0	0
11 Curtailments	0	0
12 Settlements	0	0
13 Special/contractual termination benefits	0	0
14 PBO at beginning of current fiscal year	16,326,200	15,256,466
B Change in Plan Assets		
1 Fair value of plan assets at beginning of prior fiscal year	0	0
2 Actual return on plan assets	0	0
3 Employer contributions	1,482,813	1,509,479
4 Plan participants' contributions	0	0
5 Benefits paid	(1,482,813)	(1,509,479)
6 Administrative expenses paid	0	0
7 Transfer payments	0	0
8 Acquisitions/(divestitures)	0	0
9 Settlements	0	0
10 Fair value of plan assets at beginning of current fiscal year	0	0

[1] January 1, 2019 actuarial valuation performed by prior actuary

2.3 Summary of net balances

All monetary amounts shown in US Dollars

A Summary of Net Prior Service Cost/(Credit)

Measurement Date Established	Original Amount	Net Amount at 01/01/2020	Remaining Amortization Period	Amortization Amount in 2020	Effect of Curtailments	Other Events
Total		0		0	0	0

All monetary amounts shown in US Dollars

B Summary of Net Loss/(Gain) (see Appendix A for a description of amortization method)

	Net Amount at 01/01/2020 [1]	Amortization Amount in 2020	Effect of Curtailments	Effect of Settlements	Other Events (Identify)
	7,572,082	637,706	0	0	0

[1] Before any immediate recognition on the same date.

12 El Paso Electric Company Supplemented Retirement and Survivor Income Plan, Executive Retirement Agreements, and Directors' Retirement Plan

2.4 Summary and comparison of benefit cost and cash flows

All monetary amounts shown in US Dollars

Fiscal Year Ending		12/31/2020	12/31/2019[1]
A	**Total Benefit Cost**		
1	Employer service cost	0	0
2	Interest cost	403,739	530,668
3	Expected return on plan assets	0	0
4	Subtotal	403,739	530,668
5	Net prior service cost/(credit) amortization	0	0
6	Net loss/(gain) amortization	637,706	510,731
7	Subtotal	637,706	510,731
8	Net periodic benefit cost/(income)	1,041,445	1,041,399
9	Curtailments	0	0
10	Settlements	0	0
11	Special/contractual termination benefits	0	0
12	Total benefit cost	1,041,445	1,041,399
B	**Assumptions** (See Appendix A for interim measurements, if any)		
1	Equivalent single discount rate for benefit obligations	2 99%	4 11%
2	Equivalent single discount rate for service cost	N/A	N/A
3	Equivalent single discount rate for interest cost	2 60%	3 68%
4	Expected long-term rate of return on plan assets	N/A	N/A
5	Census date	01/01/2020	01/01/2019
C	**Fair Value of Assets at Beginning of Year**	0	0
D	**Cash Flows**	Expected	Actual
1	Employer contributions	0	0
2	Plan participants' contributions	0	0
3	Benefits paid from Company assets	1,434,754	1,482,813
4	Benefits paid from plan assets	0	0
E	**Amortization Period**	9 31380	8.88000

[1] Fiscal year 2019 benefit cost determined by prior actuary

Section 3: Participant data

3.1 Summary of participant data

All monetary amounts shown in US Dollars

Census Date	01/01/2020	01/01/2019
A Participants Receiving Benefits		
1 Number	29	30
2 Total annual pension	1,434,753	1,509,480
3 Average annual pension	49,474	50,316
4 Average age	81.79	82 19
5 Distribution at January 1, 2020		

Age	Number	Annual Pension
Under 55	0	0
55-59	0	0
60-64	1	78,750
65-69	1	78,750
70-74	5	439,607
75-79	5	247,509
80-84	5	304,714
85 and over	12	285,423

14 El Paso Electric Company Supplemented Retirement and Survivor Income Plan, Executive Retirement Agreements, and Directors' Retirement Plan

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Appendix A: Statement of actuarial assumptions, methods and data sources

Plan Sponsor

El Paso Electric Company

Statement of Assumptions

The assumptions disclosed in this Appendix are for the fiscal year 2020 benefit cost.

Assumptions and methods for pension cost purposes

Actuarial Assumptions and Methods — Pension Cost

Economic Assumptions

Discount rate

Equivalent single discount rate for benefit obligations	2.99%
Equivalent single discount rate for service cost	N/A
Equivalent single discount rate for interest cost	2.60%

Demographic Assumptions

Mortality:

- Healthy mortality rates — Base Mortality Table (Male Table used for males; Female Table used for Females)

  1. Base table Pri-2012
  2. Base mortality table year: 2012
  3. Table type. White Collar
  4. Healthy or Disabled: Healthy
  5. Table weighting: Benefit
  6. Blending of annuitants and non-annuitants: Separate rates used for annuitants and non-annuitants
  7. Blending of retirees and contingent annuitants· Combined non-disabled annuitant mortality

	Mortality Improvement Scale (Male Table used for males; Female Table used for Females) 1. Base scale: MP-2019 2. Projection Type: Generational
▪ Disabled life mortality rates	None
▪ Healthy non-active service mortality rates	None
Disability rates	None
Termination (not due to disability or retirement) rates	None
Retirement	None

Additional Assumptions

Administrative expenses	$0; the plan sponsor pays administrative expenses directly
Death Benefits	Death benefits are valued in accordance with the optional death benefit chosen by each participant with the election form on file with the company. If there is no election form on file, the participant is assumed to have elected the lump sum option and the benefit will be paid at the end of the participant's life expectancy as computed on the valuation date.
Cash flow:	
▪ Decrement timing	The assumptions used are collectively called rounded middle of year (rounded MOY) decrement timing. Most events are assumed to occur at the middle of year during which the eligibility condition will be met or the start/end date will occur For death and disability decrements, the rate applied is based on the participant's rounded age (nearest integer age) at the beginning of the year, to align with the methodology generally used to create those rate tables. For retirement and withdrawal decrements: the age is generally the participant's rounded age at the middle of the year.
▪ Timing of benefit payments	Benefit payments are assumed to be made uniformly throughout the year and, on average, at mid-year.
▪ Amount and timing of contributions	Contributions are assumed to be made throughout the year and, on average, at mid-year.
Funding policy	This is an unfunded plan so the funding policy is to pay benefits directly from employer assets as they come due.

Methods – Pension Cost and Funded Position

Census date January 1, 2020

Measurement date January 1, 2020

Projected benefit obligation

The Unit Credit Cost Method is used to determine the Projected Benefit Obligation (PBO). Under this method, the accrued benefit is calculated based upon service as of the measurement date. The PBO is the present value of this benefit

The benefits described above are used to determine both ABO and PBO

PBO is measured by discounting the underlying projected benefit payments, determined using the methodology described above, using the spot rates on the December 31, 2019 Willis Towers Watson RATE.Link 40:90 yield curve. Interest cost was measured by summing the individual interest costs associated with each future benefit payment underlying the PBO. This individual interest cost is developed by multiplying the present value of each benefit payment, discounted using the applicable spot rate on the yield curve relating to the future benefit payment, by that spot rate. Equivalent single discount rates that would produce the resulting benefit obligation and interest cost have been determined and disclosed.

Market-related value of assets Since this is an unfunded plan, the asset method is not applicable.

Amortization of unamortized amounts:

- **Recognition of past service cost/(credit)**

  Amortization of net prior service cost/(credit) resulting from a plan change is included as a component of Net Periodic Benefit Cost/(Income) in the year first recognized and every year thereafter until it is fully amortized. The annual amortization payment is determined in the first year as the increase in PBO due to the plan change divided by the average remaining life expectancy of inactive participants, or the average remaining period over which benefits will be paid if shorter.

  However, when a plan change reduces the PBO, existing positive prior service costs are reduced or eliminated starting with the earliest established before a new prior service credit base is established.

- **Recognition of gains or losses**

  Amortization of the net gain or loss resulting from experience different from that assumed and from changes in assumptions (excluding asset gains and losses not yet reflected in market-related value) is included as a component of Net Periodic Benefit Cost/(Income) for a year.

If, as of the beginning of the year, that net gain or loss exceeds 10% of the greater of the PBO and the market-related value of plan assets, the amortization is that excess divided by the average remaining lifetime of inactive plan participants, or the period for which benefits will be paid if shorter.

Under this methodology, the gain/loss amounts recognized in AOCI are not expected to be fully recognized in benefit cost until the plan is terminated (or an earlier event, like a settlement, triggers recognition) because the average expected remaining lifetime of inactive participants over which the amounts are amortized is redetermined each year and amounts that fall within the corridor described above are not amortized.

Benefits not valued

All benefits described in the Plan Provisions section of this report were valued. Willis Towers Watson has reviewed the plan provisions with the plan sponsor and, based on that review, is not aware of any significant benefits required to be valued that were not.

Sources of Data and Other Information

The plan sponsor furnished participant data as of 1/1/2020. Data and other information were reviewed for reasonableness and consistency, but no audit was performed. Based on discussions with the plan sponsor, assumptions or estimates were made when data were not available, and the data was adjusted to reflect any significant events that occurred between the date the data was collected and the measurement date.

Accumulated other comprehensive (income)/loss amounts shown in the report are shown prior to adjustment for deferred taxes Any deferred tax effects in AOCI should be determined in consultation with El Paso Electric Company's tax advisors and auditors. We are not aware of any errors or omissions in the data that would have a significant effect on the results of our calculations

Assumptions Rationale - Significant Economic Assumptions

Discount rate(s)

As required by U.S. GAAP the discount rate methodology was chosen by the plan sponsor based on market information on the measurement date.

Assumptions Rationale - Significant Demographic Assumptions

Healthy Mortality

Assumptions were selected by the plan sponsor and, as required by U.S. GAAP represent a best estimate of future experience.

Death Benefit

The lump sum option is the automatic payment form for a post-retirement death benefit.

Source of Prescribed Methods (Required for ASOP compliance, otherwise optional)

Accounting methods

The methods used for accounting purposes as described in Appendix A, are "prescribed methods set by another party", as defined in the actuarial standards of practice (ASOPs). As required by U.S GAAP, these methods were selected by the plan sponsor.

Changes in Assumptions, Methods and Estimation Techniques

Change in assumptions since prior valuation	The single equivalent PBO discount rate decreased from 4.11% as of January 1, 2019 to 2 99% as of January 1, 2020 to reflect the change in yields on high-quality corporate bonds The single equivalent interest cost discount rate decreased from 3.68% as of January 1, 2019 to 2.60% as of January 1, 2020 to reflect the change in yields on high-quality corporate bonds. The mortality assumption was updated from the RP-2014 Total Data Set Mortality Tables, with projection from 2006 to 2014 using Scale MP-2014 improvement removed, then projected generationally using Scale MP-2018 to the Pri-2012 White Collar Mortality Tables with separate base tables used for actives and retirees and the retiree base table used for contingent survivors and projected generationally using Scale MP-2019
Change in methods since prior valuation	None
Change in estimation techniques since prior valuation	The valuation software used for the plan was changed as part of the actuarial transition to Willis Towers Watson. El Paso Electric Company adopted the Willis Towers Watson RATE:Link 40:90 yield curve model for determining discount rates beginning January 1, 2020 as a result of actuarial transition. Previously, Ryan ALM Above Median Yield Curve was used.

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Appendix B: Summary of principal plan provisions

Plan Provisions for the Supplemental Retirement and Survivor Income Plan

Effective Date

July 1, 1984. Amended and restated July 26, 1988 Discontinued for active employees effective February 1996.

Covered employees and participation date

Participation is restricted to participants who commenced receipt of benefits by the date of discontinuance. The benefits for all participants have been calculated and initiated by the Company.

Benefits Paid Upon the Following Events

Death after Retirement

The participant may select from the following two optional forms of death benefit:

1. A lump sum settlement paid to the beneficiary based on the following schedule:

Year of Retirement	% of Final Average Salary
1	300%
2	285%
3	270%
4	255%
5	240%
6	225%
7	210%
8	195%
9	180%
10	165%
11 and over	150%

2. Installment payments equal to 35% of the participant's final salary, payable to a surviving spouse for the remainder of his/her lifetime, or to a spouse or non-spouse beneficiary for a limited period of time.

Plan Provisions for Other Plan Agreements

1993 Retirement Agreements

The benefit amounts were determined based on individual retirement agreements with the Company. The annual benefit amounts of the following former executives were calculated and initiated by the Company. According to the retirement agreements, the benefits were reduced when the executive reached age 55 by the amount that the executive could have received as an early retirement pension under the Company's Retirement Income Plan. The annual ongoing benefits are as follows:

	Benefit on or After Age 55	1st of the Month Following Age 55 Date
L. Dow	$40,099.20	03/01/1994
W. Joh.	$82,332.84	08/01/1996
F. Mat.	$61,952 16	03/01/2000
W. Roy.	$74,520.36	12/01/1999
I. Tro.	$67,052 76	10/01/2001

The post-retirement death benefit options for these participants are the same as those provided by the Supplemental Retirement and Survivor Income Plan All have elected the survivor annuity option.

1996 Retirement Agreements

The benefit amounts were determined based on individual retirement agreements with the Company. The annual benefit amounts of the following former executives were calculated and initiated by the Company. Depending on the individual retirement agreement, the benefit may have been reduced when the executive reached age 55 by the amount that the executive could receive as an early retirement pension under the Company's Retirement Income Plan The annual ongoing benefits are as follows.

	Benefit on or After Age 55	1st of the Month Following Age 55 Date
J. Dro.	$51,916.80	07/01/1993
R. Gon.	$36,451.20	09/01/2000
R. Hac.	$33,498.36	08/01/1992
C. Hos.	$151,200.00	05/01/1992
D Jac	$21,703.44	03/01/1996
R. Key.	$33,770.04	05/01/1999
J. Ski.	$39,024.72	03/01/1984
H. Vog.	$35,182.92	11/01/1996
J. Wac.	$41,750.88	05/01/2000
D. Wig.	$232,400.04	05/01/2002

The post-retirement death benefit options for these participants are the same as those provided by the Supplemental Retirement and Survivor Income Plan, with the following exceptions:

Upon the death of Mr. C. Hos. prior to the end of his life expectancy (24 years as of March 1996), his monthly benefit will continue to his beneficiary until the earlier of the death of his beneficiary or March 1, 2020. If Mr. Hos. survives beyond March 1, 2020, his benefit will cease upon his death

Upon the death of Mr. D. Wig. prior to May 1, 2031, his monthly benefit will continue to his beneficiary until the earlier of the death of his beneficiary or May 1, 2031.

Directors' Retirement Plan

The benefit amounts were determined based on the terms of the Directors' Retirement Plan. The annual benefit amounts for the following former Directors were calculated and initiated by the Company. The annual ongoing benefits are as follows:

	Annual Benefit
W Bin.	$28,000.00
T. Smi.	$28,000.00

The above benefits are payable as single life annuities with no death benefits owed to beneficiaries upon the death of participants.

Future Plan Changes

Willis Towers Watson is not aware of any future plan changes that are required to be reflected.

Changes in Benefits Valued Since Prior Year

There have been no changes in benefits valued since the prior year.

Question 1:
Provide a description of each non-wage benefit paid to employees and the classification or level of employee to which the benefit is applicable. Also, discuss the Company's method of funding the employee benefit.

Response 1:

The following benefit plans are available to all full-time employees subject to attaining the required eligibility periods, unless noted otherwise:

HEALTH CARE COSTS
The healthcare plan provides medical, dental, and prescription drug coverage for active employees and dependents. The employee and the Company share in the cost, with employees paying a monthly premium. The Company is self-insured with stop loss coverage above a certain amount per claim. The claims are paid from the general funds of the Company.

OUT OF AREA MEDICAL TRAVEL REIMBURSEMENT PROGRAM
The Out of Area Medical Travel Reimbursement program provides reimbursement for qualifying travel expenses incurred when an employee or a dependent must travel to obtain medical care. This benefit is provided to full time employees working at least 40 hours per week that are also enrolled in the medical benefit program. These expenses are paid from the general funds of the Company.

GROUP TERM LIFE INSURANCE
Basic group term life insurance is provided to active employees the first of the month following employment. The insurance premiums are paid from the general funds of the Company.

ACCIDENTAL DEATH & DISMEMBERMENT (AD & D)
AD & D insurance is provided to active employees the first of the month following employment. The premiums are paid from the general funds of the Company.

SHORT-TERM DISABILITY
Group short-term disability coverage is provided to active employees the first of the month following employment. The premiums are paid from the general funds of the Company.

LONG-TERM DISABILITY
Long-term disability insurance is provided to active employees the first of the month following employment. The premiums are paid from the general funds of the Company.

401(k) SAVINGS PLANS
The two 401(k) Savings Plans are qualified savings plans for both the collective bargaining employees (union) and all other employees not included in the collective bargaining group (non-union). Employees are eligible to participate the first day of the month following employment. Participants can contribute up to 50% of their compensation subject to Internal Revenue Service (IRS) limits. Participants aged 50 and older may also elect to make a "catch-up" contribution, subject to certain IRS limits (catch-up contributions are not eligible for company matching). Historically, the Company has provided a 50% matching contribution up to 6% of the

employee's compensation subject to certain other limits and exclusions. Effective April 1, 2014, for employees who enrolled in the cash balance pension plan, the Company provided a 100% matching contribution up to 6% of the employee's compensation subject to certain other limits and exclusions. This contribution is from the general funds of the Company on a per pay period basis.

Administrative Fees

Administrative fees that are not included in the coverage premiums are paid from the general funds of the Company. The Company also incurs the costs of salaries and other expenses for administration of the benefit plans. The Company contracts with various vendors to provide administrative services for the Company's active healthcare and Section 125 Flexible Spending Account (FSA) and Health Saving Account (HSA) plans.

Consulting and Professional Fees

Consulting and professional fees include amounts paid to our insurance broker, prescription plan consultants, benefit consultants, outside auditors to audit the various benefit plans and to an outside actuarial firm for an actuarial valuation of the various benefit plans. Also included are expenses paid to our outside ERISA attorneys. The expenses are paid from the general funds of the Company.

Stock Incentive Plan

Prior to the close of the Merger, restricted stock and performance share awards were granted to certain officers and key employees of the Company. All outstanding awards vested at the closing of the Merger, and subsequently the Long Term Incentive Plan was terminated.

Retirement Income Plan

The Retirement Income Plan is a qualified noncontributory defined benefit plan. In the first quarter of 2014, the Company offered a cash balance pension plan as an alternative to its current final average pay pension plan for employees hired prior to January 1, 2014. Prior to December 31, 2013, employees who completed one year of service with the Company and worked at least a minimum number of hours each year were covered by the final average pay formula of the plan. The cash balance pension plan covers employees who were hired or rehired on or after January 1, 2014, beginning on their employment commencement date or re-employment commencement date in any plan year in which the employee completes at least a minimum number of hours of service. Employees hired prior to January 1, 2014 were given the option to convert to the cash balance plan. The Company has established a trust for the Retirement Income Plan and the benefits paid to participants are paid out of the trust.

Other Postemployment Benefits (OPEB)

Refer to Schedule G-2.2 for the required information on the OPEB.

Non-Qualified Retirement Income Plans

The Company has two non-qualified retirement income plans that are non-funded defined benefit plans. The Supplemental Executive Retirement Plan (SERP) plan covers certain former employees and directors of the Company. The Company closed the SERP plan to new participants in 1996 in conjunction with the emergence from bankruptcy. However, employees eligible for the SERP were grandfathered. Currently, the Company offers a "restorative" plan known as the Excess Benefit Plan. The Excess Benefit Plan was adopted in 2004 and covers certain active and former employees of the Company. Due to earnings limits imposed by the Internal Revenue Code on the Company's Retirement Income Plan, the Excess Benefit Plan allows the participants to earn a benefit proportional to their overall compensation. The benefit cost for the non-qualified retirement income plans are based on substantially the same actuarial methods and economic assumptions as those used for the Retirement Income Plan. The benefits paid to the participants of the plans are paid from the general funds of the Company.

PALO VERDE GENERATING STATION

The Company pays it proportionate share of Pension and Benefits expenses based upon its 15.8% ownership interest in the Palo Verde Generating Station, including pension, insurance and other postemployment benefits expense. The expenses are paid from the general funds of the Company.

PALO VERDE TRANSMISSION LINE

The Company pays its proportionate share of Pension and Benefits expenses based on its 13.0% ownership interest in the Palo Verde Transmission Line. The expenses are paid from the general funds of the Company.

EMPLOYEE ASSISTANCE PROGRAM

This program provides employees and their household members' professional and confidential counseling services, at no cost to the employee, for issues such as depression, anxiety, stress, relationship problems, work-related concerns, financial or legal advice, etc. The expenses are paid from the general funds of the Company.

TUITION REIMBURSEMENT PROGRAM

This program provides reimbursement of up to $5,250 per any one academic year per employee for qualified education expenses. The expenses are paid from the general funds of the Company.

BUSINESS TRAVEL INSURANCE

This program provides accident coverage for eligible employees conducting business away from the premises while on a company specified trip. The expenses are paid from the general funds of the Company.

Question 2:
If the benefit is funded primarily by self-insurance, provide the total dollar amount of claims paid each month during the test year.

Response 2:

Please refer to the attached Schedule G-2 pages 5 and 6 for the response to Question No. 2.

Question 3:
If the benefit is funded primarily by monthly premium payments to an outside insurance carrier, provide 1) a schedule detailing the monthly premium paid for all months during the test year,

and 2) as work papers, copies of premium billings for all months during the test year or a copy of the policy which details the monthly premium(s).

Response 3:

Please refer to the attached Schedule G-2 pages 5 and 6 for the response to Question No. 3, along with work paper WP/G-2.

Question 4:
If the benefit is not addressed by question 2 or 3 above, provide adequate source documentation to verify the calculation of the requested expense (i.e., thrift benefits, etc.).

Response 4:

Please refer to the Schedule G-2 pages 5 and 6 for the response to Question No. 4.

Question 5:
Assure that the information presented above agrees with or is reconciled to the total cost per benefit listed elsewhere (i.e., calculation of requested benefit expense/adjustment).

Response 5:

All components presented in Schedule G-2 reconcile to the costs in FERC Account 926 as presented on Schedule A-4.

Question 6:
Costs for retirees for each benefit shall be separately identified.

Response 6:

For information related to retiree costs refer to Schedules G-2.1 and G-2.2 for a more detailed discussion of the Retirement Income Plan and Other Postemployment Benefits.

Line No			2020 Jan	2020 Feb	2020 Mar	2020 Apr	2020 May	2020 Jun
		QUESTION NO 2						
1	(a)(d)	Health Care Claims Costs	$ 1,120,409	$ 670,277	$ 949,085	$ 838,534	$ 2,496,673	$ 180,916
2	(h)	Health Care Claims Costs - COVID-19	-	-	-	-	-	-
3		Total Healthcare Claims Costs	$ 1,120,409	$ 670,277	$ 949,085	$ 838,534	$ 2,496,673	$ 180,916
		QUESTION NO 3						
4	(d)	Group Term Life Insurance Costs	$ 11,867	$ 12,260	$ 12,062	$ 12,182	$ 12,165	$ -
5	(d)	Stop Loss Insurance Costs	139,903	-	141,398	126,808	125,338	127,788
6	(d)	Long-Term Disability, Short-Term Disability & AD & D Costs	19,280	24,340	20,133	26,944	28,210	8,210
7		Total Insurance Premiums	$ 171,050	$ 36,600	$ 173,593	$ 165,934	$ 165,713	$ 135,998
		QUESTION NO. 4						
8	(a)	401(k) Savings Plans	$ 397,364	$ 370,554	$ 902,927	$ 381,244	$ 347,872	$ 407,812
9		Active Health Care Administrative Fees	56,818	-	59,209	59,641	62,637	67,129
10		Consulting and Professional Fees	129,594	57,066	16,436	155,597	-	140,614
11	(a)	Stock Incentive Plans	140,857	140,857	384,570	260,372	260,373	262,225
12	(a)	Retirement Income Plan - Net Periodic Benefit Cost	250,422	250,415	947,236	482,696	482,696	482,696
13	(a)	Other Postemployment Benefits - Net Periodic Benefit Cost	(404,326)	(404,315)	(123,171)	(310,607)	(310,607)	(310,607)
14	(g)	Non-qualified Retirement Income Plans	179,133	179,123	158,830	172,361	172,361	172,361
15	(f)	Palo Verde - EPE Proportionate Share	544,000	456,460	517,445	511,000	470,833	(98,095)
16	(f)	Palo Verde Transmission - EPE Proportionate Share	1,748	4,234	3,761	4,762	4,297	3,824
17	(a)	Employee Settlements/Severance	-	(162,951)	-	-	-	-
18	(b)	Miscellaneous	36,318	241,958	149,992	68,160	37,835	(5,022)
19	(a)(e)	Accruals/(Reversals)	(750,000)	(27,000)	393,000 (e)	834,000	(1,490,250)	1,096,667 (e)
20		Total Other Benefit Costs	$ 581,928	$ 1,106,401	$ 3,410,235	$ 2,619,226	$ 38,047	$ 2,219,604
21		Total Pension and Benefits Cost	$ 1,873,387	$ 1,813,278	$ 4,532,913	$ 3,623,694	$ 2,700,433	$ 2,536,518
22	(c)	Less Amount Capitalized	590,646	608,410	1,119,676	1,115,702	827,208	772,580
23		Total Pension and Benefits Expense	$ 1,282,741	$ 1,204,868	$ 3,413,237	$ 2,507,992	$ 1,873,225	$ 1,763,938

(a) See Schedule A-3 Adjustment 4 for requested expense

(b) Includes costs for Employee Assistance Program, Tuition Reimbursement Program, Service Awards, Employee Meetings and other miscellaneous employee benefits

(c) The Company capitalizes a portion of the activity in FERC account 926 each month The capitalized amount is based on the actual payroll charged to capital projects during the month The capitalization is calculated on the total monthly activity and the Company does not record capitalization by benefit type

(d) Monthly variances due to the timing on receipt and or payment of invoices

(e) Includes PTO accrual

(f) As explained in the direct testimony of Cynthia S Prieto, in compliance with the FERC audit report in Docket No PA19-3-000, in December 2020, the Company reclassified portions of the billings from Arizona Public Service Company recorded as administrative and general expenses (A&G) into Account 524000, Miscellaneous Nuclear Power Expenses for the operation and maintenance (O&M) of the Palo Verde Generation Station This reclassification represents a shift from A&G into O&M accounts not an increase in costs incurred during the test year ended December 31, 2020

(g) See Schedule G-2 Attachment A for the 2020 Actuarial Valuation Reports for the SERP and Excess Benefit Plan

(h) Includes medical costs related to COVID-19 from March 2020 through November 2020 See Schedule A-3 adjustment 7 for further details

Note Amounts may not add or tie to other schedules due to rounding

SCHEDULE G-2
PAGE 5 OF 6

Line No			2020 Jul	2020 Aug	2020 Sep	2020 Oct	2020 Nov	2020 Dec	Test Year Total
		QUESTION NO 2							
1	(a)(d)	Health Care Claims Costs	$ 1,306,625	$ 1,210,589	$ 379,764	$ 160,302	$ 2,355,632	$ 408,457	$ 12,077,263
2	(h)	Health Care Claims Costs - COVID-19	-	-	-	-	-	544,456 (h)	544,456
3		Total Healthcare Claims Costs	$ 1,306,625	$ 1,210,589	$ 379,764	$ 160,302	$ 2,355,632	$ 952,913	$ 12,621,719
		QUESTION NO 3							
4	(d)	Group Term Life Insurance Costs	$ 24,319	$ -	$ 24,839	$ -	$ 24,792	$ 25,227	$ 159,713
5	(d)	Stop Loss Insurance Costs	126,441	126,196	257,905	254,842	127,666	128,769	1,683,054
6	(d)	Long-Term Disability, Short-Term Disability & AD & D Costs	90,673	-	89,511	6,538	68,607	66,936	449,382
7		Total Insurance Premiums	$ 241,433	$ 126,196	$ 372,255	$ 261,380	$ 221,065	$ 220,932	$ 2,292,149
		QUESTION NO 4							
8	(a)	401(k) Savings Plans	$ 361,387	$ 401,036	$ 347,998	$ 419,832	$ 536,753	$ 358,397	$ 5,233,175
9		Active Health Care Administrative Fees	62,154	63,404	121,094	119,790	60,003	78,135	810,014
10		Consulting and Professional Fees	101,817	70,359	24,217	66,644	95,399	12,453	870,197
11	(a)	Stock Incentive Plans	235,170	-	-	-	-	-	1,684,424
12	(a)	Retirement Income Plan - Net Periodic Benefit Cost	482,696	(318,037)	382,602	382,602	382,602	382,602	4,591,228
13	(a)	Other Postemployment Benefits - Net Periodic Benefit Cost	(310,607)	(391,575)	(320,727)	(320,727)	(320,727)	(320,727)	(3,848,723)
14	(g)	Non-qualified Retirement Income Plans	172,361	88,225	161,844	161,844	161,844	161,844	1,942,131
15	(f)	Palo Verde - EPE Proportionate Share	521,000	168,529	(85,878)	489,000	163,807	(3,658,101)	-
16	(f)	Palo Verde Transmission - EPE Proportionate Share	3,131	4,909	5,751	6,356	4,804	(47,577)	-
17	(a)	Employee Settlements/Severance	-	-	-	-	-	-	(162,951)
18	(b)	Miscellaneous	288,699	101,681	95,134	245,671	169,378	81,963	1,511,764
19	(a)(e)	Accruals/(Reversals)	93,567	(668,984)	1,450,000 (e)	717,963	(1,089,529)	598,877 (e)	1,158,311
20		Total Other Benefit Costs	$ 2,011,375	$ (480,453)	$ 2,182,035	$ 2,288,975	$ 164,334	$ (2,352,135)	$ 13,789,570
21		Total Pension and Benefits Cost	$ 3,559,433	$ 856,332	$ 2,934,054	$ 2,710,657	$ 2,741,031	$ (1,178,290)	$ 28,703,438
22	(c)	Less Amount Capitalized	1,099,513	487,477	920,074	1,005,068	956,954	867,768	10,371,076
23		Total Pension and Benefits Expense	$ 2,459,920	$ 368,855	$ 2,013,980	$ 1,705,589	$ 1,784,077	$ (2,046,058)	$ 18,332,362

(a) See Schedule A-3 Adjustment 4 for requested expense

(b) Includes costs for Employee Assistance Program, Tuition Reimbursement Program, Service Awards, Employee Meetings and other miscellaneous employee benefits

(c) The Company capitalizes a portion of the activity in FERC account 926 each month The capitalized amount is based on the actual payroll charged to capital projects during the month. The capitalization is calculated on the total monthly activity and the Company does not record capitalization by benefit type.

(d) Monthly variances due to the timing on receipt and or payment of invoices

(e) Includes PTO accrual

(f) As explained in the direct testimony of Cynthia S Prieto, in compliance with the FERC audit report in Docket No PA19-3-000, in December 2020, the Company reclassified portions of the billings from Arizona Public Service Company recorded as administrative and general expenses (A&G) into Account 524000, Miscellaneous Nuclear Power Expenses for the operation and maintenance (O&M) of the Palo Verde Generation Station This reclassification represents a shift from A&G into O&M accounts not an increase in costs incurred during the test year ended December 31, 2020

(g) See Schedule G-2 Attachment A for the 2020 Actuarial Valuation Reports for the SERP and Excess Benefit Plan

(h) Includes medical costs related to COVID-19 from March 2020 through November 2020 See Schedule A-3 adjustment 7 for further details

Note Amounts may not add or tie to other schedules due to rounding

SCHEDULE G-2
PAGE 6 OF 6

EL PASO ELECTRIC COMPANY
2021 TEXAS RATE CASE FILING
SCHEDULE G-2.1: PENSION EXPENSE
SPONSOR: CYNTHIA S. PRIETO
PREPARER: MYRNA A. ORTIZ
FOR THE TEST YEAR ENDED DECEMBER 31, 2020

Requirement No. 1:

The Company's requested pension expense is based on Generally Accepted Accounting Principles (GAAP). The Company accrues pension costs in accordance with the Financial Accounting Standards Board (FASB) guidance for defined benefit plans. Starting in 2020, the Company relies on its current actuaries, Willis Towers Watson, to make sure all determinations were done in accordance with FASB guidance. Prior to 2020, the Company relied on its previous actuaries, PricewaterhouseCoopers.

Requirement No. 2:
Listed below are contributions to the qualified pension plan for the past three years;

	2020	2019	2018
January	$ 811,112	$ 811,112	$ 811,112
February	811,111	811,111	811,111
March	811,111	811,111	811,111
April	811,111	811,111	811,111
May	811,111	811,111	811,111
June	811,111	811,111	811,111
July	811,111	811,111	811,111
August	811,111	811,111	811,111
September	811,111	811,111	811,111
October	0	0	0
November	0	0	0
December	0	0	0
	$ 7,300,000	$ 7,300,000	$ 7,300,000

Refer to WP/G-2.1, for support for funding payments to the pension trust.

Requirement No. 3:

Listed below are the three most recent years. Test Year Ended December 31, 2020 pension expense per GAAP, actual pension payments funded to the pension trust, and actuarial minimum and maximum calculations.

For the Years ending December 31:

(a) Year	(b) Pension Expense Per GAAP (1)	(c) Actual Pension Pmts to the Fund	(d) Actuarial Minimum (2)	(e) Actuarial Maximum (2)
2020 (3)	4,591,228 (7)	7,300,000	6,105,099 (4)	218,628,178
2019 (5)	3,004,987	7,300,000	0	219,061,711
2018 (6)	5,609,056	7,300,000	0	230,971,705

(1) Refer to Schedule G-2.1 Attachment A pages 7, 81 and 142 for the pension expense per GAAP for the calendar years 2020, 2019, and 2018.

(2) Refer to Schedule G-2.1 Attachment A pages 8, 27, 76, 80, 135 and 141 for the actuarial minimum and maximum contributions for the calendar years 2020, 2019, and 2018.

(3) Refer to Schedule G-2.1 Attachment A page 1 to 70 for the actuarial report from Willis Towers Watson for the calendar year ended December 31, 2020.

(4) The minimum required contribution is $6,105,099. However, the cash requirement assuming the Company elects to use the available funding balances is $0.

(5) Refer to Schedule G-2.1 Attachment A page 71 to 129 for the actuarial report from PricewaterhouseCoopers for the calendar year ended December 31, 2019.

(6) Refer to Schedule G-2.1 Attachment A page 130 to 189 for the actuarial report from PricewaterhouseCoopers for the calendar year ended December 31, 2018.

(7) See Schedule A-3 Adjustment 4 for requested expense.

WillisTowersWatson

El Paso Electric Company
Retirement Income Plan

Actuarial Valuation Report

Employer Contributions for Plan Year Beginning January 1, 2020
Benefit Cost for Fiscal Year Beginning January 1, 2020 under US GAAP

September 30, 2020

Table of Contents

Purposes of valuation

El Paso Electric Company (the Company) retained Willis Towers Watson US LLC ("Willis Towers Watson"), to perform an actuarial valuation of the Retirement Income Plan for Employees of El Paso Electric Company for the purpose of determining the following.

1. The minimum required contribution in accordance with ERISA and the Internal Revenue Code (IRC) for the plan year beginning January 1, 2020.
2. The estimated maximum tax-deductible contribution for the tax year in which the 2020 plan year ends in accordance with ERISA as allowed by the IRC. The maximum tax-deductible contribution should be finalized in consultation with the Company's tax advisor.
3. An assessment of ERISA §4010 reporting requirements for the plan for 2020.
4. Determination of the Funding Target Attainment Percentage (FTAP) under IRC §430(d)(2), as reported in the Annual Funding Notice required under ERISA §101(f).
5. The value of benefit obligations as of January 1, 2020 and El Paso Electric Company's pension cost for fiscal year ending December 31, 2020 in accordance with FASB Accounting Standards Codification Topic 715 (ASC 715-30).
6. As requested by El Paso Electric Company, a "specific certification" of the Adjusted Funding Target Attainment Percentage (AFTAP) for the Retirement Income Plan for Employees of El Paso Electric Company under IRC §436 for the plan year beginning January 1, 2020. Please see Section 4 for additional information. Note that the AFTAP certification included herein may be superseded by a subsequent AFTAP certification for the Retirement Income Plan for Employees of El Paso Electric Company for the plan year beginning January 1, 2020.

Limitations

This valuation has been conducted for the purposes described above and may not be suitable for any other purpose. In particular, please note the following:

1. This report does not determine the plan's liquidity shortfall requirements (if any) under IRC §430(j)(4). If applicable, we will determine such requirements separately as requested by the Company
2. This report does not present liabilities on a plan termination basis, for which a separate extensive analysis would be required. No funded status measure included in this report is intended to assess, and none may be appropriate for assessing, the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations, as all such measures differ in some way from plan termination obligations. For example, measures shown in this report may reflect smoothed assets or interest rates, rather than current values, in accordance with funding and

accounting rules. In addition, funded status measures shown in this report do not reflect the current costs of settling the plan obligations by offering immediate lump sum payments to participants and/or purchasing annuity contracts for the remaining participants (e.g., insurer profit, insurer pricing of contingent benefits and/or provision for anti-selection in the choice of a lump sum vs. an annuity).

3. The cost method for the minimum required contribution is established under IRC §430 and may not in all circumstances produce adequate assets to pay benefits under all optional forms of payment available under the plan when benefit payments are due.

4. The comparison of the plan's funding target to its actuarial value of assets (the funding shortfall (surplus) shown in Section 1) is used in determining required contributions for the coming year, and a contribution made on the valuation date equal to the shortfall would be considered to "fully fund" the plan for benefits accrued as of the valuation date under the funding rules, and thus is useful for assessing the need for and amount of future contributions. However, the funding shortfall (surplus) cannot be relied upon to determine either the need for or the amount of future contributions. The funding shortfall (surplus) is based on the interest rates elected to be used for funding purposes, which may be smoothed rates not reflecting current market conditions and will in any event change over time. It is also based on the actuarial value of assets, so if an asset smoothing method is used, it would be different than if based on market value of assets. In addition, asset gains and losses, demographic experience different from assumed, and future benefit accruals (if any) will all affect the need for and amount of future contributions.

5. There may be certain events that occurred since the valuation date that are not reflected in this valuation. See Subsequent Events (under the "Basis for valuation" portion of Section 1 below) for more information.

6. This valuation reflects our understanding of the relevant provisions of the Pension Protection Act of 2006 (PPA); the Worker, Retiree and Employer Recovery Act of 2008 (WRERA); the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010 (PRA), the Moving Ahead for Progress in the 21st Century Act (MAP-21); the Highway and Transportation Funding Act of 2014 (HATFA); and the Bipartisan Budget Act of 2015. The IRS has yet to issue final guidance with respect to certain aspects of these laws. It is possible that future guidance may conflict with our understanding of these laws based on currently available guidance and could therefore affect results shown in this report.

7. This report does not provide information for plan accounting and financial reporting under ASC 960.

Section 1: Summary of results

Summary of valuation results

All monetary amounts shown in US Dollars

Plan Year Beginning	01/01/2020	01/01/2019[1]
Funding		
Market value of plan assets with discounted receivable contributions	334,318,551	279,967,233
Actuarial value of plan assets	316,157,560	302,164,872
Funding balances	32,768,713	24,489,067
Funding target	280,463,565	268,950,352
Target normal cost[2]	9,030,381	8,194,905
Funding shortfall (surplus)	(2,925,282)	(8,725,453)
Funding target attainment percentage (FTAP)	101.04%	103.24%
Minimum required contribution		
Prior to application of funding balances	6,105,099	0
Net of available funding balances	0	0
Effective interest rate	5.38%	5.54%
U.S. GAAP Accounting (ASC 715) as of Measurement Date	**01/01/2020**	**01/01/2019**
Projected benefit obligation (PBO)	394,749,268	335,931,648
Fair value of plan assets, excluding receivable contributions	327,152,316	272,803,260
Funded status	(67,596,952)	(63,128,388)
Pension cost (excluding effects of settlements, curtailments and termination benefits) for fiscal year	4,591,228	3,004,987
Benefit cost/(income) due to special events	0	0
Total benefit cost/(income)	4,591,228	3,004,987
Equivalent Single Discount Rate for Benefit Obligations	3.39%	4.42%
Equivalent Single Discount Rate for Service Cost	3.60%	4.50%
Equivalent Single Discount Rate for Interest Cost	2.99%	4.12%
Participants as of Census Date	**01/01/2020[3]**	**01/01/2019**
Active employees	1,126	1,090
Participants with deferred benefits	341	344
Participants receiving benefits	803	771
Total	2,270	2,205

1 January 1, 2019 actuarial valuation performed by prior actuary
2 Includes assumed administrative expenses of $469,681 for the 2019 plan year and $868,426 for the 2020 plan year. Assumed administrative expenses for 2020 are equal to the 2020 PBGC premiums paid from plan assets.
3 Counts include 39 alternate payees, 14 of whom have survived the original participant.

Minimum required contribution and funding policy

All monetary amounts shown in US Dollars

Plan Year Beginning	01/01/2020	01/01/2019
Minimum Required Contribution (MRC)		
Prior to application of funding balances	6,105,099	0
Net of available funding balances	0	0
Sponsor's Funding Policy Contribution	$7,300,00 (budgeted)	$7,300,000

The plan sponsor's funding policy is to make the minimum required contribution with consideration for amounts included in customer rates. At its discretion, the Company may determine from time to time whether to make additional contributions. We understand the sponsor may deviate from this policy based on cash, tax or other considerations.

The minimum required contribution includes a contribution to cover the benefits expected to accrue in the coming year (if any) plus any expenses expected to be paid from the trust in the coming year (target normal cost), as well as a 7-year amortization (with a somewhat longer amortization period for shortfall amortization bases established in any year for which funding relief was elected) of any funding shortfall (amortization installments) (See Section 2.4 for a break-down of the minimum required contribution into target normal cost and amortization installments, and see Section 2.5 for a schedule of amortization installments for future years.) Thus, assuming that all actuarial assumptions are realized and do not change and the plan sponsor contributes the minimum required contribution each year (target normal cost plus amortization installments), the plan would generally be expected to be fully funded in 7 years, and the minimum required contribution would be expected to drop to target normal cost. During the 7 year period, there will be some variability in minimum required contributions due to amortization installments from prior years dropping out as the 7-year amortization period ends (and for deferred asset gains or losses becoming reflected in assets if an asset smoothing method is used for the actuarial value of assets). In reality, gains and losses will occur, and the plan sponsor may fail to contribute the minimum required contribution (or may contribute more than the minimum required contribution in accordance with the funding policy described above), which may cause the plan to take more or less than 7 years to become fully funded. Note that being fully funded under the funding rules is not the same as being fully funded on a plan termination basis, as different assumptions apply (e.g., the cost of annuity contracts or lump sums to participants) on plan termination.

Target normal cost for individual participants accruing benefits will grow from year to year as participants age (and as their salaries increase, if benefit accruals are pay related), but the changes in total target normal cost will depend on the numbers of participants earning benefits and their ages. Because the number and ages of active participants covered by the plan are not expected to change significantly from year to year, target normal cost is expected to remain level. Of course, changes in discount rates and other assumptions in future years will also influence the pattern of future required contributions.

The minimum required contribution for the 2020 plan year must be satisfied by September 15, 2021. This requirement may be satisfied through contributions and/or an election to apply the available funding balances. No quarterly installments are required. The minimum required contribution is determined assuming it is paid as of the valuation date for the plan year. Contributions made on a date other than the valuation date must be adjusted for interest at the plan's effective interest rate.

A schedule reflecting budgeted employer contributions to satisfy the 2020 minimum required contribution (MRC) is shown below (subject to change).

All monetary amounts shown in US Dollars

Date	Funding Balance Applied	Current Plan Year Contributions	Discounted Value of Contributions as of Valuation Date	Sum of Funding Balance Elections and Discounted Contributions
January 3, 2021	0	811,112	769,478	769,478
February 3, 2021	0	811,111	766,124	766,124
March 3, 2021	0	811,111	762,786	762,786
April 3, 2021	0	811,111	759,462	759,462
May 3, 2021	0	811,111	756,153	756,153
June 3, 2021	0	811,111	752,858	752,858
July 3, 2021	0	811,111	749,578	749,578
August 3, 2021	0	811,111	746,311	746,311
September 3, 2021	0	811,111	743,059	743,059
Total				6,805,809

Because the plan does not have a funding shortfall, no quarterly contributions will be required for the 2021 plan year based on this year's valuation results.

Change in minimum funding requirement and funding shortfall (surplus)

The minimum funding requirement increased from $0 for the 2019 plan year to $6,105,099 for the 2020 plan year, and the funding shortfall (surplus) increased from $(8,725,453) on January 1, 2019 to $(2,925,282) on January 1, 2020.

Significant reasons for these changes include the following:

- The return on the actuarial value of assets since the prior valuation was greater than expected, which reduced the minimum funding requirement and the funding shortfall.
- The plan's effective interest rate declined 16 basis points compared to the prior year, which increased the minimum funding requirement and the funding shortfall.
- The valuation reflects the updated static mortality tables and updated IRC §417(e) mortality tables provided by IRS for 2020 plan years, which reduced the minimum funding requirement and the funding shortfall.

Funding ratios

The Pension Protection Act of 2006 (PPA) defines several Funding Ratios. All of these ratios are based on a ratio of plan assets to plan liabilities, but the assets and liabilities are defined differently for different purposes. Depending on the purpose, the assets may be market value or, if different, a smoothed actuarial value of assets, and may be reduced by the prefunding balance or all funding balances. The liabilities may be based on the funding target, funding target disregarding at-risk assumptions, or the funding target calculated using at-risk assumptions (see the At-Risk status section below), and may or may not reflect stabilized interest rates.

Following are the key funding ratios and their implications for the 2020 or 2021 plan years. See Appendix D for details on how each ratio is calculated.

January 1, 2019 Funding ratios

	Ratio Test Implications	Threshold	Ratio Value
1	Funding balances can be used to satisfy the 2020 Minimum Required Contribution (MRC) if threshold met	80%	103.24%
2	Quarterly contribution exemption applies in 2020 if threshold met	100%	103.24%
3	Plan is not at-risk for 2020 if the threshold for either the Prong 1 or Prong 2 test is met		
	- Prong 1 Test	80%	103.24%
	- Prong 2 Test	70%	N/A

January 1, 2020 Funding ratios

	Ratio Test Implications	Threshold	Ratio Value
1	Funding balances can be used to satisfy the 2021 MRC if threshold met	80%	101.04%
2	Quarterly contribution exemption applies in 2021 if threshold met	100%	101.04%
3	Plan is not at-risk for 2021 if the threshold for either the Prong 1 or Prong 2 test is met		
	- Prong 1 Test	80%	101.04%
	- Prong 2 Test	70%	N/A
4	PBGC 4010 filing may be required in 2021 if threshold is not met by every plan in the controlled group	80%	85.81%
5	Plan is exempt from creating a new Shortfall Amortization Base (SAB) for 2020 when prefunding balance <u>is</u> applied to the 2020 MRC if threshold met	100%	101.04%
6	Plan is exempt from creating a new SAB for 2020 when prefunding balance <u>is not</u> applied to the 2020 MRC if threshold met	100%	112.72%
7	Previously established SABs are eliminated for 2020 if threshold met	100%	101.04%

Benefit limitations

The Adjusted Funding Target Attainment Percentage (AFTAP) for the plan year beginning January 1, 2020 is 112.72%. This AFTAP may be changed by subsequent events.

Under the PPA, a plan may become subject to various benefit limitations if its AFTAP falls below certain thresholds.

If the AFTAP is below 60% (100%, calculated ignoring stabilized interest rates, if the plan sponsor is in bankruptcy), plans are prohibited from paying lump sums or other accelerated forms of distribution (such as Social Security level payment options). If the AFTAP is at least 60% but less than 80%, the amounts that can be paid are limited. In addition, lump sums to the 25 highest paid employees may be restricted if a plan's AFTAP is below 110%. These limitations do not apply to mandatory lump sum cash-outs of $5,000 or less. In addition, plans that were completely frozen before September 2005 are exempt from the restrictions on lump sums and other accelerated forms of distribution.

If the AFTAP is below 60%, benefit accruals must cease, amendments to improve benefits cannot take effect, and plant shutdown benefits and other Unpredictable Contingent Event Benefits (UCEBs) cannot be paid without being fully paid for. In addition, if the AFTAP would be below 80% reflecting a proposed amendment, the plan amendment cannot take effect unless actions are taken to increase plan assets.

To avoid these benefit limitations, a plan sponsor may take a variety of steps, including reducing the funding balances, contributing additional amounts to the plan for the prior plan year, contributing special "designated IRC §436 contributions" for the current plan year, or providing security outside the plan. Not all of these approaches are available for all of the restrictions discussed above. For example, restrictions on accelerated distributions cannot be avoided by making designated IRC §436 contributions.

As requested by El Paso Electric Company in your letter dated September 15, 2020, this report is intended to constitute a "specific certification" of the AFTAP, effective as of September 30, 2020, for the plan year beginning January 1, 2020 for the purpose of determining benefit restrictions under IRC §436 for the Retirement Income Plan for Employees of El Paso Electric Company. This AFTAP certification is based on the data, methods, assumptions, plan provisions, annuity purchase information, and other information provided in this report. Please see the Appendices for additional information. Note that the AFTAP certification provided herein may be superseded by a subsequent AFTAP certification for the plan year beginning January 1, 2020. Please see Section 4 for a discussion of the implications of this certified AFTAP.

PBGC reporting requirements

Certain financial and actuarial information (i.e., a "4010 filing") must be provided to the PBGC if the PBGC Funding Target Attainment Percentage (PBGC FTAP) is less than 80% for any plan in the contributing sponsor's controlled group. However, this reporting requirement may be waived for controlled groups with no more than $15 million in aggregate funding shortfall (PBGC 4010 FS), or with fewer than 500 participants in all defined benefit plans. Note that interest rate stabilization does not apply for purposes of determining the PBGC FTAP or the PBGC 4010 FS.

The 2020 PBGC FTAP is 85.81%. In addition, we understand that there are no other pension plans within the Company's controlled group. As a result, no 4010 filing is expected to be required for 2020 as a result of the plans' funded status. However, the only plan we have considered in this analysis is the Retirement Income Plan; if there are other plans within the controlled group, a filing may be required.

At-Risk status for determining minimum required contributions

The plan is not in at-risk status, as defined in the PPA, for the 2020 plan year, because the plan's FTAP for the 2019 plan year was at least 80%, and/or the plan's FTAP measured using "at-risk assumptions" was at least 70%.

The plan will not be in at-risk status, as defined in the PPA, for the 2021 plan year, because the plan's FTAP for the 2020 plan year is at least 80%, and/or the plan's FTAP measured using "at-risk assumptions" is at least 70%.

When a plan is in at-risk status as defined in the PPA:

The plan is subject to potentially higher minimum contribution requirements. The funding target and target normal cost for purposes of determining the minimum required contribution must be measured reflecting certain mandated assumptions ("at-risk assumptions"). Specifically, participants eligible to retire within the next 11 years must be assumed to retire immediately when first eligible (but not before the end of the current year, except in accordance with the regular valuation assumptions), and all participants must be assumed to elect the most valuable form of payment available when they begin receiving benefits. In addition, plans that have been at-risk in past years may also be required to increase the funding target and target normal cost for prescribed assumed expenses. The net effect of these assumptions and expense adjustments in most cases is to increase required contributions and PBGC variable premiums.

The plan sponsor must indicate in the annual funding notice for the plan that the plan is at-risk and disclose additional at-risk funding targets.

Immediate taxation of non-qualified pension or deferred compensation for certain employees may occur if the plan sponsor is a public company. This may result when non-qualified pension or deferred compensation for such employees is funded during a period when a plan sponsored by the plan sponsor or another member of the plan sponsor's controlled group is in at-risk status.

Pension cost and funded position

The cost of the pension plan is determined in accordance with ASC 715. The Fiscal 2020 pension cost for the plan is $4,591,228.

Under ASC 715, the funded position (fair value of plan assets less the projected benefit obligation, or "PBO") of each pension plan at the plan sponsor's fiscal year-end (measurement date) is required to be reported as an asset (for overfunded plans) or a liability (for underfunded plans). The PBO is the actuarial present value of benefits attributed to service rendered prior to the measurement date, taking into consideration expected future pay increases for pay-related plans. The plan's overfunded/(underfunded) PBO as of January 1, 2020 was $(67,596,952), based on the fair value of plan assets of $327,152,316 and the PBO of $394,749,268.

Fiscal year-end financial reporting information and disclosures are prepared before detailed participant data and full valuation results are available. Therefore, the funded position at December 31, 2019 was derived from a roll forward of the January 1, 2019 valuation results, adjusted for the year-end discount rate, changes in other key assumptions and asset values, as well as significant changes in plan provisions and participant population The fiscal year-end December 31, 2020 financial reporting information will be developed based on the results of the January 1, 2020 valuation, projected to the end of 2020 and similarly adjusted for the year-end discount rate and asset values, as well as significant changes in plan provisions and participant population.

Change in pension cost and funded position

The pension cost increased from $3,004,987 in fiscal 2019 to $4,591,228 in fiscal 2020 and the funded position declined from $(63,128,388) to $(67,596,952), as set forth below:

Significant reasons for these changes include the following:

- The actual return on the fair value of plan assets since the prior measurement date was greater than expected, which improved the funded position.
- Contributions to the plan during the prior year improved the funded status and therefore reduced the net periodic cost.
- The single equivalent discount rate used to measure PBO declined 103 basis points compared to the prior year and the single equivalent discount rate used to measure interest cost declined 113 basis points, which resulted in a net increase in the pension cost and caused the funded position to deteriorate.

Basis for valuation

Appendix A summarizes the assumptions and methods used in the valuation. Appendix B summarizes the principal provisions of the plan being valued. Both of these appendices include a summary of any changes since the prior valuation. Unless otherwise described below under Subsequent Events, assumptions were selected based on information known as of the measurement date.

Changes in assumptions

- For funding purposes, the segment interest rates used to calculate the funding target and target normal cost were updated from an applicable month of January 2019 to January 2020.
- For funding purposes, the assumed plan-related expenses added to the target normal cost were changed from $469,681 for 2019 to $868,426 for 2020.
- For funding purposes, the mortality table used to calculate the funding target and target normal cost was updated to include one additional year of projected mortality improvement, as required by IRC §430.
- For accounting purposes, the single equivalent discount rate used to measure PBO decreased from 4.42 to 3.39%.
- For accounting purposes, the mortality assumption was updated from the RP-2014 Total Data Set Mortality Tables, with projection from 2006 to 2014 using Scale MP-2014 improvement removed, then projected generationally using Scale MP-2018 to the Pri-2012 Collar-Adjusted Mortality tables with separate base tables used for actives and retirees and the retiree base table used for contingent survivors and projected generationally using Scale MP-2019.

Changes in methods

Change in enrolled actuary and change in actuarial consulting firm.

Changes in estimation techniques

The valuation software used for the plan was changed as part of the actuarial transition to Willis Towers Watson.

For accounting purposes, El Paso Electric Company adopted the Willis Towers Watson RATE:Link 40:90 yield curve model for determining discount rates beginning January 1, 2020.

Changes in benefits valued

None.

Subsequent events

The results provided in this report reflect data and assumptions appropriate for the purpose of the measurement. Effects of COVID-19 on the financial markets, regulations, and experience are uncertain and still evolving. The results in this report make no allowances for the effects of COVID-

19. There may be significant effects on plan experience and/or assumptions, both demographic and economic, used for future measurements.

Additional information

None.

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Actuarial certification

This valuation has been conducted in accordance with generally accepted actuarial principles and practices. However, please note the information discussed below regarding this valuation.

Reliances

In preparing the results presented in this report, we have relied upon information regarding plan provisions, participants, plan assets and sponsor elections provided by El Paso Electric Company and other persons or organizations designated by El Paso Electric Company. See the Sources of Data and Other Information section in Appendix A for further information. In addition, the results in this report are dependent on contributions reported for the prior plan year and maintenance of funding balance elections after the valuation date.

We have reviewed this information for overall reasonableness and consistency, but have neither audited nor independently verified this information. Based on discussions with and concurrence by the plan sponsor, assumptions or estimates may have been made if data were not available. We are not aware of any errors or omissions in the data that would have a significant effect on the results of our calculations.

We have relied on all the information provided as complete and accurate. The results presented in this report are directly dependent upon the accuracy and completeness of the underlying data and information. Any material inaccuracy in the data, assets, plan provisions or information regarding contributions or funding balance elections provided to us may have produced results that are not suitable for the purposes of this report and such inaccuracies, as corrected by El Paso Electric Company, may produce materially different results that could require that a revised report be issued.

Assumptions and methods under ERISA and the Internal Revenue Code for funding purposes

The plan sponsor selected, as prescribed by regulation, key assumptions and funding methods (including the mortality assumption, asset valuation method and the choice among prescribed interest rates) employed in the development of the contribution amounts and communicated them to us in the letter dated September 15, 2020.

To the extent not prescribed by ERISA, the Internal Revenue Code and regulatory guidance from the Treasury and the IRS, or selected by the sponsor, the actuarial assumptions and methods employed in the development of the contribution amounts have been selected by Willis Towers Watson, with the concurrence of the plan sponsor. It is beyond the scope of this actuarial valuation to analyze the reasonableness and appropriateness of prescribed methods and assumptions, or to analyze other sponsor elections from among the alternatives available for prescribed methods and assumptions.

Other than prescribed assumptions, ERISA and the Internal Revenue Code require the use of assumptions each of which is "reasonable (taking into account the experience of the plan and reasonable expectations), and which, in combination, offer the actuary's best estimate of anticipated experience under the plan." The results shown in this report have been developed based on actuarial assumptions that, to the extent evaluated or selected by Willis Towers Watson, we consider to be reasonable. Other actuarial assumptions could also be considered to be reasonable. Thus, reasonable results differing from those presented in this report could have been developed by selecting different reasonable assumptions.

A summary of the assumptions, methods and sources of data and other information used is provided in Appendix A. Note that any subsequent changes in methods or assumptions for the 2020 plan year will change the results shown in this report and could result in plan qualification issues under IRC §436 if the application of benefit restrictions is affected by the change.

Assumptions and methods under U.S. GAAP

The methods employed in the development of the pension cost and other disclosures have been selected by the plan sponsor, with the concurrence of Willis Towers Watson. The actuarial assumptions were also selected by the plan sponsor as required by U.S. GAAP, but without using the work of Willis Towers Watson. Evaluation of the actuarial assumptions was outside the scope of Willis Towers Watson's assignment and would have required substantial additional work that we were not engaged to perform. U.S. GAAP requires that each significant assumption "individually represent the best estimate of a particular future event."

The results shown in this report have been developed based on actuarial assumptions that, to the extent evaluated by Willis Towers Watson, we consider to be reasonable. Other actuarial assumptions could also be considered to be reasonable. Thus, reasonable results differing from those presented in this report could have been developed by selecting different reasonable assumptions.

A summary of the assumptions, methods and sources of data and other information used is provided in Appendix A. Note that any subsequent changes in methods or assumptions for the January 1, 2020 measurement date will change the results shown in this report.

Accumulated other comprehensive (income)/loss amounts shown in the report are shown prior to adjustment for tax effects. Any tax effects in AOCI should be determined by El Paso Electric Company in consultation with its tax advisors and independent accountants.

Nature of actuarial calculations

The results shown in this report are estimates based on data that may be imperfect and on assumptions about future events that cannot be predicted with any certainty. The effects of certain plan provisions may be approximated, or determined to be insignificant and therefore not valued. Reasonable efforts were made in preparing this valuation to confirm that items that are significant in the context of the actuarial liabilities or costs are treated appropriately, and are not excluded or included inappropriately. Any rounding (or lack thereof) used for displaying numbers in this report is not intended to imply a degree of precision, which is not a characteristic of actuarial calculations.

If overall future plan experience produces higher benefit payments or lower investment returns than assumed, the relative level of plan costs or contribution requirements reported in this valuation will likely increase in future valuations (and vice versa). Future actuarial measurements may differ significantly from the current measurements presented in this report due to many factors, including: plan experience differing from that anticipated by the economic or demographic assumptions, changes in economic or demographic assumptions, increases or decreases expected as part of the natural operation of the methodology used for the measurements (such as the end of an amortization period) or additional contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. It is beyond the scope of this valuation to analyze the potential range of future pension contributions, but we can do so upon request. See Appendix C for disclosures required under ASOP No. 51 of significant risks related to the plan.

See Basis for Valuation in Section 1 above for a discussion of any material events that have occurred after the valuation date that are not reflected in this valuation.

Limitations on use

This report is provided subject to the terms set out herein and in our engagement letter dated March 9, 2020 and any accompanying or referenced terms and conditions.

The information contained in this report was prepared for the internal use of El Paso Electric Company and its auditors and any organization that provides benefit administration services for the plan, in connection with our actuarial valuation of the pension plan as described in Purposes of Valuation above. It is not intended for and may not be used for other purposes, and we accept no responsibility or liability in this regard. El Paso Electric Company may distribute this actuarial valuation report to the appropriate authorities who have the legal right to require El Paso Electric Company to provide them this report, in which case El Paso Electric Company will use best efforts to notify Willis Towers Watson in advance of this distribution. Further distribution to, or use by, other parties of all or part of this report is expressly prohibited without Willis Towers Watson's prior written consent. Willis Towers Watson accepts no responsibility for any consequences arising from any other party relying on this report or any advice relating to its contents.

Professional qualifications

The undersigned consulting actuaries are members of the Society of Actuaries and meet the "Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States" relating to pension plans. Our objectivity is not impaired by any relationship between El Paso Electric Company and our employer, Willis Towers Watson US LLC.

Cat Kenagy

Cat Kenagy, FSA, EA
Senior Director, Retirement
20-07490
September 30, 2020

David Anderson, ASA, EA
Director, Retirement
20-07493
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September 30, 2020

Willis Towers Watson US LLC

September 30, 2020

http //natct.internal.towerswatson com/clients/612160/ElPasoElectric2020/Documents/2020 RIP Consolidated Report docx

Section 2: Actuarial exhibits

2.1 Summary of liabilities for minimum funding purposes

All monetary amounts shown in US Dollars

Plan Year Beginning	01/01/2020	01/01/2019[1]
A Funding Target (Disregarding At-risk Assumptions)		
1 Funding target		
a Active employees – non-vested benefits [5]	8,100,868	15,974,026
b Active employees – vested benefits [5]	111,961,336	97,813,859
c Participants with deferred benefits	15,733,050	15,454,597
d Participants receiving benefits	144,668,311	139,707,870
e Total funding target	280,463,565	268,950,352
2 Target normal cost	9,030,381	8,194,905
B Funding Target (At-risk Assumptions)		
1 Funding target	N/A	N/A
2 Target normal cost	N/A	N/A
C Funding Target		
1 Number of consecutive years at-risk	0	0
2 Funding target		
a Active employees – non-vested benefits [5]	8,100,868	15,974,026
b Active employees – vested benefits [2]	111,961,336	97,813,859
c Participants with deferred benefits	15,733,050	15,454,597
d Participants receiving benefits	144,668,311	139,707,870
e Total funding target	280,463,565	268,950,352
3 Target normal cost	9,030,381	8,194,905

[1] January 1, 2019 actuarial valuation performed by prior actuary.
[2] See section 2.7 for definition of vested benefits

2.2 Change in plan assets during plan year

All monetary amounts shown in US Dollars

Plan Year Beginning	January 1, 2019
A Reconciliation of Market Value of Plan Assets	
1 Market value of plan assets at January 1, 2019 (including discounted contributions receivable)	279,967,233
2 Discounted contributions receivable at January 1, 2019	7,163,973
3 Market value of plan assets at January 1, 2019 (excluding contributions receivable)	272,803,260
4 Employer contributions	
a For prior plan year	7,300,000
b For current plan year	0
c IRC §436 contributions for current plan year	0
d Total	7,300,000
5 Employee contributions	0
6 Benefit payments	(15,955,118)
7 Administrative expenses paid by plan	(1,364,016)
8 Transfers from/(to) other plans	0
9 Investment return	
a Interest and dividends	0
b Investment expenses	0
c Realized gains/(losses)	64,368,190
d Change in unrealized appreciation	0
e Total	64,368,190
10 Market value of plan assets at January 1, 2020 (excluding contributions receivable)	327,152,316
11 Discounted contributions receivable at January 1, 2020	7,166,235
12 Market value of plan assets at January 1, 2020 (including discounted contributions receivable)	334,318,551
B Rate of Return on Invested Plan Assets (i.e., for crediting unused funding balances)	
1 Weighted invested plan assets	268,951,782
2 Rate of return	23.93%

C Discounted Receivable Contributions at January 1, 2020

Date	Prior Year Contributions	Discounted Value at January 1, 2020
January 21, 2020	811,112	808,686
February 4, 2020	811,111	807,112
March 3, 2020	811,111	803,614
April 2, 2020	811,111	800,131
May 4, 2020	811,111	796,305
June 2, 2020	811,111	792,972
August 4, 2020	811,111	785,643
September 2, 2020	811,111	782,355
July 2, 2020	811,111	789,417
Total		7,166,235

2.3 Development of actuarial value of plan assets

All monetary amounts shown in US Dollars

Plan Year Beginning				January 1, 2020
A	**Preliminary Actuarial Value of Plan Assets before Corridor as of January 1, 2020**			
	1 Market value of plan assets as of January 1, 2020			327,152,316
	2 Discounted receivable employer contributions			7,166,235
	3 Deferred investment gains/(losses) for prior periods			

Period Beginning	Gain/(Loss)	Percent Deferred	Deferred Amount
10/01/2019	5,947,569	88.889%	5,286,728
07/01/2019	7,608,464	77.778%	5,917,694
04/01/2019	10,255,310	66.667%	6,836,873
01/01/2019	23,091,379	55.556%	12,828,544
10/01/2018	(24,497,202)	44.444%	(10,887,645)
07/01/2018	947,921	33.333%	315,974
04/01/2018	(4,894,404)	22.222%	(1,087,645)
01/01/2018	(9,445,790)	11.111%	(1,049,532)
Total			18,160,990

	4 Preliminary actuarial value of plan assets before application of corridor	316,157,560
B	**Lower Bound of Corridor**	300,886,696
C	**Upper Bound of Corridor**	367,750,406
D	**Actuarial Value of Plan Assets after Corridor as of January 1, 2020**	316,157,560
E	**Rate of Return used for Calculation**	6.29% for 2018 6.11% for 2019

2.4 Calculation of minimum required contribution

All monetary amounts shown in US Dollars

Reconciliation of Funding Balances as of January 1, 2020	Funding Standard Carryover Balance	Profunding Balance	Total
A Determination of Funding Balances			
1 Funding balance as of January 1, 2019	0	24,489,067	24,489,067
2 Amount used to offset prior year minimum required contribution[1]	0	0	0
3 Adjustment for investment experience	0	5,860,234	5,860,234
4 Amount of additional prefunding balance created by election	N/A	2,419,412	2,419,412
5 Amount of funding balance reduction for current year by election or deemed election	0	0	0
6 Funding balance as of January 1, 2020	0	32,768,713	32,768,713

Plan Year Beginning	January 1, 2020
B Calculation of Minimum Required Contribution	
1 Target normal cost	9,030,381
2 Funding surplus	(2,925,282)
3 Net shortfall amortization installment (see section 2.5)	0
4 Waiver amortization installment	0
5 Minimum required contribution	6,105,099
6 Funding balance available	32,768,713
7 Remaining cash requirement (assuming sponsor elects full use of the available funding balances)	0

The minimum required contribution is determined as of the plan's valuation date. Any payment made on a date other than the valuation date must be adjusted for interest using the plan's effective interest rate of 5.38%.

Additional details regarding the calculation of the minimum required contribution may be obtained from the Form 5500 Schedule SB forms and attachments.

[1] Net of revoked excess application of funding balance, if any.