Section 3 : Participant data

3.1 Summary of participant data

All monetary amounts shown in US Dollars

Census Date		01/01/2023	01/01/2022
A	**Participating Employees**		
1	Number	11	9
2	Average expected plan compensation	466,926	528,278
3	Average age	56.27	57.22
4	Average credited service	3.77	9.49
B	**Participants with Deferred Benefits**		
1	Number	1	2
2	Total annual pension	12,618	150,030
3	Average annual pension	12,618	75,015
4	Average age	55.00	54.00
C	**Participants Receiving Benefits**		
1	Number	22	20
2	Total annual pension	665,974	550,256
3	Average annual pension	30,272	27,513
4	Average age	67.36	67.55
5	Distribution at January 1, 2023		

Age	Number	Annual Pension
Under 55	0	0
55-59	3	144,328
60-64	5	71,131
65-69	8	244,795
70-74	3	159,203
75-79	3	46,518
80-84	0	0
85 and over	0	0

3.2 Participant reconciliation

		Active	Deferred Inactive	Currently Receiving Benefits	Total
1	At 01/01/2022 valuation	9	2	20	31
2	Change due to:				
a	New hire and rehire	3	0	0	3
b	Non-vested termination	0	0	0	0
c	Vested termination	0	0	0	0
d	Retirement	(1)	(1)	2	0
e	Disability	0	0	0	0
f	Death	0	0	0	0
g	New beneficiary	0	0	0	0
h	Cashout	0	0	0	0
i	Miscellaneous	0	0	0	0
j	Net change	2	(1)	2	3
3	At 01/01/2023 valuation	11	1	22	34

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 2023 benefit cost.

Assumptions and methods for pension cost purposes

Actuarial Assumptions and Methods — Pension Cost	
Economic Assumptions	
Equivalent single discount rate for benefit obligations	5.49%
Equivalent single discount rate for service cost	5.44%
Equivalent single discount rate for interest cost	5.38%
Annual rates of increase:	
• Consumer Price Index (CPI)	2.50%
• Compensation:	4.50%
• Cash balance interest credit rate	4.30%
Lump sum conversion for annuity substitution	Valuation interest rates and the "applicable mortality table" under Code Section 417(e)(B)

As required by the U.S. GAAP accounting standard, the yield curve reflecting returns on high quality corporate bonds (AA and AAA) is used to determine the obligations and service cost, and thus the net periodic benefit cost for the plan. Because these assumptions are required by the U.S. GAAP accounting standard, and reflect current market conditions (specifically, the market conditions as of the measurement date) they may from time to time be inconsistent with other economic assumptions used in the valuation, which may reflect both current economic conditions and assumed future conditions.

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: Retiree mortality used for both retirees and contingent annuitants

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

1. Base scale: MP-2021
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-2021
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, 2023.
Measurement date	January 1, 2023.
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, 2021 WTW 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. WTW 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, 2023. Information on benefit payments 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. A summary of these assumptions can be found in our email dated June 20, 2023.

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. Based on WTW's interest rate model, RATE:Link, that uses a yield curve derived from current, high quality (rated AA and above) corporate bonds to discount expected pension cash flows, and thus determine discount rates, we believe the discount rate chosen does not significantly conflict with what would be reasonable.
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%. We believe this assumption does not significantly conflict with what would be reasonable.
Lump sum conversion rate	Lump sum benefits are valued using "annuity substitution". We believe this assumption does not significantly conflict with what would be reasonable.
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. We believe this assumption does not significantly conflict with what would be reasonable.

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. We believe this assumption does not significantly conflict with what would be reasonable.

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. We believe this assumption does not significantly conflict with what would be reasonable.
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. We believe this assumption does not significantly conflict with what would be reasonable.
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. We believe this assumption does not significantly conflict with what would be reasonable.
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. We believe this assumption does not significantly conflict with what would be reasonable.
Benefit commencement date for deferred benefits:	
• Preretirement death benefit	Surviving spouses are assumed to begin benefits at the earliest permitted commencement date. 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 increased from 2.94% as of January 1, 2022 to 5.49% as of January 1, 2023 to reflect the change in yields on high-quality corporate bonds. The single equivalent service cost discount rate increased from 2.87% as of January 1, 2022 to 5.44% as of January 1, 2023 to reflect the change in yields on high-quality corporate bonds. The single equivalent interest cost discount rate increased from 2.51% as of January 1, 2022 to 5.38% as of January 1, 2023 to reflect the change in yields on high-quality corporate bonds. The "applicable mortality table" under Code Section 417(e)(B) used for lump sum conversions was updated to reflect an additional year of data. The interest crediting rate was updated from 3.80% to 4.30%. The inflation rate was updated from 2.40% to 2.50%.
Change in methods since prior valuation	None.
Change in estimation techniques since prior valuation	None.

Model Descriptions and Disclosures in accordance with ASOP No. 56	
Quantify	Quantify is the WTW centrally developed, tested and maintained Global actuarial valuation system. It is used to perform valuations of clients' benefit plans. Quantify provides the ability to process data, calculate benefits and value benefit liabilities, develop results using applicable standards, and generate client reports. Quantify parameters provide significant flexibility to model populations and plan designs. Various demographic, economic and benefit related assumptions exist for users to model multiple demographic and economic situations. Plan liabilities are calculated based on standard actuarial techniques, developing actuarially reasonable results using the population and parameters entered. The calculation and presentation of liabilities in Quantify relies on the assumptions used and the reasonability of the assumptions selected. Quantify incorporates standard liability methodologies that are intended to reasonably reflect a variety of economic or demographic conditions. The model itself does not evaluate any assumptions entered for reasonableness, consistency or probability of occurrence. Quantify is designed specifically for these purposes, and we know of no material limitations that would prevent the system from being suitable for these intended purposes. The actuaries signing this report have relied on the actuaries who develop, test and maintain this system, and have also performed a limited review of results to ensure that system parameters have been set appropriately and plan provisions coded correctly.

RateCalc/RATE:Link	**RateCalc** is used as one component in developing the single equivalent discount rate that reflects the characteristics of the client's employee benefit plan. It references a yield curve (often a RATE:Link curve) and expected plan benefit payments. The projected benefit payments from the client's plan are matched to the spot rates along the yield curve to determine their present values. A single equivalent discount rate is then solved for, which produces the same total present value as the spot rates. **RATE:**Link is a methodology to develop spot rates to be used for liability and cost measurements related to employee benefit plans. The same core methodology is used to develop all RATE:Link curves. The RATE:Link process develops term structures of interest rates from corporate bond data for each covered geography (e.g., the U.S. for this valuation). The construction of RATE:Link yield curves relies on bond data collected as of the measurement date. Information regarding quoted bond prices, yields and other bond related data is from Bloomberg Finance L.P.
Published Demographic Tables	Certain demographic tables described above are standard published tables or are based on standard published tables from models developed by organizations with the requisite expertise.

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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:	
• Final Average Pay	The monthly accrued benefit payable as a single life annuity upon Normal Retirement is the difference between (a) and (b) below: 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 55th 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. WTW 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.

January 24, 2024

Steven Seirra
El Paso Electric Company
P.O. Box 982
El Paso, TX 79960

Year-End 2023 Financial Statement and Disclosure Information

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

As requested by the Company, this report provides information for year-end financial reporting purposes required by FASB Accounting Standards Codification Topic 715-20-50 (ASC 715) for your fiscal year ending December 31, 2023 for the Plans:

- Retirement Income Plan (RIP)
- Supplemented Retirement and Survivor Income Plan, Executive Retirement Agreements, and Directors' Retirement Plan (SERP)
- Excess Benefit Plan
- Postretirement Benefit Programs (OPEB)

The exhibits present year-end financial reporting information in accordance with ASC 715-20-50, including net balance sheet position of the Plans, cash flow, plan asset information, amortization amounts during the fiscal year, participant information, the provisions on which the valuation is based, and the actuarial assumptions and methods used in the calculations. Additional input is required (as described below) by the Company in relation to the plan asset disclosures specified in ASC 715-20-50-1(d) (public entities) or ASC 715-20-50-5(c) (nonpublic entities).

In addition, this report presents the Net Periodic Benefit Cost/(Income) (Benefit Cost), in accordance with ASC 715, for the fiscal year beginning January 1, 2024. Both year-end financial reporting and benefit cost results are based on a valuation of the Plans as of December 31, 2023.

811 Louisiana Street, Suite 2200
Houston, TX 77002

T +1 713 754 5400
F +1 212 309 0975
W wtwco.com

Willis Towers Watson US LLC

wtw

Steven Seirra
January 24, 2024

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. As described above, certain year-end financial reporting information in accordance with ASC 715-20-50 is not included in this report and must be provided by the Company, as follows:
   - Classification of plan assets within the fair value hierarchy, actual asset allocation at December 31, 2023 and December 31, 2022, and the target asset allocation for 2024.
   - A description of the Company's investment policy for the assets held by the pension plans.
   - A description of the basis used to determine the expected long-term rate of return on plan assets.
2. The expected contributions to the qualified pension plan(s) were set at $1,700,000 contributed evenly over the first nine months of 2023. The expected contribution to the OPEB plan was set at $1,200,000. The expected contributions to the SERP and Excess pension plans were set at $0.

   Note that any significant change in the amounts contributed or expected to be contributed in 2024 from what is disclosed at December 31, 2023 may require disclosure in the interim financial statements, but should not affect the expected return on plan assets absent a remeasurement for another purpose.
3. 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.
4. This report is not intended to constitute a certification of the Adjusted Funding Target Attainment Percentage (AFTAP) under IRC §436 for any plan year.
5. This report does not determine funding requirements under IRC §430.
6. 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 benefit obligations, as all such measures differ in some way from plan termination obligations. In addition, funded status measures shown in this report do not reflect the current costs of settling 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).
7. The comparisons of plan obligations as determined for accounting and financial reporting purposes to plan assets presented in this report cannot be relied upon to determine the need for nor the amount of required future plan contributions. Nevertheless, such comparisons may be useful to assess the need for future contributions because they reflect current interest rates at the measurement date in determining benefit obligations. However, asset gains and losses, demographic experience different from assumed, changes in interest rates, future benefit accruals, if any, and other factors will all affect the need for and amount of future contributions. In addition, if a plan is not required by law to be funded, benefit payments may also be paid directly by the plan sponsor as they come due.

wtw

Steven Seirra
January 24, 2024

Comments on Results

The consolidated actuarial gains/(losses) due to demographic experience, including any assumption changes, and investment return different from assumed during the prior year were $(7,364,036) and $5,863,584 respectively.

Change in net periodic cost and funded position

The net periodic cost increased from $(6,587,853) in fiscal 2023 to $317,105 in fiscal 2024 and the funded position improved from $(57,852,034) to $(54,809,789).

Significant reasons for these changes include the following:

- The single equivalent discount rate used to measure (A)PBO decreased compared to the prior year, which increase plan obligations and deteriorated the funded position.
- Contributions to the plans during the prior year improved the funded status and therefore reduced the net periodic cost.
- Updates in the medical claims assumption reduced obligations and improved the funded position of the OPEB plan. In addition, the elimination of the $1,000 deductible option for retirees effective January 1, 2024 is a negative plan amendment that resulted in the $1.9 million prior service credit.
- Demographic assumption updates selected by EPE and supported by the 2023 experience study resulted in a net reduction in plan obligations (primarily RIP and OPEB) which improved the funded status.
- The actual return on the fair value of plan assets since the prior measurement date was greater than assumed, which improved the funded position.
- The final amortization installment of the RIP plan's 2014 prior service credit was recognized during 2023, resulting in an increase to expense for fiscal year 2024.

Effects of Health Care Reform

This valuation reflects our understanding of the relevant provisions of the Patient Protection and Affordable Care Act (PPACA) and Health Care and Education Reconciliation Act (HCERA), and subsequent legislation (the SECURE Act of 2019) that eliminated the Cadillac tax, medical device tax and health insurance issuer tax. It also reflects our understanding of the effects of the Inflation Reduction Act of 2022 on retiree medical costs. The IRS and the Centers for Medicare Services (CMS) have yet to issue final guidance with respect to many 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 the results shown in this report. The valuation does not anticipate the effects of any additional possible future changes.

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Basis for valuation

Appendix A summarizes the assumptions, methods and models used in the valuation. Appendix B summarizes our understanding of the principal provisions of the plans 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

None.

Additional information

None.

Actuarial Certification

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

Reliances

In preparing the results presented in this report, we have relied on 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 December 31, 2023. The benefit obligations were measured as of the Company's December 31, 2023 fiscal year-end and are based on participant data as of the census date, which is displayed by Plan in Exhibits provided. The benefit obligations were determined by discounting the plan's projected benefit payments, beginning in FY2024, using the spot rates on the December 31, 2023 WTW RATE:Link 40:90 yield curve. The projected benefit payments were developed based on January 1, 2023 census data (January 1, 2024 for the SERP), and reflect the key assumptions and plan provisions at December 31, 2023, benefit payments during 2023, expected 2023 accruals, and any significant changes in plan demographics that occurred during the year.

This is the same data that was used for the calculation of the Net Periodic Benefit Cost/(Income) for the fiscal year ending December 31, 2024.

Steven Seirra
January 24, 2024

Plan assets and balance sheet adjustments

Information about the fair value of plan assets and the general ledger account balances for the benefit plans cost at December 31, 2023, which reflect the expected funded status of the plans was reviewed for reasonableness and consistency, but no audit was performed.

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

As required by U.S. GAAP, the actuarial assumptions and methods employed in the development of the benefit cost and other financial reporting have been selected by the Company. WTW has evaluated the assumptions used and believes that they do not significantly conflict with what would be reasonable. In addition, we believe that the combined effect of assumptions is expected to have no significant bias. See Appendix A for a description of each significant assumption used and our rationale for concluding that it does not significantly conflict with what would be reasonable or our determination that we were unable to assess it.

U.S. GAAP requires that each significant assumption "individually represent the best estimate of the plan's future experience solely with respect to that assumption."

The results shown in this report have been developed based on actuarial assumptions that, to the extent evaluated by WTW, we believe do not significantly conflict with what would be reasonable. Other actuarial assumptions could also be considered to not significantly conflict with what would 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 December 31, 2023 measurement date will change the results shown in this report.

Certain models (as described in ASOP No. 56) were used in preparing the information presented herein. Further information on these models can be found in Appendix A.

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 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 January 24, 2023 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 plans as described 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 WTW in advance of this distribution. Further distribution to, or use by, other parties of all or part of this report is expressly prohibited without WTW's prior written consent. WTW accepts no responsibility for any consequences arising from any other party relying on this report or any advice relating to its contents.

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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
Valuation Actuary
23-07490
January 24, 2024

D Anderson

David Anderson, ASA, EA
Senior Director, Retirement
Valuation Actuary
23-07493
January 24, 2024

Katherine Pitzinger

Katherine Pitzinger, ASA, EA
Associate Director, Retirement
Valuation Actuary
23-8096
January 24, 2024

Barry Lich

Barry Lichman, FSA, MAAA
Director, Health and Benefits
Pricing Specialist
January 24, 2024

The Pricing Specialist is responsible for developing and/or determining the reasonableness of retiree welfare plan trend and participation assumptions as well as assumed per capita claims costs (including the aging/morbidity assumption if applicable). The Valuation Actuary is responsible for other aspects of the valuation (e.g., developing and/or reviewing the reasonableness of other valuation assumptions and methods, ensuring that the valuation model reasonably reflects the substantive plan, preparing demographic data, performing the valuation, implementing the appropriate accounting or funding calculations, etc.).

The information contained in this exhibit is incomplete without the supporting letter.

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El Paso Electric Company				
Plan Name	Total	Retirement Income Plan	Excess Benefit Plan	Supplemental Retirement and Service Income Plan, Executive Retirement Agreements, and Directors' Retirement Plan
Disclosure for Fiscal Year Ending 31-Dec-23 under US GAAP	USD	USD	USD	USD
Disclosed Benefit Cost	31-Dec-23	31-Dec-23	31-Dec-23	31-Dec-23
A Disclosed Benefit Cost				
1 Employer service cost	7,885,335	7,693,352	191,983	0
2 Interest cost	17,314,896	16,251,576	470,097	593,223
3 Expected return on plan assets	(23,616,165)	(23,616,165)	0	0
4 Subtotal	1,584,066	328,763	662,080	593,223
5 Net prior service cost/(credit) amortization	(3,074,144)	(3,074,144)	0	0
6 Net loss/(gain) amortization	411,945	0	0	411,945
7 Subtotal	(2,662,199)	(3,074,144)	0	411,945
8 Net periodic benefit cost/(income)	(1,078,133)	(2,745,381)	662,080	1,005,168
9 Curtailment (gain)/loss	0	0	0	0
10 Settlement (gain)/loss	0	0	0	0
11 Special/contractual termination benefits	0	0	0	0
12 Disclosed net benefit cost	(1,078,133)	(2,745,381)	662,080	1,005,168
B Presentation of Benefit Cost Pursuant to ASC 715-20				
1 Employer service cost	7,885,335	7,693,352	191,983	0
2 Other components of net periodic benefit cost	(8,963,468)	(10,438,733)	470,097	1,005,168
3 Other adjustments to net benefit cost	0	0	0	0
4 Disclosed net benefit cost	(1,078,133)	(2,745,381)	662,080	1,005,168
C Assumptions Used to Determine Benefit Cost				
1 Equivalent single discount rate for benefit obligations	N/A	5.54%	5.40%	5.42%
2 Equivalent single discount rate for service cost	N/A	5.69%	5.44%	N/A
3 Equivalent single discount rate for interest cost	N/A	5.41%	5.38%	5.31%
4 Expected long-term rate of return on plan assets	N/A	7.00%	N/A	N/A
5 Rate of compensation increase	N/A	4.50%	4.50%	N/A
Balance Sheet Asset/(Liability)				
A Development of Balance Sheet Asset/(Liability)				
1 Projected benefit obligation (PBO)	(340,841,627)	(320,274,114)	(9,353,669)	(11,213,844)
2 Fair value of plan assets, excluding receivable contributions	277,810,445	277,810,445	0	0
3 Net balance sheet asset/(liability)	(63,031,182)	(42,463,669)	(9,353,669)	(11,213,844)
B Current and Noncurrent Classification				
1 Noncurrent asset	0	0	0	0
2 Current liability	(2,010,562)	0	(664,304)	(1,346,258)
3 Noncurrent liability	(61,020,620)	(42,463,669)	(8,689,365)	(9,867,586)
4 Net balance sheet asset/(liability)	(63,031,182)	(42,463,669)	(9,353,669)	(11,213,844)
C Reconciliation of Net Balance Sheet Asset/(Liability)				
1 Net balance sheet asset/(liability) at end of prior fiscal year	(57,035,295)	(35,717,069)	(9,430,016)	(11,888,210)
2 Employer service cost	(7,885,335)	(7,693,352)	(191,983)	0
3 Interest cost	(17,314,896)	(16,251,576)	(470,097)	(593,223)
4 Expected return on plan assets	23,616,165	23,616,165	0	0
5 Plan amendments	0	0	0	0
6 Actuarial gain/(loss)	(8,285,297)	(8,117,837)	69,206	(236,666)
7 Employer contributions	3,873,476	1,700,000	669,221	1,504,255
8 Benefits paid directly by the Company	0	0	0	0
9 Transfer payments	0	0	0	0
10 Acquisitions/divestitures	0	0	0	0
11 Curtailments	0	0	0	0
12 Settlements (if settled using corporate cash)	0	0	0	0
13 Special/contractual termination benefits	0	0	0	0
14 Net balance sheet asset/(liability) at end of current fiscal year	(63,031,182)	(42,463,669)	(9,353,669)	(11,213,844)
D Assumptions and Dates Used for Disclosure				
1 Equivalent single discount rate for benefit obligations	N/A	5.21%	5.14%	5.07%
2 Rate of compensation increase	N/A	Graded Scale	Graded Scale	N/A
3 Census date	N/A	1-Jan-23	1-Jan-23	1-Jan-24

The information contained in this exhibit is incomplete without the supporting letter.

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El Paso Electric Company Plan Name Disclosure for Fiscal Year Ending 31-Dec-23 under US GAAP	Total USD	Retirement Income Plan USD	Excess Benefit Plan USD	Supplemental Retirement and Survivor Income Plan, Executive Retirement Agreements, and Directors' Retirement Plan USD
Accumulated Other Comprehensive (Income)/Loss				
A Accumulated Other Comprehensive (Income)/Loss				
1 Net prior service cost/(credit)	0	0	0	0
2 Net loss/(gain)	98,487,560	93,952,597	22,429	4,512,534
3 Accumulated other comprehensive (income)/loss (Before adjustment for tax effects)	98,487,560	93,952,597	22,429	4,512,534
B Development of Accumulated Other Comprehensive (Income)/Loss (AOCI)				
1 AOCI at prior fiscal year end	89,540,066	84,760,616	91,637	4,687,813
2 Amounts amortized during the year				
a. Net prior service (cost)/credit	3,074,144	3,074,144	0	0
b. Net (loss)/gain	(411,945)	0	0	(411,945)
3 Occurring during the year				
a. Net prior service cost/(credit)	0	0	0	0
b. Net loss/(gain)	8,285,295	8,117,837	(69,208)	236,666
4 Amounts recognized due to curtailment/settlement				
a. Net prior service (cost)/credit	0	0	0	0
b. Net (loss)/gain	0	0	0	0
5 AOCI at current fiscal year end	98,487,560	93,952,597	22,429	4,512,534
Additional Disclosure Information				
A Accumulated Benefit Obligation (ABO)				
1 ABO at current fiscal year end	(327,361,721)	(306,847,346)	(9,300,529)	(11,213,846)
B Expected Future Benefit Payments				
1 During fiscal year ending December 31, 2024	22,952,156	20,886,549	482,491	1,583,116
2 During fiscal year ending December 31, 2025	24,166,638	22,070,004	778,124	1,318,510
3 During fiscal year ending December 31, 2026	24,154,920	22,091,368	809,954	1,253,598
4 During fiscal year ending December 31, 2027	24,321,195	22,346,757	788,250	1,186,188
5 During fiscal year ending December 31, 2028	24,923,038	22,979,076	825,035	1,118,927
6 During fiscal years ending December 31, 2029 through December 31, 2033	129,001,120	120,414,544	4,069,924	4,516,652
C Expected Contributions during Fiscal Year ending December 31, 2024				
1 Employer	1,700,000	1,700,000	0	0
2 Plan participants	0	0	0	0
Changes in Disclosed Plan Obligations and Assets				
A Change in Projected Benefit Obligation (PBO)				
1 PBO at prior fiscal year end	330,706,211	309,387,983	9,430,018	11,888,210
2 Employer service cost	7,885,335	7,693,352	191,983	0
3 Interest cost	17,314,896	16,251,576	470,097	593,223
4 Actuarial loss/(gain)	9,748,708	9,581,250	(69,208)	236,666
5 Plan participants' contributions	0	0	0	0
6 Benefits paid from plan assets	(22,069,369)	(19,895,893)	(669,221)	(1,504,255)
7 Benefits paid from Company assets	0	0	0	0
8 Transfers from (to) other plans	0	0	0	0
9 Administrative expenses paid	(2,744,154)	(2,744,154)	0	0
10 Plan amendments	0	0	0	0
11 Acquisitions/(divestitures)	0	0	0	0
12 Curtailments	0	0	0	0
13 Settlements	0	0	0	0
14 Special/contractual termination benefits	0	0	0	0
15 PBO at current fiscal year end	340,841,827	320,274,114	9,353,869	11,213,844
B Change in Plan Assets				
1 Fair value of plan assets at prior fiscal year end	271,870,914	271,870,914	0	0
2 Actual return on plan assets	27,079,578	27,079,578	0	0
3 Employer contributions	1,700,000	1,700,000	0	0
4 Plan participants' contributions	0	0	0	0
5 Benefits paid	(19,895,893)	(19,895,893)	0	0
6 Transfer payments	0	0	0	0
7 Administrative expenses paid	(2,744,154)	(2,744,154)	0	0
8 Acquisitions/(divestitures)	0	0	0	0
9 Settlements	0	0	0	0
10 Fair value of plan assets at current fiscal year end	277,310,445	277,310,445	0	0

The information contained in this exhibit is incomplete without the supporting letter.

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El Paso Electric Company Plan Name Disclosure for Fiscal Year Ending 31-Dec-23 under US GAAP	Total USD	Retirement Income Plan USD	Excess Benefit Plan USD	Supplemental Retirement and Service Income Plan, Executive Retirement Agreements, and Directors' Retirement Plan USD
Reconciliation of Net Balances				
A Reconciliation of Prior Service Cost/(Credit) Bases				
1 Net amount at prior fiscal year end	(3,074,144)	(3,074,144)	0	0
2 Amortization amount	3,074,144	3,074,144	0	0
3 Plan amendments	0	0	0	0
4 Effect of curtailments	0	0	0	0
5 Other events	0	0	0	0
6 Net amount at current fiscal year end	0	0	0	0
B Reconciliation of Net Loss/(Gain)				
1 Net amount at prior fiscal year end	92,614,210	87,834,760	91,637	4,687,813
2 Amount recognized	(411,945)	0	0	(411,945)
3 Experience loss/(gain)	6,285,295	6,117,837	(69,208)	236,666
4 Effect of curtailments	0	0	0	0
5 Effect of settlements	0	0	0	0
6 Other events	0	0	0	0
7 Net amount at current fiscal year end	98,487,560	93,952,597	22,429	4,512,534
Development of Plan Assets for Benefit Cost				
A Reconciliation of Fair Value of Plan Assets				
1 Fair value of plan assets at 31-Dec-22	271,670,914	271,670,914	0	0
2 Actual return on plan assets	27,079,578	27,079,578	0	0
3 Employer contributions	3,873,476	1,700,000	669,221	1,504,255
4 Plan participants' contributions	0	0	0	0
5 Benefits paid	(22,069,369)	(19,895,893)	(669,221)	(1,504,255)
6 Administrative expenses paid	(2,744,154)	(2,744,154)	0	0
7 Acquisitions/(divestitures)	0	0	0	0
8 Settlements	0	0	0	0
9 Fair value of plan assets at 31-Dec-23	277,810,445	277,810,445	0	0
B Reconciliation of Market-Related Value of Plan Assets				
1 Market-related value of plan assets at 31-Dec-22	348,414,724	348,414,724	0	0
2 Actual return on plan assets	(15,208,286)	(15,208,286)	0	0
3 Employer contributions	3,873,476	1,700,000	669,221	1,504,255
4 Plan participants' contributions	0	0	0	0
5 Benefits paid	(22,069,369)	(19,895,893)	(669,221)	(1,504,255)
6 Administrative expenses paid	(2,744,154)	(2,744,154)	0	0
7 Acquisitions/(divestitures)	0	0	0	0
8 Settlements	0	0	0	0
9 Market-related value of plan assets at 31-Dec-23	312,266,391	312,266,391	0	0
C Rate of Return on Invested Assets				
1 Weighted invested assets	261,466,696	261,466,696	0	0
2 Rate of return	10.357%	10.357%	0.000%	0.000%
D Investment Loss/(Gain)				
1 Actual return	27,079,578	27,079,578	0	0
2 Expected return	18,315,484	18,315,484	0	0
3 Loss/(gain)	(8,764,094)	(8,764,094)	0	0
E Market-Related Value of Assets				
1 Fair value of plan assets at 31-Dec-23	277,810,445	277,810,445	0	0
2 Deferred investment (gains) and losses for the last 3 years				
a. Deferred amount from measurement year ending 31-Dec-23				
i. (Gain) / Loss	(8,764,094)	(8,764,094)	N/A	N/A
ii. Percent recognized	N/A	33.333%	N/A	N/A
iii. Percent deferred	N/A	66.667%	N/A	N/A
iv. Deferred amount	(5,842,759)	(5,842,759)	N/A	N/A
b. Deferred amount from measurement year ending 31-Dec-22				
i. (Gain) / Loss	120,893,596	120,893,596	N/A	N/A
ii. Percent recognized	N/A	66.666%	N/A	N/A
iii. Percent deferred	N/A	33.334%	N/A	N/A
iv. Deferred amount	40,298,705	40,298,705	N/A	N/A
c. Deferred amount from measurement year ending 31-Dec-21				
i. (Gain) / Loss	(11,556,940)	(11,556,940)	N/A	N/A
ii. Percent recognized	N/A	100.000%	N/A	N/A
iii. Percent deferred	N/A	0.000%	N/A	N/A
iv. Deferred amount	0	0	N/A	N/A
d. Total deferred amount	34,455,946	34,455,946	N/A	N/A
3 Market-related value of assets	312,266,391	312,266,391	0	0

The information contained in this exhibit is incomplete without the supporting letter.

El Paso Electric Company Plan Name Disclosure for Fiscal Year Ending 31-Dec-23 under US GAAP	Total USD	Retirement Income Plan USD	Excess Benefit Plan USD	Supplemental Retirement and Service Income Plan, Executive Retirement Agreements, and Director's Retirement Plan USD
Summary and Comparison of Benefit Cost and Cash Flows	**31-Dec-24**	**31-Dec-24**	**31-Dec-24**	**31-Dec-24**
A Total Benefit Cost				
1 Employer service cost	8,374,290	8,175,235	199,055	0
2 Interest cost	16,680,387	15,696,030	457,020	527,337
3 Expected return on plan assets	(21,101,925)	(21,101,925)	0	0
4 Subtotal	3,952,752	2,769,340	656,075	527,337
5 Net prior service cost/(credit) amortization	0	0	0	0
6 Net loss/(gain) amortization	2,618,139	2,169,999	0	448,140
7 Subtotal	2,618,139	2,169,999	0	448,140
8 Net periodic benefit cost/(income)	6,570,891	4,939,339	656,075	975,477
9 Curtailment (gain)/loss	0	0	0	0
10 Settlement (gain)/loss	0	0	0	0
11 Special/contractual termination benefits	0	0	0	0
12 Total benefit cost	6,570,891	4,939,339	656,075	975,477
B Assumptions				
1 Equivalent single discount rate for benefit obligations	N/A	5.21%	5.14%	5.07%
2 Equivalent single discount rate for service cost	N/A	5.36%	5.10%	N/A
3 Equivalent single discount rate for interest cost	N/A	5.07%	5.07%	5.04%
4 Expected long-term rate of return on plan assets	N/A	7.00%	N/A	N/A
5 Rate of compensation increase	N/A	Graded Scale	Graded Scale	N/A
6 Cash balance (or similar formula) interest crediting rate	N/A	4.03%	4.03%	N/A
7 Census date	N/A	1-Jan-23	1-Jan-23	1-Jan-24
C Plan Assets at Beginning of Year				
1 Fair value	277,910,445	277,910,445	0	0
2 Market-related value	312,266,391	312,266,391	0	0
D Expected Cash Flows				
1 Employer contributions	1,700,000	1,700,000	0	0
2 Plan participants' contributions	0	0	0	0
3 Benefits paid from Company assets	2,065,607	0	682,491	1,383,116
4 Benefits paid from plan assets	20,086,549	20,086,549	0	0
E Amortization Period	N/A	12.86448	7.58898	7.55031
Participant Information - Census Date	**N/A**	**1-Jan-23**	**1-Jan-23**	**1-Jan-24**
A Participating Employees				
1 Number		1,129	11	0
2 Average annual compensation/salary	N/A	98,579	486,926	0
3 Average age	N/A	43.66	56.27	0.00
4 Average credited service	N/A	9.70	3.77	0.00
B Participants with Deferred Benefits				
1 Number	N/A	372	1	0
2 Average age	N/A	51.72	55.00	0.00
3 Participants with deferred annuity benefits				
a. Total	N/A	1,991,300	12,618	0
b. Average annual benefits	N/A	6,488	12,618	0
4 Participants with account balance benefits				
a. Total	N/A	3,140,356	0	0
b. Average balance	N/A	17,414	0	0
C Participants Receiving Benefits				
1 Number	N/A	326	22	25
2 Average annual benefit payments	N/A	18,846	30,272	53,200
3 Average age	N/A	72.40	67.38	83.64
Reconciliation of Prior Service Cost/(Credit) Bases				
Amortization Details of Plan Amendment #1				
1 Measurement date established	N/A	28-Feb-14	N/A	N/A
2 Original amount	N/A	(33,700,000)	N/A	N/A
3 Net amount at 31-Dec-22	N/A	(3,074,144)	N/A	N/A
4 Amortization amount during 2023	N/A	3,074,144	N/A	N/A
5 Effect of curtailments	N/A	0	N/A	N/A
6 Other events	N/A	0	N/A	N/A
7 Net amount at 31-Dec-23	N/A	0	N/A	N/A
8 Remaining amortization period	N/A	0.00000	N/A	N/A

The information contained in this exhibit is incomplete without the supporting letter.

El Paso Electric Company Postretirement Benefit Programs for Employees of El Paso Electric Company Disclosure for Fiscal Year Ending 31-Dec-23 under US GAAP		US Dollars
Disclosed Benefit Cost		**31-Dec-23**
A	**Disclosed Benefit Cost**	
	1 Employer service cost	2.047.729
	2 Interest cost	1.993.444
	3 Expected return on plan assets	(2.944.159)
	4 Subtotal	1.097.014
	5 Net prior service cost/(credit) amortization	(3.084.506)
	6 Net loss/(gain) amortization	(3.522.228)
	7 Subtotal	(6.606.734)
	8 Net periodic postretirement benefit cost/(income)	(5.509.720)
	9 Curtailment (gain)/loss	0
	10 Settlement (gain)/loss	0
	11 Special/contractual termination benefits	0
	12 Disclosed net benefit cost	(5.509.720)
B	**Presentation of Benefit Cost Pursuant to ASC 715-20**	
	1 Employer service cost	2.047.729
	2 Other components of net periodic benefit cost	(7.557.449)
	3 Other adjustments to net benefit cost	0
	4 Disclosed net benefit cost	(5.509.720)
C	**Assumptions Used to Determine Benefit Cost**	
	1 Equivalent single discount rate for benefit obligations	5.59%
	2 Equivalent single discount rate for service cost	5.73%
	3 Equivalent single discount rate for interest cost	5.43%
	4 Expected long-term rate of return on plan assets	7.45%
	5 Current health care cost trend rate*	6.50%
	6 Ultimate health care cost trend rate	4.50%
	7 Year of ultimate trend rate	2028
	*Post-65 trend set to 0% for 2023 to reflect the guaranteed flat premium for 2023-2027	
Balance Sheet Asset/(Liability)		
A	**Development of Balance Sheet Asset/(Liability)**	
	1 Accumulated postretirement benefit obligation (APBO)	(35.753.973)
	2 Fair value of plan assets, excluding receivable contributions	43.975.366
	3 Net balance sheet asset/(liability)	8.221.393
B	**Current and Noncurrent Classification**	
	1 Noncurrent asset	8.221.393
	2 Current liability	0
	3 Noncurrent liability	0
	4 Net balance sheet asset/(liability)	8.221.393
C	**Reconciliation of Net Balance Sheet Asset/(Liability)**	
	1 Net balance sheet asset/(liability) at end of prior fiscal year	1,183,263
	2 Employer service cost	(2,047,729)
	3 Interest cost	(1,993,444)
	4 Expected return on plan assets	2,944,159
	5 Plan amendments	1,944,888
	6 Actuarial gain/(loss)	4,784,843
	7 Employer contributions	1,200,000
	8 Benefits paid directly by the Company, net of retiree contributions	205,413
	9 Medicare Part D subsidy on benefits paid during the year	0
	10 Acquisitions/divestitures	0
	11 Curtailments	0
	12 Settlements (if settled using corporate cash)	0
	13 Special/contractual termination benefits	0
	14 Net balance sheet asset /(liability) at end of current fiscal year	8,221,393
D	**Assumptions and Dates Used for Disclosure**	
	1 Equivalent single discount rate for benefit obligations	5.26%
	2 Rate of compensation increase	N/A
	3 Current health care cost trend rate	6.25%
	4 Ultimate health care cost trend rate	4.50%
	5 Year of ultimate trend rate	2028
	6 Census date	1-Jan-23

The information contained in this exhibit is incomplete without the supporting letter.

El Paso Electric Company Postretirement Benefit Programs for Employees of El Paso Electric Company Disclosure for Fiscal Year Ending 31-Dec-23 under US GAAP	US Dollars
Accumulated Other Comprehensive (Income)/Loss	
A Accumulated Other Comprehensive (Income)/Loss	
1 Net prior service cost/(credit)	(13.052.770)
2 Net loss/(gain)	(56.908.992)
3 Accumulated other comprehensive (income)/loss [Before adjustment for tax effects]	(69,961,762)
B Development of Accumulated Other Comprehensive (Income)/Loss (AOCI)	
1 AOCI at prior fiscal year end	(69.638.765)
2 Amounts amortized during the year	
a. Net prior service (cost)/credit	3.084.506
b. Net (loss)/gain	3,522,228
3 Occurring during the year	
a. Net prior service cost/(credit)	(1,944,888)
b. Net loss/(gain)	(4.784.843)
4 Amounts recognized due to curtailment/settlement	
a. Net prior service (cost)/credit	0
b. Net (loss)/gain	0
5 AOCI at current fiscal year end	(69,961,762)
Additional Disclosure Information	
A Accumulated Postretirement Benefit Obligation (APBO)	35.753.973
B Expected Future Benefit Payments, Net of Retiree Contributions, and Medicare Part D Subsidies	
Benefit payments	
1 During fiscal year ending December 31, 2024	2.100.091
2 During fiscal year ending December 31, 2025	2.111.042
3 During fiscal year ending December 31, 2026	2.134.513
4 During fiscal year ending December 31, 2027	2.115.482
5 During fiscal year ending December 31, 2028	2.178.190
6 During fiscal years ending December 31, 2029 through December 31, 2033	12.482.174
Medicare Part D Subsidies	
1 During fiscal year ending December 31, 2024	N/A
2 During fiscal year ending December 31, 2025	N/A
3 During fiscal year ending December 31, 2026	N/A
4 During fiscal year ending December 31, 2027	N/A
5 During fiscal year ending December 31, 2028	N/A
6 During fiscal years ending December 31, 2029 through December 31, 2033	N/A
C Expected Contributions during Fiscal Year ending December 31, 2024	
1 Employer	1.200.000
2 Plan participants	0

The information contained in this exhibit is incomplete without the supporting letter.

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El Paso Electric Company Postretirement Benefit Programs for Employees of El Paso Electric Company Disclosure for Fiscal Year Ending 31-Dec-23 under US GAAP		US Dollars
Changes in Disclosed Plan Obligations and Assets		
A	**Change in Accumulated Postretirement Benefit Obligation (APBO)**	
	1 APBO at prior fiscal year end	39.014.240
	2 Employer service cost	2.047.729
	3 Interest cost	1.993.444
	4 Actuarial loss/(gain)	(2.384.672)
	5 Plan participants' contributions	979.518
	6 Benefits paid from plan assets	(3.624.301)
	7 Benefits paid from Company assets	(205.413)
	8 Medicare Part D subsidy	0
	9 Administrative expenses paid	(121.684)
	10 Plan amendments	(1.944.888)
	11 Acquisitions/(divestitures)	0
	12 Curtailments	0
	13 Settlements	0
	14 Special/contractual termination benefits	0
	15 APBO at current fiscal year end	35.753.973
B	**Change in Plan Assets**	
	1 Fair value of plan assets at prior fiscal year end	40.197.503
	2 Actual return on plan assets	5.344.330
	3 Employer contributions	1.200.000
	4 Plan participants' contributions	979.518
	5 Benefits paid	(3.624.301)
	6 Administrative expenses paid	(121.684)
	7 Acquisitions/(divestitures)	0
	8 Settlements	0
	9 Fair value of plan assets at current fiscal year end	43.975.366
Reconciliation of Net Balances		
A	**Reconciliation of Prior Service Cost/(Credit) Bases**	
	1 Net amount at prior fiscal year end	(14,192,388)
	2 Amortization amount	3,084,506
	3 Plan amendments	(1,944,888)
	4 Effect of curtailments	0
	5 Other events	0
	6 Net amount at current fiscal year end	(13.052.770)
B	**Reconciliation of Net Loss/(Gain)**	
	1 Net amount at prior fiscal year end	(55.646.377)
	2 Amount recognized	3.522.228
	3 Experience loss/(gain)	(4,784,843)
	4 Effect of curtailments	0
	5 Effect of settlements	0
	6 Other events	0
	7 Net amount at current fiscal year end	(56,908,992)

The information contained in this exhibit is incomplete without the supporting letter.

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El Paso Electric Company
Postretirement Benefit Programs for Employees of El Paso Electric Company
Disclosure for Fiscal Year Ending 31-Dec-23 under US GAAP — **US Dollars**

Development of Plan Assets for Benefit Cost		
A	**Reconciliation of Fair Value of Plan Assets**	
	1 Fair value of plan assets at 31-Dec-22	40,197,503
	2 Actual return on plan assets	5,344,330
	3 Employer contributions	1,200,000
	4 Plan participants' contributions	979,518
	5 Benefits paid, net of retiree contributions	(3,624,301)
	6 Administrative expenses paid	(121,684)
	7 Acquisitions/(divestitures)	0
	8 Settlements	0
	9 Fair value of plan assets at 31-Dec-23	43,975,366
B	**Reconciliation of Market-Related Value of Plan Assets**	
	1 Market-related value of plan assets at 31-Dec-22	40,197,503
	2 Actual return on plan assets	5,344,330
	3 Employer contributions	1,200,000
	4 Plan participants' contributions	979,518
	5 Benefits paid, net of retiree contributions	(3,624,301)
	6 Administrative expenses paid	(121,684)
	7 Acquisitions/(divestitures)	0
	8 Settlements	0
	9 Market-related value of plan assets at 31-Dec-23	43,975,366
C	**Rate of Return on Invested Assets**	
	1 Weighted invested assets	39,414,269
	2 Rate of return	13.559%
D	**Investment Loss/(Gain)**	
	1 Actual return	5,344,330
	2 Expected return	2,944,159
	3 Loss/(gain)	(2,400,171)
Summary and Comparison of Benefit Cost and Cash Flows		**31-Dec-24**
A	**Total Benefit Cost**	
	1 Employer service cost	1,667,424
	2 Interest cost	1,774,927
	3 Expected return on plan assets	(2,913,081)
	4 Subtotal	529,270
	5 Net prior service cost/(credit) amortization	(3,249,589)
	6 Net loss/(gain) amortization	(3,533,467)
	7 Subtotal	(6,783,056)
	8 Net periodic postretirement benefit cost/(income)	(6,253,786)
	9 Curtailment (gain)/loss	0
	10 Settlement (gain)/loss	0
	11 Special/contractual termination benefits	0
	12 Total benefit cost	(6,253,786)
B	**Assumptions**	
	1 Equivalent single discount rate for benefit obligations	5.26%
	2 Equivalent single discount rate for service cost	5.40%
	3 Equivalent single discount rate for interest cost	5.12%
	4 Expected long-term rate of return on plan assets	6.72%
	5 Rate of compensation increase	N/A
	6 Current health care cost trend rate	6.25%
	7 Ultimate health care cost trend rate	4.50%
	8 Year of ultimate trend rate	2028
	9 Census date	1-Jan-23
C	**Fair Value of Assets at Beginning of Year**	43,975,366
D	**Expected Cash Flows Net of Medicare Part D Subsidy**	
	1 Employer contributions	1,200,000
	2 Plan participants' contributions	0
	3 Benefits paid from Company assets	0
	4 Benefits paid from plan assets	2,100,092
E	**Amortization Period**	
	1 For gain/loss amortization, if applicable	14.86117
	2 For new prior service cost bases, if any	11.66694

The information contained in this exhibit is incomplete without the supporting letter.

El Paso Electric Company Postretirement Benefit Programs for Employees of El Paso Electric Company Disclosure for Fiscal Year Ending 31-Dec-23 under US GAAP	US Dollars
Participant Information - Census Date	**1-Jan-23**
A Participating Employees	
1 Number	1,128
2 Average annual compensation/salary	N/A
3 Average age	43.66
4 Average credited service	9.70
B Retirees, Dependents and Surviving Spouses	
Medical Plan	
1 Retirees	479
2 Dependents of Retirees	277
3 Surviving spouses	64
Life Insurance Plan	
1 Average age	647
Reconciliation of Prior Service Cost/(Credit) Bases	
Amortization Details of Plan Amendment #1	
1 Measurement date established	3-Oct-13
2 Original amount	(97.440)
3 Net amount at 31-Dec-22	(1.618)
4 Amortization amount during 2023	1.618
5 Effect of curtailments	0
6 Other events	0
7 Net amount at 31-Dec-23	0
8 Remaining amortization period	0
Amortization Details of Plan Amendment #2	
1 Measurement date established	31-Dec-15
2 Original amount	(823.872)
3 Net amount at 31-Dec-22	(241.927)
4 Amortization amount during 2023	83.135
5 Effect of curtailments	0
6 Other events	0
7 Net amount at 31-Dec-23	(158,792)
8 Remaining amortization period	1.19005
Amortization Details of Plan Amendment #3	
1 Measurement date established	1-Oct-16
2 Original amount	(32.697.299)
3 Net amount at 31-Dec-22	(13.948.843)
4 Amortization amount during 2023	2.999.753
5 Effect of curtailments	0
6 Other events	0
7 Net amount at 31-Dec-23	(10,949,090)
8 Remaining amortization period	3.65000
Amortization Details of Plan Amendment #4	
1 Measurement date established	31-Dec-23
2 Original amount	(1.944.888)
3 Net amount at 31-Dec-22	0
4 Amortization amount during 2023	0
5 Effect of curtailments	0
6 Other events	(1,944,888)
7 Net amount at 31-Dec-23	(1,944,888)
8 Remaining amortization period	11.66694

ASC 960 (plan accounting) information for Retirement Income Plan for Employees of El Paso Electric Company

All monetary amounts shown in US Dollars

			Present Value
A	**Present Value of Accumulated Benefits as of December 31, 2022**		
	1	Vested accumulated benefits	
		a. Active employees	66,650,787
		b. Participants with deferred benefits	13,100,431
		c. Participants receiving benefits	170,345,608
		d. Total vested accumulated benefits	250,096,826
	2	Non-vested accumulated benefits	4,834,304
	3	Total accumulated benefits	254,931,130
	4	Market value of assets[1]	273,370,914
B	**Reconciliation of Present Value of Accumulated Benefits**		
	1	Present value of accumulated benefits as of December 31, 2021	254,442,178
	2	Changes during the year due to:	
		a. Benefits accumulated	5,231,606
		b. Actuarial (gains)/losses	3,136,892
		c. Decrease in the discount period	17,358,476
		d. Actual benefits paid	(23,391,122)
		e. Assumption changes	(1,846,900)
		f. Plan amendments	0
		g. Net increase/(decrease)	488,952
	3	Present value of accumulated benefits as of December 31, 2022	254,931,130

Actuarial Assumptions and Methods

The assumptions used to develop the present value of accumulated benefits, including any changes since the prior year, are described in Appendix A, respectively, except as noted below.

- A discount rate of 7.00% was used for this valuation. For the prior valuation, a discount rate of 7.00% was used.
- Cash balances are converted to annuities and annuities are converted to lump sums using the "applicable interest rates" under Code Section 417(e)(3)(C) determined as of August 2023 and the "applicable mortality table" under Code Section 417(e)(3)(B).

The discount rate used is the same as the expected rate of return on plan assets for the plan year under ASC 715-30-35 and, as required by that standard and further discussed in the report providing net periodic cost under ASC 715-30-35 for the 2023 fiscal year dated August 2023, was selected by the plan sponsor. WTW was unable to evaluate this assumption due to a lack of information about the asset classes in which the plan is invested. We

[1] Assets include accrued contributions for the 2022 plan year of $1,700,000 not yet deposited at January 1, 2023.

understand that the expected return on assets assumption reflects the plan sponsor's estimate of future experience for trust asset returns, reflecting the plan's current asset allocation and any expected changes during the current plan year, current market conditions and the plan sponsor's expectations for future market conditions.

Plan Provisions

Plan provisions reflected in these calculations, including changes during the prior year, are described in Appendix **B.**

Accumulated and Vested Benefits

Accumulated benefits include benefits earned under the plan's benefit formula based on service rendered and compensation earned before the measurement date.

Benefits included in vested benefits are the same as described above for accrued benefits, except the following benefits, if applicable, are excluded:

- For participants who are not disabled on the measurement date, disability benefits in excess of the value of standard termination benefits (retirement benefits for those eligible).
- For participants who have not yet satisfied the eligibility requirements for these benefits, early retirement benefits and supplements in excess of standard termination benefits.
- Death benefits in excess of the plan's QPSA.
- All benefits for participants who are not yet vested in their accrued benefits or eligible for other benefits.

Appendix A: Statement of actuarial assumptions, methods and data sources – Retirement Income Plan

Plan Sponsor

El Paso Electric Company

Statement of Assumptions

The assumptions disclosed in this Appendix are for the fiscal year ending December 31, 2023 financial reporting and the estimates fiscal year 2024 benefit cost.

Assumptions and methods for pension cost purposes

Actuarial Assumptions and Methods — Pension Cost	
Economic Assumptions	
Pre-tax rate of return on assets for 2024 fiscal year	7.00%
Discount rate:	
Equivalent single discount rate for benefit obligations	5.21%
Equivalent single discount rate for service cost	5.36%
Equivalent single discount rate for interest cost	5.07%
Annual rates of increase:	
Consumer Price Index (CPI):	2.50%
Compensation	

Age	Rate of Base Pay Increase
25	8.00%
30	7.00%
35	6.00%
40	5.00%
45	4.00%
50	3.50%
55	3.00%
60	2.50%

Retirement Income Plan

	65+	2.00%
Statutory limits on compensation and benefits	2.50%	
Cash balance interest credit rate	4.03%	

Annuity conversion	Cash balances are converted to annuities using "annuity substitution" with valuation interest rates and the "applicable mortality table" under Code Section 417(e)(B).

The return on assets shown above is gross of investment expenses. Administrative expenses are accounted for as an addition to Service Cost, as described below.

As required by the U.S. GAAP accounting standard, the yield curve reflecting returns on high quality corporate bonds (AA and AAA) is used to determine the obligations and service cost, and thus the net periodic benefit cost for the plan. Because these assumptions are required by the U.S. GAAP accounting standard, and reflect current market conditions (specifically, the market conditions as of the measurement date) they may from time to time be inconsistent with other economic assumptions used in the valuation, which may reflect both current economic conditions and assumed future conditions.

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 date:	
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	For participants under 65, assumed commencement age 65; otherwise, age 70
Disability benefit	Upon disablement
Retirement benefit	Upon termination of employment
Form of payment	
Final Average Pay Participants	50% are assumed to elect a Single Life Annuity and 50% are assumed to elect a 100% Joint and Survivor Annuity

Cash Balance Participants	90% of participants are assumed to elect a lump sum form of payment and 10% are assumed to elect a Single Life Annuity. Lump sums were valued using the substitution of annuity form under IRS Regulation §1.430(d)-1(f)(4) without application of generational mortality.
Lump Sum & Annuity Conversion	Cash balances are converted to annuities using "annuity substitution" with valuation interest rates and the "applicable mortality table" under Code Section 417(e)(B). Cash balance participants' frozen FAP benefits are converted to lump sum using "annuity substitution" with valuation interest rates and the "applicable mortality table" under Code Section 417(e)(B).
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 an employee's annualized rate of basic compensation, excluding overtime, bonuses, expense allowances, profit sharing, and any other extra compensation in any form.

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 for non-union participants, Blue-Collar for union participants, and Total Dataset for participants with an unknown union status
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: Retiree mortality is used for both retirees and contingent annuitants.

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

1. Base scale: MP-2021
2. Projection Type: Generational

- Disabled life mortality rates

Base Mortality Table

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-2021
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	
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 are shown below:

Representative Termination Rates

Percentage leaving during the year	
Attained Age	Males and Females
20	7.00%
25	6.40%
30	5.65%
35	4.90%
40	4.15%
45	3.40%
50	2.65%

Retirement

Rates at which participants are assumed to retire by age and eligibility for an unreduced early retirement 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
55-59	4%	6%	8%	0%
60-61	4%	10%	8%	0%
62	12%	20%	8%	0%
63-64	12%	12%	12%	0%
65	20%	20%	20%	90%
66-69	20%	20%	20%	0%
70+	100%	100%	100%	100%

Additional Assumptions

Administrative expenses

Service cost includes a load for administrative expenses expected to be paid from the trust from the trust during the current year, equal to 60 basis points of the market value of assets.

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 on the schedule specified by the Company.

Funding policy

El Paso Electric Company's funding policy is to contribute an amount equal to the minimum required contribution with consideration for amounts included in customer rates. El Paso Electric Company considers each year whether to contribute additional amounts (e.g., to reach certain funded status thresholds to avoid benefit restrictions, at-risk status, ERISA §4010 filings or other requirements).

Methods – Pension Cost and Funded Position	
Census date	January 1, 2023.
Measurement date	December 31, 2023.
Service cost and projected benefit obligation	The Unit Credit Cost Method is used to determine the Projected Benefit Obligation (PBO) and 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, 2023 WTW 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	The market-related value of assets is determined by adjusting the market value of assets to reflect the investment gains and losses (the difference between the actual investment return and the expected investment return) during each of the last 2 years at the rate of 33% per year. Expected investment return is a component of NPBC.

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. WTW 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 and claims data as of January 1, 2023. 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. A summary of these assumptions can be found in our email dated June 20, 2023.

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. Based on WTW's interest rate model, RATE:Link, that uses a yield curve derived from current, high quality (rated AA and above) corporate bonds to discount expected pension cash flows, and thus determine discount rates, we believe the discount rate chosen does not significantly conflict with what would be reasonable.
Expected return on plan assets	We understand that the expected return on assets assumption reflects the plan sponsor's estimate of future experience for trust asset returns, reflecting the plan's current asset allocation and any expected changes during the current plan year, current market conditions and the plan sponsor's expectations for future market conditions. WTW was unable to evaluate this assumption because relevant information was not provided.
Cash balance interest crediting rate	The interest crediting rate is equal to the daily 30-year treasury rate at the December 31 measurement date, but with a minimum interest credit rate of 3.80%. We believe this assumption does not significantly conflict with what would be reasonable.
Annuity conversion rate	Cash balances are converted to annuities using "annuity substitution". We believe this assumption does not significantly conflict with what would be reasonable.
Rates of increase in compensation	Assumed increases were chosen by the plan sponsor based on an experience study conducted in 2023 and, as required by U.S. GAAP they represent an estimate of future experience. We believe this assumption does not significantly conflict with what would be reasonable.
Administrative expenses	Administrative expenses are estimated based on an assumption of past expenses paid from the trust assets as a percentage of held assets. We believe this assumption does not significantly conflict with what would be reasonable.

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. We believe this assumption does not significantly conflict with what would be reasonable.
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. We believe this assumption does not significantly conflict with what would be reasonable.
Termination	Termination rates were based on an experience study conducted in 2023, with annual consideration of whether any conditions have changed that would be expected to produce different results in the future. We believe this assumption does not significantly conflict with what would be reasonable.
Disability	Disability rates were selected by the plan sponsor with annual consideration of whether any conditions have changed that would be expected to produce different results in the future. We believe this assumption does not significantly conflict with what would be reasonable.
Retirement	Retirement rates were based on an experience study conducted in 2023, with annual consideration of whether any conditions have changed that would be expected to produce different results in the future. We believe this assumption does not significantly conflict with what would be reasonable.
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	Based on plan sponsor's historical experience reviewed during the 2023 experience study, and expectations for the future with periodic adjustment based on observed gains and losses.

Form of payment	The percentage of retiring participants assumed to take lump sums or an annuity is based on historical experience reviewed during the 2023 experience study, and best expectations for the future with consideration of whether any conditions have changed that would be expected to produce different results in the future.
Percent married	The assumed percentage married is based on historical experience of marital statuses, with consideration of changes expected to occur in marriage patterns of retirement age individuals in the future.
Spouse age	The assumed age difference for spouses is based on plan sponsor expectations.

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

Accounting methods	The methods used for accounting purposes as described in Appendix A, including the method of determining the market-related value of plan assets, 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 5.54% as of January 1, 2023 to 5.21% as of December 31, 2023 to reflect the change in yields on high-quality corporate bonds. The single equivalent service cost discount rate decreased from 5.69% as of January 1, 2023 to 5.36% as of December 31, 2023 to reflect the change in yields on high-quality corporate bonds. The single equivalent interest cost discount rate decreased from 5.41% as of January 1, 2023 to 5.07% as of December 31, 2023 to reflect the change in yields on high-quality corporate bonds. The "applicable mortality table" under Code Section 417(e)(B) used for lump sum conversions was updated to reflect an additional year of data. The retirement rates were updated to reflect observations found in an experience study conducted in 2023. The termination rates were updated to reflect observations found in an experience study conducted in 2023. The rate of base pay increases was updated to reflect observations found in an experience study conducted in 2023.

The form of payment assumptions for the final average pay participants were updated to reflect observations found in an experience study conducted in 2023.

The interest crediting rate was updated from 4.30% to 4.03%.

Change in methods since prior valuation None.

Change in estimation techniques since prior valuation None.

Model Descriptions and Disclosures (in accordance with ASOP No. 56)	
Quantify	Quantify is the WTW centrally developed, tested and maintained Global actuarial valuation system. It is used to perform valuations of clients' benefit plans. Quantify provides the ability to process data, calculate benefits and value benefit liabilities, develop results using applicable standards, and generate client reports. Quantify parameters provide significant flexibility to model populations and plan designs. Various demographic, economic and benefit related assumptions exist for users to model multiple demographic and economic situations. Plan liabilities are calculated based on standard actuarial techniques, developing actuarially reasonable results using the population and parameters entered. The calculation and presentation of liabilities in Quantify relies on the assumptions used and the reasonability of the assumptions selected. Quantify incorporates standard liability methodologies that are intended to reasonably reflect a variety of economic or demographic conditions. The model itself does not evaluate any assumptions entered for reasonableness, consistency or probability of occurrence. Quantify is designed specifically for these purposes, and we know of no material limitations that would prevent the system from being suitable for these intended purposes. The actuaries signing this report have relied on the actuaries who develop, test and maintain this system, and have also performed a limited review of results to ensure that system parameters have been set appropriately and plan provisions coded correctly.
Quantify FR	Quantify Financial Reporting (FR) is intended to calculate funding results, accounting results and produce the associated client

reports under selected accounting standards. The calculations and reports are based on various user specified inputs including liability results and asset values.

Quantify FR develops valuation results for various accounting and funding purposes using standard actuarial techniques.

Calculation of disclosure liabilities and results are based on roll forward liabilities.

Liability roll-forwards are used in accounting scenarios where the date as of which liabilities are valued does not coincide with the fiscal year measurement date. The roll-forwards consist of adjusting liabilities for the passage of time.

The estimate of the following year's expense is calculated based on the obligations and assets used for disclosure and incorporates service cost that may be based on a projection in the associated Quantify liability run, depending on the relationship of the liability valuation date to the fiscal year.

The Roll Forward accounting calculations assume that applicable rules will not change during the roll-forward period. Actuaries make adjustments to the data, plan provisions and assumptions reflected in the calculation of the liabilities that are rolled forward so that the results reflect conditions at the measurement date, and/or make similar adjustments to the results of the roll forward, including reflecting any changes in applicable accounting standards.

RateCalc/RATE:Link/US Treasury

RateCalc is used as one component in developing the single equivalent discount rate that reflects the characteristics of the client's employee benefit plan. It references a yield curve (often a RATE:Link curve) and expected plan benefit payments. The projected benefit payments from the client's plan are matched to the spot rates along the yield curve to determine their present values. A single equivalent discount rate is then solved for, which produces the same total present value as the spot rates.

RATE:Link is a methodology to develop spot rates to be used for liability and cost measurements related to employee benefit plans. The same core methodology is used to develop all RATE:Link curves. The RATE:Link process develops term structures of interest rates from corporate bond data for each covered geography (e.g., the U.S. for this valuation).

The construction of RATE:Link yield curves relies on bond data collected as of the measurement date.

Information regarding quoted bond prices, yields and other bond related data is from Bloomberg Finance L.P.

	US Treasury: A yield curve consistent with published US Treasury rates has been used for measurements related to employee benefit plans.
Published Demographic Tables	Certain demographic tables described above are standard published tables or are based on standard published tables from models developed by organizations with the requisite expertise

Appendix B: Summary of principal plan provisions

Plan Provisions

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

Covered employees	All employees.
Participation date	Prior to April 1, 2014, each employee who has completed a year of Eligibility Service shall become a Member in the plan. An employee receives a year of Eligibility Service if he completes 1,000 or more Hours of Service within a 12-month period commencing with his date of employment or any anniversary date. Effective April 1, 2014, an employee hired or re-hired on or after April 1, 2014 shall become a Cash Balance Member on his employment commencement date or re-employment commencement date. An employee hired or re-hired before December 31, 2013 could affirmatively elect to become a Cash Balance Member on April 1, 2014 to accrue future benefits under the Plan as a Cash Balance Benefits rather than as final average pay benefits. An employee who is hired or re-hired after December 31, 2013 and before April 1, 2014 shall become a Cash Balance Member on April 1, 2014.

Definitions

Vesting service	One year for each 1,000-hour calendar year of employment with El Paso Electric Company.
Benefit service:	
Final Average Pay	One year for each 1,000-hour calendar year of employment.
Cash Balance	Prior to January 1, 2014, a Member receives credit for one full year for each Plan Year in which he completes 1,000 or more hours of service. A Cash Balance Member (other than a Cash Balance Member who is hired or re-hired after December 31, 2013 and before April 1, 2014) who completes at least one Hour of Service during the period beginning January 1,2014 and ending March 31, 2014 shall receive credit for 0.25 year of Benefit Accrual Service for the 2014 Plan Year. After March 31, 2014, no additional Benefit Service shall be earned by a Cash Balance Member.

Pensionable pay	An employee's annualized rate of basic compensation, excluding overtime, bonuses, expense allowances, profit sharing, and any other extra compensation in any form.
Average earnings:	
Final Average Pay	The monthly average of a participant's pensionable pay computed by summing his pensionable pay 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 pensionable pay computed by summing his pensionable pay 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 day of the month coinciding with or next following the attainment of age 65 with five years of benefit service.
Accrued benefit:	
Final Average Pay	The monthly accrued benefit payable as a single life annuity upon Normal Retirement is the greater of (a), (b), (c) or (d) below, less any frozen benefit provided under group annuity contracts deemed

purchased prior to August 1, 1989 as illustrated in Appendix A of the plan document:

(a) 1-1/4% of Average Monthly Earnings multiplied by years of benefit service.

(b) $25.00 multiplied by years of projected benefit service at normal retirement date, not to exceed 10.

This amount multiplied by the ratio of years

of benefit service earned to date,

divided by years of projected benefit service at normal retirement date. This benefit shall be no greater than $250 per month.

(c) Amount of benefit payable in accordance with the Plan in effect on June 30, 1982 with Earnings frozen at the rate on June 30, 1982.

(d) Amount of accrued benefit earned as of October 17, 1990 under the prior benefit formula

Cash Balance

The Accrued Benefit for a Cash Balance Member is

(a) plus (b), as follows:

(a) The benefit accrued under the Plan prior to becoming a Cash Balance Member, as determined under the Final Average Pay formula above.

(b) The Cash Balance Account, consisting of pay credits and interest credits.

Pay Credits

For each Plan Year beginning on January 1, 2014, a Cash Balance Member shall receive a pay credit to his Cash Balance Account as of the last day of the Plan year (or termination date, if earlier). The pay crediting rate is based on the member's age and years of Vesting Service, as shown below:

Age Plus Vesting Service	Percentage of Base Pay for the Plan Year
Less than 30	3.00%
30-39	4.00%
40-49	5.00%
50-59	6.00%
60-69	7.00%
70-79	8.00%
80 or More	9.00%

Interest Credits

Interest credits are allocated to the Cash Balance Account as of the last day of each month. The interest credit is determined by multiplying the Cash Balance Account as of the last day of the preceding month by the 30-Year Treasury Bond Rate for the month, which when compounded monthly for the 12 months of the Plan Year, is equal to the 30-Year Treasury Bond Rate for August of the preceding year (but no less than 3.80% for the Plan Year, compounded monthly).

Monthly preretirement death benefit:

Before Normal Retirement Age

Payable upon the death of a participant employed by the company who had completed 5 years of Vesting Service. If the participant dies before attaining age 50 with 10 years of service, the amount payable to the spouse, to whom the participant was legally married during the one year period immediately preceding his death, is 50% of the amount the participant would have been entitled to had the participant separated from service on the date of his death, survived

	to the earliest retirement age, retired with an immediate qualified joint and survivor annuity and died the day after the earliest retirement age. If the participant dies after attaining age 50 with 10 years of service, the amount payable to the eligible spouse is 50% of the participant's Accrued Benefit, commencing immediately.
After Normal Retirement Age	If the participant dies after his Normal Retirement Age but before benefit payments commence, survivorship benefits will be paid in accordance with the form in which the participant's benefits would be paid if he had retired on the first day of the month following his date of death.

Eligibility for Benefits	
Normal retirement	Retirement on NRD.
Early retirement:	
Final Average Pay	After attainment of age 55 and completion of 5 years of Vesting Service, the participant may elect to commence his Accrued Benefit on a reduced basis prior to age 65. If the participant retires with at least 20 years of Vesting Service, he may receive his Accrued benefit as early as age 62 without any reduction. If the sum of the participant's age and years of Vesting Service equals or exceeds 85, he may receive his Accrued Benefit without any reduction.
Cash Balance	Early retirement under the plan is age 55 and completion of 3 years of Vesting Service.
Postponed retirement	Retirement after NRD.
Deferred vested termination	Termination for reasons other than death or retirement after completing five years of vesting service for a Final Average Pay participant or three years of vesting service for a Cash Balance Member.
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:	
Final Average Pay	The monthly pension benefit determined as of NRD 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.
Cash Balance	The frozen accrued benefit excluding his Cash Balance Benefits determined as of NRD actuarially reduced to the commencement date. The Cash Balance Benefit determined as of the commencement date will be actuarially reduced to be equivalent to the member's Cash Balance Account.
Postponed retirement	The monthly pension benefit determined as of the actual retirement date.
Deferred vested termination:	
Final Average Pay	The participant may elect to commence as early as their Early Retirement with the monthly pension benefit determined as of NRD 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.
Cash Balance	The frozen accrued benefit excluding Cash Balance Benefits will be payable as of NRD or may elect to commence at any time after termination with actuarial reductions. 100% of the Cash Balance account is payable on the first day of any month following termination.
Disablement:	
Final Average Pay	Payable to a participant beginning at NRD after becoming totally and permanently disabled while employed by the company. The annuity payable is based on Average Monthly Earnings at date of Disability and Benefit Service, including all credit for all years while disabled, at NRD. The qualified joint and spouse survivor death benefit will apply.
Cash Balance	Payable to a participant immediately after becoming totally and permanently disabled while employed by the company. The benefit payable is the Frozen Final Average Pay Accrued Benefit as of March 31, 2014 and the Cash Balance Account based on Earnings and Vesting Service through date of Disability.

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 a life annuity, if the participant has no spouse as of the date payments begin, or if the participant so elects. Otherwise, benefits are paid in the form of a 50% joint and survivor annuity option or, if the participant elects and the spouse consents, another actuarially equivalent optional form offered by the plan. Optional forms are a 25%, 75% and 100% joint and survivor annuity, a ten-year certain and life annuity, (for married participants) a life annuity, or (for Cash Balance Members) a lump sum distribution. 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.
Automatic Cash Out	Upon termination of service, if the lump sum value of the accrued benefit is less than $1,000, the lump sum amount is paid as soon as practical after termination.
Maximum limits on benefits and pay	All benefits and pay for any calendar year may not exceed the maximum limitations for that year as defined in the Internal Revenue Code. The plan provides for increasing the dollar limits automatically as such changes take effect.

Future Plan Changes

No future plan changes were recognized in determining pension cost requirements. WTW 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.

Appendix A: Statement of actuarial assumptions, methods and data sources – Excess Benefit Plan

Plan Sponsor

El Paso Electric Company

Statement of Assumptions

The assumptions disclosed in this Appendix are for the fiscal year ending December 31, 2023 financial reporting and the estimated fiscal year 2024 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	5.14%
Equivalent single discount rate for service cost	5.10%
Equivalent single discount rate for interest cost	5.07%
Annual rates of increase:	
• Consumer Price Index (CPI):	2.50%
• Compensation:	

Age	Rate of Base Pay Increase
25	8.00%
30	7.00%
35	6.00%
40	5.00%
45	4.00%
50	3.50%
55	3.00%
60	2.50%
65+	2.00%

• Cash balance interest credit rate	4.03%

Annuity conversion	Cash balances are converted to annuities using "annuity substitution" with valuation interest rates and the "applicable mortality table" under Code Section 417(e)(B)

As required by the U.S. GAAP accounting standard, the yield curve reflecting returns on high quality corporate bonds (AA and AAA) is used to determine the obligations and service cost, and thus the net periodic benefit cost for the plan. Because these assumptions are required by the U.S. GAAP accounting standard, and reflect current market conditions (specifically, the market conditions as of the measurement date) they may from time to time be inconsistent with other economic assumptions used in the valuation, which may reflect both current economic conditions and assumed future conditions.

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	For participants under 65, assumed commencement age 65; otherwise, age 70
• Disability benefit	Upon disablement
• Retirement benefit	Upon termination of employment
Form of payment:	
• Individuals who became Participants before April 1, 2014	50% are assumed to elect a Single Life Annuity and 50% are assumed to elect a 100% Joint and Survivor 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: Retiree mortality used for both retirees and contingent annuitants

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

1. Base scale: MP-2021
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-2021
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 are shown below:

Representative Termination Rates

Percentage assumed to leave during the year	
Attained Age	Males and Females
20	7.00%
25	6.40%
30	5.65%
35	4.90%
40	4.15%
45	3.40%
50	2.65%

Retirement

Rates at which participants are assumed to retire by age and eligibility for an unreduced early retirement 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
55-59	4%	6%	8%	0%
60-61	4%	10%	8%	0%
62	12%	20%	8%	0%
63-64	12%	12%	12%	0%
65	20%	20%	20%	90%
66-69	20%	20%	20%	0%
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, 2023.
Measurement date	December 31, 2023.
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, 2023 WTW 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. WTW 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, 2023. Information on benefit payments 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. A summary of these assumptions can be found in our email dated June 20, 2023.

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. Based on WTW's interest rate model, RATE:Link, that uses a yield curve derived from current, high quality (rated AA and above) corporate bonds to discount expected pension cash flows, and thus determine discount rates, we believe the discount rate chosen does not significantly conflict with what would be reasonable.
Cash balance interest crediting rate	The interest crediting rate is equal to the daily 30-year treasury rate at the December 31 measurement date, but with a minimum interest credit rate of 3.80%. We believe this assumption does not significantly conflict with what would be reasonable.
Annuity conversion rate	Cash balances are converted to annuities using "annuity substitution". We believe this assumption does not significantly conflict with what would be reasonable.
Rates of increase in compensation	Assumed increases were chosen by the plan sponsor based on an experience study conducted in 2023 and, as required by U.S. GAAP they represent an estimate of future experience. We believe this assumption does not significantly conflict with what would be reasonable.

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. We believe this assumption does not significantly conflict with what would be reasonable.
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. We believe this assumption does not significantly conflict with what would be reasonable.

Termination	Termination rates were based on an experience study conducted in 2023, with annual consideration of whether any conditions have changed that would be expected to produce different results in the future. We believe this assumption does not significantly conflict with what would be reasonable.
Disability	Disability rates selected by the plan sponsor with annual consideration of whether any conditions have changed that would be expected to produce different results in the future. We believe this assumption does not significantly conflict with what would be reasonable.
Retirement	Retirement rates were based on an experience study conducted in 2023, with annual consideration of whether any conditions have changed that would be expected to produce different results in the future. We believe this assumption does not significantly conflict with what would be reasonable.
Benefit commencement date for deferred benefits:	
• Preretirement death benefit	Surviving spouses are assumed to begin benefits at the earliest permitted commencement date. 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.
Spouse age	The assumed age difference for spouses is based on plan sponsor expectations.

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 5.49% as of January 1, 2023 to 5.14% as of December 31, 2023 to reflect the change in yields on high-quality corporate bonds. The single equivalent service cost discount rate decreased from 5.44% as of January 1, 2023 to 5.10% as of December 31, 2023 to reflect the change in yields on high-quality corporate bonds. The single equivalent interest cost discount rate decreased from 5.38% as of January 1, 2023 to 5.07% as of December 31, 2023 to reflect the change in yields on high-quality corporate bonds. The "applicable mortality table" under Code Section 417(e)(B) used for lump sum conversions was update to reflect an additional year of data. The retirement rates were updated to reflect observations found in an experience study conducted in 2023. The termination rates were updated to reflect observations found in an experience study conducted in 2023. The rate of base pay increases was updated to reflect observations found in an experience study conducted in 2023. The interest crediting rate was updated from 4.30% to 4.03%.
Change in methods since prior valuation	None.
Change in estimation techniques since prior valuation	None.

Model Descriptions and Disclosures in accordance with ASOP No. 56	
Quantify	Quantify is the WTW centrally developed, tested and maintained Global actuarial valuation system. It is used to perform valuations of clients' benefit plans. Quantify provides the ability to process data, calculate benefits and value benefit liabilities, develop results using applicable standards,

and generate client reports.

Quantify parameters provide significant flexibility to model populations and plan designs. Various demographic, economic and benefit related assumptions exist for users to model multiple demographic and economic situations.

Plan liabilities are calculated based on standard actuarial techniques, developing actuarially reasonable results using the population and parameters entered. The calculation and presentation of liabilities in Quantify relies on the assumptions used and the reasonability of the assumptions selected.

Quantify incorporates standard liability methodologies that are intended to reasonably reflect a variety of economic or demographic conditions. The model itself does not evaluate any assumptions entered for reasonableness, consistency or probability of occurrence.

Quantify is designed specifically for these purposes, and we know of no material limitations that would prevent the system from being suitable for these intended purposes. The actuaries signing this report have relied on the actuaries who develop, test and maintain this system, and have also performed a limited review of results to ensure that system parameters have been set appropriately and plan provisions coded correctly.

Quantify FR

Quantify Financial Reporting (FR) is intended to calculate funding results, accounting results and produce the associated client reports under selected accounting standards. The calculations and reports are based on various user specified inputs including liability results and assets values.

Quantify FR develops valuation results for various accounting and funding purposes using standard actuarial techniques.

Calculation of disclosure liabilities and results are based on roll forward liabilities.

Liability roll-forwards are usd in accounting scenarios where the date as of which liabilities are valued does not coincide with the fiscal year measurement date. The roll-forwards consist of adjusting liabilities for the passage of time.

The estimate of the following year's expense is calculated based on the obligations and assets used for disclosure and incorporates service cost that may be based on a projection in the associated Quantify liability run, depending on the relationship of the liability

	valuation date of the fiscal year. The Roll Forward accounting calculations assume that applicable rules will not change during the roll-forward period. Actuaries make adjustments to the data, plan provisions and assumptions reflected in the calculation of the liabilities that are rolled forward so that the results reflect conditions at the measurement date, and/or make similar adjustments to the results of the roll forward, including reflecting any changes in applicable accounting standards.
RateCalc/RATE:Link/US Treasury	**RateCalc** is used as one component in developing the single equivalent discount rate that reflects the characteristics of the client's employee benefit plan. It references a yield curve (often a RATE:Link curve) and expected plan benefit payments. The projected benefit payments from the client's plan are matched to the spot rates along the yield curve to determine their present values. A single equivalent discount rate is then solved for, which produces the same total present value as the spot rates. **RATE:Link** is a methodology to develop spot rates to be used for liability and cost measurements related to employee benefit plans. The same core methodology is used to develop all RATE:Link curves. The RATE:Link process develops term structures of interest rates from corporate bond data for each covered geography (e.g., the U.S. for this valuation). The construction of RATE:Link yield curves relies on bond data collected as of the measurement date. Information regarding quoted bond prices, yields and other bond related data is from Bloomberg Finance L.P. **US Treasury**: A yield curve consistent with published US Treasury rates has been used for measurements related to employee benefit plans.
Published Demographic Tables	Certain demographic tables described above are standard published tables or are based on standard published tables from models developed by organizations with the requisite expertise

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:	
• Final Average Pay	The monthly accrued benefit payable as a single life annuity upon Normal Retirement is the difference between (a) and (b) below: 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 55th 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. WTW 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.

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

Plan Sponsor

El Paso Electric Company

Statement of Assumptions

The assumptions disclosed in this Appendix are for the fiscal year ending December 31, 2023 financial reporting and the estimated fiscal year 2024 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	5.07%
Equivalent single discount rate for service cost	N/A
Equivalent single discount rate for interest cost	5.04%

As required by the U.S. GAAP accounting standard, the yield curve reflecting returns on high quality corporate bonds (AA and AAA) is used to determine the obligations, and thus the net periodic benefit cost for the plan. Because these assumptions are required by the U.S. GAAP accounting standard, and reflect current market conditions (specifically, the market conditions as of the measurement date) they may from time to time be inconsistent with other economic assumptions used in the valuation, which may reflect both current economic conditions and assumed future conditions.

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: Retiree rates used for retirees and contingent annuitants Mortality Improvement Scale (Male Table used for males; Female Table used for Females) 1. Base scale: MP-2021 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, 2024.
Measurement date	December 31, 2023.
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, 2023 WTW 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. WTW 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 1/1/2024. 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. Based on WTW's interest rate model, RATE:Link, that uses a yield curve derived from current, high quality (rated AA and above) corporate bonds to discount expected pension cash flows, and thus determine discount rates, we believe the discount rate chosen does not significantly conflict with what would be reasonable.

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. We believe this assumption does not significantly conflict with what would be reasonable.

Death Benefit

The lump sum option is the automatic payment form for a post-retirement death benefit. We believe this assumption does not significantly conflict with what would be reasonable.

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 5.42% as of January 1, 2023 to 5.07% as of December 31, 2023 to reflect the change in yields on high-quality corporate bonds. The single equivalent interest cost discount rate decreased from 5.31% as of January 1, 2023 to 5.04% as of December 31, 2023 to reflect the change in yields on high-quality corporate bonds.
Change in methods since prior valuation	None.
Change in estimation techniques since prior valuation	None.

Model Descriptions and Disclosures in accordance with ASOP No. 56	
Quantify	Quantify is the WTW centrally developed, tested and maintained Global actuarial valuation system. It is used to perform valuations of clients' benefit plans. Quantify provides the ability to process data, calculate benefits and value benefit liabilities, develop results using applicable standards, and generate client reports. Quantify parameters provide significant flexibility to model populations and plan designs. Various demographic, economic and benefit related assumptions exist for users to model multiple demographic and economic situations. Plan liabilities are calculated based on standard actuarial techniques, developing actuarially reasonable results using the population and parameters entered. The calculation and presentation of liabilities in Quantify relies on the assumptions used and the reasonability of the assumptions selected. Quantify incorporates standard liability methodologies that are intended to reasonably reflect a variety of economic or demographic conditions. The model itself does not evaluate any assumptions entered for reasonableness, consistency or probability of occurrence.

Quantify is designed specifically for these purposes, and we know of no material limitations that would prevent the system from being suitable for these intended purposes. The actuaries signing this report have relied on the actuaries who develop, test and maintain this system, and have also performed a limited review of results to ensure that system parameters have been set appropriately and plan provisions coded correctly.

Quantify FR

Quantify Financial Reporting (FR) is intended to calculate funding results, accounting results and produce the associated client reports under selected accounting standards. The calculations and reports are based on various user specified inputs including liability results and assets values.

Quantify FR develops valuation results for various accounting and funding purposes using standard actuarial techniques.

Calculation of disclosure liabilities and results are based on roll forward liabilities.

Liability roll-forwards are usd in accounting scenarios where the date as of which liabilities are valued does not coincide with the fiscal year measurement date. The roll-forwards consist of adjusting liabilities for the passage of time.

The estimate of the following year's expense is calculated based on the obligations and assets used for disclosure and incorporates service cost that may be based on a projection in the associated Quantify liability run, depending on the relationship of the liability valuation date of the fiscal year.

The Roll Forward accounting calculations assume that applicable rules will not change during the roll-forward period. Actuaries make adjustments to the data, plan provisions and assumptions reflected in the calculation of the liabilities that are rolled forward so that the results reflect conditions at the measurement date, and/or make similar adjustments to the results of the roll forward, including reflecting any changes in applicable accounting standards.

RateCalc/RATE:Link/US Treasury

RateCalc is used as one component in developing the single equivalent discount rate that reflects the characteristics of the client's employee benefit plan. It references a yield curve (often a RATE:Link curve) and expected plan benefit payments. The projected benefit payments from the client's plan are matched to the spot rates along the yield curve to determine their present values. A single equivalent discount rate is then solved for, which produces the same total present value as the spot rates.

RATE:Link is a methodology to develop spot rates to be used for liability and cost measurements related to employee benefit plans. The same core methodology is used to develop all RATE:Link curves. The RATE:Link process develops term structures of interest rates from corporate bond data for each covered geography (e.g., the U.S. for this valuation).

The construction of RATE:Link yield curves relies on bond data collected as of the measurement date.

Information regarding quoted bond prices, yields and other bond related data is from Bloomberg Finance L.P.

US Treasury: A yield curve consistent with published US Treasury rates has been used for measurements related to employee benefit plans.

Published Demographic Tables

Certain demographic tables described above are standard published tables or are based on standard published tables from models developed by organizations with the requisite expertise

Appendix B: Summary of principal plan provisions – SERP Plan

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

WTW 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.

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

Plan Sponsor

El Paso Electric Company

Statement of Assumptions

The assumptions disclosed in this Appendix are for the fiscal year ending December 31, 2023 financial reporting and the estimated fiscal year 2024 benefit cost.

Assumptions and methods for other postretirement benefit cost purposes

Actuarial Assumptions and Methods — Other Postretirement Benefit Cost	
Economic Assumptions	
Discount rate	
Equivalent single discount rate for benefit obligations	5.26%
Equivalent single discount rate for service cost	5.40%
Equivalent single discount rate for interest cost	5.12%
Annual rates of increase	
Consumer Price Index (CPI)	2.50%
Return on plan assets	6.72% after-tax return

As required by the U.S. GAAP accounting standard, the yield curve reflecting returns on high quality corporate bonds (AA and AAA) is used to determine the obligations and service cost, and thus the net periodic benefit cost for the plan. Because these assumptions are required by the U.S. GAAP accounting standard, and reflect current market conditions (specifically, the market conditions as of the measurement date) they may from time to time be inconsistent with other economic assumptions used in the valuation, which may reflect both current economic conditions and assumed future conditions.

The return on assets shown above is gross of investment expenses and administrative expenses assumed to be paid from the trust.

Demographic and Other Assumptions	
Inclusion date	The valuation date coincident with or next following the date on which the employee is hired.
New or rehired employees	It was assumed there will be no new or rehired employees.
Benefit commencement dates	
Disability benefit	Upon disablement if participant is at least age 41, with age and service greater than 65
Retirement benefit	Upon termination of participant on or after eligibility

Participation Assumptions for Plan

	Current Retirees	Future Retirees
Participation	Based on valuation census data	85% of future retirees are assumed to elect medical coverage at retirement. Current retired plan participants are assumed to continue coverage.
Medical Plan Participation	Based on valuation census data	100% of future retirees are assumed to elect the $2,250 Plan
Percentage married	Based on valuation census data	70% of males; 40% of females
Spouse age	Based on valuation census data	Wife 3 years younger than husband
Non-spouse dependent coverage	Not included in this valuation	Not included in this valuation

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 for non-union participants, Blue-Collar for union participants, and Total Dataset for participants with an unknown union status
4. Healthy or Disabled: Healthy
5. Table weighting: Benefit
6. Blending of annuitants and non-annuitants: Separate rates for annuitants and non-annuitants
7. Blending of retirees and contingent annuitants: Retiree mortality is used for both retirees and contingent annuitants

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

1. Base scale: MP-2021
2. Projection Type: Generational

Disabled life 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: 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-2021
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	
45	0.45%
55	1.19%
65+	1.93%

Termination (not due to disability or retirement) rates

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

Representative Termination Rates

Percentage assumed to leave during the year	
Attained Age	Males and Females
20	7.00%
25	6.40%
30	5.65%
35	4.90%
40	4.15%
45	3.40%
50	2.65%

Retirement

Rates at which participants are assumed to retire by age and eligibility for an unreduced early retirement 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
55-59	4%	6%	8%	0%
60-61	4%	10%	8%	0%
62	12%	20%	8%	0%
63-64	12%	12%	12%	0%
65	20%	20%	20%	90%
66-69	20%	20%	20%	0%
70+	100%	100%	100%	100%

Trend Rates

Health care cost trend rate:

Plan trend rates are the annual rates of increase expected for benefits payable from the plan (both medical and prescription); these rates include Health Care Cost Trend plus any leveraging effect of plan design. Assumed plan trend rates are shown below:

Year	Pre-65	Post-65
2024	6.25%	6.25%
2025	5.75%	5.75%
2026	5.25%	5.25%
2027	4.75%	4.75%
2028+	4.50%	4.50%

Administrative expense inflation 4.50%.

Participant contribution trend rates Same as applicable medical plan trend rate.

Per Capita Claims Costs

Pre-65 Average Annual Per Capita Claims Cost	
Age	**$2,250 Deductible**
50-54	$8,571
55-59	$10,291
60-64	$12,735

Post-65 Average Annual Per Capita Claims Cost	
Age	
65+	$764

Additional Assumptions

Administrative expenses

Pre-65 per-adult administrative fee of $925.88 annually based upon 2024 fees charged for medical administration (BCBSTX), pharmacy administration (Express Scripts), stop loss premiums (BCBSTX), medical consulting services (Gallagher), and pharmacy consulting services (Innovative Rx Strategies).

No administrative fees for the post-65 plan as administrative costs are built into the fully-insured premiums.

Assumed expenses of 0.4% of plan assets are added to the Service Cost component of expense.

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. Retiree medical claims costs are based on the nearest age at the beginning of the year, to align with how claims costs tables are typically developed.

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.

Methods – Other Postretirement Benefit Cost and Funded Position	
Census date	January 1, 2023.
Measurement date	December 31, 2023.
Service cost and accumulated postretirement benefit obligation	Costs are determined using the Projected Unit Credit Cost Method. The annual service cost is equal to the present value of the portion of the projected benefit attributable to service during the upcoming year, and the Accumulated Postretirement Benefit Obligation (APBO) is equal to the present value of the portion of the projected benefit attributable to service before the measurement date. Service from hire date through the expected full eligibility date is counted in allocating costs. APBO 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, 2023 WTW RATE:Link 40:90 yield curve. Interest cost was measured by summing the individual interest costs associated with each future benefit payment underlying the APBO 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 produce the resulting benefit obligation, service cost and interest cost have been determined and disclosed.
Market-related value of assets	The fair value of assets is used to determine the expected investment return during the year.

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 Postretirement 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 APBO due to the plan change divided by the average remaining service period to full eligibility for active participants expected to receive benefits under the plan. However, when a plan change reduces the APBO, 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 Postretirement 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 APBO 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. WTW 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, 2023 and claims data as of November 1, 2023. 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, 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. Based on WTW's interest rate model, RATE:Link, that uses a yield curve derived from current, high quality (rated AA and above) corporate bonds to discount expected pension cash flows, and thus determine discount rates, we believe the discount rate chosen does not significantly conflict with what would be reasonable.
Expected return on plan assets	We understand that the expected return on assets assumption reflects the plan sponsor's estimate of future experience for trust asset returns, reflecting the plan's current asset allocation and any expected changes during the current plan year, current market conditions and the plan sponsor's expectations for future market conditions. WTW was unable to evaluate this assumption because relevant information was not provided.
Administrative expenses	Administrative fees for the pre-65 plan are based upon 2024 fees charged for medical administration (BCBSTX), pharmacy administration (Express Scripts), stop loss premiums (BCBSTX), medical consulting services (Gallagher), and pharmacy consulting services (Innovative Rx Strategies). No administrative fees for the post-65 plan as administrative costs are built into the fully-insured premiums. Administrative expenses are estimated based on an assumption of past expenses paid from the trust assets as a percentage of held assets. We believe this assumption does not significantly conflict with what would be reasonable.
Claims cost trend rates	Assumed increases were chosen by the plan sponsor and, as required by U.S. GAAP they represent an estimate of future experience, informed by an analysis of recent plan experience, leading to select and ultimate assumed trend rates and reflecting the expected near-term effect of recently enacted plan changes. We believe this assumption does not significantly conflict with what would be reasonable.

Participant contribution trend rates

Assumed increases were chosen by the plan sponsor and, as required by U.S. GAAP they represent an estimate of future experience. We believe this assumption does not significantly conflict with what would be reasonable.

Per capita claims costs

Per capita claims costs were chosen by the plan sponsor to be the best estimate of the plan's per capita claims costs including expenses in the plan year beginning on the measurement date (with any expected changes in future years reflected in the trend rate assumption).

Pre-65 medical and prescription drug per capita claim costs were developed based on historical claims, enrollment, and prescription drug rebate information for 2020-2022 as provided by BCBSTX and Express Scripts for the El Paso Electric active and pre-65 retiree populations. Raw per capitas for each population were developed and adjusted for completion (i.e. conversion from a paid to incurred basis), and trend. Adjustments were made for historical stop loss reimbursements and plan design changes, including the elimination of the $1,000 Deductible plan for retirees in 2024. 2020 and 2021 claims experience was also adjusted to reflect aberrant utilization patterns resulting from the COVID-19 pandemic. Due to the small size of the pre-65 retiree population, the results were adjusted for credibility using demographically and plan-design adjusted active costs. Average per capitas were distributed by age using WTW's AgeDist model (2015 version).

Post-65 medical and prescription drug per capita claim costs were developed based upon the 2024 fully-insured premium charged by Humana.

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. We believe this assumption does not significantly conflict with what would be reasonable.

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. We believe this assumption does not significantly conflict with what would be reasonable.

Termination

Termination rates were based on an experience study conducted in 2023, with annual consideration of whether any conditions have changed that would be expected to produce different results in the

	future. We believe this assumption does not significantly conflict with what would be reasonable.
Disability	Disability rates were selected by the plan sponsor with annual consideration of whether any conditions have changed that would be expected to produce different results in the future. We believe this assumption does not significantly conflict with what would be reasonable.
Retirement	Retirement rates were based on an experience study conducted in 2023, with annual consideration of whether any conditions have changed that would be expected to produce different results in the future. We believe this assumption does not significantly conflict with what would be reasonable.
Participation:	
Participants	Assumed participation rates reflect historical experience as well as expectations for the future with periodic consideration of whether any conditions have changed that would be expected to produce different results in the future.
Covered spouses	Assumed coverage rates for spouses reflect historical experience as well as anticipated future experience.
Benefit commencement date:	Retirees are assumed to begin benefits immediately on eligible retirement because the plan does not permit a delay without forfeiting the right to participate.
Medical Plan Election	Assumed medical plan election rates for future retirees for the pre-65 retiree plan reflect that there is now only one plan available.
Marital Assumptions:	The assumed age and percentage married is based on an experience study conducted in 2023, with annual consideration of whether any conditions have changed that would be expected to produce different results in the future.

Source of Prescribed Methods

Accounting methods	The methods used for accounting purposes as described in Appendix A, including the method of determining the market-related value of plan assets, 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 APBO discount rate decreased from 5.59% as of January 1, 2023 to 5.26% as of December 31, 2023 to reflect the change in yields on high-quality corporate bonds. The single equivalent service cost discount rate decreased from 5.70% as of January 1, 2023 to 5.40% as of December 31, 2023 to reflect the change in yields on high-quality corporate bonds. The single equivalent interest cost discount rate decreased from 5.42% as of January 1, 2023 to 5.12% as of December 31, 2023 to reflect the change in yields on high-quality corporate bonds. The after-tax return on plan assets was updated from 7.45% at January 1, 2023 to 6.72% at December 31, 2023. The pre-and post-65 per capita costs were updated for 2024. Retiree contribution amounts for 2024 were updated to reflect actual rates provided by El Paso Electric. The retirement rates were updated to reflect observations found in an experience study conducted in 2023. The termination rates were updated to reflect observations found in an experience study conducted in 2023.
Change in methods since prior valuation	None.
Change in estimation techniques since prior valuation	None.

Model Descriptions and Disclosures in accordance with ASOP No. 56	
Quantify	Quantify is the WTW centrally developed, tested and maintained Global actuarial valuation system. It is used to perform valuations of clients' benefit plans. Quantify provides the ability to process data, calculate benefits and value benefit liabilities, develop results using applicable standards, and generate client reports. Quantify parameters provide significant flexibility to model populations and plan designs. Various demographic, economic and benefit related assumptions exist for users to model multiple demographic and economic situations.

Plan liabilities are calculated based on standard actuarial techniques, developing actuarially reasonable results using the population and parameters entered. The calculation and presentation of liabilities in Quantify relies on the assumptions used and the reasonability of the assumptions selected.

Quantify incorporates standard liability methodologies that are intended to reasonably reflect a variety of economic or demographic conditions. The model itself does not evaluate any assumptions entered for reasonableness, consistency or probability of occurrence.

Quantify is designed specifically for these purposes, and we know of no material limitations that would prevent the system from being suitable for these intended purposes. The actuaries signing this report have relied on the actuaries who develop, test and maintain this system, and have also performed a limited review of results to ensure that system parameters have been set appropriately and plan provisions coded correctly.

Quantify FR

Quantify Financial Reporting (FR) is intended to calculate funding results, accounting results and produce the associated client reports under selected accounting standards. The calculations and reports are based on various user specified inputs including liability results and assets values.

Quantify FR develops valuation results for various accounting and funding purposes using standard actuarial techniques.

Calculation of disclosure liabilities and results are based on roll forward liabilities.

Liability roll-forwards are usd in accounting scenarios where the date as of which liabilities are valued does not coincide with the fiscal year measurement date. The roll-forwards consist of adjusting liabilities for the passage of time.

The estimate of the following year's expense is calculated based on the obligations and assets used for disclosure and incorporates service cost that may be based on a projection in the associated Quantify liability run, depending on the relationship of the liability valuation date of the fiscal year.

The Roll Forward accounting calculations assume that applicable rules will not change during the roll-forward period. Actuaries make adjustments to the data, plan provisions and assumptions reflected in the calculation of the liabilities that are rolled forward so that the results reflect conditions at the measurement date, and/or make

	similar adjustments to the results of the roll forward, including reflecting any changes in applicable accounting standards.
RateCalc/RATE:Link/US Treasury	**RateCalc** is used as one component in developing the single equivalent discount rate that reflects the characteristics of the client's employee benefit plan. It references a yield curve (often a RATE:Link curve) and expected plan benefit payments. The projected benefit payments from the client's plan are matched to the spot rates along the yield curve to determine their present values. A single equivalent discount rate is then solved for, which produces the same total present value as the spot rates. **RATE:Link** is a methodology to develop spot rates to be used for liability and cost measurements related to employee benefit plans. The same core methodology is used to develop all RATE:Link curves. The RATE:Link process develops term structures of interest rates from corporate bond data for each covered geography (e.g., the U.S. for this valuation). The construction of RATE:Link yield curves relies on bond data collected as of the measurement date. Information regarding quoted bond prices, yields and other bond related data is from Bloomberg Finance L.P. **US Treasury**: A yield curve consistent with published US Treasury rates has been used for measurements related to employee benefit plans.
Published Demographic Tables	Certain demographic tables described above are standard published tables or are based on standard published tables from models developed by organizations with the requisite expertise
AgeDist	**AgeDist** is a spreadsheet tool that applies relative cost factors by age to average per capita costs (pre and post 65) and census weights to produce age-graded plan costs for pre- and post-65 populations. The average per capita costs and census weights are provided as inputs to the tool which is then combined with a morbidity curve to produce a set of weighted average age-related costs that equal the average. The age-graded costs are used in the actuarial valuation. The morbidity curve was developed from a broad set of claims data aggregated by age and blended and may not reflect your specific morbidity. The model does not evaluate the average per capita costs or census weights for reasonableness or consistency.

HealthMAPS	**HealthMAPS** includes rating manuals and software for medical, dental, Medicare Supplement, prescription drugs, state mandated benefits, specific stop loss and aggregate stop loss. The rating manuals and software enable the user to produce premium rates by type of coverage for specific benefit configurations. **HealthMAPS** is most commonly used as a tool for estimating the cost of medical and dental benefits or for estimating the effect of a change in plan provisions for use in other models and projections, most notably the Pricing and Underwriting Tool (PUT). **HealthMAPS** relies on underlying claims continuance tables developed from historic IBM Marketscan database data. This data includes national claims averages rather than client-specific information.
Pricing and Underwriting Tool (PUT)	**The Pricing and Underwriting Tool (PUT)** develops projected premium equivalent rates, employee contributions, and COBRA rates for self-insured employer health plans (medical, prescription drugs, dental, and vision). The tool develops rates by plan or in aggregate leveraging historic claims, enrollment, and plan design and administrative fee data for an employer. The model allows flexibility to incorporate plan design changes, seasonality, and multiple methods of estimating incurred claims amounts from paid claims data.

The models used for this analysis are designed specifically for these purposes and we know of no material limitations that would prevent the model from being suitable for these intended purposes.

We are not aware of any material inconsistencies among assumptions used in this work. The models themselves do not evaluate any assumptions entered for reasonableness, consistency or probability of occurrence. The calculations and presentation of results relies on the assumptions used and the reasonability of the assumptions selected. The output of the models used in this analysis is considered reasonable based on the aggregation of assumptions used. However, a different set of results could also be considered reasonable based on a range of possible values used for each assumption.

The individuals signing or delivering this report have relied on other WTW employees and actuaries who develop, test and maintain each of the proprietary models used for this analysis and have also performed a limited review of assumptions and results to ensure that the models have been set up appropriately and coded correctly. We have not relied on any external experts to develop, review, or validate the models used in this analysis.

Appendix B: Summary of principal other postretirement benefit plan provisions – OPRB Plan

Substantive Plan Provisions	
Covered employees	All employees hired before January 1, 2023.
Participation date	Date of becoming a covered employee.
Definitions	
Eligibility service	Years and months of service as a covered participant.
Spouse	A spouse who was married to the participant both on the participant's retirement date and on the measurement date.
Surviving spouse	A spouse who was married to the participant both on the participant's retirement date and on the date of his or her death.
Dependent	A child or other legal dependent of the retiree, who was such before attaining the age of 18. Eligible dependents shall remain eligible dependents until they reach age 26.
Medical Benefits	
Eligibility	Age 55 with 5 years of service, or disabled with at least age 41 and 65 years of age and service combined.
Dependent eligibility	Spouse, and children under age 26
Survivor eligibility	Eligibility continues beyond death of retiree as long as Surviving Spouse remains unmarried.
Retiree contributions	The tables below shows monthly retiree contributions for 2024:

Pre-65 monthly retiree contributions for 2024	
	$2,250 Deductible Plan
Retiree Only	$395.71
Retiree + Spouse	$819.12
Retiree + Child(ren)	$614.89
Retiree + Family	$1,048.32

Post-65 monthly retiree contributions for 2024

	MAPD Plan
Individual	$31.20
Individual + One	$62.40
Individual + Two	$93.59
Individual + Three	$124.79

Under age 65 benefits See Pre-65 Plan Provisions table section of this appendix.

Age 65 and older benefits Medical and Pharmacy Benefits: Fully-insured Humana Medicare Advantage with Prescription Drug (MAPD) Plan. The 2024 monthly premium rate is $63.67.

Life Insurance Benefits

Eligibility: Age 55 with 5 years of service, or disabled with at least age 41 and 65 years of age and service combined

Benefits: Retirements prior to 1/1/2006:

One times salary at retirement with coverage reduction according to age as follows:

Age 65 but less than age 70: 65%

Age 70 but less than age 75: 50%

Age 75 or older: 30%

Retirements 1/1/2006 and after: $10,000

Future Plan Changes

No future plan changes were recognized in determining postretirement welfare cost.

Changes in Benefits Valued Since Prior Year

Beginning January 1, 2024, the pre-65 $1,000 deductible plan option has been eliminated and only the $2,250 deductible option remains.

Postretirement Medical Plan Provisions as of January 1, 2024 (Retirees – Pre Age 65)

Carrier	Pre-65 Retiree BCBSTX – Medical	
Benefit Plan	$2,250 Deductible	
	In-Network	Non-Network (1)
Lifetime Maximum	N/A	
Coinsurance	80%	60%
Individual Calendar Year Deductible (Individual / Family) (2)	$2,250 / $6,750	$6,750 / $20,250
Out of Pocket Maximum (Individual / Family) (2)	$6,850 / $13,700	$20,550 / $41,100
Hospital Inpatient	80%, no ded	60% after $500 per admission ded
Emergency Room Facility (3) Accidental Injury & Emergency Care	100% after $300 Copay	
Emergency Room Physician Charges Accidental Injury & Emergency Care	80% after ded	
Emergency Room Facility (3) Non-Emergency Care	80% after $450 Copay	60% after $450 Copay
Emergency Room Physician Charges Non-Emergency Care	80% after ded	60% after ded
Urgent Care Center visit, including lab services (does not include X-Rays, surgical services and Certain Diagnostic Procedures)	$75 copay	70% after ded
X-Rays, Surgical Services and Certain Diagnostic Procedures; such as Bone Scan, Cardiac Stress Test, CT-Scan, Ultrasound, MRI, Myelogram, PET Scan, surgical procedures and all other services and supplies	80% after ded	60% after ded
Preventative Services	100% ($0 copay)	70% after ded
Physician Office Visit Copay including lab services (excludes X-rays, Surgery and Certain Diagnostic Procedures; such as Bone Scan, Cardiac Stress Test, CT-Scan, Ultrasound, MRI, Myelogram, PET Scan, surgical procedures and all other services and supplies) (4)	$30 PCP / $50 Spec	70% after ded
X-Rays, Surgical Services and Certain Diagnostic Procedures; such as Bone Scan, Cardiac Stress Test, CT-Scan, Ultrasound, MRI, Myelogram, PET Scan, surgical procedures and all other services and supplies	80% after ded	60% after ded
Outpatient Lab	100% ($0 copay)	70% after ded

(1) All out-of-network benefits listed are based on the carrier's allowable charges. Charges exceeding this amount will be the member's responsibility.

(2) Out of Network Deductible and Out of Pocket Maximum will NOT apply toward Network Deductible & Out of Pocket Maximum

(3) Copay waived if admitted to a network hospital

(4) X-Rays, Surgical Services and Advanced Imaging PET, MRI, CAT, SPECT subject to deductible and coinsurance