

SCHEDULE G-2.2: POSTRETIREMENT BENEFITS OTHER THAN PENSION
SPONSOR: STEVEN SIERRA
PREPARER: EN LI
FOR THE TEST YEAR ENDED SEPTEMBER 30, 2024

Item 1.

The Company's requested expense for Postretirement Benefits Other Than Pensions (OPEB) is based on a Generally Accepted Accounting Principles (GAAP) calculation.

Item 2.

The type of OPEB benefits provided by the Company includes medical and life insurance coverage for retirees.

The amount of \$(6,562,378) is the latest actuarial estimate for the 2024 Net Periodic Benefit Cost. Refer to schedule G-2.2 Attachment A pages 44 for the actuarial reports for the calendar year of 2024.

The Company does not provide OPEB to employees after termination but before retirement, therefore no such costs for terminated employees are included in the requested amount.

Item 3.

The expensed costs and the costs eligible for capitalization per GAAP and the actual funded amounts for the test year and the three most recent calendar years are presented below.

	Employer contributions (1)	Benefits paid from corporate assets (2)	Costs Eligible for Capitalization (3)	Net Periodic Benefit Cost (4)	Transition Obligation (5)	Total Cost (6) = (4)+(5)
10/01/23 - 9/30/24	\$ 1,200,000	\$ 440,142	\$ 1,743,791	\$(6,299,215)	\$ 0	\$(6,299,215)
2023	\$ 1,200,000	\$ 205,413	\$ 2,047,729	\$(5,509,720)	\$ 0	\$(5,509,720)
2022	\$ 400,000	\$ 176,590	\$ 3,387,431	\$(4,939,406)	\$ 0	\$(4,939,406)
2021	\$ 450,000	\$ 138,677	\$ 3,498,330	\$(5,441,233)	\$ 0	\$(5,441,233)

- (1) Refer to Schedule G-2.2 Attachment A pages 1 through 10, 11 through 17, 18 through 21, and 22 through 25 for documentation supporting the employer contributions for the test year of 2024, and the calendar years 2023, 2022, and 2021, respectively.
- (2) Refer to Schedule G-2.2 Attachment A pages 176, 44, 83 and 121 for the benefits paid from corporate assets for key employees for the test year of 2024 and the calendar years 2023, and 2022 and 2021, respectively.
- (3) & (4) Refer to Schedule G-2.2 Attachment A pages 44, 83, 121 and 156 for the actuarial reports that include the costs eligible for capitalization and net periodic benefit costs for the test year of 2024 and the calendar years of 2023, 2022, and 2021, respectively. Upon adoption of ASU 2017-07, Compensation- Retirement Benefits, effective January 1, 2018, the Company continued to record all components of net periodic benefit cost as an

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FOR THE TEST YEAR ENDED SEPTEMBER 30, 2024

operating expense in its regulatory-basis financial statements but has elected to conform to the GAAP capitalization policy, which is that only the service cost component is eligible for capitalization. For further details refer to Schedule G-2 Question 4 for the test year amount expensed. Refer to Schedule A-3 Adjustment 4 for requested expense.

Item 4.

For Regulatory Accounting Principles (RAP) the Company was amortizing the unrecognized transition obligation on a straight-line basis over 20 years. The Company finished amortizing the unrecognized transition obligation as of December 31, 2012.

Item 6.

Retiree expenses are paid directly from the trust, therefore there are no amounts paid attributable to retirees included in the test year for benefits listed in Item 2 above.

MEMORANDUM

TO: TREASURY SERVICES
FROM: LISA BUDTKE
DATE: January 24, 2024

2024 Wire Transfer – Contribution to 401(h) Retiree Health Care Subaccount

Please use this memorandum as your authority to wire transfer 12 monthly payments of \$100,000 each (for January thru December 2024) for a total of \$1,200,000. This amount represents Company contributions to the 401(h) Retiree Health Care Subaccount. These individual transactions should take place at the beginning of each respective month until further notice.

Please deposit as follows:

Bank Name: State Street Bank and Trust Co. NA Boston

ABA:

BNF: EPE 401(h) Retiree Health Care Account EPEH

BNFA:

Amount: 12 transfers in the amount of \$100,000 each (for January thru December 2024) (for a total of \$1,200,000)

State Street Client Account Name: EPE 401(h) Retiree Health Care Account

These monies should be expensed as follows:

W/O AP7740990000 ACCOUNT 228310 EXPENSE TYPE 250 COST CENTER 9990

Prepared by: _____
Steven Sierra
Director – Financial Accounting

Approved by: _____
Cynthia S. Prieto
Vice President - Controller

Approved by: _____
Lisa Budtke
Acting Chief Financial
Officer & Treasurer

Note: \$1,200,000 Estimated 2024 VEBA Employer Contributions per the 2024 RIP, VEBA and 401(h) Sub Account Contributions Memo.

EL PASO ELECTRIC COMPANY
2025 TEXAS RATE CASE FILING
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SPONSOR: STEVEN SIERRA
PREPARER: EN LI
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SCHEDULE G-2.2
ATTACHMENT A
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Account	Work Order	Charging Cost Center	Charging Expense Type	Month Number	GL Journal Category	Invoice Number	Invoice Date	Vendor Name	Check Date	Check Number	Amount
228310 - ACCUM PROV - OPEB	AP7740990000 - ACCTG-PAYROLL-401(H)	9990 - 9990 ACCT - BENEFITS	250 - BENEFITS	202401	5042-PURCHASE INVOICES	slveba012524	01/25/2024	State Street Bank and Trust Company	01/27/2024	371,208.00	\$100,000.00
228310 - ACCUM PROV - OPEB	AP7740990000 - ACCTG-PAYROLL-401(H)	9990 - 9990 ACCT - BENEFITS	250 - BENEFITS	202402	5042-PURCHASE INVOICES	slveba020124	02/01/2024	State Street Bank and Trust Company	02/02/2024	371,541.00	\$100,000.00
228310 - ACCUM PROV - OPEB	AP7740990000 - ACCTG-PAYROLL-401(H)	9990 - 9990 ACCT - BENEFITS	250 - BENEFITS	202403	5042-PURCHASE INVOICES	slveba030124	03/01/2024	State Street Bank and Trust Company	03/02/2024	373,365.00	\$100,000.00
228310 - ACCUM PROV - OPEB	AP7740990000 - ACCTG-PAYROLL-401(H)	9990 - 9990 ACCT - BENEFITS	250 - BENEFITS	202404	5042-PURCHASE INVOICES	slveba040124	04/01/2024	State Street Bank and Trust Company	04/03/2024	375,355.00	\$100,000.00
228310 - ACCUM PROV - OPEB	AP7740990000 - ACCTG-PAYROLL-401(H)	9990 - 9990 ACCT - BENEFITS	250 - BENEFITS	202405	5042-PURCHASE INVOICES	slveba050124	05/01/2024	State Street Bank and Trust Company	05/06/2024	377,255.00	\$100,000.00
228310 - ACCUM PROV - OPEB	AP7740990000 - ACCTG-PAYROLL-401(H)	9990 - 9990 ACCT - BENEFITS	250 - BENEFITS	202406	5042-PURCHASE INVOICES	slveba060124	06/01/2024	State Street Bank and Trust Company	06/04/2024	379,030.00	\$100,000.00
228310 - ACCUM PROV - OPEB	AP7740990000 - ACCTG-PAYROLL-401(H)	9990 - 9990 ACCT - BENEFITS	250 - BENEFITS	202408	5042-PURCHASE INVOICES	slveba080124	08/01/2024	State Street Bank and Trust Company	08/02/2024	383,203.00	\$100,000.00
228310 - ACCUM PROV - OPEB	AP7740990000 - ACCTG-PAYROLL-401(H)	9990 - 9990 ACCT - BENEFITS	250 - BENEFITS	202409	5042-PURCHASE INVOICES	slveba090124	09/01/2024	State Street Bank and Trust Company	09/04/2024	385,195.00	\$100,000.00
228310 - ACCUM PROV - OPEB	AP7740990000 - ACCTG-PAYROLL-401(H)	9990 - 9990 ACCT - BENEFITS	250 - BENEFITS	202410	5042-PURCHASE INVOICES	slveba100124	10/01/2024	State Street Bank and Trust Company			\$100,000.00
											\$900,000.00

EPER	ANNUAL	EPF 401K RETIREE HEALTH CARE	PAGE: 7
USD		STATE STREET GLOBAL ADVISORS	
		BASE EQUIVALENT CASH STATEMENT	
USD - US DOLLAR		JANUARY 1, 2024 TO MARCH 31, 2024	

FUND ASSET ID	DESCRIPTION	TRADE/PAY	BROKER	RECEIVED	DISBURSED
SETTLED		DATE	REF #	(+)	(-)
PAR/SHARES/CONTRACTS	RATE	MATURITY			
EMPLOYER CONTRIBUTIONS					
EMPLOYER CONTRIBUTIONS			BASIS A	100,000.00	
SECURITIES SOLD					
	STATE STREET INSTITUTIONAL US 29JAN24		STATE STREET BANK AN	254.68	
	STATE ST INST US GOV MM PREM				
254.680					
01/29/24 -- CALCULATED END BALANCE --				100,000.00 ***	
01/30/24					
BENEFIT PAYMENT - CLAIM PAYMENTS					
HUMANA CLAIMS FEB 2024			BASIS A		318.35
SECURITIES PURCHASED					
	STATE STREET INSTITUTIONAL US 30JAN24		STATE STREET BANK AN		99,681.65
	STATE ST INST US GOV MM PREM				
99,681.650					
01/30/24 -- LEDGER ENDING BALANCE --				0.00 ***	
02/01/24					
DIVIDENDS RECEIVED					
	STATE STREET INSTITUTIONAL US 01FEB24			2,140.44	
	STATE ST INST US GOV MM PREM				
2,140.44					
EMPLOYEE CONTRIBUTIONS					
EMPLOYEE CONTRIBUTIONS			BASIS A	13,132.14	
SECURITIES PURCHASED					
	STATE STREET INSTITUTIONAL US 01FEB24		STATE STREET BANK AN		2,140.44
	STATE ST INST US GOV MM PREM				
2,140.440					
02/01/24 -- CALCULATED END BALANCE --				13,132.14 ***	

EPER ANNUAL		EPE 401K RETIREE HEALTH CARE			PAGE: 8	
USD		STATE STREET GLOBAL ADVISORS				
USD - US DOLLAR		BASE EQUIVALENT CASH STATEMENT				
		JANUARY 1, 2024 TO MARCH 31, 2024				
FUND ASSET ID	DESCRIPTION	TRADE/PAY DATE	BROKER REF #	RECEIVED (+)	DISBURSED (-)	
SETTLED						
PAR/SHARES/CONTRACTS	RATE MATURITY					
02/02/24						
EMPLOYER CONTRIBUTIONS						
EMPLOYER CONTRIBUTION			BASIS A		100,000.00	
REVERSAL			BASIS A		-100,000.00	
EMPLOYER CONTRIBUTIONS			BASIS A	100,000.00		
SECURITIES PURCHASED						
	STATE STREET INSTITUTIONAL US 02FEB24		STATE STREET BANK AM		13,132.14	
	STATE ST INST US GOV MM PREM					
13,132.140						
02/02/24 -- CALCULATED END BALANCE --				100,000.00 ***		
02/05/24						
DIVIDENDS RECEIVED						
	STATE STREET INSTITUTIONAL US 01FEB24			2,140.44		
	STATE ST INST US GOV MM PREM					
2,140.44						
DIVIDENDS RECEIVED - CANCELLED						
	STATE STREET INSTITUTIONAL US 01FEB24			-2,140.44		
	STATE ST INST US GOV MM PREM					
2,140.44						
BENEFIT PAYMENT - CLAIM PAYMENTS						
EXPRESS SCRIPTS WEEKLY CLAIMS			BASIS A		5,849.92	
REVERSAL			BASIS A		-5,849.92	
EXPRESS SCRIPTS WEEKLY CLAIMS			BASIS A		5,849.92	
RX WEEKLY CLAIMS 1/22/2024- 1/28 /2024						

EPER ANNUAL		EPE 401K RETIREE HEALTH CARE		PAGE: 12	
USD		STATE STREET GLOBAL ADVISORS			
USD - US DOLLAR		BASE EQUIVALENT CASH STATEMENT			
		JANUARY 1, 2024 TO MARCH 31, 2024			
FUND ASSET ID	DESCRIPTION	TRADE/PAY	BROKER	RECEIVED	DISBURSED
SETTLED		DATE	REF #	(+)	(-)
PAR/SHARES/CONTRACTS	RATE MATURITY				
SECURITIES SOLD					
	STATE STREET INSTITUTIONAL US 01MAR24	STATE STREET BANK AM		37,964.79	
	STATE ST INST US GOV MM PREM				
37,964.790					
03/01/24	--- CALCULATED END BALANCE ---			13,132.14 ***	
03/02/24					
EMPLOYER CONTRIBUTIONS					
	EMPLOYER CONTRIBUTIONS	BASIS A		100,000.00	
03/02/24	--- CALCULATED END BALANCE ---			113,132.14 ***	
03/04/24					
DIVIDENDS RECEIVED					
	STATE STREET INSTITUTIONAL US 01MAR24			2,714.09	
	STATE ST INST US GOV MM PREM				
2,714.09					
DIVIDENDS RECEIVED - CANCELLED					
	STATE STREET INSTITUTIONAL US 01MAR24			-2,714.09	
	STATE ST INST US GOV MM PREM				
2,714.09					
BENEFIT PAYMENT - CLAIM PAYMENTS					
	EXPRESS SCRIPTS WEEKLY CLAIMS	BASIS A		3,252.77	
	REVERSAL	BASIS A		-3,252.77	
	BCBS WEEKLY CLAIMS	BASIS A		10,826.52	
	REVERSAL	BASIS A		-10,826.52	
	EXPRESS SCRIPTS WEEKLY CLAIMS	BASIS A		3,252.77	
	RX WEEKLY CLAIMS 02/19/2024- 02/25 /2024				
	BCBS WEEKLY CLAIMS	BASIS A		10,826.52	
	MEDICAL WEEKLY CLAIMS 02/17/2024- 02/23/2024				

EPER ANNUAL
USD
USD - US DOLLAR

EPE 401K RETIREE HEALTH CARE
STATE STREET GLOBAL ADVISORS
BASE EQUIVALENT CASH STATEMENT
APRIL 1, 2024 TO JUNE 30, 2024

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FUND ASSET ID SETTLED PAR/SHEARS/CONTRACTS	DESCRIPTION RATE MATURITY	TRADE/PAY DATE REF #	RECEIVED (+)	DISBURSED (-)
EXPRESS SCRIPTS WEEKLY CLAIMS		BASIS A		23,640.54
REVERSAL		BASIS A		-23,640.54
BCBS WEEKLY CLAIMS		BASIS A		36,656.14
MEDICAL WEEKLY CLAIMS	3/16/2024- 03 .22/2024			
EXPRESS SCRIPTS WEEKLY CLAIMS		BASIS A		23,640.54
RX WEEKLY CLAIMS	3/18/2024- 3/24 /2024			
SECURITIES SOLD				
	STATE STREET INSTITUTIONAL US 03APR24	STATE STREET BANK AN	60,296.68	
	STATE ST INST US GOV MM PREM			
60,296.680				
04/03/24	--- CALCULATED END BALANCE ---			3,078.83 ***
04/04/24	-----			
DIVIDENDS RECEIVED				
	STATE STREET INSTITUTIONAL US 31MAR24		3,078.83	
	STATE ST INST US GOV MM PREM			
3,078.83				
EMPLOYER CONTRIBUTIONS				
EMPLOYER CONTRIBUTIONS		BASIS A	100,000.00	
SECURITIES PURCHASED				
	STATE STREET INSTITUTIONAL US 04APR24	STATE STREET BANK AN		100,000.00
	STATE ST INST US GOV MM PREM			
100,000.000				
04/04/24	--- CALCULATED END BALANCE ---		0.00 ***	
04/09/24	-----			
BENEFIT PAYMENT - CLAIM PAYMENTS				
BCBS MED WEEKLY CLAIM 3		BASIS A		3,461.07

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USD		STATE STREET GLOBAL ADVISORS	
		BASE EQUIVALENT CASH STATEMENT	
USD - US DOLLAR		APRIL 1, 2024 TO JUNE 30, 2024	

FUND ASSET ID	DESCRIPTION	TRADE/PAY DATE	BROKER REF #	RECEIVED (+)	DISBURSED (-)
SETTLED					
PAR/SKARES/CONTRACTS	RATE	MATURITY			

05/02/24					

DIVIDENDS RECEIVED					
	STATE STREET INSTITUTIONAL US 30APR24			3,000.78	
	STATE ST INST US GOV MM PREM				
672,849.93					
DIVIDENDS RECEIVED - CANCELLED					
	STATE STREET INSTITUTIONAL US 30APR24			-3,000.78	
	STATE ST INST US GOV MM PREM				
672,849.93					
SECURITIES PURCHASED					
	STATE STREET INSTITUTIONAL US 02MAY24	STATE STREET BANK AN			13,923.56
	STATE ST INST US GOV MM PREM				
13,923.560					
05/02/24 -- CALCULATED END BALANCE --				0.00 ***	

05/06/24					

EMPLOYER CONTRIBUTIONS					
	EMPLOYER CONTRIBUTIONS	BASIS A		100,000.00	
05/06/24 -- CALCULATED END BALANCE --				100,000.00 ***	

05/07/24					

SECURITIES PORCHASED					
	STATE STREET INSTITUTIONAL US 07MAY24	STATE STREET BANK AN			100,000.00
	STATE ST INST US GOV MM PREM				
100,000.000					
05/07/24 -- CALCULATED END BALANCE --				0.00 ***	

EPER ANNUAL		EPE 401K RETIREE HEALTH CARE		PAGE: 11	
USD		STATE STREET GLOBAL ADVISORS			
USD - US DOLLAR		BASE EQUIVALENT CASH STATEMENT			
		APRIL 1, 2024 TO JUNE 30, 2024			
FUND ASSET ID	DESCRIPTION	TRADE/PAY	BROKER	RECEIVED	DISBURSED
SETTLED		DATE	REF #	(+)	(-)
PAR/SHARES/CONTRACTS	RATE MATURITY				
06/03/24					
DIVIDENDS RECEIVED					
	STATE STREET INSTITUTIONAL US 31MAY24			3,558.94	
	STATE ST INST US GOV MM PREM				
3,558.94					
EMPLOYEE CONTRIBUTIONS					
	EMPLOYEE CONTRIBUTIONS		BASIS A	15,110.69	
SECURITIES PURCHASED					
	STATE STREET INSTITUTIONAL US 03JUN24	STATE STREET BANK AN			3,558.94
	STATE ST INST US GOV MM PREM				
3,558.940					
06/03/24 -- CALCULATED END BALANCE --				15,110.69 ***	
06/04/24					
BENEFIT PAYMENT - CLAIM PAYMENTS					
	EXSCRIPTS RX WEEKLY CLAIMS 5/20/2024 - 5/26/2024		BASIS A		13,131.68
	BCBS MEDICAL WEEKLY CLAIMS 05/18/2024 - 05/24/2024		BASIS A		62,886.68
	EXSCRIPTS RX WEEKLY CLAIMS 5/13/2024 - 5/19/2024		BASIS A		23,154.17
EMPLOYER CONTRIBUTIONS					
	EMPLOYER CONTRIBUTIONS		BASIS A	100,000.00	
SECURITIES SOLD					
	STATE STREET INSTITUTIONAL US 04JUN24	STATE STREET BANK AN		83,861.84	
	STATE ST INST US GOV MM PREM				
83,861.840					
06/04/24 -- CALCULATED END BALANCE --				100,000.00 ***	

EL PASO ELECTRIC COMPANY
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PREPARER: EN LI
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SCHEDULE G-2.2
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EPER MONTHLY		EPF 401K RETIREE HEALTH CARE			PAGE: 1	
USD		STATE STREET GLOBAL ADVISORS			AS-OF DATE: 31AUG24	
USD - US DOLLAR		BASE EQUIVALENT CASH STATEMENT				
		AUGUST 1, 2024 TO AUGUST 31, 2024				
FUND ASSET ID	DESCRIPTION	TRADE/PAY	BROKER	RECEIVED	DISBURSED	
SETTLED		DATE	REF #	(+)	(-)	
PAR/SHARES/CONTRACTS	RATE MATURITY					
08/01/24 -- BEGINNING BALANCE --				52,560.36 ***		
08/01/24						

DIVIDENDS RECEIVED						
STATE STREET INSTITUTIONAL US 31JUL24				3,462.98		
STATE ST INST US GOV MM PREM						
0.00						
DIVIDENDS RECEIVED - CANCELLED						
STATE STREET INSTITUTIONAL US 31JUL24				-3,462.98		
STATE ST INST US GOV MM PREM						
0.00						
DIVIDENDS RECEIVED						
STATE STREET INSTITUTIONAL US 31JUL24				3,462.98		
STATE ST INST US GOV MM PREM						
3,462.98						
EMPLOYEE CONTRIBUTIONS						
EMPLOYEE CONTRIBUTIONS				15,125.64		
BASIS A						
SECURITIES PURCHASED						
STATE STREET INSTITUTIONAL US 01AUG24					56,023.36	
STATE ST INST US GOV MM PREM						
56,023.360						
08/01/24 -- CALCULATED END BALANCE --				15,125.64 ***		
08/02/24						

EMPLOYER CONTRIBUTIONS						
EMPLOYER CONTRIBUTIONS				100,000.00		
BASIS A						

EL PASO ELECTRIC COMPANY
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EPER	MONTHLY	EPF 401K RETIREE HEALTH CARE	PAGE: 1
USD		STATE STREET GLOBAL ADVISORS	AS-OF DATE: 30SEP24
USD - US DOLLAR		BASE EQUIVALENT CASH STATEMENT	
		SEPTEMBER 1, 2024 TO SEPTEMBER 30, 2024	
FUND ASSET ID	DESCRIPTION	TRADE/PAY BROKER	RECEIVED
SETTLED		DATE REF #	(+)
PAR/SHARES/CONTRACTS	RATE MATURITY		DISBURSED
			(-)
09/01/24 --	BEGINNING BALANCE --		0.00 ***
09/03/24			

EMPLOYEE CONTRIBUTIONS			
	EMPLOYEE CONTRIBUTIONS	BASIS A	15,740.53
SECURITIES PURCHASED			
	STATE STREET INSTITUTIONAL US 03SEP24	STATE STREET BANK AN	3,857.89
	STATE ST INST US GOV MM PREM		
	3,857.890		
09/03/24 --	CALCULATED END BALANCE --		11,882.64 ***
09/04/24			

EMPLOYER CONTRIBUTIONS			
	EMPLOYER CONTRIBUTIONS	BASIS A	100,000.00
SECURITIES PURCHASED			
	STATE STREET INSTITUTIONAL US 04SEP24	STATE STREET BANK AN	115,740.53
	STATE ST INST US GOV MM PREM		
	115,740.530		
09/04/24 --	CALCULATED END BALANCE --		3,857.89 ***
09/06/24			

DIVIDENDS RECEIVED			
	STATE STREET INSTITUTIONAL US 30AUG24		3,857.89
	STATE ST INST US GOV MM PREM		
	846,264.90		

MEMORANDUM

TO: TREASURY SERVICES
FROM: RICHARD OSTBERG
DATE: January 4, 2023

2023 Wire Transfer – Contribution to 401(h) Retiree Health Care Subaccount

Please use this memorandum as your authority to wire transfer 12 monthly payments of \$100,000 each (for January thru December 2023) for a total of \$1,200,000. This amount represents Company contributions to the 401(h) Retiree Health Care Subaccount. These individual transactions should take place at the beginning of each respective month until further notice.

Please deposit as follows:

Bank Name: Wells Fargo Bank, N.A.

ABA:

BNF: Principal Bank PCS

BNFA:

Amount: 12 transfers in the amount of \$100,000 each (for January thru December 2023) (for a total of \$1,200,000.00)

Wells Fargo Client Account Name: EPEC 401(h) Retiree Health Care
Attention: Lisa Keckler

These monies should be expensed as follows:

W/O AP7740990000 ACCOUNT 228310 EXPENSE TYPE 250 COST CENTER 9990

Prepared by: _____
Steven Sierra
Director – Financial Accounting

Approved by: _____
Cynthia S. Prieto
Vice President - Controller

Approved by: _____
Richard A. Ostberg
Chief Financial Office

Note: \$1,200,000 Estimated 2023 VEBA Employer Contributions per the 2023 RIP, VEBA and 401(h) Sub Account Contributions Memo.

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FOR THE TEST YEAR ENDED SEPTEMBER 30, 2024

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Account	Work Order	Charging Cost Center	Charging Expense Type	Month Number	GL Journal Category	Invoice Number	Invoice Date	Vendor Name	Check Date	Check Number	Amount
228310	AP7740990000	9990	250	202301	5042-PURCHASE INVOICES	pbveba0123	01/01/2023	Principal Financial Group	01/07/2023	342,869.00	\$100,000.00
228310	AP7740990000	9990	250	202302	5042-PURCHASE INVOICES	pbveba0223	02/01/2023	Principal Financial Group	02/02/2023	344,504.00	\$100,000.00
228310	AP7740990000	9990	250	202303	5042-PURCHASE INVOICES	pbveba0323	03/01/2023	Principal Financial Group	03/02/2023	347,183.00	\$100,000.00
228310	AP7740990000	9990	250	202304	5042-PURCHASE INVOICES	pbveba0423	04/01/2023	Principal Financial Group	04/04/2023	348,773.00	\$100,000.00
228310	AP7740990000	9990	250	202305	5042-PURCHASE INVOICES	pbveba0523	05/01/2023	Principal Financial Group	05/02/2023	350,838.00	\$100,000.00
228310	AP7740990000	9990	250	202306	5042-PURCHASE INVOICES	pbveba0623	06/01/2023	Principal Financial Group	06/02/2023	353,727.00	\$100,000.00
228310	AP7740990000	9990	250	202307	5042-PURCHASE INVOICES	pbveba0723	07/03/2023	Principal Financial Group	07/04/2023	355,932.00	\$100,000.00
228310	AP7740990000	9990	250	202308	5042-PURCHASE INVOICES	pbveba0823	08/01/2023	Principal Financial Group			\$100,000.00
228310	AP7740990000	9990	250	202309	5042-PURCHASE INVOICES	pbveba0923	09/01/2023	Principal Financial Group	09/02/2023	362,223.00	\$100,000.00
228310	AP7740990000	9990	250	202310	5042-PURCHASE INVOICES	sbveba1023	10/02/2023	State Street Bank and Trust Company	10/03/2023	364,637.00	\$100,000.00
228310	AP7740990000	9990	250	202311	5042-PURCHASE INVOICES	sbveba1123	11/01/2023	State Street Bank and Trust Company	11/02/2023	366,467.00	\$100,000.00
228310	AP7740990000	9990	250	202312	5042-PURCHASE INVOICES	sbveba1223	12/01/2023	State Street Bank and Trust Company	12/02/2023	368,062.00	\$100,000.00
											\$1,200,000.00



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EPEC 401 (H) RETIREE HEALTH
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DECEMBER 31, 2023

DATE	DESCRIPTION	
06/01/23	ADDITION TO ACCOUNT EMPLOYEE CONTRIBUTION HOSPITAL INSURANCE 06/01/23	11,171.02
06/28/23	ADDITION TO ACCOUNT EMPLOYEE CONTRIBUTION ARM PAYMENTS FOR JUNE 2023	5,619.52
07/03/23	ADDITION TO ACCOUNT EMPLOYEE CONTRIBUTION HOSPITAL INSURANCE 07/01/23	10,888.01
07/20/23	ADDITION TO ACCOUNT EMPLOYEE CONTRIBUTION ARM PAYMENTS FOR JULY 2023	5,619.52
08/01/23	ADDITION TO ACCOUNT EMPLOYEE CONTRIBUTION HOSPITAL INSURANCE 08/01/23	10,888.01
09/01/23	ADDITION TO ACCOUNT EMPLOYEE CONTRIBUTION HOSPITAL INSURANCE 09/01/23	10,888.01
09/07/23	ADDITION TO ACCOUNT EMPLOYEE CONTRIBUTION ARM PAYMENTS FOR AUGUST 2023	5,619.52
TOTAL EMPLOYEE CONTRIBUTION		147,012.45
<u>EMPLOYER CONTRIBUTION</u>		
01/09/23	ADDITION TO ACCOUNT EMPLOYER CONTRIBUTION WIRE REC'D FROM RUSSELL	100,000.00
02/03/23	ADDITION TO ACCOUNT EMPLOYER CONTRIBUTION WIRE REC'D FROM RUSSELL	100,000.00
03/02/23	ADDITION TO ACCOUNT EMPLOYER CONTRIBUTION WIRE REC'D FROM RUSSELL	100,000.00



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 THROUGH DECEMBER 31, 2023

DATE	DESCRIPTION	
04/05/23	ADDITION TO ACCOUNT WIRE RECEIPT WIRE RECD FROM RUSSELL	100,000.00
05/03/23	ADDITION TO ACCOUNT WIRE RECEIPT WIRE REC'D FROM RUSSELL	100,000.00
06/02/23	ADDITION TO ACCOUNT WIRE RECEIPT WIRE REC'D FROM RUSSELL	100,000.00
07/05/23	ADDITION TO ACCOUNT WIRE RECEIPT WIRE REC'D FROM RUSSELL	100,000.00
08/02/23	ADDITION TO ACCOUNT WIRE RECEIPT WIRE REC'D FROM RUSSELL	100,000.00
09/06/23	ADDITION TO ACCOUNT WIRE RECEIPT WIRE RECD FROM RUSSELL	100,000.00
TOTAL EMPLOYER CONTRIBUTION		900,000.00
TOTAL CONTRIBUTIONS		1,047,012.45
<u>OTHER RECEIPTS</u>		
<u>OTHER RECEIPTS</u>		
09/08/23	ADDITION TO ACCOUNT WIRE RECEIPT EXPRESS SCRIPTS REBATE 1ST QUARTER 2023	21,026.02
TOTAL OTHER RECEIPTS		21,026.02
TOTAL OTHER RECEIPTS		21,026.02

EL PASO ELECTRIC COMPANY
2025 TEXAS RATE CASE FILING
SCHEDULE G-2.2: POSTRETIREMENT BENEFITS OTHER THAN PENSION
SPONSOR: STEVEN SIERRA
PREPARER: EN LI
FOR THE TEST YEAR ENDED SEPTEMBER 30, 2024

SCHEDULE G-2.2
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EPER MONTHLY EPE 401K RETIREE HEALTH CARE PAGE: 1
USD STATE STREET GLOBAL ADVISORS
BASE EQUIVALENT CASH STATEMENT
USD - US DOLLAR JUNE 1, 2023 TO DECEMBER 31, 2023

FUND ASSET ID	DESCRIPTION	TRADE/PAY BROKER	RECEIVED	DISBURSED
SETTLED		DATE REF #	(+)	(-)
PAR/SKARES/CONTRACTS	RATE MATURITY			
06/01/23 -- BEGINNING BALANCE --			0.00 ***	
06/07/23				

OFFSET ACCOUNT NOT ON JLM				
REVERSE PENNY POSTING		BASIS A	-.01	
PENNY POSTING		BASIS A	.01	
06/07/23 -- LEDGER ENDING BALANCE --			0.00 ***	
09/28/23				

ASSETS TRANSFERS - IN				
CASH LOAD EL PASO CONVERSION		BASIS A	374,124.26	
09/28/23 -- CALCULATED END BALANCE --			374,124.26 ***	
09/29/23				

TRANSFERS IN				
MONTHLY CONTRIBUTION		BASIS A	100,000.00	
REVERSAL		BASIS A	-100,000.00	
SECURITIES PURCHASED				
857492706	STATE STREET INSTITUTIONAL US 29SEP23	STATE STREET BANK AN		374,124.26
	STATE ST INST US GOV MM PREM			
374,124.260				
09/29/23 -- LEDGER ENDING BALANCE --			0.00 ***	
10/02/23				

EPER MONTHLY EPE 401K RETIREE HEALTH CARE PAGE: 2
USD STATE STREET GLOBAL ADVISORS
BASE EQUIVALENT CASH STATEMENT
USD - US DOLLAR JUNE 1, 2023 TO DECEMBER 31, 2023

FUND ASSET ID SETTLED PAR/SHARES/CONTRACTS	DESCRIPTION RATE MATURITY	TRADE/PAY DATE REF #	RECEIVED (+)	DISBURSED (-)
DIVIDENDS RECEIVED				
	STATE STREET INSTITUTIONAL US 30SEP23		108.61	
	STATE ST INST US GOV MM PREM			
108.61				
INTEREST RECEIVED				
USD	US DOLLAR	02OCT23	1,539.57	
1,539.57	1.000000%			
EMPLOYER CONTRIBUTIONS				
401K NON KEY MONTHLY CONTRIBUTION		BASIS A	100,000.00	
CONTRIBUTIONS				
401K NON KEY MONTHLY CONTRIBUTION		BASIS A	100,000.00	
REVERSAL		BASIS A	-100,000.00	
SECURITIES PURCHASED				
	STATE STREET INSTITUTIONAL US 02OCT23	STATE STREET BANK AN		1,648.18
	STATE ST INST US GOV MM PREM			
1,648.180				
10/02/23 -- CALCULATED END BALANCE --			100,000.00 ***	
10/03/23				
SECURITIES PURCHASED				
	STATE STREET INSTITUTIONAL US 03OCT23	STATE STREET BANK AN		10,888.01
	STATE ST INST US GOV MM PREM			
10,888.010				
10/03/23 -- CALCULATED END BALANCE --			89,111.99 ***	
10/04/23				
EMPLOYEE CONTRIBUTIONS				
EMPLOYEE CONTRIBUTIONS		BASIS A	10,888.01	

EPER MONTHLY		EPE 401K RETIREE HEALTH CARE			PAGE: 7	
USD		STATE STREET GLOBAL ADVISORS				
USD - US DOLLAR		BASE EQUIVALENT CASH STATEMENT				
		JUNE 1, 2023 TO DECEMBER 31, 2023				
FUND ASSET ID	DESCRIPTION	TRADE/PAY	BROKER	RECEIVED	DISBURSED	
SETTLED		DATE	REF #	(+)	(-)	
PAR/SKARES/CONTRACTS	RATE MATURITY					
EMPLOYER CONTRIBUTIONS						
	REIMBURSEMENT		BASIS A	100,000.00		
	REVERSAL		BASIS A	-3,723.02		
	REIMBURSEMENT		BASIS A	3,723.02		
	REIMBURSEMENT		BASIS A	10,688.01		
	REVERSAL		BASIS A	-10,688.01		
	REVERSAL		BASIS A	-100,000.00		
	EMPLOYER CONTRIBUTION		BASIS A	100,000.00		
SECURITIES PURCHASED						
	STATE STREET INSTITUTIONAL US 02NOV23		STATE STREET BANK AN		6,936.27	
	STATE ST INST US GOV MM PREM					
	6,936.270					
11/02/23 -- CALCULATED END BALANCE --				100,000.00 ***		
11/03/23						
DIVIDENDS RECEIVED						
	STATE STREET INSTITUTIONAL US 01NOV23			1,982.81		
	STATE ST INST US GOV MM PREM					
	1,982.81					
DIVIDENDS RECEIVED - CANCELLED						
	STATE STREET INSTITUTIONAL US 01NOV23			-1,982.81		
	STATE ST INST US GOV MM PREM					
	1,982.81					
BENEFIT PAYMENT - CLAIM PAYMENTS						
	EXPRESS SCRIPTS WEEKLY CLAIMS 10/23/23 - 10/29/23		BASIS A		4,305.30	
	HUMANA CLAIMS NOV 2023		BASIS A		191.01	

MEMORANDUM

TO: TREASURY SERVICES
FROM: Steven Sierra
DATE: August 25, 2022

2022 Wire Transfer – Contribution to 401(h) Retiree Health Care Subaccount

Please use this memorandum as your authority to wire transfer 4 monthly payments of \$100,000 each (for August thru November 2022) for a total of \$400,000. This amount represents Company contributions to the 401(h) Retiree Health Care Subaccount. These individual transactions should take place at the beginning of each respective month until further notice.

Please deposit as follows:

Bank Name: Wells Fargo Bank, N.A.

ABA:

BNF: Principal Bank PCS

BNFA:

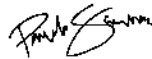
Amount: 4 transfers in the amount of \$100,000 each (for August thru November 2022) (for a total of \$400,000.00)

Wells Fargo Client Account Name: EPEC 401(h) Retiree Health Care
Attention: Lisa Keckler

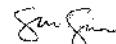
These monies should be expensed as follows:

W/O AP7740990000 ACCOUNT 228310 EXPENSE TYPE 250 COSTCENTER 9990

Prepared by:



Approved by:



Steven Sierra
Director - Financial Accounting

Note: \$400,000 Estimated 2022 VEBA Employer Contributions are based on the estimated claims and fees to be paid thru the 401(h) account for August-December 2022, based on YTD July 2022 activity.

EL PASO ELECTRIC COMPANY
 2025 TEXAS RATE CASE FILING
 SCHEDULE G-2.2: POSTRETIREMENT BENEFITS OTHER THAN PENSION
 SPONSOR: STEVEN SIERRA
 PREPARER: EN LI
 FOR THE TEST YEAR ENDED SEPTEMBER 30, 2024

SCHEDULE G-2.2
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Account	Work Order	Charging Cost Center	Charging Expense Type	Month Number	GL Journal Category	Invoice Number	Invoice Date	Vendor Name	Check Date	Check Number	Amount
228310	AP7740990000	9590	250	202208	5042-PURCHASE INVOICES	pbvebs0822	08/26/2022	Principal Financial Group	08/27/2022	332,471.00	\$100,000.00
228310	AP7740990000	9590	250	202209	5042-PURCHASE INVOICES	pbvebs0922	09/01/2022	Principal Financial Group			\$100,000.00
228310	AP7740990000	9590	250	202210	5042-PURCHASE INVOICES	pbvebs1022	10/01/2022	Principal Financial Group	10/15/2022	336,485.00	\$100,000.00
228310	AP7740990000	9590	250	202211	5042-PURCHASE INVOICES	pbvebs1122	11/01/2022	Principal Financial Group			\$100,000.00
											\$400,000.00



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EPEC 401 (H) RETIREE HEALTH
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DATE	DESCRIPTION	
09/21/22	ADDITION TO ACCOUNT EMPLOYEE CONTRIBUTION ARM PAYMENTS FOR SEPTEMBER 2022	5,463.02
10/03/22	ADDITION TO ACCOUNT EMPLOYEE CONTRIBUTION HOSPITAL INSURANCE 10/01/22	10,651.38
11/01/22	ADDITION TO ACCOUNT EMPLOYEE CONTRIBUTION HOSPITAL INSURANCE 09/01/22	10,651.38
11/25/22	ADDITION TO ACCOUNT EMPLOYEE CONTRIBUTION ARM PAYMENTS FOR OCT 2022	5,389.00
12/01/22	ADDITION TO ACCOUNT EMPLOYEE CONTRIBUTION ARM PAYMENTS FOR NOVEMBER 2022	4,555.46
12/01/22	ADDITION TO ACCOUNT EMPLOYEE HEALTH/WELFARE CONTR HOSPITAL INSURANCE 12/01/22	10,651.38
12/21/22	ADDITION TO ACCOUNT EMPLOYEE CONTRIBUTION ARM PAYMENTS FOR DEC 2022	4,555.46
TOTAL EMPLOYEE CONTRIBUTION		188,727.17
<u>EMPLOYER CONTRIBUTION</u>		
08/30/22	ADDITION TO ACCOUNT EMPLOYER CONTRIBUTION WIRE RECEIVED FROM RUSSELL [REDACTED] [REDACTED] EPEC VEBA AUG 26, 2022	100,000.00
09/02/22	ADDITION TO ACCOUNT EMPLOYER CONTRIBUTION WIRE REC'D FROM RUSSELL	100,000.00
10/17/22	ADDITION TO ACCOUNT EMPLOYER CONTRIBUTION REC'D WIRE FROM RUSSELL	100,000.00



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DETAIL STATEMENT OF
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EPEC 401 (H) RETIREE HEALTH
CARE ACCOUNT

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THROUGH DECEMBER 31, 2022

DATE	DESCRIPTION	
11/02/22	ADDITION TO ACCOUNT EMPLOYER CONTRIBUTION REC'D WIRE FROM RUSSELL	100,000.00
	TOTAL EMPLOYER CONTRIBUTION	400,000.00
	TOTAL CONTRIBUTIONS	588,727.17

MEMORANDUM

TO: TREASURY SERVICES
FROM: RICHARD OSTBERG
DATE: January 26, 2021

2021 Wire Transfer – Contribution to 401(h) Retiree Health Care Subaccount

Please use this memorandum as your authority to wire transfer 12 monthly payments of \$37,500 each (for January thru December 2021) for a total of \$450,000. This amount represents additional contributions to the 401(h) Retiree Health Care Subaccount. These individual transactions should take place at the beginning of each respective month until further notice.

Please deposit as follows:

Bank Name: Wells Fargo Bank, N.A.

ABA:

BNF: Trust Wire Clearing

BNFA:

Amount: 12 transfers in the amount of \$37,500 each (for January thru December 2021) (for a total of \$450,000.00)

Wells Fargo Client Account Name: EPEC 401(h) Retiree Health Care
Attention: Daniel Lytle

These monies should be expensed as follows:

W/O AP7740990000 ACCOUNT 228310 EXPENSE TYPE 250 COST CENTER 9990

Prepared by: En Li 1/26/2021

Approved by:  

Note: \$450,000 Estimated 2021 VEBA Employer Contributions is based on the Expense Requested per New Mexico Rate Case No. 15-00127 and the 2021 RIP and VEBA Contributions Memo.

EL PASO ELECTRIC COMPANY
2025 TEXAS RATE CASE FILING
SCHEDULE G-2.2: POSTRETIREMENT BENEFITS OTHER THAN PENSION
SPONSOR: STEVEN SIERRA
PREPARER: EN LI
FOR THE TEST YEAR ENDED SEPTEMBER 30, 2024

SCHEDULE G-2.2
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Account	Work Order	Charging Cost Center	Charging Expense Type	Month Number	GL Journal Category	Invoice Number	Invoice Date	Vendor Name	Check Date	Check Number	Amount
228310	AP7740990000	9990	250	202101	5042-PURCHASE INVOICES	wfveba0121	01/27/2021	Wells Fargo Bank Texas NA	01/29/2021	5,151,729.00	\$37,500.00
228310	AP7740990000	9990	250	202102	5042-PURCHASE INVOICES	wfveba0221	02/01/2021	Wells Fargo Bank Texas NA			\$37,500.00
228310	AP7740990000	9990	250	202103	5042-PURCHASE INVOICES	wfveba0321	03/01/2021	Wells Fargo Bank Texas NA			\$37,500.00
228310	AP7740990000	9990	250	202104	5042-PURCHASE INVOICES	wfveba0421	04/01/2021	Wells Fargo Bank Texas NA	04/02/2021	5,154,397.00	\$37,500.00
228310	AP7740990000	9990	250	202105	5042-PURCHASE INVOICES	wfveba0521	05/03/2021	Wells Fargo Bank Texas NA	05/04/2021	5,155,816.00	\$37,500.00
228310	AP7740990000	9990	250	202106	5042-PURCHASE INVOICES	wfveba0621	06/01/2021	Wells Fargo Bank Texas NA	06/02/2021	5,157,124.00	\$37,500.00
228310	AP7740990000	9990	250	202107	5042-PURCHASE INVOICES	wfveba0721	07/01/2021	Wells Fargo Bank Texas NA	07/02/2021	5,158,497.00	\$37,500.00
228310	AP7740990000	9990	250	202108	5042-PURCHASE INVOICES	wfveba0821	08/01/2021	Wells Fargo Bank Texas NA			\$37,500.00
228310	AP7740990000	9990	250	202109	5042-PURCHASE INVOICES	wfveba0921	09/01/2021	Wells Fargo Bank Texas NA	09/02/2021	5,160,901.00	\$37,500.00
228310	AP7740990000	9990	250	202110	5042-PURCHASE INVOICES	wfveba1021	10/01/2021	Wells Fargo Bank Texas NA			\$37,500.00
228310	AP7740990000	9990	250	202111	5042-PURCHASE INVOICES	wfveba1121	11/01/2021	Wells Fargo Bank Texas NA	11/02/2021	5,163,311.00	\$37,500.00
228310	AP7740990000	9990	250	202112	5042-PURCHASE INVOICES	wfveba1221	12/01/2021	Wells Fargo Bank Texas NA	12/02/2021	5,164,618.00	\$37,500.00
											\$450,000.00



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EPEC 401 (H) RETIREE HEALTH
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DATE	DESCRIPTION	
12/07/21	ADDITION TO ACCOUNT EMPLOYEE CONTRIBUTION DEDUCTION CHECKS 12-7-21	1,331.98
12/16/21	ADDITION TO ACCOUNT EMPLOYEE CONTRIBUTION HOSPITAL INSURANCE 12-15-21 CK# 149465332	586.42
12/29/21	ADDITION TO ACCOUNT EMPLOYEE CONTRIBUTION ARM PAYMENTS FOR DECEMBER 2021	2,300.00
TOTAL EMPLOYEE CONTRIBUTION		37,071.22
<u>EMPLOYER CONTRIBUTION</u>		
01/29/21	ADDITION TO ACCOUNT EMPLOYER CONTRIBUTION	37,500.00
02/02/21	ADDITION TO ACCOUNT EMPLOYER CONTRIBUTION	37,500.00
03/02/21	ADDITION TO ACCOUNT EMPLOYER CONTRIBUTION	37,500.00
04/05/21	ADDITION TO ACCOUNT EMPLOYER CONTRIBUTION	37,500.00
04/05/21	ADDITION TO ACCOUNT EMPLOYER CONTRIBUTION ARM PAYMENTS FOR MARCH 2021	1,172.84
05/04/21	ADDITION TO ACCOUNT EMPLOYER CONTRIBUTION	37,500.00
06/02/21	ADDITION TO ACCOUNT EMPLOYER CONTRIBUTION	37,500.00
07/02/21	ADDITION TO ACCOUNT EMPLOYER CONTRIBUTION	37,500.00
08/03/21	ADDITION TO ACCOUNT EMPLOYER CONTRIBUTION	37,500.00



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 DETAIL STATEMENT OF
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EPEC 401(H) RETIREE HEALTH
 CARE ACCOUNT

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 THROUGH DECEMBER 31, 2021

DATE	DESCRIPTION	
09/02/21	ADDITION TO ACCOUNT EMPLOYER CONTRIBUTION	37,500.00
10/04/21	ADDITION TO ACCOUNT EMPLOYER CONTRIBUTION	37,500.00
11/02/21	ADDITION TO ACCOUNT EMPLOYER CONTRIBUTION	37,500.00
12/02/21	ADDITION TO ACCOUNT EMPLOYER CONTRIBUTION ARM PAYMENTS FOR NOVEMBER 2021	37,500.00
TOTAL EMPLOYER CONTRIBUTION		451,172.84
TOTAL CONTRIBUTIONS		488,244.06
<u>OTHER RECEIPTS</u>		
<u>INTERFUND TRANSFER RECEIPTS</u>		
04/09/21	ADDITION TO ACCOUNT TRANSFER FROM ANOTHER ACCOUNT PAID FROM [REDACTED] 401H EMPLOYEE ARM CONTRIB	3,977.76
12/21/21	ADDITION TO ACCOUNT TRANSFER FROM ANOTHER ACCOUNT PAID FROM [REDACTED] 401H EMPLOYEE ARM CONTRIB	18,508.16
TOTAL INTERFUND TRANSFER RECEIPTS		22,485.92
TOTAL OTHER RECEIPTS		22,485.92



El Paso Electric Company

Postretirement Benefit Programs for Employees of
El Paso Electric Company

Actuarial Valuation Report
Benefit Cost for Fiscal Year Beginning
January 1, 2024 under US GAAP

July 2024

wtwco.com

This report is confidential and intended solely for the information and benefit of the intended recipient thereof. It may not be distributed to a third party unless expressly allowed under the "Actuarial Certification" section herein.

Postretirement Benefit Programs for Employees of El Paso Electric Company

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Postretirement Benefit Programs for Employees of El Paso Electric Company

1

Purposes of valuation

El Paso Electric Company (the Company) engaged Willis Towers Watson US LLC ("WTW") to value the Company's other postretirement benefit plan.

As requested by the Company, this report documents the results of an actuarial valuation of the Postretirement Benefit Programs for Employees of El Paso Electric Company (the Plan) as of January 1, 2024.

The primary purpose of this valuation is to determine the Net Periodic Postretirement Benefit Cost/(Income) (Benefit Cost), in accordance with FASB Accounting Standards Codification Topic 715 (ASC 715) for the fiscal year ending December 31, 2024. It is anticipated that a separate report will be prepared for year-end financial reporting purposes.

Limitations

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

1. The expected contributions to the other postretirement benefits plan(s) were set at \$1,200,000
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.
2. 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.
3. This report does not provide information for plan accounting and financial reporting under ASC 960 or ASC 965.
4. 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.

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Postretirement Benefit Programs for Employees of El Paso Electric Company

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Postretirement Benefit Programs for Employees of El Paso Electric Company

3

Section 1 : Summary of key results

1.1 Benefit cost, plan assets & obligations

All monetary amounts shown in US Dollars

Fiscal Year Beginning		01/01/2024	01/01/2023
Benefit Cost/ (Income)	Net Periodic Postretirement Benefit Cost/(Income)	(6,562,378)	(5,509,720)
	Benefit Cost/(Income) due to Special Events	0	0
	Total Benefit Cost/(Income)	(6,562,378)	(5,509,720)
Measurement Date		01/01/2024	01/01/2023
Plan Assets	Fair Value of Plan Assets (FVA)	43,975,366	40,197,503
	Actual Return on Fair Value of Plan Assets during Prior Year	13.56%	(14.99%)
Benefit Obligations	Accumulated Postretirement Benefit Obligation (APBO)	(34,675,532)	(37,887,689)
Funded Ratio	Fair Value of Plan Assets to APBO	126.8%	106.1%
Accumulated Other Comprehensive (Income)/Loss (Pre-tax)	Net Prior Service Cost/(Credit)	(13,052,770)	(14,192,388)
	Net Loss/(Gain)	(57,987,433)	(56,772,928)
	Total Accumulated Other Comprehensive (Income)/Loss (pre-tax)	(71,040,203)	(70,965,316)
Assumptions	Equivalent Single Discount Rate for Benefit Obligations	5.26%	5.59%
	Equivalent Single Discount Rate for Service Cost	5.39%	5.73%
	Equivalent Single Discount Rate for Interest Cost	5.12%	5.43%
	Expected Long-Term Rate of Return on Plan Assets	6.72%	7.45%
Participant Data	Census Date	01/01/2024	01/01/2023

1.2 Comments on results

The actuarial gains/(losses) due to demographic experience, including any assumption changes, and investment return different from assumed during the prior year were \$2,336,562 and \$2,400,171 respectively.

Change in net periodic cost and funded position

The net periodic cost declined from \$(5,509,720) in fiscal 2023 to \$(6,562,378) in fiscal 2024 and the funded position improved from \$2,309,814 to \$9,299,834.

Significant reasons for these changes include the following:

- Updates in the medical claims assumptions improved the funded position and therefore reduced the net periodic cost.
- The actual return on the fair value of plan assets since the prior measurement date was greater than assumed, which improved the funded position.
- Contributions to the plan during the prior year improved the funded status and therefore reduced the net periodic cost.
- The discount rate used to measure APBO decreased 33 basis points compared to the prior year, which increased the net periodic cost and caused the funded position to deteriorate.
- Updates in demographic assumptions based on the experience study conducted in 2023 improved the funded position and reduced the net periodic cost.

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.



Postretirement Benefit Programs for Employees of El Paso Electric Company

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1.3 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 plan being valued. Both of these appendices include a summary of any changes since the prior valuation. Unless otherwise described below under Subsequent Events, assumptions were selected based on information known as of the measurement date.

Subsequent events

None

Additional information

The Inflation Reduction Act (IRA) was signed on August 16, 2022. This new law includes health care provisions related to Medicare and healthcare financing. While guidance is still forthcoming, the potential effect of the new legislation has been considered in preparing these results. Based on the information available, and the specific plan provisions, changes were not made to assumptions. Additional changes may be reflected in future valuations as more guidance becomes available and actual plan experience is used to inform future expectations.

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Actuarial certification

This valuation has been conducted in accordance with generally accepted actuarial principles and practices. However, please note the information 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 January 1, 2024. The benefit obligations were measured as of January 1, 2024 and are based on participant data as of the census date, January 1, 2024.

Plan assets and balance sheet adjustments

Information about the fair value of plan assets and the general ledger account balances for the other postretirement benefit plan cost at December 31, 2023, which reflect the expected funded status of the plan before adjustment to reflect the funded status based on the year-end measurements, and differences between the expected Medicare Part D subsidies and amounts received during the year 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.

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 January 1, 2024 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.



Postretirement Benefit Programs for Employees of El Paso Electric Company

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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. Retiree group benefits models necessarily rely on the use of approximations and estimates, and are sensitive to changes in these approximations and estimates. Small variations in these approximations and estimates may lead to significant changes in actuarial measurements.

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

Limitations on use

This report is provided subject to the terms set out herein and in our engagement letter dated January 24, 2023 and any accompanying or referenced terms and conditions.

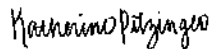
The information contained in this report was prepared for the internal use of the Company and its independent accountants in connection with our actuarial valuation of the other postretirement benefit plan as described in Purposes of Valuation above. It is not intended for and may not be used for other purposes, and we accept no responsibility or liability in this regard. The Company may distribute this actuarial valuation report to the appropriate authorities who have the legal right to require the Company to provide them this report, in which case the Company will use best efforts to notify 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 party other than El Paso Electric Company relying on this report or any advice relating to its contents.

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Postretirement Benefit Programs for Employees of El Paso Electric Company

Professional qualifications

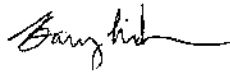
The undersigned are members of the Society of Actuaries and meet the "Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States" relating to other postretirement benefit plans. Our objectivity is not impaired by any relationship between the plan sponsor and our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



Katherine Pitzinger, ASA, EA
Associate Director, Retirement
23-08096
July 17, 2024



David Anderson, ASA, EA
Senior Director, Retirement
23-07493
July 17, 2024



Barry Lichman, FSA, MAAA
Pricing Specialist
July 17, 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.).



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Postretirement Benefit Programs for Employees of El Paso Electric Company

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Section 2 : Accounting exhibits

2.1 Balance sheet asset/(liability)

All monetary amounts shown in US Dollars

Measurement Date	01/01/2024	01/01/2023
A Development of Balance Sheet Asset/(Liability)¹		
1 Accumulated postretirement benefit obligation (APBO)	(34,675,532)	(37,887,689)
2 Fair value of plan assets (FVA) ²	43,975,366	40,197,503
3 Net balance sheet asset/(liability)	9,299,834	2,309,814
B Current and Noncurrent Classification³		
1 Noncurrent asset	9,299,834	2,309,814
2 Current liability	0	0
3 Noncurrent liability	0	0
4 Net balance sheet asset/(liability)	9,299,834	2,309,814
C Accumulated Other Comprehensive (Income)/Loss		
1 Net prior service cost/(credit)	(13,052,770)	(14,192,388)
2 Net loss/(gain)	(57,987,433)	(56,772,928)
3 Accumulated other comprehensive (income)/loss ⁴	(71,040,203)	(70,965,316)
D Assumptions and Dates		
1 Equivalent single discount rate for benefit obligations	5.26%	5.59%
2 Equivalent single discount rate for service cost	5.39%	5.73%
3 Equivalent single discount rate for interest cost	5.12%	5.43%
4 Census date	01/01/2024	01/01/2023

¹ Whether any amounts in this table that differ from those disclosed at year-end must be disclosed in subsequent interim financial statements should be determined.

² Excludes receivable contributions.

³ The current liability (for each underfunded plan) was measured as the discounted value of benefits expected to be paid over the next 12 months in excess of the fair value of the plan's assets at the measurement date.

⁴ Amount shown is pre-tax and should be adjusted by plan sponsor for tax effects.

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Postretirement Benefit Programs for Employees of El Paso Electric Company

2.2 Changes in plan obligations and assets

All monetary amounts shown in US Dollars.

Period Beginning	01/01/2024	01/01/2023
A Change in Accumulated Postretirement Benefit Obligation (APBO)		
1 APBO at beginning of prior fiscal year	37,887,689	57,316,062
2 Employer service cost	2,047,729	3,387,431
3 Interest cost	1,993,444	1,415,183
4 Actuarial loss/(gain)	(2,336,562)	(20,983,283)
5 Plan participants' contributions	979,516	848,309
6 Benefits paid from plan assets	(3,624,301)	(3,743,501)
7 Benefits paid from Company assets ¹	(205,413)	(176,590)
8 Medicare Part D subsidy	0	0
9 Administrative expenses paid ²	(121,684)	(175,922)
10 Plan amendments	(1,944,888)	0
11 Acquisitions/(divestitures)	0	0
12 Curtailments	0	0
13 Settlements	0	0
14 Special/contractual termination benefits	0	0
15 APBO at beginning of current fiscal year	34,675,532	37,887,689
B Change in Plan Assets		
1 Fair value of plan assets at beginning of prior fiscal year	40,197,503	50,189,267
2 Actual return on plan assets	5,344,330	(7,320,650)
3 Employer contributions	1,200,000	400,000
4 Plan participants' contributions	979,518	848,309
5 Benefits paid	(3,624,301)	(3,743,501)
6 Administrative expenses paid	(121,684)	(175,922)
7 Acquisitions/(divestitures)	0	0
8 Settlements	0	0
9 Fair value of plan assets at beginning of current fiscal year	43,975,366	40,197,503

¹ Net of retiree contributions.

² Only if future expenses are accrued in APBO through a load on service cost.



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2.3 Summary of net balances

All monetary amounts shown in US Dollars

A Summary of Prior Service Cost/(Credit) Bases

Measurement Date Established	Original Amount	Net Amount at 01/01/2024	Remaining Amortization Period	Amortization Amount in 2024	Effect of Curtailments	Other Events
12/31/2015	(823,872)	(158,792)	1.19005	83,135	0	0
10/01/2016	(32,697,299)	(10,949,090)	3.65000	2,999,753	0	0
12/31/2023	(1,944,888)	(1,944,888)	11.66694	166,701	0	0
Total		(13,052,770)		3,249,589	0	0

All monetary amounts shown in US Dollars

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

Net Amount at 01/01/2024 ¹	Amortization Amount in 2024	Effect of Curtailments	Effect of Settlements	Other Events (Identify)
(57,987,433)	3,761,674	0	0	0

¹ Before any immediate recognition on the same date.

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Postretirement Benefit Programs for Employees of El Paso Electric Company

2.4 Development of plan assets for benefit cost

All monetary amounts shown in US Dollars

	Fair Value	Market-Related Value
A Reconciliation of Plan Assets		
1 Plan assets at 12/31/2022	40,197,503	40,197,503
2 Actual return on plan assets	5,344,330	5,344,330
3 Employer contributions	1,200,000	1,200,000
4 Plan participants' contributions	979,518	979,518
5 Benefits paid	(3,624,301)	(3,624,301)
6 Administrative expenses paid	(121,684)	(121,684)
7 Acquisitions/(divestitures)	0	0
8 Settlements	0	0
9 Plan assets at 12/31/2023	43,975,366	43,975,366
B Rate of Return on Invested Assets		
1 Weighted invested assets	39,414,269	
2 Rate of return	13.559%	
C Investment Loss/(Gain)		
1 Actual return	5,344,330	
2 Expected return	2,944,159	
3 Loss/(gain)	(2,400,171)	



Postretirement Benefit Programs for Employees of El Paso Electric Company

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2.5 Summary and comparison of benefit cost and cash flows

All monetary amounts shown in US Dollars.

Fiscal Year Ending	12/31/2024	12/31/2023
A Total Benefit Cost		
1 Employer service cost	1,642,478	2,047,729
2 Interest cost	1,724,627	1,993,444
3 Expected return on plan assets	(2,918,220)	(2,944,159)
4 Subtotal	448,885	1,097,014
5 Net prior service cost/(credit) amortization	(3,249,589)	(3,084,506)
6 Net loss/(gain) amortization	(3,761,674)	(3,522,228)
7 Subtotal	(7,011,263)	(6,606,734)
8 Net periodic postretirement benefit cost/(income)	(6,562,378)	(5,509,720)
9 Curtailment (gain)/loss	0	0
10 Settlement (gain)/loss	0	0
11 Special/contractual termination benefits	0	0
12 Total benefit cost	(6,562,378)	(5,509,720)
B Assumptions (See Appendix A for interim measurements, if any)		
1 Equivalent single discount rate for benefit obligations	5.26%	5.59%
2 Equivalent single discount rate for service cost	5.39%	5.73%
3 Equivalent single discount rate for interest cost	5.12%	5.43%
4 Expected long-term rate of return on plan assets	6.72%	7.45%
5 Census date	01/01/2024	01/01/2023
C Fair Value of Assets at Beginning of Year	43,975,366	40,197,503
D Cash Flows Net of Medicare Part D Subsidy		
	Expected	Actual
1 Employer contributions	1,200,000	1,200,000
2 Plan participants' contributions	990,404	979,518
3 Benefits paid from Company assets	0	205,413
4 Benefits paid from plan assets	1,947,136	3,624,301
E Amortization Period		
1 For gain/loss amortization, if applicable	14.24629	14.97722
2 For new prior service cost bases, if any	11.06303	12.25021

Test year Costs Eligible for Capitalization (Service Costs)					
2023	\$	2,047,729	4	\$	511,932
2024	\$	1,642,478	4	\$	410,620
					\$ 1,743,791
Test year net periodic benefit costs					
2023	\$	(5,509,720)	4	\$	(1,377,430)
2024	\$	(6,562,378)	4	\$	(1,640,595)
					\$ (6,299,215)

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Section 3 : Participant data

3.1 Summary of participant data

All monetary amounts shown in US Dollars

Census Date	01/01/2024	01/01/2023
A Participating Employees		
1 Number		
a Fully eligible	336	340
b Other	708	798
c Total participating employees	1,044	1,128
2 Average age	44.66	43.66
3 Average credited service	12.48	11.50
B Retirees, Surviving Spouses and Surviving Dependents		
1 Medical Plan		
a Retirees	470	479
b Dependents of Retirees	283	277
c Surviving Spouses	60	64
2 Life Insurance Plan		
a Number	652	647

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

Plan Sponsor

El Paso Electric Company

Statement of Assumptions

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

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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



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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

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Postretirement Benefit Programs for Employees of El Paso Electric Company

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 and gender 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%



Postretirement Benefit Programs for Employees of El Paso Electric Company

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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.

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Postretirement Benefit Programs for Employees of El Paso Electric Company

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, 2024.

Measurement date January 1, 2024.

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



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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, 2024 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	<p>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).</p> <p>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 EnvisionRx 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 \$1000. 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).</p> <p>Post-65 medical and prescription drug per capita claim costs were developed based upon the 2024 fully-insured premium charged by Humana.</p>

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 based on historical experience 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 (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 APBO discount rate decreased from 5.59% as of January 1, 2023 to 5.26% as of January 1, 2024 to reflect the change in yields on high-quality corporate bonds.

The single equivalent service cost discount rate decreased from 5.73% as of January 1, 2023 to 5.39% as of January 1, 2024 to reflect the change in yields on high-quality corporate bonds.

The single equivalent interest cost discount rate decreased from 5.43% as of January 1, 2023 to 5.12% as of January 1, 2024 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 January 1, 2024.

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.

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

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

Substantive Plan Provisions

Covered employees	All employees hired prior to 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	\$1048.32

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Post-65 monthly retiree contributions for 2024

	MAPD Plan
Individual	\$ 31.20
Individual + One	\$ 62.40
Individual + Two	\$ 93.60
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 Benefit Programs for Employees of El Paso Electric Company

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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)	\$8,850 / \$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	60% 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		
Carrier	Pre-65 Retiree Express Scripts - Pharmacy	
	In-Network	Non-Network
Prescription Benefit – up to 30-day supply (1)	\$25 / \$55 / \$75	N/A
Mail Order Prescriptions – up to 90-day supply (1)	\$50 / \$120 / \$170	N/A
Specialty Medications – up to 30-day supply (1)	\$65 / \$90 / \$140	N/A
(1) (Generic / Preferred Brand Name / Non-Preferred Brand Name)		



El Paso Electric Company
Postretirement Benefit Programs for Employees
of El Paso Electric Company

Actuarial Valuation Report
Benefit Cost for Fiscal Year Beginning
January 1, 2023 under US GAAP

August 2023

wtwco.com

This report is confidential and intended solely for the information and benefit of the intended recipient thereof. It may not be distributed to a third party unless expressly allowed under the "Actuarial Certification" section herein.

Postretirement Benefit Programs for Employees of El Paso Electric Company

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Postretirement Benefit Programs for Employees of El Paso Electric Company

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Purposes of valuation

El Paso Electric Company (the Company) engaged Willis Towers Watson US LLC ("WTW") to value the Company's other postretirement benefit plan.

As requested by the Company, this report documents the results of an actuarial valuation of the Postretirement Benefit Programs for Employees of El Paso Electric Company (the Plan) as of January 1, 2023.

The primary purpose of this valuation is to determine the Net Periodic Postretirement Benefit Cost/(Income) (Benefit Cost), in accordance with FASB Accounting Standards Codification Topic 715 (ASC 715) for the fiscal year ending December 31, 2023. It is anticipated that a separate report will be prepared for year-end financial reporting purposes.

Limitations

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

1. The expected contribution to the other postretirement benefits plan(s) has been set at \$1,200,000.
Note that any significant change in the amounts contributed or expected to be contributed in 2023 from what is disclosed at December 31, 2022 may require disclosure in the interim financial statements, but should not affect the expected return on plan assets absent a remeasurement for another purpose.
2. 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.
3. This report does not provide information for plan accounting and financial reporting under ASC 960 or ASC 965.
4. 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.

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Section 1 : Summary of key results

1.1 Benefit cost, plan assets & obligations

All monetary amounts shown in US Dollars

Fiscal Year Beginning		01/01/2023	01/01/2022
Benefit Cost/ (Income)	Net Periodic Postretirement Benefit Cost/(Income)	(5,509,720)	(4,939,406)
	Benefit Cost/(Income) due to Special Events	0	0
	Total Benefit Cost/(Income)	(5,509,720)	(4,939,406)
Measurement Date		01/01/2023	01/01/2022
Plan Assets	Fair Value of Plan Assets (FVA)	40,197,503	50,189,267
	Actual Return on Fair Value of Plan Assets during Prior Year	(14.99%)	12.52%
Benefit Obligations	Accumulated Postretirement Benefit Obligation (APBO)	(37,887,689)	(57,316,062)
Funded Ratio	Fair Value of Plan Assets to APBO	106.1%	87.6%
Accumulated Other Comprehensive (Income)/Loss (Pre-tax)	Net Prior Service Cost/(Credit)	(14,192,388)	(17,285,842)
	Net Loss/(Gain)	(56,772,928)	(49,759,061)
	Total Accumulated Other Comprehensive (Income)/Loss (pre-tax)	(70,965,316)	(67,044,703)
Assumptions	Equivalent Single Discount Rate for Benefit Obligations	5.59%	3.03%
	Equivalent Single Discount Rate for Service Cost	5.73%	3.24%
	Equivalent Single Discount Rate for Interest Cost	5.43%	2.53%
	Expected Long-Term Rate of Return on Plan Assets	7.45%	7.45%
Participant Data	Census Date	01/01/2023	01/01/2022

1.2 Comments on results

The actuarial gains/(losses) due to demographic experience, including any assumption changes, and investment return different from assumed during the prior year were \$20,983,283 and \$(10,963,810) respectively.

Change in net periodic cost and funded position

The net periodic cost declined from \$(4,939,406) in fiscal 2022 to \$(5,509,720) in fiscal 2023 and the funded position improved from \$(7,126,795) to \$2,309,814.

Significant reasons for these changes include the following:

- Updates in the medical claims assumptions improved the funded position and therefore reduced the net periodic cost.
- The actual return on the fair value of plan assets since the prior measurement date was less than assumed, which deteriorated the funded position.
- Contributions to the plan during the prior year improved the funded status and therefore reduced the net periodic cost.
- The discount rate used to measure APBO increased 256 basis points compared to the prior year, which reduced the net periodic cost and improved the funded position.

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. The IRS has 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 to PPACA or HCERA.



Postretirement Benefit Programs for Employees of El Paso Electric Company

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1.3 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 plan being valued. Both of these appendices include a summary of any changes since the prior valuation. Unless otherwise described below under Subsequent Events, assumptions were selected based on information known as of the measurement date.

Subsequent events

None

Additional information

The Inflation Reduction Act was signed on August 16, 2022. This new law includes health care provisions related Medicare and healthcare financing. While guidance is still forthcoming, the potential effect of the new legislation has been considered in preparing these results. Based on the information available and the specific plan provisions, changes were not made to assumptions. Additional changes may be reflected in future valuations as more guidance becomes available and actual plan experience may be used to inform future expectations.

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Postretirement Benefit Programs for Employees of El Paso Electric Company

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Actuarial certification

This valuation has been conducted in accordance with generally accepted actuarial principles and practices. However, please note the information 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 January 1, 2023. The benefit obligations were measured as of January 1, 2023 and are based on participant data as of the census date, January 1, 2023.

Plan assets and balance sheet adjustments

Information about the fair value of plan assets and the general ledger account balances for the other postretirement benefit plan cost at December 31, 2022, which reflect the expected funded status of the plan before adjustment to reflect the funded status based on the year-end measurements, and differences between the expected Medicare Part D subsidies and amounts received during the year 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 AOCL 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 other postretirement 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, except for the expected long-term rate of return on plan assets selected as of January 1, 2023. WTW was unable to evaluate the expected long-term rate of return on plan assets assumption due to a lack of information about the asset classes in which the plans are invested. In addition, we believe that the combined effect of assumptions, other than the assumptions selected by another party that we have been unable to assess for reasonableness, is expected to have no significant bias. See Appendix A for a discussion of each significant assumption 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 consider to be reasonable. Other actuarial assumptions could also be considered to be reasonable. Thus, reasonable results differing from those presented in this report could have been developed by selecting different reasonable assumptions.

A summary of the assumptions, methods and sources of data and other information used is provided in Appendix A. Note that any subsequent changes in methods or assumptions for the January 1, 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.



Postretirement Benefit Programs for Employees of El Paso Electric Company

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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. Retiree group benefits models necessarily rely on the use of approximations and estimates, and are sensitive to changes in these approximations and estimates. Small variations in these approximations and estimates may lead to significant changes in actuarial measurements.

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

Limitations on use

This report is provided subject to the terms set out herein and in our engagement letter dated 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 other postretirement benefit plan as described in Purposes of Valuation above. It is not intended for and may not be used for other purposes, and we accept no responsibility or liability in this regard. The Company may distribute this actuarial valuation report to the appropriate authorities who have the legal right to require the Company to provide them this report, in which case the Company will use best efforts to notify 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.

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 other postretirement benefit plans. Our objectivity is not impaired by any relationship between the plan sponsor and our employer, Willis Towers Watson US LLC.



Cat Kenagy FSA, EA
Valuation Actuary
23-07490
August 18, 2023



David Anderson, ASA, EA
Valuation Actuary
23-07493
August 18, 2023



Barry Lichman, FSA, MAAA
Pricing Specialist
August 18, 2023

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.).



Postretirement Benefit Programs for Employees of El Paso Electric Company

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Section 2 : Accounting exhibits

2.1 Balance sheet asset/(liability)

All monetary amounts shown in US Dollars

Measurement Date	01/01/2023	01/01/2022
A Development of Balance Sheet Asset/(Liability)¹		
1 Accumulated postretirement benefit obligation (APBO)	(37,887,689)	(57,316,062)
2 Fair value of plan assets (FVA) ²	40,197,503	50,189,267
3 Net balance sheet asset/(liability)	2,309,814	(7,126,795)
B Current and Noncurrent Classification³		
1 Noncurrent asset	2,309,814	0
2 Current liability	0	0
3 Noncurrent liability	0	(7,126,795)
4 Net balance sheet asset/(liability)	2,309,814	(7,126,795)
C Accumulated Other Comprehensive (Income)/Loss		
1 Net prior service cost/(credit)	(14,192,388)	(17,285,642)
2 Net loss/(gain)	(56,772,928)	(49,759,061)
3 Accumulated other comprehensive (income)/loss ⁴	(70,965,316)	(67,044,703)
D Assumptions and Dates		
1 Equivalent single discount rate for benefit obligations	5.59%	3.03%
2 Equivalent single discount rate for service cost	5.73%	3.24%
3 Equivalent single discount rate for interest cost	5.43%	2.53%
4 Census date	01/01/2023	01/01/2022

¹ Whether any amounts in this table that differ from those disclosed at year-end must be disclosed in subsequent interim financial statements should be determined.

² Excludes receivable contributions.

³ The current liability (for each underfunded plan) was measured as the discounted value of benefits expected to be paid over the next 12 months in excess of the fair value of the plan's assets at the measurement date.

⁴ Amount shown is pre-tax and should be adjusted by plan sponsor for tax effects.

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2.2 Changes in plan obligations and assets

All monetary amounts shown in US Dollars

Period Beginning	01/01/2023	01/01/2022
A Change in Accumulated Postretirement Benefit Obligation (APBO)		
1 APBO at beginning of prior fiscal year	57,318,082	51,908,127
2 Employer service cost	3,387,431	3,498,330
3 Interest cost	1,415,183	1,051,207
4 Actuarial loss/(gain)	(20,983,283)	2,496,736
5 Plan participants' contributions	848,309	798,126
6 Benefits paid from plan assets	(3,743,501)	(2,119,338)
7 Benefits paid from Company assets ¹	(176,590)	(138,677)
8 Medicare Part D subsidy	0	0
9 Administrative expenses paid ²	(175,922)	(179,449)
10 Plan amendments	0	0
11 Acquisitions/(divestitures)	0	0
12 Curtailments	0	0
13 Settlements	0	0
14 Special/contractual termination benefits	0	0
15 APBO at beginning of current fiscal year	37,887,689	57,318,082
B Change in Plan Assets		
1 Fair value of plan assets at beginning of prior fiscal year	50,189,267	45,596,843
2 Actual return on plan assets	(7,320,650)	5,643,085
3 Employer contributions	400,000	450,000
4 Plan participants' contributions	848,309	798,126
5 Benefits paid	(3,743,501)	(2,119,338)
6 Administrative expenses paid	(175,922)	(179,449)
7 Acquisitions/(divestitures)	0	0
8 Settlements	0	0
9 Fair value of plan assets at beginning of current fiscal year	40,197,503	50,189,267

¹ Net of retiree contributions

² Only if future expense are accrued in APBO through a load on service cost



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2.3 Summary of net balances

All monetary amounts shown in US Dollars

A Summary of Prior Service Cost/(Credit) Bases

Measurement Date Established	Original Amount	Net Amount at 01/01/2023	Remaining Amortization Period	Amortization Amount in 2023	Effect of Curtailments	Other Events
10/03/2013	(97,440)	(1,618)	0.15609	(1,618)	0	0
12/31/2015	(823,872)	(241,927)	2.19005	(83,135)	0	0
10/01/2016	(32,697,299)	(13,948,843)	4.65000	(2,999,753)	0	0
Total		(14,192,388)		(3,084,506)	0	0

All monetary amounts shown in US Dollars

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

Net Amount at 01/01/2023 ¹	Amortization Amount in 2023	Effect of Curtailments	Effect of Settlements	Other Events (Identify)
(56,772,928)	(3,522,228)	0	0	0

¹ Before any immediate recognition on the same date.

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2.4 Development of plan assets for benefit cost

All monetary amounts shown in US Dollars

	Fair Value	Market-Related Value
A Reconciliation of Plan Assets		
1 Plan assets at 12/31/2021	50,189,267	50,189,267
2 Actual return on plan assets	(7,320,650)	(7,320,650)
3 Employer contributions	400,000	400,000
4 Plan participants' contributions	848,309	848,309
5 Benefits paid	(3,743,501)	(3,743,501)
6 Administrative expenses paid	(175,922)	(175,922)
7 Acquisitions/(divestitures)	0	0
8 Settlements	0	0
9 Plan assets at 12/31/2022	40,197,503	40,197,503
B Rate of Return on Invested Assets		
1 Weighted invested assets	48,853,710	
2 Rate of return	(14.985%)	
C Investment Loss/(Gain)		
1 Actual return	(7,320,650)	
2 Expected return	3,642,960	
3 Loss/(gain)	10,963,610	



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2.5 Summary and comparison of benefit cost and cash flows

All monetary amounts shown in US Dollars

Fiscal Year Ending	12/31/2023	12/31/2022
A Total Benefit Cost		
1 Employer service cost	2,047,729	3,387,431
2 Interest cost	1,993,444	1,415,183
3 Expected return on plan assets	(2,944,159)	(3,642,960)
4 Subtotal	1,097,014	1,159,654
5 Net prior service cost/(credit) amortization	(3,084,506)	(3,093,254)
6 Net loss/(gain) amortization	(3,522,228)	(3,005,806)
7 Subtotal	(6,606,734)	(6,099,060)
8 Net periodic postretirement benefit cost/(income)	(5,509,720)	(4,939,406)
9 Curtailment (gain)/loss	0	0
10 Settlement (gain)/loss	0	0
11 Special/contractual termination benefits	0	0
12 Total benefit cost	(5,509,720)	(4,939,406)
B Assumptions (See Appendix A for interim measurements, if any)		
1 Equivalent single discount rate for benefit obligations	5.59%	3.03%
2 Equivalent single discount rate for service cost	5.73%	3.24%
3 Equivalent single discount rate for interest cost	5.43%	2.53%
4 Expected long-term rate of return on plan assets	7.45%	7.45%
5 Census date	01/01/2023	01/01/2022
C Fair Value of Assets at Beginning of Year	40,197,503	50,189,267
D Cash Flows Net of Medicare Part D Subsidy		
	Expected	Actual
1 Employer contributions	1,200,000	400,000
2 Plan participants' contributions	986,454	848,309
3 Benefits paid from Company assets	0	176,590
4 Benefits paid from plan assets	2,235,607	3,743,501
E Amortization Period		
1 For gain/loss amortization, if applicable	14.97722	14.64747

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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		
a Fully eligible	340	346
b Other	788	719
c Total participating employees	1,128	1,065
2 Average age	43.66	44.28
3 Average credited service	9.70	12.00
B Retirees, Surviving Spouses and Surviving Dependents		
1 Medical Plan		
a Retirees	479	445
b Dependents of Retirees	277	270
c Surviving spouses	64	64
2 Life Insurance Plan		
a Number	647	645

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

Plan Sponsor

El Paso Electric Company

Statement of Assumptions

The assumptions disclosed in this Appendix are for the fiscal year 2023 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	5.59%
Equivalent single discount rate for service cost	5.73%
Equivalent single discount rate for interest cost	5.43%

Annual rates of increase

• Consumer Price Index (CPI)	2.50%
• Return on plan assets	7.45% 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	64% of future retirees are assumed to elect the \$1,000 Plan and 36% 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

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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 and gender are shown below:

Percentage assumed to leave during the year		
Attained Age	Males	Females
25	5.0%	6.0%
30	5.0%	6.0%
35	4.0%	6.0%
40	3.0%	6.0%
45	2.0%	4.0%
50	1.0%	2.0%
55+	0.0%	0.0%

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			
Age	Final Average Pay		
	Reduced Early Retirement	Unreduced Retirement	Cash Balance
55	3.0%	5.0%	10.0%
56-59	3.0%	5.0%	10.0%
60	3.0%	10.0%	10.0%
61	3.0%	10.0%	10.0%
62	20.0%	20.0%	20.0%
63	10.0%	10.0%	10.0%
64	10.0%	10.0%	10.0%
65-69	25.0%	25.0%	25.0%
70	100.0%	100.0%	100.0%



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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
2023	6.50%	0.00%
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	\$1,000 Deductible	\$2,250 Deductible
50-54	\$ 8,580	\$ 7,741
55-59	\$ 10,303	\$ 9,295
60-64	\$ 12,750	\$ 11,504

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

Additional Assumptions

Administrative expenses Pre-65 per-adult administrative fee of \$889.65 annually based upon 2023 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 January 1, 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, 2022 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.



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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 1/1/2023 and claims data as of 11/1/2022. 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 2023 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. For the post-65 plan, 2023 trend is set at 0% because the 2023 post-65 premiums are guaranteed to stay flat for 2024. 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. For the post-65 plan, 2023 trend is set at 0% because the 2023 post-65 premiums are guaranteed to stay flat for 2024, and it is expected that participant contributions will remain flat as well. 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 2017-2019 as provided by BCBSTX and EnvisionRx 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. Prescription drug costs were adjusted to reflect improved rebate terms under Express Scripts effective in 2020. 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 2023 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 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 historical experience 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 from 2014 to 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.
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 current retiree enrollment.



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Marital Assumptions: The assumed age and percentage married is 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.

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 APBO discount rate increased from 3.03% as of January 1, 2022 to 5.59% 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 3.24% as of January 1, 2022 to 5.73% 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 2.53% as of January 1, 2022 to 5.43% as of January 1, 2023 to reflect the change in yields on high-quality corporate bonds.

Claim cost trend rates and participation contribution trend rates were updated.

The post-65 per capita costs were updated for 2023 using the methodology described above.

Retiree contribution amounts for 2023 were updated to reflect actual rates provided by El Paso Electric.

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).

