el paso WATER®

Budget Workshop #2
November 4, 2026

Community Budget Meetings and Survey Feedback

Community Budget Meetings

9

EPWATER COMMUNITY MEETINGS

- 8 evening meetings
- 1 morning meeting
- 3 with Spanish translation

191

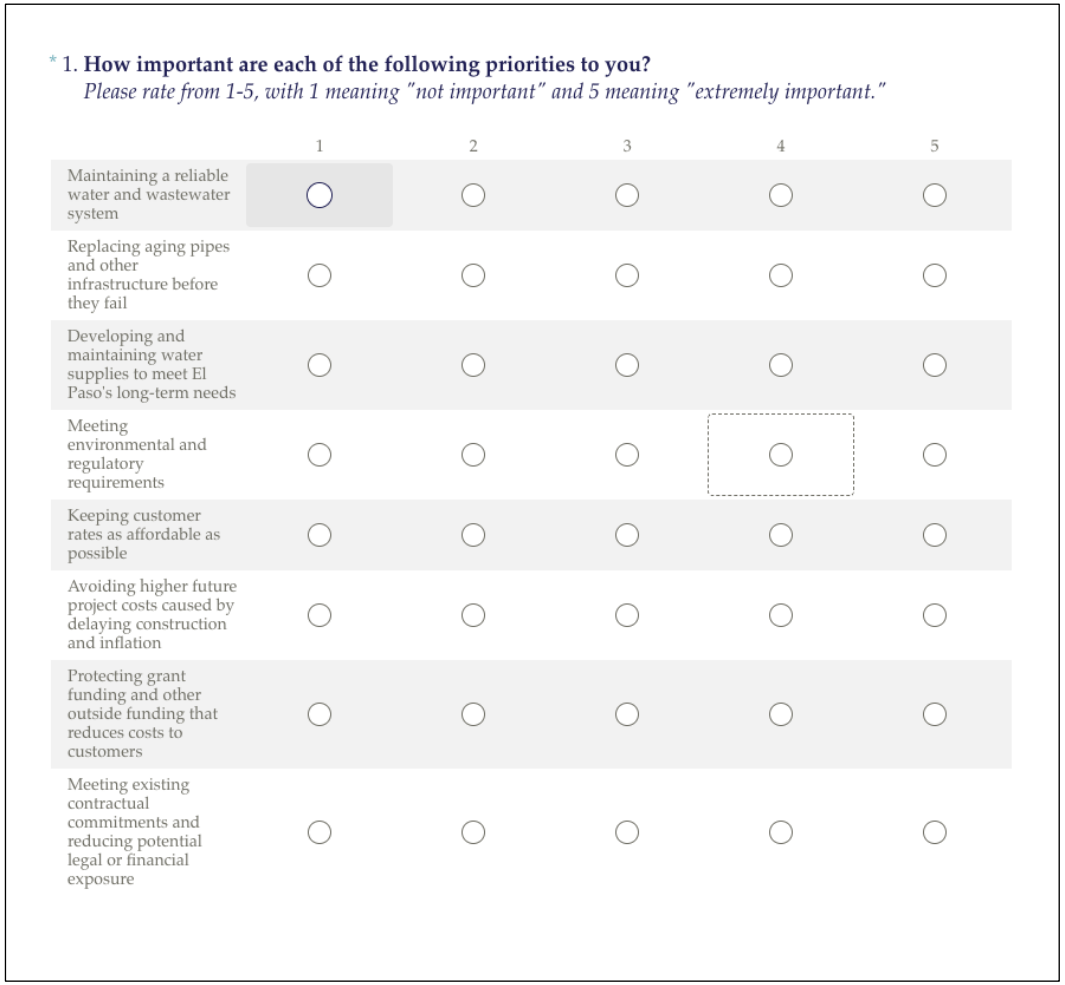
ATTENDEES



MEETING FEEDBACK CARDS

100% checked **"yes"** to the meeting being informative

Survey results



* 1. **How important are each of the following priorities to you?**
Please rate from 1-5, with 1 meaning "not important" and 5 meaning "extremely important."

	1	2	3	4	5
Maintaining a reliable water and wastewater system	○	○	○	○	○
Replacing aging pipes and other infrastructure before they fail	○	○	○	○	○
Developing and maintaining water supplies to meet El Paso's long-term needs	○	○	○	○	○
Meeting environmental and regulatory requirements	○	○	○	○	○
Keeping customer rates as affordable as possible	○	○	○	○	○
Avoiding higher future project costs caused by delaying construction and inflation	○	○	○	○	○
Protecting grant funding and other outside funding that reduces costs to customers	○	○	○	○	○
Meeting existing contractual commitments and reducing potential legal or financial exposure	○	○	○	○	○

122

RESPONSES

- Most city zip codes represented
- Residential and commercial customers represented (80/20)
- Responses received from meeting participants and from online social media promotion
- Self-selected sample – not a representative sample of all customers

What matters most to participants

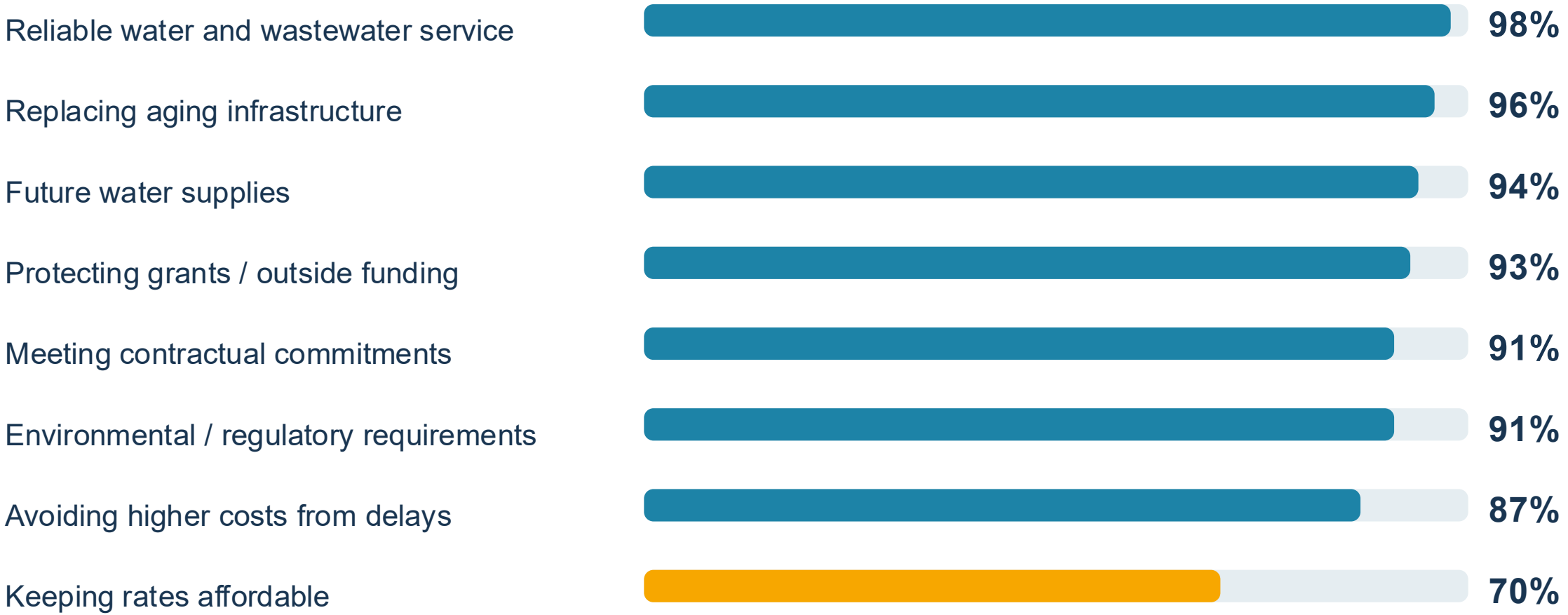
Share rating each priority “extremely important” (5 of 5)



Source: Community budget meeting survey (latest responses) | Self-selected participants; not a representative customer sample

What matters most to participants

Share rating each priority **extremely important (5) or very important (4)**



Source: Community budget meeting survey (latest responses) | Ratings 4 + 5; rounded figures | Self-selected participants

Views on rates and investment

Which statement comes closest to your view about customer rates?

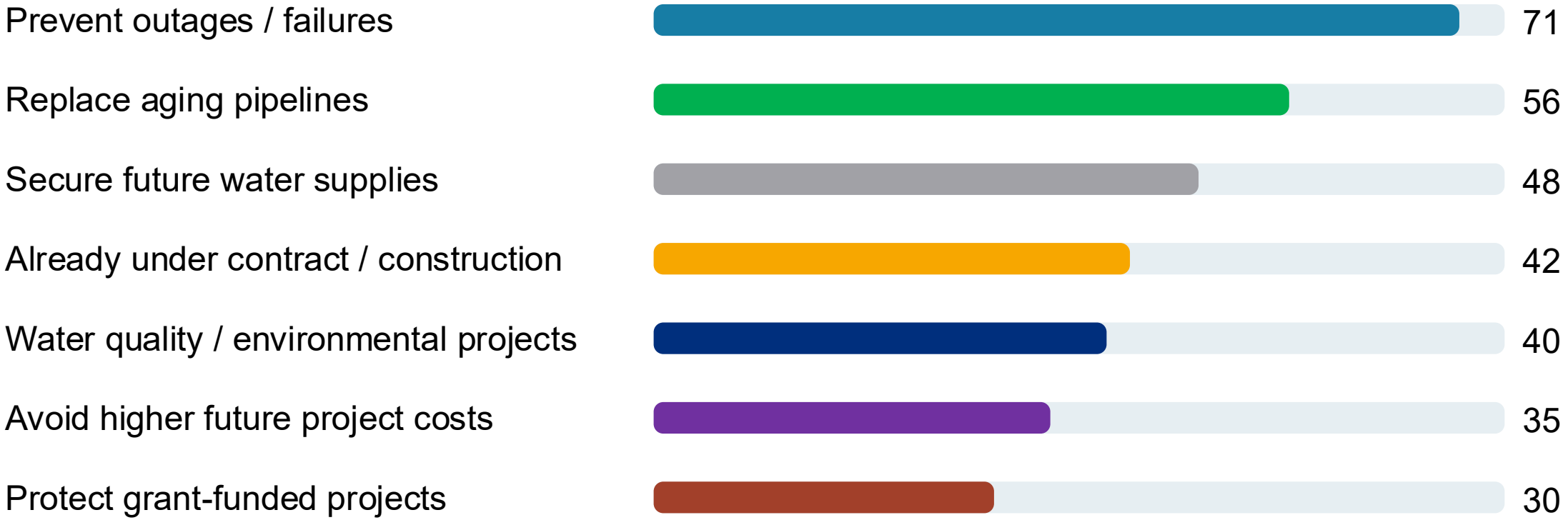


58% selected a response accepting higher near-term rates to reduce risks or accelerate infrastructure replacement.

Source: Community budget meeting survey (revised rate responses) | Self-selected participants; not a representative customer sample

Where participants would protect investment

When funding is reduced, respondents could select up to three priorities



Board takeaway: Reliability, aging pipelines and future water supplies are the top three investments respondents would protect.

Source: Community budget meeting survey (latest responses) | Self-selected participants; not a representative customer sample

Three recurring themes - questions/comments

- **Rate equity:** Reassurance that commercial and industrial customers are paying their fair share; questions about data centers; questions around raising impact fees for developers and not wanting residential customers to disproportionately shoulder the cost burden.

- **Cost of inaction:** Questions on longer-term financial implications of delaying projects, including debt obligations, higher costs, impacts on future development and growth.

- **Inflation/cost escalation:** Questions on why construction costs are rising so much, how El Paso Electric rate increases are impacting water rates; whether a growing customer base could help counter continued increases.

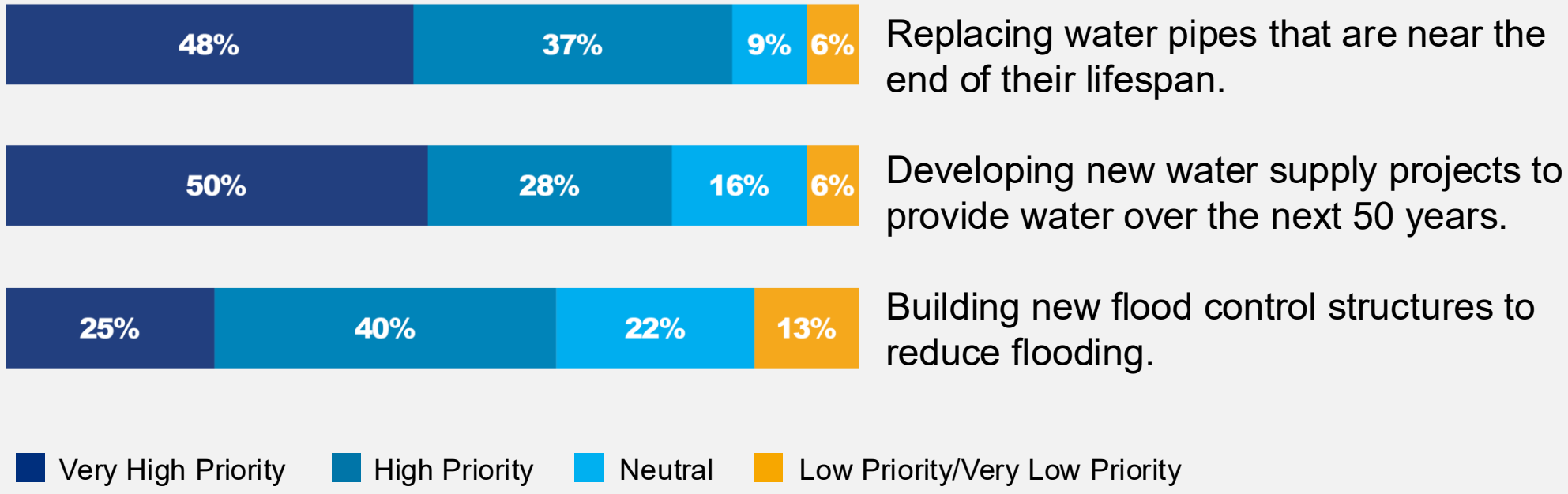
Highlights from 2026 Customer Survey

Based on 500 Surveys

+/- 4.4% precision at 95% level of confidence

Customer – Top three priorities

Question: *Please rate how high of a priority each of the following projects should be.*

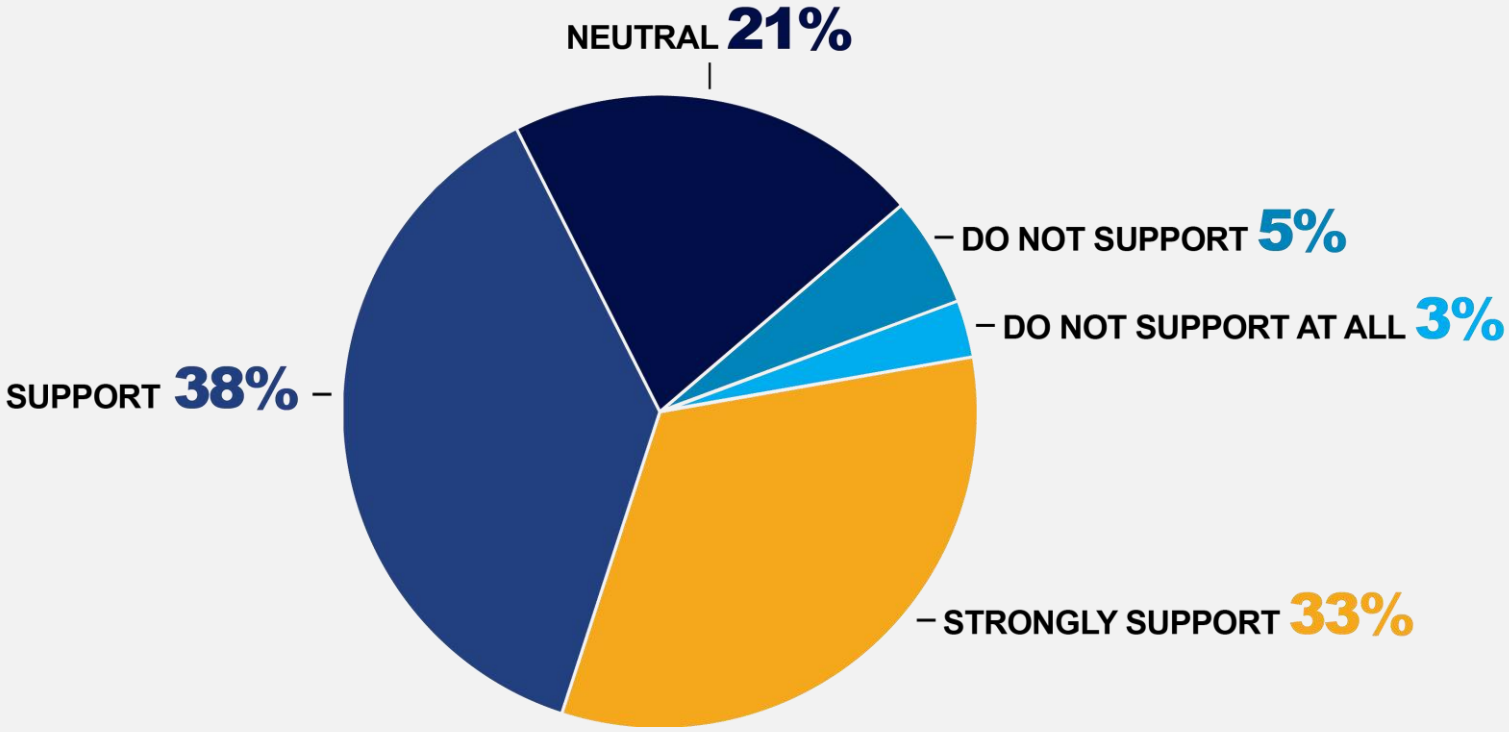


Broad support for Pure Water Center

Question: *El Paso Water is building the innovative Pure Water Center, which will use several advanced treatment processes to purify recycled wastewater and send the clean, safe drinking water to homes and businesses. Is this something that you generally support?*

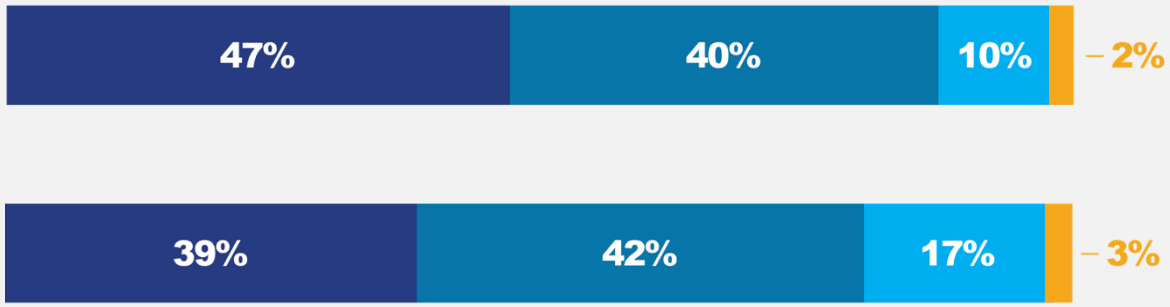
71%

Support/Strongly Support the PWC



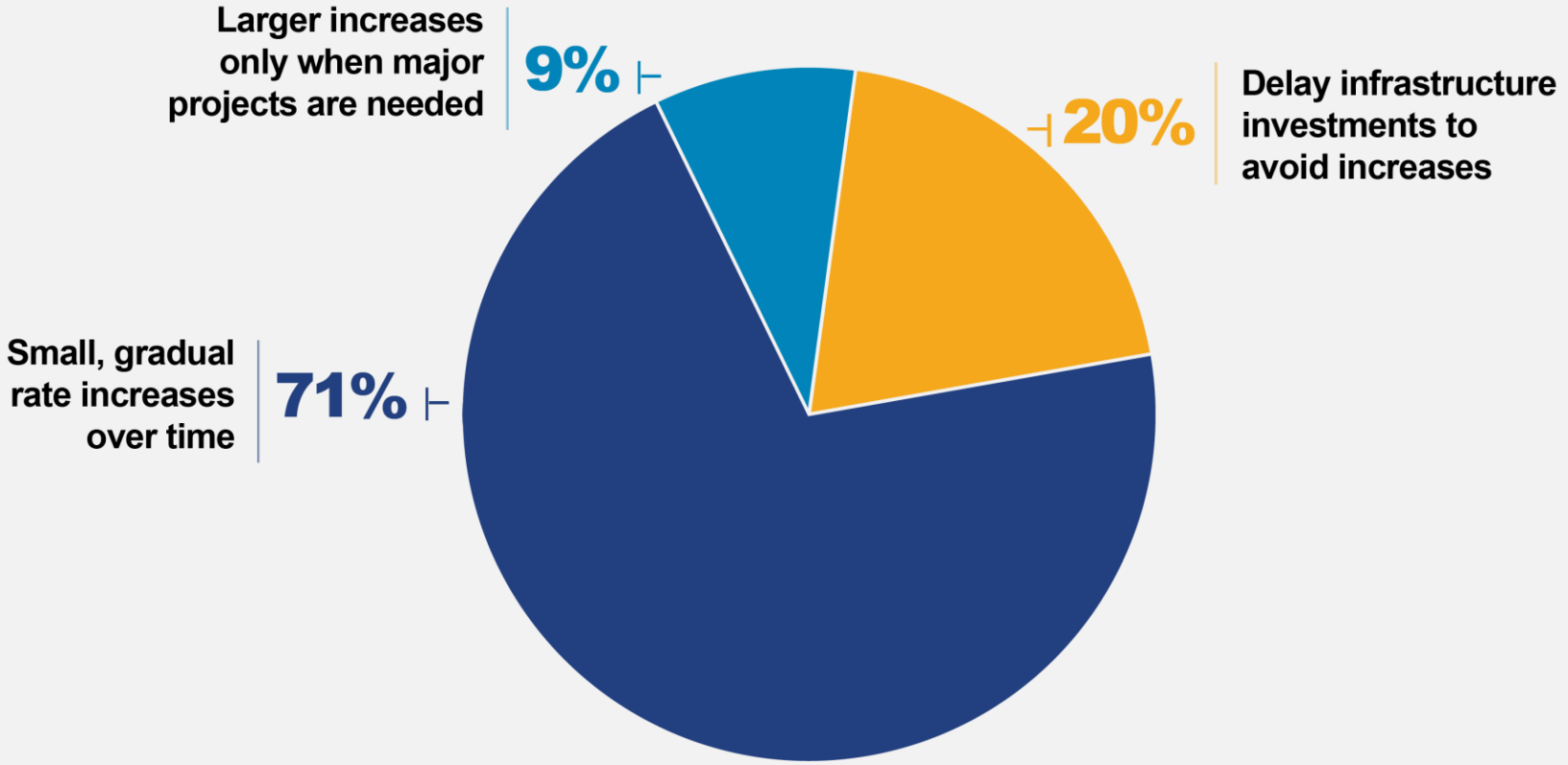
Recognition of need to invest in reliability

Question: *Please rate your level of agreement with each of the following statements.*



Rate preferences

Question: *Of additional investments that are needed to maintain reliable water service, which ONE of the following would you most prefer?*

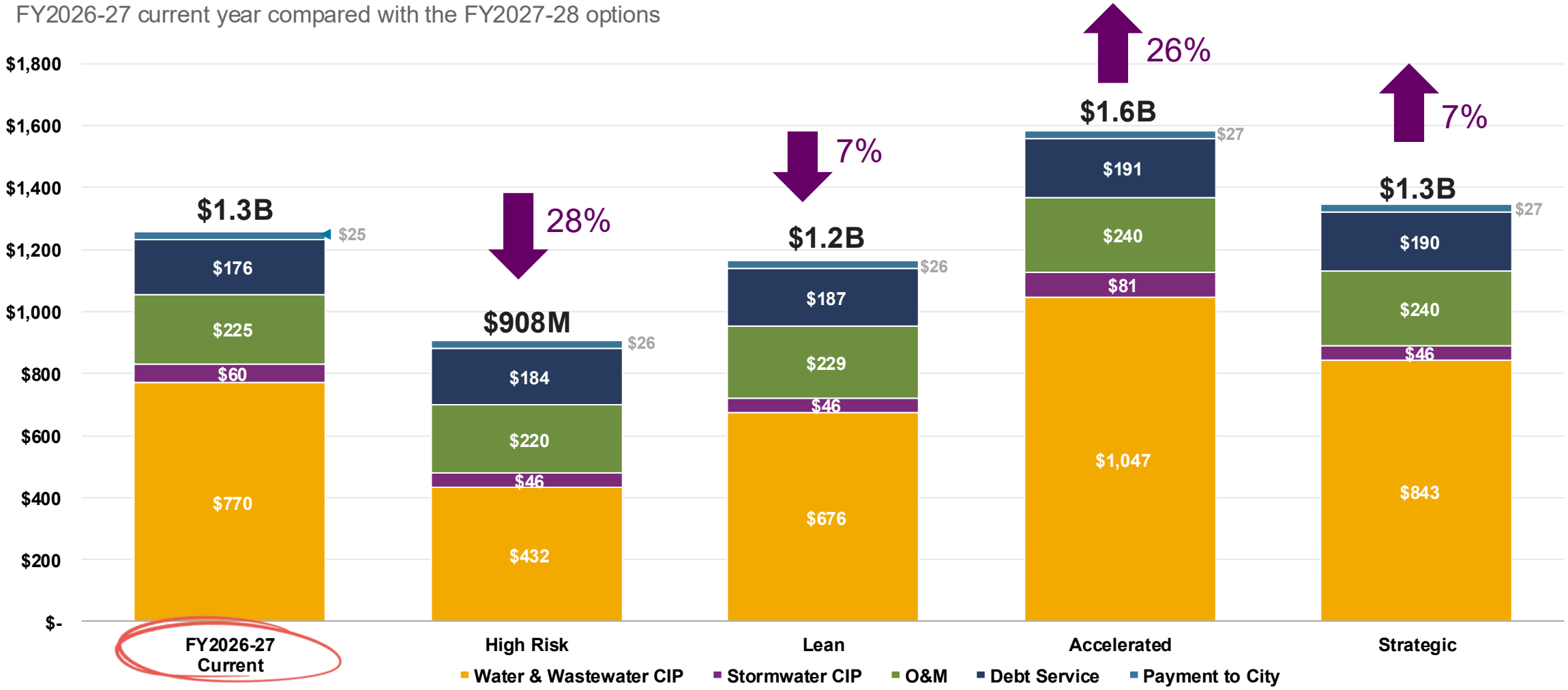


Questions and Answers

Budget and Rate Proposals for Four Scenarios

Combined Budgets – Adjusted to hold Debt Service steady

FY2026-27 current year compared with the FY2027-28 options



Amounts in millions. Totals include CIP, O&M, debt service, and City payments.

Five-year Outlook Budgets and Rates

High Risk Water and Wastewater

High Risk						
Fiscal Year	**FY2026-27**	**FY2027-28**	**FY2028-29**	**FY2029-30**	**FY2030-31**	**FY2031-32**
Operating	236,243	232,778	244,361	256,202	269,208	283,499
CIP	770,461	431,826	330,709	347,485	388,632	407,531
Debt Service	152,643	162,884	170,956	173,336	182,757	198,453
Total	**1,159,347**	**$827,488**	**$746,026**	**$777,023**	**$840,597**	**$889,483**
Total Water & Wastewater Bill	**$46.62**	**$48.36**	**$54.80**	**$56.57**	**$58.21**	**$60.87**
Increase		**$1.74**	**$6.44**	**$1.77**	**$1.65**	**$2.65**

Lean Water and Wastewater

Lean						
Fiscal Year	**FY2026-27**	**FY2027-28**	**FY2028-29**	**FY2029-30**	**FY2030-31**	**FY2031-32**
Operating	236,243	242,003	255,341	277,667	293,674	308,612
CIP	770,461	675,772	545,653	545,511	449,239	420,580
Debt Service	152,643	165,963	189,167	208,850	232,339	252,810
Total	**1,159,347**	**$1,083,738**	**$990,161**	**$1,032,028**	**$975,252**	**$982,002**
Total Water & Wastewater Bill	**$46.62**	**$50.45**	**$58.58**	**$64.25**	**$68.97**	**$74.17**
Increase		**$3.83**	**$8.14**	**$5.66**	**$4.73**	**$5.19**

Strategic Water and Wastewater

Strategic						
Fiscal Year	**FY2026-27**	**FY2027-28**	**FY2028-29**	**FY2029-30**	**FY2030-31**	**FY2031-32**
Operating	236,243	252,782	267,728	291,368	308,225	324,720
CIP	770,461	842,682	750,121	682,708	575,568	519,077
Debt Service	152,643	169,476	205,562	239,423	274,417	303,018
Total	**1,159,347**	**$1,264,940**	**$1,223,411**	**$1,213,499**	**$1,158,210**	**$1,146,815**
Total Water & Wastewater Typical Bill	**$46.62**	**$52.08**	**$61.37**	**$70.95**	**$78.87**	**$86.41**
Increase		**$5.46**	**$9.29**	**$9.54**	**$7.96**	**$7.54**

Accelerated Water and Wastewater

Accelerated						
Fiscal Year	**FY2026-27**	**FY2027-28**	**FY2028-29**	**FY2029-30**	**FY2030-31**	**FY2031-32**
Operating	236,243	253,047	268,556	294,785	313,514	331,752
CIP	770,461	1,046,682	954,121	886,708	779,568	723,077
Debt Service	152,643	170,005	220,689	269,566	320,434	363,272
Total	**1,159,347**	**1,469,734**	**1,443,366**	**1,451,059**	**1,413,516**	**1,418,101**
Total Water & Wastewater Bill	**$46.62**	**$53.24**	**$62.58**	**$74.41**	**$84.60**	**$93.90**
Increase		**$6.62**	**$9.34**	**$11.83**	**$10.19**	**$9.31**

Stormwater Strategic

Five-year financial statements, FY2028–FY2032; amounts in $1,000.

Strategic						
Fiscal Year	**FY2026-27**	**FY2027-28**	**FY2028-29**	**FY2029-30**	**FY2030-31**	**FY2031-32**
Operating	13,636	13,485	14,159	14,867	15,610	16,391
CIP	60,188	46,464	47,012	37,270	51,835	43,938
Debt Service	23,497	20,842	21,057	21,938	23,471	25,994
Total	**97,321**	**80,791**	**82,228**	**74,075**	**90,916**	**86,323**
Total Stormwater Bill	**$7.42**	**$7.42**	**$7.87**	**$8.02**	**$8.58**	**$9.18**
Increase	**-**	**-**	**$0.45**	**$0.16**	**$0.56**	**$0.60**

FY2028 is Proposed; FY2029–FY2032 are Projected. Amounts shown in $000.

Stormwater Accelerated

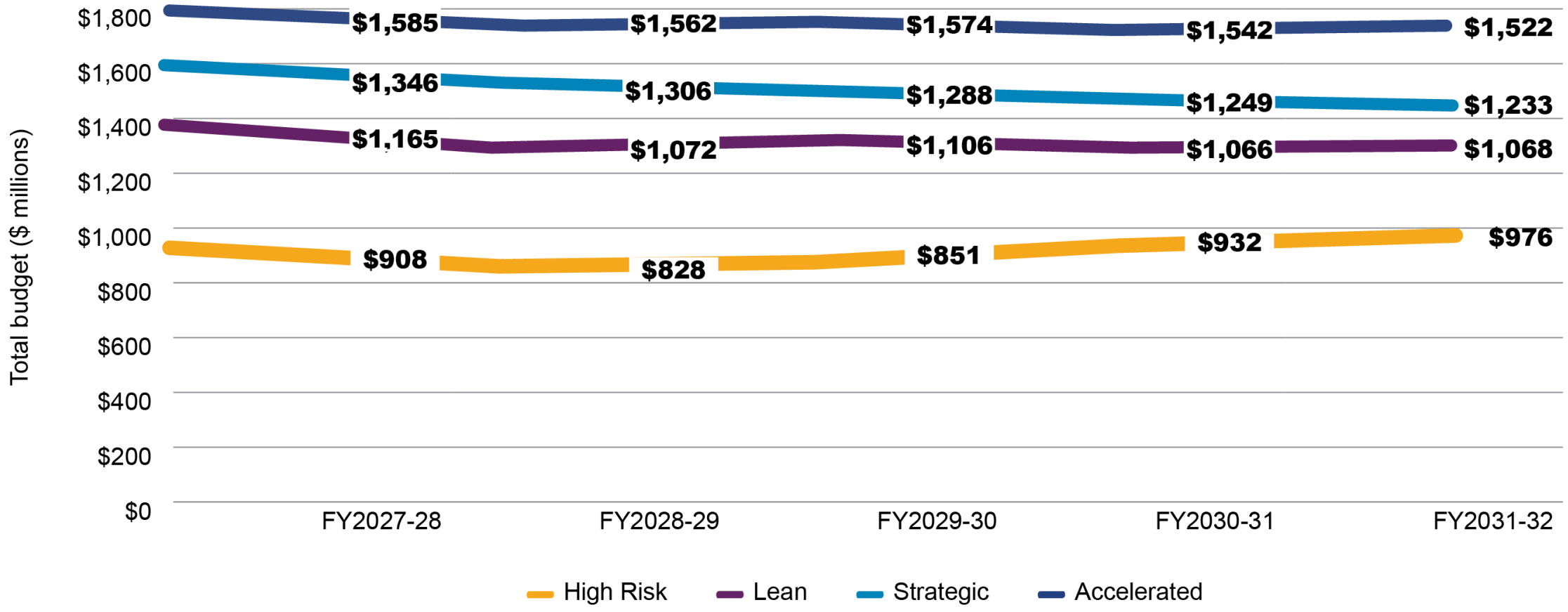
Five-year financial statements, FY2028–FY2032; amounts in $1,000.

Accelerated						
Fiscal Year	**FY2026-27**	**FY2027-28**	**FY2028-29**	**FY2029-30**	**FY2030-31**	**FY2031-32**
Operating	13,636	13,485	14,159	14,867	15,610	16,391
CIP	60,188	81,200	80,500	80,500	80,500	80,500
Debt Service	23,497	20,842	23,690	27,420	32,385	36,937
Total	**97,321**	**115,527**	**118,349**	**122,787**	**128,495**	**133,828**
Total Stormwater Bill	**7.42**	**$7.57**	**$8.25**	**$9.16**	**$10.44**	**$11.80**
Increase		**$0.15**	**$0.68**	**$0.91**	**$1.28**	**$1.36**

FY2028 is Proposed; FY2029–FY2032 are Projected. Amounts shown in $000.

Five-Year Combined Budget Projection

FY2028–FY2032 combined budget totals; amounts in $ millions.



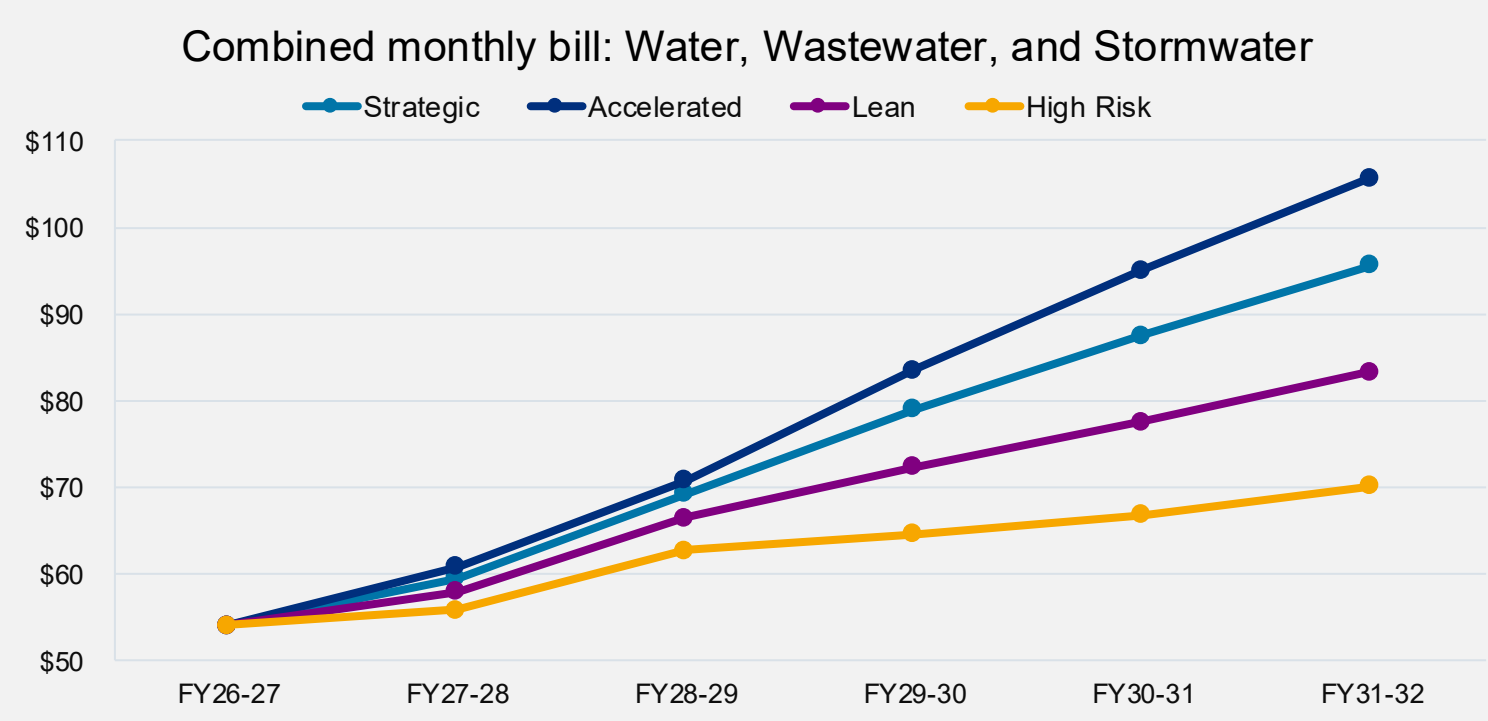
Total includes Operating, CIP, Payment to City, and Debt Service.

Rate impacts to customers

FY27-28 Residential Total Bill

	Monthly water use	*Current*	High Risk	Lean	Accelerated	Strategic
Very Low -	1CCF 748 gallons	$40	$40	$42	$44	$43
Typical/Low -	4 CCF 2,992 gallons	$54	$56	$58	$61	$59
Moderate -	5CCF 3,740 gallons	$76	$78	$81	$85	$83
High -	20 CCF 14,960 gallons	$191	$193	$196	$203	$200

Monthly Total Bill Projections – Typical Customer (4 CCF)



Scenario	FY26-27	FY27-28	FY28-29	FY29-30	FY30-31	FY31-32
Strategic	$54.04	$59.50	$69.24	$78.95	$87.47	$95.60
Accelerated	$54.04	$60.80	$70.82	$83.56	$95.03	$105.70
Lean	$54.04	$57.87	$66.45	$72.27	$77.56	$83.35
High Risk	$54.04	$55.78	$62.67	$64.60	$66.80	$70.05

Bills exclude the Water Supply Replacement Charge. Operational impacts reflect current planning assumptions.

Non-Residential High Risk

Customer Class	Water use CCF	Water	Wastewater	Stormwater	Total Current Bill	Total Proposed Bill	Increase
Commercial (Dealership)	51	$378	$438	$1,193	$2,009	**$2,031**	+ $22
Institutional (Healthcare)	3,355	$13,703	$10,591	$250	$24,543	**$25,073**	+ $530
Very Large Water User	14,745	$87,646	$52,839	$1,310	$141,795	**$144,437**	+ $2,642

Non-Residential Lean

Customer Class	Water use CCF	Water	Wastewater	Stormwater	Total Current Bill	Total Proposed Bill	Increase
Commercial (Dealership)	51	$378	$438	$1,193	$2,009	**$2,057**	+ $48
Institutional (Healthcare)	3,355	$13,703	$10,591	$250	$24,543	**$25,708**	+ $1,165
Very Large Water User	14,745	$87,646	$52,839	$1,310	$141,795	**$147,607**	+ $5,812

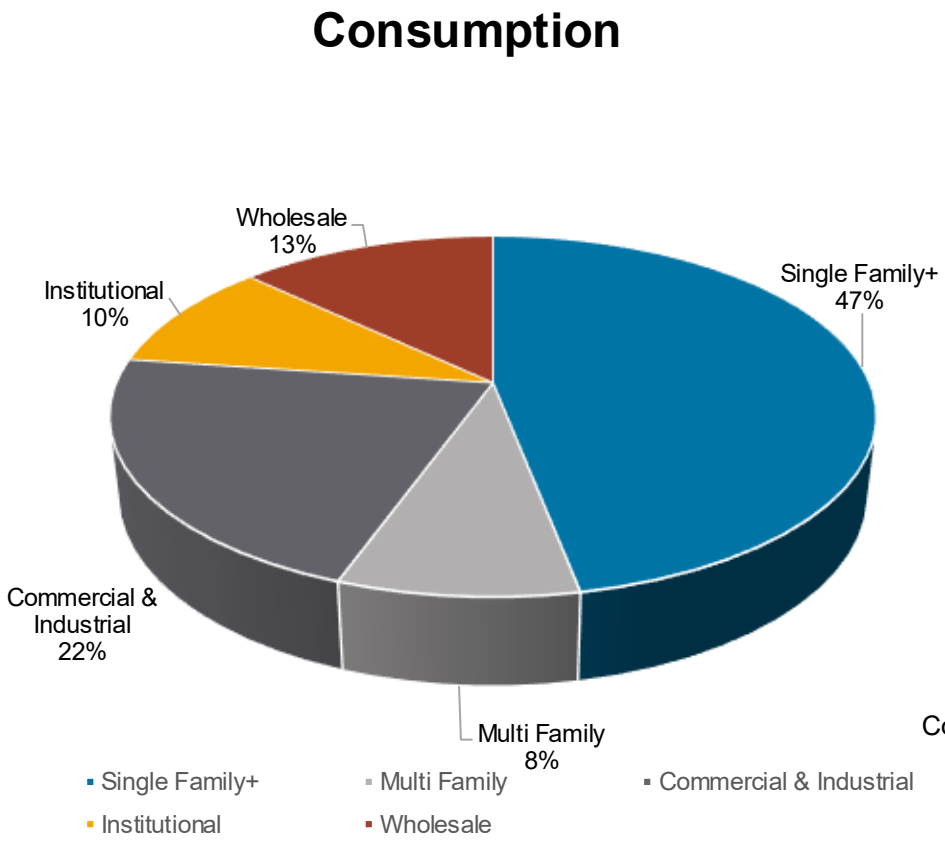
Non-Residential Strategic

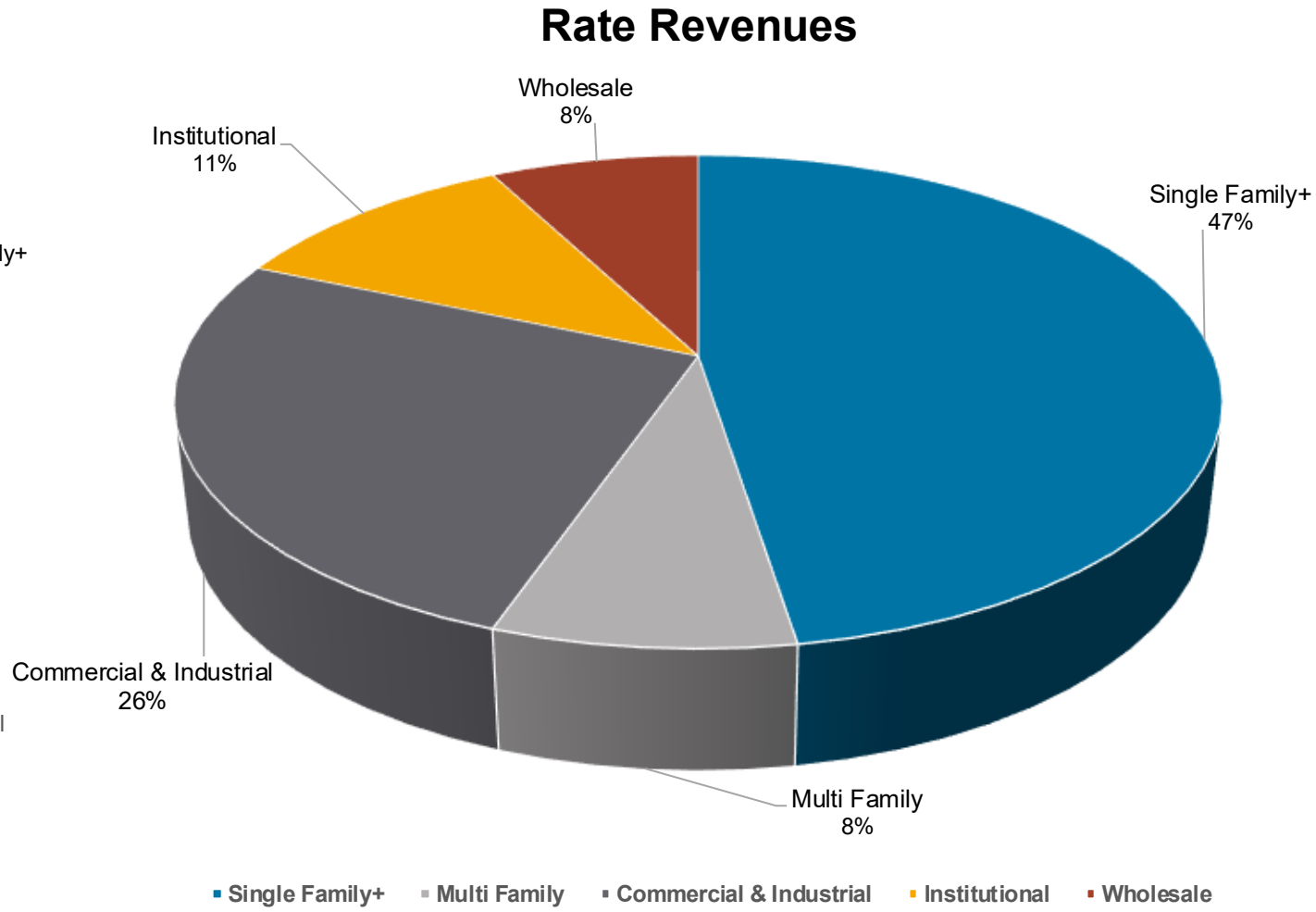
Customer Class	Water use CCF	Water	Wastewater	Stormwater	Total Current Bill	Total Proposed Bill	Increase
Commercial (Dealership)	51	$378	$438	$1,193	$2,009	**$2,082**	+ $73
Institutional (Healthcare)	3,355	$13,703	$10,591	$250	$24,543	**$26,406**	+ $1,863
Very Large Water User	14,745	$87,646	$52,839	$1,310	$141,795	**$151,474**	+ $9,679

Non-Residential Accelerated

Customer Class	Water use CCF	Water	Wastewater	Stormwater	Total Current Bill	Total Proposed Bill	Increase
Commercial (Dealership)	51	$378	$438	$1,193	$2,009	**$2,123**	+ $114
Institutional (Healthcare)	3,355	$13,703	$10,591	$250	$24,543	**$26,866**	+ $2,322
Very Large Water User	14,745	$87,646	$52,839	$1,310	$141,795	**$153,961**	+ 12,166

Equity: Revenues by sector similar to consumption

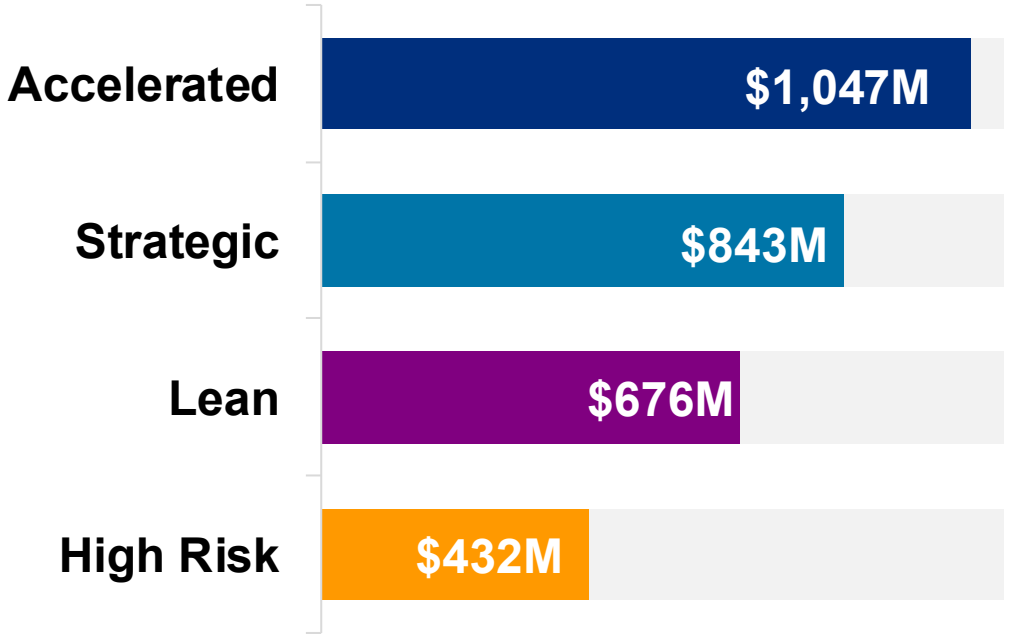




Specific Project Impacts for Scenarios

Capital Investment Alternatives FY2027-28

Water and Wastewater



Stormwater



Impacted Projects - Water

Status	Project Name	Project Purpose	Grant Amt	Construction Start Year	Lean FY27/28	High Risk FY27/28	Accelerated FY27/28
Construction	Pure Water Center (CMAR)	New Water Supply	$23M	2024		($94M)	
Awarded	Pure Water Center Well Flow Lines (IF)	New Water Supply		2026	($1M)	($1M)	
Design	Pure Water Center Well Equipping (IF)	New Water Supply		2027	($1M)	($1M)	
Design	Nevins & Paisano Transmission Main Flow Meters	Improve monitoring of waterflow		2026	($2M)	($2M)	
Awarded	NE Water and Wastewater Utility PS & Tank Imp. (CMAR)	Growth and Redundancy		2026		($7M)	
Awarded	NE Water and Wastewater Utility WL Improvements (CMAR)	Growth and Redundancy		2026		($5M)	
Design	Heath de Leon from PS to Festival Tank 30" Waterline	Connect new PS to system		2026	($10M)	($10M)	
Bidding	McCombs 30" Well Collector Replacement	Replacement of aging infrastructure	$12.7M	2026	($16M)	($16M)	
Design	Mills Annex Rehabilitation	Logistical – Improve Operational Response		2026	($8M)	($8M)	
Bidding	KBH RO Skid 6 Expansion	Growth and Redundancy	$6.6M	2026	($8M)	($8M)	
Design	Well Equipping (12 Wells) - Package B	Water Supply		2027	($3M)	($3M)	
Design	Montana Ave. Waterline Imp Ph II (Cotton to Noble)	Replacement of deteriorated pipe		2027	($6M)	($6M)	
Design	Ascarate 24"- 8" Reclaimed Pipe Rehabilitation	Replacement of deteriorated pipe		2027	($2M)	($2M)	
Design	Esperanza Elevated Storage Tank (0.3 MG)	Additional Storage		2027	($7M)	($7M)	
Design	Large Diameter Pipe Replacement	Replacement of deteriorated pipe		2027			$150M
			$42.3M		**($64M)**	**($170M)**	**$150M**

Impacted Projects – Wastewater

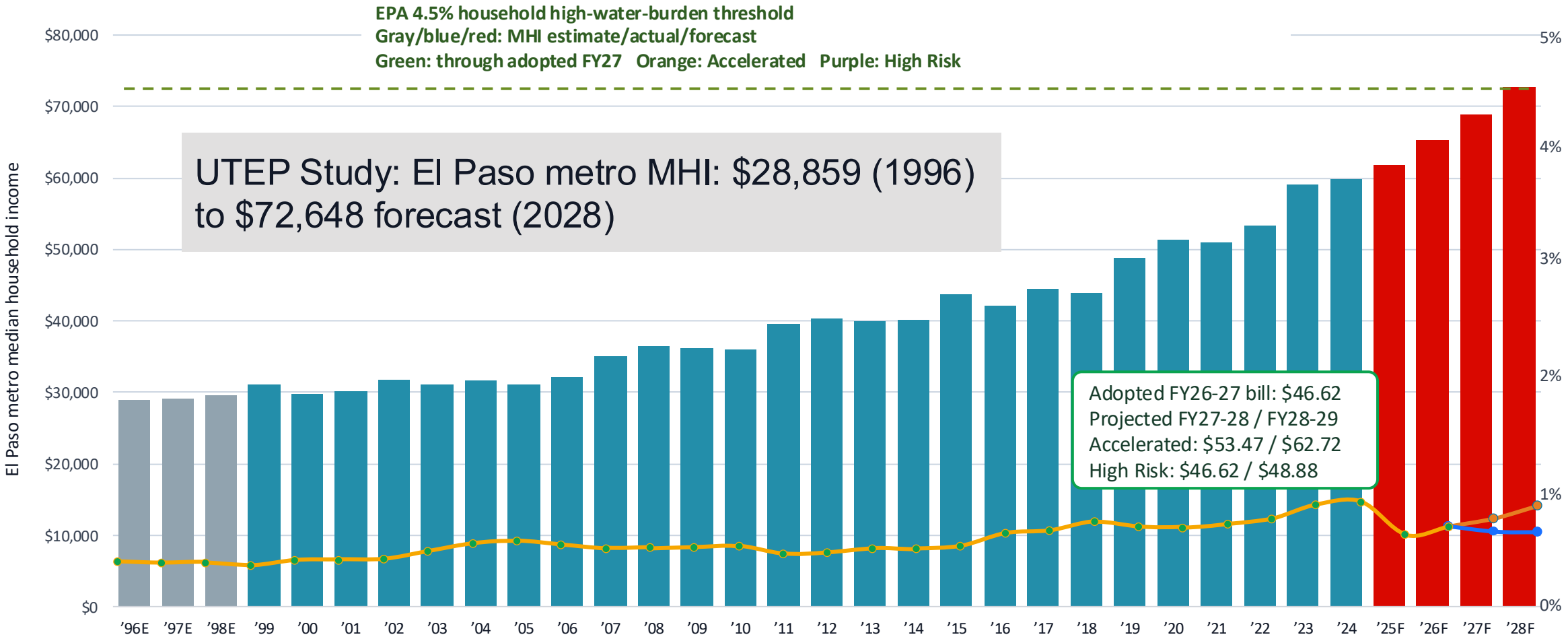
Status	Project Name	Project Purpose	Grant Amt	Construction Start Year	Lean Delay FY27/28	High Risk Delay FY27/28	Accelerated FY27/28
Construction	Village Lift Station & SL Improvements	Replace failed LS (Temporary in Use)		2026	($9M)		
Construction	Frontera Force 42" Main Rehab Phase 4	Redundancy		2026	($13M)		
Construction	RRBWWTP Plant Expansion (CMAR)	Regulatory – Capacity		2026		($179M)	
Awarded	South Cotton St. 12" Sewer Main	Encroachment Removal		2026	($2M)	($2M)	
Bidding	Rene Street 21" Sewer Interceptor	New Development		2026	($6M)	($6M)	
Prep to Bid	HRSWWTP Improvements (CMAR) - GMP 5-9	Increase organic treatment capacity		2026	($25M)	($25M)	
Prep to Bid	Canutillo Vacuum Pits Removal - Phase 3	Obsolete sewer system		2026	($7M)		
Prep to Bid	Canutillo Bosque Regional 5.2MGD Lift Station	Growth, Upsizing LS		2026	($6M)	($6M)	
Design	Montana Avenue 21" Sewer Main Replacement Phases II (Cotton to Noble)	Replacement of deteriorated pipe		2027	($2M)		
Design	FHWRP Solar System	Renewable Energy	$4.9M	2027	($6M)		
Design	Alfalfa Lift Station Rehab and 6MGD Upgrade (HRS CMAR GMP6)	Rehab deteriorating infrastructure		2027	($8M)	($8M)	
Design	Frontera Lift Station Improvements	Rehab deteriorating infrastructure		2027	($1M)		
Design	Large Diameter Pipe Replacement	Replacement of deteriorated pipe		2027			$50M
			$4.9M		**($85M)**	**($226M)**	**$50M**

Impacted Projects - Stormwater

Status	Project Name	Grant Amount	Construction Start Year	Accelerated FY27/28
Design	Palisades Stormwater System		2030	$10.9M
Design	Denver Dam Improvements (No. 9)		2029	$5.8M
Design	Yarbrough Channel Reconstruction		2038	$2.0M
Design	Dam 8 Murchison Dam		2030	$8.9M
Planning	*Advance Design for Various Projects*			
	▪ Diana Ditch – Alps, Atlas, Hercules, & Tetons Pond			$3.4M
	▪ Bassett Stormwater Improvements			$3.0M
				$34.0M

Affordability Program Considerations

Projected typical bill remains below 1.1% of Median Household Income (MHI) through 2028



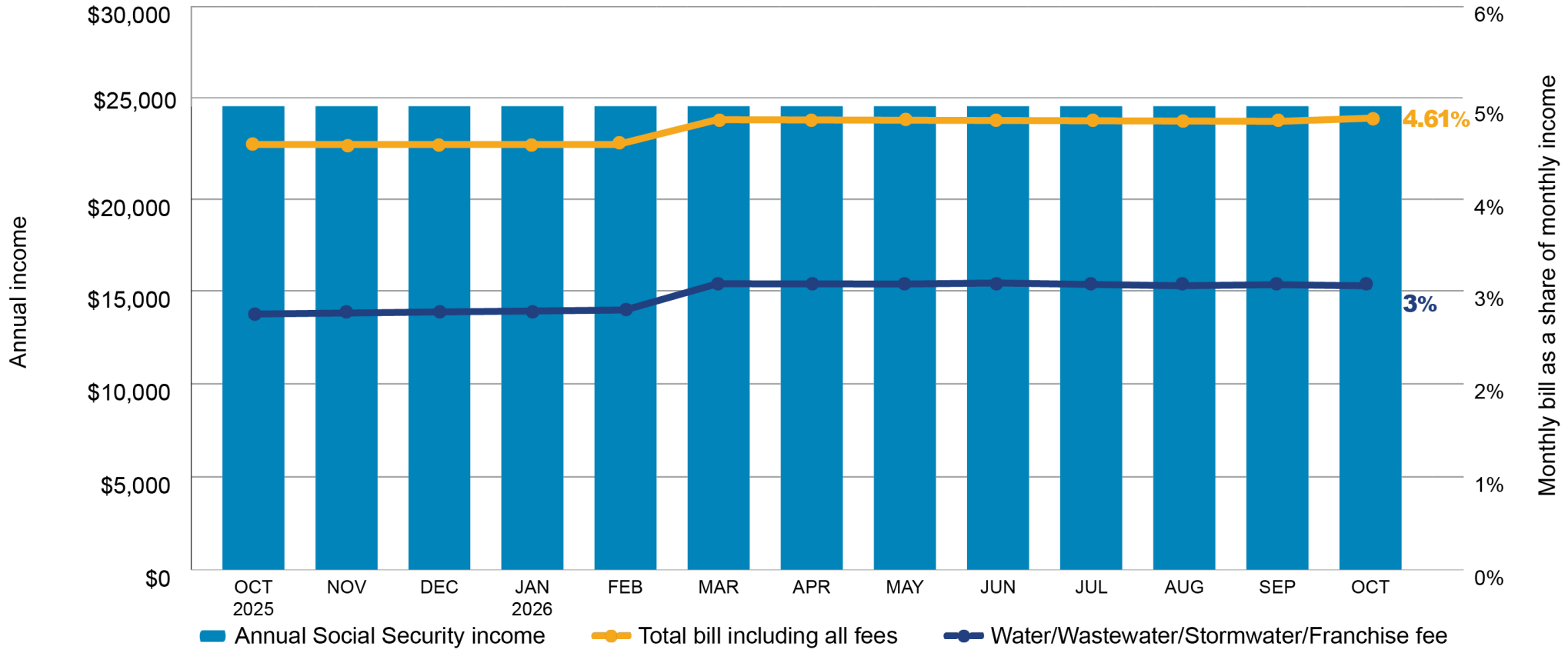
Income bars use calendar years. Rate years appear directly below the four forecast MHI years.

EPA's 4.5% threshold is a household-level high-water-burden benchmark, not a utility-wide affordability standard. At the 2026 base, the modeled W/WW bill would need to increase from $46.62 to approximately $244.77 (about 425%) to equal 4.5% of forecast MHI.

Water will burden those on Social Security income

$2,047 per month | $24,564 annual income

Latest total bill: $94.28 = 4.61% of income



Income is held constant at $2,047/month across all billing months; historical benefit amounts were not supplied.
Source: supplied billing history, October 2025 – October 2026. Total bill includes all fees; wastewater is not separately identified.

New proposed affordability option



Senior Discount

For 70+ low water users

AguaCares: Consideration of cap increase

aguacares

$300

PROPOSED CAP

- **$250** current cap
- **$300** proposed cap

Pro

- Adjustment for inflation of water bill over time

Con

- Fewer customers assisted

  (*Max of ~333 customers vs. ~400 helped – based on est. 100K annual funding)*

Guidance welcomed. Any change requires a resolution to be considered at the January 2027 PSB meeting.

Budget and Rates: Next Steps

Timeline – Required Steps

PSB Selects Budget/Rate Options

1. Water/Wastewater
2. Stormwater

Three required published notices

30 days before final vote on stormwater budget/rate proposal

Opportunity for Public Comment

on Final Budget/Rate Option

Preparation of Rules & Regulation changes

for January Board consideration

FY2027-2028 Upcoming meetings

- **Budget Workshop #2** 6:00 p.m.
  Wednesday, November 04, 2026
- **Regular PSB Meeting** 8:30 a.m.
  Tuesday, November 10, 2026
- **Regular PSB Meeting** 8:30 a.m.
  Wednesday, December 8, 2026
- **Regular PSB Meeting** 8:30 a.m.
  Wednesday, January 13, 2027
  - Approve and adopt: budgets | rate adjustments | Rules and Regulations

Requesting PSB Option Selections

Water and Wastewater

FY27-28	High Risk	Lean	Strategic	Accelerated
Total Budget	827,488	1,083,738	1,264,940	1,469,734
New Rate (4 CCF)	48.36	50.45	52.08	53.24
Increase	$1.74	$3.83	$5.46	$6.62

Projected Budget amounts shown in $000.

Stormwater

FY27-28	Strategic	Accelerated
Total Budget	80,791	115,527
New Rate	7.42	7.57
Increase	$0	$.15

Projected Budget amounts shown in $000.

Action Requested



Select the budget option for **Water/Wastewater** to be considered at the January PSB meeting.

- High Risk
- Lean
- Strategic
- Accelerated



Select the budget option for **Stormwater** to be considered at the January PSB meeting.

- Strategic
- Accelerated