



Public Service Board Meeting November 20, 2025

Meeting will begin shortly

Mission: Provide sustainable high quality water services

Vision: Trusted by our customers and recognized as an international model
for water resource innovation



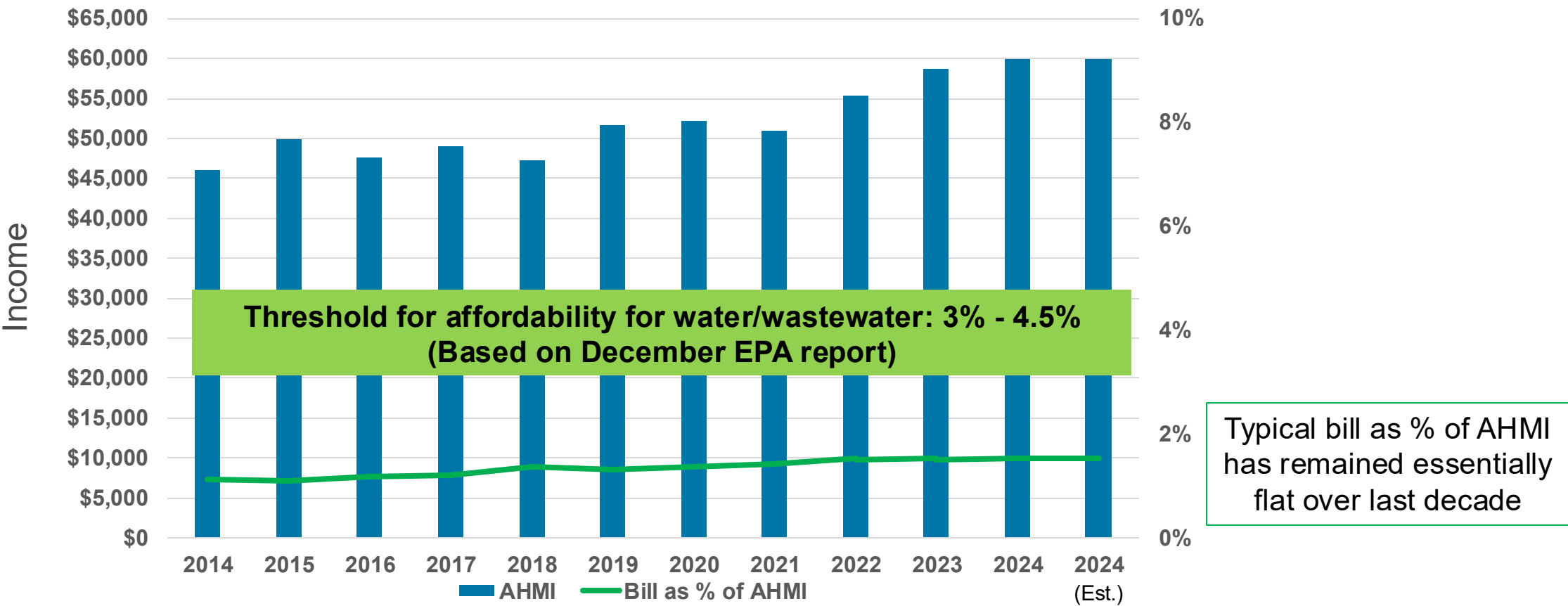
Budget and Rate Workshop for FY2026-27

November 20, 2025

Agenda

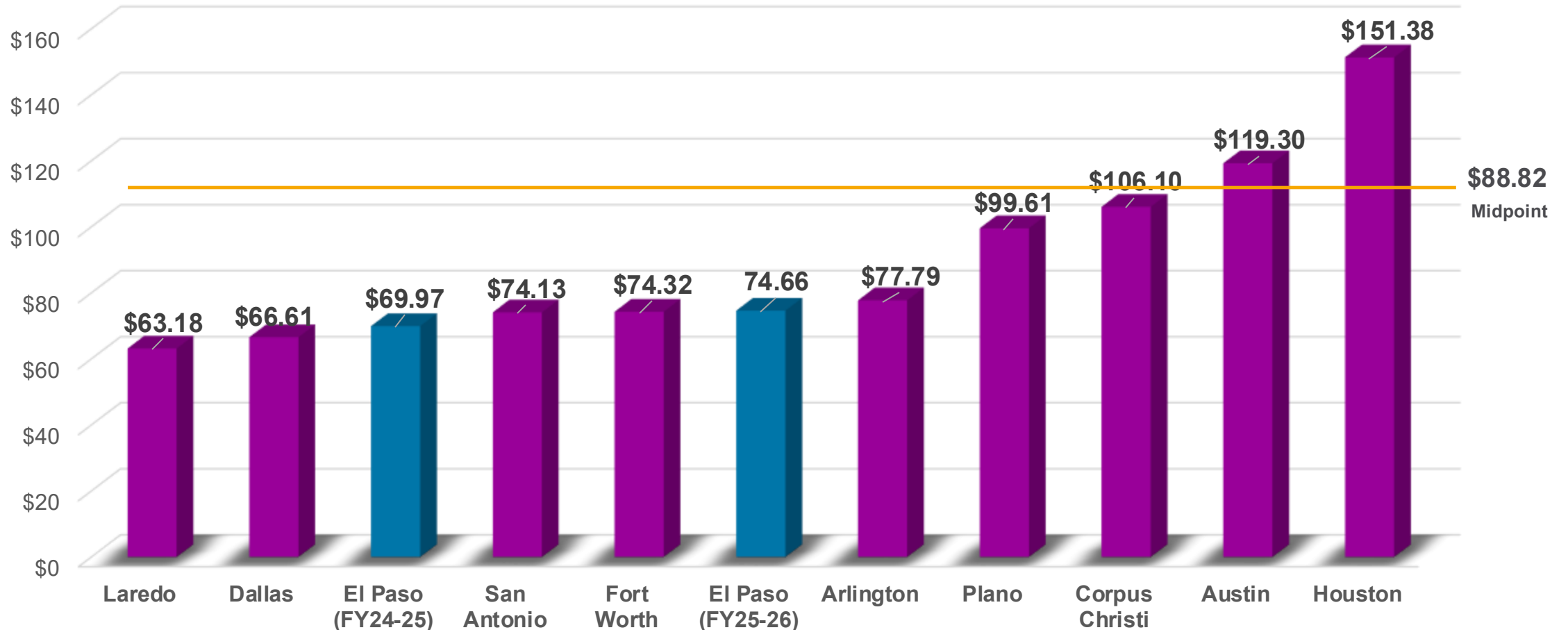
- Overview and Context
- Water and Wastewater Budget
 - Capital Improvements
 - O&M Budget
 - FY2026-27 Recommended Water and Wastewater Rates
- Stormwater Budget
 - Capital Improvements
 - O&M Budget
 - Rate update
- Total Combined Proposed Bill
- Reducing Impact to Customers
- Proposed Changes to Rules and Regulations

As incomes have increased, water and wastewater rates have stayed mostly flat as a percentage of income



Average Residential Water and Wastewater Bill

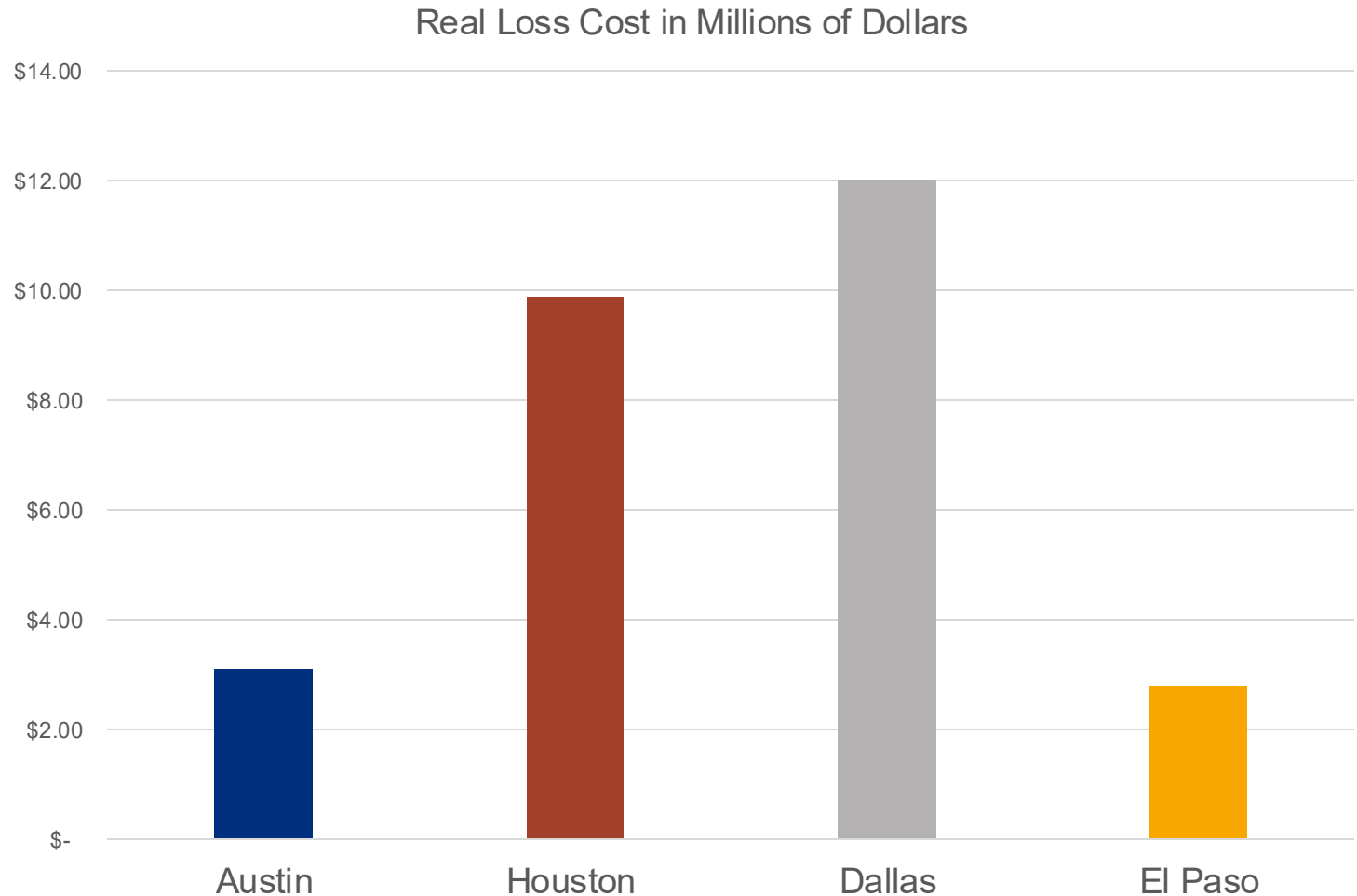
Ten Largest Texas Cities as of October 2024



Cost of Water Loss for Major Texas Water Utilities

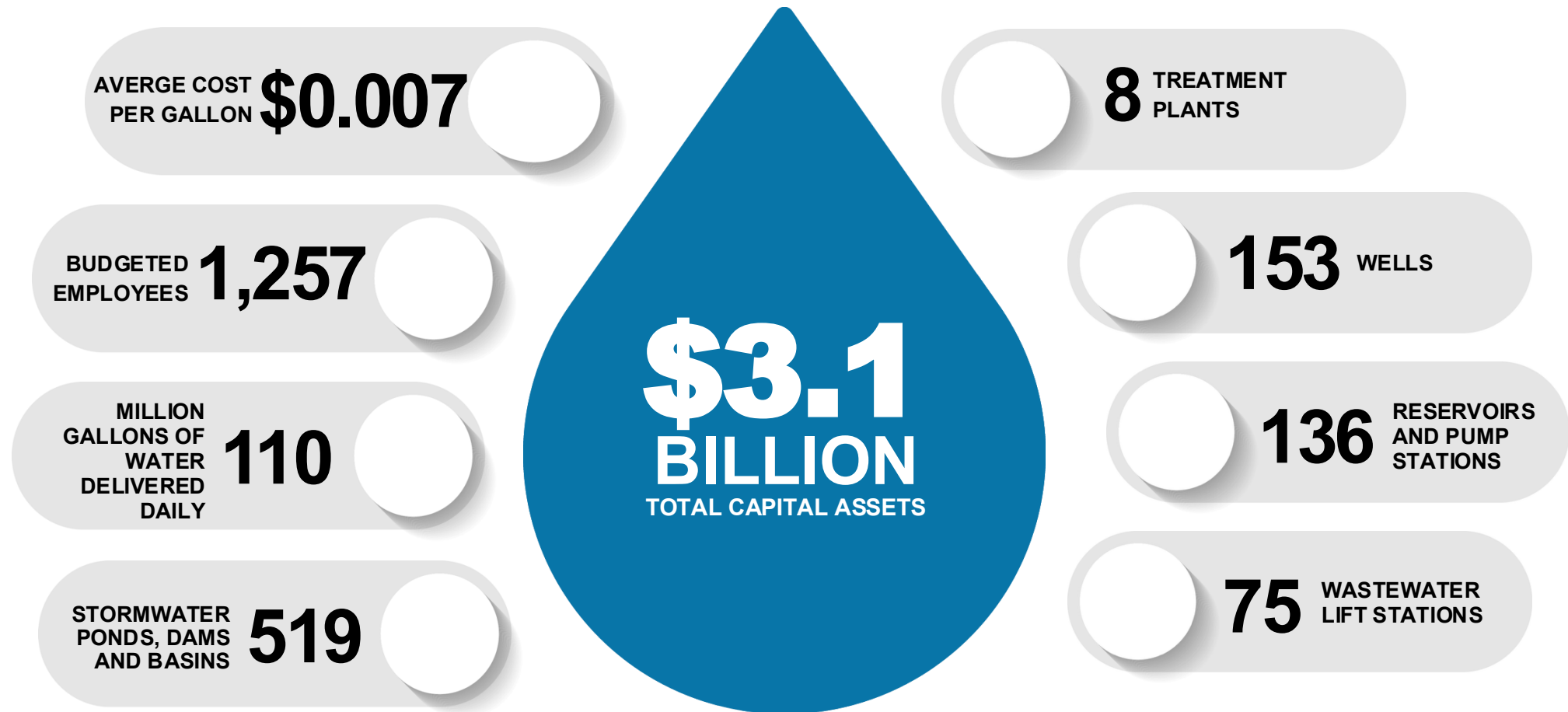
Real loss: the difference between water put into the distribution system and authorized consumption.

Unit production cost: Average cost to produce and deliver 1 million gallons of treated water.

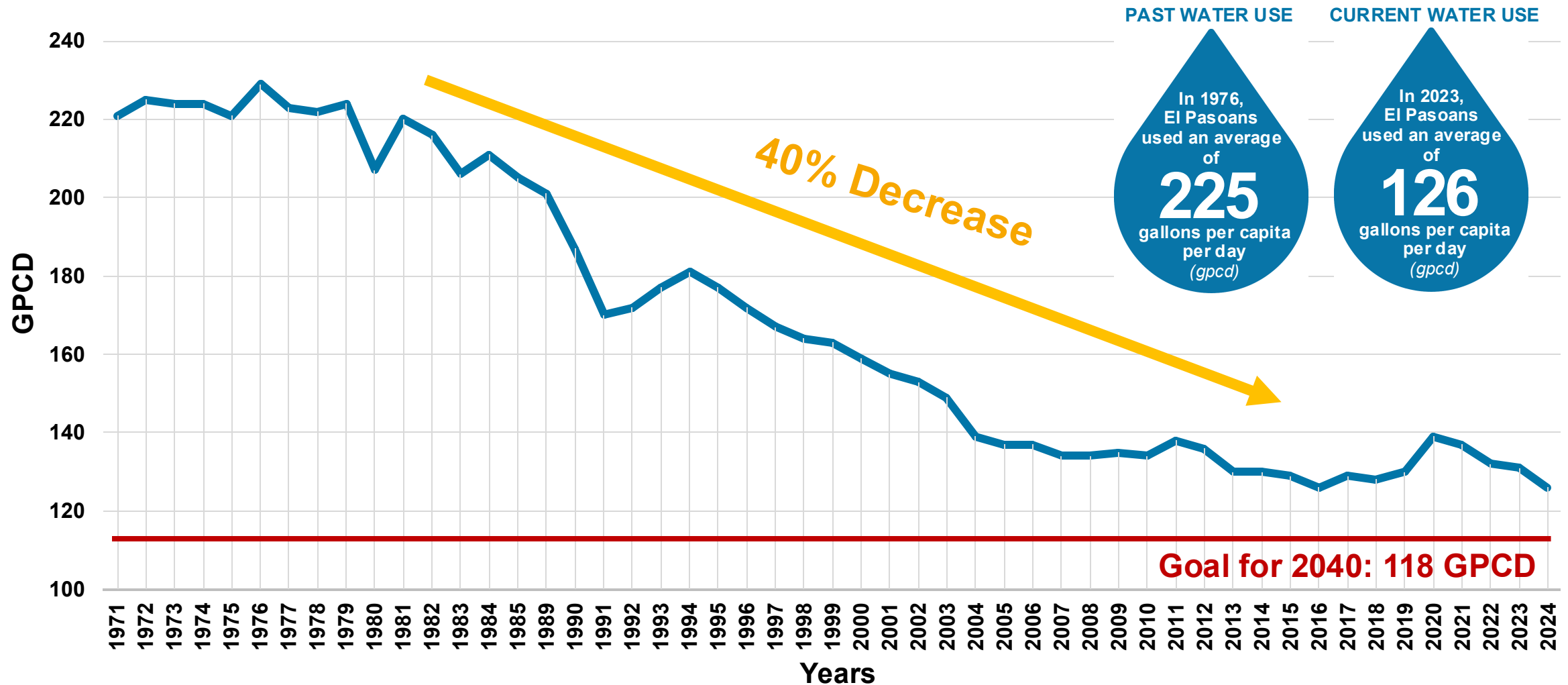


Based on 2023 data
filed with TWDB

EPWater At a Glance



Conservation Efforts Have Reduced Consumption



Customer Survey: Top Budget Priorities

In an online survey conducted in late October to early November, 500 customers responded to key budget questions.

- **66%** High quality water
- **52%** Reliability - Replacing aging infrastructure
- **46%** Reliability - Rehabilitation
- **37%** Flood control
- **33%** New water supplies

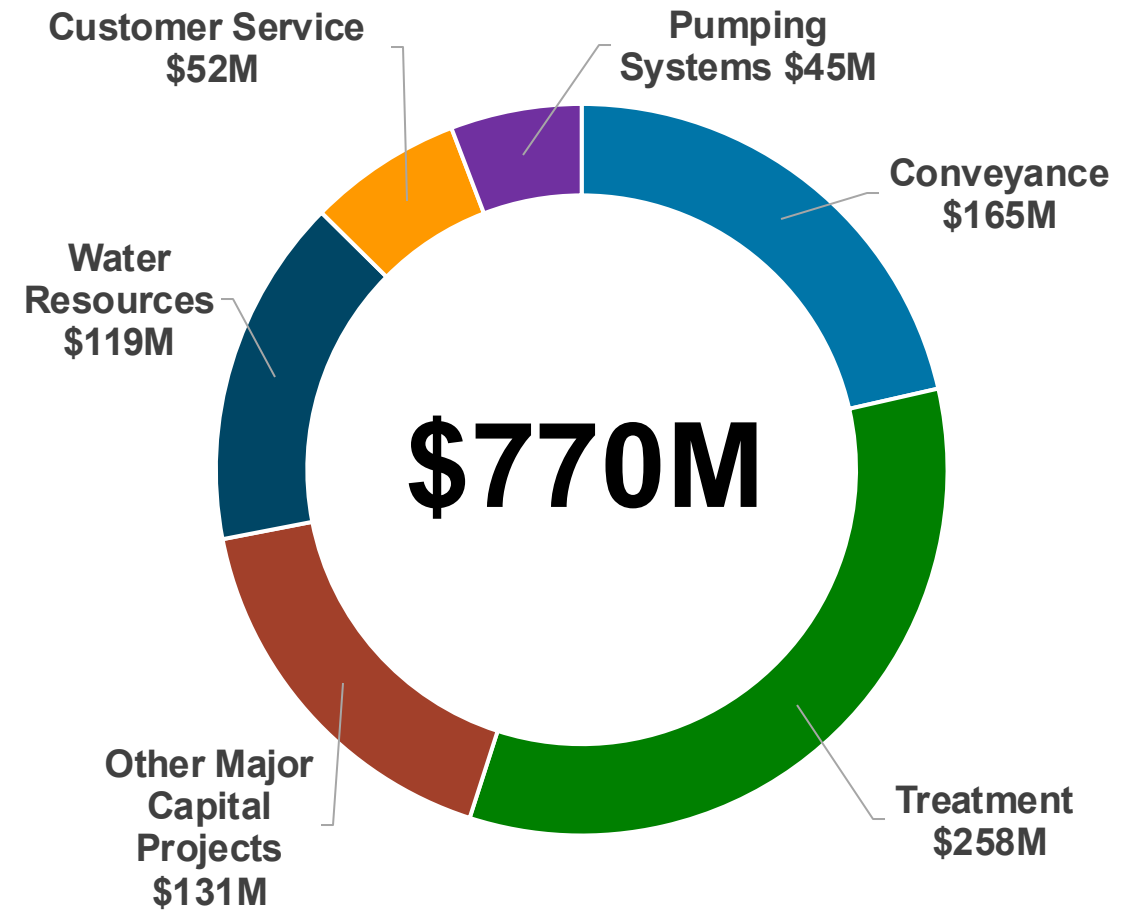


The main driver of our budget is **ongoing investment in infrastructure** to ensure our community continues to have a **safe, sustainable and affordable water supply**. We're committed to maintaining the **quality and reliability** our customers depend on every day.



FY2026-27 Water and Wastewater Capital Improvements

Capital Improvement Program FY2026-27 – Water and Wastewater



Rehabilitating and Expanding Wastewater Plants



Growth and Rehabilitation: Bustamante Plant

- Expansion underway at the 33-year-old plant due to increased service area demand
- Capacity increase triggered by TCEQ rules
- Extensive rehabilitation is required
- Estimated costs over the next five years are \$641 million

39 MGD → 51 MGD



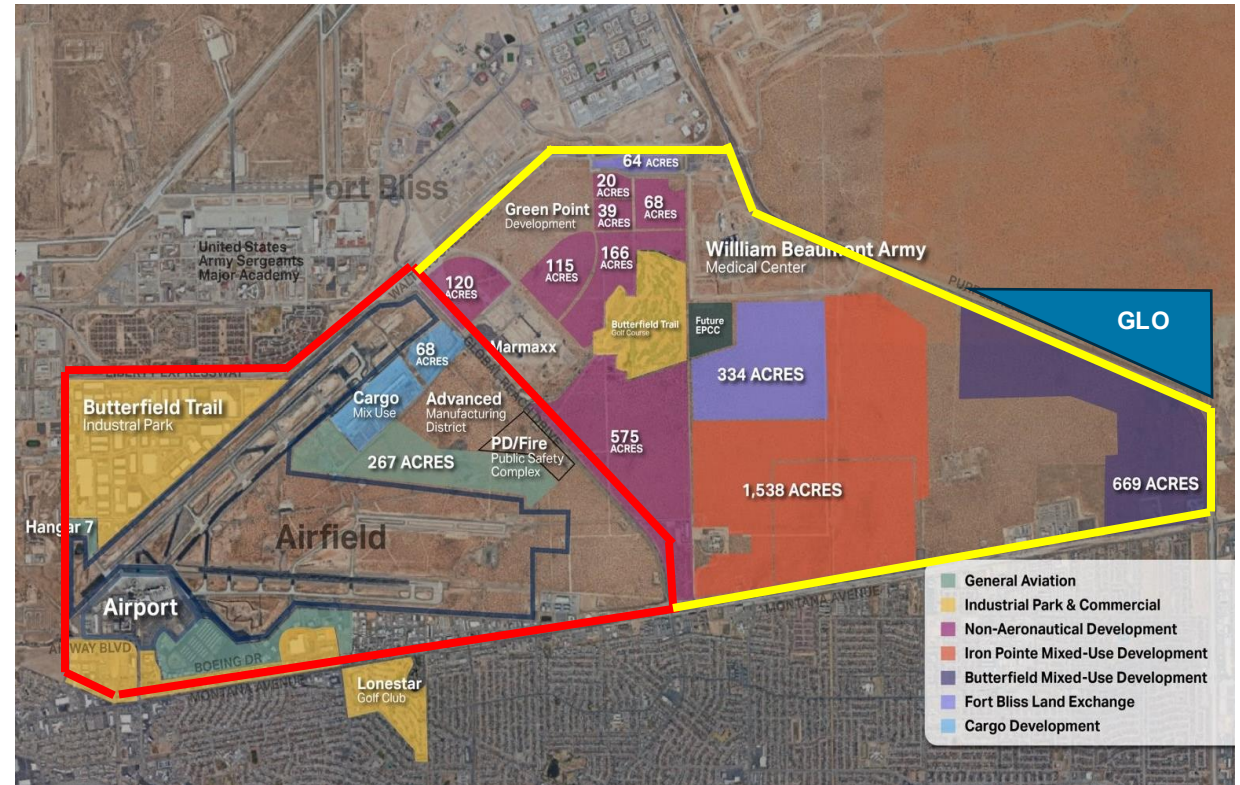
Water Supply: Pure Water Center

- Will provide 10 MGD potable water
- \$23M Bureau of Reclamation grant, pursuing more grant funding
- Estimated costs over the next three years are \$271 million



Growth: New Services Needed North of Montana

- Federal land was never considered for development; EPWater system was not designed to serve this area
- Municipal Utility District has been established to serve the area in yellow to pay for utility infrastructure
- In 2016, the General Land Office presented development plans to EPWater
- Working closely with City staff to determine needs of area in red.



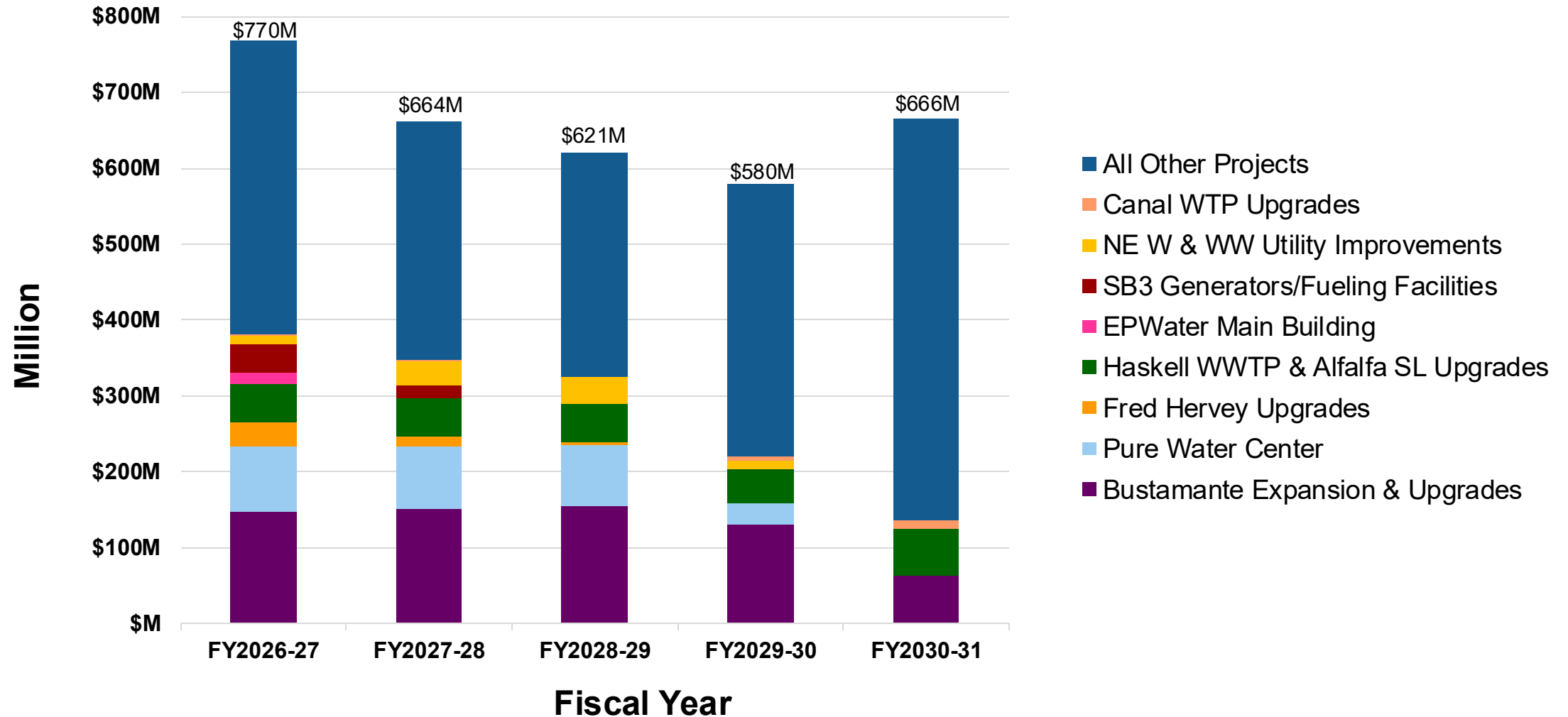
Reliability: Other CIP Priorities



FY2026-27 Project List

- Hondo Pass Waterline Replacement
- Heath De Leon Pump Station to Festival Tank Waterline
- Esperanza Elevated Storage Tank
- Montana Avenue Sewer Main Replacement, Phase II
- Thomason and Festival Reservoir Rehab

Five-Year Projected CIP





Water and Wastewater Budget

24/7 Operations and Service

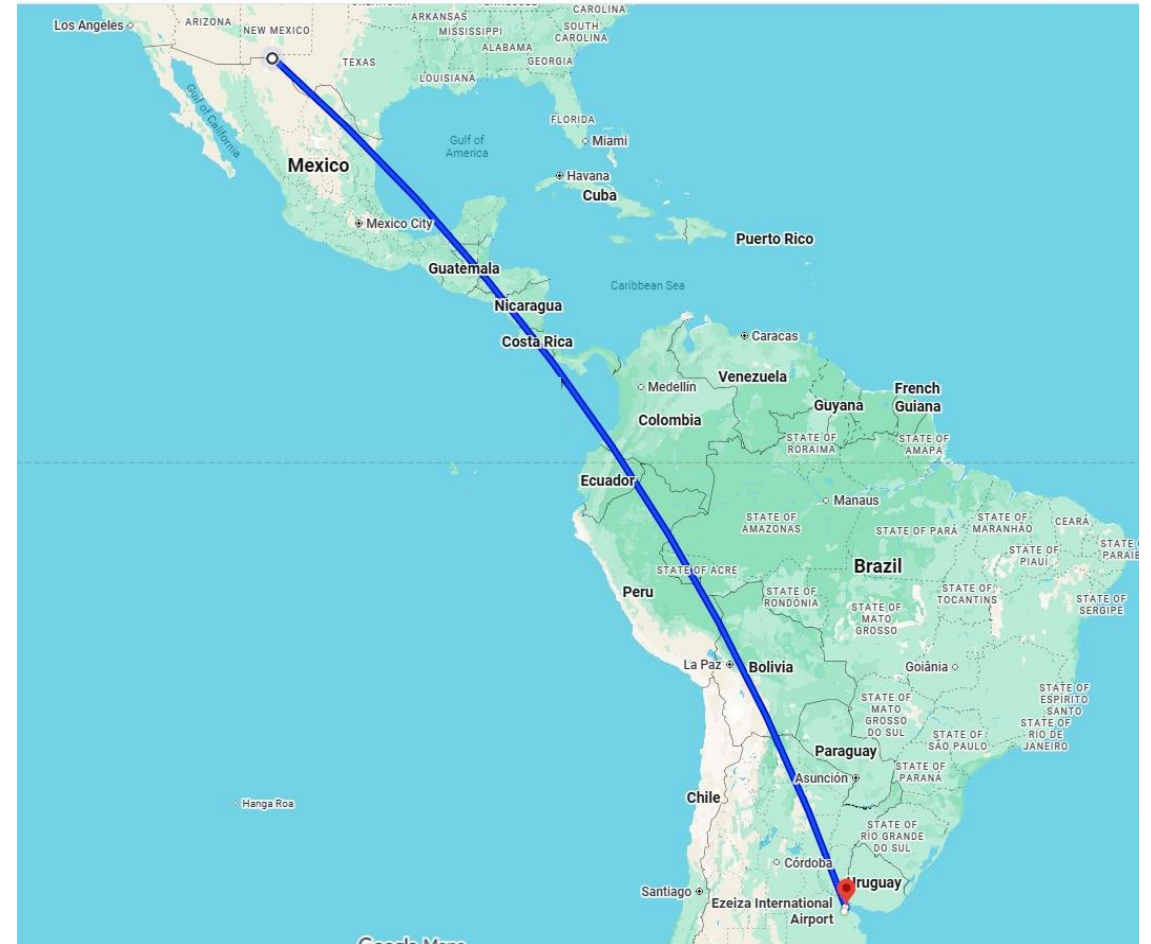


5,400 Miles of Water and Wastewater Pipe

The length of pipes is equivalent to the distance between El Paso to Buenos Aires.

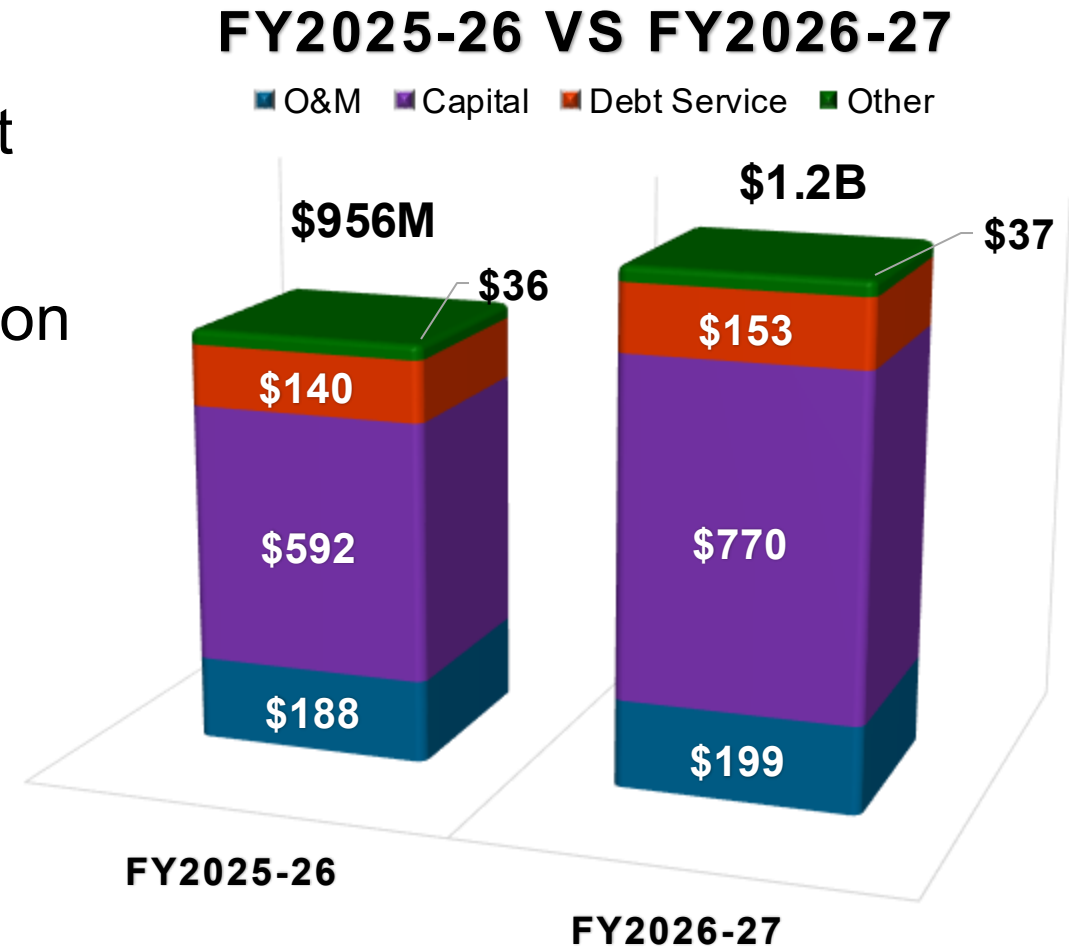
Average age of existing pipes:

- 45 years old for wastewater
- 48 years old for water



Water and Wastewater Budget Summary

- Operating and maintenance budget increased by \$11 million
- Debt service increased by \$13 million
- Capital budget is \$770 million, an increase of \$178 million
- Total budget is \$1.2 billion, an increase of \$204 million

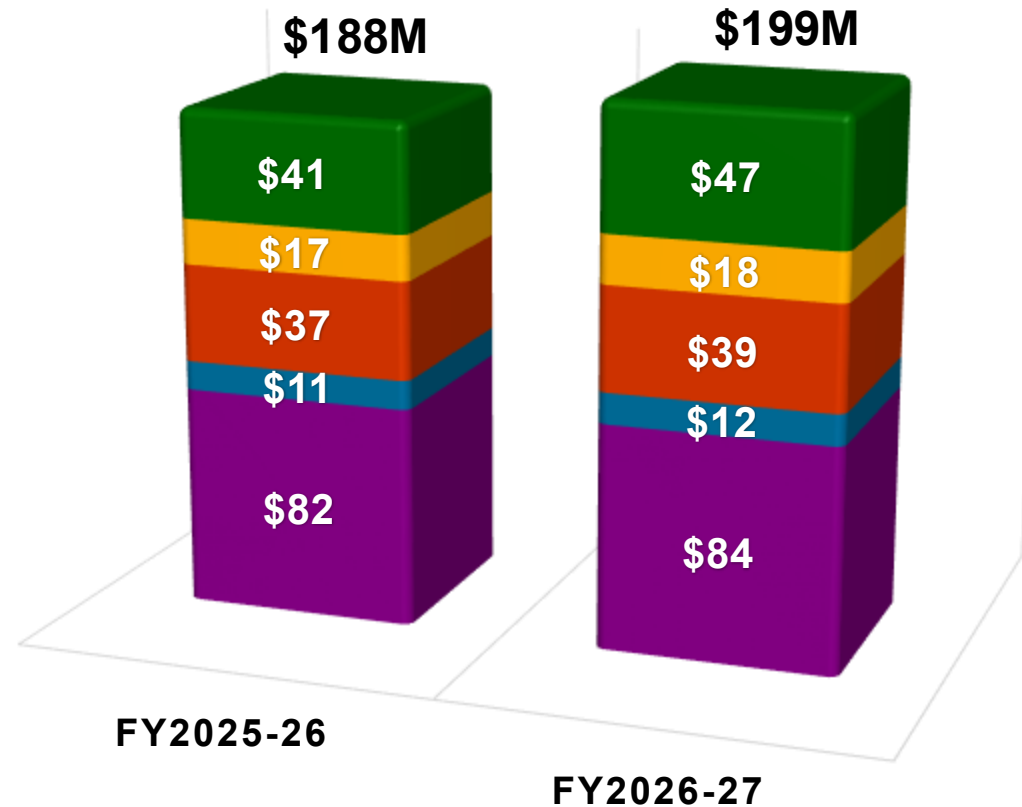


Water and Wastewater Operating Budget

FY2025-26 VS FY2026-27

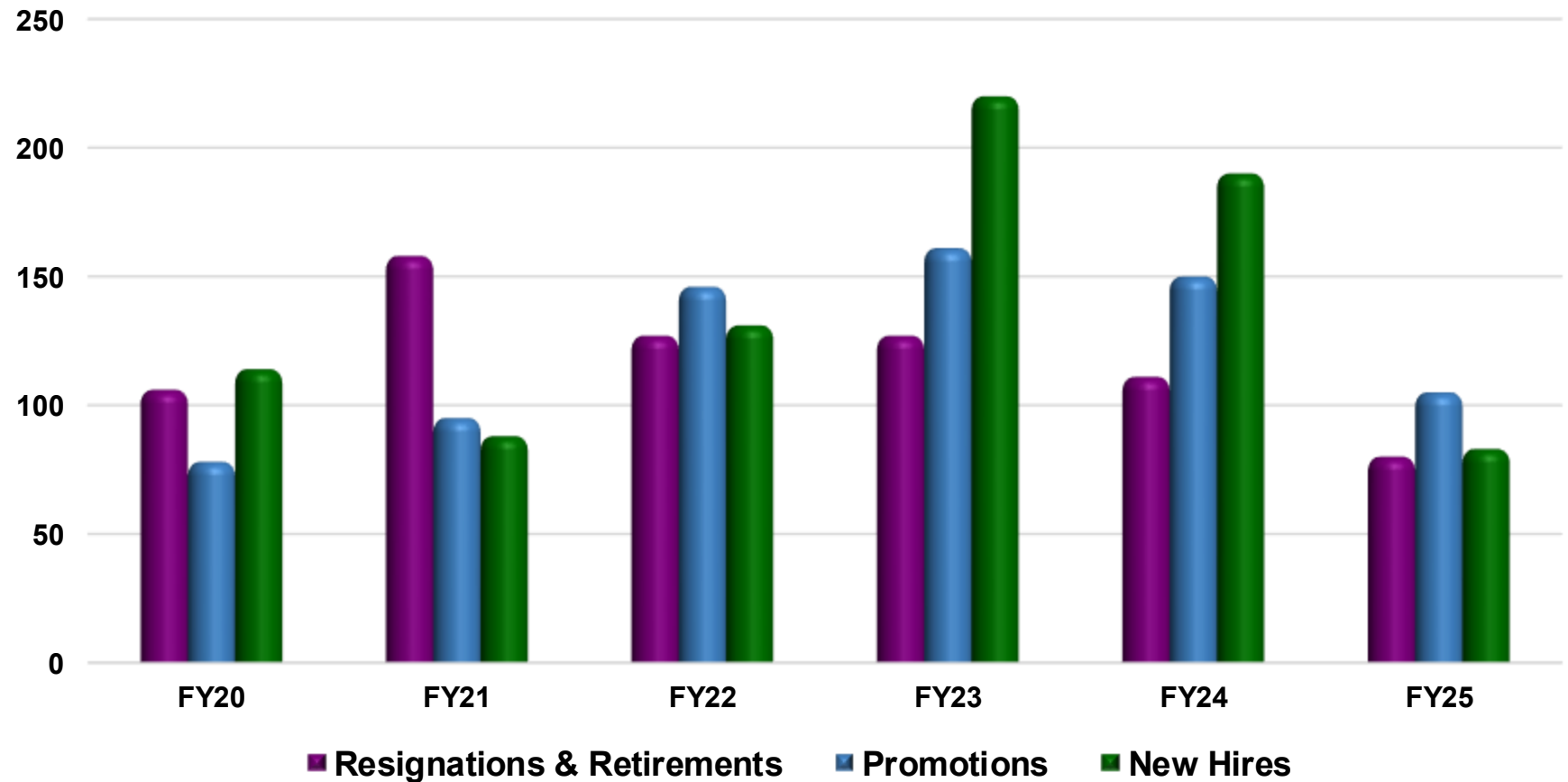
■ Workforce ■ Materials ■ Maintenance ■ Utilities ■ Miscellaneous

Total O&M expenses increased by 5%



Employment Trends

28% of employees are eligible for retirement within the next 5 years





Recommended Water and Wastewater Rates for FY2026-27

Customer Survey: Rate Changes

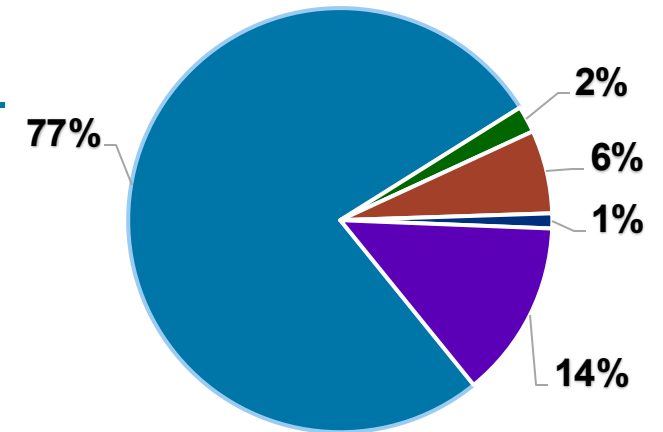
What types of information would be most helpful to you when learning about rate changes?

- **61%** How the money will be used
- **67%** How changes will impact bill
- **65%** How to lower bill
- **47%** How do rates compare to other cities

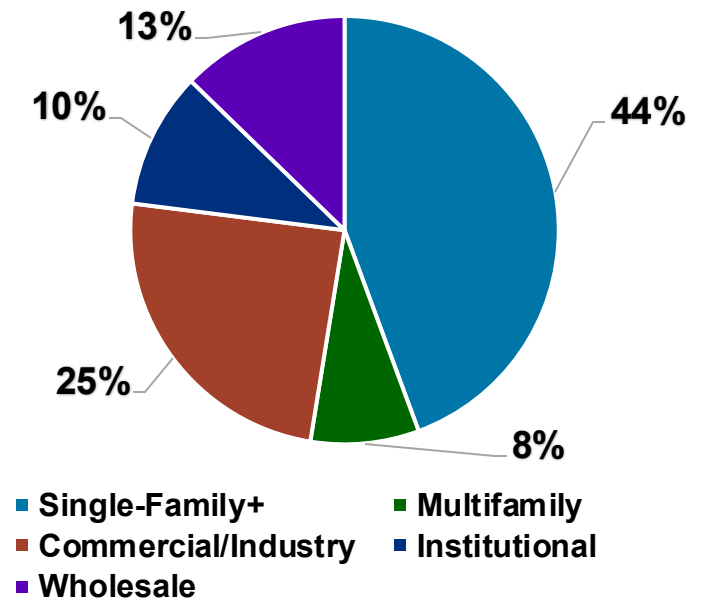
Customer Demand

Customer Class	Connections	Water Consumed (in gallons)
Single-Family+	203,494	15.7 billion
Multifamily	5,372	3.0 billion
Commercial & Industrial	16,835	8.7 billion
Institutional	3,034	3.6 billion
Wholesale	35,805	4.5 billion
Totals	264,540	35 billion

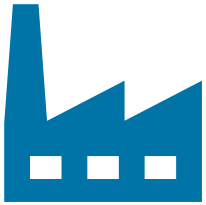
Connections



Consumption

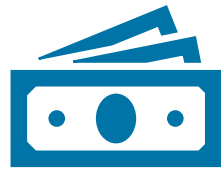


Budget Drivers



Growth

Water 1.1%
WW 1.0%
SW 0.6%



New Debt

W/WW 30 yrs @ 5%
SW 25 yrs @ 5%



Operating Reserves

90 Days



Operating Revenues

Water \$278 M
WW \$197 M
SW \$46 M



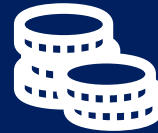
Debt Service Coverage

W/WW 2.0
SW 1.76

Menu of Affordability Options



Very low water use
1 CCF Rate
748 gallons/month
\$1.07 Daily service
charges



Low water use
4 CCFs Rate
2,992 gallons/month
\$1.53 Daily service
charges



**Stormwater
low-impact fee**
*Lower rate for
smallest properties*
\$0.10 Daily service
charges

No Stormwater Fee Increase

0%
**Stormwater Rate
Increase**

*9% projected increase based on last year's
financial model*

Proposed Water Charges

Charge	Current	Proposed	Change
Minimum Water Charge	\$10.55 5 CCFs included	\$11.82 5 CCFs included	\$1.27
Minimum Water Charge(Reduced) (1 CCFs or less)	\$7.39	\$8.28	\$0.89
Water Supply Replacement Charge (5 CCFs or more)	\$15.62	\$17.49	\$1.87

Residential Water Volume Charge			
Block	Current	Proposed	Change
1	\$3.50	\$3.92	\$0.42
2	\$8.27	\$9.26	\$0.99
3	\$11.82	\$13.24	\$1.42

Proposed Wastewater Charges

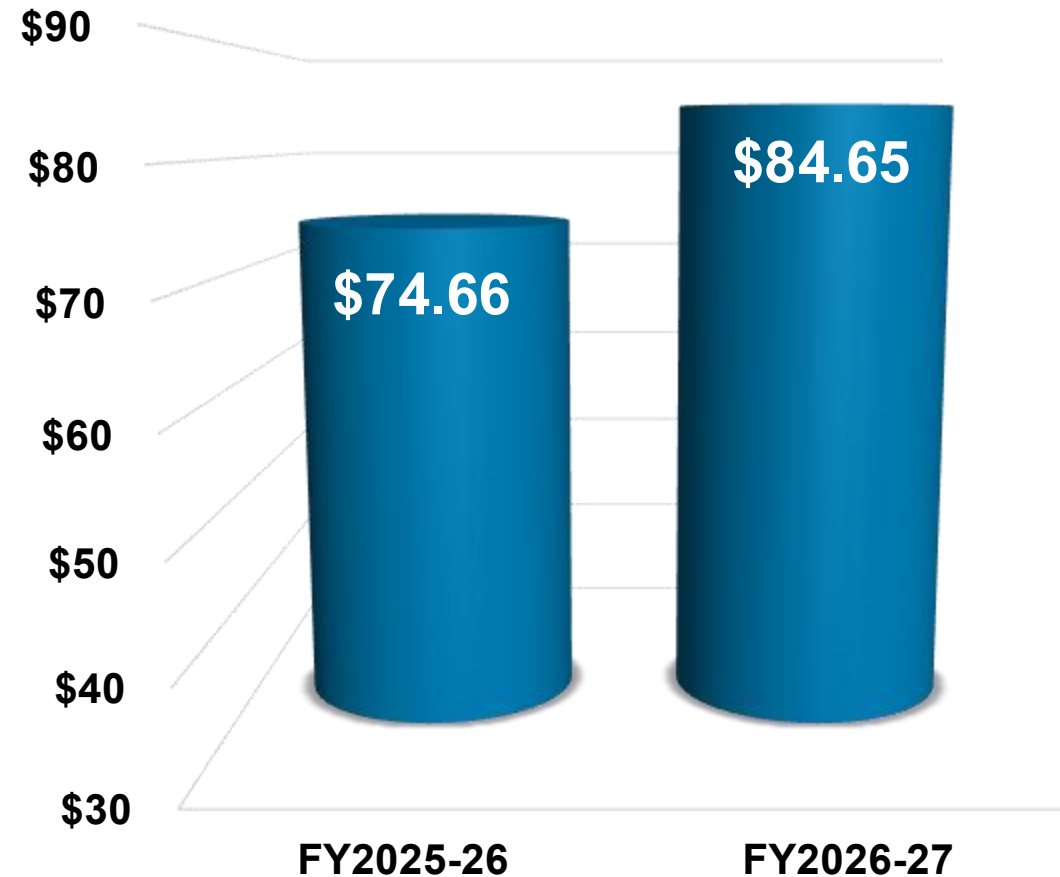
Charge	Current	Proposed	Change
Minimum Wastewater Charge	\$30.26 <small>5 CCFs included</small>	\$34.80	\$4.54
Minimum Water Charge (Reduced) (1 CCFs or less)	\$21.18	\$24.36	\$3.18

Wastewater Volume Charge	Current	Proposed	Difference
\$ per CCF (after 5 CCFs)	\$4.23	\$4.86	\$0.63

Typical Residential Water and Wastewater Bill

The average monthly increase for the typical residential customer for water and wastewater charges is \$9.99

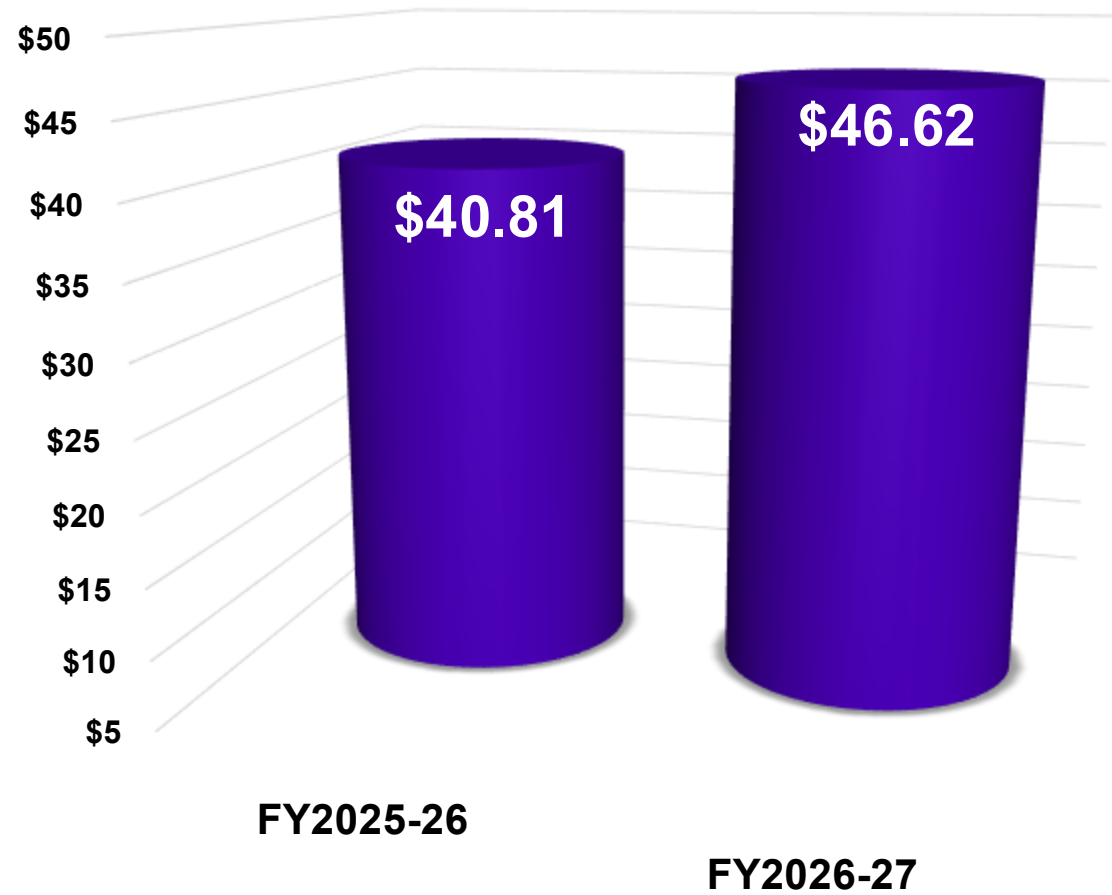
DAILY COST \$2.78



Low Residential Water User Total Bill for 4 CCFs

Increase in monthly bill for water and wastewater charges is \$5.81

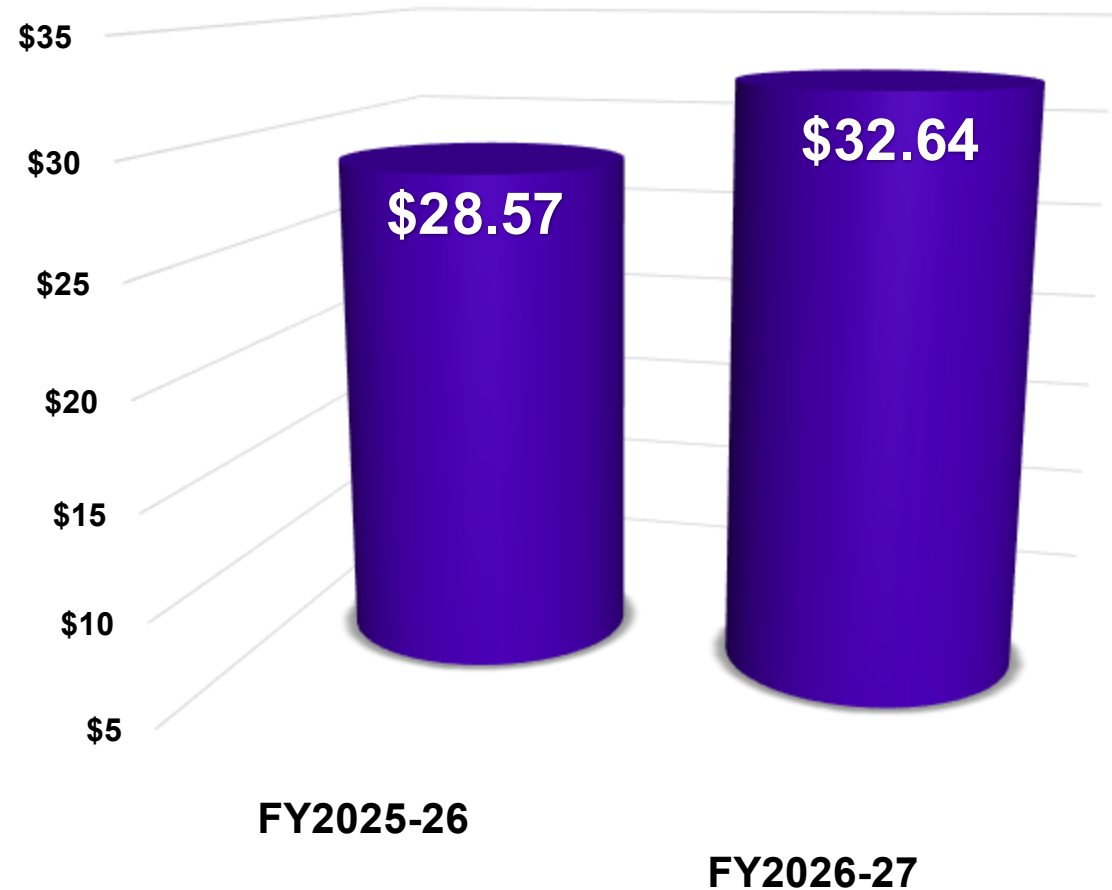
DAILY COST \$1.53



Very Low Residential Water User Total Bill for 1 CCF

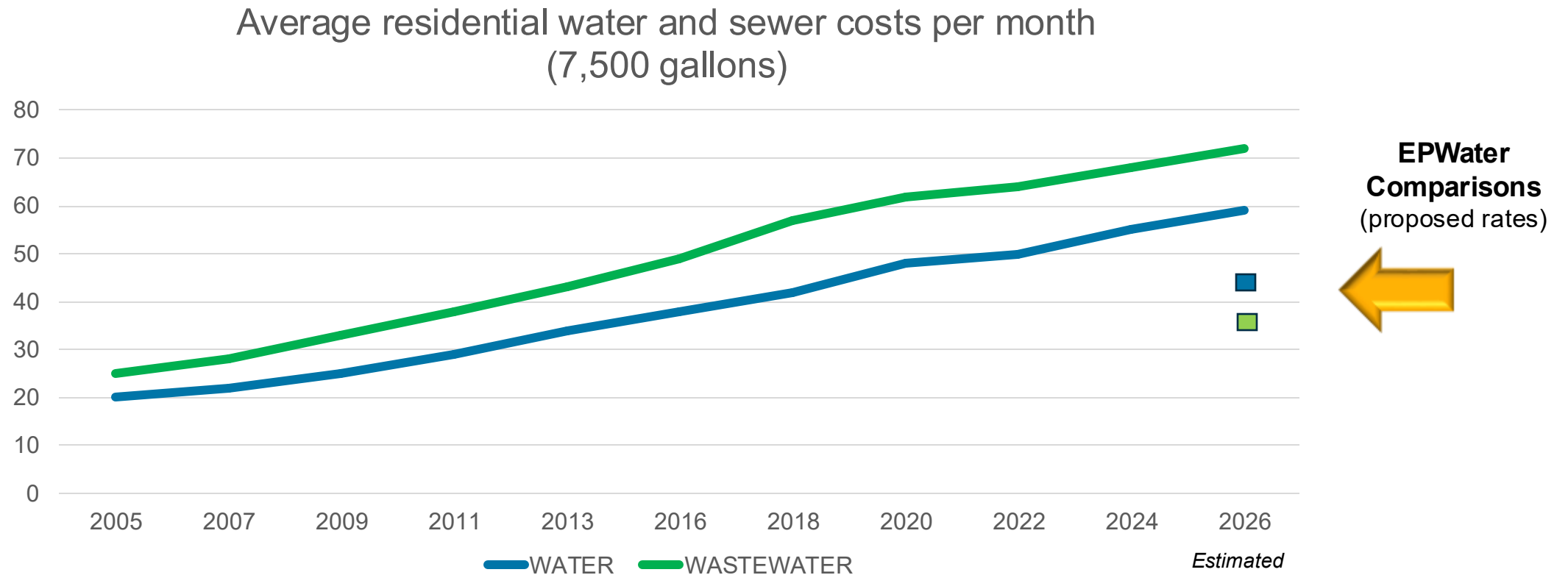
Increase in monthly bill for water and wastewater charges is \$4.07

DAILY COST \$1.07



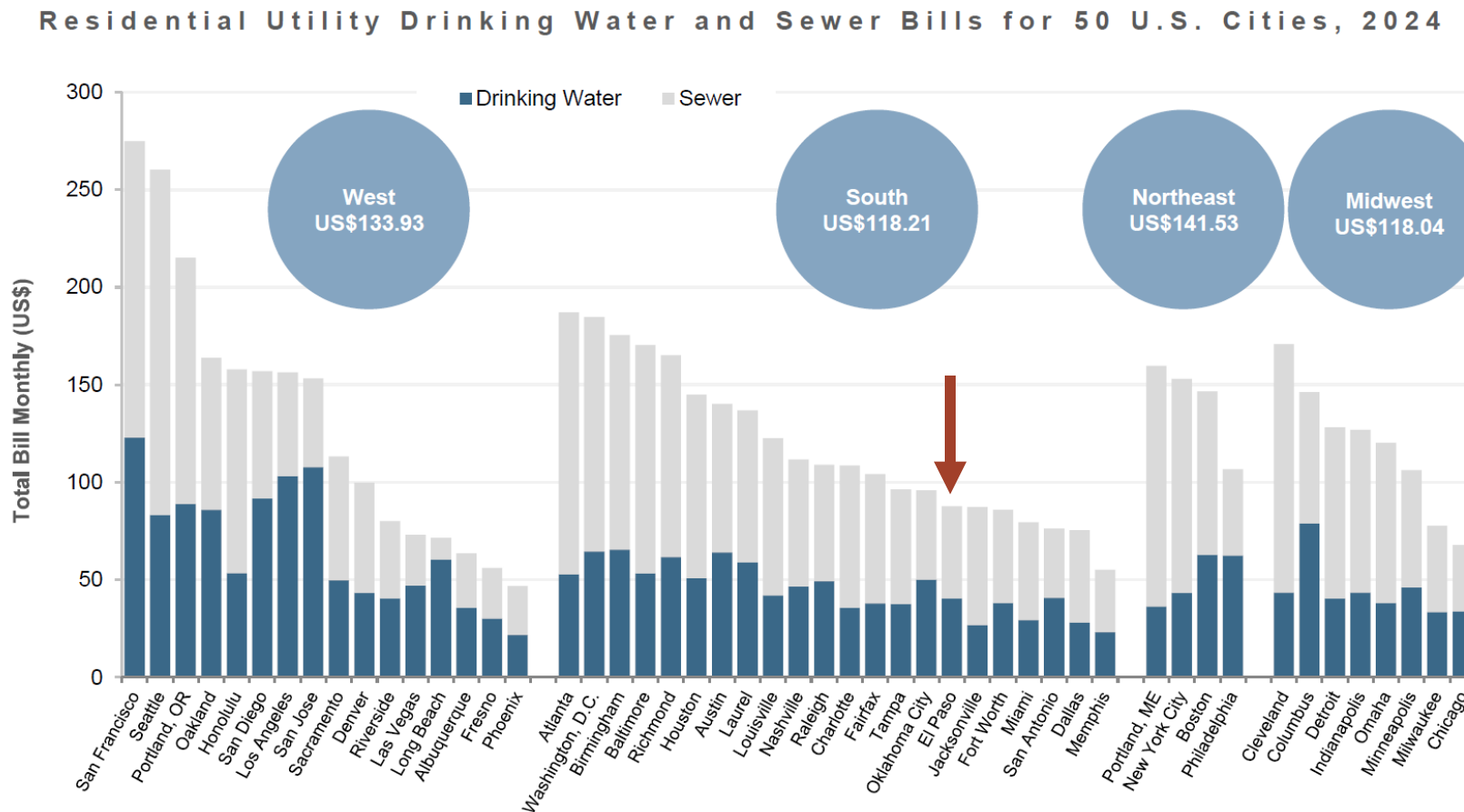
Water and Wastewater Monthly Bills for U.S. Cities

For the top 50 cities in the U.S., water and wastewater bills for a typical U.S household have increased by 55% over the last decade for an average of 4%.



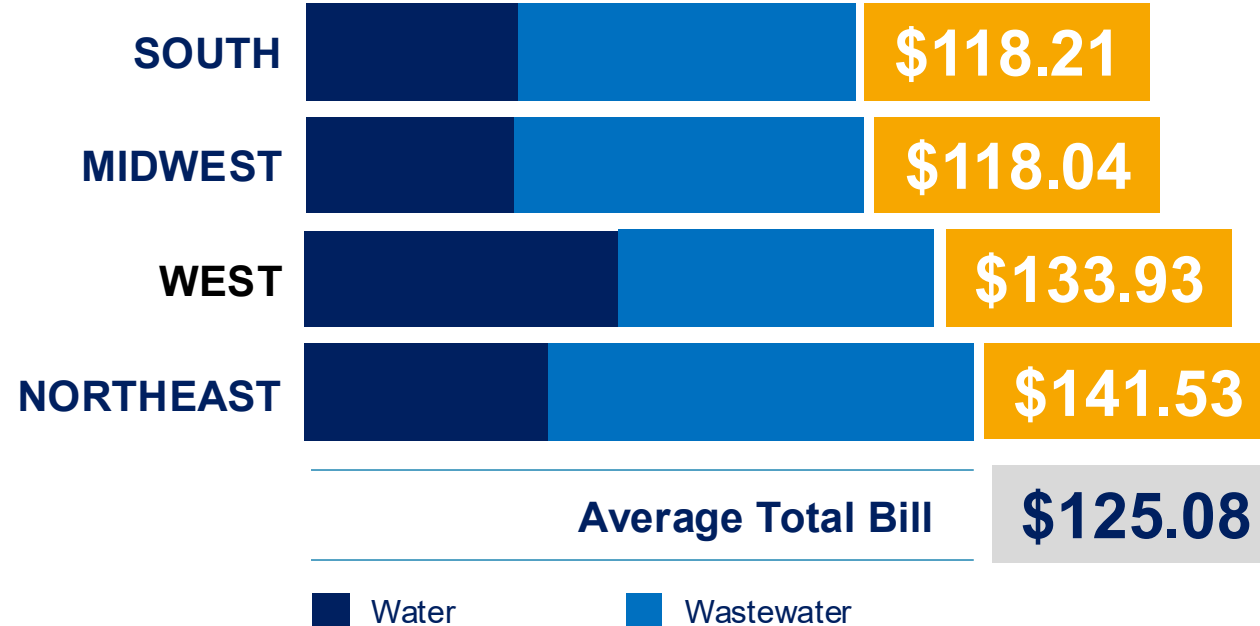
Residential Utility Water, Wastewater Bills for 50 U.S. Cities, 2024

The average combined water and wastewater bill for a typical U.S. household across the 50 municipalities.



Regional Rate Comparison for Residential Water and Wastewater Bills

AVERAGE RESIDENTIAL MONTHLY DRINKING WATER AND SEWER BILLS BY REGION, 2024

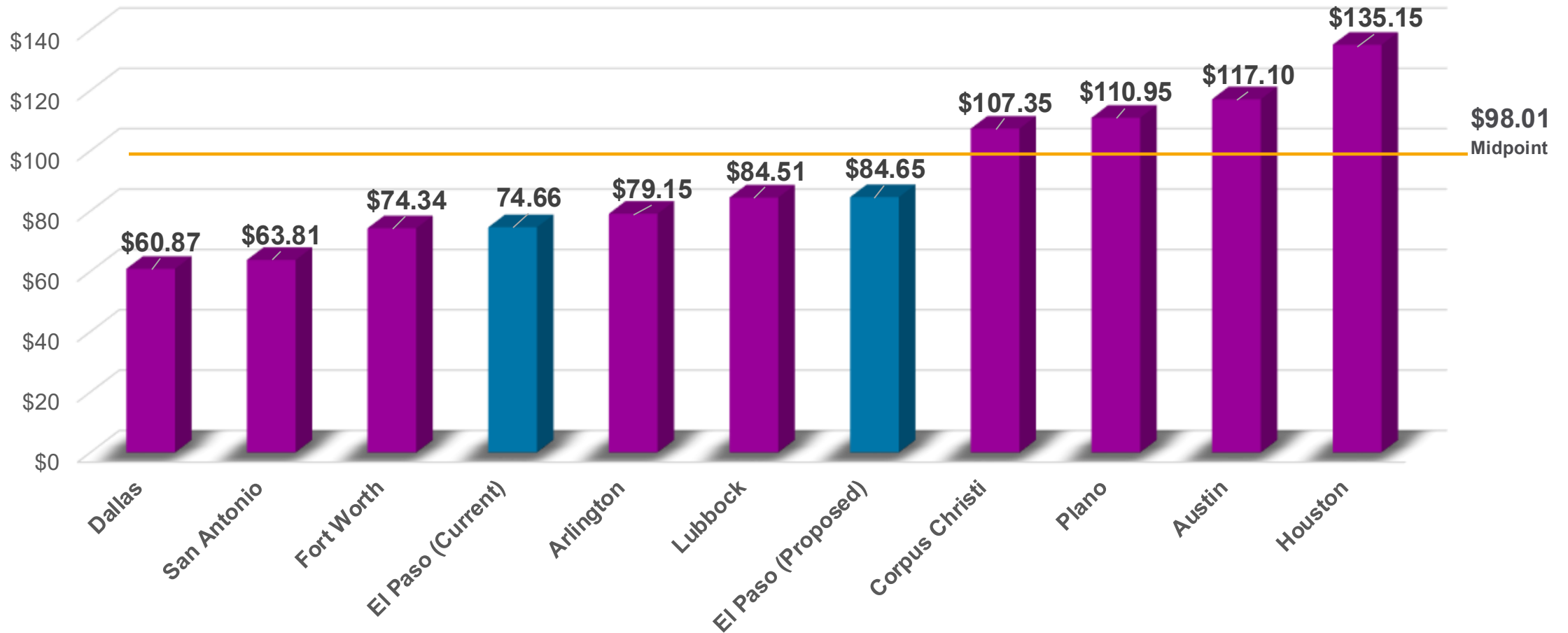


El Paso Proposed
Average Total Bill
\$84.65

Note: Values based on variable regional consumption rates

Average Residential Water and Wastewater Bill

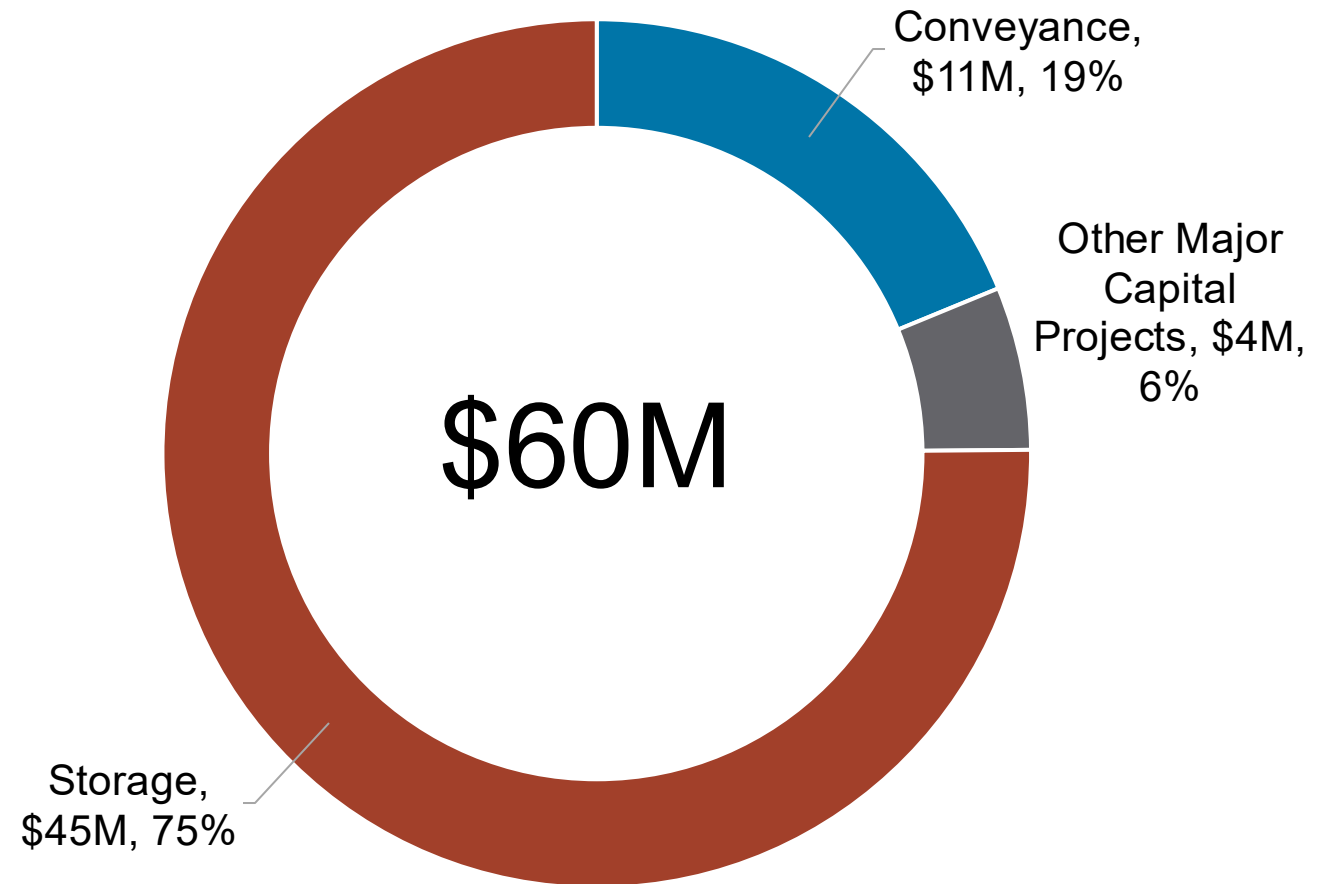
Ten Largest Texas Cities as of October 2025





Stormwater - Capital and Operating Budget

Capital Improvement Program FY 2026-27 - Stormwater



Flood Control

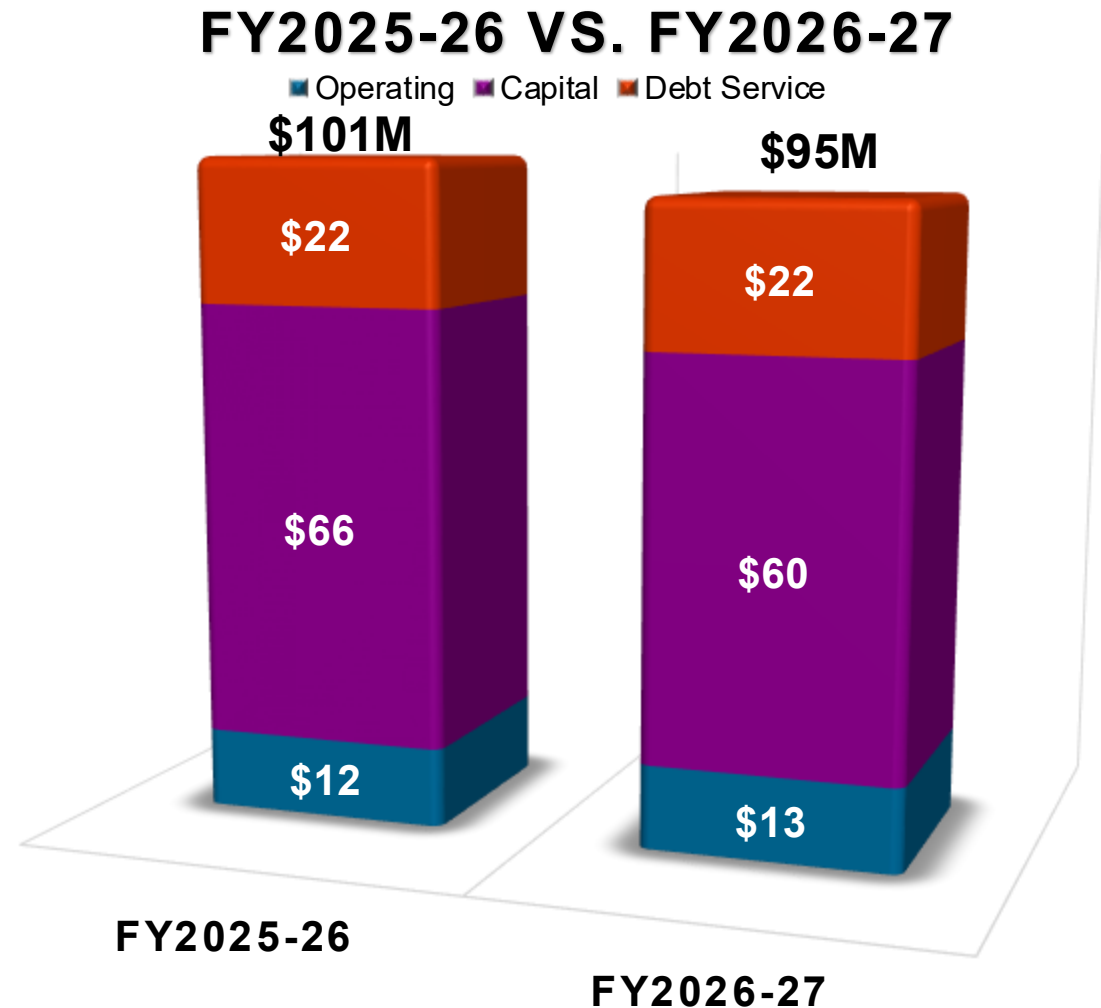
FY2026-27 Project Highlight

- Will Ruth Pond and Conveyance
- Palisades Stormwater System
- Hondo Pass Drive Drainage Improvements



Stormwater Budget Summary

- Total budget is \$95 million, a decrease of \$6 million
- Capital budget is \$60 million, a decrease of \$6 million

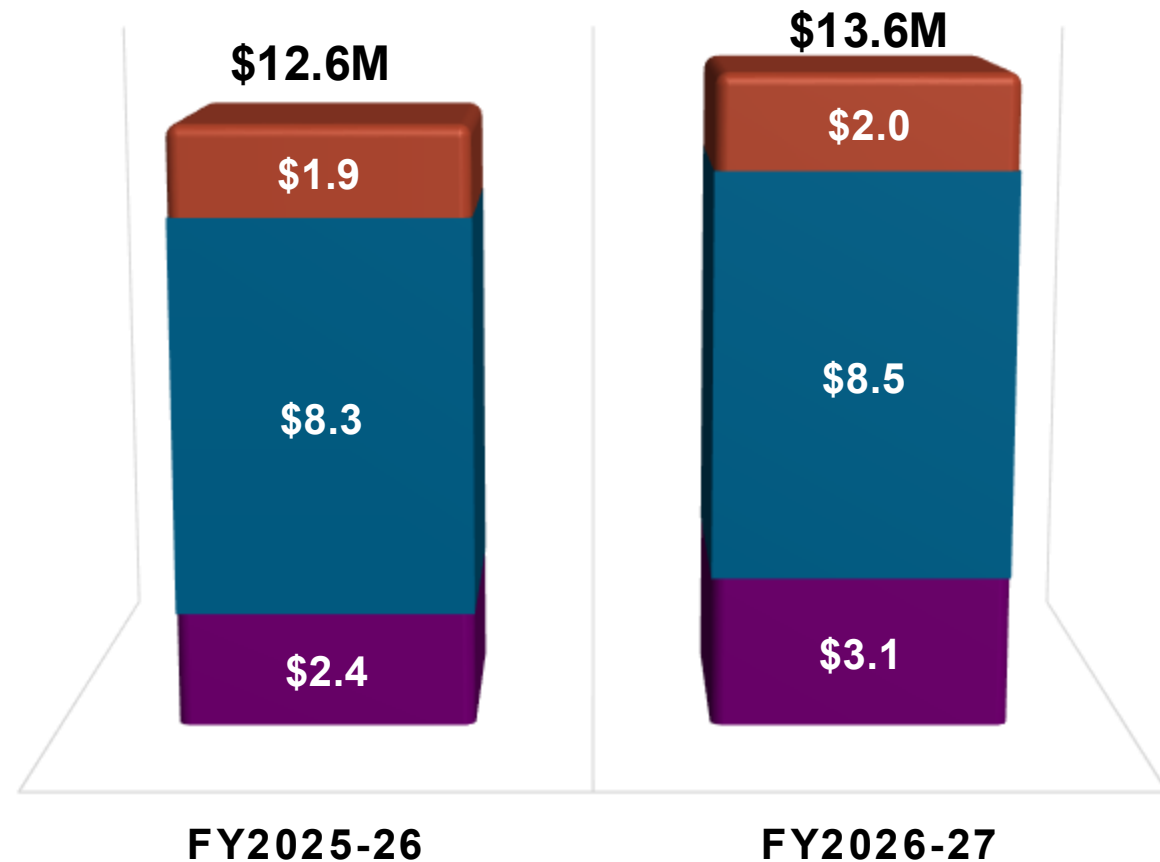


Stormwater Operating Budget

FY2025-26 VS FY2026-27

■ Indirect Cost Allocation ■ Workforce & Maintenance ■ Miscellaneous

Total O&M expenses
increased by 8%



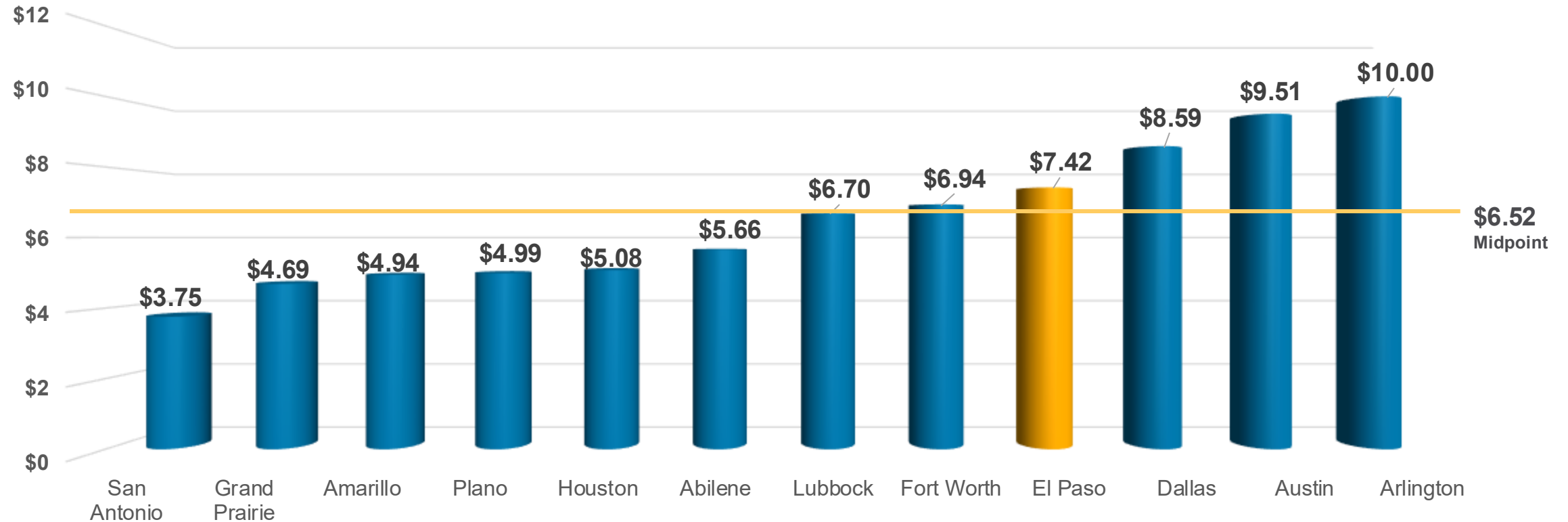
No Stormwater Fee Increase

Customer	Current	Annual Stormwater Bill
Residential Typical 1,201-3,000 sq. ft.	\$7.42	\$89.04
Commercial Fast Food Restaurant (11,123 sq. ft. approx. ¼ acre).	\$42.00	\$504.00
Commercial Car Dealership (176,068 sq. ft. approx. 4 acres)	\$664.84	\$7,978.08

Proposed Affordability Option

Residential Customers	Current	Proposed	Change	Annual Stormwater Bill
Extra Small 0 to 900 sq. ft.	\$3.71 0 to 1,200 sq. ft.	\$3.00	(\$0.71)	\$36.00
Small 901 to 1,200 sq. ft.	\$3.71 0 to 1,200 sq. ft.	\$3.71	\$0.00	\$44.52
Typical 1,201 to 3,000 sq. ft.	\$7.42	\$7.42	\$0.00	\$89.04
Large 3,001 to 4,000 sq. ft.	\$14.81 3,001+ sq. ft.	\$14.81	\$0.00	\$177.72
Extra Large Over 4,001 sq. ft.	\$14.81 3,001+ sq. ft.	\$18.55	\$3.74	\$222.60

Stormwater Fees - Texas Cities





Total Combined Water, Wastewater and Stormwater Proposed Bill

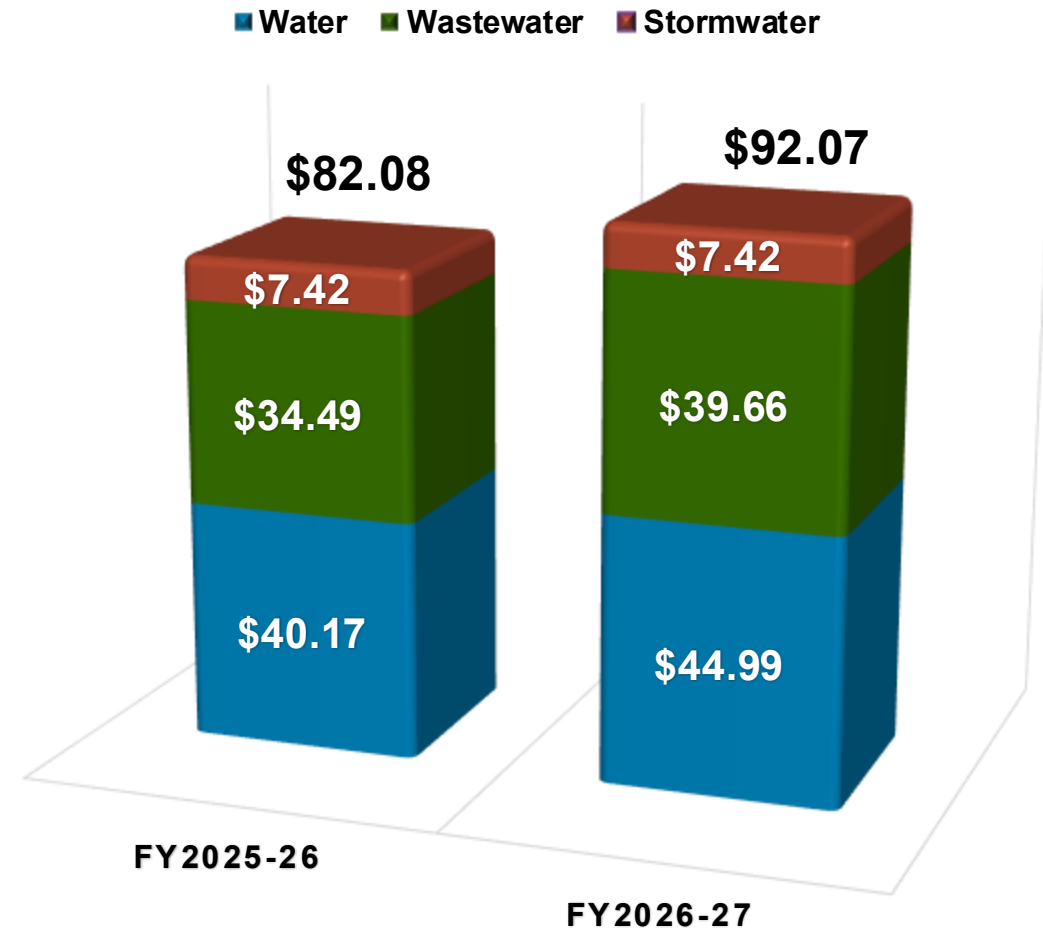
Typical Residential Total Bill

- \$ 4.82 increase for water
- \$ 5.17 increase in wastewater
- No increase for stormwater

TOTAL INCREASE \$9.99

DAILY COST \$3.02

- Typical residential customer bill with proposed rate increases will be 12% higher

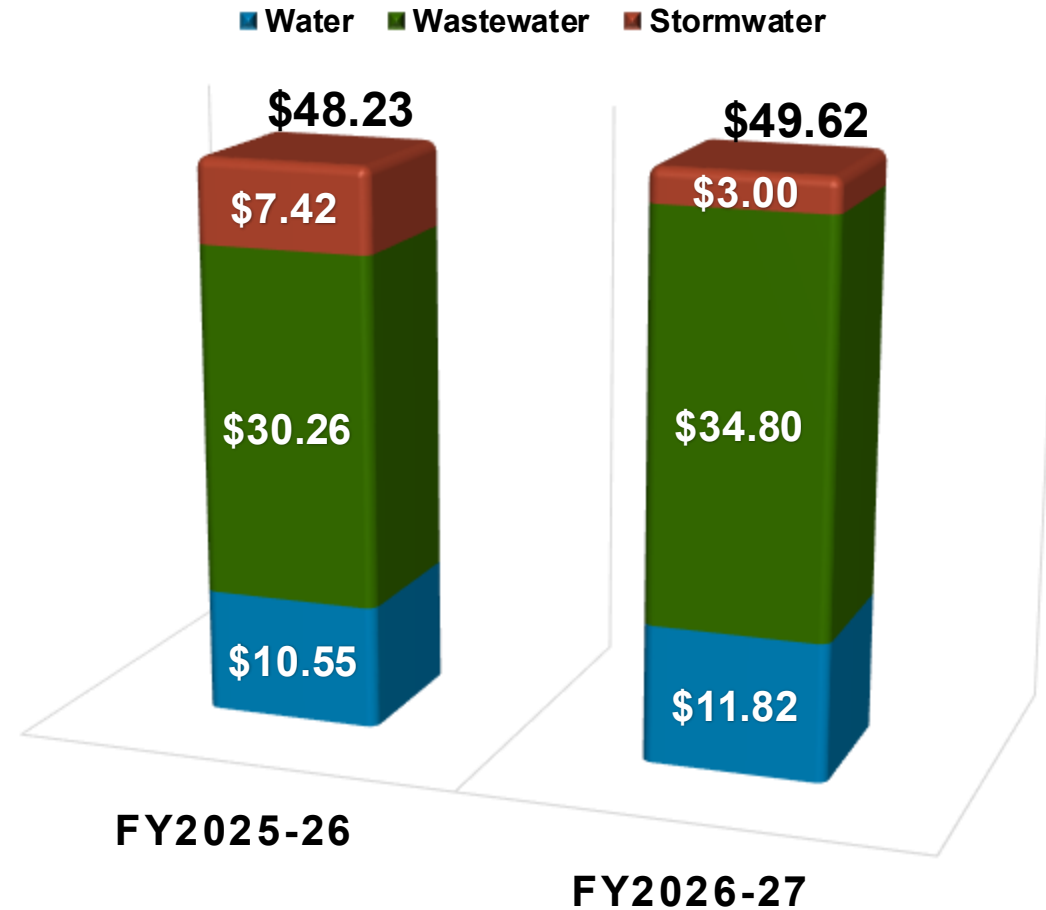


Low Residential Water User Total Bill for 4 CCFs

- \$ 1.27 decrease for water
- \$ 4.54 increase for wastewater
- \$ (4.42) decrease for stormwater

TOTAL INCREASE \$1.39

DAILY COST \$1.63

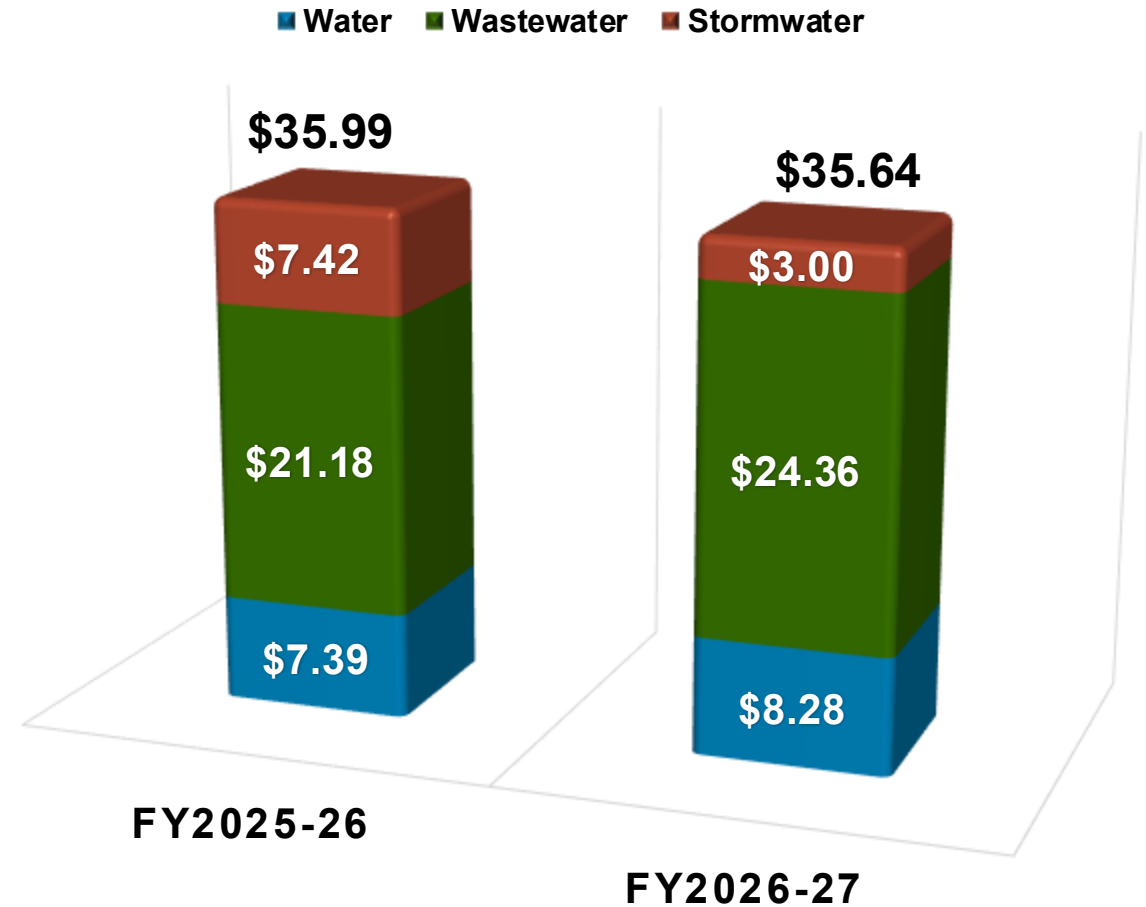


Very Low Residential Water User Total Bill for 1 CCF

- \$ 0.89 increase for water
- \$ 3.18 increase for wastewater
- \$ (4.42) decrease for stormwater

TOTAL DECREASE \$0.35

DAILY COST \$1.17





Reducing Impact to Customers

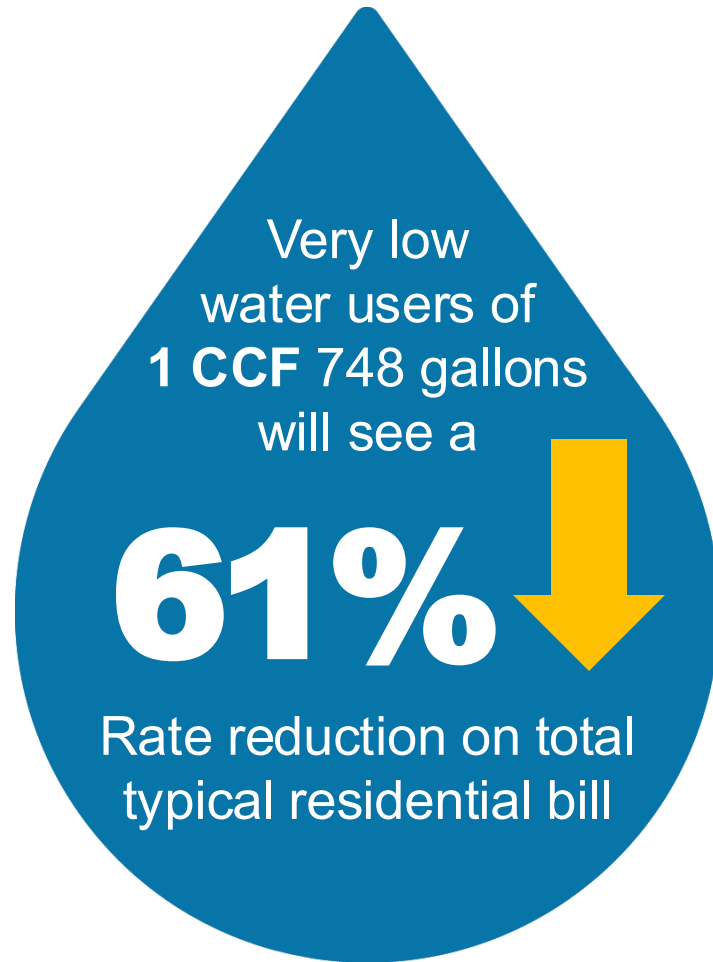
Affordability: Water Conservation Saves Money

No Charge for those who use 4 CCFs or less

- ✓ Save \$17.49 per month
 - ✓ Less demand and strain on system
 - ✓ Users help extend current resources
- Last year, 64,000 customers benefited
 - This year, an additional 16,000 customers are benefiting from this affordability initiative
 - An estimated 80,000+ customers may qualify next year



Affordability: Very Low Residential Customers



- **8,000+** customers could qualify
- **\$13.99 in savings** in addition to the \$17.49 WSRC savings

Breaking Down a Typical Bill (by customer's dollar)



35¢

Water Bill



30¢

Wastewater Bill



6¢

Storm



28¢

Solid Waste



1¢

Franchise
Fee

New Installation – Changes to Fee Structure

	5/8"	1"	1.5"	2"	3"	4"	6"	8"
Current Fee	\$4,380.00	\$4,590.00	\$7,350.00	\$9,540.00	\$15,410.00	\$16,280.00	\$16,860.00	\$19,100.00
Proposed Fee	\$4,380.00	\$10,734.96	\$16,426.74	\$16,738.44	\$28,938.69	\$29,854.82	\$31,555.19	\$34,428.74

- Fees stay flat for residential meters (5/8")
- Fees for larger meter sizes are progressively more expensive



Multifamily Assessments

Multifamily Assessments

Dr. Tom Fullerton assessed apartment dweller demographics, and Raftelis performed benchmarking and compared rate designs and affordability practices across 10 peer utilities in Texas and the Southwest. Analyzed rate options (uniform, tiered, AWC).

Of note, 90% of apartment dwellers in El Paso pay their water bill as part of their rent. The Texas PUC sets rules for charges (sub-metering or allocations) and allows service charges of up to 9% on top of water bills.

Upon review of the data and benchmarking, we are recommending to stay the course in current rates for multifamily accounts.

- Our rate approach is common among many Texas water utilities
- Other options, such as flat rates, provide fewer conservation incentives
- Any differentiated rate would still be subject to landlord service charges
- Any reduced rate would place a higher burden on other customer classes



Opportunities to Lower Your Bill

Rebates = Water and Bill Savings

WATERWISE BUSINESS REBATE PROGRAM

 RESTROOM FIXTURES	 LAUNDRY EQUIPMENT	 SMART WATER IRRIGATION	 KITCHEN APPLIANCES	 CAR WASH EQUIPMENT
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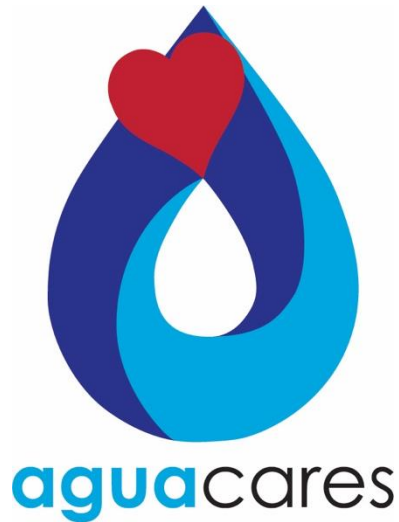


RESIDENTIAL REBATE PROGRAMS



 WATERSENSE TOILETS* \$50 <small>*Up to 2 per household, \$50 per toilet</small>	 LAUNDRY TO LANDSCAPE Up to \$250
 ENERGY STAR WASHERS \$100	 RAINWATER HARVESTING Up to \$1,000
 IRRIGATION CONTROLLERS* \$75 <small>*Weather or soil moisture-based</small>	 POOL COVERS & POOL FILTERS Up to \$100 Up to \$250

Customer Assistance Programs



Available only to EPWater customers facing financial hardship and at risk of being disconnected from water service.

AguaRepairs Leak Repair Program



Residential water leak repair program focused on making plumbing repairs in single-family homes owned by EPWater customers.

Rebuilding Together administers the program.

How customers want to receive information on rates?

Preferences

- **74%** Email
- **48%** Bill insert
- **26%** Local news
- **13%** Social media
- **11%** Public meeting

What we are doing

Email *WaterWatch* Newsletter Special Edition budget highlights


Bill insert February, after rates are finalized

Local news Significant media outreach around the Budget workshop, final approval

Social media Budget and rates proposal highlights with links to website

Public meeting Open House December 2 at TecH2O


Opportunities for Public Comment



**Community
Open House**

*We invite you to come learn about
the proposed 26-27 budget and rates*

Tuesday, Dec. 2, 2025
5:00 PM | TechH2O Center
10751 Montana Ave, El Paso, TX 79935



Experts will be available for questions. If you cannot attend in person, please take the survey at epwater.org/ratestudy

Members of the public may attend the Public Service Board meetings to provide public comment

- Wednesday, Dec. 10, 8:30 a.m.
- Wednesday, Jan. 14, 8:30 a.m.

Budget and rate information is available on the website, including

- Budget presentation slides and link to recording
- Fact Sheet, news release, more



Proposed Changes to Rules and Regulations

Rules and Regulations Proposed Revisions

- **Rules and Regulations 3**
 - Update Stormwater fee table
- **Rules and Regulations 5**
 - Update water and wastewater annexation fees tables
 - Update rates
- **Rules and Regulations 6**
 - Update water and wastewater annexation fees tables
 - Update rates
- **Rules and Regulations 7**
 - Update connection charges, refund rates, and line extension charges



Thank You