

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
10/26/1984	16.40%	12.59%	3.81%
10/31/1984	16.25%	12.59%	3.66%
11/7/1984	15.60%	12.58%	3.02%
11/9/1984	16.00%	12.58%	3.42%
11/14/1984	15.75%	12.59%	3.16%
11/20/1984	15.25%	12.58%	2.67%
11/20/1984	15.92%	12.58%	3.34%
11/23/1984	15.00%	12.58%	2.42%
11/28/1984	16.15%	12.57%	3.58%
12/3/1984	15.80%	12.57%	3.23%
12/4/1984	16.50%	12.56%	3.94%
12/18/1984	16.40%	12.54%	3.86%
12/19/1984	15.00%	12.53%	2.47%
12/19/1984	14.75%	12.53%	2.22%
12/20/1984	16.00%	12.53%	3.47%
12/28/1984	16.00%	12.50%	3.50%
1/3/1985	14.75%	12.49%	2.26%
1/10/1985	15.75%	12.47%	3.28%
1/11/1985	16.30%	12.46%	3.84%
1/23/1985	15.80%	12.43%	3.37%
1/24/1985	15.82%	12.43%	3.39%
1/25/1985	16.75%	12.42%	4.33%
1/30/1985	14.90%	12.40%	2.50%
1/31/1985	14.75%	12.39%	2.36%
2/8/1985	14.47%	12.35%	2.12%
3/1/1985	13.84%	12.30%	1.54%
3/8/1985	16.85%	12.28%	4.57%
3/14/1985	15.50%	12.25%	3.25%
3/15/1985	15.62%	12.25%	3.37%
3/29/1985	15.62%	12.16%	3.46%
4/3/1985	14.60%	12.13%	2.47%
4/9/1985	15.50%	12.10%	3.40%
4/16/1985	15.70%	12.05%	3.65%
4/22/1985	14.00%	12.01%	1.99%
4/26/1985	15.50%	11.97%	3.53%
4/29/1985	15.00%	11.96%	3.04%
5/2/1985	14.68%	11.93%	2.75%
5/8/1985	15.62%	11.88%	3.74%
5/10/1985	16.50%	11.86%	4.64%
5/29/1985	14.61%	11.73%	2.88%
5/31/1985	16.00%	11.71%	4.29%
6/14/1985	15.50%	11.60%	3.90%
7/9/1985	15.00%	11.44%	3.56%
7/16/1985	14.50%	11.39%	3.11%
7/26/1985	14.50%	11.32%	3.18%
8/2/1985	14.80%	11.29%	3.51%
8/7/1985	15.00%	11.26%	3.74%
8/28/1985	14.25%	11.15%	3.10%
8/28/1985	15.50%	11.15%	4.35%
8/29/1985	14.50%	11.14%	3.36%
9/9/1985	14.90%	11.11%	3.79%
9/9/1985	14.60%	11.11%	3.49%
9/17/1985	14.90%	11.08%	3.82%
9/23/1985	15.00%	11.06%	3.94%
9/27/1985	15.50%	11.04%	4.46%
9/27/1985	15.80%	11.04%	4.76%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
10/2/1985	14.00%	11.03%	2.97%
10/2/1985	14.75%	11.03%	3.72%
10/3/1985	15.25%	11.03%	4.22%
10/24/1985	15.40%	10.96%	4.44%
10/24/1985	15.85%	10.96%	4.89%
10/24/1985	15.82%	10.96%	4.86%
10/28/1985	16.00%	10.95%	5.05%
10/29/1985	16.65%	10.94%	5.71%
10/31/1985	15.06%	10.93%	4.13%
11/4/1985	14.50%	10.91%	3.59%
11/7/1985	15.50%	10.89%	4.61%
11/8/1985	14.30%	10.89%	3.41%
12/12/1985	14.75%	10.73%	4.02%
12/18/1985	15.00%	10.69%	4.31%
12/20/1985	15.00%	10.66%	4.34%
12/20/1985	14.50%	10.66%	3.84%
12/20/1985	14.50%	10.66%	3.84%
1/24/1986	15.40%	10.40%	5.00%
1/31/1986	15.00%	10.35%	4.65%
2/5/1986	15.00%	10.32%	4.68%
2/5/1986	15.75%	10.32%	5.43%
2/10/1986	13.30%	10.29%	3.01%
2/11/1986	12.50%	10.27%	2.23%
2/14/1986	14.40%	10.24%	4.16%
2/18/1986	16.00%	10.22%	5.78%
2/24/1986	14.50%	10.17%	4.33%
2/26/1986	14.00%	10.15%	3.85%
3/5/1986	14.90%	10.07%	4.83%
3/11/1986	14.50%	10.01%	4.49%
3/12/1986	13.50%	10.00%	3.50%
3/27/1986	14.10%	9.85%	4.25%
3/31/1986	13.50%	9.84%	3.66%
4/1/1986	14.00%	9.82%	4.18%
4/2/1986	15.50%	9.81%	5.69%
4/4/1986	15.00%	9.78%	5.22%
4/14/1986	13.40%	9.68%	3.72%
4/23/1986	15.00%	9.57%	5.43%
5/16/1986	14.50%	9.31%	5.19%
5/16/1986	14.50%	9.31%	5.19%
5/29/1986	13.90%	9.19%	4.71%
5/30/1986	15.10%	9.17%	5.93%
6/2/1986	12.81%	9.16%	3.65%
6/11/1986	14.00%	9.06%	4.94%
6/24/1986	16.63%	8.93%	7.70%
6/26/1986	14.75%	8.90%	5.85%
6/26/1986	12.00%	8.90%	3.10%
6/30/1986	13.00%	8.86%	4.14%
7/10/1986	14.34%	8.74%	5.60%
7/11/1986	12.75%	8.72%	4.03%
7/14/1986	12.60%	8.71%	3.89%
7/17/1986	12.40%	8.65%	3.75%
7/25/1986	14.25%	8.56%	5.69%
8/6/1986	13.50%	8.43%	5.07%
8/14/1986	13.50%	8.34%	5.16%
9/16/1986	12.75%	8.06%	4.69%
9/19/1986	13.25%	8.02%	5.23%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
10/1/1986	14.00%	7.94%	6.06%
10/3/1986	13.40%	7.92%	5.48%
10/31/1986	13.50%	7.77%	5.73%
11/5/1986	13.00%	7.74%	5.26%
12/3/1986	12.90%	7.58%	5.32%
12/4/1986	14.44%	7.57%	6.87%
12/16/1986	13.60%	7.52%	6.08%
12/22/1986	13.80%	7.50%	6.30%
12/30/1986	13.00%	7.49%	5.51%
1/2/1987	13.00%	7.48%	5.52%
1/12/1987	12.40%	7.46%	4.94%
1/27/1987	12.71%	7.46%	5.25%
3/2/1987	12.47%	7.47%	5.00%
3/3/1987	13.60%	7.47%	6.13%
3/4/1987	12.38%	7.47%	4.91%
3/10/1987	13.50%	7.47%	6.03%
3/13/1987	13.00%	7.47%	5.53%
3/31/1987	13.00%	7.46%	5.54%
4/6/1987	13.00%	7.47%	5.53%
4/14/1987	12.50%	7.49%	5.01%
4/16/1987	14.50%	7.50%	7.00%
4/27/1987	12.00%	7.54%	4.46%
5/5/1987	12.85%	7.58%	5.27%
5/12/1987	12.65%	7.62%	5.03%
5/28/1987	13.50%	7.70%	5.80%
6/15/1987	13.20%	7.78%	5.42%
6/29/1987	15.00%	7.84%	7.16%
6/30/1987	12.50%	7.84%	4.66%
7/8/1987	12.00%	7.86%	4.14%
7/10/1987	12.90%	7.87%	5.03%
7/15/1987	13.50%	7.88%	5.62%
7/16/1987	15.00%	7.88%	7.12%
7/16/1987	13.50%	7.88%	5.62%
7/27/1987	13.40%	7.92%	5.48%
7/27/1987	13.50%	7.92%	5.58%
7/27/1987	13.00%	7.92%	5.08%
7/31/1987	12.98%	7.95%	5.03%
8/26/1987	12.63%	8.06%	4.57%
8/26/1987	12.75%	8.06%	4.69%
8/27/1987	13.25%	8.07%	5.18%
9/9/1987	13.00%	8.14%	4.86%
9/30/1987	12.75%	8.31%	4.44%
9/30/1987	13.00%	8.31%	4.69%
10/2/1987	11.50%	8.33%	3.17%
10/15/1987	13.00%	8.44%	4.56%
11/2/1987	13.00%	8.55%	4.45%
11/19/1987	13.00%	8.64%	4.36%
11/30/1987	12.00%	8.69%	3.31%
12/3/1987	14.20%	8.71%	5.49%
12/15/1987	13.25%	8.78%	4.47%
12/16/1987	13.72%	8.79%	4.93%
12/16/1987	13.50%	8.79%	4.71%
12/17/1987	11.75%	8.80%	2.95%
12/18/1987	13.50%	8.80%	4.70%
12/21/1987	12.01%	8.81%	3.20%
12/22/1987	12.00%	8.82%	3.18%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
12/22/1987	12.75%	8.82%	3.93%
12/22/1987	13.00%	8.82%	4.18%
12/22/1987	12.00%	8.82%	3.18%
1/20/1988	13.80%	8.94%	4.86%
1/26/1988	13.90%	8.96%	4.94%
1/29/1988	13.20%	8.96%	4.24%
2/4/1988	12.60%	8.96%	3.64%
3/1/1988	11.56%	8.94%	2.62%
3/23/1988	12.87%	8.92%	3.95%
3/24/1988	11.24%	8.92%	2.32%
3/30/1988	12.72%	8.92%	3.80%
4/1/1988	12.50%	8.92%	3.58%
4/7/1988	13.25%	8.93%	4.32%
4/25/1988	10.96%	8.96%	2.00%
5/3/1988	12.91%	8.98%	3.93%
5/11/1988	13.50%	8.99%	4.51%
5/16/1988	13.00%	8.99%	4.01%
6/30/1988	12.75%	8.99%	3.76%
7/1/1988	12.75%	8.99%	3.76%
7/20/1988	13.40%	8.96%	4.44%
8/5/1988	12.75%	8.91%	3.84%
8/23/1988	11.70%	8.93%	2.77%
8/29/1988	12.75%	8.94%	3.81%
8/30/1988	13.50%	8.94%	4.56%
9/8/1988	12.60%	8.95%	3.65%
10/13/1988	13.10%	8.93%	4.17%
12/19/1988	13.00%	9.02%	3.98%
12/20/1988	13.00%	9.02%	3.98%
12/20/1988	12.25%	9.02%	3.23%
12/21/1988	12.90%	9.02%	3.88%
12/27/1988	13.00%	9.03%	3.97%
12/28/1988	13.10%	9.03%	4.07%
12/30/1988	13.40%	9.04%	4.36%
1/27/1989	13.00%	9.06%	3.94%
1/31/1989	13.00%	9.06%	3.94%
2/17/1989	13.00%	9.05%	3.95%
2/20/1989	12.40%	9.05%	3.35%
3/1/1989	12.76%	9.05%	3.71%
3/8/1989	13.00%	9.05%	3.95%
3/30/1989	14.00%	9.05%	4.95%
4/5/1989	14.20%	9.05%	5.15%
4/18/1989	13.00%	9.05%	3.95%
5/5/1989	12.40%	9.05%	3.35%
6/2/1989	13.20%	9.00%	4.20%
6/8/1989	13.50%	8.98%	4.52%
6/27/1989	13.25%	8.91%	4.34%
6/30/1989	13.00%	8.90%	4.10%
8/14/1989	12.50%	8.77%	3.73%
9/28/1989	12.25%	8.63%	3.62%
10/24/1989	12.50%	8.54%	3.96%
11/9/1989	13.00%	8.48%	4.52%
12/15/1989	13.00%	8.33%	4.67%
12/20/1989	12.90%	8.31%	4.59%
12/21/1989	12.90%	8.31%	4.59%
12/27/1989	13.00%	8.29%	4.71%
12/27/1989	12.50%	8.29%	4.21%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
1/10/1990	12.80%	8.24%	4.56%
1/11/1990	12.90%	8.23%	4.67%
1/17/1990	12.80%	8.22%	4.58%
1/26/1990	12.00%	8.19%	3.81%
2/9/1990	12.10%	8.17%	3.93%
2/24/1990	12.86%	8.15%	4.71%
3/30/1990	12.90%	8.16%	4.74%
4/4/1990	15.76%	8.17%	7.59%
4/12/1990	12.52%	8.18%	4.34%
4/19/1990	12.75%	8.20%	4.55%
5/21/1990	12.10%	8.28%	3.82%
5/29/1990	12.40%	8.30%	4.10%
5/31/1990	12.00%	8.30%	3.70%
6/4/1990	12.90%	8.30%	4.60%
6/6/1990	12.25%	8.31%	3.94%
6/15/1990	13.20%	8.32%	4.88%
6/20/1990	12.92%	8.32%	4.60%
6/27/1990	12.90%	8.33%	4.57%
6/29/1990	12.50%	8.34%	4.16%
7/6/1990	12.10%	8.34%	3.76%
7/6/1990	12.35%	8.34%	4.01%
8/10/1990	12.55%	8.41%	4.14%
8/16/1990	13.21%	8.43%	4.78%
8/22/1990	13.10%	8.45%	4.65%
8/24/1990	13.00%	8.46%	4.54%
9/26/1990	11.45%	8.59%	2.86%
10/2/1990	13.00%	8.61%	4.39%
10/5/1990	12.84%	8.63%	4.21%
10/19/1990	13.00%	8.67%	4.33%
10/25/1990	12.30%	8.68%	3.62%
11/21/1990	12.70%	8.69%	4.01%
12/13/1990	12.30%	8.67%	3.63%
12/17/1990	12.87%	8.67%	4.20%
12/18/1990	13.10%	8.67%	4.43%
12/19/1990	12.00%	8.66%	3.34%
12/20/1990	12.75%	8.66%	4.09%
12/21/1990	12.50%	8.66%	3.84%
12/27/1990	12.79%	8.66%	4.13%
1/2/1991	13.10%	8.66%	4.44%
1/4/1991	12.50%	8.65%	3.85%
1/15/1991	12.75%	8.65%	4.10%
1/25/1991	11.70%	8.63%	3.07%
2/4/1991	12.50%	8.60%	3.90%
2/7/1991	12.50%	8.59%	3.91%
2/12/1991	13.00%	8.57%	4.43%
2/14/1991	12.72%	8.56%	4.16%
2/22/1991	12.80%	8.55%	4.25%
3/6/1991	13.10%	8.53%	4.57%
3/8/1991	13.00%	8.52%	4.48%
3/8/1991	12.30%	8.52%	3.78%
4/22/1991	13.00%	8.49%	4.51%
5/7/1991	13.50%	8.47%	5.03%
5/13/1991	13.25%	8.47%	4.78%
5/30/1991	12.75%	8.43%	4.32%
6/12/1991	12.00%	8.41%	3.59%
6/25/1991	11.70%	8.38%	3.32%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
6/28/1991	12.50%	8.38%	4.12%
7/1/1991	12.00%	8.37%	3.63%
7/3/1991	12.50%	8.36%	4.14%
7/19/1991	12.10%	8.34%	3.76%
8/1/1991	12.90%	8.32%	4.58%
8/16/1991	13.20%	8.29%	4.91%
9/27/1991	12.50%	8.23%	4.27%
9/30/1991	12.25%	8.23%	4.02%
10/17/1991	13.00%	8.20%	4.80%
10/23/1991	12.55%	8.20%	4.35%
10/23/1991	12.50%	8.20%	4.30%
10/31/1991	11.80%	8.19%	3.61%
11/1/1991	12.00%	8.19%	3.81%
11/5/1991	12.25%	8.19%	4.06%
11/12/1991	13.25%	8.18%	5.07%
11/12/1991	12.50%	8.18%	4.32%
11/25/1991	12.40%	8.18%	4.22%
11/26/1991	11.60%	8.18%	3.42%
11/26/1991	12.50%	8.18%	4.32%
11/27/1991	12.10%	8.18%	3.92%
12/18/1991	12.25%	8.15%	4.10%
12/19/1991	12.80%	8.15%	4.65%
12/19/1991	12.60%	8.15%	4.45%
12/20/1991	12.65%	8.14%	4.51%
1/9/1992	12.80%	8.09%	4.71%
1/16/1992	12.75%	8.07%	4.68%
1/21/1992	12.00%	8.06%	3.94%
1/22/1992	13.00%	8.06%	4.94%
1/27/1992	12.65%	8.05%	4.60%
1/31/1992	12.00%	8.04%	3.96%
2/11/1992	12.40%	8.03%	4.37%
2/25/1992	12.50%	8.01%	4.49%
3/16/1992	11.43%	7.98%	3.45%
3/18/1992	12.28%	7.98%	4.30%
4/2/1992	12.10%	7.95%	4.15%
4/9/1992	11.45%	7.93%	3.52%
4/10/1992	11.50%	7.93%	3.57%
4/14/1992	11.50%	7.92%	3.58%
5/5/1992	11.50%	7.89%	3.61%
5/12/1992	12.46%	7.88%	4.58%
5/12/1992	11.87%	7.88%	3.99%
6/1/1992	12.30%	7.86%	4.44%
6/12/1992	10.90%	7.85%	3.05%
6/26/1992	12.35%	7.85%	4.50%
6/29/1992	11.00%	7.85%	3.15%
6/30/1992	13.00%	7.85%	5.15%
7/13/1992	11.90%	7.84%	4.06%
7/13/1992	13.50%	7.84%	5.66%
7/22/1992	11.20%	7.83%	3.37%
8/3/1992	12.00%	7.81%	4.19%
8/6/1992	12.50%	7.80%	4.70%
9/22/1992	12.00%	7.71%	4.29%
9/28/1992	11.40%	7.71%	3.69%
9/30/1992	11.75%	7.71%	4.04%
10/2/1992	13.00%	7.70%	5.30%
10/12/1992	12.20%	7.70%	4.50%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
10/16/1992	13.16%	7.71%	5.45%
10/30/1992	11.75%	7.71%	4.04%
11/3/1992	12.00%	7.71%	4.29%
12/3/1992	11.85%	7.68%	4.17%
12/15/1992	11.00%	7.66%	3.34%
12/16/1992	11.90%	7.66%	4.24%
12/16/1992	12.40%	7.66%	4.74%
12/17/1992	12.00%	7.66%	4.34%
12/22/1992	12.40%	7.65%	4.75%
12/22/1992	12.30%	7.65%	4.65%
12/29/1992	12.25%	7.63%	4.62%
12/30/1992	12.00%	7.63%	4.37%
12/31/1992	11.90%	7.62%	4.28%
1/12/1993	12.00%	7.61%	4.39%
1/21/1993	11.25%	7.59%	3.66%
2/2/1993	11.40%	7.56%	3.84%
2/15/1993	12.30%	7.52%	4.78%
2/24/1993	11.90%	7.49%	4.41%
2/26/1993	12.20%	7.48%	4.72%
2/26/1993	11.80%	7.48%	4.32%
4/23/1993	11.75%	7.29%	4.46%
5/11/1993	11.75%	7.24%	4.51%
5/14/1993	11.50%	7.24%	4.26%
5/25/1993	11.50%	7.22%	4.28%
5/28/1993	11.00%	7.22%	3.78%
6/3/1993	12.00%	7.21%	4.79%
6/16/1993	11.50%	7.19%	4.31%
6/18/1993	12.10%	7.18%	4.92%
6/25/1993	11.67%	7.17%	4.50%
7/21/1993	11.38%	7.10%	4.28%
7/23/1993	10.46%	7.09%	3.37%
8/24/1993	11.50%	6.95%	4.55%
9/21/1993	10.50%	6.80%	3.70%
9/29/1993	11.47%	6.76%	4.71%
9/30/1993	11.60%	6.76%	4.84%
11/2/1993	10.80%	6.60%	4.20%
11/12/1993	12.00%	6.56%	5.44%
11/26/1993	11.00%	6.52%	4.48%
12/14/1993	10.55%	6.48%	4.07%
12/16/1993	10.60%	6.48%	4.12%
12/21/1993	11.30%	6.47%	4.83%
1/4/1994	10.07%	6.44%	3.63%
1/13/1994	11.00%	6.42%	4.58%
1/21/1994	11.00%	6.40%	4.60%
1/28/1994	11.35%	6.39%	4.96%
2/3/1994	11.40%	6.38%	5.02%
2/17/1994	10.60%	6.36%	4.24%
2/25/1994	12.00%	6.35%	5.65%
2/25/1994	11.25%	6.35%	4.90%
3/1/1994	11.00%	6.35%	4.65%
3/4/1994	11.00%	6.34%	4.66%
4/25/1994	11.00%	6.40%	4.60%
5/10/1994	11.75%	6.44%	5.31%
5/13/1994	10.50%	6.46%	4.04%
6/3/1994	11.00%	6.54%	4.46%
6/27/1994	11.40%	6.65%	4.75%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
8/5/1994	12.75%	6.88%	5.87%
10/31/1994	10.00%	7.33%	2.67%
11/9/1994	10.85%	7.40%	3.45%
11/9/1994	10.85%	7.40%	3.45%
11/18/1994	11.20%	7.46%	3.74%
11/22/1994	11.60%	7.47%	4.13%
11/28/1994	11.06%	7.50%	3.56%
12/8/1994	11.50%	7.55%	3.95%
12/8/1994	11.70%	7.55%	4.15%
12/14/1994	10.95%	7.57%	3.38%
12/15/1994	11.50%	7.57%	3.93%
12/19/1994	11.50%	7.58%	3.92%
12/28/1994	12.15%	7.61%	4.54%
1/9/1995	12.28%	7.64%	4.64%
1/31/1995	11.00%	7.69%	3.31%
2/10/1995	12.60%	7.70%	4.90%
2/17/1995	11.90%	7.70%	4.20%
3/9/1995	11.50%	7.72%	3.78%
3/20/1995	12.00%	7.72%	4.28%
3/23/1995	12.81%	7.72%	5.09%
3/29/1995	11.60%	7.72%	3.88%
4/6/1995	11.10%	7.72%	3.38%
4/7/1995	11.00%	7.71%	3.29%
4/19/1995	11.00%	7.70%	3.30%
5/12/1995	11.63%	7.68%	3.95%
5/25/1995	11.20%	7.65%	3.55%
6/9/1995	11.25%	7.60%	3.65%
6/21/1995	12.25%	7.56%	4.69%
6/30/1995	11.10%	7.51%	3.59%
9/11/1995	11.30%	7.20%	4.10%
9/27/1995	11.75%	7.12%	4.63%
9/27/1995	11.50%	7.12%	4.38%
9/27/1995	11.30%	7.12%	4.18%
9/29/1995	11.00%	7.11%	3.89%
11/9/1995	12.36%	6.89%	5.47%
11/9/1995	11.38%	6.89%	4.49%
11/17/1995	11.00%	6.85%	4.15%
12/4/1995	11.35%	6.78%	4.57%
12/11/1995	11.40%	6.74%	4.66%
12/20/1995	11.60%	6.69%	4.91%
12/27/1995	12.00%	6.66%	5.34%
2/5/1996	12.25%	6.48%	5.77%
3/29/1996	10.67%	6.42%	4.25%
4/8/1996	11.00%	6.42%	4.58%
4/11/1996	12.59%	6.43%	6.16%
4/11/1996	12.59%	6.43%	6.16%
4/24/1996	11.25%	6.43%	4.82%
4/30/1996	11.00%	6.43%	4.57%
5/13/1996	11.00%	6.44%	4.56%
5/23/1996	11.25%	6.43%	4.82%
6/25/1996	11.25%	6.48%	4.77%
6/27/1996	11.20%	6.48%	4.72%
8/12/1996	10.40%	6.57%	3.83%
9/27/1996	11.00%	6.71%	4.29%
10/16/1996	12.25%	6.76%	5.49%
11/5/1996	11.00%	6.81%	4.19%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
11/26/1996	11.30%	6.83%	4.47%
12/18/1996	11.75%	6.84%	4.91%
12/31/1996	11.50%	6.83%	4.67%
1/3/1997	10.70%	6.83%	3.87%
2/13/1997	11.80%	6.82%	4.98%
2/20/1997	11.80%	6.82%	4.98%
3/31/1997	10.02%	6.80%	3.22%
4/2/1997	11.65%	6.80%	4.85%
4/28/1997	11.50%	6.81%	4.69%
4/29/1997	11.70%	6.81%	4.89%
7/17/1997	12.00%	6.77%	5.23%
12/12/1997	11.00%	6.60%	4.40%
12/23/1997	11.12%	6.57%	4.55%
2/2/1998	12.75%	6.39%	6.36%
3/2/1998	11.25%	6.28%	4.97%
3/6/1998	10.75%	6.27%	4.48%
3/20/1998	10.50%	6.22%	4.28%
4/30/1998	12.20%	6.12%	6.08%
7/10/1998	11.40%	5.94%	5.46%
9/15/1998	11.90%	5.78%	6.12%
11/30/1998	12.60%	5.58%	7.02%
12/10/1998	12.20%	5.54%	6.66%
12/17/1998	12.10%	5.52%	6.58%
2/5/1999	10.30%	5.38%	4.92%
3/4/1999	10.50%	5.34%	5.16%
4/6/1999	10.94%	5.32%	5.62%
7/29/1999	10.75%	5.52%	5.23%
9/23/1999	10.75%	5.70%	5.05%
11/17/1999	11.10%	5.90%	5.20%
1/7/2000	11.50%	6.05%	5.45%
1/7/2000	11.50%	6.05%	5.45%
2/17/2000	10.60%	6.17%	4.43%
3/28/2000	11.25%	6.20%	5.05%
5/24/2000	11.00%	6.18%	4.82%
7/18/2000	12.20%	6.16%	6.04%
9/29/2000	11.16%	6.03%	5.13%
11/28/2000	12.90%	5.89%	7.01%
11/30/2000	12.10%	5.88%	6.22%
1/23/2001	11.25%	5.79%	5.46%
2/8/2001	11.50%	5.77%	5.73%
5/8/2001	10.75%	5.62%	5.13%
6/26/2001	11.00%	5.62%	5.38%
7/25/2001	11.02%	5.60%	5.42%
7/25/2001	11.02%	5.60%	5.42%
7/31/2001	11.00%	5.59%	5.41%
8/31/2001	10.50%	5.56%	4.94%
9/7/2001	10.75%	5.55%	5.20%
9/10/2001	11.00%	5.55%	5.45%
9/20/2001	10.00%	5.55%	4.45%
10/24/2001	10.30%	5.54%	4.76%
11/28/2001	10.60%	5.49%	5.11%
12/3/2001	12.88%	5.49%	7.39%
12/20/2001	12.50%	5.50%	7.00%
1/22/2002	10.00%	5.50%	4.50%
3/27/2002	10.10%	5.45%	4.65%
4/22/2002	11.80%	5.45%	6.35%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
5/28/2002	10.17%	5.46%	4.71%
6/10/2002	12.00%	5.47%	6.53%
6/18/2002	11.16%	5.48%	5.68%
6/20/2002	12.30%	5.48%	6.82%
6/20/2002	11.00%	5.48%	5.52%
7/15/2002	11.00%	5.48%	5.52%
9/12/2002	12.30%	5.45%	6.85%
9/26/2002	10.45%	5.41%	5.04%
12/4/2002	11.55%	5.29%	6.26%
12/13/2002	11.75%	5.27%	6.48%
12/20/2002	11.40%	5.25%	6.15%
1/8/2003	11.10%	5.19%	5.91%
1/31/2003	12.45%	5.13%	7.32%
2/28/2003	12.30%	5.04%	7.26%
3/6/2003	10.75%	5.02%	5.73%
3/7/2003	9.96%	5.02%	4.94%
3/20/2003	12.00%	4.98%	7.02%
4/3/2003	12.00%	4.95%	7.05%
4/15/2003	11.15%	4.93%	6.22%
6/25/2003	10.75%	4.79%	5.96%
6/26/2003	10.75%	4.79%	5.96%
7/9/2003	9.75%	4.79%	4.96%
7/16/2003	9.75%	4.79%	4.96%
7/25/2003	9.50%	4.79%	4.71%
8/26/2003	10.50%	4.83%	5.67%
12/17/2003	10.70%	4.94%	5.76%
12/17/2003	9.85%	4.94%	4.91%
12/18/2003	11.50%	4.94%	6.56%
12/19/2003	12.00%	4.94%	7.06%
12/19/2003	12.00%	4.94%	7.06%
12/23/2003	10.50%	4.94%	5.56%
1/13/2004	12.00%	4.95%	7.05%
3/2/2004	10.75%	4.99%	5.76%
3/26/2004	10.25%	5.02%	5.23%
4/5/2004	11.25%	5.03%	6.22%
5/18/2004	10.50%	5.07%	5.43%
5/25/2004	10.25%	5.07%	5.18%
5/27/2004	10.25%	5.08%	5.17%
6/2/2004	11.22%	5.08%	6.14%
6/30/2004	10.50%	5.10%	5.40%
6/30/2004	10.50%	5.10%	5.40%
7/16/2004	11.60%	5.11%	6.49%
8/25/2004	10.25%	5.10%	5.15%
9/9/2004	10.40%	5.10%	5.30%
11/9/2004	10.50%	5.07%	5.43%
11/23/2004	11.00%	5.06%	5.94%
12/14/2004	10.97%	5.07%	5.90%
12/21/2004	11.50%	5.07%	6.43%
12/21/2004	11.25%	5.07%	6.18%
12/22/2004	10.70%	5.07%	5.63%
12/22/2004	11.50%	5.07%	6.43%
12/29/2004	9.85%	5.08%	4.77%
1/6/2005	10.70%	5.08%	5.62%
2/18/2005	10.30%	4.98%	5.32%
2/25/2005	10.50%	4.96%	5.54%
3/10/2005	11.00%	4.93%	6.07%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
3/24/2005	10.30%	4.89%	5.41%
4/4/2005	10.00%	4.87%	5.13%
4/7/2005	10.25%	4.87%	5.38%
5/18/2005	10.25%	4.78%	5.47%
5/25/2005	10.75%	4.76%	5.99%
5/26/2005	9.75%	4.76%	4.99%
6/1/2005	9.75%	4.75%	5.00%
7/19/2005	11.50%	4.64%	6.86%
8/5/2005	11.75%	4.62%	7.13%
8/15/2005	10.13%	4.61%	5.52%
9/28/2005	10.00%	4.54%	5.46%
10/4/2005	10.75%	4.53%	6.22%
12/12/2005	11.00%	4.55%	6.45%
12/13/2005	10.75%	4.55%	6.20%
12/21/2005	10.29%	4.54%	5.75%
12/21/2005	10.40%	4.54%	5.86%
12/22/2005	11.15%	4.54%	6.61%
12/22/2005	11.00%	4.54%	6.46%
12/28/2005	10.00%	4.54%	5.46%
12/28/2005	10.00%	4.54%	5.46%
1/5/2006	11.00%	4.53%	6.47%
1/27/2006	9.75%	4.52%	5.23%
3/3/2006	10.39%	4.53%	5.86%
4/17/2006	10.20%	4.62%	5.58%
4/26/2006	10.60%	4.64%	5.96%
5/17/2006	11.60%	4.69%	6.91%
6/6/2006	10.00%	4.75%	5.25%
6/27/2006	10.75%	4.80%	5.95%
7/6/2006	10.20%	4.83%	5.37%
7/24/2006	9.60%	4.86%	4.74%
7/26/2006	10.50%	4.86%	5.64%
7/28/2006	10.05%	4.87%	5.18%
8/23/2006	9.55%	4.89%	4.66%
9/1/2006	10.54%	4.90%	5.64%
9/14/2006	10.00%	4.91%	5.09%
10/6/2006	9.67%	4.92%	4.75%
11/21/2006	10.08%	4.95%	5.13%
11/21/2006	10.08%	4.95%	5.13%
11/21/2006	10.12%	4.95%	5.17%
12/1/2006	10.25%	4.96%	5.29%
12/1/2006	10.50%	4.96%	5.54%
12/7/2006	10.75%	4.96%	5.79%
12/21/2006	11.25%	4.95%	6.30%
12/21/2006	10.90%	4.95%	5.95%
12/22/2006	10.25%	4.95%	5.30%
1/5/2007	10.00%	4.95%	5.05%
1/11/2007	10.90%	4.95%	5.95%
1/11/2007	10.10%	4.95%	5.15%
1/11/2007	10.10%	4.95%	5.15%
1/12/2007	10.10%	4.95%	5.15%
1/13/2007	10.40%	4.95%	5.45%
1/19/2007	10.80%	4.94%	5.86%
3/21/2007	11.35%	4.86%	6.49%
3/22/2007	9.75%	4.86%	4.89%
5/15/2007	10.00%	4.81%	5.19%
5/17/2007	10.25%	4.80%	5.45%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
5/17/2007	10.25%	4.80%	5.45%
5/22/2007	10.20%	4.80%	5.40%
5/22/2007	10.50%	4.80%	5.70%
5/23/2007	10.70%	4.80%	5.90%
5/25/2007	9.67%	4.80%	4.87%
6/15/2007	9.90%	4.82%	5.08%
6/21/2007	10.20%	4.83%	5.37%
6/22/2007	10.50%	4.83%	5.67%
6/28/2007	10.75%	4.84%	5.91%
7/12/2007	9.67%	4.86%	4.81%
7/19/2007	10.00%	4.87%	5.13%
7/19/2007	10.00%	4.87%	5.13%
8/15/2007	10.40%	4.88%	5.52%
10/9/2007	10.00%	4.91%	5.09%
10/17/2007	9.10%	4.91%	4.19%
10/31/2007	9.96%	4.90%	5.06%
11/29/2007	10.90%	4.87%	6.03%
12/6/2007	10.75%	4.86%	5.89%
12/13/2007	9.96%	4.86%	5.10%
12/14/2007	10.80%	4.86%	5.94%
12/14/2007	10.70%	4.86%	5.84%
12/19/2007	10.20%	4.86%	5.34%
12/20/2007	10.20%	4.86%	5.34%
12/20/2007	11.00%	4.86%	6.14%
12/28/2007	10.25%	4.85%	5.40%
12/31/2007	11.25%	4.85%	6.40%
1/8/2008	10.75%	4.83%	5.92%
1/17/2008	10.75%	4.81%	5.94%
1/28/2008	9.40%	4.80%	4.60%
1/30/2008	10.00%	4.79%	5.21%
1/31/2008	10.71%	4.79%	5.92%
2/29/2008	10.25%	4.75%	5.50%
3/12/2008	10.25%	4.73%	5.52%
3/25/2008	9.10%	4.68%	4.42%
4/22/2008	10.25%	4.60%	5.65%
4/24/2008	10.10%	4.60%	5.50%
5/1/2008	10.70%	4.58%	6.12%
5/19/2008	11.00%	4.56%	6.44%
5/27/2008	10.00%	4.55%	5.45%
6/10/2008	10.70%	4.54%	6.16%
6/27/2008	11.04%	4.54%	6.50%
6/27/2008	10.50%	4.54%	5.96%
7/10/2008	10.43%	4.52%	5.91%
7/16/2008	9.40%	4.51%	4.89%
7/30/2008	10.80%	4.51%	6.29%
7/31/2008	10.70%	4.51%	6.19%
8/11/2008	10.25%	4.50%	5.75%
8/26/2008	10.18%	4.50%	5.68%
9/10/2008	10.30%	4.50%	5.80%
9/24/2008	10.65%	4.48%	6.17%
9/24/2008	10.65%	4.48%	6.17%
9/24/2008	10.65%	4.48%	6.17%
9/30/2008	10.20%	4.47%	5.73%
10/8/2008	10.15%	4.46%	5.69%
11/13/2008	10.55%	4.45%	6.10%
11/17/2008	10.20%	4.44%	5.76%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
12/1/2008	10.25%	4.39%	5.86%
12/23/2008	11.00%	4.27%	6.73%
12/29/2008	10.00%	4.24%	5.76%
12/29/2008	10.20%	4.24%	5.96%
12/31/2008	10.75%	4.22%	6.53%
1/14/2009	10.50%	4.15%	6.35%
1/21/2009	10.50%	4.11%	6.39%
1/21/2009	10.50%	4.11%	6.39%
1/21/2009	10.50%	4.11%	6.39%
1/27/2009	10.76%	4.09%	6.67%
1/30/2009	10.50%	4.07%	6.43%
2/4/2009	8.75%	4.06%	4.69%
3/4/2009	10.50%	3.96%	6.54%
3/12/2009	11.50%	3.93%	7.57%
4/2/2009	11.10%	3.85%	7.25%
4/21/2009	10.61%	3.80%	6.81%
4/24/2009	10.00%	3.78%	6.22%
4/30/2009	11.25%	3.77%	7.48%
5/4/2009	10.74%	3.77%	6.97%
5/20/2009	10.25%	3.74%	6.51%
5/28/2009	10.50%	3.74%	6.76%
6/22/2009	10.00%	3.76%	6.24%
6/24/2009	10.80%	3.76%	7.04%
7/8/2009	10.63%	3.76%	6.87%
7/17/2009	10.50%	3.77%	6.73%
8/21/2009	10.25%	3.80%	6.45%
8/31/2009	10.25%	3.82%	6.43%
10/14/2009	10.70%	4.02%	6.68%
10/23/2009	10.88%	4.06%	6.82%
11/2/2009	10.70%	4.10%	6.60%
11/3/2009	10.70%	4.10%	6.60%
11/24/2009	10.25%	4.16%	6.09%
11/25/2009	10.75%	4.16%	6.59%
11/30/2009	10.35%	4.17%	6.18%
12/3/2009	10.50%	4.18%	6.32%
12/7/2009	10.70%	4.19%	6.51%
12/16/2009	11.00%	4.22%	6.78%
12/16/2009	10.90%	4.22%	6.68%
12/18/2009	10.40%	4.22%	6.18%
12/18/2009	10.40%	4.22%	6.18%
12/22/2009	10.20%	4.23%	5.97%
12/22/2009	10.40%	4.23%	6.17%
12/22/2009	10.40%	4.23%	6.17%
12/30/2009	10.00%	4.26%	5.74%
1/4/2010	10.80%	4.28%	6.52%
1/11/2010	11.00%	4.31%	6.69%
1/26/2010	10.13%	4.35%	5.78%
1/27/2010	10.40%	4.36%	6.04%
1/27/2010	10.40%	4.36%	6.04%
1/27/2010	10.70%	4.36%	6.34%
2/9/2010	9.80%	4.38%	5.42%
2/18/2010	10.60%	4.40%	6.20%
2/24/2010	10.18%	4.41%	5.77%
3/2/2010	9.63%	4.41%	5.22%
3/4/2010	10.50%	4.41%	6.09%
3/5/2010	10.50%	4.41%	6.09%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
3/11/2010	11.90%	4.42%	7.48%
3/17/2010	10.00%	4.41%	5.59%
3/25/2010	10.15%	4.42%	5.73%
4/2/2010	10.10%	4.43%	5.67%
4/27/2010	10.00%	4.46%	5.54%
4/29/2010	9.90%	4.46%	5.44%
4/29/2010	10.06%	4.46%	5.60%
4/29/2010	10.26%	4.46%	5.80%
5/12/2010	10.30%	4.45%	5.85%
5/12/2010	10.30%	4.45%	5.85%
5/28/2010	10.10%	4.44%	5.66%
5/28/2010	10.20%	4.44%	5.76%
6/7/2010	10.30%	4.44%	5.86%
6/16/2010	10.00%	4.44%	5.56%
6/28/2010	9.67%	4.43%	5.24%
6/28/2010	10.50%	4.43%	6.07%
6/30/2010	9.40%	4.43%	4.97%
7/1/2010	10.25%	4.43%	5.82%
7/15/2010	10.53%	4.43%	6.10%
7/15/2010	10.70%	4.43%	6.27%
7/30/2010	10.70%	4.41%	6.29%
8/4/2010	10.50%	4.41%	6.09%
8/6/2010	9.83%	4.41%	5.42%
8/25/2010	9.90%	4.37%	5.53%
9/3/2010	10.60%	4.35%	6.25%
9/14/2010	10.70%	4.33%	6.37%
9/16/2010	10.00%	4.32%	5.68%
9/16/2010	10.00%	4.32%	5.68%
9/30/2010	9.75%	4.28%	5.47%
10/14/2010	10.35%	4.24%	6.11%
10/28/2010	10.70%	4.21%	6.49%
11/2/2010	10.38%	4.20%	6.18%
11/4/2010	10.70%	4.19%	6.51%
11/19/2010	10.20%	4.17%	6.03%
11/22/2010	10.00%	4.17%	5.83%
12/1/2010	10.13%	4.16%	5.97%
12/6/2010	9.86%	4.15%	5.71%
12/9/2010	10.25%	4.15%	6.10%
12/13/2010	10.70%	4.15%	6.55%
12/14/2010	10.13%	4.15%	5.98%
12/15/2010	10.44%	4.15%	6.29%
12/17/2010	10.00%	4.14%	5.86%
12/20/2010	10.60%	4.14%	6.46%
12/21/2010	10.30%	4.14%	6.16%
12/27/2010	9.90%	4.14%	5.76%
12/29/2010	11.15%	4.14%	7.01%
1/5/2011	10.15%	4.13%	6.02%
1/12/2011	10.30%	4.12%	6.18%
1/13/2011	10.30%	4.12%	6.18%
1/18/2011	10.00%	4.12%	5.88%
1/20/2011	9.30%	4.12%	5.18%
1/20/2011	10.13%	4.12%	6.01%
1/31/2011	9.60%	4.11%	5.49%
2/3/2011	10.00%	4.11%	5.89%
2/25/2011	10.00%	4.14%	5.86%
3/25/2011	9.80%	4.18%	5.62%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
3/30/2011	10.00%	4.18%	5.82%
4/12/2011	10.00%	4.21%	5.79%
4/25/2011	10.74%	4.23%	6.51%
4/26/2011	9.67%	4.24%	5.43%
4/27/2011	10.40%	4.24%	6.16%
5/4/2011	10.00%	4.25%	5.75%
5/4/2011	10.00%	4.25%	5.75%
5/24/2011	10.50%	4.27%	6.23%
6/8/2011	10.75%	4.30%	6.45%
6/16/2011	9.20%	4.32%	4.88%
6/17/2011	9.95%	4.32%	5.63%
7/13/2011	10.20%	4.37%	5.83%
8/1/2011	9.20%	4.39%	4.81%
8/8/2011	10.00%	4.38%	5.62%
8/11/2011	10.00%	4.38%	5.62%
8/12/2011	10.35%	4.38%	5.97%
8/19/2011	10.25%	4.36%	5.89%
9/2/2011	12.88%	4.32%	8.56%
9/22/2011	10.00%	4.24%	5.76%
10/12/2011	10.30%	4.14%	6.16%
10/20/2011	10.50%	4.10%	6.40%
11/30/2011	10.90%	3.87%	7.03%
11/30/2011	10.90%	3.87%	7.03%
12/14/2011	10.00%	3.79%	6.21%
12/14/2011	10.30%	3.79%	6.51%
12/20/2011	10.20%	3.76%	6.44%
12/21/2011	10.20%	3.75%	6.45%
12/22/2011	9.90%	3.75%	6.15%
12/22/2011	10.40%	3.75%	6.65%
12/23/2011	10.19%	3.74%	6.45%
1/25/2012	10.50%	3.57%	6.93%
1/27/2012	10.50%	3.55%	6.95%
2/15/2012	10.20%	3.47%	6.73%
2/23/2012	9.90%	3.43%	6.47%
2/27/2012	10.25%	3.42%	6.83%
2/29/2012	10.40%	3.41%	6.99%
3/29/2012	10.37%	3.31%	7.06%
4/4/2012	10.00%	3.29%	6.71%
4/26/2012	10.00%	3.20%	6.80%
5/2/2012	10.00%	3.18%	6.82%
5/7/2012	9.80%	3.16%	6.64%
5/15/2012	10.00%	3.14%	6.86%
5/29/2012	10.05%	3.11%	6.94%
6/7/2012	10.30%	3.07%	7.23%
6/14/2012	9.40%	3.06%	6.34%
6/15/2012	10.40%	3.06%	7.34%
6/18/2012	9.60%	3.05%	6.55%
6/19/2012	9.25%	3.05%	6.20%
6/26/2012	10.10%	3.04%	7.06%
6/29/2012	10.00%	3.04%	6.96%
7/9/2012	10.20%	3.03%	7.17%
7/16/2012	9.80%	3.02%	6.78%
7/20/2012	9.81%	3.01%	6.80%
7/20/2012	9.31%	3.01%	6.30%
9/13/2012	9.80%	2.94%	6.86%
9/19/2012	10.05%	2.94%	7.11%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
9/19/2012	9.80%	2.94%	6.86%
9/26/2012	9.50%	2.94%	6.56%
10/12/2012	9.60%	2.93%	6.67%
10/23/2012	9.75%	2.93%	6.82%
10/24/2012	10.30%	2.93%	7.37%
11/9/2012	10.30%	2.92%	7.38%
11/28/2012	10.40%	2.90%	7.50%
11/29/2012	9.75%	2.89%	6.86%
11/29/2012	9.88%	2.89%	6.99%
12/5/2012	10.40%	2.89%	7.51%
12/5/2012	9.71%	2.89%	6.82%
12/12/2012	9.80%	2.88%	6.92%
12/13/2012	10.50%	2.88%	7.62%
12/13/2012	9.50%	2.88%	6.62%
12/14/2012	10.40%	2.88%	7.52%
12/19/2012	9.71%	2.87%	6.84%
12/19/2012	10.25%	2.87%	7.38%
12/20/2012	9.80%	2.87%	6.93%
12/20/2012	10.40%	2.87%	7.53%
12/20/2012	10.30%	2.87%	7.43%
12/20/2012	10.45%	2.87%	7.58%
12/20/2012	9.50%	2.87%	6.63%
12/20/2012	10.25%	2.87%	7.38%
12/20/2012	10.25%	2.87%	7.38%
12/21/2012	10.20%	2.87%	7.33%
12/26/2012	9.80%	2.86%	6.94%
1/9/2013	9.70%	2.84%	6.86%
1/9/2013	9.70%	2.84%	6.86%
1/9/2013	9.70%	2.84%	6.86%
1/16/2013	9.60%	2.84%	6.76%
1/16/2013	9.60%	2.84%	6.76%
2/13/2013	10.20%	2.84%	7.36%
2/22/2013	9.75%	2.85%	6.90%
2/27/2013	10.00%	2.86%	7.14%
3/14/2013	9.30%	2.88%	6.42%
3/27/2013	9.80%	2.90%	6.90%
5/1/2013	9.84%	2.94%	6.90%
5/15/2013	10.30%	2.96%	7.34%
5/30/2013	10.20%	2.98%	7.22%
5/31/2013	9.00%	2.98%	6.02%
6/11/2013	10.00%	3.00%	7.00%
6/21/2013	9.75%	3.02%	6.73%
6/25/2013	9.80%	3.03%	6.77%
7/12/2013	9.36%	3.08%	6.28%
8/8/2013	9.83%	3.14%	6.69%
8/14/2013	9.15%	3.16%	5.99%
9/11/2013	10.20%	3.27%	6.93%
9/11/2013	10.25%	3.27%	6.98%
9/24/2013	10.20%	3.31%	6.89%
10/3/2013	9.65%	3.33%	6.32%
11/6/2013	10.20%	3.41%	6.79%
11/21/2013	10.00%	3.44%	6.56%
11/26/2013	10.00%	3.45%	6.55%
12/3/2013	10.25%	3.47%	6.78%
12/4/2013	9.50%	3.47%	6.03%
12/5/2013	10.20%	3.48%	6.72%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
12/9/2013	9.75%	3.49%	6.26%
12/9/2013	8.72%	3.49%	5.23%
12/13/2013	9.75%	3.50%	6.25%
12/16/2013	9.95%	3.50%	6.45%
12/16/2013	9.95%	3.50%	6.45%
12/16/2013	10.12%	3.50%	6.62%
12/17/2013	9.50%	3.51%	5.99%
12/17/2013	10.95%	3.51%	7.44%
12/18/2013	9.80%	3.51%	6.29%
12/18/2013	8.72%	3.51%	5.21%
12/19/2013	10.15%	3.51%	6.64%
12/30/2013	9.50%	3.54%	5.96%
2/20/2014	9.20%	3.69%	5.51%
2/26/2014	9.75%	3.70%	6.05%
3/17/2014	9.55%	3.72%	5.83%
3/26/2014	9.96%	3.73%	6.23%
3/26/2014	9.40%	3.73%	5.67%
4/2/2014	9.70%	3.73%	5.97%
5/16/2014	9.80%	3.70%	6.10%
5/30/2014	9.70%	3.68%	6.02%
6/6/2014	10.40%	3.67%	6.73%
6/30/2014	9.55%	3.64%	5.91%
7/2/2014	9.62%	3.64%	5.98%
7/10/2014	9.95%	3.63%	6.32%
7/23/2014	9.75%	3.61%	6.14%
7/29/2014	9.45%	3.60%	5.85%
7/31/2014	9.90%	3.60%	6.30%
8/20/2014	9.75%	3.56%	6.19%
8/25/2014	9.60%	3.56%	6.04%
8/29/2014	9.80%	3.54%	6.26%
9/11/2014	9.60%	3.51%	6.09%
9/15/2014	10.25%	3.51%	6.74%
10/9/2014	9.80%	3.44%	6.36%
11/6/2014	9.56%	3.37%	6.19%
11/6/2014	10.20%	3.37%	6.83%
11/14/2014	10.20%	3.35%	6.85%
11/26/2014	9.70%	3.32%	6.38%
11/26/2014	10.20%	3.32%	6.88%
12/4/2014	9.68%	3.30%	6.38%
12/10/2014	9.25%	3.29%	5.96%
12/10/2014	9.25%	3.29%	5.96%
12/11/2014	10.07%	3.28%	6.79%
12/12/2014	10.20%	3.28%	6.92%
12/17/2014	9.17%	3.27%	5.90%
12/18/2014	9.83%	3.26%	6.57%
1/23/2015	9.50%	3.14%	6.36%
2/24/2015	9.83%	3.04%	6.79%
3/18/2015	9.75%	2.98%	6.77%
3/25/2015	9.50%	2.95%	6.55%
3/26/2015	9.72%	2.95%	6.77%
4/23/2015	10.20%	2.87%	7.33%
4/29/2015	9.53%	2.86%	6.67%
5/1/2015	9.60%	2.85%	6.75%
5/26/2015	9.75%	2.83%	6.92%
6/17/2015	9.00%	2.82%	6.18%
6/17/2015	9.00%	2.82%	6.18%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
9/2/2015	9.50%	2.79%	6.71%
9/10/2015	9.30%	2.79%	6.51%
9/25/2015	9.60%	2.80%	6.80%
10/15/2015	9.00%	2.81%	6.19%
11/19/2015	10.30%	2.88%	7.42%
11/19/2015	10.00%	2.88%	7.12%
12/3/2015	10.00%	2.90%	7.10%
12/9/2015	9.14%	2.90%	6.24%
12/9/2015	9.14%	2.90%	6.24%
12/11/2015	10.30%	2.90%	7.40%
12/15/2015	9.60%	2.91%	6.69%
12/17/2015	9.70%	2.91%	6.79%
12/18/2015	9.50%	2.91%	6.59%
12/30/2015	9.50%	2.93%	6.57%
1/6/2016	9.50%	2.94%	6.56%
2/23/2016	9.75%	2.94%	6.81%
3/16/2016	9.85%	2.91%	6.94%
4/29/2016	9.80%	2.83%	6.97%
6/3/2016	9.75%	2.80%	6.95%
6/8/2016	9.48%	2.80%	6.68%
6/15/2016	9.00%	2.78%	6.22%
6/15/2016	9.00%	2.78%	6.22%
7/18/2016	9.98%	2.71%	7.27%
8/9/2016	9.85%	2.66%	7.19%
8/18/2016	9.50%	2.63%	6.87%
8/24/2016	9.75%	2.61%	7.14%
9/1/2016	9.50%	2.59%	6.91%
9/8/2016	10.00%	2.57%	7.43%
9/28/2016	9.58%	2.53%	7.05%
9/30/2016	9.90%	2.53%	7.37%
11/9/2016	9.80%	2.48%	7.32%
11/10/2016	9.50%	2.48%	7.02%
11/15/2016	9.55%	2.49%	7.06%
11/18/2016	10.00%	2.50%	7.50%
11/29/2016	10.55%	2.51%	8.04%
12/1/2016	10.00%	2.51%	7.49%
12/6/2016	8.64%	2.52%	6.12%
12/6/2016	8.64%	2.52%	6.12%
12/7/2016	10.10%	2.52%	7.58%
12/12/2016	9.60%	2.53%	7.07%
12/14/2016	9.10%	2.53%	6.57%
12/19/2016	9.00%	2.54%	6.46%
12/19/2016	9.37%	2.54%	6.83%
12/22/2016	9.90%	2.55%	7.35%
12/22/2016	9.60%	2.55%	7.05%
12/28/2016	9.50%	2.55%	6.95%
1/18/2017	9.45%	2.58%	6.87%
1/24/2017	9.00%	2.59%	6.41%
1/31/2017	10.10%	2.60%	7.50%
2/15/2017	9.60%	2.62%	6.98%
2/22/2017	9.60%	2.64%	6.96%
2/24/2017	9.75%	2.64%	7.11%
2/24/2017	9.60%	2.64%	6.96%
2/28/2017	10.10%	2.64%	7.46%
3/2/2017	9.41%	2.65%	6.76%
3/20/2017	9.50%	2.68%	6.82%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
4/4/2017	10.25%	2.72%	7.53%
4/12/2017	9.40%	2.74%	6.66%
4/20/2017	9.50%	2.76%	6.74%
5/3/2017	9.50%	2.79%	6.71%
5/11/2017	9.20%	2.81%	6.39%
5/18/2017	9.50%	2.83%	6.67%
5/23/2017	9.70%	2.84%	6.86%
6/16/2017	9.65%	2.89%	6.76%
6/22/2017	9.70%	2.90%	6.80%
6/22/2017	9.70%	2.90%	6.80%
7/24/2017	9.50%	2.95%	6.55%
8/15/2017	10.00%	2.97%	7.03%
9/22/2017	9.60%	2.93%	6.67%
9/28/2017	9.80%	2.92%	6.88%
10/20/2017	9.50%	2.91%	6.59%
10/26/2017	10.25%	2.91%	7.34%
10/26/2017	10.20%	2.91%	7.29%
10/26/2017	10.30%	2.91%	7.39%
11/6/2017	10.25%	2.90%	7.35%
11/15/2017	11.95%	2.89%	9.06%
11/30/2017	10.00%	2.88%	7.12%
11/30/2017	10.00%	2.88%	7.12%
12/5/2017	9.50%	2.88%	6.62%
12/6/2017	8.40%	2.87%	5.53%
12/6/2017	8.40%	2.87%	5.53%
12/7/2017	9.80%	2.87%	6.93%
12/14/2017	9.60%	2.86%	6.74%
12/14/2017	9.65%	2.86%	6.79%
12/18/2017	9.50%	2.86%	6.64%
12/20/2017	9.58%	2.85%	6.73%
12/21/2017	9.10%	2.85%	6.25%
12/28/2017	9.50%	2.85%	6.65%
12/29/2017	9.51%	2.85%	6.66%
1/18/2018	9.70%	2.84%	6.86%
1/31/2018	9.30%	2.84%	6.46%
2/2/2018	9.98%	2.84%	7.14%
2/23/2018	9.90%	2.85%	7.05%
3/12/2018	9.25%	2.86%	6.39%
3/15/2018	9.00%	2.87%	6.13%
3/29/2018	10.00%	2.88%	7.12%
4/12/2018	9.90%	2.89%	7.01%
4/13/2018	9.73%	2.89%	6.84%
4/18/2018	10.00%	2.89%	7.11%
4/18/2018	9.25%	2.89%	6.36%
4/26/2018	9.50%	2.90%	6.60%
5/30/2018	9.95%	2.94%	7.01%
5/31/2018	9.50%	2.94%	6.56%
6/14/2018	8.80%	2.96%	5.84%
6/22/2018	9.50%	2.97%	6.53%
6/22/2018	9.90%	2.97%	6.93%
6/28/2018	9.35%	2.97%	6.38%
6/29/2018	9.50%	2.97%	6.53%
8/8/2018	9.53%	2.99%	6.54%
8/21/2018	9.70%	3.00%	6.70%
8/24/2018	9.28%	3.01%	6.27%
9/5/2018	9.56%	3.02%	6.54%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
9/14/2018	10.00%	3.03%	6.97%
9/20/2018	9.80%	3.04%	6.76%
9/26/2018	10.00%	3.05%	6.95%
9/26/2018	9.77%	3.05%	6.72%
9/27/2018	9.30%	3.05%	6.25%
10/4/2018	9.85%	3.06%	6.79%
10/29/2018	9.60%	3.10%	6.50%
10/31/2018	9.99%	3.11%	6.88%
11/1/2018	8.69%	3.11%	5.58%
12/4/2018	8.69%	3.14%	5.55%
12/13/2018	9.30%	3.14%	6.16%
12/14/2018	9.50%	3.14%	6.36%
12/19/2018	9.84%	3.14%	6.70%
12/20/2018	9.65%	3.14%	6.51%
12/21/2018	9.30%	3.14%	6.16%
1/9/2019	10.00%	3.14%	6.86%
2/27/2019	9.75%	3.12%	6.63%
3/13/2019	9.60%	3.12%	6.48%
3/14/2019	9.00%	3.12%	5.88%
3/14/2019	9.40%	3.12%	6.28%
3/22/2019	9.65%	3.12%	6.53%
4/30/2019	9.73%	3.11%	6.62%
4/30/2019	9.73%	3.11%	6.62%
5/1/2019	9.50%	3.11%	6.39%
5/2/2019	10.00%	3.11%	6.89%
5/8/2019	9.50%	3.10%	6.40%
5/14/2019	8.75%	3.10%	5.65%
5/16/2019	9.50%	3.09%	6.41%
5/23/2019	9.90%	3.09%	6.81%
8/12/2019	9.60%	2.89%	6.71%
8/29/2019	9.06%	2.81%	6.25%
9/4/2019	10.00%	2.78%	7.22%
9/30/2019	9.60%	2.70%	6.90%
10/31/2019	10.00%	2.60%	7.40%
10/31/2019	10.00%	2.60%	7.40%
11/7/2019	9.35%	2.58%	6.77%
11/29/2019	9.50%	2.52%	6.98%
12/4/2019	9.75%	2.51%	7.24%
12/4/2019	8.91%	2.51%	6.40%
12/16/2019	8.91%	2.48%	6.43%
12/17/2019	9.70%	2.47%	7.23%
12/17/2019	10.50%	2.47%	8.03%
12/19/2019	10.25%	2.47%	7.78%
12/19/2019	10.20%	2.47%	7.73%
12/19/2019	10.30%	2.47%	7.83%
12/20/2019	9.65%	2.46%	7.19%
12/20/2019	9.45%	2.46%	6.99%
12/24/2019	9.70%	2.46%	7.24%
1/8/2020	10.02%	2.43%	7.59%
1/16/2020	8.80%	2.41%	6.39%
1/22/2020	9.50%	2.39%	7.11%
1/23/2020	9.86%	2.39%	7.47%
2/6/2020	10.00%	2.34%	7.66%
2/11/2020	9.30%	2.33%	6.97%
2/14/2020	9.40%	2.32%	7.08%
2/19/2020	8.25%	2.31%	5.94%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
2/24/2020	9.75%	2.29%	7.46%
2/27/2020	9.40%	2.28%	7.12%
3/11/2020	9.70%	2.23%	7.47%
3/25/2020	9.40%	2.17%	7.23%
4/17/2020	9.70%	2.07%	7.63%
4/27/2020	9.25%	2.02%	7.23%
5/8/2020	9.90%	1.97%	7.93%
5/20/2020	9.45%	1.94%	7.51%
6/29/2020	9.70%	1.85%	7.85%
6/30/2020	9.10%	1.85%	7.25%
7/1/2020	9.25%	1.84%	7.41%
7/8/2020	9.40%	1.82%	7.58%
7/14/2020	9.60%	1.81%	7.79%
7/28/2020	9.50%	1.76%	7.74%
8/27/2020	10.00%	1.66%	8.34%
8/27/2020	9.45%	1.66%	7.79%
8/27/2020	8.20%	1.66%	6.54%
10/22/2020	9.50%	1.49%	8.01%
10/28/2020	9.60%	1.48%	8.12%
11/19/2020	8.80%	1.45%	7.35%
11/19/2020	8.80%	1.45%	7.35%
11/24/2020	9.20%	1.44%	7.76%
11/24/2020	9.80%	1.44%	8.36%
12/9/2020	8.38%	1.43%	6.95%
12/9/2020	8.38%	1.43%	6.95%
12/10/2020	9.40%	1.43%	7.97%
12/14/2020	9.50%	1.44%	8.06%
12/15/2020	9.30%	1.44%	7.86%
12/16/2020	9.50%	1.44%	8.06%
12/17/2020	9.90%	1.44%	8.46%
12/18/2020	9.50%	1.44%	8.06%
12/22/2020	9.15%	1.44%	7.71%
12/23/2020	10.00%	1.44%	8.56%
12/30/2020	9.65%	1.45%	8.20%
1/13/2021	9.30%	1.47%	7.83%
3/31/2021	9.60%	1.68%	7.92%
4/16/2021	9.60%	1.73%	7.87%
5/4/2021	9.85%	1.79%	8.06%
5/18/2021	9.50%	1.85%	7.65%
6/4/2021	9.28%	1.90%	7.38%
6/23/2021	9.00%	1.95%	7.05%
6/28/2021	9.55%	1.96%	7.59%
6/30/2021	9.43%	1.97%	7.46%
6/30/2021	9.43%	1.97%	7.46%
7/14/2021	9.60%	1.99%	7.61%
7/15/2021	9.38%	1.99%	7.39%
7/21/2021	9.50%	2.00%	7.50%
8/5/2021	9.60%	2.02%	7.58%
8/18/2021	9.50%	2.03%	7.47%
8/31/2021	8.57%	2.04%	6.53%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
9/1/2021	9.40%	2.05%	7.35%
9/27/2021	9.40%	2.07%	7.33%
10/21/2021	9.95%	2.10%	7.85%
10/26/2021	10.60%	2.10%	8.50%
10/28/2021	9.35%	2.10%	7.25%
11/2/2021	8.90%	2.11%	6.79%
11/4/2021	9.48%	2.11%	7.37%
11/17/2021	9.70%	2.11%	7.59%
11/18/2021	9.00%	2.11%	6.89%
11/18/2021	9.25%	2.11%	7.14%
11/18/2021	9.35%	2.11%	7.24%
11/18/2021	10.00%	2.11%	7.89%
11/18/2021	10.00%	2.11%	7.89%
11/23/2021	9.80%	2.11%	7.69%
12/1/2021	7.36%	2.10%	5.26%
12/7/2021	9.65%	2.09%	7.56%
12/13/2021	7.36%	2.08%	5.28%
12/15/2021	9.60%	2.08%	7.52%
12/22/2021	9.90%	2.06%	7.84%
12/28/2021	9.40%	2.05%	7.35%
1/20/2022	9.00%	2.03%	6.97%
2/16/2022	9.35%	2.02%	7.33%
2/23/2022	9.70%	2.02%	7.68%
3/16/2022	9.30%	2.02%	7.28%
4/14/2022	9.20%	2.07%	7.13%
4/25/2022	9.50%	2.11%	7.39%
5/12/2022	9.20%	2.18%	7.02%
5/23/2022	9.50%	2.22%	7.28%
8/31/2022	8.57%	2.64%	5.93%
9/8/2022	9.50%	2.69%	6.81%
9/15/2022	9.35%	2.73%	6.62%
10/4/2022	10.10%	2.85%	7.25%
10/4/2022	10.80%	2.85%	7.95%
10/25/2022	9.50%	3.00%	6.50%
11/3/2022	10.25%	3.07%	7.18%
11/3/2022	10.20%	3.07%	7.13%
11/3/2022	10.30%	3.07%	7.23%
11/17/2022	7.85%	3.16%	4.69%
11/18/2022	9.90%	3.17%	6.73%
11/30/2022	9.80%	3.23%	6.57%
12/1/2022	7.85%	3.24%	4.61%
12/14/2022	10.00%	3.30%	6.70%
12/14/2022	9.50%	3.30%	6.20%
12/14/2022	9.60%	3.30%	6.30%
12/15/2022	10.00%	3.30%	6.70%
12/15/2022	9.95%	3.30%	6.65%
12/15/2022	10.05%	3.30%	6.75%
12/16/2022	9.50%	3.31%	6.19%
12/20/2022	10.50%	3.32%	7.18%
12/22/2022	9.40%	3.33%	6.07%
12/22/2022	9.80%	3.33%	6.47%
12/27/2022	9.56%	3.35%	6.21%
12/29/2022	9.30%	3.37%	5.93%
12/29/2022	9.80%	3.37%	6.43%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
1/19/2023	9.90%	3.45%	6.45%
1/23/2023	9.65%	3.45%	6.20%
1/26/2023	9.75%	3.47%	6.28%
2/9/2023	9.60%	3.50%	6.10%
2/17/2023	9.50%	3.52%	5.98%
3/9/2023	9.70%	3.58%	6.12%
3/24/2023	9.90%	3.61%	6.29%
4/27/2023	10.00%	3.67%	6.33%
5/31/2023	9.35%	3.76%	5.59%
6/1/2023	9.25%	3.76%	5.49%
6/6/2023	9.75%	3.77%	5.98%
6/6/2023	9.35%	3.77%	5.58%
7/20/2023	9.25%	3.82%	5.43%
8/2/2023	9.80%	3.81%	5.99%
8/3/2023	9.57%	3.81%	5.76%
8/18/2023	9.80%	3.82%	5.98%
8/23/2023	9.58%	3.82%	5.76%
8/25/2023	9.55%	3.83%	5.72%
8/25/2023	8.63%	3.83%	4.80%
8/31/2023	11.45%	3.84%	7.61%
8/31/2023	9.40%	3.84%	5.56%
9/6/2023	9.30%	3.85%	5.45%
9/21/2023	9.65%	3.90%	5.75%
10/12/2023	9.20%	3.97%	5.23%
10/12/2023	9.20%	3.97%	5.23%
10/12/2023	9.75%	3.97%	5.78%
10/18/2023	9.50%	3.99%	5.51%
10/19/2023	9.50%	4.00%	5.50%
10/25/2023	9.65%	4.03%	5.62%
11/3/2023	9.30%	4.08%	5.22%
11/3/2023	9.70%	4.08%	5.62%
11/9/2023	9.80%	4.10%	5.70%
11/9/2023	9.80%	4.10%	5.70%
11/17/2023	9.60%	4.13%	5.47%
11/28/2023	9.35%	4.15%	5.20%
12/1/2023	9.90%	4.16%	5.74%
12/7/2023	9.70%	4.17%	5.53%
12/14/2023	8.91%	4.18%	4.73%
12/14/2023	8.72%	4.18%	4.54%
12/14/2023	10.00%	4.18%	5.82%
12/14/2023	9.50%	4.18%	5.32%
12/15/2023	10.10%	4.18%	5.92%
12/18/2023	9.50%	4.18%	5.32%
12/22/2023	10.70%	4.19%	6.51%
12/22/2023	10.65%	4.19%	6.46%
12/22/2023	10.75%	4.19%	6.56%
12/26/2023	9.52%	4.19%	5.33%
12/28/2023	9.60%	4.19%	5.41%
1/3/2024	9.26%	4.20%	5.06%
1/19/2024	9.75%	4.23%	5.52%
1/30/2024	9.75%	4.25%	5.50%
2/14/2024	9.60%	4.29%	5.31%
2/28/2024	9.70%	4.31%	5.39%
3/1/2024	9.90%	4.32%	5.58%
3/5/2024	9.55%	4.32%	5.23%
3/26/2024	9.80%	4.36%	5.44%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
4/17/2024	9.90%	4.41%	5.49%
4/18/2024	9.60%	4.41%	5.19%
5/8/2024	9.85%	4.46%	5.39%
6/10/2024	9.50%	4.50%	5.00%
6/20/2024	9.94%	4.50%	5.44%
6/28/2024	9.40%	4.50%	4.90%
7/2/2024	9.86%	4.50%	5.36%
7/18/2024	9.50%	4.47%	5.03%
8/8/2024	9.94%	4.43%	5.51%
8/21/2024	10.30%	4.40%	5.90%
8/26/2024	9.97%	4.39%	5.58%
9/17/2024	9.87%	4.36%	5.51%
9/18/2024	9.74%	4.36%	5.38%
9/23/2024	9.50%	4.36%	5.14%
9/26/2024	9.86%	4.37%	5.49%
9/30/2024	9.35%	4.37%	4.98%
# of Cases:			1,799

2025-2029 CAPITAL EXPENDITURES AS A PERCENT OF 2023 NET PLANT
(\$ Millions)

		(1)	(2)	(3)	(4)	(5)	(6)	(7)
		2023	2025	2026	2027	2028	2029	2025-2029 Cap. Ex. / 2023 Net Plant
Alliant Energy Corporation	LNT							
Capital Spending per Share			\$5.60	\$5.50	\$5.40	\$5.40	\$5.40	
Common Shares Outstanding			256.70	256.85	257.00	257.00	257.00	
Capital Expenditures			\$1,437.5	\$1,412.7	\$1,387.8	\$1,387.8	\$262.4	34.32%
Net Plant		\$17,157.0						
Ameren Corporation	AEE							
Capital Spending per Share			\$12.80	\$12.90	\$13.00	\$13.00	\$13.00	
Common Shares Outstanding			272.00	278.50	285.00	285.00	285.00	
Capital Expenditures			\$3,481.6	\$3,562.7	\$3,705.0	\$3,705.0	\$296.0	43.77%
Net Plant		\$33,776.0						
American Electric Power Company, Inc.	AEP							
Capital Spending per Share			\$14.10	\$14.05	\$14.00	\$14.00	\$14.00	
Common Shares Outstanding			535.00	542.50	550.00	550.00	550.00	
Capital Expenditures			\$7,543.5	\$7,622.1	\$7,700.0	\$7,700.0	\$564.0	40.59%
Net Plant		\$76,693.0						
Avista Corporation	AVA							
Capital Spending per Share			\$6.50	\$7.00	\$7.50	\$7.50	\$7.50	
Common Shares Outstanding			81.00	83.00	85.00	85.00	85.00	
Capital Expenditures			\$526.5	\$581.0	\$637.5	\$637.5	\$92.5	43.42%
Net Plant		\$5,700.1						
CMS Energy Corporation	CMS							
Capital Spending per Share			\$12.50	\$11.25	\$10.00	\$10.00	\$10.00	
Common Shares Outstanding			300.50	300.50	301.00	301.00	301.00	
Capital Expenditures			\$3,756.3	\$3,380.6	\$3,010.0	\$3,010.0	\$311.0	53.72%
Net Plant		\$25,072.0						
DTE Energy Company	DTE							
Capital Spending per Share			\$17.75	\$18.13	\$18.50	\$18.50	\$18.50	
Common Shares Outstanding			205.50	205.75	206.00	206.00	206.00	
Capital Expenditures			\$3,647.6	\$3,729.2	\$3,811.0	\$3,811.0	\$224.5	54.04%
Net Plant		\$28,169.0						
Duke Energy Corporation	DUK							
Capital Spending per Share			\$17.75	\$17.25	\$16.75	\$16.75	\$16.75	
Common Shares Outstanding			773.00	774.00	775.00	775.00	775.00	
Capital Expenditures			\$13,720.8	\$13,351.5	\$12,981.3	\$12,981.3	\$791.8	46.68%
Net Plant		\$115,315.0						
Edison International	EIX							
Capital Spending per Share			\$16.25	\$16.63	\$17.00	\$17.00	\$17.00	
Common Shares Outstanding			388.00	389.00	390.00	390.00	390.00	
Capital Expenditures			\$6,305.0	\$6,467.1	\$6,630.0	\$6,630.0	\$407.0	47.14%
Net Plant		\$56,084.0						
Entergy Corporation	ETR							
Capital Spending per Share			\$22.00	\$20.88	\$19.75	\$19.75	\$19.75	
Common Shares Outstanding			222.00	226.00	230.00	230.00	230.00	
Capital Expenditures			\$4,884.0	\$4,717.8	\$4,542.5	\$4,542.5	\$249.8	43.20%
Net Plant		\$43,834.0						
Eversource Energy	EVERG							
Capital Spending per Share			\$9.30	\$9.40	\$9.50	\$9.50	\$9.50	
Common Shares Outstanding			230.00	230.00	230.00	230.00	230.00	
Capital Expenditures			\$2,139.0	\$2,162.0	\$2,185.0	\$2,185.0	\$239.5	37.55%
Net Plant		\$23,729.0						
IDACORP, Inc.	IDA							
Capital Spending per Share			\$16.60	\$15.00	\$13.40	\$13.40	\$13.40	
Common Shares Outstanding			54.00	55.00	56.00	56.00	56.00	
Capital Expenditures			\$896.4	\$825.0	\$750.4	\$750.4	\$69.4	57.29%
Net Plant		\$5,745.2						

2025-2029 CAPITAL EXPENDITURES AS A PERCENT OF 2023 NET PLANT
(\$ Millions)

		(1)	(2)	(3)	(4)	(5)	(6)	(7)
		2023	2025	2026	2027	2028	2029	2025-2029 Cap. Ex. / 2023 Net Plant
NextEra Energy, Inc.	NEE							
Capital Spending per Share			\$11.00	\$11.00	\$12.00	\$12.00	\$12.00	
Common Shares Outstanding			2065.00	2107.50	2150.00	2150.00	2150.00	
Capital Expenditures			\$22,715.0	\$23,182.5	\$25,800.0	\$25,800.0	\$2,162.0	79.24%
Net Plant		\$125,776.0						
NorthWestern Corporation	NWE							
Capital Spending per Share			\$8.15	\$8.20	\$8.25	\$8.25	\$8.25	
Common Shares Outstanding			62.00	63.00	64.00	64.00	64.00	
Capital Expenditures			\$505.3	\$516.6	\$528.0	\$528.0	\$72.3	35.60%
Net Plant		\$6,039.8						
OGE Energy Corporation	OGE							
Capital Spending per Share			\$4.75	\$4.75	\$4.75	\$4.75	\$4.75	
Common Shares Outstanding			200.20	200.20	200.20	200.20	200.20	
Capital Expenditures			\$951.0	\$951.0	\$951.0	\$951.0	\$205.0	35.47%
Net Plant		\$11,301.0						
Pinnacle West Capital Corporation	PNW							
Capital Spending per Share			\$16.80	\$17.15	\$17.50	\$17.50	\$17.50	
Common Shares Outstanding			118.00	120.00	122.00	122.00	122.00	
Capital Expenditures			\$1,982.4	\$2,058.0	\$2,135.0	\$2,135.0	\$139.5	47.00%
Net Plant		\$17,980.0						
Portland General Electric Company	POR							
Capital Spending per Share			\$11.30	\$11.78	\$12.25	\$12.25	\$12.25	
Common Shares Outstanding			106.00	108.00	110.00	110.00	110.00	
Capital Expenditures			\$1,197.8	\$1,271.7	\$1,347.5	\$1,347.5	\$122.3	55.38%
Net Plant		\$9,546.0						
PPL Corporation	PPL							
Capital Spending per Share			\$3.70	\$3.70	\$4.00	\$4.00	\$4.00	
Common Shares Outstanding			737.40	737.70	738.00	738.00	738.00	
Capital Expenditures			\$2,728.4	\$2,729.5	\$2,952.0	\$2,952.0	\$742.0	38.53%
Net Plant		\$31,418.0						
Southern Company	SO							
Capital Spending per Share			\$8.75	\$8.63	\$8.50	\$8.50	\$8.50	
Common Shares Outstanding			1095.00	1095.00	1095.00	1095.00	1095.00	
Capital Expenditures			\$9,581.3	\$9,444.4	\$9,307.5	\$9,307.5	\$1,103.5	38.80%
Net Plant		\$99,844.0						
TXNM Energy, Inc.	TXNM							
Capital Spending per Share			\$13.85	\$13.68	\$13.50	\$13.50	\$13.50	
Common Shares Outstanding			92.00	93.50	95.00	95.00	95.00	
Capital Expenditures			\$1,274.2	\$1,278.6	\$1,282.5	\$1,282.5	\$108.5	68.68%
Net Plant		\$7,609.9						
Xcel Energy Inc.	XEL							
Capital Spending per Share			\$15.50	\$15.00	\$14.50	\$14.50	\$14.50	
Common Shares Outstanding			565.00	572.50	580.00	580.00	580.00	
Capital Expenditures			\$8,757.5	\$8,587.5	\$8,410.0	\$8,410.0	\$594.5	67.31%
Net Plant		\$51,642.0						
EPE	EPE							
Capital Expenditures [8]			\$1,148.00	\$1,140.00	\$835.00	\$699.00	\$580.00	114.93%
Net Plant [9]		\$3,830.0						
EPE CapEx Total (2025 - 2029)								\$4,402.0
EPE CapEx Annual Average								\$880.4
Proxy Group Median								45.22%
EPE / Proxy Group Median								2.54

Notes:

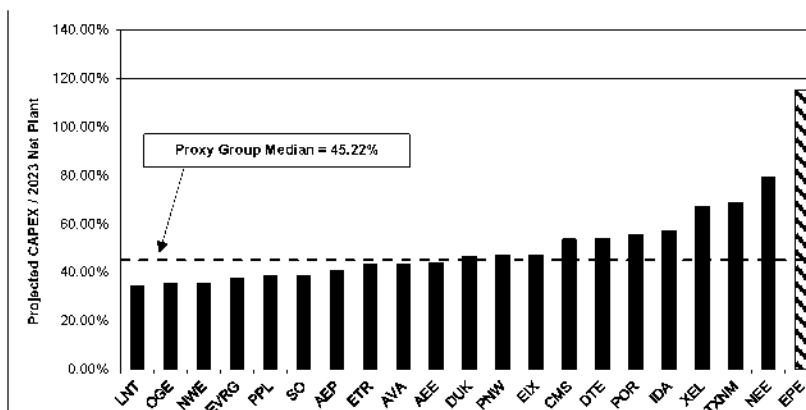
[1] - [6] Source: Value Line, dated September 6, 2024, October 18, 2024, and November 8, 2024

[7] Equals (Column [2] + [3] + [4] + [5] + [6]) / Column [1]

[8] Source: Company Provided Data

[9] Source: EPE's 2023 FERC Form 1

2025-2029 CAPITAL EXPENDITURES AS A PERCENT OF 2023 NET PLANT



Projected CAPEX / 2023 Net Plant

Rank	Company	2025-2029
1	Alliant Energy Corporation	LNT 34.32%
2	OGE Energy Corporation	OGE 35.47%
3	NorthWestern Corporation	NWE 35.60%
4	Evergy, Inc.	EVRG 37.55%
5	PPL Corporation	PPL 38.53%
6	Southern Company	SO 38.80%
7	American Electric Power Company, Inc.	AEP 40.59%
8	Entergy Corporation	ETR 43.20%
9	Avista Corporation	AVA 43.42%
10	Ameren Corporation	AEE 43.77%
11	Duke Energy Corporation	DUK 46.68%
12	Pinnacle West Capital Corporation	PNW 47.00%
13	Edison International	EIX 47.14%
14	CMS Energy Corporation	CMS 53.72%
15	DTE Energy Company	DTE 54.04%
16	Portland General Electric Company	POR 55.38%
17	IDACORP, Inc.	IDA 57.29%
18	Xcel Energy Inc.	XEL 67.31%
19	TXNM Energy, Inc.	TXNM 68.68%
20	NextEra Energy, Inc.	NEE 79.24%
21	EPE	EPE 114.93%
Proxy Group Median		45.22%
EPE/Proxy Group		2.54

Notes:
Source: Exhibit JEN-7, pages 1-2 col. [7]

Small Size Premium (Texas)

	[1] (\$Mil)
EPE Equity	\$1,541.83
Median Market to Book for Proxy Group	1.84
EPE Implied Market Cap	\$2,840.62

Company Name	Ticker	[2] Market Cap (\$Mil)	[3] Market to Book Ratio
Alliant Energy Corporation	LNT	\$15,156.30	\$2.23
Ameren Corporation	AEE	\$22,405.93	\$1.94
American Electric Power Company, Inc.	AEP	\$53,897.55	\$2.06
Avista Corporation	AVA	\$3,034.48	\$1.20
CMS Energy Corporation	CMS	\$20,564.34	\$2.64
DTE Energy Company	DTE	\$25,854.25	\$2.33
Duke Energy Corporation	DUK	\$88,918.77	\$1.86
Edison International	EIX	\$33,067.93	\$2.40
Entergy Corporation	ETR	\$26,535.91	\$1.82
Evergy, Inc.	EVERG	\$13,859.82	\$1.43
IDACORP, Inc.	IDA	\$5,477.89	\$1.71
NextEra Energy, Inc.	NEE	\$168,422.53	\$3.43
NorthWestern Corporation	NWE	\$3,381.62	\$1.20
OGE Energy Corporation	OGE	\$8,053.97	\$1.80
Pinnacle West Capital Corporation	PNW	\$10,058.29	\$1.62
TXNM Energy, Inc.	TXNM	\$3,776.24	\$1.57
Portland General Electric Company	POR	\$4,938.99	\$1.42
PPL Corporation	PPL	\$23,719.66	\$1.69
Southern Company	SO	\$96,744.29	\$2.98
Xcel Energy Inc.	XEL	\$35,020.89	\$1.95
MEDIAN		\$ 21,485.13	1.84
MEAN		\$ 33,144.48	1.96

Market Capitalization (\$Mil) [4]				
Decile	Low End Market Capitalization	High End Market Capitalization	Size Premium	
2	\$ 14,910.719	\$ 36,391.110	0.46%	
3	\$ 7,493.607	\$ 14,820.050	0.61%	
4	\$ 4,622.261	\$ 7,461.280	0.64%	
5	\$ 3,011.224	\$ 4,621.790	0.95%	
6	\$ 1,864.293	\$ 3,010.810	1.21%	
7	\$ 1,050.083	\$ 1,862.490	1.39%	
8	\$ 555.880	\$ 1,046.040	1.14%	
9	\$ 213.039	\$ 554.520	1.99%	
10	\$ 1.576	\$ 212.640	4.70%	
Proxy Group Median		\$ 21,485.135	0.46%	
6th Decile Size Premium		\$ 2,840.619	1.21%	
		Difference from Proxy Group Median	0.75%	

Notes:

- [1] EPE Texas jurisdictional proposed rate base of \$2,569 million multiplied by the proposed common equity ratio of 56.4%
[2] Source: S&P Global Market Intelligence, 30-day average
[3] Source: S&P Global Market Intelligence, 30-day average
[4] Source: Kroll Cost of Capital Navigator, Size Premia Deciles as of December 31, 2023

Small Size Premium (Total)

	[1] (\$Mil)
EPE Equity	\$1,942.93
Median Market to Book for Proxy Group	1.84
EPE Implied Market Cap	\$3,574.99

Company Name	Ticker	[2] Market Cap (\$Mil)	[3] Market to Book Ratio
Alliant Energy Corporation	LNT	\$15,156.30	2.23
Ameren Corporation	AEE	\$22,405.93	1.94
American Electric Power Company, Inc.	AEP	\$53,897.55	2.06
Avista Corporation	AVA	\$3,034.48	1.2
CMS Energy Corporation	CMS	\$20,564.34	2.64
DTE Energy Company	DTE	\$25,854.25	2.33
Duke Energy Corporation	DUK	\$88,918.77	1.86
Edison International	EIX	\$33,067.93	2.4
Entergy Corporation	ETR	\$26,535.91	1.82
Evergy, Inc.	EVERG	\$13,859.82	1.43
IDACORP, Inc.	IDA	\$5,477.89	1.71
NextEra Energy, Inc.	NEE	\$168,422.53	3.43
NorthWestern Corporation	NWE	\$3,381.62	1.2
OGE Energy Corporation	OGE	\$8,053.97	1.8
Pinnacle West Capital Corporation	PNW	\$10,058.29	1.62
TXNM Energy, Inc	TXNM	\$3,776.24	1.57
Portland General Electric Company	POR	\$4,938.99	1.42
PPL Corporation	PPL	\$23,719.66	1.69
Southern Company	SO	\$96,744.29	2.98
Xcel Energy Inc.	XEL	\$35,020.89	1.95
MEDIAN		\$ 21,485.14	1.84
MEAN		\$ 33,144.48	1.96

Market Capitalization (\$Mil) [4]

Decile	Low End Market Capitalization	High End Market Capitalization	Size Premium
2	\$ 14,910.719	\$ 36,391.110	0.46%
3	\$ 7,493.607	\$ 14,820.050	0.61%
4	\$ 4,622.261	\$ 7,461.280	0.64%
5	\$ 3,011.224	\$ 4,621.790	0.95%
6	\$ 1,864.293	\$ 3,010.810	1.21%
7	\$ 1,050.083	\$ 1,862.490	1.39%
8	\$ 555.880	\$ 1,046.040	1.14%
9	\$ 213.039	\$ 554.520	1.99%
10	\$ 1.576	\$ 212.640	4.70%

Proxy Group Median	\$ 21,485.135	0.46%
5th Decile Size Premium	\$ 3,574.995	0.95%
Difference from Proxy Group Median		0.49%

Notes:

[1] Source: EPE Schedule K-1.

[2] Source: S&P Global Market Intelligence, 30-day average

[3] Source: S&P Global Market Intelligence, 30-day average

[4] Source: Kroll Cost of Capital Navigator, Size Premia Deciles as of December 31, 2023

Proxy Group Regulatory Risk Comparative Assessment

				Adjustment Clauses							Rate-making Framework Component		
Company	Parent	State (Jurisdiction)	Service	Fuel/ Purchased Power/Gas	Volumetric Risk	New Capital Investment	Energy	Renewables &	Environmental	Other [6]	Test Year	Rate Base Methodology	RRA Commission
				Commodity	Mitigation [1]	[2]	Efficiency [3]	RPS [4]	[5]				Ranking [7]
Ameren Illinois Company	AEE	Illinois	Electric	✓	✓	✓	✓	✓	✓	✓	Fully Forecast	Average	Average / 3
Union Electric Company	AEE	Missouri	Electric	✓	✓	✓	✓	✓	✓	✓	Historical	Year End	Average / 3
AEP Texas Inc.	AEP	Texas	Electric	n/a		✓	✓		✓	✓	Historical	Year End	Below Average / 1
Appalachian Power Company	AEP	Virginia	Electric	✓		✓	✓	✓	✓	✓	Fully Forecast	Year End	Average / 1
Indiana Michigan Power Company	AEP	Indiana	Electric	✓	✓	✓	✓	✓	✓	✓	Fully Forecast	Year End	Average / 1
Indiana Michigan Power Company	AEP	Michigan	Electric	✓	✓	✓	✓	✓	✓	✓	Fully Forecast	Average	Average / 1
Kentucky Power Company	AEP	Kentucky	Electric	✓	✓	✓	✓		✓	✓	Historical	Year End	Average / 2
Kingsport Power Company	AEP	Tennessee	Electric	✓		✓	✓	✓	✓	✓	Fully Forecast	Average	Above Average / 3
Ohio Power Company	AEP	Ohio	Electric	✓	✓	✓	✓			✓	Partially Forecast	Year End	Average / 2
Public Service Company of Oklahoma	AEP	Oklahoma	Electric	✓	✓	✓				✓	Historical	Year End	Average / 3
Southwestern Electric Power Company	AEP	Arkansas	Electric	✓	✓	✓	✓		✓	✓	Partially Forecast	Year End	Average / 1
Southwestern Electric Power Company	AEP	Louisiana	Electric	✓	✓	✓	✓	✓		✓	Historical	Year End	Average / 3
Southwestern Electric Power Company	AEP	Texas	Electric	✓	✓	✓	✓	✓	✓	✓	Historical	Year End	Below Average / 1
Wheeling Power Company	AEP	West Virginia	Electric	✓		✓	✓	✓	✓	✓	Historical	Average	Below Average / 1
Alaska Electric Light and Power Company	AVA	Alaska	Electric	✓						✓	Historical	Average	Below Average / 1
Avista Corporation	AVA	Idaho	Electric	✓	✓		✓			✓	Fully Forecast	Average	Average / 2
Avista Corporation	AVA	Washington	Electric	✓	✓	✓	✓	✓		✓	Fully Forecast	Average	Average / 3
Consumers Energy Company	CMS	Michigan	Electric	✓			✓	✓		✓	Fully Forecast	Average	Average / 1
DTE Electric Company	DTE	Michigan	Electric	✓		✓	✓	✓		✓	Fully Forecast	Average	Average / 1
Duke Energy Carolinas, LLC	DUK	North Carolina	Electric	✓	✓		✓	✓	✓	✓	Historical	Year End	Above Average / 3
Duke Energy Carolinas, LLC	DUK	South Carolina	Electric	✓	✓		✓	✓	✓	✓	Historical	Year End	Average / 3
Duke Energy Progress, LLC	DUK	North Carolina	Electric	✓	✓	✓	✓	✓		✓	Historical	Year End	Above Average / 3
Duke Energy Florida, LLC	DUK	Florida	Electric	✓		✓	✓	✓	✓	✓	Fully Forecast	Year End	Above Average / 2
Duke Energy Indiana, LLC	DUK	Indiana	Electric	✓	✓	✓	✓	✓		✓	Fully Forecast	Year End	Average / 1
Duke Energy Kentucky, Inc.	DUK	Kentucky	Electric	✓	✓		✓	✓		✓	Fully Forecast	Average	Average / 2
Duke Energy Ohio, Inc.	DUK	Ohio	Electric	✓	✓	✓	✓	✓		✓	Partially Forecast	Year End	Average / 2
Duke Energy Progress, LLC	DUK	South Carolina	Electric	✓	✓		✓	✓	✓	✓	Historical	Year End	Average / 3
Southern California Edison Company	EIX	California	Electric	✓	✓		✓		✓	✓	Fully Forecast	Average	Average / 1
Entergy Arkansas, LLC	ETR	Arkansas	Electric	✓	✓	✓	✓	✓	✓	✓	Fully Forecast	Average	Average / 1
Entergy Louisiana, LLC	ETR	Louisiana	Electric	✓	✓		✓			✓	Historical	Average	Average / 3
Entergy Mississippi, LLC	ETR	Mississippi	Electric	✓	✓	✓	✓		✓	✓	Partially Forecast	Average	Average / 1
Entergy New Orleans, LLC	ETR	Louisiana-NOCC	Electric	✓	✓	✓	✓			✓	Partially Forecast	Year End	Average / 3
Entergy Texas, Inc.	ETR	Texas	Electric	✓		✓	✓			✓	Historical	Year End	Below Average / 1
Eversys Kansas Central, Inc.	EVRG	Kansas	Electric	✓	✓		✓		✓	✓	Historical	Year End	Average / 3
Eversys Kansas South, Inc.	EVRG	Kansas	Electric	✓			✓		✓	✓	Historical	Year End	Average / 3
Eversys Metro, Inc.	EVRG	Missouri	Electric	✓	✓	✓	✓	✓	✓	✓	Historical	Year End	Average / 3
Eversys Missouri West, Inc.	EVRG	Missouri	Electric	✓	✓	✓	✓			✓	Historical	Year End	Average / 3
Idaho Power Co.	IDA	Idaho	Electric	✓	✓		✓	✓	✓	✓	Partially Forecast	Average	Average / 2
Idaho Power Co.	IDA	Oregon	Electric	✓	✓		✓	✓	✓	✓	Fully Forecast	Average	Average / 2
Interstate Power and Light Company	LNT	Iowa	Electric	✓		✓	✓	✓	✓	✓	Fully Forecast	Average	Above Average / 3
Wisconsin Power and Light Company	LNT	Wisconsin	Electric	✓			✓			✓	Fully Forecast	Average	Above Average / 3
Florida Power & Light Company	NEE	Florida	Electric	✓		✓	✓	✓	✓	✓	Fully Forecast	Year End	Above Average / 2
NorthWestern Energy	NWE	Montana	Electric	✓			✓			✓	Historical	Average	Average / 3
NorthWestern Energy	NWE	South Dakota	Electric	✓	✓					✓	Historical	Average	Average / 2
Oklahoma Gas and Electric Company	OGE	Arkansas	Electric	✓	✓	✓	✓		✓	✓	Partially Forecast	Average	Average / 1
Oklahoma Gas and Electric Company	OGE	Oklahoma	Electric	✓	✓	✓	✓			✓	Historical	Year End	Average / 3

				Adjustment Clauses							Ratemaking Framework Component		
Company	Parent	State (Jurisdiction)	Service	Fuel/ Purchased Power/Gas Commodity	Volumetric Risk Mitigation [1]	New Capital Investment [2]	Energy Efficiency [3]	Renewables & RPS [4]	Environmental [5]	Other [6]	Test Year	Rate Base Methodology	RRA Commission Ranking [7]
Arizona Public Service Company	PNW	Arizona	Electric	✓	✓	✓	✓	✓	✓	✓	Historical	Year End	Below Average / 2
Portland General Electric Company	POR	Oregon	Electric	✓	✓	✓	✓	✓	✓	✓	Fully Forecast	Average	Average / 2
Kentucky Utilities Company	PPL	Kentucky	Electric	✓	✓	✓	✓		✓	✓	Fully Forecast	Average	Average / 2
Kentucky Utilities Company	PPL	Virginia	Electric	✓	✓						Fully Forecast	Average	Average / 1
Louisville Gas and Electric Company	PPL	Kentucky	Electric	✓	✓	✓	✓		✓	✓	Fully Forecast	Average	Average / 2
PPL Electric Utilities Corporation	PPL	Pennsylvania	Electric	✓		✓	✓			✓	Fully Forecast	Year End	Above Average / 2
The Narragansett Electric Company	PPL	Rhode Island	Electric	✓	✓		✓	✓		✓	Historical	Average	Average / 2
Alabama Power Company	SO	Alabama	Electric	✓	✓	✓				✓	Fully Forecast	Year End	Above Average / 1
Georgia Power Company	SO	Georgia	Electric	✓		✓	✓		✓	✓	Fully Forecast	Average	Above Average / 2
Mississippi Power Company	SO	Mississippi	Electric	✓	✓	✓	✓	✓	✓	✓	Fully Forecast	Year End	Average / 1
Texas-New Mexico Power Company	TXNM	Texas	Electric	n/a		✓	✓	✓		✓	Historical	Year End	Below Average / 1
Public Service Company of New Mexico	TXNM	New Mexico	Electric	✓		✓	✓			✓	Fully Forecast	Average	Below Average / 1
Public Service Company of Colorado	XEL	Colorado	Electric	✓			✓	✓	✓	✓	Fully Forecast	Average	Average / 1
Northern States Power Company - WI	XEL	Michigan	Electric	✓	✓	✓		✓		✓	Fully Forecast	Average	Average / 1
Northern States Power Company - MN	XEL	Minnesota	Electric	✓			✓	✓	✓	✓	Fully Forecast	Average	Average / 2
Northern States Power Company - MN	XEL	North Dakota	Electric	✓	✓	✓		✓		✓	Historical	Average	Average / 1
Southwestern Public Service Company	XEL	New Mexico	Electric	✓			✓	✓		✓	Fully Forecast	Average	Below Average / 1
Northern States Power Company - MN	XEL	South Dakota	Electric	✓	✓	✓	✓		✓	✓	Historical	Year End	Average / 2
Southwestern Public Service Company	XEL	Texas	Electric	✓		✓	✓			✓	Fully Forecast	Average	Below Average / 1
Northern States Power Company - WI	XEL	Wisconsin	Electric	✓		✓				✓	Historical	Year End	Above Average / 3
% of Proxy Group				100%	65%	70%	86%	52%	64%	98%	59%	52%	82%
											% Partial or Fully Forecast	% Year End Rate Base	% jurisdictions rated better than Below Average / 1
El Paso Electric Company	EPE	Texas	Electric	✓		✓	✓			✓	Historical	Year End	Below Average / 1

Notes:

A mechanism may cover one or more cost categories; therefore, designations may not indicate separate mechanisms for each category. Texas T&D electric utilities do not have retail obligation, thus do not need a fuel or purchased power cost recovery mechanism.

[1] Volumetric Risk Mitigation mechanisms include full or partial decoupling, straight fixed variable rate design, weather normalization adjustment clauses, recovery of lost revenues as a result of Energy Efficiency programs, and earnings true-up mechanisms, such as formula rate plans or annual rate review riders.

[2] Includes recovery of costs related to targeted new generation projects, transmission capital, infrastructure replacement, system integrity/hardening, Smart Grid, AMI metering, and other capital expenditures.

[3] Utility-sponsored conservation, energy efficiency, load control, or other demand side management programs.

[4] Recovers costs associated with renewable energy projects, distributed energy resources, REC purchases, net metering, RPS expense, and renewable PPAs.

[5] EPA upgrade costs, emissions control & allowance purchase costs, nuclear/coal plant decommissioning, and other costs to comply with state and federal environmental mandates.

[6] Cost recovery for items such as pension expenses, bad debt costs, low income programs, storm costs, vegetation management, RTO/transmission expense (not capital), government & franchise fees and taxes, and regulatory fees.

[7] As of December 18, 2024, RRA maintains three principal rating categories, Above Average, Average, and Below Average, with Above Average indicating a relatively more constructive, lower-risk regulatory environment from an investor viewpoint, and Below Average indicating a less constructive, higher-risk regulatory climate from an investor viewpoint. Within the three principal rating categories, the numbers 1, 2, and 3 indicate relative position. The designation 1 indicates a stronger (more constructive) rating; 2, a mid range rating; and, 3, a weaker (less constructive) rating. We endeavor to maintain an approximately equal number of ratings above the average and below the average.

Sources: Alternative Ratemaking Plans in the U.S., Regulatory Research Associates, April 16, 2020; Regulatory Research Associates, Adjustment Clauses: A State-by-State Overview, July 18, 2022; ACEEE Utility Business Model Database; Regulatory Research Associates Commission Profiles; SEC Form 10-Ks; Company Tariffs.

CAPITAL STRUCTURE ANALYSIS

Proxy Group Company	COMMON EQUITY RATIO [1]				
	Ticker	2023	2022	2021	Average
Alliant Energy Corporation	LNT	52.10%	52.60%	51.32%	52.01%
Ameren Corporation	AEE	53.94%	53.66%	53.72%	53.77%
American Electric Power Company, Inc.	AEP	48.45%	48.56%	47.76%	48.26%
Avista Corporation	AVA	50.24%	51.06%	50.79%	50.70%
CMS Energy Corporation	CMS	49.10%	49.78%	52.28%	50.38%
DTE Energy Company	DTE	49.72%	50.41%	49.83%	49.99%
Duke Energy Corporation	DUK	52.87%	53.04%	53.39%	53.10%
Edison International	EIX	41.73%	42.40%	45.52%	43.22%
Entergy Corporation	ETR	51.96%	47.65%	45.48%	48.36%
Evergy, Inc.	EVRG	61.98%	63.11%	62.87%	62.65%
IDACORP, Inc.	IDA	49.42%	54.37%	55.00%	52.93%
NextEra Energy, Inc.	NEE	58.67%	63.14%	62.12%	61.31%
NorthWestern Corporation	NWE	49.89%	50.34%	47.82%	49.35%
OGE Energy Corporation	OGE	53.53%	55.65%	53.38%	54.19%
Pinnacle West Capital Corporation	PNW	49.56%	50.25%	51.12%	50.31%
Portland General Electric Company	POR	45.37%	43.24%	45.09%	44.57%
PPL Corporation	PPL	56.49%	56.76%	57.09%	56.78%
Southern Company	SO	54.82%	54.58%	54.38%	54.59%
Xcel Energy Inc.	XEL	54.47%	54.84%	54.41%	54.58%
Proxy Group					
MEAN		51.80%	52.39%	52.28%	52.16%
MEDIAN		51.96%	52.60%	52.28%	52.01%
MIDPOINT					52.93%
LOW		41.73%	42.40%	45.09%	43.22%
HIGH		61.98%	63.14%	62.87%	62.65%

Notes:

Sources: Operating Company FERC Form 1; S&P Capital IQ.

[1] Ratios are weighted by actual common equity and total long-term debt balances of operating subsidiaries.

COMMON EQUITY RATIO - UTILITY OPERATING COMPANIES [2]

Company Name	Ticker	2023	2022	2021	Average
Interstate Power and Light Company	LNT	49.74%	50.55%	50.22%	50.17%
Wisconsin Power and Light Company	LNT	54.77%	55.03%	52.86%	54.22%
Ameren Illinois Company	AEE	56.21%	55.63%	55.78%	55.87%
Union Electric Company	AEE	51.87%	51.88%	51.87%	51.87%
AEP Texas Inc.	AEP	45.69%	42.07%	42.81%	43.52%
Appalachian Power Company	AEP	48.44%	47.76%	48.34%	48.18%
Indiana Michigan Power Company	AEP	48.32%	49.29%	47.38%	48.33%
Kentucky Power Company	AEP	42.26%	43.82%	44.17%	43.42%
Kingsport Power Company	AEP	51.12%	53.89%	54.18%	53.06%
Ohio Power Company	AEP	51.30%	50.79%	48.76%	50.29%
Public Service Company of Oklahoma	AEP	51.75%	55.70%	54.36%	53.94%
Southwestern Electric Power Company	AEP	50.68%	52.54%	48.70%	50.64%
Wheeling Power Company	AEP	39.99%	49.14%	54.01%	47.71%
Alaska Electric Light and Power Company	AVA	62.52%	60.89%	60.49%	61.30%
Avista Corporation	AVA	49.74%	50.65%	50.35%	50.25%
Consumers Energy Company	CMS	49.10%	49.78%	52.28%	50.38%
DTE Electric Company	DTE	49.72%	50.41%	49.83%	49.99%
Duke Energy Carolinas, LLC	DUK	52.00%	52.78%	52.05%	52.28%
Duke Energy Florida, LLC	DUK	51.31%	50.74%	52.65%	51.57%
Duke Energy Indiana, LLC	DUK	52.55%	52.06%	53.56%	52.72%
Duke Energy Kentucky, Inc.	DUK	61.54%	52.97%	52.90%	55.80%
Duke Energy Ohio, Inc.	DUK	64.39%	65.87%	64.40%	64.89%
Duke Energy Progress, LLC	DUK	50.72%	51.27%	51.76%	51.25%
Southern California Edison Company	EIX	41.73%	42.40%	45.52%	43.22%
Entergy Arkansas, LLC	ETR	45.08%	47.95%	47.84%	46.96%
Entergy Louisiana, LLC	ETR	55.45%	47.17%	43.08%	48.57%
Entergy Mississippi, LLC	ETR	49.32%	46.43%	45.53%	47.09%
Entergy New Orleans, LLC	ETR	54.37%	47.94%	45.52%	49.28%
Entergy Texas, Inc.	ETR	50.74%	49.99%	51.32%	50.68%
Evergy Kansas Central, Inc.	EVRG	65.11%	67.13%	67.00%	66.41%
Evergy Kansas South, Inc.	EVRG	NA	NA	NA	NA
Evergy Metro, Inc.	EVRG	52.00%	52.03%	51.36%	51.80%
Evergy Missouri West, Inc.	EVRG	56.02%	54.41%	52.01%	54.15%
Westar Energy (KPL)	EVRG	55.18%	58.03%	58.52%	57.24%
Idaho Power Company	IDA	49.42%	54.37%	55.00%	52.93%
Florida Power & Light Company	NEE	58.67%	63.14%	62.12%	61.31%
NorthWestern Corporation	NWE	49.89%	50.34%	47.82%	49.35%
Oklahoma Gas and Electric Company	OGE	53.53%	55.65%	53.38%	54.19%
Texas-New Mexico Power Company	TXNM	49.39%	50.41%	50.45%	50.09%
Public Service Company of New Mexico	TXNM	50.28%	48.70%	50.90%	49.96%
Arizona Public Service Company	PNW	49.56%	50.25%	51.12%	50.31%
Portland General Electric Company	POR	45.37%	43.24%	45.09%	44.57%
Kentucky Utilities Company	PPL	53.47%	53.86%	55.73%	54.35%
Louisville Gas and Electric Company	PPL	52.83%	54.48%	57.11%	54.81%
PPL Electric Utilities Corporation	PPL	56.26%	56.04%	55.96%	56.09%
The Narragansett Electric Company	PPL	65.94%	65.42%	62.03%	64.46%
Alabama Power Company	SO	52.36%	52.22%	52.36%	52.31%
Georgia Power Company	SO	56.32%	56.05%	55.60%	55.99%
Mississippi Power Company	SO	55.01%	55.67%	55.40%	55.36%
Northern States Power Company	XEL	52.58%	52.79%	52.65%	52.67%
Northern States Power Company	XEL	52.58%	52.79%	52.65%	52.67%
Public Service Company of Colorado	XEL	56.47%	57.18%	56.44%	56.70%
Southwestern Public Service Company	XEL	54.41%	54.30%	54.23%	54.31%
Operating Company					
MEAN		52.40%	52.61%	52.45%	52.49%
MEDIAN		51.94%	52.14%	52.32%	52.08%
LOW		39.99%	42.07%	42.81%	43.22%
HIGH		65.94%	67.13%	67.00%	66.41%

Notes:

Sources: Operating Company FERC Form 1; S&P Capital IQ

[2] Evergy Kansas South was removed because it is financed with more than 80% common equity

CAPITAL STRUCTURE ANALYSIS

Proxy Group Company	Ticker	LONG-TERM DEBT RATIO [1]			
		2023	2022	2021	Average
Alliant Energy Corporation	LNT	47.90%	47.40%	48.68%	47.99%
Ameren Corporation	AEE	46.06%	46.34%	46.28%	46.23%
American Electric Power Company, Inc.	AEP	51.55%	51.44%	52.24%	51.74%
Avista Corporation	AVA	49.76%	48.94%	49.21%	49.30%
CMS Energy Corporation	CMS	50.90%	50.22%	47.72%	49.62%
DTE Energy Company	DTE	50.28%	49.59%	50.17%	50.01%
Duke Energy Corporation	DUK	47.13%	46.96%	46.61%	46.90%
Edison International	EIX	58.27%	57.60%	54.48%	56.78%
Entergy Corporation	ETR	48.04%	52.35%	54.52%	51.64%
Evergy, Inc.	EVRG	38.02%	36.89%	37.13%	37.35%
IDACORP, Inc.	IDA	50.58%	45.63%	45.00%	47.07%
NextEra Energy, Inc.	NEE	41.33%	36.86%	37.88%	38.69%
NorthWestern Corporation	NWE	50.11%	49.66%	52.18%	50.65%
OGE Energy Corporation	OGE	46.47%	44.35%	46.62%	45.81%
Pinnacle West Capital Corporation	PNW	50.44%	49.75%	48.88%	49.69%
Portland General Electric Company	POR	54.63%	56.76%	54.91%	55.43%
PPL Corporation	PPL	43.51%	43.24%	42.91%	43.22%
Southern Company	SO	45.18%	45.42%	45.62%	45.41%
Xcel Energy Inc.	XEL	45.53%	45.16%	45.59%	45.42%
Proxy Group					
MEAN		48.20%	47.61%	47.72%	47.84%
MEDIAN		48.04%	47.40%	47.72%	47.99%
MIDPOINT					47.07%
LOW		38.02%	36.86%	37.13%	37.35%
HIGH		58.27%	57.60%	54.91%	56.78%

Notes:

Sources: Operating Company FERC Form 1; S&P Capital IQ

[1] Ratios are weighted by actual common equity and total long-term debt balances of operating subsidiaries.

LONG-TERM DEBT RATIO - UTILITY OPERATING COMPANIES [2]

Company Name	Ticker	2023	2022	2021	Average
Interstate Power and Light Company	LNT	50.26%	49.45%	49.78%	49.83%
Wisconsin Power and Light Company	LNT	45.23%	44.97%	47.14%	45.78%
Ameren Illinois Company	AEE	43.79%	44.37%	44.22%	44.13%
Union Electric Company	AEE	48.13%	48.12%	48.13%	48.13%
AEP Texas Inc.	AEP	54.31%	57.93%	57.19%	56.48%
Northern Indiana Public Service Company	NI	51.56%	52.24%	51.66%	51.82%
Indiana Michigan Power Company	AEP	51.68%	50.71%	52.62%	51.67%
Kentucky Power Company	AEP	57.74%	56.18%	55.83%	56.58%
Kingsport Power Company	AEP	48.88%	46.11%	45.82%	46.94%
Ohio Power Company	AEP	48.70%	49.21%	51.24%	49.71%
Public Service Company of Oklahoma	AEP	48.25%	44.30%	45.64%	46.06%
Southwestern Electric Power Company	AEP	49.32%	47.46%	51.30%	49.36%
Wheeling Power Company	AEP	60.01%	50.86%	45.99%	52.29%
Alaska Electric Light and Power Company	AVA	37.48%	39.11%	39.51%	38.70%
Avista Corporation	AVA	50.26%	49.35%	49.65%	49.75%
Consumers Energy Company	CMS	50.90%	50.22%	47.72%	49.62%
DTE Electric Company	DTE	50.28%	49.59%	50.17%	50.01%
Duke Energy Carolinas, LLC	DUK	48.00%	47.22%	47.95%	47.72%
Duke Energy Florida, LLC	DUK	48.69%	49.26%	47.35%	48.43%
Duke Energy Indiana, LLC	DUK	47.45%	47.94%	46.44%	47.28%
Duke Energy Kentucky, Inc.	DUK	38.46%	47.03%	47.10%	44.20%
Duke Energy Ohio, Inc.	DUK	35.61%	34.13%	35.60%	35.11%
Duke Energy Progress, LLC	DUK	49.28%	48.73%	48.24%	48.75%
Southern California Edison Company	EIX	58.27%	57.60%	54.48%	56.78%
Northern Indiana Public Service Company	ETR	54.92%	52.05%	52.16%	53.04%
Entergy Louisiana, LLC	ETR	44.55%	52.83%	56.92%	51.43%
Entergy Mississippi, LLC	ETR	50.68%	53.57%	54.47%	52.91%
Entergy New Orleans, LLC	ETR	45.63%	52.06%	54.48%	50.72%
Entergy Texas, Inc.	ETR	49.26%	50.01%	48.68%	49.32%
Evergy Kansas Central, Inc.	EVRG	34.89%	32.87%	33.00%	33.59%
Evergy Kansas South, Inc.	EVRG	NA	NA	NA	NA
Evergy Metro, Inc.	EVRG	48.00%	47.97%	48.64%	48.20%
Evergy Missouri West, Inc.	EVRG	43.98%	45.59%	47.99%	45.85%
Westar Energy (KPL)	EVRG	44.82%	41.97%	41.48%	42.76%
Idaho Power Company	IDA	50.58%	45.63%	45.00%	47.07%
Florida Power & Light Company	NEE	41.33%	36.86%	37.88%	38.69%
NorthWestern Corporation	NWE	50.11%	49.66%	52.18%	50.65%
Oklahoma Gas and Electric Company	OGE	46.47%	44.35%	46.62%	45.81%
Texas-New Mexico Power Company	TXNM	50.61%	49.59%	49.55%	49.91%
Public Service Company of New Mexico	TXNM	49.72%	51.30%	49.10%	50.04%
Arizona Public Service Company	PNW	50.44%	49.75%	48.88%	49.69%
Portland General Electric Company	POR	54.63%	56.76%	54.91%	55.43%
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Georgia Power Company	SO	43.68%	43.95%	44.40%	44.01%
Mississippi Power Company	SO	44.99%	44.33%	44.60%	44.64%
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Operating Company					
MEAN		47.60%	47.39%	47.55%	47.51%
MEDIAN		48.06%	47.86%	47.68%	47.92%
LOW		34.06%	32.87%	33.00%	33.59%
HIGH		60.01%	57.93%	57.19%	56.78%

Notes:

Sources: Operating Company FERC Form 1; S&P Capital IQ

[2] Evergy Kansas South was removed because it is financed with more than 80% common equity

DOCKET NO. 57568

APPLICATION OF EL PASO
ELECTRIC COMPANY TO CHANGE
RATES

§
§
§

PUBLIC UTILITY COMMISSION
OF TEXAS

DIRECT TESTIMONY

OF

JOSEPH S. WEISS

CONCENTRIC ENERGY ADVISORS, INC.

FOR

EL PASO ELECTRIC COMPANY

JANUARY 2025

DIRECT TESTIMONY OF
JOSEPH S. WEISS

EXECUTIVE SUMMARY

Joseph S. Weiss is a Vice President at Concentric Energy Advisors, Inc. ("Concentric"). Concentric was engaged by El Paso Electric Company ("EPE" or the "Company") to prepare a lead-lag study to determine the Company's cash working capital ("CWC") requirements. A lead-lag study measures the funds needed due to net timing differences between when a utility expends cash for the costs required to provide utility service and when it receives payment from customers for that service. Specifically, a lead-lag study measures "revenue lags," which are the number of days between when a utility provides service and when its customers pay for that service, and "expense leads," which are the number of days between when a utility incurs expenses and when it must pay for those expenses. The net of the revenue lags and expense leads, when multiplied by the Company's average daily Test Year expenses, results in the CWC requirement. The CWC requirement should be included as part of EPE's rate base for ratemaking purposes. Mr. Weiss applied the leads and lags developed in Concentric's study to pro forma daily average expenses in determining EPE's CWC requirement of negative \$8,129,393 to be included as a reduction to rate base.

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EXHIBITS

Exhibit JSW-1	Résumé and Testimony Listing
Exhibit JSW-2	Cash Working Capital Study – Summary of Working Capital Requirement
Exhibit JSW-3	Cash Working Capital Study – Summary of Revenue Lag
Exhibit JSW-4	Cash Working Capital Study – Summary of Other Revenues
Exhibit JSW-5	Cash Working Capital Study – Summary of Fuel Expense Leads
Exhibit JSW-6	Cash Working Capital Study – Summary of Purchased Power Expense Leads
Exhibit JSW-7	Cash Working Capital Study – Payroll and Benefits Expense Leads
Exhibit JSW-8	Cash Working Capital Study – Taxes Other Than Income Taxes
Exhibit JSW-9	Cash Working Capital Study – Income Tax Expense Leads

I. Introduction and Qualifications

Q.1 PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Joseph S. Weiss. My business address is 293 Boston Post Road West, Suite 500, Marlborough, Massachusetts 01752.

Q.2 BY WHOM ARE YOU EMPLOYED, AND IN WHAT POSITION?

A. I am a Vice President with Concentric Energy Advisors, Inc. ("Concentric").

Q.3 ON WHOSE BEHALF ARE YOU SUBMITTING THIS TESTIMONY?

A. I am testifying in this proceeding before the Public Utility Commission of Texas ("PUCT" or the "Commission") on behalf of El Paso Electric Company ("EPE" or the "Company").

Q.4 PLEASE DESCRIBE CONCENTRIC.

A. Concentric is a management consulting and economic advisory firm focused on the North American energy and water industries. Concentric specializes in regulatory and litigation support, transaction-related financial advisory services, energy market strategies, market assessments, energy commodity contracting and procurement, economic feasibility studies, and capital market analyses and negotiations.

Q.5 WHAT ARE YOUR RESPONSIBILITIES IN YOUR CURRENT POSITION?

A. As a consultant, my responsibilities include assisting clients in identifying and addressing business issues. My primary areas of focus have been regulatory, financial and accounting-related issues.

Q.6 PLEASE DESCRIBE YOUR EDUCATION.

A. I have an M.B.A. from Southern Illinois University Edwardsville and a B.S. in Business Administration (magna cum laude) with a major in Accounting and Finance from Saint Louis University.

Q.7 PLEASE DESCRIBE YOUR QUALIFICATIONS.

1 A. I have approximately nineteen years of experience consulting to the energy industry. I
2 have worked on numerous projects involving revenue requirements (including cash
3 working capital), class cost of service, allocation and rate design, rate of return, affiliate
4 transactions, and rate case preparation for gas and electric utilities. I have managed and/or
5 participated in a wide variety of consulting engagements. A statement of my background and
6 qualifications is attached as Exhibit JSW-1.

7
8 Q.8 HAVE YOU EVER TESTIFIED IN A REGULATORY PROCEEDING?

9 A. Yes. I have provided support for filings with several utility commissions and filed
10 testimony as an expert witness on cash working capital before the Oklahoma Corporation
11 Commission, the Missouri Public Service Commission, the Illinois Commerce
12 Commission, the Maine Public Utilities Commission, and the Public Utilities Commission
13 of Ohio.

14
15 **II. Purpose and Scope**

16 Q.9 WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?

17 A. I have been asked by the Company to present the results of a lead-lag study prepared by
18 Concentric that was used to develop cash working capital ("CWC") factors and ultimately
19 to calculate the CWC requirement of the Company.

20
21 Q.10 WHAT IS A "CASH WORKING CAPITAL" REQUIREMENT?

22 A. A cash working capital requirement is the amount of funds the Company needs to keep on
23 hand to finance its day-to-day operations.

24
25 Q.11 WHAT IS A LEAD-LAG STUDY?

26 A. A lead-lag study measures the funds needed due to net timing differences between when a
27 utility expends cash for the costs required to provide utility service and when it receives
28 payment from customers for that service. Specifically, a lead-lag study measures "revenue
29 lags," which are the number of days between when a utility provides service and when its
30 customers pay for that service, and "expense leads," which are the number of days between
31 when a utility incurs expenses and when it must pay for those expenses. The net of the

1 revenue lags and expense leads, when multiplied by the Company's average daily Test Year
2 Period expenses, results in the cash working capital requirement.

3
4 Q.12 HOW SHOULD THE RESULTS OF THE CASH WORKING CAPITAL ANALYSIS BE
5 TREATED FOR RATEMAKING PURPOSES?

6 A. The cash working capital requirement should be included as part of EPE's rate base for
7 ratemaking purposes.

8
9 Q.13 WAS THE LEAD-LAG STUDY DEVELOPED BY CONCENTRIC CONSISTENT
10 WITH THE PUCT'S SUBSTANTIVE RULES FOR SUCH STUDIES?

11 A. Yes, it was. The Commission's rule in 16 Texas Administrative Code ("TAC")
12 § 25.231(c)(2)(B)(iii)(IV), which is provided as Attachment A to my direct testimony,
13 addresses the development of a reasonable allowance for cash working capital by the use
14 of a lead-lag study. The lead-lag study was developed by Concentric consistently with
15 those rules.

16
17 Q.14 ARE YOU SPONSORING ANY EXHIBITS OR SCHEDULES IN THIS
18 PROCEEDING?

19 A. Yes. I sponsor Exhibits JSW-1 through JWS-9 and Schedule E-4. Exhibit JSW-1 contains
20 my résumé and qualifications. Exhibits JSW-2 through JSW-9 show the revenue lags and
21 expense leads that resulted from Concentric's lead-lag study, as well as EPE's requested
22 level of cash working capital for the Test Year. The expense amounts to which the revenue
23 lags and expense leads are applied have been provided by EPE witness. Schedule E-4
24 contains the Working Cash Allowance for EPE.

1 Q.15 WERE THE SCHEDULES AND EXHIBITS YOU ARE SPONSORING OR CO
2 SPONSORING PREPARED BY YOU OR UNDER YOUR DIRECT SUPERVISION?

3 A. Yes, they were prepared under my direction and supervision and are accurate and complete
4 to the best of my knowledge and belief.
5

6 **III. Summary of Findings**

7 Q.16 FOR WHAT PERIOD WAS THE LEAD-LAG STUDY PERFORMED?

8 A. The lead-lag study analyzed the Company's cash transactions and invoices for the twelve
9 months ended March 31, 2024. The calculated revenue lag and expense leads were then
10 applied to adjusted Test Year, the 12 months ended September 30, 2024 expenses.
11 Concentric reviewed data from the most recent twelve-month period for which actual data
12 was readily available when the study was performed (i.e., the twelve months ended
13 March 31, 2024). From discussions with Company personnel, it was determined that there
14 were no significant changes in EPE's operations since March 31, 2024 affecting those
15 expense leads and revenue lag calculations except for the collections lag as discussed in
16 more detail below. This historical data reflects the Company's existing policies and
17 practices.
18

19 Q.17 PLEASE SUMMARIZE YOUR FINDINGS REGARDING AN APPROPRIATE CWC
20 ALLOWANCE FOR THE COMPANY.

21 A. Concentric's lead-lag study resulted in a total Company CWC allowance of negative
22 \$8,129,393. That result is provided in Exhibit JSW-2.
23

24 **IV. Approach**

25 Q.18 PLEASE PROVIDE AN OVERVIEW OF YOUR APPROACH TO DETERMINING
26 THE COMPANY'S CASH WORKING CAPITAL REQUIREMENT.

27 A. Concentric analyzed the significant cash inflows and outflows of the Company to develop
28 lead-lag factors for EPE's revenues and expenses to derive a CWC allowance.
29

1 Q.19 WHAT ARE THE VARIOUS LAGS AND LEADS THAT SHOULD BE CONSIDERED
2 IN A CASH WORKING CAPITAL ANALYSIS?

3 A. Two broad categories of lags and leads should be considered: (1) lag times associated with
4 the collection of revenues owed to a company (i.e., revenue lags); and (2) lead times
5 associated with the payments for goods and services received by a company (i.e., expense
6 leads).

7
8 Q.20 WHAT IS A REVENUE LAG?

9 A. A revenue lag refers to the elapsed time between the delivery of a company's products and
10 services (i.e., electricity generation, transmission, and distribution) and its ability to use the
11 funds received as payment for the delivery of those products and services. In other words,
12 the revenue lag measures the number of days from the date service was rendered by the
13 Company until the date payment was received from customers and such funds were
14 deposited and available to the Company.

15
16 Q.21 WHAT IS AN EXPENSE LEAD?

17 A. The expense lead refers to the elapsed time from when a good or service is provided to a
18 company to the point in time when the company pays for the good or service and the funds
19 are no longer available to the company.

20
21 Q.22 WHAT WAS THE SOURCE OF INFORMATION YOU USED TO DETERMINE THE
22 LEADS AND LAGS IN YOUR CASH WORKING CAPITAL ANALYSIS?

23 A. EPE provided the accounting and financial data necessary for Concentric to complete the
24 study. The information provided by the Company, together with analytical procedures
25 performed by Concentric, led to the determination of the appropriate number of lead-lag
26 days for EPE.

V. Summary of the Cash Working Capital Analysis

A. Revenue lag

Q.23 FROM WHAT SOURCES DOES EPE RECEIVE REVENUES?

A. EPE's revenues include: (1) revenue from sales of electricity to retail customers and (2) wholesale and other revenues, which were comprised of (a) sales of electricity to wholesale customers, (b) wholesale transmission service revenues, and (c) other revenues.

Q.24 DESCRIBE YOUR CALCULATION OF THE REVENUE LAG FOR RETAIL CUSTOMERS.

A. In Concentric's analysis, the revenue lag for retail customers was divided into four distinct components: (1) a service lag, (2) a billing lag, (3) a collections lag, and (4) a payment processing lag. Considered together, these components of the retail revenue lag totaled 54.6 lag days. An explanation of each component of the revenue lag follows, and the calculation of the revenue lag is provided in Exhibit JSW 3, page 1 of 3.

Q.25 WHAT IS MEANT BY SERVICE LAG?

A. The service lag refers to the number of days from the mid-point of the service period to the meter reading date for that service period. Using the mid-point methodology, which assumes that service is provided evenly throughout the service period, the average lag associated with the provisioning of service was 15.2 days (365 days in the year divided by 12 months divided by 2).

Q.26 WHAT IS MEANT BY BILLING LAG?

A. Billing lag refers to the average number of days from the date on which the meter was read until the customer was billed. This lag reflects the time needed to send and process meter reading data in the Company's Customer Information System, prepare bills, and deliver bills. Specifically, the meter reading file containing the meter reads obtained during the day is transferred at the end of the business day. That night, the meter reading file is uploaded into the Company's customer billing system, which creates a bill print file. The bill print file is sent to the bill print vendor the following morning. The vendor prints and

1 stuffs the bills and mails them that day. Based on that process, Concentric estimated the
2 billing lag to be 1.0 day.

3
4 Q.27 WHAT IS MEANT BY COLLECTIONS LAG?

5 A. The collections lag refers to the average amount of time from the date when bills are issued
6 to the date that the Company receives payment from its customers.

7
8 Q.28 HOW DID CONCENTRIC CALCULATE EPE'S COLLECTION LAG FOR PURPOSES
9 OF THIS PROCEEDING?

10 A. Concentric calculated the collection lag by analyzing an aging analysis of EPE's accounts
11 receivable. Such an analysis provides data regarding the average amount of time that
12 customer receivables are outstanding before they are collected. That analysis resulted in a
13 collections lag of 28.1 days, as provided in Exhibit JSW 3, page 2 of 3.

14
15 Q.29 DID CONCENTRIC MAKE AN ADJUSTMENT TO THE CALCULATION OF EPE'S
16 COLLECTION LAG FOR THE PURPOSE OF THIS PROCEEDING?

17 A. Yes.

18
19 Q.30 WHY WAS AN ADJUSTMENT TO EPE'S COLLECTION LAG NECESSARY?

20 A. In Concentric's experience, customer payment patterns tend to fluctuate and because of that
21 an effort should be made to use the most recent accounts receivable data available. This is
22 especially true given the impact the COVID-19 pandemic had on customer payments. To
23 reflect current customer payment information, the collection lag was calculated using
24 twelve months of data ended September 30, 2024. In reviewing the data, it was decided to
25 cap the calculation at 75 days for the account receivable balance in the 90+ days aging
26 bucket. It was also decided to remove an allowance for uncollectible revenues from the
27 accounts receivables balances when calculating the collections lag. The uncollectible
28 factor used for the various aging buckets was based on average balances from 2017 through
29 2019 to reflect the three years prior to the COVID-19 pandemic. EPE witness Prieto
30 addresses the uncollectible factor, or "net uncollectible expense ratio", in her direct

testimony. These approaches are conservative since both limit the impact of the accounts receivable balance in the 61-90 days and 90+ days aging buckets.

Q.31 WHAT IS MEANT BY THE PAYMENT PROCESSING LAG?

A. The payment processing lag reflects the amount time taken to process customer payments. Specifically, different forms of customer payment take different times, on average, to be processed such that the funds become available to the Company. Concentric inquired of the Company regarding the payment processing time for the various forms of customer payment provided in Exhibit JSW-3, page 3 of 3. The resulting payment processing lag was 1.3 days as shown in Exhibit JSW-3, page 3 of 3.

Q.32 PLEASE SUMMARIZE THE CALCULATION OF REVENUE LAG DAYS FOR RETAIL CUSTOMERS.

A. The calculation of the overall revenue lag, by lag component, is summarized in the following figure.

Figure JSW-1: Revenue Lag by Component	
Component	Lag Days
Service Lag	15.2
Billing Lag	1.0
Collections Lag	28.1
Payment Processing Lag	1.3
Total Lag	45.6

Q.33 WHAT ADDITIONAL TYPES OF REVENUES ARE CONSIDERED IN THE REVENUE LAG?

A. In addition to retail revenues, Concentric also considered wholesale and other revenues, including wholesale generation sales, wholesale transmission sales, and other revenues.

1 Q.34 DESCRIBE YOUR CALCULATION OF THE REVENUE LAG FOR WHOLESALE
2 GENERATION AND TRANSMISSION CUSTOMERS.

3 A. EPE provided Concentric with data regarding the amount and timing of revenue receipts
4 from wholesale generation and wholesale transmission customers. Based on that data,
5 Concentric estimated a revenue lag for wholesale generation revenues of 35.4 days, and a
6 revenue lag for wholesale transmission revenues of 39.9 days, both of which are shown in
7 Exhibit JSW-4.
8

9 Q.35 WHAT IS INCLUDED IN OTHER REVENUES?

10 A. Other revenues for the Company include pole rental income, other electric property rental
11 income, and other miscellaneous charges. Based on data provided by the Company for
12 each type of other revenue, Concentric determined a revenue lag of 50.3 days as shown in
13 Exhibit JSW-4. When weighted with wholesale generation sales and wholesale
14 transmission sales, the revenue lag for wholesale and other revenues was 37.7 days, as also
15 shown on Exhibit JSW-4.
16

17 Q.36 WHAT WAS THE RESULTING REVENUE LAG, INCLUSIVE OF BOTH RETAIL
18 REVENUES AND WHOLESALE AND OTHER REVENUES?

19 A. On a weighted basis, the revenue lag, inclusive of both the retail lag of 45.6 days and the
20 wholesale and other revenue lag of 37.7 days, was 44.4 days as shown on Exhibit JSW-2.
21

22 B. Expense Leads

23 Q.37 WHAT EXPENSE-RELATED LEADS WERE CONSIDERED IN THE LEAD-LAG
24 ANALYSIS?

25 A. Lead times associated with the following broad expense categories were considered in the
26 lead-lag study: (a) fuel expenses, (b) payroll and benefits, (c) expenses related to EPE's
27 ownership in the Palo Verde Generating Station ("PVGS"), (d) other operations and
28 maintenance ("O&M") expenses, (e) taxes other than income taxes, (f) income taxes, and
29 (g) interest on customer deposits.
30

Q.38 PROVIDE AN EXPLANATION OF THE EXPENSE LEADS ASSOCIATED WITH THE COMPANY'S FUEL EXPENSES.

A. Concentric analyzed data related to EPE's purchase of nuclear fuel and natural gas for its generating units. Payments for nuclear fuel were made on a quarterly basis, with payments made in the month following each quarter. Natural gas purchases were made from multiple vendors, usually on a monthly basis, with payments made following the month of service. The following table provides the expense leads by fuel type, which are also provided in Exhibit JSW-5.

Figure JSW-2: Fuel Expense Leads	
Component	Lead Days
Nuclear Fuel	69.9
Natural Gas	39.2

Q.39 PROVIDE AN EXPLANATION OF THE EXPENSE LEADS ASSOCIATED WITH THE COMPANY'S POWER PURCHASES.

A. Concentric analyzed accounting records related to EPE's purchase of power, including from net-metered customers. Based on that data, Concentric estimated an expense lead of 45.5 as shown in Exhibit JSW 6, page 1 of 2.

Q.40 PROVIDE AN EXPLANATION OF THE EXPENSE LEADS ASSOCIATED WITH THE COMPANY'S PAYROLL EXPENSES.

A. EPE's regular payroll disbursements are made every two weeks with the 14 day payroll period running from Monday to Sunday two weeks later. Employees are paid for each payroll period on Friday following the end of the pay period, resulting in 26 to 27 regular payroll disbursements during any given 12-month period (depending on when the first Friday falls in the 12-month period). The midpoint of each 14 day payroll period is seven days. There is an additional expense lead of four days from Sunday to midnight Thursday (12:00 a.m. Friday) when payroll is disbursed. In addition, payroll is moved up by one day whenever a holiday falls on a Friday. EPE also provides monthly payments on the first day of each month for the upcoming month under supplemental employee retirement plans

1 ("SERP").¹ Considering both regular payroll and SERP payments, the resulting payroll
2 expense lead was 10.1 days as shown in Exhibit JSW-7, page 1 of 3. Finally, the funds for
3 EPE's payroll taxes are withdrawn approximately one day ahead of its regular payroll
4 funds. Therefore, the payroll expense lead was adjusted downward by one day to arrive at
5 the expense lead for payroll taxes, from 10.1 days to 9.1 days, as discussed further below.
6

7 Q.41 YOUR LEAD-LAG STUDY INCLUDES AN EXPENSE LEAD FOR PAYROLL
8 DEDUCTIONS. WHAT DO THOSE REPRESENT AND HOW DID YOU ESTIMATE
9 AN EXPENSE LEAD?

10 A. Payroll deductions represent employee contributions towards benefits programs that are
11 deducted directly from employees' payroll. In circumstances in which EPE does not pay
12 associated vendors until some period after payroll is distributed to employees, the expense
13 lead for that portion of employees' payroll is extended, creating a cash working capital
14 benefit for the Company relative to if EPE had relinquished access to that cash on the
15 payroll date. In other words, the expense lead associated with payroll that is deducted for
16 certain payroll deductions is extended by the amount of time between the payroll date and
17 the eventual payment to benefits providers. Examples of these payroll deductions are
18 employee 401(k) contributions, employee contributions to insurance programs (medical,
19 dental, vision, and life insurance), union dues, charity contributions, and other benefits
20 such as flex-spending accounts, parking, and gym memberships.

21 Concentric received data from EPE for each type of payroll deduction in order to
22 analyze the additional expense lead associated with the portion of gross payroll that is used
23 for payroll deductions. Payroll deductions added an unweighted 3.0 days to the expense
24 lead for that portion of payroll for a total expense lead of 13.1 days (i.e., 10.1 days for
25 payroll plus 3.0 days for payroll deductions) as shown in Exhibit JSW 7, page 2 of 3.
26

¹ SERP payments included payments under non-qualified pension plans including Supplemental Employee Retirement Plans and Excess Benefit Plans.

1 Q.42 WHAT TYPES OF LEADS ASSOCIATED WITH THE COMPANY'S EMPLOYEE
2 BENEFIT PROGRAMS WERE CONSIDERED IN THE ANALYSIS?

3 A. As shown in Exhibit JSW-7, page 3 of 3, the analysis of lead times associated with
4 employee benefits included consideration of the following types of benefit plans and
5 expenses:

- 6 • 401(k) administration and matching;
- 7 • The EPE portion of medical, dental, and other health benefits;
- 8 • The EPE portion of life insurance premiums;
- 9 • The EPE portion of parking benefits; and
- 10 • Post retirement benefit-related costs.

11 Concentric received data from EPE related to payments made by the Company for
12 each of these programs. The dollar-weighted expense lead for benefits was 12.4 days as
13 shown in Exhibit JSW-7, page 3 of 3.

14
15 Q.43 WHAT CALCULATIONS DID YOU PERFORM RELATED TO THE COMPANY'S
16 INCENTIVE COMPENSATION PAYMENTS?

17 A. During the Test Year, EPE made incentive compensation payments to its employees.
18 Incentive compensation payments are made in the following year, resulting in an expense
19 lead of 182 days (i.e., the midpoint of the prior year) plus the period between the end of
20 the incentive compensation year and when payments are made, which was approximately
21 53 days in the Test Year. The overall expense lead for non-financially based incentive
22 compensation was thus determined to be 305.4 days as shown in Exhibit JSW 7.

23
24 Q.44 WHAT WAS THE RESULTING WEIGHTED EXPENSE LEAD FOR WAGES,
25 SALARIES, AND BENEFITS?

26 A. On a weighted basis, the expense lead for wages, salaries, and benefits—inclusive of
27 regular payroll (10.1 days), payroll deductions (13.1 days), benefits (12.4 days), and
28 incentive compensation (305.4 days)—was 30.5 days as shown on Exhibit JSW 7.

1 Q.45 DESCRIBE CONCENTRIC'S ANALYSIS OF O&M EXPENSES RELATED TO EPE'S
2 OWNERSHIP IN PVGS.

3 A. EPE is invoiced weekly for PVGS expenses, with invoices representing estimated charges
4 for the concurrent month. Towards the end of each month, a true up is performed to charge
5 or credit EPE for any difference between estimated and actual PVGS expenses in the
6 previous month. Concentric analyzed the weekly payments and monthly true-ups related
7 to EPE's PVGS O&M, which had an average expense lead of 2.7 days. The working capital
8 requirement related to PVGS incorporates an adjustment to remove PVGS-related
9 materials and supplies amounts that are charged to O&M and that represent non-cash
10 charges.

11
12 Q.46 WHAT DO "OTHER O&M" EXPENSES INCLUDE, AND WHAT APPROACH DID
13 CONCENTRIC USE TO CALCULATE THE ASSOCIATED EXPENSE LEAD?

14 A. O&M expenses include all payments made by EPE for O&M expenses that otherwise were
15 not analyzed as part of Concentric's review of fuel, payroll, benefits, and PVGS O&M
16 expenses. For the period April 1, 2023, to March 31, 2024, payments to 58 vendors made
17 up approximately 75% of the total Other O&M expense amount, and the remainder
18 represented payments to smaller vendors. Concentric requested and analyzed
19 representative invoices from those 58 vendors to determine the relevant payment terms.
20 Application of those representative payment terms to the remaining invoices for those
21 58 vendors resulted in a dollar-weighted expense lead of 50 days for approximately 75%
22 of total Other O&M expense.

23 Since the payment pattern of the Company is the same regardless of the vendor,
24 Concentric applied the expense lead for the 58 vendors that represented approximately 75%
25 of the total Other O&M expense to the remaining vendors which represented 25% of the
26 total Other O&M expense. Concentric utilized the dollar-weighted expense lead for the
27 58 vendors which represented approximately 75% of total Other O&M expense for the
28 overall dollar weighted expense lead of the Other O&M expense category.

29 Finally, Concentric adjusted the working capital requirement related to Other O&M
30 to account for prepaid expenses that were charged to Other O&M and that reflect non-cash
31 charges.

Q.47 WHAT TAXES OTHER THAN INCOME TAXES AND FEES WERE CONSIDERED IN CONCENTRIC'S ANALYSIS?

A. Concentric's analysis also considered taxes other than income taxes and fees that EPE pays related to utility service. The table below provides those taxes and fees, along with their respective expense leads.

Figure JSW-3: Taxes Other Than Income Taxes and Fees	
Component	Lead Days
Payroll Taxes	9.1
PVGS Payroll Taxes	2.7
New Mexico Compensating Taxes	44.2
New Mexico Public Regulation Commission Fees	265.0
New Mexico Property Taxes	245.3
Texas Gross Receipts Taxes	76.4
Texas Franchise Fees	89.3
Texas Public Utility Commission Fees	236.0
Texas Property Taxes	211.9
Arizona Property Taxes	211.4

The expense lead for payroll taxes was assumed to be the same as that for regular payroll (i.e., 10.1 days) less one day because the Company's payroll processing provider withdraws payroll taxes the day before payroll is paid. The expense lead for PVGS-related payroll taxes was assumed to be the same as that for PVGS O&M expenses (i.e., 2.7 days). EPE provided accounting and payment data related to each of the other categories of taxes and fees, upon which Concentric estimated expense leads for each as shown above and in Exhibit JSW-8.

Q.48 HOW DID YOUR STUDY ADDRESS FEDERAL INCOME TAXES?

A. The expense lead attributable to EPE's federal income tax liability was calculated based on quarterly payment dates on or about April 15, June 15, September 15, and December 15

1 for calendar year taxes. EPE estimates its quarterly taxable income based on the net income
2 from the prior quarter, which follows a cyclical pattern whereby taxable income tends to
3 be greater in the summer and fall (i.e., in the second and third quarters of the year),
4 following customer usage patterns. Based on the quarterly payment dates and an estimate
5 of the shape of the payments provided by the Company assuming greater taxable income
6 in the second and third quarters of each year relative to the first and fourth quarters,
7 Concentric calculated an expense lead of 34.3 days as shown in Exhibit JSW-9.

8
9 **Q.49 HOW DID THE STUDY ADDRESS STATE INCOME TAXES?**

10 A. In the Test Year, state income taxes were paid approximately quarterly. Like federal
11 income taxes, state income tax payments follow a cyclical pattern. Concentric estimated
12 the Company to have an expense lead associated with state income taxes of 33.9 days as
13 shown in Exhibit JSW-9, reflecting a similar approach as was used for the federal tax
14 payment dates. The lead-lag study also reflects Texas's state margin taxes, which are paid
15 annually for the current year in May and then true'd up in November. The resulting lead
16 reflecting both the annual payment and the true-up was (48.0) days.

17
18 **Q.50 WHAT CONSIDERATION DID YOUR STUDY MAKE FOR INTEREST PAID ON**
19 **CUSTOMER DEPOSITS?**

20 A. Interest is paid by the Company at approximately the end of each calendar year for deposits
21 made during the year. The expense lead was thus determined to be 182.5 days, reflecting
22 the time between the midpoint of the year and payment of interest.

23
24 **C. Other Components of Cash Working Capital**

25 **Q.51 WHAT OTHER COMPONENTS OF CASH WORKING CAPITAL DID YOU**
26 **CONSIDER IN YOUR ANALYSIS?**

27 A. There are four other components of CWC, pass-through taxes and fees, that EPE incurred
28 as part of the provision of utility service but that are remitted to the appropriate taxing
29 authority without being recognized as expenses on the Company's books. Those taxes and
30 fees are (1) New Mexico gross receipts taxes, (2) New Mexico franchise fees, (3) Texas
31 sales and use taxes, and (4) Texas direct pay tax. Because collection of those taxes and the

1 associated remittance to taxing authorities occur at different times, there are cash working
2 capital effects on the Company. However, these pass-through taxes and fees are not part
3 of the revenue requirement to which net lags or leads are applied in the lead-lag study, and
4 thus, would not be reflected in the cash working capital requirement without separate
5 consideration. As such, the total cash working capital requirement calculated by
6 Concentric separately includes the net (lead)/lag associated with those taxes and fees as
7 shown on Exhibit JSW-2.

8
9 Q.52 DID CONCENTRIC'S LEAD-LAG STUDY ACCOUNT FOR PETTY CASH?

10 A. Yes. Consistent with Commission Rule 16 TAC § 25.231(c)(2)(B)(iii)(IV)(-e-),
11 Concentric included petty cash funds in the determination of the overall CWC allowance.
12 Specifically, that part of the Commission rule states that, "the balance of cash and working
13 funds included in the working cash allowance calculation shall consist of the average daily
14 bank balance of all noninterest bearing demand deposits and working cash funds." Petty
15 cash funds are amounts the Company must keep on hand and is primarily utilized for per
16 diem payments made to union personnel. The Company kept an average petty cash fund
17 balance of \$25,635 during the Test Year. That amount, which represents shareholder-
18 supplied funds, was added to the CWC allowance.

19
20 Q.53 BASED UPON THE RESULTS OF THE LEAD-LAG STUDY AND THE LEVEL OF
21 EXPENSES DESCRIBED IN THE TESTIMONY OF EPE WITNESS STEVEN SIERRA,
22 WHAT IS THE TOTAL COMPANY LEVEL OF CASH WORKING CAPITAL
23 REQUIREMENTS?

24 A. As shown on Exhibit JSW-2 and WP-B-1 Adjustment No. 8, applying the revenue lag and
25 expense leads that I have calculated to the expense levels provided by EPE witness Sierra
26 results in a total Company cash working capital requirement of negative \$8,129,393.

27
28 Q.54 DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

29 A. Yes.
30
31

16 Texas Administrative Code § 25.231(c)(2)(B)(iii)(IV)

16 TAC § 25.231(c)(2)(B)(iii)(IV) addresses the development of a reasonable allowance for cash working capital by the use of a lead-lag study. Specifically, that rule states:

For all investor-owned electric utilities a reasonable allowance for cash working capital, including a request of zero, will be determined by the use of a lead-lag study. A lead-lag study will be performed in accordance with the following criteria:

- (-a-) The lead-lag study will use the cash method; all non-cash items, including but not limited to depreciation, amortization, deferred taxes, prepaid items, and return (including interest on long-term debt and dividends on preferred stock), will not be considered.
- (-b-) Any reasonable sampling method that is shown to be unbiased may be used in performing the lead-lag study.
- (-c-) The check clear date, or the invoice due date, whichever is later, will be used in calculating the lead-lag days used in the study. In those cases where multiple due dates and payment terms are offered by vendors, the invoice due date is the date corresponding to the terms accepted by the electric utility.
- (-d-) All funds received by the electric utility except electronic transfers shall be considered available for use no later than the business day following the receipt of the funds in any repository of the electric utility (e.g. lockbox, post office box, branch office). All funds received by electronic transfer will be considered available the day of receipt.
- (-e-) For electric utilities the balance of cash and working funds included in the working cash allowance calculation shall consist of the average daily bank balance of all noninterest bearing demand deposits and working cash funds.
- (-f-) The lead on federal income tax expense shall be calculated by measurement of the interval between the mid-point of the annual service period and the actual payment date of the electric utility.
- (-g-) If the cash working capital calculation results in a negative amount, the negative amount shall be included in rate base.

JOSEPH S. WEISS
VICE PRESIDENT

Mr. Weiss has worked on projects involving revenue requirements, class cost of service, allocation and rate design, cash working capital, rate of return, affiliate transactions, and rate case preparation for gas and electric utilities. As a consultant, Mr. Weiss has provided support for filings with several utility commissions and filed testimony as an expert witness on cash working capital before the Corporation Commission of Oklahoma, the Missouri Public Service Commission, the Illinois Commerce Commission, the Maine Public Utilities Commission, and the Public Utilities Commission of Ohio. He has strong quantitative and research skills and experience in accounting issues. Prior to joining Concentric Energy Advisors, Mr. Weiss was a Consultant with Navigant Consulting, Inc. and has worked for a large Midwest investor-owned utility. Mr. Weiss has an M.B.A. from Southern Illinois University Edwardsville and a B.S. in Business Administration (magna cum laude) with a major in Accounting and Finance from Saint Louis University.

REPRESENTATIVE PROJECT EXPERIENCE

Rates/Regulatory Projects

- Worked on a draft report concerning the gas/electric interdependency of the Pacific Northwest Region.
- Supported lead-lag analysis and testimony for a Canadian electric utility.
- Provided rate case support of a gas rate case filing for a Midwestern gas utility. Work included assisting with a lead-lag study.
- Involved in the calculation and support of a return on equity for a natural gas company.
- Assisted with the preparation of six gas and electric rate case filings for a Midwestern utility. The project included work associated with a gas and electric lead-lag study and the preparation of the minimum filing requirements associated with the rate case. Project included post filing support which involved providing responses and corrections to deficiencies identified by the Illinois Commerce Commission in filing requirements and providing required data in response to data requests of the Illinois Commerce Commission.
- Assisted in the effort to collect and organize plant addition documentation for six Midwest utilities associated with the state commission's audit of rate base.
- Involved in the preparation of an electric rate case filing for an electric transmission and distribution provider in Texas. Work included the completion of the rate filing package associated with the rate case.
- Managed the preparation of the minimum filing requirements for a Midwestern holding company that held three different utility companies. Also managed the preparation of a lead-lag study for the utility. Project included post filing support which involved providing responses and corrections to deficiencies identified by the Illinois Commerce Commission in

- filing requirements and providing required data in response to data requests of the Illinois Commerce Commission.
- Managed the preparation of a lead-lag study for an electric rate case filing for a utility in Missouri.
- Worked on the completion of the revenue requirement and filing requirements for an interstate pipeline's rate filing.
- Assisted with a review of the reasonableness of the allocation of shared services costs assigned by Ameren Service Company to the Illinois operating utilities. The review included an assessment of the reasonableness of the accumulated costs, allocation factors employed and resulting allocated costs to each operating utility for the services provided. Concentric also benchmarked the costs of services to assess the reasonableness of the allocated costs compared to other companies.
- Provided testimony analyzing the services and related costs provided by companies affiliated with Ameren Missouri.
- Assisted with an allocated cost of service study and rate design related to an electric rate filing for a Midwestern utility.
- Managed the calculation of the revenue requirement and preparation of a lead-lag study for a gas rate case filing for a utility in Missouri.
- Managed the completion of a lead-lag study for an electric rate filing for a Midwestern utility.
- Managed the preparation of gas and electric rate case filings for a Midwestern utility. The project included work associated with a gas and electric lead-lag study and the preparation of the minimum filing requirements associated with the rate case which included the filing of a future test year. Project included post filing support which involved providing responses and corrections to deficiencies identified by the Illinois Commerce Commission in filing requirements, providing required data in response to data requests of the Illinois Commerce Commission, and assisting company with review and development of testimony.
- Managed the completion of the revenue requirement and filing requirements for an interstate pipeline's rate filing.
- Managed the completion of a lead-lag study for an electric filing for a Midwestern utility as well as post-filing support.
- Helped to develop a revenue requirement model to comply with a new performance-based formula ratemaking process for a Midwest electric utility.
- Managed the preparation of an initial formula rate filing for a Midwestern electric utility. The project included work associated with the preparation of the minimum filing requirements and the formula rate template. Project included post filing support which involved providing responses and corrections to deficiencies identified by the Illinois Commerce Commission in filing requirements, providing required data in response to data requests of the Illinois Commerce Commission, and assisting company with review and development of testimony.

- Managed the completion of the revenue requirement and minimum filing requirements for an electric rate filing for a utility in Illinois under new legislation as well as subsequent filings. The work included support throughout the rate case process.
- Assisted with an allocated cost of service study related to a gas rate filing for a Northeastern utility.
- Filed expert testimony in support of the company's cash working capital requirement before the Oklahoma Corporation Commission.
- Managed the preparation of minimum filing requirements utilizing a future test year for a gas filing for a Midwestern utility in multiple rate case filings.
- Managed the completion of lead-lag studies and associated testimony on behalf of our client. Testified to the results of the studies before the Illinois Commerce Commission.
- Prepared a lead-lag study and associated testimony on behalf of our client. Testified to results of the study before the Missouri Public Service Commission.
- Prepared a lead-lag study as well as assistance with the development of the revenue requirement and associated testimony on behalf of our client. Testimony was filed as part of a rate proceeding before the Idaho Public Utilities Commission. The work included support throughout the rate case process.
- Managed the completion of a lead-lag study and associated testimony on behalf of the client in its two most recent rate proceedings. Testimony was filed as part of a rate proceeding before the State Corporation Commission of Virginia.
- Managed the preparation of the Minimum Filing Requirements for a Midwestern gas utility's rate filing utilizing a future test year before the Illinois Commerce Commission and the Company's subsequent filing.
- Managed the completion of a lead-lag study and associated testimony on behalf of the client. Also assisted the client with the development of the revenue requirement. Testimony was filed as part of a rate proceeding before the Maine Public Utilities Commission.
- Managed the completion of a lead-lag study and associated testimony on behalf of the client as part of a rate proceeding before the Tennessee Public Utility Commission.
- Prepared a lead-lag study and associated testimony on behalf of the client. Testimony was filed as part of a rate proceeding in West Virginia.
- Managed the completion of a lead-lag study and associated testimony on behalf of the client. Testimony was filed as part of a rate proceeding before the Georgia Public Service Commission.
- Assisted with the preparation of testimony related to shared services and benchmarking in multiple rate proceedings before the Missouri Public Service Commission.
- Market Research Experience
- Conducted research on gas and electric revenue decoupling mechanisms.
- Researched recent and proposed pipeline projects.
- Research to support expert testimony in a return on equity rate proceeding.

PROFESSIONAL HISTORY**Concentric Energy Advisors, Inc. (2007 – Present)**

Vice President

Assistant Vice President

Senior Project Manager

Project Manager

Senior Consultant

Consultant

Navigant Consulting, Inc. (2006 – 2007)

Consultant

Ameren Corporation (2005 – 2006)

Consultant and Tax Intern

EDUCATION**Saint Louis University**

B.S.B.A., Accounting and Finance, magna cum laude, December 2005

Southern Illinois University Edwardsville

M.B.A., August 2013

SPONSOR	DATE	CASE/APPLICANT	DOCKET	SUBJECT
Illinois Commerce Commission				
Ameren Illinois Company	01/15	Ameren Illinois Company	Docket #15-0142	Cash Working Capital (Gas)
Ameren Illinois Company	04/15	Ameren Illinois Company	Docket #15-0305	Cash Working Capital (Electric)
Ameren Illinois Company	01/18	Ameren Illinois Company	Docket #18-0463	Cash Working Capital (Gas)
Ameren Illinois Company	04/18	Ameren Illinois Company	Docket #18-0807	Cash Working Capital (Electric)
Ameren Illinois Company	02/20	Ameren Illinois Company	Docket #20-0308	Cash Working Capital (Gas)
Ameren Illinois Company	04/20	Ameren Illinois Company	Docket #20-0381	Cash Working Capital (Electric)
Ameren Illinois Company	04/21	Ameren Illinois Company	Docket #21-0365	Cash Working Capital (Electric)
Ameren Illinois Company	01/23	Ameren Illinois Company	Docket #23-0067	Cash Working Capital (Gas)
Ameren Illinois Company	01/23	Ameren Illinois Company	Docket #23-0082	Cash Working Capital (Electric)
Maine Public Utilities Commission				
Bangor Natural Gas Company	03/21	Bangor National Gas Company	Docket # 2021-00024	Cash Working Capital (Gas)
Central Maine Power Company	08/22	Central Maine Power Company	Docket #2022- 00152	Cash Working Capital (Electric)
Missouri Public Service Commission				
Ameren Missouri	07/14	Ameren Missouri	ER 2014-0258	Cash Working Capital (Electric)



SPONSOR	DATE	CASE/APPLICANT	DOCKET	SUBJECT
Ameren Missouri	06/24	Ameren Missouri Electric Rate Filing	ER 2024-0319	Affiliate Transactions and Benchmarking
Ameren Missouri	09/24	Ameren Missouri Gas Rate Filing	GR 2024-0369	Affiliate Transactions and Benchmarking
Public Utilities Commission of Ohio				
Northeast Ohio Natural Gas Corporation	4/23	Northeast Ohio Natural Gas Corporation	Case No. 23-0154-GA-AIR	Cash Working Capital (Gas)
Oklahoma Corporation Commission				
Arkansas Oklahoma Gas Corporation	01/13	Arkansas Oklahoma Gas Corporation	Cause No. PUD 201200236	Cash Working Capital (Gas)

**EL PASO ELECTRIC COMPANY
CASH WORKING CAPITAL REQUIREMENT - LEAD-LAG STUDY
FOR THE TEST YEAR ENDED MARCH 31, 2024**

Line No.	Description (A)	Total Company Revenue Requirement (B)	Average Daily Amount (C)=(B)/365	Revenue Lag Days (D)	Expense Lead Days (E)	Net (Lead)/Lag (F)=(D)-(E)	Working Capital Requirement (G)=(C)x(F)	Work Paper Reference (H)
1	Energy Costs:							
2	Nuclear	\$ 34,999,916	\$ 95,890	44.4	69.9	(25.50)	\$ (2,445,200)	B
3	Gas	73,033,981	200,093	44.4	39.2	5.20	1,040,484	B
4	Purchased Power	140,212,630	384,144	44.4	45.5	(1.10)	(422,559)	B
5								
6	Operation & Maintenance Expenses:							
7	Wages, Salaries and Benefits	88,008,296	241,119	44.4	30.5	13.90	3,351,549	C
8	Palo Verde O&M*	105,568,392	289,228	44.4	2.7	41.70	12,060,827	C-3
9	Other O&M*	136,305,013	373,438	44.4	50.0	(5.60)	(2,091,255)	C-4
10								
11	Taxes Other Than Income Taxes:							
12	Payroll Taxes	6,014,345	16,478	44.4	9.1	35.30	581,661	C
13	Payroll Taxes - Palo Verde	3,427,959	9,392	44.4	2.7	41.70	391,633	C-3
14	New Mexico							
15	Compensating Tax	88,342	242	44.4	44.2	0.20	48	G-1
16	Public Regulation Commission	923,782	2,531	44.4	265.0	(220.60)	(558,319)	D-1
17	Property Tax	4,515,387	12,371	44.4	245.3	(200.90)	(2,485,318)	D-2
18	Texas							
19	Gross Receipts	20,091,531	55,045	44.4	76.4	(32.00)	(1,761,449)	D-3
20	Franchise Fees	31,594,665	87,657	44.4	89.3	(44.90)	(3,935,782)	D-4
21	Public Utility Commission Fee	1,487,566	4,076	44.4	236.0	(191.60)	(760,870)	D-5
22	Property	20,100,598	55,070	44.4	211.9	(167.50)	(9,224,247)	D-6
23	Arizona							
24	Property	7,928,639	21,723	44.4	211.4	(167.00)	(3,627,715)	D-7
25								
26	Income Taxes:							
27	Federal Current	47,967,634	131,418	44.4	34.3	10.10	1,327,324	E-1
28	State Current (New Mexico)	2,099,666	5,753	44.4	33.9	10.50	60,407	E-2
29	State Current (Arizona)	969,764	2,739	44.4	33.9	10.50	28,760	E-3
30	State Gross Margin Tax	2,127,914	5,830	44.4	(48.0)	92.40	538,683	E-4
31								
32	Interest on Customer Deposits	543,595	1,489	44.4	182.5	(138.10)	(205,673)	F
33								
34	Cash Working Capital Requirement From Revenue Requirements						(8,157,011)	
35								
36	Other							
37	New Mexico Gross Receipts	-	-	44.4	44.2	0.20	-	G-1
38	New Mexico Franchise Fees	390,534	1,070	44.4	43.2	1.20	1,284	G-2
39	Texas Direct Pay Tax	-	-	44.4	40.6	3.80	-	G-4
40	Texas Sales and Use Tax	102,033	280	44.4	40.7	3.70	1,034	G-3
41	Petty Cash Funds						25,300	H
42								
43								
44	Total Company Working Capital					\$	(8,129,393)	

*Includes adjustment for pre-payments and materials and supplies charged to O&M of \$10,176,485 (Palo Verde) and \$33,171,296 (Other O&M) (source: Schedule E-4)

**EL PASO ELECTRIC COMPANY
CASH WORKING CAPITAL REQUIREMENT - LEAD-LAG STUDY
FOR THE TWELVE MONTHS ENDED MARCH 31, 2024
SUMMARY OF REVENUE LAG**

Line No.	Revenue Lag Component (A)	Lag Days (B)
1	Service Lag	15.2
2	Billing Lag	1.0
3	Collection Lag	28.1
4	Payment Processing Lag	1.3
5	Total	45.6

Source: Work Paper A

**EL PASO ELECTRIC COMPANY
CASH WORKING CAPITAL REQUIREMENT - LEAD-LAG STUDY
FOR THE TWELVE MONTHS ENDED MARCH 31, 2024
CALCULATION OF COLLECTIONS LAG**

Line No.	Time Period	Midpoint	Revenues	Uncollectible Factor [1]	Receivable Net of Uncollectible	Weighting Factor	Weighted Lag Days
	(A)	(B)	(C)	(D)	(E)	(F)	
1	0-30 Days	15.0	\$ 52,517,475	0.79%	52,100,437.93	70.2%	10.53
2	31-60 Days	44.5	12,263,829	6.58%	11,456,790.68	15.4%	6.87
3	61-90 Days	74.5	5,733,789	36.35%	3,649,445.84	4.9%	3.66
4	90+ Days	74.5	12,615,827	44.63%	6,986,012.30	9.4%	7.01
5	Total		\$ 83,130,921		\$ 74,192,687		28.1

Source: Work Paper A-1

Notes

[1] Uncollectible factor derived from 3-year average for 2017, 2018 and 2019.

**EL PASO ELECTRIC COMPANY
CASH WORKING CAPITAL REQUIREMENT - LEAD-LAG STUDY
FOR THE TWELVE MONTHS ENDED MARCH 31, 2024
CALCULATION OF PAYMENT PROCESSING LAG**

Line No.	Payment Method	Receipt of Funds Lag	Revenues (%)	Weighted Receipt of Funds Lag
	(A)	(B)	(C)	(D)
1	ACH Electronic Check	2.00	14.5%	0.3
2	Bill2Pay ACH	2.00	2.7%	0.1
3	Bill2Pay Cash	2.00	0.1%	0.0
4	Bill2Pay Credit Card	2.00	10.2%	0.2
5	Cash	1.00	0.3%	0.0
6	Check	1.00	71.6%	0.7
7	Money Order	2.00	0.0%	0.0
8	Wire	-	0.6%	-
9				-
	Total		100.0%	1.3

Source: Work Paper A-2

**EL PASO ELECTRIC COMPANY
CASH WORKING CAPITAL REQUIREMENT - LEAD-LAG STUDY
FOR THE TWELVE MONTHS ENDED MARCH 31, 2024
SUMMARY OF OTHER REVENUES**

Line No.	Description (A)	Lag Days (B)	Revenues (C)	Weighting (D)	Weighted Lag (E)
1	Wholesale Transactions	35.4	\$ 95,316,028	61.1%	21.6
2	Wholesale Transmission Sales	39.9	51,951,688	33.3%	13.3
3	Other Revenues	50.3	8,728,244	5.6%	2.8
4	Total		\$ 155,995,960	100.0%	37.7

Source: Work Paper A

**EL PASO ELECTRIC COMPANY
CASH WORKING CAPITAL REQUIREMENT - LEAD-LAG STUDY
FOR THE TWELVE MONTHS ENDED MARCH 31, 2024
SUMMARY OF FUEL EXPENSE LEADS - NUCLEAR**

Line No.	Month	Lead Days	Total Expenses	Weighting	Weighted Lag
	(A)	(B)	(C)	(D)	(E)
1	Rio Grande Resource Trust II	69.9	\$ 33,885,302	100.0%	69.9
2	Total		\$ 33,885,302	100.0%	69.9

Source: Work Paper B-1

**EL PASO ELECTRIC COMPANY
CASH WORKING CAPITAL REQUIREMENT - LEAD-LAG STUDY
FOR THE TWELVE MONTHS ENDED MARCH 31, 2024
SUMMARY OF FUEL EXPENSE LEADS - NATURAL GAS**

Line No.	Vendor	Lead Days	Total Expenses	Weighting	Weighted Lag
	(A)	(B)	(C)	(D)	(E)
1	Vendor 1	39.1	\$ 16,022,007	12.5%	4.9
2	Vendor 2	40.3	864,894	0.7%	0.3
3	Vendor 3	41.0	194,680	0.2%	0.1
4	Vendor 4	40.1	13,567,706	10.6%	4.2
5	Vendor 5	39.9	21,080,098	16.4%	6.6
6	Vendor 6	39.3	7,428,516	5.8%	2.3
7	Vendor 7	41.4	200,035	0.2%	0.1
8	Vendor 8	36.7	23,667,165	18.4%	6.8
9	Vendor 9	30.2	1,499,830	1.2%	0.4
10	Vendor 10	39.9	14,683,147	11.4%	4.6
11	Vendor 11	39.1	1,103,668	0.9%	0.3
12	Vendor 12	39.5	6,111,970	4.8%	1.9
13	Vendor 13	45.0	814,742	0.6%	0.3
14	Vendor 14	46.0	75,000	0.1%	0.0
15	Vendor 15	44.9	4,378,925	3.4%	1.5
16	Vendor 16	46.0	266,582	0.2%	0.1
17	Vendor 17	39.4	16,352,785	12.7%	5.0
18	Vendor 18	39.5	3,795	0.0%	0.0
19	Vendor 19	40.5	7,020	0.0%	0.0
20	Vendor 20	39.8	1,239,804	1.0%	0.4
Source: Work Paper B-2			\$ 128,322,566	100.0%	39.2

**EL PASO ELECTRIC COMPANY
CASH WORKING CAPITAL REQUIREMENT - LEAD-LAG STUDY
FOR THE TWELVE MONTHS ENDED MARCH 31, 2024
SUMMARY OF PURCHASED POWER EXPENSE LEADS**

Line No.	Description	Lead Days	Total Expenses	Weighting	Weighted Lag
	(A)	(B)	(C)	(D)	(E)
1	Purchased Power	46.7	\$ 75,866,692	95.6%	44.6
2	RECs - Buy Backs	28.5	956,377	1.2%	0.3
3	RECs - Four Peaks	15.2	2,498,090	3.1%	0.5
4	Other (WREGIS)	59.1	766	0.0%	0.0
5	Total		\$ 79,321,926	100.0%	45.5

Source: Work Paper B

**EL PASO ELECTRIC COMPANY
CASH WORKING CAPITAL REQUIREMENT - LEAD-LAG STUDY
FOR THE TWELVE MONTHS ENDED MARCH 31, 2024
SUMMARY OF PURCHASED POWER EXPENSE LEADS**

Line No.	Vendor	Lead Days	Total Expenses	Weighting	Weighted Lag
	(A)	(B)	(C)	(D)	(E)
1	Vendor 1	35.0	\$ 540	0.0%	0.0
2	Vendor 2	34.0	1,633,786	2.2%	0.7
3	Vendor 3	35.7	25,200	0.0%	0.0
4	Vendor 4	34.0	118,000	0.2%	0.1
5	Vendor 5	34.0	204,800	0.3%	0.1
6	Vendor 6	84.5	8,419,568	11.1%	9.4
7	Vendor 7	32.0	25,500	0.0%	0.0
8	Vendor 8	34.7	500,979	0.7%	0.2
9	Vendor 9	34.1	4,060,127	5.4%	1.8
10	Vendor 10	36.2	3,454,129	4.6%	1.6
11	Vendor 11	49.5	1,113,295	1.5%	0.7
12	Vendor 12	41.0	356,450	0.5%	0.2
13	Vendor 13	50.4	5,952,270	7.8%	4.0
14	Vendor 14	37.8	11,038,293	14.5%	5.5
15	Vendor 15	36.5	275,978	0.4%	0.1
16	Vendor 16	41.0	16,269	0.0%	0.0
17	Vendor 17	47.8	95,824	0.1%	0.1
18	Vendor 18	50.7	871,917	1.1%	0.6
19	Vendor 19	35.5	125,743	0.2%	0.1
20	Vendor 20	39.7	527,242	0.7%	0.3
21	Vendor 21	34.4	427,122	0.6%	0.2
22	Vendor 22	18.8	3,059,184	4.0%	0.8
23	Vendor 23	36.0	134,150	0.2%	0.1
24	Vendor 24	45.1	199,835	0.3%	0.1
25	Vendor 25	47.6	6,156,802	8.1%	3.9
26	Vendor 26	53.8	2,499,316	3.3%	1.8
27	Vendor 27	51.0	2,740,379	3.6%	1.8
28	Vendor 28	39.0	1,596,063	2.1%	0.8
29	Vendor 29	36.4	1,269,527	1.7%	0.6
30	Vendor 30	34.5	305,484	0.4%	0.1
31	Vendor 31	42.6	180,600	0.2%	0.1

**EL PASO ELECTRIC COMPANY
CASH WORKING CAPITAL REQUIREMENT - LEAD-LAG STUDY
FOR THE TWELVE MONTHS ENDED MARCH 31, 2024
SUMMARY OF PURCHASED POWER EXPENSE LEADS**

32	Vendor 32	38.6	3,877,411	5.1%	2.0
33	Vendor 33	34.4	8,365,745	11.0%	3.8
34	Vendor 34	65.7	5,824,540	7.7%	5.0
35	Vendor 35	18.4	414,626	0.5%	0.1
		\$	75,866,692	100.0%	46.66

**EL PASO ELECTRIC COMPANY
CASH WORKING CAPITAL REQUIREMENT - LEAD-LAG STUDY
FOR THE TWELVE MONTHS ENDED MARCH 31, 2024
PAYROLL AND BENEFITS EXPENSE LEADS**

Line No.	Description (A)	Lead Days (B)	Total Expenses (C)	Weighting (D)	Weighted Lag (E)
1	Gross Regular Payroll Net of Taxes		\$ 100,681,924		
2	Less: Payroll Deductions with Incremental Expense Lead		20,132,319		
3	Gross Regular Payroll Net of Payroll Deductions with Incremental Expense Lead	10.1	\$ 80,549,605	59.5%	6.0
4	Payroll Deductions with Incremental Expense Lead	13.1	20,132,319	14.9%	2.0
5	Benefits	12.4	25,777,460	19.0%	2.4
6	Incentive Comp	305.4	8,955,528	6.6%	20.2
7	Payroll, Payroll Deductions, Benefits	341.1	\$ 135,414,913	100.0%	30.5

Source: Work Paper C

**EL PASO ELECTRIC COMPANY
CASH WORKING CAPITAL REQUIREMENT - LEAD-LAG STUDY
FOR THE TWELVE MONTHS ENDED MARCH 31, 2024
PAYROLL EXPENSE DEDUCTIONS LEADS**

Line No.	Category (A)	Lead Days (B)	Total Expenses (C)	Weighting (D)	Weighted Lag (E)
1	401(k) Employee Contribution	4.0	\$ 13,135,792	65.2%	2.6
2	AD&D	1.0	94,559	0.5%	0.0
3	COPE	1.0	13,371	0.1%	0.0
4	Dental	1.0	383,573	1.9%	0.0
5	EPE Charitable Foundation	1.0	4,500	0.0%	0.0
6	EPIC	1.0	29,069	0.1%	0.0
7	Flex Dep	1.0	59,906	0.3%	0.0
8	Flex Med	1.0	576,338	2.9%	0.0
9	HSA	1.0	168,897	0.8%	0.0
10	Medical	1.0	3,553,961	17.7%	0.2
11	Optional Life Insurance	1.0	482,375	2.4%	0.0
12	Parking	1.0	252,041	1.3%	0.0
13	STD Buy-Up	1.0	123,131	0.6%	0.0
14	Union Dues	1.0	327,768	1.6%	0.0
15	United Way	1.0	101,958	0.5%	0.0
16	Vision	1.0	133,192	0.7%	0.0
17	Voluntary Insurance	1.0	45,561	0.2%	0.0
18	Wage Attachments	1.0	646,329	3.2%	0.0
19	Total		\$ 20,132,319	100.0%	3.0
20	Regular Payroll Expense Lead				10.1
21	Total				13.1

Source: C-1B C-1C Summary

**EL PASO ELECTRIC COMPANY
CASH WORKING CAPITAL REQUIREMENT - LEAD-LAG STUDY
FOR THE TWELVE MONTHS ENDED MARCH 31, 2024
BENEFITS EXPENSE LEADS**

Line No.	Category		Total Expenses	Weighting	Lead Days
	(A)		(B)	(C)	(D)
1	401K Administration	116.7	\$ 91,708	0.4%	0.4
2	401K Matching	5.0	6,305,800	24.5%	1.2
3	Dental - Administration	25.2	102,082	0.4%	0.1
4	Dental - Benefits	13.2	706,335	2.7%	0.4
5	Insurance (Life/ADD/Disability)	21.1	453,992	1.8%	0.4
6	Medical - Administration	30.3	1,159,493	4.5%	1.4
7	Medical - Claims	13.8	10,449,922	40.5%	5.6
8	Medical - Rx	10.9	3,610,971	14.0%	1.5
9	OPEB Administration	130.1	204,486	0.8%	1.0
10	Parking Benefit	11.3	358,679	1.4%	0.2
11	Pension Administration	160.9	159,993	0.6%	1.0
12	Pension Funding	(8.5)	2,174,000	8.4%	(0.7)
13	Total		\$ 25,777,460	100.0%	12.41

Source: C-1B C-1C Summary

**EL PASO ELECTRIC COMPANY
CASH WORKING CAPITAL REQUIREMENT - LEAD-LAG STUDY
FOR THE TWELVE MONTHS ENDED MARCH 31, 2024
TAXES OTHER THAN INCOME TAXES**

Line No.	Description	Lead Days	Total Expenses
	(A)	(B)	(C)
1	NM Compensating Tax	44.2	\$ 11,629,423
2	NM Public Regulation Commission	265.0	874,803
3	New Mexico Property Taxes	245.3	4,698,851
4	Texas Gross Receipts Tax	76.4	11,671,159
5	Texas Franchise Fees	89.3	28,189,924
6	Texas Public Utility Commission Fee	236.0	1,321,850
7	Texas Property Tax	211.9	18,303,645
8	Arizona Property Taxes	211.4	6,837,798

Source: Work Paper D

**EL PASO ELECTRIC COMPANY
CASH WORKING CAPITAL REQUIREMENT - LEAD-LAG STUDY
FOR THE TWELVE MONTHS ENDED MARCH 31, 2024
INCOME TAX EXPENSE LEADS**

FEDERAL

Line No.	Description	Lead Days	Weighting [1]	Weighted Lag
	(A)	(B)	(C)	(D)
1	1Q 2023	58.5	30.7%	17.9
2	2Q 2023	23.0	58.4%	13.4
3	3Q 2023	26.5	12.3%	3.3
4	4Q 2023	25.5	-1.4%	(0.4)
5	Total		100.0%	34.3

Source: Work Paper E-1

STATE - ARIZONA AND NEW MEXICO

Line No.	Description	Lead Days	Weighting [1]	Weighted Lag
	(A)	(B)	(C)	(D)
6	1Q 2023	58.5	30.7%	17.9
7	2Q 2023	23.0	58.4%	13.4
8	3Q 2023	23.5	12.3%	2.9
9	4Q 2023	25.5	-1.4%	(0.4)
10	Total		100.0%	33.9

Source: Work Paper E-2

STATE - TEXAS

Line No.	Description	Lead Days	Weighting [1]	Weighted Lag
	(A)	(B)	(C)	(D)
11	Annual Payment	(48.0)	100.0%	(48.0)
12	Tru-Up Payment	-	0.0%	-
13	Total		100.0%	(48.0)

Source: Work Paper E-4

[1] Weightings are based on the relative weightings of quarterly book income/(losses).

DOCKET NO 57568

APPLICATION OF EL PASO
ELECTRIC COMPANY TO CHANGE
RATES

§
§
§

PUBLIC UTILITY COMMISSION
OF TEXAS

DIRECT TESTIMONY

OF

ELLEN LAPSON, CFA

FOR

EL PASO ELECTRIC COMPANY

JANUARY 2025

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EXHIBITS

Exhibit EL-1 Professional Qualifications

Exhibit EL-2 Rating Symbols Correlation

Exhibit EL-3 Distribution of Moody's Utility Ratings

Exhibit EL-4 Moody's Opinion, "El Paso Electric Company", December 18, 2024 -

CONFIDENTIAL

Exhibit EL-5 Fitch Report "El Paso Electric Company", May 2, 2024 - CONFIDENTIAL

I. INTRODUCTION

Q1. PLEASE STATE YOUR NAME, OCCUPATION, BUSINESS ADDRESS AND PARTY FOR WHOM YOU ARE FILING TESTIMONY.

A. My name is Ellen Lapson, CFA. My business address is 370 Riverside Drive, New York, NY 10025. I am the principal of Lapson Advisory, an independent financial consulting firm. I am providing direct testimony in this docket on behalf of El Paso Electric Company, ("EPE" or "the Company".)

Q2. WHAT IS YOUR EDUCATIONAL AND BUSINESS BACKGROUND.

A. I have earned the designation of Chartered Financial Analyst (CFA) and a Master of Business Administration from New York University Stern School of Business, where I specialized in financial accounting and finance. I have worked in the capital markets with particular focus on the financial affairs of regulated public utilities for more than 50 years. I began my career as a securities analyst at Argus Research Corporation analyzing equity securities of utility companies. After five years, I switched to the fixed income and commercial lending market as a commercial banker and later an investment banker at a predecessor of J.P. Morgan; for twenty years, I structured and executed debt financing transactions for utility and infrastructure companies. Thereafter, I was employed for seventeen years, first as a senior director and then as a managing director at a credit rating agency, Fitch Ratings. At Fitch I directed analysts who rated credit in the sectors of electricity, natural gas, and project finance and frequently chaired rating committees. In 2012, I left that position and founded Lapson Advisory. The list of my professional qualifications appears in Exhibit EL-1.

Q3. PLEASE DESCRIBE YOUR RESPONSIBILITIES IN YOUR CURRENT POSITION.

A. At Lapson Advisory, I advise companies in the utility and infrastructure sector on how to maintain or improve their access to capital markets. This includes: (1) testifying as an expert witness on utility financial matters; (2) advising bond issuers or borrowers on the ratings they are likely to achieve from one or more credit rating agencies; and (3) conducting research and writing white papers on the impact of a proposed regulatory

1 treatment or accounting rules on the financial welfare of affected companies. Also, I have
2 developed and conducted professional training programs in corporate finance, project
3 finance, and credit analysis for mid-level professionals in the gas and electric sectors.
4

5 Q4. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PUBLIC UTILITY
6 COMMISSION OF TEXAS ("COMMISSION") OR ANY OTHER COMMISSIONS?

7 A. Yes, the following is a list of docket numbers of my prior testimony before this
8 Commission: Dockets 46416, 46957, 47527, 48371, 48401, 48929, 49421, 49849, 51547,
9 52487, 53601, 54316, and 55867. Also, I have testified as an expert financial witness in
10 seventeen state jurisdictions and before the Federal Energy Regulatory Commission.
11 Exhibit EL-1 includes a list of my expert witness assignments in various state and federal
12 jurisdictions.
13

14 Q5. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

15 A. The purpose of my direct testimony is to support the regulatory capital structure for EPE
16 requested by Company witness Richard Gonzalez. The authorized and actual capital
17 structure are major factors determining EPE's operating cash flow, in combination with the
18 authorized return on equity and regulatory accounting measures adopted by the
19 Commission. The resultant operating cash flow determines the Company's financial
20 strength, liquidity, and its ability to attract capital, all of which are essential to EPE's ability
21 to satisfy the electric service needs of the public and fulfill its public interest mandate.
22

23 Q6. WAS YOUR TESTIMONY PREPARED BY YOU OR UNDER YOUR SUPERVISION?

24 A. Yes.
25

26 Q7. IS THE INFORMATION CONTAINED IN YOUR TESTIMONY TRUE AND
27 CORRECT TO THE BEST OF YOUR KNOWLEDGE AND BELIEF?

28 A. Yes.
29

30 Q8. ARE YOU SPONSORING ANY EXHIBITS?

1 A. Yes. I am sponsoring the following Exhibits:

2 Exhibit EL-1 Professional Qualifications

3 Exhibit EL-2 Rating Symbols Correlation

4 Exhibit EL-3 Distribution of Moody's Utility Ratings

5 Exhibit EL-4 Moody's Opinion, "El Paso Electric Company", December 18, 2024

6 Exhibit EL-5 Fitch Report "El Paso Electric Company", May 2, 2024

7
8 Q9. HOW IS THE BALANCE OF YOUR TESTIMONY STRUCTURED?

9 A. The remainder of my Direct Testimony is organized as follows:

10 II. Executive Summary

11 III. Capital Expenditures and Source of Funding

12 IV. Credit Ratings and Financial Strength

13 V. Rating Agencies' Key Credit Ratios

14 VI. EPE Capital Structure

15 VII. Financial Forecast Model

16 VIII. Conclusions

17
18 **II. EXECUTIVE SUMMARY**

19 Q10. PLEASE SUMMARIZE THE KEY POINTS OF YOUR TESTIMONY.

20 A. EPE's financial strength is essential to enable the Company to carry out its obligation to
21 serve customers. Easy and continuous access to credit and long-term debt funding allows
22 the utility to procure energy resources, maintain and expand its networks, provide high
23 quality service, and satisfy increasing customer demands. To support these needs, it is
24 important that regulated capital structure and rates be set at a level that supports financial
25 stability and capital attraction.

26 In 2022, the Commission authorized EPE to establish rates based upon a capital
27 structure of 51 percent equity and 49 percent long-term debt. Since the beginning of 2022,
28 the owners of EPE have invested \$590 million of additional equity in EPE to fund
29 substantial ongoing capital expenditures and balance the additional debt needed to fund
30 construction and operations. To put this incremental equity investment into perspective, it

1 is equal to 39 percent of EPE's total common equity at the start of 2022.

2 In the current rate application, EPE is seeking authorization for a regulatory capital
3 structure of 56.4 percent equity and 43.6 percent long-term debt, consistent with the
4 Company's actual capital structure at the end of the third quarter (September 30, 2024) with
5 an adjustment for dividends paid as shown in Table EL-6.

6 In the light of EPE's large capital expenditure budget and required external
7 financing over the years 2025 – 2027, sustaining the Company's current credit ratings is of
8 great importance. As I explain in Section VII and the related exhibit EL-7, enhancing the
9 authorized equity capital to 56.4 percent and reducing debt leverage will support the
10 important credit ratios of cash flow to debt that are the key financial metrics of Moody's
11 and Fitch, the two credit rating agencies that rate EPE's debt. The requested capital
12 structure will enhance and support the Company's creditworthiness during a period when
13 high customer demand growth and the related major capital expenditures require ongoing
14 debt financing from the bond market and revolving credit banks. I recommend that the
15 Commission authorize a regulatory capital structure in line with EPE's request of
16 56.4 percent equity.

17 18 **III. EPE CAPITAL EXPENDITURES**

19 Q11. WHAT IS DRIVING INCREASES IN THE COMPANY'S CAPITAL INVESTMENT
20 PLAN?

21 A. Several factors are responsible for growing capital investments. One is the demand for
22 new customer connections and the need to enhance the distribution system to meet
23 increasing load. The number of customers grew by 1.5% per annum from 2013 to 2023,
24 and the growth rate is on the increase to 1.75% per annum. Customers' increasing demand
25 for power is an important driver; EPE's peak load in July 2024 was 8.3% greater than the
26 2023 peak, indicative of the need for additional power supply. As referenced in EPE
27 witness George Novela's testimony, EPE has an ongoing project to complete the
28 installation of 150 megawatts of solar power generation (the Texas Solar One facility).
29 Other investment needs are the Company's share of upgrades at the Palo Verde Generating
30 Station, enhancements to the transmission and distribution system, and advanced metering.

Q12. ARE EPE'S CAPITAL INVESTMENTS HIGH RELATIVE TO THE SIZE OF THE COMPANY?

A. Yes, EPE's capital expenditures ("Capex") are high in relation to the Company's operating cash flow and the existing fixed asset portfolio. A useful measure for analyzing the scale of a utility's capital expenditures is the ratio of Capex to annual depreciation charges for property, plant and equipment ("PP&E") in commercial service. The costs of capital equipment have experienced inflation over the past twenty years, and the current cost of investing in new PP&E is substantially higher than the historical cost of a utility's existing fixed assets. Therefore, a ratio of Capex to Depreciation of 1.0 times indicates that the cash flow from depreciation charges will not even suffice to pay for the replacement of the utility's aged infrastructure, and it certainly will not cover the added costs to supply new loads.

EPE's total Capex amounted to \$1,577 million for the period 2020-2023, or 3.1 times the annual depreciation charges for those years. EPE's budgeted Capex for the three years 2025-2027 is \$3,310 million, 5 times the depreciation charges in those three years. EPE's historic and projected annual capital investments are shown in comparison with annual depreciation charges in Table EL-1.

Table EL-1
Actual and Budgeted Capital Investment (\$ millions)

Year	Capital Investment (CapEx)*	Depreciation Charges	Capital Investment / Depreciation (%)
2020	\$285	\$107	266%
2021	\$371	\$114	325%
2022	\$395	\$134	295%
2023	\$526	\$148	356%
2024 Estimate	\$703	\$175	402%
2025-27 Average per annum	\$1,103	\$217	508%

*Notes: Includes PP&E, nuclear fuel, and capitalized interest during construction.

1 Q13. HOW DOES THE CAPEX BUDGETED FOR 2025-27 COMPARE WITH THE SIZE OF
2 THE CURRENT PP&E?

3 A. To put the current three-year capital investment plan in perspective, the budgeted Capex of
4 \$3.3 billion for 2025-2027 represents an 82% increment relative to EPE's total investment
5 in PP&E net of depreciation of \$4 billion at September 30, 2024. The implication of such
6 a high level of capital investment is that internal operating cash flow will cover very little
7 of the needed funding, and therefore substantial amounts of external financing will be
8 required.

9
10 **IV. CREDIT RATINGS AND FINANCIAL STRENGTH**

11 Q14. SHOULD THE COMMISSION BE CONCERNED ABOUT SUSTAINING EPE'S
12 FINANCIAL CONDITION?

13 A. Yes. Sound financial condition enables the Company not only to cover its operating
14 expenses but also to attract capital on favorable terms during all phases of the capital
15 market cycle, in good times and bad. The generation, transmission, and distribution of
16 electricity is a capital-intensive business. The Company has the obligation to invest
17 continuously in long-lived fixed assets to serve growth in connections and usage, comply
18 with changing governmental mandates and safety regulations, replace infrastructure at the
19 end of its useful life, and enhance the resilience and reliability of its systems. When a
20 utility has sound and stable financial condition, it is better able to deal with stressful events
21 that arise and still maintain a satisfactory level of service to customers.

22 As I explained in the preceding section, EPE faces heightened needs for investment
23 in its network and power generation. To fulfill these obligations, EPE needs to be able to
24 access the capital and bank markets on good terms regardless of capital market cycles.

25
26 Q15. HOW DOES EPE SOURCE FUNDS FOR ITS CAPITAL EXPENDITURES?

27 A. Between issues of long-term bonds, EPE uses its Revolving Credit Facility ("RCF") as a
28 flexible source of funding to manage the periodic variations in its operating cash flow
29 including fluctuating costs of fuels and purchased power, and interim funding of capital
30 investments, prior to issuing new long-term debt. EPE periodically issues long-term bonds

1 to refund maturing bonds, pay down the revolving credit balance, and to fund new long-
2 term investments. EPE's RCF currently permits borrowing up to \$550 million.

3 EPE keeps its capital structure in balance by periodically receiving infusions of
4 common equity from investors in the Infrastructure Investments Fund ("IIF").
5

6 Q16. WHY ARE FAVORABLE CREDIT RATINGS ESSENTIAL FOR A UTILITY?

7 A. When a utility has credit ratings from nationally recognized credit rating agencies that
8 compare favorably with those of peer utility companies, the utility will benefit from open
9 access to the capital and bank market on favorable terms, especially during a period of
10 heightened capital expenditures. During periods of market stress, companies with credit
11 ratings that are at or near the bottom of the investment grade category or below investment
12 grade (that is, in the speculative range of ratings) are vulnerable to constrained market
13 conditions and may not be able to come to market on reasonable terms.
14

15 Q17. HOW MUCH FINANCING WILL EPE REQUIRE TO FUND ITS PROJECTED
16 CAPITAL INVESTMENTS?

17 A. As shown in Table EL-2 below, EPE's projected capital investments and other financial
18 needs for the three years 2025 – 2027 will outpace internal cash flow sources. The
19 Company will need to bring in approximately \$2.65 billion from debt and equity sources
20 to cover the capital budget requirements.

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Table EL-2
Capital Requirements 2025 -27
and Sources of Capital (\$ millions)

	<u>Total 3 Years</u>
Capital Requirements	
Capital Expenditures	\$3,101
Nuclear Fuel Purchases	\$108
Capitalized Interest	\$102
Retire Long-Term Debt	\$64
Dividends Paid	<u>\$488</u>
Total Capital Required	\$3,863
Sources of Capital	
Cash From Operations	\$1,227
Long-Term Debt	\$1,241
Equity Contributions	\$1,408
Net Incr./(Decr.) in ST Debt	\$13
Other	<u>(\$26)</u>
Total Sources of Capital	\$3,863

Notes: ST - Short-Term.

Figures are rounded.

Q18. WHAT ROLE DO CREDIT RATING AGENCIES AND THEIR RATINGS PLAY IN THE FINANCIAL MARKET?

A. The typical investors in long-term utility bonds are sophisticated entities such as pension funds, insurers, and mutual funds (that is, institutional investors), as well as family offices and wealth managers. For all fixed-income investors, credit ratings function as a framework for comparing the returns available on both long-term and short-term

1 instruments in the context of a convention for considering credit risk. Many institutional
2 investors have portfolio limits or regulations that limit the aggregate amount of their
3 portfolio that they can purchase or hold at specific rating levels, with high limits for
4 instruments of the highest rating tiers and progressively lower limits for successively lower
5 rating tiers. To attract investors to purchase bonds or notes of lower relative credit quality,
6 issuers must offer higher interest rates and/or shorten the maturity of the instruments they
7 issue. When bankers offer new-issue bonds to investors, a key piece of information is the
8 instruments' credit ratings. Institutional investors frequently perform in-house research to
9 supplement the research published by two or more nationally recognized credit rating
10 agencies, but they conduct their own research within the context of comparison with the
11 credit ratings of nationally recognized rating agencies.

12 Furthermore, commercial bankers use credit ratings as the basis for automatic
13 pricing adjustments in their credit agreements and to calculate the amount of capital
14 reserves they must keep against loans and commitments to borrowers of different credit
15 quality. Higher credit limits are available at lower cost for higher rated credits. Credit
16 ratings are also widely used by vendors, energy suppliers, and lessors to decide upon credit
17 terms and pricing.

18 In brief, investors and bankers do not cede their decision-making to the credit rating
19 agencies, but the ratings and research reports issued by nationally recognized credit rating
20 agencies are extremely influential and are deeply embedded in the operation of the bond
21 market and banking markets.

22
23 Q19. WHAT ARE EPE'S CURRENT CREDIT RATINGS?

24 A. EPE'S credit is rated by Moody's Investors Service ("Moody's) and Fitch Ratings ("Fitch").
25 Their long-term credit ratings are shown in Table EL-3 below.

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1
2 **Table EL-3**

3 **Long Term Issuer Credit Ratings**

4

	Moody's	Fitch*
Long -Term Issuer Rating	Baa2	BBB
Senior Unsecured Debt	Baa2	BBB+
Rating Outlook	Stable	Stable

9 *Fitch's Long Term Issuer Rating is called the "Issuer
10 Default Rating".

11

12 Q20. PLEASE EXPLAIN THE SIGNIFICANCE OF THE RATINGS SHOWN IN THE
13 TABLE ABOVE.

14 A. As shown in Table EL-3, the rating symbols used by Moody's and Fitch are different, but
15 the two agencies have similar views about the Company's financial strength. Moody's long-
16 term issuer rating of Baa2 and Fitch's issuer default rating of BBB are equivalent ratings
17 that express the agencies' views of EPE's basic financial strength and stability.
18 Exhibit EL-2 "Correspondence of Credit Rating Symbols" shows the equivalences among
19 the symbols used by major credit rating agencies. As shown in that exhibit, Baa2 and BBB
20 correspond exactly.

21 The ratings that investors look to as indicators of a company's financial strength are
22 Moody's Long-term Debt Rating and Fitch's Issuer Default Rating. Ratings that incorporate
23 the probability of recovery after a default are not considered to be indicators of the issuer's
24 basic financial strength.¹

25

¹ Moody's applies its Long-term Credit Rating to an issuer's senior unsecured notes and bonds, and the same rating assesses the general probability of a default by the entity. Fitch's foundational rating is the Issuer Default Rating (IDR) that expresses the general probability of default by the issuer. Fitch sometimes rates the issuer's unsecured bonds and notes higher or lower than the IDR, expressing a view of the probability of recovery for the debt instrument in case of default. Fitch rates EPE's senior unsecured notes and bonds BBB+, one notch higher than the BBB Issuer Default Rating, reflecting Fitch's view that the senior unsecured debt of EPE has somewhat better-than-average recovery prospects in the event of a default.

1 Q21. HOW DOES MOODY'S DEFINE THEIR CORPORATE ISSUER RATING OF BAA2?

2 A. Moody's defines ratings in the Baa category as follows:

- 3 • Baa: Obligations rated Baa are judged to be medium-grade and subject to moderate
4 credit risk and as such may possess certain speculative characteristics.
- 5 • Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification
6 from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end
7 of its generic rating category; the modifier 2 indicates a mid-range ranking; and the
8 modifier 3 indicates a ranking at the lower end of that generic rating category.²

9
10 Q22. WHAT IS FITCH'S DEFINITION OF ITS CORPORATE ISSUER RATING OF BBB?

11 A. Fitch defines corporate issuer ratings in the BBB category as follows:

- 12 • Good credit quality. Ratings of "BBB" indicate that expectations of default risk are
13 currently low. The capacity for payment of financial commitments is considered adequate,
14 but adverse business or economic conditions are more likely to impair this capacity.³
- 15 • Fitch divides each broad rating category from AA to CCC into three sub-categories
16 with a plus symbol (+) denoting ratings in the upper part of the general rating category; no
17 + or – symbol denotes a mid-range credit, and a minus symbol (-) denotes ratings at the
18 low end of the general category.

19 Ratings of Baa3 for Moody's and BBB- for Fitch are the lowest sub-category within
20 the BBB and Baa categories respectively, and each is the lowest rating category in the
21 range of investment grade ratings. Ratings below Baa3 or BBB- are in the speculative
22 grade.

23
24 Q23. HOW DO EPE'S LONG-TERM CREDIT RATINGS COMPARE WITH THE RATINGS
25 OF PEER U.S. INVESTOR-OWNED UTILITIES?

26 A. EPE is a utility operating company ("Opco"), and its ratings are appropriately compared
27 with the credit ratings of other Opcos, not with utility holding companies. EPE's ratings

² Moody's Investors Service, "Rating Symbols and Definitions", October 16, 2024, at 6, <https://ratings.moodys.com/api/rmc-documents/53954>

³ Fitch Ratings, "Rating Definitions", June 11, 2024, at 9, <https://www.fitchratings.com/research/fund-asset-managers/rating-definitions-24-04-2023>.

are low relative to the ratings of other U.S. electric and gas Opcos. This is illustrated by comparing EPE's Moody's rating with the credit ratings for the universe of 130 electric and gas Opcos rated by Moody's. Table EL-4 below summarizes the distribution of ratings of U.S. investor-owned Opcos as of November 11, 2024.

Table EL-4

Moody's Ratings of 130 U.S. Utility Opcos

Summary Statistics, 130 U.S. Investor-Owned

Utilities Rated by Moody's*

			Percent of
	Rating	Number	Total
	A1	7	5.4%
	A2	17	13.1%
	A3	40	30.8%
	Baa1	44	33.8%
	Baa2	16	12.3%
	Baa3	3	2.3%
	Below Baa3	<u>3</u>	<u>2.3%</u>
	Total	130	100.0%
	Baa1 and higher	108	83.1%
	Baa2	16	12.3%
	Baa3 and lower	<u>6</u>	<u>4.6%</u>
	Total	130	100.0%

*Long-term issuer ratings at November 11, 2024. Includes Electric only, Gas Distribution only, and Combination Gas and Electric Opcos.

As shown in Table EL-4 above and in the related exhibit EL-3, of 130 electric and gas Opcos with published Moody's ratings, approximately 83 percent are rated higher than EPE; 12 percent are rated Baa2, the same as EPE, and fewer than 5 percent are rated Baa3

1 or lower.

2
3 Q24. WHY IS THE FOCUS IN TABLE EL-4 UPON THE DISTRIBUTION OF MOODY'S
4 CREDIT RATINGS?

5 A. Since Moody's publishes more utility Opco ratings than Fitch, the larger universe of
6 Moody's U.S. utility Opco ratings offers greater statistical significance for an analysis of
7 ratings dispersion.⁴ Therefore, the Moody's data provides the best representation of the
8 full spectrum of credit quality among EPE's U.S. Opco peers.

9
10 Q25. IN YOUR PROFESSIONAL OPINION, IS IT A MATTER OF CONCERN THAT EPE'S
11 ISSUER RATINGS ARE LOW RELATIVE TO THE UNIVERSE OF RATED OPCOS?

12 A. Yes. Ratings of Baa2 by Moody's and BBB by Fitch are within the low end of the
13 investment grade, and adverse developments in the realm of regulation, climate, or
14 commodity prices could cause either or both agencies to reduce their ratings by at least one
15 notch. A single notch downgrade by Moody's from Baa2 would put EPE in the rating
16 category of Baa3, and similarly a downgrade by Fitch of a single notch would result in a
17 rating downgrade to BBB-. Investors view utility Opco's with ratings of Baa3 or BBB-
18 with suspicion, since they have potential risk of a further downgrade to below investment
19 grade.

20 Regulatory support for EPE's current ratings of Baa2 and BBB would assure
21 investors that EPE is not vulnerable to a downgrade to Baa3/BBB-, thus facilitating EPE's
22 access to capital and financial resilience.

23
24 Q26. WHY DO YOU CHOOSE TO MODEL THE POTENTIAL CREDIT IMPACTS FROM
25 THE RATE CASE USING MOODY'S APPROACH?

26 A. For three reasons. First, Moody's ratings are more influential with the investing public,
27 and Moody's covers a wider range of the utility sector. Second, Moody's analytical
28 approach to rating EPE is more transparent, and therefore it is easier to project the future

⁴ Fitch's ratings of U.S. electric and gas utility Opco's covered 58% of the U.S. utility Opco's rated by Moody's at November 19, 2024.

1 impact of the rate proceeding upon their key credit indicator. Finally, Moody's rating of
2 EPE is more vulnerable to downgrade, while Fitch has revealed less stringent conditions
3 for downgrading EPE.
4

5 Q27. HOW HAS MOODY'S CHARACTERIZED EPE'S FINANCIAL CONDITION IN
6 RECENT CREDIT REVIEWS?

7 A. Moody's reported on June 11, 2024 that it had affirmed EPE's credit rating of Baa2 with a
8 Stable rating outlook because it expected that the Company's ratio of cash flow from
9 operations before changes in working capital ("CFO pre-WC") to debt would be sustained
10 in the range of 15 to 16 percent over the next two years.⁵ That signifies that if in reality
11 EPE's cash flow does not sustain that level, the rating agency would take a negative rating
12 action. To place that in context, Moody's also noted in the report that EPE's key cash flow
13 ratio of CFO pre-WC to debt had fallen below 15% for the years 2020-2022, with an
14 average of around 14 percent. As discussed below, 15% is the benchmark for considering
15 a downgrade from the Baa2 rating. The drop in the ratio was due to: 1. the delayed order
16 on EPE's 2021 rate case that exacerbated a cost recovery lag; 2. higher than average
17 deferred fuel balances from spikes in regional natural gas costs; and 3. the delayed
18 commercial operation date of the new Newman Unit 6 gas-fueled power plant.⁶ (The first
19 two items are products of the regulatory process and regulatory rules, while the third
20 resulted from supply-chain and construction delays that were prevalent in the industry
21 during that period.)
22

23 Q28. COULD THE OUTCOME OF THE CURRENT RATE APPLICATION AFFECT
24 MOODY'S RATING OF THE COMPANY'S DEBT?

25 A. Yes, the results of this current rate application could affect EPE's future ratings either
26 positively or negatively. Moody's most recent Credit Opinion states:

27 EPE's ratings could be upgraded if the company's regulatory environments remain
28 supportive, including timely recovery of costs and investments, and the ability for the

⁵ Moody's press release "Moody's Affirms El Paso Electric's Ratings, Outlook Stable", June 11, 2024.
Exhibit EL-4.

⁶ Ibid.

1 utility to earn its authorized returns; and financial metrics improve such that its CFO pre-
2 WC to debt ratio is sustained above 19%.⁷

3 Conversely, Moody's presents the following rationale for a potential downgrade of
4 EPE's credit rating:

5 EPE's ratings could be downgraded if its ratio of CFO pre-WC to debt falls below
6 15% on a sustained basis. A downgrade could be considered if a more contentious political
7 or regulatory environment emerges in Texas or New Mexico, or if political intervention by
8 the El Paso City Council creates material uncertainty over cost or investment recovery.⁸
9

10 Q29. MOODY'S CURRENTLY ASSESSES EPE'S CREDIT OUTLOOK AS "STABLE".
11 DOES A STABLE OUTLOOK BY A CREDIT RATING AGENCY ASSURE THAT
12 THERE WILL BE NO DOWNWARD RATING CHANGE?

13 A. No. A Stable outlook is not a guarantee of inaction. Although the rating agencies'
14 procedures require a review of the public ratings of each rated entity at a minimum of once
15 per year, the agencies review important developments affecting the companies they rate
16 and take rating actions at any time when they become aware of a change in a company's
17 circumstances or outlook. Negative rating actions could include changing the outlook to
18 Negative, instituting Watch Negative, or downgrading the rating.⁹ In my experience,
19 unfavorable outcomes of regulatory proceedings are common triggers for credit reviews
20 and negative rating actions by Moody's and Fitch. Also, as the credit rating agencies take
21 note of EPE's increased capital expense budget and resultant need for greater levels of
22 external financing, the agencies will incorporate that into their analyses, and that could lead
23 to a more negative review of EPE's credit status.
24

25 V. KEY CREDIT RATING RATIOS OF cash FLOW LEVERAGE

26 Q30. PLEASE EXPLAIN HOW THE LEVELS OF CASH FLOW AND DEBT IMPACT THE
27 KEY CREDIT RATIO USED BY MOODY'S.

⁷ Moody's Investors Service, "El Paso Electric Company, Update to Credit Analysis" December 18, 2024, at 2.

⁸ Ibid.

⁹ A negative rating outlook indicates that the expected future direction of the rating is likely to be downward, but without any defined timeframe. The designation of Rating Watch Negative indicates that the rating agency expects to lower the rating in the near future.

1 A. Each credit rating agency employs credit ratios that represent a measure of cash flow
2 divided by the entity's debt (or debt divided by the cash flow measure), and these ratios are
3 key determinants of the financial part of each agency's rating process. Earlier, I mentioned
4 that for Moody's, that measure is called CFO Pre-WC divided by Debt. This is a cash flow
5 measure of debt leverage. Moody's discloses this ratio as a key financial benchmark in
6 virtually all corporate credit rating decisions, and the agency's credit reports on utility
7 companies typically disclose the target or expected ratio of CFO Pre-WC/Debt. The
8 denominator of this ratio is total debt. Reducing the denominator (Debt) while increasing
9 or keeping constant the numerator (CFO Pre-WC, that is, cash from operations before
10 working capital) would enhance the ratio and would be a favorable credit indicator. On
11 the other hand, increasing debt as the denominator while keeping constant or reducing the
12 numerator CFO Pre-WC would lower the resulting ratio and indicate weaker credit.

13
14 Q31. PLEASE DEMONSTRATE THE CALCULATION OF THE KEY CASH FLOW
15 LEVERAGE RATIO USED BY MOODY'S.

16 A. Table EL-5 below illustrates the calculations of the agency's ratios. The ratios shown in
17 the table for the full below are consistent with the results published by Moody's in their
18 reports. I have summarized the most recent guidance by Moody's of the sensitivity of the
19 current rating either upward or downward related to the cash flow leverage ratio of CFO
20 pre-WC / Debt .

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Table EL-5
Calculating Moody's Key Cash Flow to Debt Ratio

(\$ million)

			LTM
	FY 2022	FY 2023	9/30/2024
Cash from Operations pre-WC	272	344	322
Total Moody's Adjusted Debt	1,949	2,199	2,057
MOODY'S CFO pre-WC/ Debt	14.0%	15.6%	15.7%

Moody's Guidance: Downgrade likely if this ratio is sustained below 15%;
Upgrade is possible if this ratio is sustained above 19%. (a)

Notes: FY - Fiscal Year ended December 31; LTM - Last twelve months.

(a) Moody's Update to Credit Analysis, December 18, 2024.

Q32. WHAT ARE THE MAJOR ELEMENTS OF EPE'S RATE APPLICATION THAT AFFECT EPE'S FUTURE CASH FLOW CREDIT METRICS?

A. Several elements of EPE's rate request are designed to increase or protect the utility's key cash flow leverage ratios. Included among these are the request to increase the equity proportion of the capital structure (which I will explain below); and the requested return on equity of 10.7 percent. Also, a decision to allow EPE to recover its full investment in the Newman 6 Unit would protect EPE's cash flow and cash flow ratios; on the other hand, reduced recovery of the investment in Newman 6 would be detrimental to EPE's cash flow and key cash flow ratios.

Q33. WHAT IS THE EFFECT OF VARYING A UTILITY'S AUTHORIZED CAPITAL STRUCTURE UPON RATING AGENCIES' KEY CASH FLOW RATIOS?

A. Altering the proportions of equity and debt in the capital structure has a powerful effect on CFO Pre-WC/Debt (Moody's favored ratio). Reducing the amount of debt in the denominator improves the ratio of cash flow to debt. The improvement is further enhanced

1 if the amount of cash flow is increased at the same time.

2
3 **VI. EPE'S CAPITAL STRUCTURE**

4 Q34. WHAT IS EPE'S ACTUAL CAPITAL STRUCTURE AS OF SEPTEMBER 30, 2024?

5 A. The table below shows EPE's actual capital structure at the end of the third quarter of 2024
6 reflecting the Company's balance sheet at that date, as adjusted to reflect the dividends paid
7 to shareholders in October 2024. EPE's current rate request application requests
8 Commission authorization of the capital structure of 56.4% equity and 43.6% debt, the
9 same as the adjusted pro-forma capital structure shown in Table EL-6 below.

10 **Table EL-6**

11 **EPE Regulatory Capital Structure**

12 Test Year Ended September 30, 2024 (\$ Millions)

13

	<u>As Reported</u>	<u>%</u>	<u>Adjustment (A)</u>	<u>Adjusted</u>	<u>%</u>
14					
15 Common Equity	\$2,238.9	57.6%	(\$108.8)	\$2,130.1	56.4%
16 Long-Term Debt	<u>\$1,646.1</u>	42.4%		<u>\$1,646.1</u>	43.6%
17 Total Capital	\$3,885.0	100.0	(\$108.8)	\$3,776.2	100.0

18

19 (A) Dividends paid in October 2024, after the end of the test year.

20
21 Q35. PLEASE COMPARE THE PATTERN OF EQUITY INVESTMENT BY EPE'S
22 OWNERS SINCE 2022 AND THE EQUITY NEEDS IN THE NEXT SEVERAL YEARS.

23 A. EPE's owners have invested \$590 million as additional equity in the Company since their
24 acquisition of the Company in 2022, including \$353 million in 2024, as shown in
25 Table EL-7 below. EPE's budget for 2025-2027 indicate plans for continued equity
26 investments.

27 /

28 /

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Table EL-7
Equity Infusions by Year
(\$ millions)

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Total</u> <u>2022-24</u>
Actual	\$70	\$167	\$353	\$590
	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>Total</u> <u>2025-27</u>
Forecast	\$538	\$520	\$350	\$1,408

Q36. IS THE AUTHORIZED REGULATORY CAPITAL STRUCTURE A MAJOR DETERMINANT OF EPE'S FUTURE FINANCIAL CONDITION?

A. Yes. At the conclusion of this proceeding, the Commission will establish new rates based upon the authorized amounts of equity and debt comprising the capital structure in combination with many other factors, which will influence EPE's future operating cash flow. The authorized capital structure will also drive the amount of debt that EPE will maintain going forward. These two quantities, operating cash flow and debt, are precisely the components used by EPE's credit rating agencies to evaluate the Company's financial strength and creditworthiness. I will address that topic in the following section.

Q37. ARE THERE FACTORS SPECIFIC TO THE CIRCUMSTANCES OF EPE THAT CALL FOR HIGHER EQUITY CAPITALIZATION AND REDUCED DEBT LEVERAGE?

A. Yes. EPE bears three risks that would be mitigated by increasing equity and reducing debt leverage. The first is EPE's very small size and the related concentrated geographical and demographic concentration. For example, in its December 18, 2024, credit report on the Company, Moody's stated "[EPE's] credit is constrained by its relatively small size and market concentration", and in the same report cited "Small size and scale" as a Credit Challenge.¹⁰

Secondly, EPE is an integrated electric utility that generates power and thus bears not only the risks of electric power distribution and transmission but also the risks

¹⁰ Moody's Investors Service, "El Paso Electric Company, Update to Credit Analysis", December 18, 2024 at 1 and 2.

1 associated with power supply and power production. Unlike a pure distribution and
2 transmission utility, EPE is subject to the risks of building and operating power facilities
3 and possible disallowances and delays in recovering costs of fuel and purchased power.

4 Third is EPE's dependence on nuclear power generation as a joint owner of
5 Palo Verde Nuclear Generating Station for a large proportion of the power it generates.
6 Some major bond funds and investment managers avoid ownership of the bonds of utilities
7 with nuclear exposure because it is considered a concentrated risk factor.

8 Increasing the equity ratio with a corresponding reduction of debt leverage is an
9 effective way to mitigate these three risk elements.

10 11 **VII. FINANCIAL FORECAST MODEL**

12 Q38. PLEASE DESCRIBE THE FINANCIAL FORECAST MODEL.

13 A. The Company operates a financial forecasting model that produces a forecasted balance
14 sheet, income statement, and cash flow statement based upon various input assumptions.
15 The Company performed forecasts for the period of 2024 through 2027 based on two
16 scenarios with inputs that I specified. The two scenarios are:

17 Case 1. With authorized regulatory equity of 51 percent and return on equity of
18 9.35 percent, similar to those authorized in the Company's last rate case, and income tax
19 rate of 21 percent.

20 Case 2. With EPE's requested equity ratio of 56.4% and a return on equity of 10.7 percent;
21 the tax rate is the same as the one used in Case 1.

22 The forecast models produce inputs that enable me to calculate Moody's key
23 financial ratio in each of these cases, based on my understanding of the rating agency's
24 methodologies.

25
26 Q39. HOW DO THE ASSUMPTIONS OF THE TWO CASES AFFECT MOODY'S KEY
27 CASH FLOW LEVERAGE RATIO?

28 A. Table EL-8 summarizes the results of Cases 1 and 2 for Moody's ratio of CFO pre-Working
29 Capital/Debt.

Table EL-8
Comparing Moody's Credit Ratios in Two Cases

Case 1	Equity Ratio	ROE	Federal Tax Rate
Assumptions	51%	9.35%	21%
	(\$ million)		
	2025	2026	2027
Cash from Operations pre-WC	324.9	294.8	474.4
Total Moody's Adjusted Debt	2,950.3	3,423.1	3,764.2
CFO pre-WC/ Debt (%)	11.0%	8.6%	12.6%
Case 2	Equity Ratio	ROE	Federal Tax Rate
Assumptions	56.4%	10.70%	21%
	(\$ million)		
	2025	2026	2027
Cash from Operations pre-WC	348.3	339.0	533.7
Total Moody's Adjusted Debt	2,719.6	3,133.4	3,430.6
CFO pre-WC/ Debt %	12.8%	10.8%	15.6%
Moody's Guidance: Downgrade is likely if this ratio is sustained below 15%;			
Upgrade is possible if this ratio is sustained above 19%. (a)			
(a) Moody's Update to Credit Analysis, December 18, 2024.			

Q40. PLEASE EXPLAIN THE RESULTS OF CASE 1.

A. In Case 1, with a regulatory equity ratio of 51% and a ROE of 9.35 percent, Moody's ratio of CFO pre-Working Capital/Debt falls in 2025 through 2027 to levels that are significantly below Moody's hurdle of 15 percent on a sustained basis. The ratio of Cash from Operations pre-WC / Debt is 11 percent in 2025, 8.6 percent in 2026, and 12.6 percent in

2027. The deficiency in the ratio relative to Moody's 15 percent hurdle for all three years is significant and sustained. The pattern of the key credit ratio in Case 1 in 2025 - 2027 is consistent with Moody's rating of Baa3, the lowest credit rating within the investment grade category. In the case of a decision by the Commission consistent with the assumptions modeled in Case 1, Moody's would have several reasons to downgrade EPE's credit rating to Baa3. In addition to the weak cash flow ratio, Moody's would note the high capital expenditures and the unfavorable result of the rate proceeding would undermine Moody's assessment of the credit supportiveness of the regulatory environment. Many or most bond investors shy away from investments in utility Opcos with ratings in the Baa3 category because in the event of stress events that put further pressure upon the company, a downgrade to below investment grade is possible.

Q41. WHAT IS THE OUTCOME FOR THE MOODY'S RATIO IN CASE 2?

A. In Case 2, with an authorized regulatory equity ratio of 56.4% and debt ratio of 43.6 percent and authorized ROE of 10.7 percent, the resulting ratio of Cash from Operations pre-Working Capital/Debt is below the Moody's threshold for maintaining the current Baa2 rating in 2025 at 12.8 percent and in 2026 at 10.8 percent, but the ratio recovers in 2027 to 15.6 percent.

Q42. CAN YOU PREDICT THE OUTCOME FOR MOODY'S CREDIT RATING IN CASE 2?

A. Although the leverage ratio of Cash from Operations pre-Working Capital/Debt is below Moody's lower threshold for the Baa2 rating in two out of three years, the ratio recovers in 2027 to a level that is within the Baa2 range. Also, there are several factors in Case 2 that may contribute to maintaining the Baa2 Moody's rating. Regulatory support has an important weight upon Moody's ratings of regulated utilities, and I think that the Commission's decision to authorize a greater proportion of equity in the regulatory capital structure and EPE's resulting reduced reliance on debt would be a positive rating factor. The improved equity ratio and the assumed ROE of 10.7 percent in this case would also be perceived by the credit rating agency and by fixed income investors as evidence of the Commission's support for strong credit. In my view, these factors would influence