Amended Filing

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE APPLICATION OF EL PASO ELECTRIC COMPANY FOR REVISION OF ITS RETAIL ELECTRIC RATES PURSUANT TO ADVICE NOTICE NO. 317	)	**Case No. 25-00082-UT**
EL PASO ELECTRIC COMPANY, Applicant.	)	

DIRECT TESTIMONY

OF

RICHARD S. GONZALEZ

ON BEHALF OF

EL PASO ELECTRIC COMPANY

MARCH 2026

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EL PASO ELECTRIC COMPANY
DIRECT TESTIMONY OF
RICHARD S. GONZALEZ

I. INTRODUCTION AND QUALIFICATIONS

Q1. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Richard S. Gonzalez. My business address is 100 N. Stanton Street, El Paso, Texas 79901.

Q2. HOW ARE YOU EMPLOYED?

A. I am employed by El Paso Electric Company ("EPE" or "Company") in the position of Treasurer.

Q3. PLEASE SUMMARIZE YOUR EDUCATIONAL AND BUSINESS BACKGROUND.

A. I hold a Bachelor of Business Administration in Economics and a Master of Business Administration from the University of Texas at El Paso. I have been employed by EPE since July 2002. In February 2024, I was appointed Treasurer of EPE. Prior to becoming Treasurer, I held various positions within the Company as Manager of Financial Planning & Analysis, Manager of Cash Management and Investor Relations, Supervisor of Investor Relations, Financial Analyst, and Load Forecaster.

Q4. WHAT ARE YOUR PRINCIPAL RESPONSIBILITIES WITH EPE?

A. I have responsibility for the treasury, financial planning & analysis, and claims &

risk functions at EPE. I also have oversight of trust investments and administration.

Q5. HAVE YOU PREVIOUSLY PRESENTED TESTIMONY BEFORE ANY REGULATORY AGENCY?

A. Yes. I have filed testimony before the New Mexico Public Regulation Commission ("NMPRC").

II. PURPOSE OF TESTIMONY

Q6. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. I provide testimony on four general subjects. First, I address the capital needed for EPE to fund its anticipated construction program. As part of that testimony, I discuss the capital required to satisfy the Company's obligation to serve while meeting the increasing demands placed on the system by the continued load growth in EPE's service territory.

Second, I address the requested capital structure, cost of debt, and the weighted average cost of capital, which reflects the Company's requested return on equity ("ROE"). EPE expert witness Jennifer E. Nelson uses that information to support the requested ROE.

Third, I discuss the Company's credit ratings and the need to maintain investment grade credit ratings to prevent EPE and its customers from paying increased borrowing costs.

Finally, my testimony supports EPE's proposal regarding the Palo Verde Generating Station ("Palo Verde" or "PVGS") decommissioning trust funds. I provide support that demonstrates EPE's compliance with Nuclear Regulatory Commission ("NRC") guidelines governing nuclear decommissioning funds. I discuss EPE's request to fund its remaining decommissioning obligation on a straight-line basis over the plant life of Palo Verde as reflected in the 2023 decommissioning study conducted by EPE expert witness Lori A. Glander of TLG Services, Inc. My testimony supports the projected annual escalation rates for decommissioning costs and EPE's calculation of the weighted average return on the fund investments. I also explain the Company's proposal for its decommissioning funding request.

Q7. WHAT RULE 530 SCHEDULES DO YOU SPONSOR OR CO-SPONSOR?

A. The schedules I sponsor, and co-sponsor are listed below in Table RSG-1.

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Table RSG 1

Schedule	Description
A-5	Summary of Total Capitalization and the Weighted Average Cost of Capital
G-1	Capitalization, The Cost of Capital, and the Overall Rate of Return in Conformance with an Original Cost Rate Base
G-3	Embedded Cost of Borrowed Capital with Term of Maturity in Excess of One Year From Date of Issue
G-4	Cost of Short Term Borrowed Capital Including Revolving Credit Agreement and Other Notes Payable
G-5	Embedded Cost of Preferred Stock Capital
G-6	Ratio of Earning to Fixed Charges
G-7	Issuance Restrictions on Borrowed and Preferred Stock Capital
G-8	Common Stock Equity Capital
G-9	Historical Activity in Common Stock, Paid-in Capital and Retained Earnings
J-1	Construction Program
J-2	Sources of Construction Funds
P-2	Plant in Service
P-3	Property Retirements and Property Investments Information
P-4	Operation and Maintenance Expense Information
Q-3	Annual Report to Stockholders

Q8. WHAT TEST YEAR PERIOD ADJUSTMENT DO YOU SPONSOR?

A. I sponsor Adjustment No. 14 – Decommissioning, which is listed on Rule 530 Schedule A-3.

III. <u>CAPITAL REQUIREMENTS AND FINANCING PLAN</u>

Q9. HOW DOES EPE PLAN ITS CAPITAL EXPENDITURES?

A. EPE has a regular process to review and approve all capital expenditures. Each capital project is evaluated internally by our executive leadership team to ensure that projects are reviewed for necessity, cost, and timing. Once projects are reviewed and approved internally, a recommendation is provided to the Company's Board of Directors for review and approval as part of EPE's overall annual budget.

Q10. IS EPE PLANNING TO MAKE SIGNIFICANT CAPITAL EXPENDITURES IN THE NEXT FIVE YEARS?

A. Yes, as Table RSG-2 below shows, EPE is currently projecting to spend approximately $5.7 billion over the next five years. As can be seen in Table RSG-2, cash construction expenditures are anticipated to be in excess of $802 million each year through year 2030.

Table RSG-2

Cash Capital Expenditures ($ in millions) Calendar Year Basis				
Forecasted Expenditures				
2026	2027	2028	2029	2030
$1,375	$1,453	$1,137	$902	$802

(The amounts shown in this table do not include Allowance for Funds Used During Construction)

The anticipated cash capital expenditures for the years 2026 through 2030 include the capital necessary to complete the construction of additional solar generation and battery capacity. EPE's peak load continues to grow as does the need for additional generating resources. In addition, EPE expects to make significant capital investments in transmission and distribution plant to upgrade and replace aging equipment, expand its system to meet customer growth, and for additional infrastructure to add and improve customer service options through advanced metering. PVGS also requires capital investments to sustain its operations.

Q11. WHY ARE THESE CAPITAL EXPENDITURES NEEDED?

A. These investments will help EPE meet its obligation to serve, which includes satisfying growing customer demand and providing reliable service.

Q12. WHAT ARE THE EXPECTED SOURCES OF CAPITAL FOR EPE TO MEET ITS CONSTRUCTION NEEDS OVER THE NEXT SEVERAL YEARS?

A. EPE uses its revolving credit facility ("RCF") and term loans as short-term bridge loans as needed to finance utility operations and ongoing utility construction projects necessary to provide service to its customers. From time to time, such short-term debt is repaid through the issuance of long-term debt in order to maintain appropriate levels of liquidity and the Company's long-term capital structure.

The Company's sources of permanent capital include long-term debt issuances in the capital markets and equity infusions from EPE's parent, Sun Jupiter Holdings LLC ("Sun Jupiter" or "Parent"), to finance its construction requirements.

The Company's exact percentage mix of equity and long-term debt may periodically vary in the short run due primarily to the timing of long-term debt issuances and equity infusions. All things being equal, equity ratios decrease as debt is issued or dividends are distributed. On the other hand, equity ratios increase as debt matures and is not refinanced or equity infusions are received.

Q13. DID EPE HAVE ANY SHORT-TERM BORROWINGS OUTSTANDING AT THE END OF THE BASE PERIOD?

A. Yes. EPE maintains a RCF for working capital and general corporate purposes, and for bridge financing nuclear fuel through the Rio Grande Resources Trust II ("RGRT").

EPE had a total of $256.0 million of short-term borrowings outstanding at the end of the Base Period, September 30, 2025. Of this amount, $236.0 million was for working capital or general corporate purposes, including the financing of a portion of its $593.3 million year-end construction work in progress balance. In addition, EPE had $20.0 million of outstanding borrowings made by the RGRT for nuclear fuel at the end of the Base Period. EPE also had a $150 million term loan outstanding at the end of the Base Period. However, this term-loan was repaid on its maturity date of January 15, 2026. None of the assets funded by the RCF or term loan are in the Company's rate base request in this case because the short-term borrowings on the Company's RCF and term loan are used to fund fuel and construction work in progress.

Q14. HAS EPE AMENDED ITS RCF SINCE THE 2020 RATE CASE?

A. Yes. On May 5, 2023, EPE amended and restated its RCF to (i) change the rate provisions from LIBO/Eurodollar to Term SOFR, (ii) extend the initial maturity date to May 5, 2028, and (iii) increase the commitment to $450 million. On January 19, 2024, the Company exercised one of its options to increase the size of its $450 million RCF by $50 million to a total of $500 million. On July 26, 2024, EPE exercised its last remaining option to increase the size of its $500 million RCF by $50 million to a total of $550 million. EPE has two remaining options to extend the initial maturity date of the facility by one additional year, subject to approval by the lenders and upon the satisfaction of certain conditions.

Q15. DOES THE COST OF LONG-TERM DEBT IN THIS RATE FILING INCLUDE RIO GRANDE RESOURCES TRUST DEBT?

A. No. EPE has excluded the financial obligations of the RGRT from the debt component of the capital structure. Nuclear fuel is financed through the RGRT and is not included in rate base. The RGRT's only purpose is to finance nuclear fuel with 100% debt. Financing nuclear fuel with 100% debt rather than including nuclear fuel in rate base, which is effectively financed at the weighted average cost of capital, reduces costs to customers. The cost of nuclear fuel, along with the

RGRT financing costs, is recovered through EPE's fuel and purchased power cost adjustment clause.

Q16. WHY ARE BORROWINGS UNDER THE RCF EXCLUDED FROM THE COST OF DEBT?

A. The RCF is excluded from the cost of debt because it is used to fund EPE's (1) nuclear fuel financing obligations through the RGRT and (2) construction work in progress, both of which are excluded from rate base.

Q17. HAVE THERE BEEN ANY REFINANCINGS OR ISSUANCES OF LONG-TERM DEBT SINCE THE 2020 RATE CASE (CASE NO. 20-00104-UT)?

A. Yes. There have been a number of long-term debt transactions since Case No. 20-00104-UT.

- On September 22, 2021, the RGRT completed the sale of $45 million aggregate principal amount of 2.35% Senior Guaranteed Notes due September 22, 2031.
- On July 30, 2025, the RGRT completed the sale of $65 million aggregate principal amount of 5.18% Senior Guaranteed Notes due July 30, 2030. Although the RGRT debt does not impact the Company's cost of debt in this case, the Company does guarantee the payment of principal and interest on the

RGRT Senior Guaranteed Notes.

- On February 15, 2022, EPE issued $150 million aggregate principal amount of 2.91% Senior Notes, Series A, due September 1, 2032, and $200 million aggregate principal amount of 3.54% Senior Notes, Series B, due February 15, 2052. The 3.54% Senior Notes were funded on February 15, 2022, and the 2.91% Senior Notes were funded on September 1, 2022, due to the utilization of a delay draw feature.
- On February 15, 2024, EPE issued $180 million aggregate principal amount of 6.02% Senior Notes, due February 15, 2054.
- On July 30, 2025, EPE issued $100 million aggregate principal amount of 5.95% Senior Notes, due July 30, 2040.
- On July 30, 2025, EPE issued $100 million aggregate principal amount of 6.41% Senior Notes, Series A, due July 30, 2055.
- On October 15, 2025, EPE issued $173 million aggregate principal amount of 6.41% Senior Notes, Series B, due October 15, 2055.

Q18. HAVE ANY OF THE RGRT'S OR EPE'S LONG-TERM DEBT MATURED SINCE THE 2020 RATE CASE?

A. Yes. It is the Company’s practice to maintain at least $100 million of available borrowing capability on the RCF and from time to time, the Company will issue long-term notes to repay the short-term borrowings on the RCF. On September 15, 2022, the Company's $150 million 3.30% Senior Notes matured and were paid utilizing funds borrowed under the RCF. On August 15, 2025, the RGRT's $65 million 4.07% Senior Guaranteed Notes matured and were paid utilizing the proceeds from the RGRT's $65 million 5.18% Senior Guaranteed Notes issued in July 2025.

Q19. HAS EPE RECEIVED ANY EQUITY INFUSIONS FROM ITS PARENT SINCE THE 2020 RATE CASE (CASE NO. 20-00104-UT)?

A. Yes. EPE has received $975 million of equity infusions from Sun Jupiter since the 2020 Rate Case. Please refer to Table RSG-3 below for amount and timing of equity infusions.

Table RSG-3

Equity Infusions by Year ($ in millions)				
2022	2023	2024	2025	Total
$70	$167	$353	$385	$975

Q20. DOES EPE HAVE A PLAN FOR FUTURE DEBT ISSUANCES OR EQUITY INFUSIONS?

A. Yes. EPE has several financings on the horizon to fund its obligation to serve customers, including the following.

- EPE's $59.2 million 4.50% 2012 Maricopa Series A PCBs, due 2042, have been redeemable at par (i.e., stated or face value) since August 2022. EPE is not required to take action on these PCBs. However, depending on market conditions, EPE may seek to re-finance the PCBs.
- EPE plans to continue to balance its capital structure and maintain its investment grade credit ratings through equity contributions when needed.

The need for additional future debt issuances and equity infusions is dependent upon a variety of factors; therefore, additional transactions not listed here may be necessary. EPE will seek regulatory approval as required.

IV. REQUESTED CAPITAL STRUCTURE AND COST OF CAPITAL

Q21. WHAT WAS THE COMPANY'S CAPITAL STRUCTURE AS OF SEPTEMBER 30, 2025, THE END OF THE BASE PERIOD?

A. As of the end of the Base Period, September 30, 2025, the Company's capital structure was comprised of 57.04% equity and 42.96% long-term debt. The Company has excluded the financial obligations of the RGRT from the debt component of the capital structure because nuclear fuel financed by the RGRT is excluded from rate base and as discussed earlier, financing nuclear fuel with the RGRT reduces costs to customers.

Q22. HAS THE COMPANY ADJUSTED THE CAPITAL STRUCTURE AS OF SEPTEMBER 30, 2025, IN THIS CASE?

A. Yes, EPE recommends making an adjustment to the Company's capital structure to reflect a dividend payment to, and an equity infusion from, Sun Jupiter Holdings LLC ("Sun Jupiter"). The dividend payment in the amount of $101.6 million was paid to Sun Jupiter in October 2025 and an equity infusion in the amount of $170 million was also received in October 2025. EPE also made an adjustment to long-term debt to reflect an additional debt issuance that closed and funded in October 2025. On October 15, 2025, EPE issued $173 million in Senior Unsecured Notes. The dividend payment and the equity and debt financing amounts are not reflected in the Base Period capital structure. The effect of the dividend payment and the October debt and equity financing amounts resulted in a revised capital structure comprised of 55.5% equity and 44.5% debt. This adjusted capital structure is reflected in the Company's requested weighted average cost of capital in Table RSG-4.

Q23. DOES EPE REGULARLY REVIEW ITS COST OF DEBT?

A. Yes, EPE continues to review its debt and the capital markets to make sure costs are reduced when possible.

Q24. WHAT IS THE COST OF LONG-TERM DEBT INCLUDED IN THIS RATE FILING?

A. The cost of long-term debt shown on Schedule G-3 as of the end of the Base Period was 5.333%. This reflects EPE's actual outstanding long-term debt as of September 30, 2025. The weighted cost of debt reflects the average yield to maturity for EPE's long-term debt required by the Commission's rate filing package. However, given recent debt financing activity that occurred on October 15, 2025, EPE is requesting a cost of debt of 5.426% in this case.

Q25. WHAT IS THE COST OF EQUITY INCLUDED IN THIS RATE FILING?

A. As supported in the direct testimony of EPE's expert witness Nelson, the Company is requesting a 10.7% return on equity in this filing.

Q26. WHAT IS THE COST OF CAPITAL (REQUESTED RATE OF RETURN) INCLUDED IN THIS RATE FILING?

A. The Company's cost of capital (requested rate of return) is 8.354%. The calculation used to obtain the cost of capital is contained in Schedule G-1 and reflects the 10.7% return on equity recommended by EPE expert witness Nelson and the requested capital structure of 55.5% equity and 44.5% long-term debt. The weighted cost of capital is illustrated in Table RSG-4.

Table RSG-4

AS REQUESTED:

DESCRIPTION	BALANCE AS OF THE TEST YEAR END DATE	PERCENT OF TOTAL	COST OF CAPITAL	WEIGHTED AVERAGE COST OF CAPITAL
Long-Term Debt	2,027,489,483	44.476%	5.426%	2.413%
Common Stockholder's Equity	2,531,079,053	55.524%	10.700%	5.941%
Total	4,558,568,536	100.000%		8.354%

Q27. ARE THE COMPANY'S REQUESTED CAPITAL STRUCTURE AND COST OF CAPITAL REASONABLE?

A. Yes. The requested capital structure will allow the Company to attract debt investors at reasonable costs and provide a reasonable return to its equity investor. In addition, the requested capital structure will allow the Company to obtain capital required to satisfy its obligation to serve and to fund its construction program at a reasonable price. This will also help support the Company's financial credit metrics, which will allow the Company to maintain its investment-grade credit ratings. The overall cost of capital, which includes both the cost of equity and the weighted cost of debt, is reasonable. EPE expert witness Nelson provides additional support for the reasonableness of EPE's capital structure and the cost of equity.

V. RATING AGENCIES AND THE IMPORTANCE OF CREDIT RATINGS

Q28. WHAT IS THE SIGNIFICANCE OF CREDIT RATINGS?

A. Credit ratings are a measure of the creditworthiness of the Company's debt. The Company's creditworthiness, as reflected in its credit ratings, will directly affect the Company's ability to attract capital and the resulting cost of that capital. Financial institutions and fixed income- and equity investors evaluate and utilize the Company's credit ratings to determine its access to capital and the acceptable rate of return on its invested capital. The lower the credit rating, the higher the associated cost of debt. Customers ultimately bear the costs of higher priced debt. Rating agencies, in the assignment of their credit ratings to the Company, evaluate the Company's ability to pay the interest on outstanding borrowings and ultimately the principal of the borrowings when due.

Q29. WHAT ROLE DO CREDIT RATING AGENCIES AND THEIR RATINGS PLAY IN THE FINANCIAL MARKET?

A. Investors in long-term utility bonds are typically sophisticated entities such as pension funds, insurers, and mutual funds. For all fixed-income investors, credit ratings function as a framework for comparing the returns available on both long-term and short-term instruments along the credit risk spectrum. Many institutional investors have portfolio limits or regulations that limit the aggregate amount of their portfolio that they can purchase or hold at specific rating levels, with high limits for instruments of the highest rating tiers and progressively lower limits for successively lower rating tiers. To attract investors to purchase bonds or notes of lower relative credit quality, issuers must offer higher interest rates and/or shorten the maturity of the instruments they issue. Institutional investors frequently perform in-house research to supplement the research published by nationally recognized credit rating agencies.

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

Q30. WHO RATES THE COMPANY'S DEBT?

A. The Company's outstanding debt is currently rated by Moody's Investors Service, Inc. ("Moody's") and Fitch Ratings, Inc. ("Fitch") (together, the "credit rating agencies"). The determination of the assigned credit rating of the Company by the credit rating agencies is premised on several metrics that include, among other things, the evaluation of the amount of leverage the Company has and its cash flow metrics.

Q31. WHAT ARE EPE'S CURRENT CREDIT RATINGS?

A. The credit ratings of EPE are outlined in Table RSG-5:

Table RSG-5

	Moody's[3]	Fitch[4]
Credit Rating	Baa2	BBB
Outlook	Stable	Stable

Because these current credit ratings are investment grade, they allow the Company to access the capital markets at reasonable rates. However, the ratings are near the bottom of the range of investment grade credit ratings as shown in Table RSG-6:

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Table RSG-6

	Moody's[1]	Fitch[2]
Investment Grade	Aaa	AAA
	Aa1	AA+
	Aa2	AA
	Aa3	AA-
	A1	A+
	A2	A
	A3	A-
	Baa1	BBB+
	Baa2	**BBB**
	Baa3	BBB-
Non-Investment Grade	Ba1	BB+
	Ba2	BB
	Ba3	BB-
	Caa1	CCC+
	Caa2	CCC
	Caa3	CCC-

[1] Moody's, https://www.moodys.com/ratings-process/Ratings-Definitions/002002 (last visited December 22, 2025).
[2] Fitch Ratings, https://www.fitchratings.com/products/rating-definitions#ratings-scales (last visited December 22, 2025).

Maintaining investment grade credit ratings is important because many institutional investors are not permitted to purchase non-investment grade securities (less than Baa3 for Moody's and BBB- for Fitch). Institutional investors include banks, insurance companies, pension funds, endowments, and mutual funds that invest money on behalf of individuals or other institutions. These investors are critically important to the market and to the Company. Institutional investors own substantially all of EPE's outstanding bonds, and it is critical for EPE and its customers that institutional investors be allowed to own its debt instruments to maximize access to capital at reasonable rates. In times of capital restrictions, companies with less than investment grade ratings may not have access to capital at any cost.

Q32. WHAT FACTORS DO THE CREDIT RATING AGENCIES CONSIDER IN ORDER TO ESTABLISH CREDIT RATINGS?

A. The rating agencies base credit ratings upon a number of factors. One of the primary factors is their assessment of a company's ability to pay interest and principal on its outstanding debt when they are due. The credit rating agencies' analyses include the amount of debt in a company's capital structure; specific credit metrics, or coverage ratios, that indicate the ability of a company to pay interest and principal on outstanding debt when they are due; and a company's liquidity (i.e., the ability to obtain cash when needed). In establishing the credit ratings of a regulated utility, credit rating agencies also consider the regulatory structure in which a company operates and whether regulatory commissions authorize rates that support a utility's credit ratings.

In conducting their analyses, the credit rating agencies make various adjustments to the debt component of a company's balance sheet, resulting in changes in the percentage of debt and equity in the capital structure for credit rating purposes. As discussed earlier, EPE finances its nuclear fuel through the RGRT. The debt of the RGRT does not appear in EPE's capital structure used to finance rate base because it is recovered through fuel clauses in both New Mexico and Texas for regulatory purposes. However, for purposes of evaluating credit quality, the credit rating agencies consider the RGRT debt as EPE debt as it is guaranteed by EPE. Additionally, the credit rating agencies will also include all outstanding short-term borrowings on the RCF in their calculation of the Company's total debt even though those borrowings are excluded from the Company's regulatory capital structure. As a result, it is important that EPE maintain adequate equity in its capital structure and adequate coverage ratios to support investment grade credit ratings.

Q33. HAVE THE CREDIT RATING AGENCIES ISSUED RECENT REPORTS IDENTIFYING POTENTIAL NEGATIVE IMPACTS TO THE COMPANY'S CASH FLOWS?

A. Yes, the latest credit opinions on EPE issued by the rating agencies contain factors that may result in credit rating downgrades. In the Moody's credit opinion published on January 22, 2026, Moody's indicated that if EPE's cash coverage ratio (Cash Flow from Operations pre-working capital to Debt) falls below 15% on a sustained basis, if a more contentious political or regulatory environment emerges in Texas or New Mexico that creates material uncertainty over cost or investment recovery, or if financial policies implemented by Infrastructure Investments Fund are detrimental to the credit quality of EPE, it could result in a downgrade in credit ratings. Additionally, in the credit opinion issued by Fitch on May 1, 2025, Fitch similarly concluded that if EPE was subjected to materially unfavorable regulatory developments or if its coverage ratio (Funds from Operations leverage) exceeded 5.3x on a sustained basis, it could result in a downgrade in credit ratings.

Q34. DO EQUITY INFUSIONS HELP SUPPORT THE COMPANY'S CREDIT RATINGS?

A. Yes. EPE has sought additional capital in the form of equity infusions from Sun Jupiter, which can be accessed more efficiently and economically with less risk. EPE received $975 million of equity infusions from Sun Jupiter since the Company's previous general rate case and anticipates additional contributions in the future. In this case, the Company is requesting a capital structure with 55.5% equity and 44.5% long-term debt. This requested equity ratio is necessary to help maintain the Company's current investment-grade credit metrics. A higher equity layer in the Company's capital structure helps signal to potential debt investors that the Company has a lower default risk, which can lead to tighter credit spreads and better borrowing terms. The Company's equity ratio is anticipated to be maintained through the Company's long-term debt issuances, and dividend distributions to and equity contributions from Sun Jupiter. In addition to providing adequate rate relief for the balance of EPE's Cost of Service, approval of the Company's requested capital structure and return on equity should allow the Company to maintain investment grade credit ratings while also meeting the growing energy demands in our service territory and maintaining reliable service.

VI. DECOMMISSIONING EXPENSE/FUNDING

Q35. HAS THE COMPANY PRESENTED INFORMATION IN THIS CASE ON THE ESTIMATED COST TO DECOMMISSION PALO VERDE?

A. Yes, it has. TLG Services, Inc. ("TLG Services"), a firm that offers decommissioning and engineering services to nuclear power plants, routinely prepares an estimate for the PVGS participants. The most recent decommissioning cost estimate, used in this filing, was prepared in 2023 on behalf of all of the participants in the PVGS (the "2023 TLG Study"). EPE expert witness Glander of TLG Services presents that estimate in her testimony.

Q36. PLEASE PROVIDE SOME BACKGROUND ON THE NUCLEAR DECOMMISSIONING PROCESS AND EXPENSE?

A. The Nuclear Regulatory Commission ("NRC") defines decommissioning as the process by which nuclear power plants are retired from service. To address safety and environmental impact concerns, the NRC established regulations and associated guidance outlining the requirements and the process companies must follow.

The decommissioning process involves decontaminating the facility to reduce residual radioactivity, dismantling the structures, removing contaminated materials to appropriate disposal facilities, and releasing the property for other uses. The owner remains accountable to the NRC until decommissioning has been completed and the NRC has terminated each unit's license.

To prepare for eventual decommissioning, the NRC requires the companies that operate nuclear power plants to put aside funds throughout the plant's operating lifetime. Companies work with federal and state regulators to ensure that enough money will be available. Decommissioning funds are not under the direct control of the companies, and those funds cannot be used for any purpose other than decommissioning expenses.

Q37. DOES EPE HAVE AN OBLIGATION TO PAY FOR COSTS OF DECOMMISSIONING?

A. Yes. Federal regulations require holders of nuclear licenses to pay for the costs of decommissioning. Pursuant to the Palo Verde Generating Station Participation Agreement ("PVGS-PA"), EPE must fund its share (15.8 percent) of these costs in advance through annual deposits to an irrevocable decommissioning trust fund for each PVGS unit, with each fund held by an independent trustee.

Q38. HAS THE COMMISSION PREVIOUSLY AUTHORIZED DECOMMISSIONING COST RECOVERY IN EPE'S RATES?

A. Yes. The Commission has consistently authorized EPE to recover amounts necessary to fund its decommissioning obligation for PVGS Units 1 and 2. The Company has been authorized to recover decommissioning expenses related to PVGS since March 1986 for PVGS Unit 1 in NMPRC Case No. 1833, and in subsequent NMPRC Case Nos. 2092, 2162, 2279, 2722, 03-00302-UT, 06-00258-UT, 0900171UT, and 20-00104-UT. EPE fully funds its decommissioning obligations related to PVGS Unit 3; however, because PVGS Unit 3 is not included in EPE's New Mexico rate base, no amounts related to funding the decommissioning obligation for that unit have been included in EPE's New Mexico rates.

Q39. ARE THERE SPECIFIC FEDERAL GUIDELINES FOR ESTABLISHING AND FUNDING THE DECOMMISSIONING TRUSTS RELATED TO

NUCLEAR POWER PLANTS SUCH AS PALO VERDE?

A. Yes. To ensure the adequacy of funds for the safe dismantling, decontamination, and disposal of the generating units at the end of their useful lives, the NRC established guidelines that apply to both the amounts of fund contributions and the methods for funding the ultimate decommissioning of the units.

Q40. PLEASE SUMMARIZE THE GUIDELINES FROM THE NRC REGARDING FUNDING OF NUCLEAR DECOMMISSIONING TRUSTS.

A. As detailed in 10 Code of Federal Regulations (C.F.R.) § 50.75, the NRC requirements are intended to ensure that adequate funds will be available for the decommissioning process. The NRC regulations specify a minimum amount to be accumulated in the decommissioning fund, depending on the size and type of nuclear reactor. The regulations further require each licensee of a nuclear power plant to prepare a biennial certification of assurance demonstrating that the licensee has accumulated the minimum required amount of decommissioning funds. Arizona Public Service Company, as the operator of Palo Verde, files this report on behalf of all of the Palo Verde participants.

Q41. WHAT FINANCING METHODS DOES THE NRC ALLOW?

A. NRC regulations allow for several methods to provide financial assurance of decommissioning, the least costly of which is an external sinking fund. The sinking fund method is the method that EPE has used since Palo Verde began commercial operation in 1986.

Q42. WHAT ARE THE NRC'S REQUIREMENTS FOR AN EXTERNAL SINKING FUND?

A. The NRC requires that the sinking fund be in an account segregated from the licensee's assets and outside the licensee's administrative control.

Q43. HAS THE COMPANY FOLLOWED THE REQUIREMENTS ADOPTED BY THE NRC?

A. Yes, the Company has followed all guidelines prescribed by the NRC. The Palo Verde licensee is the Arizona Nuclear Power Project, which is composed of all the Palo Verde participants.

Q44. WHO CURRENTLY SERVES AS THE TRUSTEE OF THE NUCLEAR DECOMMISSIONING TRUSTS?

A. State Street Global Advisors Trust Company currently serves as trustee for each of the Company's decommissioning trusts. The Company has a qualified and a non-qualified trust fund for each of the three PVGS units, so there are six decommissioning trust funds in total.

Q45. WHO ARE THE CURRENT INVESTMENT MANAGERS FOR THE NUCLEAR DECOMMISSIONING TRUST FUND INVESTMENTS?

A. State Street Global Advisors Trust Company currently serves as the investment manager for each of the Company's decommissioning funds.

Q46. HOW DOES THE COMPANY ASSIST THE INVESTMENT MANAGERS AND TRUSTEE TO COMPLY WITH ALL NRC RULES?

A. The Company provides each investment manager and trustee with an Investment Policy Statement ("IPS") that outlines the responsibilities of each party involved with the trust funds' investments. The IPS provides guidelines, objectives, and administrative and review procedures set forth by the Company. The IPS also provides the specific asset allocation of the portfolio selected by the Company and a list of permissible securities for investment by the decommissioning trust funds.

Q47. HOW DOES THE COMPANY ESTABLISH THE INVESTMENT POLICY STATEMENT AND MONITOR THE INVESTMENT MANAGERS AND TRUSTEE?

A. The IPS is created and approved by the Company's Nuclear Decommissioning Trust Committee ("NDT Committee"). Currently, the NDT Committee is comprised of nine EPE employees who are appointed by the Audit Committee of the Company's Board of Directors. The NDT Committee meets quarterly to evaluate the performance of the investment managers and trustee and to determine if they are operating in compliance with the IPS and all applicable rules.

Q48. WHAT FUNDING METHOD IS THE COMPANY PROPOSING IN THIS FILING?

A. The Company proposes to continue the external, irrevocable trust fund method it has used since the establishment of the fund. This method requires periodic irrevocable deposits to an external trust to fund the future decommissioning of the facility. The Company will make monthly contributions to the external, irrevocable qualified trust funds established in 1986, 1986, and 1987 for PVNGS Units 1, 2, and 3, respectively. As explained further below, although the Company is not proposing to change the method for funding decommissioning, it is proposing new contributions be made to meet decommissioning requirements.

Q49. IN ADDITION TO THE NRC REGULATIONS THAT REQUIRE DECOMMISSIONING, DOES EPE HAVE A CONTRACTUAL OBLIGATION TO PAY FOR COSTS OF DECOMMISSIONING?

A. Yes. Pursuant to the PVGS-PA, which is discussed in the direct testimony of EPE witness Victor Martinez, EPE must fund its share of decommissioning costs (15.8 percent) in advance through periodic deposits to an irrevocable decommissioning trust fund for each Palo Verde Unit, with each fund held by an independent trustee.

This contractual requirement is met through the external, irrevocable decommissioning funds required by the NRC. If EPE or any other participant fails to provide its independent trustee with sufficient funds to meet its decommissioning obligations, they can be held in default under the PVGS-PA. If the default is not cured in accordance with the PVGS-PA, the defaulting participant loses its output from the plant and receives no compensation for the loss until the default is cured.

Q50. PLEASE PROVIDE SOME ADDITIONAL DETAILS ON THE REQUIREMENTS IN THE PVGS-PA FOR EPE'S DECOMMISSIONING OBLIGATIONS.

A. Amendment 13 of the PVGS-PA established a Termination Funding Committee ("TFC") whose responsibility is to oversee the performance and completion of the decommissioning plan at Palo Verde, including the financial and funding elements of such plan and any changes thereto. Amendment 13 also created the TFC Manual which established minimum and target funding levels by year and allowable investments. Each participant is required to submit an annual status report to the TFC, which presents the current status of its decommissioning fund. The primary purpose of this report is to compare the actual fund balances to the minimum requirements. In order to remain above the minimum funding level, EPE must ensure that it has the right combination of funding and earnings during the life of Palo Verde to ensure that adequate funds are available to decommission the plant.

Q51. PLEASE EXPLAIN THE BASIS FOR THE COMPANY'S PROPOSAL TO RECOMMEND NEW FUNDING CONTRIBUTIONS SUBJECT TO FUTURE ADJUSTMENTS.

A. The PVGS-PA provides that participants can adjust their deposits to the decommissioning funds as needed as long as the required accumulations are achieved. As I explain in more detail below, current fund balances and expected earnings on the funds are not sufficient to meet funding obligations.

Q52. WHAT IS MEANT BY LIQUIDITY AND WHY IS IT NEEDED IN THE DECOMMISSIONING PORTFOLIO?

A. Liquidity is the term used to describe the amount of cash held in the decommissioning trust portfolio. There must always be some cash in the portfolio to pay fees and expenses. Cash holdings may also exist temporarily due to Company contributions to the trust, the sale of securities, and the receipt of dividend and interest payments. Once decommissioning commences, the securities held in the investment portfolio will be liquidated over time, and the resulting cash will be used to pay decommissioning costs.

Q53. WHAT WAS THE ASSET ALLOCATION OF THE DECOMMISSIONING FUND AS OF THE END OF THE SEPTEMBER 30, 2025 BASE PERIOD?

A. As of September 30, 2025, the asset allocation of the decommissioning fund was 55 percent in equities, 45 percent in fixed income.

Q54. WHAT IS THE BASIS FOR THE COSTS OF DECOMMISSIONING PVNGS CONTAINED IN THIS FILING?

A. In this filing, the basis for the costs is the 2023 TLG Study, as discussed by EPE witness Glander in her testimony.

Q55. IS THERE A COST CATEGORY INCLUDED IN THE TLG STUDY FOR WHICH THE COMPANY DOES NOT REQUEST FUNDING AT THIS TIME?

A. Yes. One of the decommissioning cost categories included in the TLG study is for the Independent Spent Fuel Storage Installation (ISFSI) facility. As explained in the direct testimony of Ms. Glander, the ISFSI is a facility designed and constructed for the interim storage of spent nuclear fuel and associated radioactive materials. Because there is an expectation that these costs will be covered by the United States Department of Energy, the Company is not including these costs in its decommissioning cost funding request at this time.

Q56. HOW ARE THE COST ELEMENTS OF THE DECOMMISSIONING STUDY DERIVED?

A. The decommissioning cost estimates are based on the current costs, in 2023 dollars, to decommission PVGS Units 1, 2, and 3 regardless of the year the costs are expected to occur. The 2023 TLG Study provides yearly expenditures over the expected duration of the decommissioning program in 2023 dollars, without accounting for cost escalations that would occur in the projected future periods during which any given decommissioning activity is undertaken. Thus, the cost estimates are prepared reflecting current information and technologies but without attempting to estimate inflationary impacts on decommissioning components over the remaining plant life.

Q57. HAS EPE APPLIED ESTIMATED INFLATION TO THESE COSTS?

A. Yes. EPE applied estimated inflation to those costs to more accurately estimate the yearly costs that must be set aside for decommissioning. EPE's estimated annual escalation rate is 3.94 percent, reference Exhibit RSG-1.

Q58. DOES EPE INCORPORATE PAST COLLECTION OF DECOMMISSIONING COSTS FOR PVGS UNITS 1 AND 2 IN THIS CASE?

A. Yes. EPE has been collecting decommissioning costs in rates since March 1986, and, therefore, incorporates past collection of decommissioning costs by deriving a beginning balance of all costs contributed thus far. This beginning balance was derived by calculating the collections from New Mexico customers from the point at which rates first reflected decommissioning expenses for each PVGS unit through September 30, 2025. Actual fund earnings through September 30, 2025, were allocated to New Mexico customers based on cumulative jurisdictional contributions. Because EPE's decommissioning cost study represents total Company expenditures, it is necessary to "gross-up" the New Mexico jurisdictional accumulation (collections and earnings), to a total Company representation using a Commission-approved demand allocator. The various Commission cases approving collections for decommissioning costs also established related demand allocators that are used for this purpose.

Q59. WHY DOES EPE USE THE DEMAND ALLOCATOR TO "GROSS-UP THE NEW MEXICO JURISDICTIONAL ACCUMULATIONS?

A. EPE applies the demand allocator because decommissioning is solely related to generating plant costs. Application of the demand allocator results in a balance that represents the contributions attributable to all jurisdictions if the New Mexico regulatory treatment had been applied on a Company-wide basis. This "total Company" balance can then be used as the beginning balance for future New Mexico jurisdictional collections for each of the PVGS units. These beginning balances are detailed and incorporated into the annual funding schedule and the decommissioning funding calculation provided in Exhibit RSG-2 and Exhibit RSG-4, respectively.

Q60. PLEASE EXPLAIN THE DEVELOPMENT OF THE PAYMENTS REQUIRED TO FUND THE DECOMMISSIONING COSTS IN THEIR RESPECTIVE YEARS OF EXPENDITURE.

A. Exhibit RSG-4 details the annual payments necessary to fund decommissioning of PVGS Units 1 and 2 based on an earnings rate for EPE's decommissioning trust funds (after tax) of 4.57 percent. The calculation of the weighted average return on nuclear decommissioning trust investments is made on Exhibit RSG-5. As shown on Exhibit RSG-4, based upon the expected inflation in decommissioning costs and earnings on the decommissioning trust funds, funding is required for PVGS Units 1 and 2. The total Company amount of decommissioning funding required for units 1 and 2 is $3.5 million annually for PVGS decommissioning costs. Changes in assumptions in the future could increase the funding obligation or eliminate future funding requirements. As a result, EPE is requesting $3.5 million on a total Company basis to fund the decommissioning of Palo Verde for this case as presented on Adjustment No. 14 – Decommissioning. EPE will address adjustments to future funding levels in future rate case proceedings.

Q61. IS THIS EARNINGS RATE REASONABLE?

A. Yes. The 4.57 percent earnings rate was developed by State Street Global Advisors Trust Company, the trust investment manager, and is based on the weighted average expected earnings on the decommissioning trust funds as of September 30, 2025. EPE's decommissioning trust funds for PVGS were invested 55 percent in Global equity and 45 percent in U.S. fixed income securities and cash equivalents as of September 30, 2025. The decommissioning trust funds are invested into a Global Equity fund and a Core Fixed Income fund. The Global Equity fund is weighted 65% domestic equities and 35% emerging market equities. The average return on the US common stock equities is based upon the expected earnings of the broad stock market, as measured by the Russell 3000 Index. The average return on the emerging market equities is based upon the expected earnings of the developed international stock markets, as measured by the MSCI EAFE IMI Net Index. The average return on the US fixed income securities is based upon the expected income and appreciation for taxable and non-taxable long-term bonds in the trust funds.

Q62. WHAT LEVEL OF FUNDING IS THE COMPANY PROPOSING FOR THE TEST YEAR PERIOD?

A. The proposed annual funding is $1,985,664 for Unit 1 and $1,505,624 for Unit 2 on a total Company basis and $406,162 for Unit 1 and $307,971 for Unit 2, on a New Mexico jurisdictional basis. That information is presented in Exhibit RSG-4. The funding schedule for each unit reflects funding over the life of the current operating license as required by the NRC.

VII. CONCLUSION

Q63. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.

El Paso Electric Company
Analysis of TLG Cost Studies
Estimated Escalation Rate

						3-Year			16-Year	
Study	Unit 1	Unit 2	Unit 3	Other Facilities	Total	% Increase / (Decrease)	Annualized Increase		% Increase / (Decrease)	Annualized Increase
2007	520,740	561,951	649,463	321,258	2,053,412					
2010	586,291	633,062	727,799	314,915	2,262,067	10.161%	3.387%			
2013	677,551	656,406	771,508	303,952	2,409,417	6.514%	2.171%			
2016	791,417	763,200	838,119	346,365	2,739,101	13.683%	4.561%		33.393%	3.710%
2019	853,381	835,322	924,278	344,602	2,957,583	7.976%	2.659%		44.033%	4.893%
2023	1,011,251	1,005,448	1,004,106	793,317	3,814,122	28.961%	7.240%	(2)	85.746%	5.359%

(1) This represents the average increase in the the Decommissioning Studies since 2007 (16 year span).

(2) Decomissioning studies were historically every 3 years, from 2019 to 2023, the decomissioning study was 4 years.

IRR over 16 Year Period (2007-2023)			
12/31/2007	(2,053,412)		
12/31/2023	3,814,122	3.94%	Compounded Rate

El Paso Electric Company
New Mexico Decommissioning Funding
Beginning Balance Calculation for Unit 1
As of September 30, 2025

Amended Filing

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
						COS				
Year	Begin Date	End Date	Number of Days	Case Number	Demand Allocator	Annual Contribution (Total Company)	Annual Contribution (New Mexico)	Collections	Interest	Grossed-up Balance
1986	03/01/86	01/01/87	306	1833	0.1660725	650,000	107,947	85,815	0	516,732
1987	01/01/87	11/04/87	307	1833	0.1660725	650,000	107,947	90,794	4,640	574,651
	11/04/87	01/01/88	58	2092	0.1741051	878,333	152,922	24,300	877	144,608
1988	01/01/88	11/04/88	308	2092	0.1741051	878,333	152,922	128,688	717	743,261
	11/04/88	01/01/89	58	2162	0.1691107	878,333	148,536	23,538	135	139,988
1989	01/01/89	01/01/90	365	2162	0.1691107	878,333	148,536	148,536	16,377	975,178
1990	01/01/90	05/01/90	120	2162	0.1691107	878,333	148,536	48,834	7,671	334,129
	05/01/90	01/01/91	245	2279	0.1736386	757,358	131,507	88,272	15,661	598,558
1991	01/01/91	01/01/92	365	2279	0.1736386	757,358	131,507	131,507	21,158	879,211
1992	01/01/92	01/01/93	366	2279	0.1736386	757,358	131,507	131,507	39,779	986,451
1993	01/01/93	01/01/94	365	2279	0.1736386	757,358	131,507	131,507	48,963	1,039,343
1994	01/01/94	01/01/95	365	2279	0.1736386	757,358	131,507	131,507	50,130	1,046,063
1995	01/01/95	01/01/96	365	2279	0.1736386	757,358	131,507	131,507	59,622	1,100,729
1996	01/01/96	01/01/97	366	2279	0.1736386	757,358	131,507	131,507	57,518	1,088,613
1997	01/01/97	01/01/98	365	2279	0.1736386	757,358	131,507	131,507	67,099	1,143,789
1998	01/01/98	11/01/98	304	2279	0.1736386	757,358	131,507	109,529	68,580	1,025,746
1998	11/01/98	01/01/99	61	2722	0.1943946	2,426,306	471,661	78,826	16,373	489,718
1999	01/01/99	01/01/00	365	2722	0.1943946	2,426,306	471,661	471,661	57,646	2,722,848
2000	01/01/00	01/01/01	366	2722	0.1943946	2,426,306	471,661	472,953	61,059	2,747,053
2001	01/01/01	01/01/02	365	2722	0.1943946	2,426,306	471,661	471,661	(73,812)	2,046,605
2002	01/01/02	01/01/03	365	2722	0.1943946	2,426,306	471,661	471,661	166,310	3,281,835
2003	01/01/03	12/31/03	365	2722	0.1943946	2,426,306	471,661	471,661	88,357	2,880,831
2004	12/31/03	06/01/04	152	2722	0.1943946	2,426,306	471,661	195,881	46,677	1,247,761
2004	06/01/04	12/31/04	214	03-00302 UT	0.2373295	3,207,295	761,186	445,065	(37,353)	1,717,916
2005	12/31/04	12/31/05	365	03-00302 UT	0.2373295	3,207,295	761,186	761,186	113,927	3,687,333
2006	12/31/05	12/31/06	365	03-00302 UT	0.2373295	3,207,295	761,186	761,186	121,340	3,718,568
2007	12/31/06	12/31/07	365	03-00302 UT	0.2373295	3,207,295	761,186	881,822	274,145	4,870,726
2008	12/31/07	07/01/08	182	03-00302 UT	0.2373295	3,207,295	761,186	378,639	142,034	2,193,883
2008	07/01/08	12/31/08	184	06-00258-UT	0.2471816	2,890,188	714,401	359,152	362,201	2,918,314
2009	12/31/08	12/31/09	365	06-00258-UT	0.2471816	2,890,188	714,401	714,401	138,429	3,450,216
2010	12/31/09	12/31/10	365	09-00171-UT	0.2227000	2,015,084	448,797	448,797	255,018	3,160,373
2011	12/31/10	12/31/11	365	09-00171-UT	0.2227000	2,015,084	448,797	448,797	341,439	3,548,433
2012	12/31/11	12/31/12	366	09-00171-UT	0.2227000	2,015,084	448,797	448,797	115,675	2,534,674
2013	12/31/12	12/31/13	365	09-00171-UT	0.2227000	2,015,084	448,797	448,797	340,192	3,542,833
2014	12/31/13	12/31/14	365	09-00171-UT	0.2227000	2,015,084	448,797	448,797	662,158	4,988,572
2015	12/31/14	12/31/15	365	09-00171-UT	0.2227000	2,015,084	448,797	448,797	932,862	6,204,127
2016	12/31/15	12/31/16	366	09-00171-UT	0.2227000	2,015,084	224,410	224,410	830,258	4,735,822
2017	12/31/16	12/31/17	365	15-00127-UT	0.2003000	0	0	0	878,191	4,384,378
2018	12/31/17	12/31/18	365	15-00127-UT	0.2003000	0	0	0	663,633	3,313,195
2019	12/31/18	12/31/19	365	15-00127-UT	0.2003000	0	0	0	567,908	2,835,287
2020	12/31/19	12/31/20	366	15-00127-UT	0.2003000	0	0	0	357,702	1,785,831
2021	12/31/20	12/31/21	365	20-00104-UT	0.1753620	2,189,948	32,003	32,003	1,714,212	9,957,773
2022	12/31/21	12/31/22	365	20-00104-UT	0.1753620	2,189,948	384,034	384,034	399,765	4,469,606
2023	12/31/22	12/31/23	365	20-00104-UT	0.1753620	2,189,948	384,034	384,034	526,050	5,189,745
2024	12/31/23	12/31/24	366	20-00104-UT	0.1753620	2,189,948	384,034	384,034	1,739,886	12,111,632
2025	12/31/24	09/30/25	272	20-00104-UT	0.1753620	2,189,948	384,034	286,184	1,111,713	7,971,495
									Beginning Balance as of September 30, 2025:	$ 131,044,434

El Paso Electric Company
New Mexico Decommissioning Funding
Beginning Balance Calculation for Unit 2
As of September 30, 2025

Amended Filing

EXHIBIT RSG-2
PAGE 2 OF 2

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
						COS				
Year	Begin Date	End Date	Number Of Days	Case Number	Demand Allocator	Annual Contribution (Total Company)	Annual Contribution (New Mexico)	Collections	Interest	Grossed-up Balance
1987	11/04/87	01/01/88	58	2092	0.1741051	821,667	143,056	25,847	0	148,457
1988	01/01/88	11/04/88	308	2092	0.1741051	821,667	143,056	120,386	(985)	685,798
	11/04/88	01/01/89	58	2162	0.1691107	821,667	138,953	22,020	(185)	129,116
1989	01/01/89	01/01/90	365	2162	0.1691107	821,667	138,953	138,953	6,882	862,364
1990	01/01/90	05/01/90	120	2162	0.1691107	821,667	138,953	45,683	591	273,632
	05/01/90	01/01/91	245	2279	0.1736386	929,642	161,422	108,352	1,207	630,959
1991	01/01/91	01/01/92	365	2279	0.1736386	929,642	161,422	161,422	35,708	1,135,289
1992	01/01/92	01/01/93	366	2279	0.1736386	929,642	161,422	161,422	44,195	1,184,166
1993	01/01/93	01/01/94	365	2279	0.1736386	929,642	161,422	161,422	57,706	1,261,977
1994	01/01/94	01/01/95	365	2279	0.1736386	929,642	161,422	161,422	70,753	1,337,116
1995	01/01/95	01/01/96	365	2279	0.1736386	929,642	161,422	161,422	84,035	1,413,608
1996	01/01/96	01/01/97	366	2279	0.1736386	929,642	161,422	161,422	42,153	1,172,410
1997	01/01/97	01/01/98	365	2279	0.1736386	929,642	161,422	161,422	84,788	1,417,945
1998	01/01/98	10/01/98	304	2279	0.1736386	929,642	161,422	134,445	63,508	1,140,027
1998	10/01/98	01/01/99	61	2722	0.1943946	2,485,582	483,184	80,751	17,798	506,955
1999	01/01/99	01/01/00	365	2722	0.1943946	2,485,582	483,184	483,184	59,388	2,791,086
2000	01/01/00	12/31/00	366	2722	0.1943946	2,485,582	483,184	483,184	63,868	2,814,132
2001	01/01/01	12/31/01	365	2722	0.1943946	2,485,582	483,184	483,184	(74,482)	2,102,435
2002	01/01/02	12/31/02	365	2722	0.1943946	2,485,582	483,184	483,184	165,418	3,336,523
2003	12/31/02	12/31/03	365	2722	0.1943946	2,485,582	483,184	483,184	90,179	2,949,480
2004	12/31/03	06/01/04	152	2722	0.1943946	2,485,582	483,184	200,667	53,377	1,306,845
2004	06/01/04	12/31/04	214	03-00302 UT	0.2373295	3,524,749	836,527	489,117	(64,695)	1,788,323
2005	12/31/04	12/31/05	365	03-00302 UT	0.2373295	3,524,749	836,527	836,527	137,150	4,102,638
2006	12/31/05	12/31/06	365	03-00302 UT	0.2373295	3,524,749	836,527	836,527	132,404	4,082,640
2007	12/31/06	12/31/07	365	03-00302 UT	0.2373295	3,524,749	836,527	836,527	270,205	4,663,272
2008	12/31/07	07/01/08	182	03-00302 UT	0.2373295	3,524,749	836,527	416,222	141,923	2,351,772
2008	07/01/08	12/31/08	184	06-00258-UT	0.2471816	3,023,504	747,355	375,719	429,806	3,258,841
2009	12/31/08	12/31/09	365	06-00258-UT	0.2471816	3,023,504	747,355	747,355	130,584	3,551,798
2010	12/31/09	03/31/10	365	09-00171-UT	0.2227000	2,136,232	475,779	475,779	248,756	3,253,413
2011	03/31/10	12/31/11	365	09-00171-UT	0.2227000	2,136,232	475,779	475,779	331,978	3,627,108
2012	12/31/11	12/31/12	366	09-00171-UT	0.2227000	2,136,232	475,779	475,779	108,175	2,622,155
2013	12/31/12	12/31/13	365	09-00171-UT	0.2227000	2,136,232	475,779	475,779	356,530	3,737,355
2014	12/31/13	12/31/14	365	09-00171-UT	0.2227000	2,136,232	475,779	475,779	724,643	5,390,310
2015	12/31/14	12/31/15	365	09-00171-UT	0.2227000	2,136,232	475,779	475,779	963,714	6,463,821
2016	12/31/15	12/31/16	366	09-00171-UT	0.2227000	2,136,232	237,892	237,892	887,564	5,053,684
2017	12/31/16	12/31/17	365	15-00127-UT	0.2003000	0	0	0	944,775	4,716,800
2018	12/31/17	12/31/18	365	15-00127-UT	0.2003000	0	0	0	712,656	3,557,943
2019	12/31/18	12/31/19	365	15-00127-UT	0.2003000	0	0	0	286,980	1,432,751
2020	12/31/19	12/31/20	366	15-00127-UT	0.2003000	0	0	0	659,462	3,292,371
2021	12/31/20	12/31/21	365	20-00104-UT	0.1753621	1,623,184	23,720	23,720	1,831,209	10,577,706
2022	12/31/21	12/31/22	365	20-00104-UT	0.1753621	1,623,184	284,645	284,645	420,422	4,020,634
2023	12/31/22	12/31/23	365	20-00104-UT	0.1753621	1,623,184	284,645	284,645	545,706	4,735,065
2024	12/31/23	12/31/24	366	20-00104-UT	0.1753621	1,623,184	284,645	284,645	1,830,706	12,062,759
2025	12/31/24	09/30/25	272	20-00104-UT	0.1753621	1,623,184	284,645	212,119	1,260,993	8,400,400

Beginning Balance as of September 30, 2025: $ 135,343,879

Amended Filing

El Paso Electric Company

Straight Line Decommissioning Funding Calculation

Unit 1

(a) Year	(b) Annual Contribution	(c) Annual Interest Earned	(d) = (b) + (c) Year End Balance Before Pay Outs	(e) Cost To Be Paid Out	(f) = (d) - (e) Year End Balance After Pay Outs	(g) Escalated Cost	(h)=(d)/(g) Actual Percent Funded
09/30/25					**131,044,434**		
2025	447,252	1,497,183	132,988,868		132,988,868	183,698,872	72.40%
2026	1,789,008	6,213,435	140,991,311		140,991,311	190,936,607	73.84%
2027	1,789,008	6,585,462	149,365,781		149,365,781	198,459,510	75.26%
2028	1,789,008	6,974,784	158,129,573		158,129,573	206,278,814	76.66%
2029	1,789,008	7,382,205	167,300,786		167,300,786	214,406,199	78.03%
2030	1,789,008	7,808,567	176,898,361		176,898,361	222,853,804	79.38%
2031	1,789,008	8,254,751	186,942,120		186,942,120	231,634,244	80.71%
2032	1,789,008	8,721,677	197,452,805		197,452,805	240,760,633	82.01%
2033	1,789,008	9,210,310	208,452,122		208,452,122	250,246,602	83.30%
2034	1,789,008	9,721,659	219,962,789		219,962,789	260,106,318	84.57%
2035	1,789,008	10,256,780	232,008,577		232,008,577	270,354,507	85.82%
2036	1,789,008	10,816,779	244,614,363		244,614,363	281,006,474	87.05%
2037	1,789,008	11,402,811	257,806,182		257,806,182	292,078,129	88.27%
2038	1,789,008	12,016,088	271,611,278		271,611,278	303,586,008	89.47%
2039	1,789,008	12,657,875	286,058,161		286,058,161	315,547,296	90.65%
2040	1,789,008	13,329,499	301,176,668	(41,448)	301,135,220	327,979,860	91.83%
2041	1,789,008	14,030,419	316,954,646	(73,174)	316,881,472	340,859,186	92.99%
2042	1,789,008	14,762,449	333,432,929	(76,057)	333,356,872	354,212,980	94.13%
2043	1,789,008	15,528,376	350,674,256	(205,677)	350,468,579	368,089,918	95.27%
2044	1,789,008	16,323,885	368,581,472	(308,399)	368,273,073	382,378,880	96.39%
2045	1,789,008	17,151,601	387,213,682	(31,540,845)	355,672,838	397,124,058	97.50%
2046		16,534,934	372,207,771	(63,956,289)	308,251,482	379,987,191	97.95%
2047		14,330,354	322,581,836	(78,041,304)	244,540,533	328,482,520	98.20%
2048		11,368,485	255,909,018	(70,902,698)	185,006,320	260,308,600	98.31%
2049		8,600,790	193,607,110	(47,609,616)	145,997,494	196,868,494	98.34%
2050		6,787,302	152,784,796	(49,485,435)	103,299,361	155,139,678	98.48%
2051		4,802,301	108,101,662	(39,387,133)	68,714,529	109,817,021	98.44%
2052		3,194,481	71,909,010	(4,655,903)	67,253,107	73,204,825	98.23%
2053		3,126,541	70,379,648	(5,367,852)	65,011,797	71,249,750	98.78%
2054		3,022,344	68,034,141	(22,702,684)	45,331,457	68,477,645	99.35%
2055		2,107,422	47,438,879	(27,510,563)	19,928,316	47,578,495	99.71%
2056		926,451	20,854,767	(20,277,202)	577,564	20,858,609	99.98%
2057		26,850	604,415	(604,314)	101	604,314	100.02%
	$ 36,227,412	$ 295,474,847		**$ (462,746,592)**		7,545,176,041	

Amended Filing
El Paso Electric Company
Straight Line Decommissioning Funding Calculation
Unit 1

(a) Year	(b) Annual Contribution	(c) Annual Interest Earned	(d) = (b) + (c) Year End Balance Before Pay Outs	(e) Cost To Be Paid Out	(f) = (d) - (e) Year End Balance After Pay Outs	(g) Escalated Cost	(h)=(d)/(g) Actual Percent Funded
12/31/2025					**0**	3,953,476	0.00%
4th Qtr '25	49,164	0	49,164		49,164	4,271,147	1.15%
2026	196,656	5,682	251,502		251,502	4,439,430	5.67%
2027	196,656	15,088	463,246		463,246	4,614,344	10.04%
2028	196,656	24,932	684,833		684,833	4,796,149	14.28%
2029	196,656	35,233	916,723		916,723	4,985,117	18.39%
2030	196,656	46,014	1,159,392		1,159,392	5,181,531	22.38%
2031	196,656	57,295	1,413,343		1,413,343	5,385,683	26.24%
2032	196,656	69,101	1,679,100		1,679,100	5,597,879	30.00%
2033	196,656	81,456	1,957,212		1,957,212	5,818,436	33.64%
2034	196,656	94,385	2,248,253		2,248,253	6,047,682	37.18%
2035	196,656	107,915	2,552,825		2,552,825	6,285,961	40.61%
2036	196,656	122,075	2,871,555		2,871,555	6,533,627	43.95%
2037	196,656	136,892	3,205,104		3,205,104	6,791,052	47.20%
2038	196,656	152,399	3,554,158		3,554,158	7,058,620	50.35%
2039	196,656	168,626	3,919,440		3,919,440	7,336,729	53.42%
2040	196,656	185,607	4,301,703		4,301,703	7,625,797	56.41%
2041	196,656	203,379	4,701,738		4,701,738	7,926,253	59.32%
2042	196,656	221,976	5,120,370		5,120,370	8,238,547	62.15%
2043	196,656	241,438	5,558,463		5,558,463	8,563,146	64.91%
2044	196,656	261,804	6,016,924		6,016,924	8,900,534	67.60%
2045	196,656	283,118	6,496,697		6,496,697	9,251,215	70.23%
2046		302,026	6,798,723		6,798,723	9,615,713	70.70%
2047		316,067	7,114,790		7,114,790	9,994,572	71.19%
2048		330,761	7,445,551		7,445,551	10,388,358	71.67%
2049		346,137	7,791,689		7,791,689	10,797,660	72.16%
2050		362,229	8,153,918		8,153,918	11,223,087	72.65%
2051		379,069	8,532,986		8,532,986	11,665,277	73.15%
2052		396,691	8,929,678		8,929,678	12,124,889	73.65%
2053		415,133	9,344,811		9,344,811	12,602,610	74.15%
2054		434,432	9,779,244		9,779,244	13,099,152	74.66%
2055		454,629	10,233,873	0	10,233,873	13,615,259	75.16%
2056		475,764	10,709,637	0	10,709,637	14,151,700	75.68%
2057		497,882	11,207,519	0	11,207,519	14,709,277	76.19%
2058		521,028	11,728,547	0	11,728,547	15,288,823	76.71%
2059		545,250	12,273,797	0	12,273,797	15,891,202	77.24%
2060		570,599	12,844,396	0	12,844,396	16,517,316	77.76%
2061		597,125	13,441,521	0	13,441,521	17,168,098	78.29%
2062		624,885	14,066,406	0	14,066,406	17,844,521	78.83%
2063		653,935	14,720,342	0	14,720,342	18,547,595	79.37%
2064		684,336	15,404,678	0	15,404,678	19,278,370	79.91%
2065		716,151	16,120,829	0	16,120,829	20,037,938	80.45%

2066	749,444	16,870,273	0	16,870,273	20,827,433	81.00%
2067	784,285	17,654,558	0	17,654,558	21,648,034	81.55%
2068	820,746	18,475,303	0	18,475,303	22,500,966	82.11%
2069	858,901	19,334,205	0	19,334,205	23,387,504	82.67%
2070	898,831	20,233,036	0	20,233,036	24,308,972	83.23%
2071	940,617	21,173,653	0	21,173,653	25,266,746	83.80%
2072	984,345	22,157,998	0	22,157,998	26,262,255	84.37%
2073	1,030,107	23,188,105	0	23,188,105	27,296,988	84.95%
2074	1,077,996	24,266,101	0	24,266,101	28,372,489	85.53%
2075	1,128,111	25,394,212	0	25,394,212	29,490,366	86.11%
2076	1,180,556	26,574,767	0	26,574,767	30,652,286	86.70%
2077	1,235,439	27,810,206	0	27,810,206	31,859,986	87.29%
2078	1,292,873	29,103,079	0	29,103,079	33,115,269	87.88%
2079	1,352,978	30,456,057	0	30,456,057	34,420,011	88.48%
2080	1,415,877	31,871,934	0	31,871,934	35,776,160	89.09%
2081	1,481,700	33,353,634	0	33,353,634	37,185,740	89.69%
2082	1,550,583	34,904,216	0	34,904,216	38,650,858	90.31%
2083	1,622,668	36,526,884	0	36,526,884	40,173,702	90.92%
2084	1,698,104	38,224,989	0	38,224,989	41,756,546	91.54%
2085	1,777,048	40,002,036	0	40,002,036	43,401,754	92.17%
2086	1,859,661	41,861,698	0	41,861,698	45,111,783	92.80%
2087	1,946,115	43,807,813	0	43,807,813	46,889,187	93.43%
2088	2,036,589	45,844,402	0	45,844,402	48,736,621	94.07%
2089	2,131,268	47,975,670	0	47,975,670	50,656,844	94.71%
2090	2,230,349	50,206,019	0	50,206,019	52,652,724	95.35%
2091	2,334,036	52,540,055	0	52,540,055	54,727,241	96.00%
2092	2,442,543	54,982,598	0	54,982,598	56,883,494	96.66%
2093	2,556,095	57,538,693	0	57,538,693	59,124,704	97.32%
2094	2,674,926	60,213,619	0	60,213,619	61,454,218	97.98%
2095	2,799,281	63,012,900	0	63,012,900	63,875,514	98.65%
2096	2,929,417	65,942,317	0	65,942,317	66,392,209	99.32%
2097	3,065,603	69,007,920	(69,008,062)	(142)	69,008,062	100.00%
	$ 3,982,284	$ 65,025,636	$ (69,008,062)		1,712,076,966	

Amended Filing

El Paso Electric Company

Straight Line Decommissioning Funding Calculation

Unit 2

(a) Year	(b) Annual Contribution	(c) Annual Interest Earned	(d) = (b) + (c) Year End Balance Before Pay Outs	(e) Cost To Be Paid Out	(f) = (d) - (e) Year End Balance After Pay Outs	(g) Escalated Cost	(h)=(d)/(g) Actual Percent Funded
09/30/25					**135,343,879**		
2025	328,647	1,546,304	137,218,830		137,218,830	182,708,325	75.10%
2026	1,314,588	6,401,890	144,935,308		144,935,308	189,907,033	76.32%
2027	1,314,588	6,760,622	153,010,518		153,010,518	197,389,370	77.52%
2028	1,314,588	7,136,032	161,461,138		161,461,138	205,166,511	78.70%
2029	1,314,588	7,528,895	170,304,621		170,304,621	213,250,071	79.86%
2030	1,314,588	7,940,021	179,559,229		179,559,229	221,652,124	81.01%
2031	1,314,588	8,370,260	189,244,077		189,244,077	230,385,218	82.14%
2032	1,314,588	8,820,500	199,379,165		199,379,165	239,462,396	83.26%
2033	1,314,588	9,291,672	209,985,425		209,985,425	248,897,214	84.37%
2034	1,314,588	9,784,748	221,084,761		221,084,761	258,703,764	85.46%
2035	1,314,588	10,300,747	232,700,096		232,700,096	268,896,692	86.54%
2036	1,314,588	10,840,734	244,855,419		244,855,419	279,491,222	87.61%
2037	1,314,588	11,405,825	257,575,832		257,575,832	290,503,176	88.67%
2038	1,314,588	11,997,186	270,887,606		270,887,606	301,949,001	89.71%
2039	1,314,588	12,616,040	284,818,234		284,818,234	313,845,792	90.75%
2040	1,314,588	13,263,663	299,396,485	(41,448)	299,355,037	326,211,316	91.78%
2041	1,314,588	13,939,467	314,609,092	(73,174)	314,535,918	339,020,961	92.80%
2042	1,314,588	14,645,213	330,495,719	(76,057)	330,419,662	352,302,330	93.81%
2043	1,314,588	15,383,635	347,117,885	(205,677)	346,912,208	366,103,988	94.81%
2044	1,314,588	16,150,360	364,377,156	(308,399)	364,068,757	380,314,704	95.81%
2045	1,314,588	16,947,954	382,331,299	(3,520,629)	378,810,670	394,978,554	96.80%
2046	1,314,588	17,633,293	397,758,551	(45,226,362)	352,532,189	406,881,367	97.76%
2047		16,388,927	368,921,116	(80,013,696)	288,907,420	375,904,212	98.14%
2048		13,431,065	302,338,485	(83,192,530)	219,145,955	307,548,603	98.31%
2049		10,187,913	229,333,868	(54,278,860)	175,055,008	233,195,702	98.34%
2050		8,138,161	183,193,169	(45,385,882)	137,807,287	185,966,165	98.51%
2051		6,406,546	144,213,833	(47,174,085)	97,039,748	146,119,147	98.70%
2052		4,511,297	101,551,045	(34,543,158)	67,007,887	102,843,497	98.74%
2053		3,115,141	70,123,028	(5,287,770)	64,835,258	70,991,372	98.78%
2054		3,014,137	67,849,395	(22,582,277)	45,267,118	68,292,324	99.35%
2055		2,104,431	47,371,549	(27,468,665)	19,902,884	47,511,023	99.71%
2056		925,268	20,828,152	(20,251,752)	576,400	20,832,027	99.98%
2057		26,796	603,197	(603,138)	59	603,138	100.01%
	$ 27,934,995	$ 306,954,744		$ (470,233,559)		7,767,828,339	

Amended Filing
El Paso Electric Company
Straight Line Decommissioning Funding Calculation
Unit 2

(a) Year	(b) Annual Contribution	(c) Annual Interest Earned	(d) = (b) + (c) Year End Balance Before Pay Outs	(e) Cost To Be Paid Out	(f) = (d) - (e) Year End Balance After Pay Outs	(g) Escalated Cost	(h)=(d)/(g) Actual Percent Funded
12/31/2025					**0**	3,953,476	0.00%
4th Qtr '25	47,759	0	47,759		47,759	4,271,147	1.12%
2026	191,036	5,519	244,314		244,314	4,439,430	5.50%
2027	191,036	14,657	450,007		450,007	4,614,344	9.75%
2028	191,036	24,219	665,262		665,262	4,796,149	13.87%
2029	191,036	34,226	890,525		890,525	4,985,117	17.86%
2030	191,036	44,699	1,126,259		1,126,259	5,181,531	21.74%
2031	191,036	55,658	1,372,953		1,372,953	5,385,683	25.49%
2032	191,036	67,126	1,631,115		1,631,115	5,597,879	29.14%
2033	191,036	79,128	1,901,280		1,901,280	5,818,436	32.68%
2034	191,036	91,688	2,184,003		2,184,003	6,047,682	36.11%
2035	191,036	104,831	2,479,871		2,479,871	6,285,961	39.45%
2036	191,036	118,586	2,789,493		2,789,493	6,533,627	42.69%
2037	191,036	132,980	3,113,509		3,113,509	6,791,052	45.85%
2038	191,036	148,043	3,452,588		3,452,588	7,058,620	48.91%
2039	191,036	163,807	3,807,431		3,807,431	7,336,729	51.90%
2040	191,036	180,303	4,178,770		4,178,770	7,625,797	54.80%
2041	191,036	197,566	4,567,373		4,567,373	7,926,253	57.62%
2042	191,036	215,632	4,974,041		4,974,041	8,238,547	60.38%
2043	191,036	234,538	5,399,615		5,399,615	8,563,146	63.06%
2044	191,036	254,322	5,844,973		5,844,973	8,900,534	65.67%
2045	191,036	275,027	6,311,036		6,311,036	9,251,215	68.22%
2046	191,036	296,694	6,798,766		6,798,766	9,615,713	70.70%
2047		316,069	7,114,835		7,114,835	9,994,572	71.19%
2048		330,763	7,445,597		7,445,597	10,388,358	71.67%
2049		346,140	7,791,737		7,791,737	10,797,660	72.16%
2050		362,231	8,153,968		8,153,968	11,223,087	72.65%
2051		379,071	8,533,039		8,533,039	11,665,277	73.15%
2052		396,694	8,929,733		8,929,733	12,124,889	73.65%
2053		415,136	9,344,869		9,344,869	12,602,610	74.15%
2054		434,435	9,779,304		9,779,304	13,099,152	74.66%
2055		454,632	10,233,936		10,233,936	13,615,259	75.17%
2056		475,767	10,709,703		10,709,703	14,151,700	75.68%
2057		497,885	11,207,588		11,207,588	14,709,277	76.19%
2058		521,031	11,728,620		11,728,620	15,288,823	76.71%
2059		545,254	12,273,874	0	12,273,874	15,891,202	77.24%
2060		570,602	12,844,476	0	12,844,476	16,517,316	77.76%
2061		597,129	13,441,605	0	13,441,605	17,168,098	78.29%
2062		624,889	14,066,494	0	14,066,494	17,844,521	78.83%
2063		653,940	14,720,433	0	14,720,433	18,547,595	79.37%
2064		684,341	15,404,774	0	15,404,774	19,278,370	79.91%
2065		716,155	16,120,929	0	16,120,929	20,037,938	80.45%

2066	749,449	16,870,377	0	16,870,377	20,827,433	81.00%
2067	784,290	17,654,667	0	17,654,667	21,648,034	81.55%
2068	820,751	18,475,418	0	18,475,418	22,500,966	82.11%
2069	858,907	19,334,325	0	19,334,325	23,387,504	82.67%
2070	898,837	20,233,161	0	20,233,161	24,308,972	83.23%
2071	940,623	21,173,784	0	21,173,784	25,266,746	83.80%
2072	984,352	22,158,136	0	22,158,136	26,262,255	84.37%
2073	1,030,113	23,188,249	0	23,188,249	27,296,988	84.95%
2074	1,078,002	24,266,251	0	24,266,251	28,372,489	85.53%
2075	1,128,118	25,394,369	0	25,394,369	29,490,366	86.11%
2076	1,180,563	26,574,932	0	26,574,932	30,652,286	86.70%
2077	1,235,446	27,810,379	0	27,810,379	31,859,986	87.29%
2078	1,292,881	29,103,260	0	29,103,260	33,115,269	87.88%
2079	1,352,986	30,456,246	0	30,456,246	34,420,011	88.48%
2080	1,415,885	31,872,132	0	31,872,132	35,776,160	89.09%
2081	1,481,709	33,353,841	0	33,353,841	37,185,740	89.70%
2082	1,550,592	34,904,433	0	34,904,433	38,650,858	90.31%
2083	1,622,678	36,527,111	0	36,527,111	40,173,702	90.92%
2084	1,698,115	38,225,226	0	38,225,226	41,756,546	91.54%
2085	1,777,059	40,002,285	0	40,002,285	43,401,754	92.17%
2086	1,859,673	41,861,957	0	41,861,957	45,111,783	92.80%
2087	1,946,127	43,808,085	0	43,808,085	46,889,187	93.43%
2088	2,036,601	45,844,686	0	45,844,686	48,736,621	94.07%
2089	2,131,281	47,975,967	0	47,975,967	50,656,844	94.71%
2090	2,230,363	50,206,330	0	50,206,330	52,652,724	95.35%
2091	2,334,050	52,540,381	0	52,540,381	54,727,241	96.00%
2092	2,442,558	54,982,939	0	54,982,939	56,883,494	96.66%
2093	2,556,111	57,539,050	0	57,539,050	59,124,704	97.32%
2094	2,674,942	60,213,993	0	60,213,993	61,454,218	97.98%
2095	2,799,298	63,013,291	0	63,013,291	63,875,514	98.65%
2096	2,929,435	65,942,726	0	65,942,726	66,392,209	99.32%
2097	3,065,622	69,008,348	(69,008,062)	287	69,008,062	100.00%
	$ 4,059,515	$ 64,948,833	$ (69,008,062)		1,712,076,966	

El Paso Electric Company
Estimated Annual Decommissioning
Funding Payments
2025 NM Rate Case

	Year	Total Company Unit #1 Annual Contribution	Total Company Unit #2 Annual Contribution	Total Company Combined Annual Contribution	NM Unit #1 Annual Contribution	NM Unit #2 Annual Contribution	NM Combined Annual Contribution
1	2025	$ 496,416	$ 376,406	$ 872,822	$ 101,540	$ 76,993	$ 178,533
2	2026	1,985,664	1,505,624	3,491,288	406,162	307,971	714,132
3	2027	1,985,664	1,505,624	3,491,288	406,162	307,971	714,132
4	2028	1,985,664	1,505,624	3,491,288	406,162	307,971	714,132
5	2029	1,985,664	1,505,624	3,491,288	406,162	307,971	714,132
6	2030	1,985,664	1,505,624	3,491,288	406,162	307,971	714,132
7	2031	1,985,664	1,505,624	3,491,288	406,162	307,971	714,132
8	2032	1,985,664	1,505,624	3,491,288	406,162	307,971	714,132
9	2033	1,985,664	1,505,624	3,491,288	406,162	307,971	714,132
10	2034	1,985,664	1,505,624	3,491,288	406,162	307,971	714,132
11	2035	1,985,664	1,505,624	3,491,288	406,162	307,971	714,132
12	2036	1,985,664	1,505,624	3,491,288	406,162	307,971	714,132
13	2037	1,985,664	1,505,624	3,491,288	406,162	307,971	714,132
14	2038	1,985,664	1,505,624	3,491,288	406,162	307,971	714,132
15	2039	1,985,664	1,505,624	3,491,288	406,162	307,971	714,132
16	2040	1,985,664	1,505,624	3,491,288	406,162	307,971	714,132
17	2041	1,985,664	1,505,624	3,491,288	406,162	307,971	714,132
18	2042	1,985,664	1,505,624	3,491,288	406,162	307,971	714,132
19	2043	1,985,664	1,505,624	3,491,288	406,162	307,971	714,132
20	2044	1,985,664	1,505,624	3,491,288	406,162	307,971	714,132
21	2045	1,985,664	1,505,624	3,491,288	406,162	307,971	714,132
22	2046	-	1,505,624	1,505,624	-	307,971	307,971
23	2047	-	-	-	-	-	-
		$ 40,209,696	$ 31,994,510	$ 72,204,206	$ 8,224,773	$ 6,544,381	$ 14,769,154

El Paso Electric Company
Nuclear Decommissioning Trust Assets
Expected Return Estimates

Data as of September 30, 2025		Expected After-Tax	
Asset Class	Target Weight	Expected Return	Volatility
US Large Cap Equity	31.5%	5.1%	12.7%
US Small Cap Equity	4.3%	5.4%	15.6%
Developed International Equity	19.3%	5.2%	11.1%
Investment Grade Fixed Income	18.0%	3.8%	4.1%
Municipal Bonds	27.0%	4.9%	5.6%
Total Portfolio	100.0%	**4.57%**	7.32%

Notes:

Numbers may not sum due to rounding. After-tax returns include manager active alpha.

The asset class return "Expected Return" assumptions are arithmetic.

The calculated total portfolio return is a geometric return that also takes volatility into consideration.

Assumed Tax Rate	
Federal Tax on Qualified Trusts	20%

Source: State Street Long-Term Asset Class Forecasts as of September 30, 2025

Amended Filing

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE APPLICATION OF EL PASO ELECTRIC COMPANY FOR REVISION OF ITS RETAIL ELECTRIC RATES PURSUANT TO ADVICE NOTICE NO. 317	)))))	**Case No. 25-00082-UT**

DECLARATION OF RICHARD S. GONZALEZ IN SUPPORT OF THE FOREGOING AMENDED FILING DIRECT TESTIMONY

I, ***Richard S. Gonzalez***, pursuant to Rule 1-011 NMRA, state as follows:

1. I affirm in writing under penalty of perjury under the laws of the State of New Mexico that the following statements are true and correct.

2. I am over 18 years of age and have personal knowledge of the facts stated herein. I am employed by El Paso Electric Company ("EPE" or “the Company”) as the *Treasurer.*

3. I have reviewed the foregoing Amended Filing Direct Testimony of Richard S. Gonzalez, and the exhibits, schedules, and workpapers sponsored by me and I confirm, to the best of my knowledge, that those materials are complete, accurate, internally consistent, and consistent with the Amended Application.

4. The foregoing Amended Filing Direct Testimony of Richard S. Gonzalez, together with all exhibits sponsored therein and attached thereto, is true and accurate based on my knowledge and belief.

5. I submit this Declaration, based upon my personal knowledge and upon information and belief, in support of EPE’s ***Amended Application for Revisions of Its Retail Electric Rates Pursuant to Advice Notice No. 317.***

Amended Filing

FURTHER, DECLARANT SAYETH NAUGHT.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on August 6, 2026.

/s/ Richard S. Gonzalez
RICHARD S. GONZALEZ