

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

JENNIFER E. NELSON

CONCENTRIC ENERGY ADVISORS, INC.

ON BEHALF OF

EL PASO ELECTRIC COMPANY

MARCH 2026

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EXHIBITS

Exhibit JEN-1	Résumé and Testimony Listing of Jennifer E. Nelson
Exhibit JEN-2	Constant Growth DCF Results
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I. INTRODUCTION AND PURPOSE

Q1. PLEASE STATE YOUR NAME, AFFILIATION, AND BUSINESS ADDRESS.

A. My name is Jennifer E. Nelson. I am a Vice President at Concentric Energy Advisors. Concentric is a management consulting and economic advisory firm that specializes in the North American energy and water industries. Based in Marlborough, Massachusetts; Washington, D.C.; and Calgary, Alberta, Concentric specializes in regulatory and litigation support, financial advisory services, energy market strategies, market assessments, energy commodity contracting and procurement, economic feasibility studies, and capital market analyses. My business address is 293 Boston Post Road West, Suite 500, Marlborough, Massachusetts, 01742.

Q2. ON WHOSE BEHALF ARE YOU SUBMITTING THIS TESTIMONY?

A. I am submitting this direct testimony ("Direct Testimony") before the New Mexico Public Regulation Commission ("Commission") on behalf of El Paso Electric Company ("EPE" or the "Company").

Q3. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE IN THE ENERGY AND UTILITY INDUSTRIES.

A. I have more than fifteen years of experience in the energy industry, having served

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1 as a consultant and energy/regulatory economist for state government agencies.
2 Since 2013, I have provided consulting services to clients on a range of financial
3 and regulatory issues including cost of capital, ratemaking policy, and regulatory
4 strategy issues. Prior to consulting, I was a staff economist at the Massachusetts
5 Department of Public Utilities, and a petroleum economist for the State of Alaska.
6 I completed utility regulatory training offered by New Mexico State University's
7 Center for Public Utilities and have earned the Certified Rate of Return Analyst
8 designation from the Society of Utility and Regulatory Financial Analysts based on
9 my experience and successful completion of an examination. I hold a Bachelor's
10 degree in Business Economics from Bentley University and a Master's degree in
11 Resource and Applied Economics from the University of Alaska. A summary of
12 my professional and educational background, including a list of my testimony filed
13 before regulatory commissions, is included as Exhibit JEN-1.

14
15 **Q4. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE THE**
16 **COMMISSION?**

17 **A.** Yes, I have. I submitted testimony regarding the cost of capital on behalf of the
18 Company in Case No. 20-00104-UT. Additionally, I have previously filed
19 testimony before more than 20 state regulatory commissions as detailed in Exhibit
20 JEN-1. During my time as a consultant, I have supported the development of expert
21 witness testimony and analyses regarding the cost of capital (i.e., Return on Equity

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1 (“ROE”) and capital structure) in more than 100 proceedings filed before numerous
2 U.S. state regulatory commissions and the Federal Energy Regulatory Commission.
3

4 **Q5. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

5 **A.** The purpose of my Direct Testimony is to present evidence and provide the
6 Commission with a recommendation regarding EPE’s ROE¹ to be used for
7 ratemaking purposes, and to assess the reasonableness of the Company’s requested
8 capital structure. My conclusions are supported by the data presented in Exhibit
9 JEN-2 through JEN-10.
10

11 **Q6. WERE EXHIBITS JEN-2 THROUGH JEN-10 PREPARED BY YOU OR**
12 **UNDER YOUR DIRECT SUPERVISION AND CONTROL?**

13 **A.** Yes.
14

15 **II. SUMMARY AND OVERVIEW OF TESTIMONY**

16 **Q7. WHAT ARE YOUR CONCLUSIONS REGARDING THE APPROPRIATE**
17 **COST OF EQUITY AND CAPITAL STRUCTURE FOR EPE?**

18 **A.** Based on my analyses of three widely used market-based financial models, the
19 Company's risk profile, and the current capital market environment, I conclude that

¹ Throughout my Direct Testimony, I use the terms “ROE” and “cost of equity” interchangeably.

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1 a range of 10.00 percent to 11.40 percent reflects investors' required return for an
2 equity investment in EPE. Within that range, I recommend a ROE at the midpoint,
3 or 10.70 percent.

4 An ROE in the upper half of the range of the results of the Commission's
5 preferred DCF methodology (i.e., just below the midpoint of the average and upper
6 bound of the 30-day average Constant Growth DCF results) is reasonable and
7 necessary to compensate for the Company's heightened business risk associated
8 with its below-average credit rating, substantial planned capital expenditures,
9 greater proportion of nuclear generation, and significantly smaller size relative to
10 the proxy group. Therefore, my 10.70 percent recommendation gives deference to
11 the Commission's preferred ROE methodology while reflecting the Company's
12 higher risk profile.

13 As to the Company's capital structure, I conclude that its requested capital
14 structure, consisting of 55.50 percent equity and 44.50 percent debt is consistent
15 with the proportions of debt and equity that finance regulated electric utility
16 operations and should be used for ratemaking purposes. EPE's requested Weighted
17 Average Cost of Capital ("WACC") is shown in Figure JEN-1 below.

18 /

19 /

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Figure JEN-1 : Weighted Average Cost of Capital

	% of Capital	Cost (%)	Weighted Cost
Long-Term Debt	44.50 %	5.43 %	2.42 %
Common Equity	55.50 %	10.70 %	5.94 %
Total	100.00%		8.35 %

Q8. PLEASE PROVIDE A BRIEF OVERVIEW OF THE ANALYSES THAT LED TO YOUR ROE RECOMMENDATION.

A. My recommendation is developed using three widely accepted financial modeling approaches applied to a proxy group of 19 electric utility companies: (1) the constant growth and quarterly growth forms of the Discounted Cash Flow (“DCF”) model; (2) the traditional and empirical forms of the Capital Asset Pricing Model (“CAPM”); and (3) the Bond Yield Plus Risk Premium approach. The results of those analytical approaches are summarized in Figure JEN-2 below.

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Figure JEN-2: Summary of Results²

DCF Model Results		
Constant Growth DCF	Range	Proxy Group Average
30-Day Average	9.40% - 11.19%	10.34%
90-Day Average	9.51% - 11.24%	10.46%
180-Day Average	9.62% - 11.32%	10.55%
Quarterly Growth DCF	Range	Proxy Group Average
30-Day Average	9.49% - 11.31%	10.43%
90-Day Average	9.57% - 11.36%	10.52%
180-Day Average	9.72% - 11.43%	10.66%
CAPM and Risk Premium Results		
CAPM	Current 30-Year Treasury Yield (4.66%)	Projected 30-Year Treasury Yield (4.58%)
Long-Term Historical Average Market Return, 5-Year Beta	9.72%	9.69%
Long-Term Historical Average Market Return, 10-Year Beta	10.25%	10.23%
DCF-based Expected Market Return, 5-Year Beta	11.68%	11.66%
DCF-based Expected Market Return, 10-Year Beta	12.42%	12.41%
Empirical CAPM	Current 30-Year Treasury Yield (4.66%)	Projected 30-Year Treasury Yield (4.58%)
Long-Term Historical Average Market Return, 5-Year Beta	10.33%	10.31%
Long-Term Historical Average Market Return, 10-Year Beta	10.73%	10.72%
DCF-based Expected Market Return, 5-Year Beta	12.53%	12.52%
DCF-based Expected Market Return, 10-Year Beta	13.09%	13.08%
Bond Yield Plus Risk Premium		
Current 30-Year Treasury Yield (4.66%)		10.28%
Projected 30-Year Treasury Yield (4.58%)		10.24%

² See, Exhibits JEN-2 to Exhibit JEN-6. DCF and CAPM results reflect the average of the proxy group mean and median ROE estimates. Data as of November 28, 2025.

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1 In addition to the results summarized above, my recommendation is
2 supported by: (1) the regulatory environment and the Company's need to access the
3 capital necessary to fund its capital expenditure requirements; (2) the Company's
4 nuclear generation operations; (3) the Company's small size; and (4) the financial
5 risk associated with its capital structure. I also consider the current capital market
6 and macroeconomic environment in which utilities such as EPE operate. Although
7 those factors are relevant to investors, their effect on the Company's cost of equity
8 cannot be directly quantified. Based on these factors, it is my opinion that an ROE
9 above the proxy group average DCF estimates is reasonable.

10

11 **Q9. HOW DID YOU DETERMINE YOUR RECOMMENDED RANGE FROM**
12 **THE METHODS AND RESULTS SUMMARIZED ABOVE?**

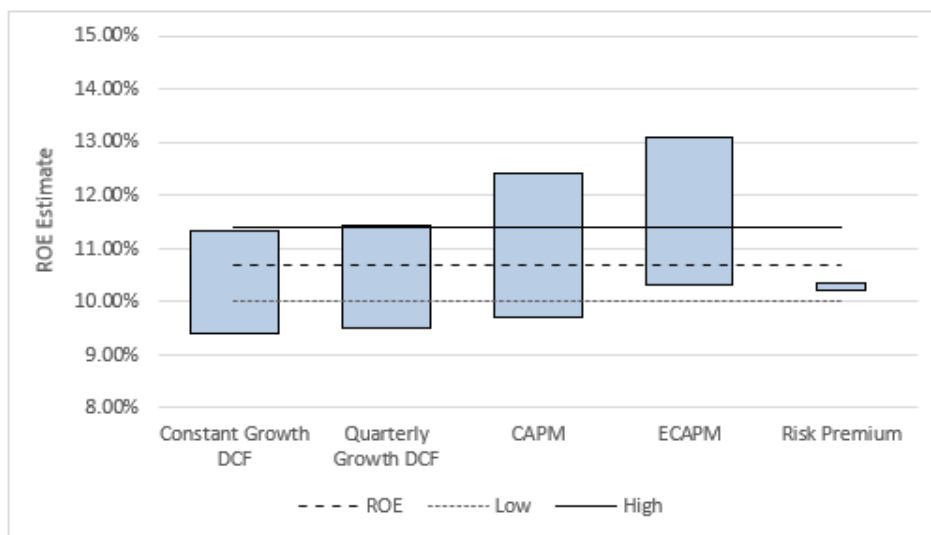
13 **A.** The cost of equity is an opportunity cost that cannot be precisely quantified.
14 Therefore, it must be estimated using various financial models. Each of the ROE-
15 estimation models is subject to limiting assumptions and each provides a different
16 perspective on investors' return requirements under varying market conditions.
17 The use of multiple financial models, therefore, enables a more robust and
18 comprehensive assessment of the cost of equity instead of relying on one specific
19 estimation model.

20 After reviewing the analytical results summarized in Figure JEN-2, I
21 assessed the Company's risk profile relative to a group of proxy companies. As

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1 explained in more detail throughout my testimony, EPE's higher risk profile
2 justifies an ROE above the proxy group average. The low end of my range, 10.00
3 percent, is within the range of the low to average DCF results and the low CAPM
4 results. The high end of my recommended range, 11.40 percent, is within the range
5 of the high end of my DCF results and average of my CAPM results (see Figure
6 JEN-3 below).

7
8 **Figure JEN-3: Range of ROE Estimate Model Results and Recommendation**



My 10.70 percent ROE recommendation is supported by several
benchmarks. First, my 10.70 percent ROE recommendation is within the range of
DCF estimates using the Commission's preferred DCF methodology and

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1 prescribed inputs.³ As explained earlier, an ROE above the proxy group average
2 compensates for the Company's higher risk profile, consistent with the *Hope* and
3 *Bluefield* standards described in Section IV.

4 Second, my 10.70 percent ROE recommendation is equal to the average of
5 (1) my DCF results using mean EPS growth rates (10.49 percent), (2) the average
6 CAPM and ECAPM results (11.34 percent), and (3) average Risk Premium results
7 (10.26 percent). Based on those considerations, and considering the Company's
8 requested capital structure, it is my opinion that an ROE of 10.70 percent is a just
9 and reasonable estimate of EPE's cost of equity.

10

11 **Q10. HAVE YOU INCORPORATED THE COMMISSION'S PREFERRED**
12 **APPROACH IN YOUR ANALYSES AND METHODOLOGY?**

13 **A.** Yes, I have. In its Final Order in Case No. 22-00270-UT, the Commission
14 reiterated its preference for the Constant Growth DCF method with the following
15 inputs: (1) a 30-day average trading period to determine stock price; (2) a full year's
16 growth to adjust the dividend yield; and (3) analyst growth rates from *Value Line*,
17 *Zacks*, and *First Call* (that at the time reported growth rates from Institutional

³ A dividend yield based on a 30-day average stock price, a full year dividend growth adjustment, and the average analysts' projected earnings per share ("EPS") growth rates from Value Line, Zacks, and I/B/E/S. See, *In re Application of Public Service Company of New Mexico for Revision of its Retail Electric Rates Pursuant to Advice Notice No. 595*, N.M. Pub. Regulation Comm'n, Case No. 22-00270-UT, Final Order at 260 (Jan. 3, 2024).

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1 Brokers' Estimate System, or "I/B/E/S").⁴ This approach upheld the methodology
2 in the Recommended Decision that was ultimately approved by the Commission in
3 EPE's last rate proceeding, Case No. 20-00104-UT.⁵ To give deference to the
4 Commission's prescribed methodology and inputs, my results include the 30-day
5 average trading period to determine stock price. For a more robust view, I also
6 include longer-ranged stock price averages of 90- and 180-days as further described
7 in Section IV.

8
9 **Q11. DOES YOUR DCF ANALYSIS INCORPORATE THE COMMISSION'S**
10 **GUIDANCE ON ITS PREFERRED SOURCES OF ANALYSTS'**
11 **EARNINGS GROWTH RATES?**

12 **A.** Yes. As noted above, the Commission indicated in its Final Order in Case No. 22-
13 00270-UT that its preferred DCF inputs include analyst growth rates from three
14 sources: *Value Line*, *Zacks*, and *First Call*. Additionally, the Recommended
15 Decision that was upheld by the Commission in EPE's last rate proceeding directed

⁴ *In re Application of Public Service Company of New Mexico for Revision of its Retail Electric Rates Pursuant to Advice Notice No. 595*, N.M. Pub. Regulation Comm'n, Case No. 22-00270-UT, Final Order at 260 (Jan. 3, 2024). I/B/E/S growth rates are now owned by, and available for purchase from, London Stock Exchange Group.

⁵ *See, In re Application of Public Service Company of New Mexico for Revision of its Retail Electric Rates Pursuant to Advice Notice No. 267*, N.M. Pub. Regulation Comm'n Case No. 20-00104-UT, Recommended Decision, at 71 ("However, in its next base rate case, EPE should use IBES as one source of its growth estimates.") adopted by Order Adopting Recommended Decision with Modifications, ¶¶ A, B (June 23, 2021). I note that *First Call* previously reported growth rates from I/B/E/S but no longer does so.

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the Company to include EPS growth rates from I/B/E/S in its next rate case.⁶ As such, I have incorporated analysts' projected earnings growth rates from *Value Line*, *Zacks*, and I/B/E/S in my Constant Growth DCF analysis. As shown in Figure JEN-4, the Constant Growth DCF analysis using the Commission's preferred approach results in ROE estimates ranging from 9.40 percent to 11.19 percent, with a mean of 10.34 percent.⁷ As noted earlier, an ROE above the proxy group average is necessary to compensate for EPE's higher risk profile relative to the proxy group. Therefore, my 10.70 percent ROE recommendation, which is just below the midpoint of the proxy group average (i.e., 10.34 percent) and high (11.19 percent) DCF results, is reasonable.

Figure JEN-4: Constant Growth DCF Results Using the Commission's Prescribed Inputs⁸

	Low Growth	Mean Growth	High Growth
Proxy Group Mean	9.18%	10.41%	11.34%
Proxy Group Median	9.62%	10.27%	11.04%
Average of the Mean and Median	9.40%	10.34%	11.19%

⁶ *Id.*

⁷ Average of the proxy group mean and median results.

⁸ Exhibit JEN-2.

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Q12. GIVEN THAT THE COMMISSION’S PREFERRED APPROACH YIELDS REASONABLE RESULTS IN THE CURRENT MARKET CONDITIONS, WHY DOES IT REMAIN ESSENTIAL TO ASSESS ADDITIONAL METHODOLOGIES?

A. As previously discussed, every ROE estimation method, including the DCF model, is based on assumptions whose consistency with market conditions can vary over time, and each model has strengths and weaknesses. While the Commission’s preferred DCF methodology produces reasonable estimates under the current market conditions, that may not always be the case under different market conditions. Therefore, it is important to consider proven methodologies that provide a more comprehensive view across varying market conditions. Furthermore, since the objective of any cost of capital proceeding is to estimate the investor expected return on capital, it is important to consider the methodologies that are employed by investors to inform their investment decisions. The Federal Energy Regulatory Commission (“FERC”) explicitly discussed this perspective in its evaluation of additional methodologies:

To the contrary, our primary reason for proposing to average the results of a DCF analysis with the results of the CAPM, Expected Earnings, and Risk Premium analyses is that investors use those models, in addition to the DCF methodology, to inform their investment decisions. Under this approach, whether a change in the capital market conditions is anomalous or persistent is of less importance, because relying on multiple financial models makes it more likely that our decision will accurately reflect how investors are making their investment decisions. As discussed

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1 above, a key consideration in determining just and reasonable
2 utility ROEs is determining what ROE a utility must offer in
3 order to attract capital, i.e., induce investors to invest in the utility
4 in light of its risk profile.⁹

5 While my ROE recommendation is within the range of the results of
6 Commission’s preferred approach, this alignment may not be consistent across all
7 future market conditions. Therefore, I continue to employ the CAPM and Risk
8 Premium methodologies in addition to the constant and quarterly growth forms of
9 the DCF models.

10
11 **Q13. DOES THE CONSIDERATION OF WELL-ESTABLISHED,**
12 **ALTERNATIVE METHODS, SUCH AS RISK PREMIUM-BASED**
13 **MODELS, DEPART FROM THE PRECEDENT ESTABLISHED IN THE**
14 **2023 SUPREME COURT OF NEW MEXICO DECISION?**¹⁰

15 **A.** I do not believe it does. I acknowledge the Commission’s precedent of relying
16 exclusively on the Constant Growth DCF model in its determination of the ROE in
17 prior decisions. Notably, in its 2023 Decision, the Supreme Court of New Mexico
18 (“the Court”) underscored that “the commission may change its past practices or

⁹ FERC, *Order Directing Briefs*, 165 FERC ¶ 61,118, at 28. (November 15, 2018).

¹⁰ *El Paso Elec. Co. v. N.M. Pub. Regulation Comm’n*, Nos. S-1-SC-38874 & S-1-SC-38911, 2023 WL 3166936 (NM Sup. Ct. 2023) (unpublished).

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1 procedures, provided that substantial evidence on the record justifies such a
2 change.”¹¹

3 Further, New Mexico has noted the importance of reviewing multiple
4 methods in utility proceedings. Although I am not an attorney, it is my layperson’s
5 understanding that the Court has previously found that the Commission is not
6 bound to a single method, noting (consistent with *Hope* and *Bluefield*), that the end
7 result is the principle consideration. As the Court noted in *Hobbs Gas*:

8 Neither New Mexico case law nor the Public Utility Act imposes
9 any particular method of valuation upon the Commission in
10 ascertaining the rate base of a utility. *Mountain States Tel. v. New*
11 *Mexico State Corp.*, 90 N.M. 325, 563 P.2d 588 (1977). Nor does
12 the spirit of the statute tie the Commission down to the
13 consideration of a single factor in establishing rates.¹²
14

15 Citing to its decision in *Mountain States Telephone*, the Court further noted that:

16 The Commission was not bound to the use of any single formula
17 or combination of formulae in determining rates. The rate-
18 making function involves the making of pragmatic adjustments.
19 It is the result reached, not the method employed, which is
20 controlling. (Citations omitted.)¹³
21
22
23

¹¹ See *El Paso Elec. Co. v. NMPRC*, 2023 WL 3166936, (NMSC 2023) (interpreting NMSA 1978, § 62-6-14(C)).

¹² *Hobbs Gas Co. v. New Mexico Public Service Commission*, 94 N.M. 731 (1980), at 4.

¹³ *Hobbs Gas Co. v. New Mexico Public Service Commission*, 94 N.M. 731 (1980), at 4

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**Q14. PLEASE EXPLAIN WHY AN INCREASE IN EPE’S ROE IS JUSTIFIED
AND SUPPORTED BY THE EVIDENCE.**

A. Quite simply, the cost of equity has increased since EPE’s last rate case, a fact that is supported by several objective measures. Specifically, government and utility bond yields are significantly higher than the levels observed during EPE’s last rate case. Accordingly, regulators have recognized this higher capital cost environment by authorizing higher ROEs for electric utilities since 2021. Lastly, the model results, including the Commission’s preferred DCF approach, reflect this higher capital cost environment and have consequently increased since I filed my testimony in EPE’s last rate case.

**Q15. HOW HAS THE CAPITAL COST ENVIRONMENT CHANGED SINCE
EPE’S LAST NEW MEXICO RATE CASE WAS DECIDED IN 2021?**

A. By several measures, the capital cost environment has increased significantly since the Company’s last New Mexico rate case was filed in May 2020. As shown in Figure JEN-5 and Figure JEN-6, at the time of the Commission’s order in the Company’s 2020 rate case, the 30-year Treasury yield stood at approximately 1.33 percent and the Baa-rated utility bond index stood at 3.60 percent. As of November 28, 2025, the 30-year Treasury bond yield and the Baa-rated utility bond index were 4.66 percent and 5.76 percent, respectively, an increase of approximately 333 and 216 basis points, respectively.

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Figure JEN-5: 30-Year Treasury Yield
(May 2020 – November 2025 and 5-year Projection)¹⁴

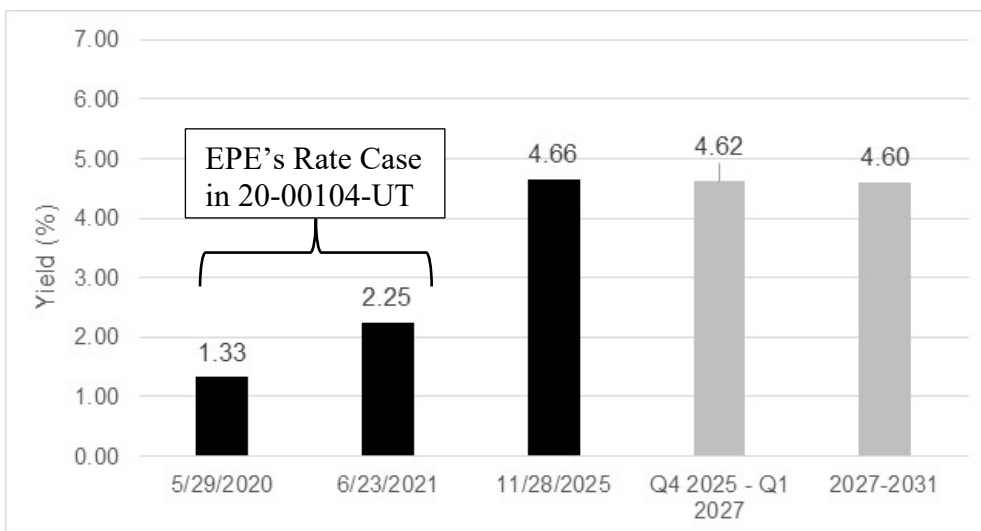
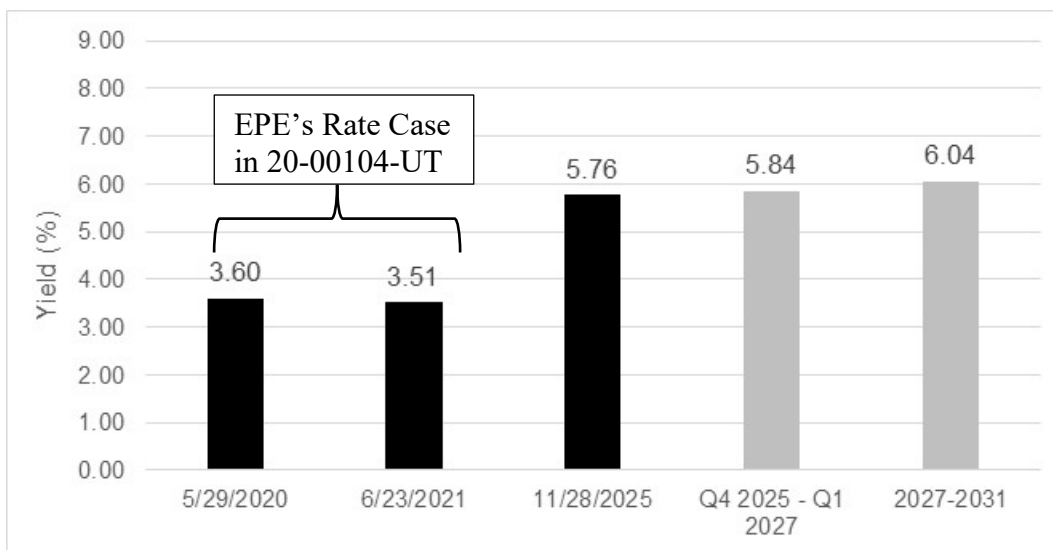


Figure JEN-6: Baa Utility Bond Index
(May 2020 – November 2025 and 5-year Projection)¹⁵



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1 Figure JEN-5 and Figure JEN-6 also show that long-term government and
2 utility bond yields are expected to remain well above the levels observed in the
3 Company’s last rate case in the near- to medium-term.

4 As shown in Figure JEN-7 below, inflation has increased by more than 27
5 percent on a cumulative basis since the Company filed its last rate case in May
6 2020.

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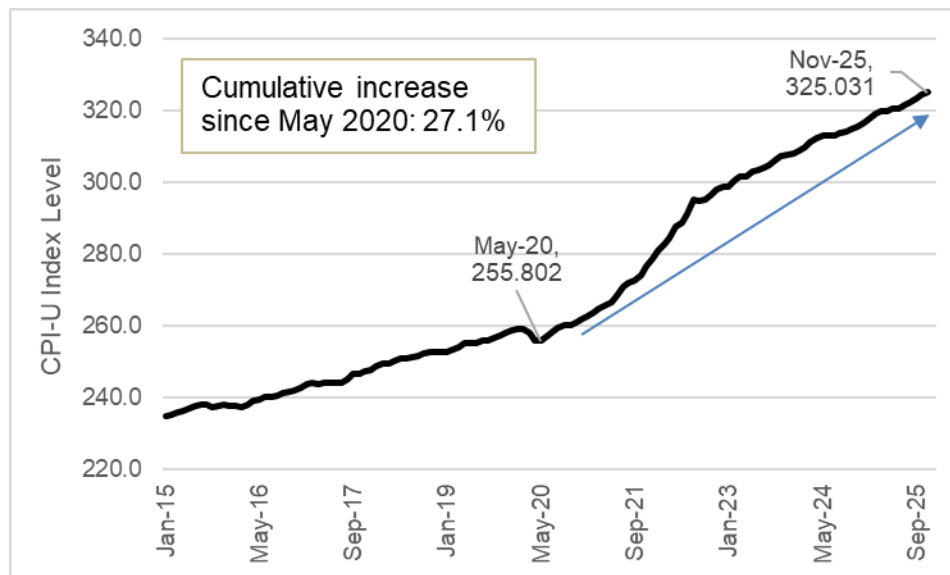
15 /

¹⁴ Sources: Federal Reserve Bank of St. Louis, FRED Economic Database (30-day average); Projections sourced from Blue Chip Financial Forecasts, Vol. 44 No. 12, December 1, 2025, at 2 (Q4 2025-Q1 2027) and 14 (2027-2031).

¹⁵ Source: Bloomberg Professional (30-day average) and Federal Reserve Bank of St. Louis, FRED Economic Database (30-day average). Projections sourced from Blue Chip Financial Forecasts, Vol. 44 No. 12, December 1, 2025, at 2 (Q4 2025-Q1 2027) and 14 (2027-2031). Projected Utility “Baa” bond yields are estimated from Blue Chip’s projected Baa corporate bond yields plus the average historical spread between Baa-rated corporate and Baa-rated utility bond yields over the last five years.

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Figure JEN-7: Consumer Price Index (2015-2025)¹⁶



Q16. HOW HAVE AUTHORIZED RETURNS FOR VERTICALLY INTEGRATED ELECTRIC UTILITIES CHANGED WITH HIGHER BOND YIELDS?

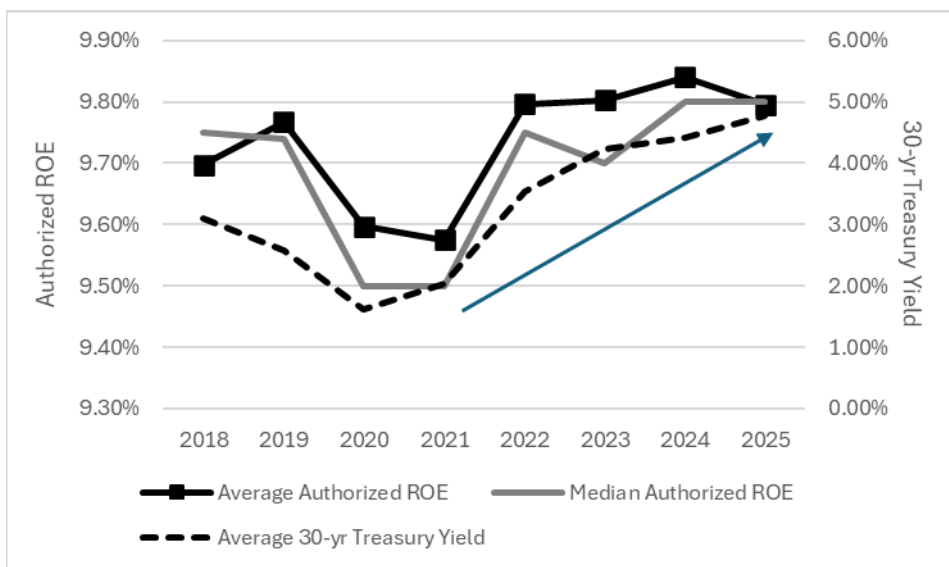
A. Prevailing long-term bond yields have a significant impact on utilities' cost of capital, as well as investors' assessment of fair and reasonable return of investment capital. For example, rising treasury yields signal to investors that they can earn a higher return investing in risk-free government bonds. Consequently, investors expect higher returns when investing in assets riskier than government-issued bonds, such as utility equities. As shown in Figure JEN-8, regulators have

¹⁶ Source: Bureau of Labor Statistics.

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acknowledged rising capital costs in their ROE decisions, albeit in a lagged fashion. As shown in Figure JEN-8, as the 30-year Treasury bond yield increased from the lows experienced in 2020 and 2021, authorized ROEs for vertically integrated electric utilities have increased. I note, however, that annual average and median authorized ROEs obscure the case specific nuances inherent in each proceeding and thus should not be viewed in a vacuum. Nevertheless, the trend in authorized ROEs has mirrored the trend in long-term government bond yields and has increased in recent years.

Figure JEN-8: Authorized Returns for Vertically Integrated Utilities vs. 30-Year U.S. Treasuries¹⁷



¹⁷ Source: Regulatory Research Associates (“RRA”).

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Q17. HOW DO THE MODEL RESULTS PRESENTED IN THIS CASE COMPARE TO THOSE SUBMITTED IN CASE NO. 20-00104-UT IN MAY 2020?

A. As shown in Figure JEN-9, each of the model results has increased between 7 and 123 basis points compared to the analysis filed in my direct testimony in the Company's last rate case.¹⁸ Most notably, the Constant Growth DCF results using the Commission's preferred inputs *increased 123 basis points*. I note that the proxy group in Case No. 20-00104-UT largely overlaps with my proxy group in this proceeding, containing 14 of the 19 companies in my proxy group in this case. Therefore, the composition of the proxy group is not a meaningful driver of the change in model results between the two proceedings.

Figure JEN-9: Comparison of Constant Growth DCF, CAPM, and Risk Premium Results

Model	Case No. 20-00104-UT	Case No. 25-00082-UT	Difference (basis points)
Constant Growth DCF ¹⁹	9.18%	10.41%	+123
Average Forward CAPM & ECAPM	11.56%	12.42%	+86
Risk Premium	10.19%	10.26%	+7

¹⁸ In Case No. 20-00104, I adopted the direct testimony of Robert B. Hevert.

¹⁹ Proxy group average Constant Growth DCF results using a full year dividend growth rate, 30-day stock price average, and average of the three analysts' projected EPS growth rates.

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1 **Q18. HOW IS THE REMAINDER OF YOUR DIRECT TESTIMONY**
2 **ORGANIZED?**

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

- 4 • Section III – Reviews the current capital market conditions and the effect on
5 the cost of equity;
- 6 • Section IV – Provides a summary of issues regarding the cost of equity
7 estimation in regulatory proceedings, describes the regulatory guidelines
8 pertinent to the development of the cost of capital, explains my selection of
9 the proxy group used to develop my analytical results, and describes my
10 analyses on which my ROE determination is based;
- 11 • Section V – Discusses the specific business risks that have a direct bearing
12 on the Company's cost of equity;
- 13 • Section VI – Assesses the Company's requested capital structure; and
- 14 • Section VII – Summarizes my conclusions and recommendations.

15
16 **III. CAPITAL MARKET ENVIRONMENT**

17 **Q19. DO ECONOMIC CONDITIONS INFLUENCE THE REQUIRED COST OF**
18 **CAPITAL AND REQUIRED RETURN ON COMMON EQUITY?**

19 **A.** Yes. The required cost of capital, including the ROE, is a function of prevailing
20 and expected economic and capital market conditions. Each of the analytical

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1 models used to estimate the required ROE is influenced by current and expected
2 capital market conditions. Therefore, an evaluation of current and projected market
3 conditions is integral to any ROE recommendation.

4
5 **Q20. WHAT ARE THE KEY MACROECONOMIC FACTORS AFFECTING**
6 **THE COST OF EQUITY FOR REGULATED UTILITIES IN THE**
7 **CURRENT AND PROSPECTIVE CAPITAL MARKETS?**

8 **A.** The cost of equity for regulated utilities is currently affected by several key factors,
9 including: (1) the interest rate environment and central bank monetary policy; (2)
10 inflationary pressure and the outlook for inflation and long-term government and
11 utility bond yields; and (3) uncertainty in the economic environment due to
12 geopolitical events. As discussed below, although the Federal Reserve reduced the
13 Federal Funds rate three times in both 2024 and 2025, interest rates and inflation
14 are expected to remain above the levels experienced prior to the COVID-19
15 pandemic. Further, geopolitical events present uncertainties with respect to the
16 near-term economic and capital market in which the Company will be raising
17 external capital.

18
19 **Q21. PLEASE SUMMARIZE THE CHANGES IN CAPITAL MARKET**
20 **CONDITIONS IN RECENT MONTHS.**

21 **A.** At the end of 2024, financial markets were optimistic that the Federal Reserve was

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1 close to attaining a “soft landing” by taming inflation without a consequential rise
2 in unemployment. In 2025, however, economic and federal policy uncertainty
3 climbed sharply. As Blue Chip Financial Forecasts explains, “Numerous Fed
4 officials have noted that there are currently upside risks to the inflation outlook
5 while there are downside risks to the employment outlook, a combination that
6 makes the near-term course for monetary policy very uncertain.”²⁰ Consumer
7 sentiment fell nearly 25 percent year over year between January 2025 and January
8 2026.²¹

9 Despite the uncertain economic outlook and weak consumer sentiment,
10 Gross Domestic Product (“GDP”) remained resilient. As shown in Figure JEN-10,
11 after posting a decline in the first quarter of 2025, real GDP rose in each of the next
12 two quarters, posting an annual increase of 4.3 percent in the third quarter of 2025.
13 This demonstrates that there are mixed signals among the economic indicators.

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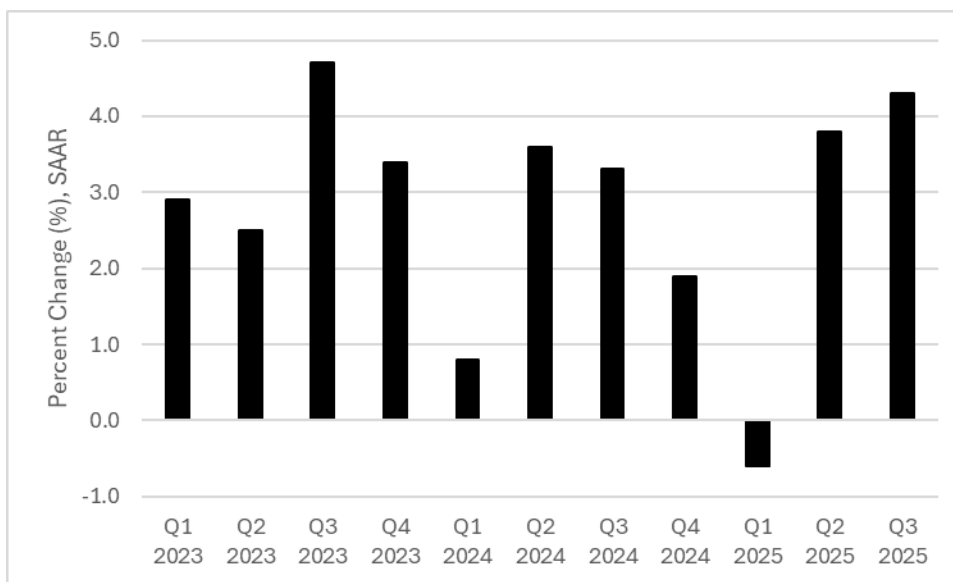
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²⁰ Blue Chip Financial Forecasts, Vol. 44, No. 12, December 1, 2025, at 1.

²¹ University of Michigan, Survey of Consumers, “Preliminary Results of January 2026”, accessed January 12, 2025, <https://www.sca.isr.umich.edu/>.

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Figure JEN-10: Quarterly Real GDP (Seasonally Adjusted at Annual Rates)²²



Q22. PLEASE DESCRIBE RECENT MONETARY POLICY ACTIONS BY THE FEDERAL RESERVE.

A. At its December 2025 meeting, the Federal Open Market Committee (“FOMC”) lowered the target range of the Federal Funds rate for the third time in 2025 by 25 basis points to 3.50 to 3.75 percent. In doing so, the FOMC noted the downside risks to employment on one hand but that “[i]nflation has moved up since earlier in the year and remains somewhat elevated.”²³ The Federal Reserve kept the Federal Funds rate unchanged in its January 28, 2026, meeting citing strong economic

²² Source: U.S. Bureau of Economic Analysis.

²³ Federal Reserve FOMC Press Release, December 10, 2025, <https://www.federalreserve.gov/newsevents/pressreleases/monetary20251210a.htm>.

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1 activity and low, but stabilizing job gains. However, the Federal Reserve stated
2 that “uncertainty about the economic outlook remains elevated” and that “inflation
3 remains somewhat elevated.”²⁴ Despite dissent among the Federal Reserve voting
4 members, the market sees low odds of the Federal Reserve cutting rates at its
5 upcoming March meeting and expects a rate cut in the summer at the earliest
6 instead.²⁵

7
8 **Q23. DO THE FEDERAL RESERVE’S RECENT CUTS TO THE FEDERAL**
9 **FUNDS RATE MEAN THAT LONG-TERM GOVERNMENT AND**
10 **UTILITY BOND YIELDS WILL AUTOMATICALLY FOLLOW?**

11 **A.** Not necessarily. Long-term bond yields – like the 30-year Treasury yield that is
12 applied in the ROE models and used as a benchmark for long-term utility debt –
13 are less sensitive to the Federal Reserve’s monetary policy. Long-term interest
14 rates are influenced by the demand and supply for long-term bonds, inflation
15 expectations, fiscal policy, and federal debt levels. As explained in more detail
16 below, consumers’ long-term inflation expectations remain elevated and fiscal
17 policy has become more uncertain; thus, long-term government bonds have not
18 declined commensurate with the Federal Reserve’s reductions in the Federal Funds

²⁴ Federal Reserve FOMC Press Release, January 28, 2026,
<https://www.federalreserve.gov/monetarypolicy/files/monetary20260128a1.pdf>

²⁵ J.P. Morgan Wealth Management, “Fed leaves rate unchanged to start 2026: Is a cut coming in March?”
January 29, 2026. Accessible at: <https://www.jpmorgan.com/insights/markets-and-economy/economy/fed-meeting-january-2026>.

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rate. As shown in Figure JEN-11 below, since the end of June 2024 (prior to the Federal Reserve's first round of rate cuts), the 1-year and 2-year Treasury yields declined by 161 and 124 basis points, respectively, whereas the 30-year Treasury yields increased by 33 basis points. Since models used to estimate the just and reasonable ROE rely on long-term yields, the market movement of short-term yields does not influence the ROE model results in the way that long-term yields do.

Figure JEN-11: U.S. Treasury Yields (June 2024 vs. December 2025)²⁶

	1-year Treasury	2-year Treasury	30-year Treasury
June 28, 2024	5.09%	4.71%	4.51%
December 31, 2025	3.48%	3.47%	4.84%
Change	-1.61%	-1.24%	0.33%

Q24. ARE CHANGES IN LONG-TERM BOND YIELDS MORE RELEVANT TO THE COST OF EQUITY FOR UTILITIES THAN SHORT-TERM INTEREST RATES?

A. Yes. The 30-year Treasury bond yield is a direct input to both the CAPM and Risk Premium models because the term of the bond aligns with the long life of electric utility assets. As long-term bond yields increase, the cost of capital generally

²⁶ Source: Spot yields reported by Federal Reserve Board of Governors, H15 Selected Interest Rates. <https://www.federalreserve.gov/datadownload/Choose.aspx?rel=H15>.

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1 increases, and the ROE estimates from those two models also increase, although
2 not on a one-to-one basis. While interest rates are not a direct input to the DCF
3 model, dividend yields on utility stocks must compete with yields on Treasury
4 bonds. As interest rates on government bonds increase, utilities must offer a higher
5 dividend yield to attract and retain investors, signaling an increase in the cost of
6 equity for utilities. All else equal, higher dividend yields produce higher ROE
7 estimates in the DCF model.

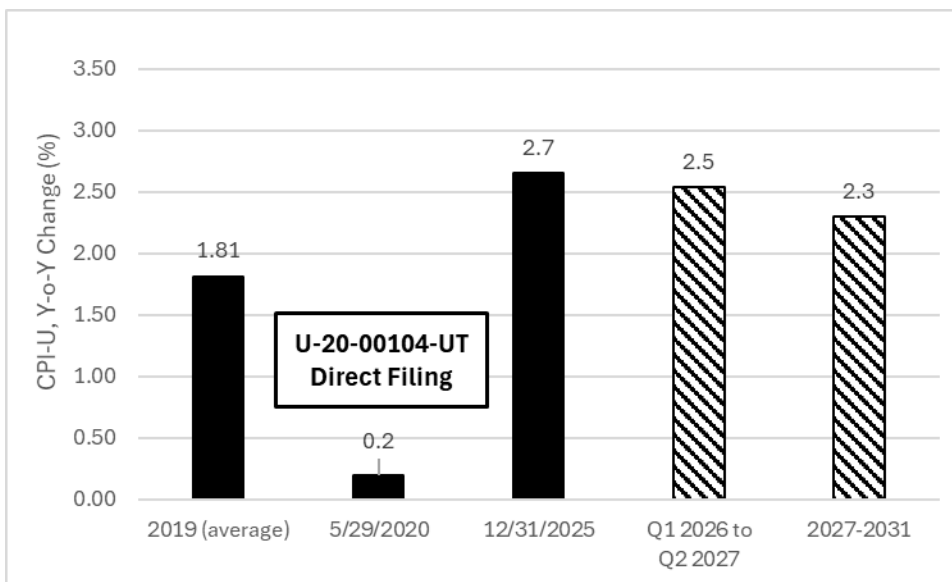
8
9 **Q25. WHAT ARE THE EXPECTATIONS FOR INFLATION AND LONG-TERM**
10 **GOVERNMENT AND UTILITY BOND YIELDS IN THE NEAR TERM?**

11 **A.** Both inflation and long-term government and utility bond yields are expected to
12 remain elevated and significantly above their pre-pandemic levels. As discussed
13 earlier, long-term government and utility bond yields have been higher than the
14 levels experienced in 2020 and 2021 during the Company's last rate case and are
15 expected to remain near current levels over the next five years (see Figures JEN-5
16 and JEN-6 above).

17 Similarly, inflation is also higher than it was prior to the COVID-19
18 pandemic and at the time the Company filed its last rate case. Although growth in
19 inflation is expected to cool slightly, it is clear that economists do not expect
20 inflation to fall to the levels seen pre-pandemic in the near term.

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Figure JEN-12: Consumer Price Index (2019, 2020 and Forecasted)²⁷



Q26. HOW MIGHT PERSISTENT INFLATION AND ELEVATED INTEREST RATES AFFECT THE COST OF EQUITY FOR UTILITIES?

A. Longer-term bonds like the 30-year Treasury bond are more sensitive to inflation expectations than shorter-term bonds because their value is influenced more by inflation due to their longer maturity holding period and reinvestment rate implications. Thus, as the value (price) of bonds declines due to higher inflation expectations, the yield increases. Because utilities are capital intensive enterprises,

²⁷ Source: Federal Reserve Bank of St. Louis, FRED Economic Database, series CPIAUCSL, <https://fred.stlouisfed.org/series/CPIAUCSL>, Blue Chip Financial Forecasts, Vol. 45, No. 1, at 2 and Vol. 44, No. 12, at 14.

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1 higher inflation and interest rates tend to have a negative effect on utility stocks.

2 Higher inflation and interest rates lead to increases in the cost of capital for utilities.

3
4 **Q27. PLEASE DISCUSS THE RECENT CHANGES IN U.S. TRADE AND**
5 **GEOPOLITICAL POLICY.**

6 **A.** During 2025, the Trump administration announced, implemented, or delayed
7 implementation of tariffs on numerous U.S. trade partners. A highlight of this is
8 when, on April 2, 2025, President Trump announced the administration would
9 impose a 10 percent base tariff on all imports from nearly every country plus an
10 additional “reciprocal” tariff customized for each of approximately 60 countries.²⁸
11 These reciprocal tariffs were subsequently paused, but significant uncertainty
12 remains around the future course of U.S. trade policy and how it will affect the
13 economy.

14 Shifting federal trade policies created significant policy and market
15 uncertainty in 2025; as can be seen in Figure JEN-13 below, the Federal Reserve
16 Bank of St. Louis’ Economic Policy Uncertainty Index (the “EPU Index”) spiked
17 to levels not seen since the COVID-19 pandemic. While the EPU Index has
18 partially subsided in recent months (to 350.42 as of December 2025), it is still
19 significantly above the average level (152.53). The January 3, 2026, U.S. bombing

²⁸ <https://www.whitehouse.gov/presidential-actions/2025/04/regulating-imports-with-a-reciprocal-tariff-to-rectify-trade-practices-that-contribute-to-large-and-persistent-annual-united-states-goods-trade-deficits/>.

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1 of Venezuela and subsequent capture of Venezuelan President Maduro,²⁹ as well
2 as the potential criminal investigations into Federal Reserve board members
3 including Chair Powell³⁰ further increase the economic and geopolitical
4 uncertainty. Uncertainty increases risk, which increases the cost of equity, all else
5 equal. On February 20, 2026, the U.S. Supreme Court (“Supreme Court”) ruled
6 that the Trump administration’s tariff policies are unconstitutional; however, the
7 economic policy uncertainty remains as U.S. trade policy continues to evolve and
8 the ultimate impact of the Supreme Court’s decision on business and trade remains
9 unclear.

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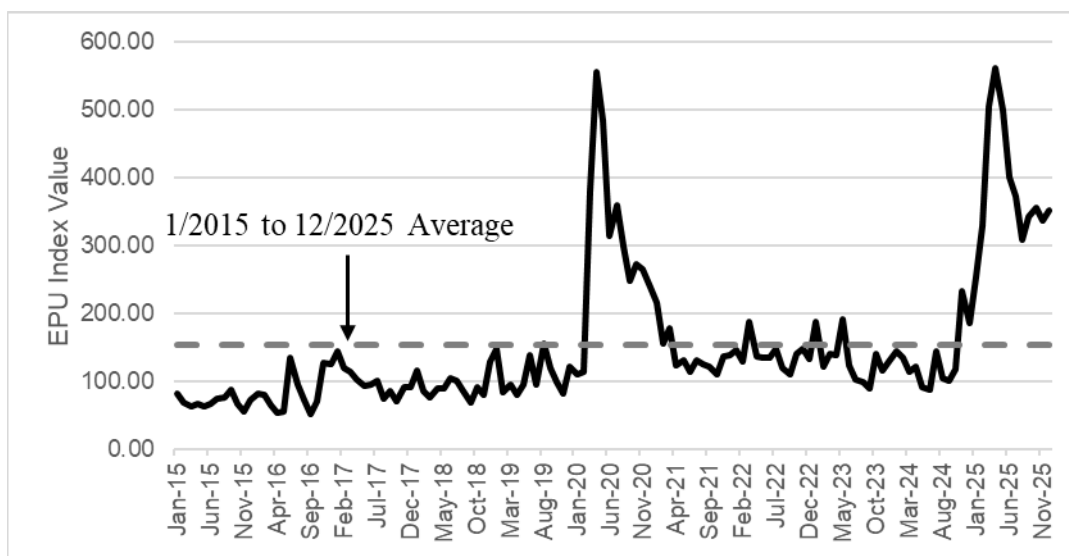
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²⁹ <https://www.cbsnews.com/live-updates/venezuela-us-military-strikes-maduro-trump/>.

³⁰ <https://abcnews.go.com/Politics/doj-launches-criminal-investigation-fed-chair-jerome-powell/story?id=129114228>.

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Figure JEN-13: Economic Policy Uncertainty Index
January 1, 2015 – December 31, 2025³¹



Q28. WHAT CONCLUSIONS DO YOU DRAW FROM YOUR REVIEW OF THE CURRENT CAPITAL MARKET ENVIRONMENT AND ITS IMPLICATIONS FOR THE COMPANY'S COST OF EQUITY?

A. My primary conclusion is that the economic and financial market environment is uncertain concerning inflation, the strength of the economy, the outcome of federal trade policy and other geopolitical events, and the path of monetary policy. Although the Federal Reserve has cut the level of short-term interest rates, long-

³¹ Source: Federal Reserve Bank of St. Louis, FRED Economic Database, series USEPUINDXD, <https://fred.stlouisfed.org/series/USEPUINDXD/>.

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1 term government and utility bond yields have not followed suit and remain elevated
2 relative to the very low interest rate environment experienced in the prior decade.
3 Lastly, inflation is expected to remain elevated and above pre-pandemic levels.
4 These factors underscore the importance of using multiple models when
5 determining the Company's cost of equity to gain a comprehensive perspective of
6 the effect of fluid and evolving market conditions on the cost of equity.

IV. COST OF EQUITY ESTIMATION

A. REGULATORY GUIDELINES AND FINANCIAL CONSIDERATIONS

10 **Q29. BEFORE ADDRESSING THE SPECIFIC ASPECTS OF THIS**
11 **PROCEEDING, PLEASE EXPLAIN THE CONNECTION BETWEEN THE**
12 **COST OF CAPITAL AND A UTILITY'S COST OF SERVICE.**

13 **A.** Under the cost-of-service ratemaking paradigm, the development of utility rates
14 begins with determining the utility's total cost to serve customers. This is known
15 as the revenue requirement, since the utility's revenues must be sufficient to recover
16 its costs to serve customers. The revenue requirement consists of four components:
17 (1) operating and maintenance ("O&M") expenses, (2) taxes, (3) the return *of*
18 capital through depreciation expense, and (4) the return *on* capital through the
19 regulated return on rate base. The return on rate base is calculated as the weighted
20 average cost of capital multiplied by the rate base. The return on capital must be
21 sufficient to allow the utility to repay its debt obligations and compensate equity

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1 investors for the use of their financial capital. From that important perspective, the
2 return on capital reflects a cost to the utility just as any other component of the
3 revenue requirement.

4
5 **Q30. PLEASE EXPLAIN THE COST OF CAPITAL CONCEPTUALLY.**

6 **A.** The cost of capital is the return that investors require to commit capital to a firm.
7 Investors will provide funds to a firm only if the return that they *expect* is equal to,
8 or greater than, the return that they *require* to accept the risk of investing capital in
9 the firm. Simply, the cost of capital is the expected rate of return prevailing in the
10 capital markets on alternative investments of similar risk.³² Conceptually, the cost
11 of capital is: (1) forward looking and reflects an expected rate of return; (2) an
12 opportunity cost; (3) determined in the capital markets, and (4) dependent on, and
13 proportional to, the risk of the investment.³³

14 Because the cost of equity is expectational and premised on the principle of
15 opportunity costs, it cannot be precisely quantified. Instead, it must be estimated
16 by applying market data to various financial models that are simplified
17 representations of investor behavior and expectations. Further, equity investors
18 have a claim on cash flows only after debt holders are paid; the uncertainty (or risk)

³² Lawrence A. Kolbe, James A. Read, Jr., and George R. Hall, The Cost of Capital – Estimating the Rate of Return for Public Utilities, The MIT Press, Cambridge, MA, at 13 (1985).

³³ Lawrence A. Kolbe, James A. Read, Jr., and George R. Hall, The Cost of Capital – Estimating the Rate of Return for Public Utilities, The MIT Press, Cambridge, MA, at 13 (1985).

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1 associated with those residual cash flows determines the cost of equity. Because
2 equity investors bear the residual risk, they take greater risks and require higher
3 returns than debt holders. Ultimately, the cost of equity should reflect the return
4 that investors require considering the subject company's risk profile and the returns
5 available on comparable investments.

6
7 **Q31. HOW IS THE COST OF EQUITY ESTIMATED IN REGULATORY**
8 **PROCEEDINGS?**

9 **A.** Regulated utilities primarily use long-term capital (*e.g.*, common stock and long-
10 term debt) to finance their permanent rate base. The rate of return for a regulated
11 utility is calculated as its weighted average cost of capital, in which the costs of the
12 individual sources of capital are weighted by their respective book values.

13 The ROE reflects the cost of raising and retaining equity capital and is
14 estimated by using one or more market-based analytical approaches. Although
15 quantitative models are used to estimate the ROE, the cost of equity cannot be
16 precisely quantified through a strict mathematical exercise. As such, a reasonable
17 and appropriate ROE reflects the financial, economic, and regulatory environment
18 in which the estimate is developed, as well as the subject company's risk profile.

19
20 **Q32. PLEASE BRIEFLY SUMMARIZE THE GUIDING PRINCIPLES USED IN**
21 **ESTABLISHING THE COST OF CAPITAL FOR A REGULATED**

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1 **UTILITY.**

2 **A.** Public utility regulation is rooted in the principle that utilities receive a fair rate of
3 return sufficient to attract the capital required to provide safe and reliable public
4 utility service for customers at reasonable rates. The Supreme Court established
5 the guiding principles for establishing a fair return for capital in two seminal cases:
6 (1) *Bluefield Water Works and Improvement Co. v. Public Service Comm’n.*
7 (“*Bluefield*”);³⁴ and (2) *Federal Power Comm’n v. Hope Natural Gas Co.*
8 (“*Hope*”).³⁵ In *Bluefield*, the Court stated:

9 A public utility is entitled to such rates as will permit it to earn a
10 return upon the value of the property which it employs for the
11 convenience of the public equal to that generally being made at
12 the same time and in the same general part of the country on
13 investments in other business undertakings which are attended by
14 corresponding risks and uncertainties; but it has no constitutional
15 right to profits such as are realized or anticipated in highly
16 profitable enterprises or speculative ventures. The return should
17 be reasonably sufficient to assure confidence in the financial
18 soundness of the utility and should be adequate, under efficient
19 and economical management, to maintain and support its credit,
20 and enable it to raise the money necessary for the proper
21 discharge of its public duties.³⁶

22
23 In *Hope*, the Supreme Court reiterated the three primary standards for a
24 regulated rate of return:

25 From the investor or company point of view it is important that
26 there be enough revenue not only for operating expenses but also

³⁴ See, *Bluefield Water Works and Improvement Co. v. Public Service Comm’n.*, 262 U.S. 679, 692 (1923).

³⁵ See, *Federal Power Comm’n v. Hope Natural Gas Co.*, 320 U.S. 591, 603 (1944).

³⁶ *Bluefield Water Works and Improvement Co. v. Public Service Comm’n.*, 262 U.S. 679, 692 (1923).

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1 for the capital costs of the business. These include service on the
2 debt and dividends on stock...By that standard, the return to the
3 equity owner should be commensurate with returns on
4 investments in other enterprises having corresponding risks. That
5 return, moreover, should be sufficient to assure confidence in the
6 financial integrity of the enterprise, so as to maintain its credit
7 and to attract capital.³⁷

8
9 In summary, the Supreme Court has recognized that the fair return should
10 be: (1) commensurate with returns investors expect to earn on other investments
11 of similar risk (the “comparable return” standard); (2) sufficient to assure
12 confidence in the company’s financial integrity (the “financial integrity” standard);
13 and (3) adequate to maintain and support the company’s credit and to attract capital
14 (the “capital attraction” standard). Importantly, a fair and reasonable rate of return
15 satisfies all three standards.

16
17 **Q33. HAS THE COMMISSION ALSO APPLIED THE *HOPE* AND *BLUEFIELD***
18 **STANDARDS AS GUIDANCE FOR SETTING RATES?**

19 **A.** Yes, it has. The Commission upholds the precedents of the *Hope* and *Bluefield*
20 cases and regularly acknowledges that a utility is entitled to a fair and reasonable
21 return.³⁸ The Public Utility Act describes the Commission's obligation with regard
22 to establishing a reasonable return:

³⁷ Federal Power Comm’n v. Hope Natural Gas Co., 320 U.S. 591, 603 (1944).

³⁸ See for example, In re Application of Public Service Company of New Mexico for Revision of its Retail Electric Rates Pursuant to Advice Notice No. 595, N.M. Pub. Regulation Comm’n, Case No. 22-00270-UT, Final Order at 260 (Jan. 3, 2024).

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1 It is the declared policy of the state that the public interest, the
2 interest of consumers and the interest of investors require the
3 regulation and supervision of public utilities to the end that
4 reasonable and proper services shall be available at fair, just and
5 reasonable rates and to the end that capital and investment may
6 be encouraged and attracted so as to provide for the construction,
7 development and extension, without unnecessary duplication and
8 economic waste, of proper plants and facilities and demand-side
9 resources for the rendition of service to the general public and to
10 industry.³⁹
11

12 The objective of utility regulation is longstanding. For example, the
13 Supreme Court of New Mexico's ruling in *Southern Union Gas Co. v. N.M. Pub.*
14 *Serv. Comm'n* cites that along reasonable and proper services made available to the
15 public at fair, just and reasonable rates, capital and investment should be
16 encouraged and attracted for the plants and facilities which are to render that
17 service.⁴⁰
18

19 **Q34. WHY IS IT IMPORTANT FOR A UTILITY TO BE ALLOWED A**
20 **REASONABLE OPPORTUNITY TO EARN A RETURN ADEQUATE TO**
21 **ATTRACT CAPITAL?**

22 **A.** Regulated utilities have a legal obligation to serve regardless of prevailing
23 economic and capital market conditions. Unlike non-regulated firms, a regulated
24 utility cannot decide to whom it provides utility service in its footprint, how much

³⁹ NM Stat § 62-3-1 (2024).

⁴⁰ Southern Union Gas Co. v. N.M. Pub. Serv. Comm'n, 1972-NMSC-072, 84 N.M. 330, 503 P.2d 310.

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1 service it delivers, nor when it provides service. Utility service requires substantial
2 amounts of capital, and utilities must ensure they have access to external financial
3 capital (debt and equity) on cost effective terms to finance its assets not only during
4 times when markets are favorable, but also when markets are volatile or constrained
5 (e.g., during periods of high inflation and interest rates, global pandemics, changes
6 in government, and economic recessions). A return that is adequate to attract
7 capital at reasonable terms enables the utility to provide safe and reliable service
8 while maintaining its financial integrity. As discussed above, and in keeping with
9 the *Hope* and *Bluefield* standards, that return should be commensurate with the
10 returns expected for investments of equivalent risk.

11 The ratemaking process is based on the principle that, for investors and
12 companies to commit the capital needed to provide safe and reliable utility services,
13 the utility must have a reasonable opportunity to recover the return of, and the
14 market-required return on, invested capital. The allowed ROE should enable the
15 subject utility to maintain its financial integrity in a variety of economic and capital
16 market conditions. A return that is adequate to attract capital at reasonable terms
17 enables the utility to provide safe, reliable service to customers while maintaining
18 its financial soundness.

19 Further, the financial community carefully monitors utility companies'
20 current and expected financial conditions, as well as the regulatory environment in
21 which those companies operate. In that respect, the regulatory environment is one

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1 of the most important factors considered in both debt and equity investors’
2 assessments of risk.⁴¹ That consideration is especially important during uncertain
3 economic and financial conditions in which the utility may require access to capital
4 markets.

5 The outcome of the Commission’s order in this case, therefore, must
6 provide EPE with the opportunity to earn an ROE that is: (1) adequate to attract
7 capital at reasonable terms, (2) sufficient to ensure its financial integrity, and (3)
8 commensurate with returns on investments in enterprises having corresponding
9 risks. Providing EPE with a reasonable opportunity to earn its market-based cost
10 of equity ensures that customers receive safe and reliable service at a reasonable
11 cost in all market environments, as the New Mexico Public Utility Act intends.

12
13 **Q35. HAVE RECENT EVENTS ILLUSTRATED THE IMPORTANCE FOR A**
14 **UTILITY TO MAINTAIN A STRONG FINANCIAL PROFILE TO**
15 **ENABLE ACCESS TO CAPITAL?**

16 **A.** Yes. There have been several significant events that have affected utilities in recent
17 years. These include severe weather events and natural disasters that are
18 unpredictable, costly, and beyond utilities’ control such as wildfires, floods,
19 landslides, and severe heat, for example. Utilities must be prepared operationally

⁴¹ See, for example, Moody’s Ratings, Rating Methodology: Regulated Electric and Gas Utilities, at 7 (August 6, 2024).

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1 and financially for significant and unpredictable weather events that are occurring
2 with increasing frequency. Other examples include global events like the COVID-
3 19 pandemic, the war in Ukraine, or the 2008-2009 Great Recession that can affect
4 utilities directly, but also the economic and capital market environments in which
5 utilities raise capital. Because utilities have an obligation to serve and cannot delay
6 investments in critical infrastructure, they must be able to access capital markets
7 efficiently and on reasonable terms even when markets are volatile or constrained.
8 A utility with a strong financial profile has a higher likelihood (though not a
9 guarantee) of withstanding adverse events and accessing capital at reasonable terms
10 when needed for the benefit of customers.

11 Lastly, EPE's significantly smaller size magnifies these risks because as a
12 significantly smaller company, unpredictable and adverse events may affect EPE's
13 revenues or expenses more acutely. It is critical that the Company has the financial
14 strength to withstand such events with a margin of safety.

15
16 **Q36. WHAT ARE YOUR CONCLUSIONS REGARDING THE REGULATORY**
17 **PRINCIPLES PERTAINING TO THE COST OF CAPITAL FOR A PUBLIC**
18 **UTILITY?**

19 **A.** Congruent to other costs in a utility's cost of service, the regulated return on rate
20 base is a cost that EPE incurs as part of its normal operations, including the need to
21 compensate equity investors for the use of their capital. Under the *Hope* and

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1 *Bluefield* standards, the cost of equity authorized for EPE in this proceeding should
2 be: (1) adequate to attract capital at reasonable terms; (2) sufficient to ensure its
3 financial integrity; and (3) commensurate with returns on investments having
4 similar risks.

5 Because utilities are capital intensive and investors have many investment
6 alternatives, the Company's financial profile must be adequate on a relative basis
7 to ensure its ability to attract capital under a variety of economic and financial
8 market conditions. The Commission's decision regarding the authorized ROE and
9 capital structure in this proceeding will directly affect the Company's ability to
10 attract the capital needed to maintain and enhance service to customers.

11
12 **B. PROXY GROUP SELECTION**

13 **Q37. WHY IS IT NECESSARY TO SELECT A GROUP OF PROXY**
14 **COMPANIES TO DETERMINE THE COST OF EQUITY FOR EPE?**

15 **A.** Because the ROE is a market-based concept, and EPE is not a separate entity with
16 its own stock price, it is necessary to establish a group of companies that are both
17 publicly traded and comparable to the Company in certain fundamental respects to
18 service as its "proxy" in the ROE estimation process. Even if the Company were a
19 publicly traded entity, short-term events could bias its market value during a given
20 period. A significant benefit of using a proxy group is that it moderates the effects
21 of anomalous, temporary events associated with any one company.

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Q38. PLEASE PROVIDE A SUMMARY PROFILE OF EPE'S OPERATIONS.

A. EPE is a wholly owned subsidiary of Sun Jupiter Holdings LLC that is 100 percent rate regulated. The Company is a vertically integrated electric company that provides electric services to approximately 459,000 retail customers in Texas and New Mexico.⁴² The Company's current long-term issuer credit ratings are as follows:

Figure JEN-14: EPE's Current Long-term Issuer Credit Ratings⁴³

Rating Agency	Current Credit Rating	Outlook
Moody's Investors Service ("Moody's")	Baa2	Stable
Fitch Ratings ("Fitch")	BBB	Stable

Q39. DOES THE FACT THAT EPE IS A SUBSIDIARY OF A PRIVATELY HELD COMPANY AFFECT ITS COST OF EQUITY?

A. No. The cost of equity depends on the risk associated with a firm's operations and the assets supporting those operations. In other words, the cost of equity depends on the *use* of capital, not on the *source* of capital. Therefore, the Company's corporate structure, including whether it (or its parent) is privately held or publicly

⁴² Source: S&P Global Market Intelligence, as of December 31, 2024.

⁴³ Source: Bloomberg Professional Services.

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1 traded, does not affect the analysis. That is, the ROE is not determined by reference
2 to EPE's parent company.

3
4 **Q40. WHAT CRITERIA DO YOU USE TO SELECT THE PROXY GROUP?**

5 **A.** Because estimating the cost of equity is a comparative exercise, it is necessary to
6 develop a proxy group of companies with risk profiles that are reasonably
7 comparable to the subject company. As each company is unique, no two companies
8 will have identical business and financial risk profiles. In selecting a proxy group,
9 my objective is to balance the competing interests of selecting companies that are
10 representative of the risks and prospects faced by EPE, while at the same time
11 ensuring that there is a sufficient number of companies in the proxy group. To
12 develop my proxy group, I begin with the companies that *Value Line* classifies as
13 Electric Utilities, and applied the following screening criteria:

- 14 • Because certain of the models assume that dividends grow over time, I
15 exclude companies that do not consistently pay quarterly cash dividends, or
16 have cut their dividend in the last two years;
- 17 • Because certain of the models assume that earnings grow over time, I
18 exclude companies that do not have positive earnings growth rates from at
19 least two of the following sources: Value Line Investment Survey ("Value
20 Line"), I/B/E/S, and Zacks Investment Research ("Zacks");

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- 1 • To ensure that the growth rates used in my analyses are not biased by a
2 single analyst, all the companies in my proxy group are consistently covered
3 by at least two utility industry equity analysts;
- 4 • Because EPE is a vertically integrated electric utility (*i.e.*, owns and
5 operates regulated generation, transmission, and distribution assets), I
6 exclude companies that are not vertically integrated;
- 7 • I exclude companies that do not have (or its primary regulated electric utility
8 subsidiary does not have) an investment-grade corporate or senior
9 unsecured bond credit rating from Standard and Poor's ("S&P") and
10 Moody's Investor's Service ("Moody's");
- 11 • To incorporate companies that are primarily regulated electric utilities, I
12 first exclude companies that have less than 60.00 percent of net operating
13 income from regulated operations. I then exclude companies within this
14 group that have less than 60.00 percent of total regulated operating income
15 from regulated electric operations, on average, over the last three years; and
- 16 • I eliminate companies that have had significant merger activity or
17 transactions or have had a recent financial event that could affect its market
18 data or financial condition.

19

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Q41. WHICH COMPANIES MEET YOUR SCREENING CRITERIA?

A. The criteria discussed above resulted in a proxy group of the following 19 companies:

Figure JEN-15: Proxy Group Screening Results

Company	Ticker
Alliant Energy Corporation	LNT
Ameren Corporation	AEE
American Electric Power Company, Inc.	AEP
Avista Corporation	AVA
CMS Energy Corporation	CMS
Dominion Energy	D
DTE Energy Company	DTE
Duke Energy Corporation	DUK
Entergy Corporation	ETR
Evergy, Inc.	EVRG
FirstEnergy Corporation	FE
IDACORP, Inc.	IDA
NextEra Energy, Inc.	NEE
OGE Energy Corp.	OGE
Pinnacle West Capital Corporation	PNW
Portland General Electric Company	POR
PPL Corporation	PPL
Southern Company	SO
Xcel Energy Inc.	XEL

The screening criteria results in a group of electric utilities that are comparable (but not identical) to the financial and operational characteristics of

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1 EPE. The screening criterion requiring an investment grade credit rating ensures
2 that the proxy companies, like EPE, are in sound financial condition. Additionally,
3 the criterion screening on the percent of net operating income from regulated
4 electric operations distinguishes between electric utilities that are subject to
5 regulation and those with substantial unregulated operations and are exposed to
6 higher risks. In my opinion, these screens collectively reflect key risk factors that
7 investors consider in making investments in electric utilities.

8
9 **Q42. HOW DOES EPE COMPARE TO THE PROXY GROUP?**

10 **A.** As shown below in Figure JEN-16, EPE (on a total company basis) is considerably
11 smaller in terms of both market capitalization, net utility plant, and customers.
12 Additionally, EPE's percentage of net generation from nuclear plants is higher than
13 all its peers and more than 3.0 times the proxy group average.

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Figure JEN-16: Proxy Group Summary

Company	Moody's Credit Rating ⁴⁴	Market Capitalization (\$million) ⁴⁵	Net Utility Plant (\$million) ⁴⁶	Electric Customers ⁴⁷	Regulated Nuclear Net Generation (% of Total) ⁴⁸
Alliant Energy Corp.	Baa2	\$17,453.43	\$17,800	1,005,790	0.00%
Ameren Corporation	Baa1	\$28,173.11	\$33,824	2,488,577	32.35%
American Electric Power Co.	Baa2	\$64,322.78	\$78,391	4,497,358	22.73%
Avista Corporation	Baa2	\$3,251.10	\$5,459	422,167	0.00%
CMS Energy Corp.	Baa2	\$22,411.62	\$23,162	1,894,492	0.00%
Dominion Energy	Baa2	\$51,837.10	\$56,694	3,589,691	31.84%
DTE Energy Company	Baa2	\$28,660.78	\$26,910	2,283,306	20.14%
Duke Energy Corp.	Baa2	\$96,947.93	\$109,135	8,492,988	35.28%
Entergy Corp.	Baa2	\$43,151.04	\$47,828	3,030,069	27.67%
Evergy, Inc.	Baa2	\$17,740.85	\$24,983	1,675,394	26.54%
FirstEnergy Corp.	Baa3	\$26,847.61	\$20,600 ⁴⁹	6,256,594	0.00%
IDACORP, Inc.	Baa2	\$7,075.50	\$6,339	641,567	0.00%
NextEra Energy, Inc.	Baa1	\$174,296.82	\$75,090	5,905,174	18.88%
OGE Energy Corp.	Baa1	\$9,103.16	\$11,787	902,714	0.00%
Pinnacle West Capital Corp.	Baa2	\$10,749.65	\$20,579	1,400,037	36.86%
Portland General Electric Co.	A3	\$5,338.62	\$9,486	942,880	0.00%
PPL Corporation	Baa1	\$27,176.39	\$28,004	2,499,178	0.00%
The Southern Company	Baa1	\$101,900.99	\$76,710	4,543,002	26.75%
Xcel Energy Inc.	Baa1	\$47,737.87	\$55,774	3,847,253	15.57%
Average	Baa1/Baa2	41,272.44	39,330.96	2,964,117	15.51%
El Paso Electric (Total Company)	Baa2	\$4,485.30 ⁵⁰	\$4,663	459,472	46.88%

⁴⁴ As of November 28, 2025.

⁴⁵ As of November 28, 2025 (30-day average).

⁴⁶ As of December 31, 2024; excluding nuclear fuel.

⁴⁷ As of December 31, 2024. Source: S&P Capital IQ.

⁴⁸ As of December 31, 2024. Source: S&P Capital IQ.

⁴⁹ Source: FirstEnergy Corporation 10K as of December 31, 2024, at 1. Represents electric rate base, including transmission and distribution.

⁵⁰ EPE is not publicly traded. Implied Market Capitalization = EPE Total Common Equity x Median Proxy Group Market-to-Book Ratio of 2.10. See Exhibit JEN-9, page 2.

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1 **Q43. IS IT POSSIBLE TO DEVELOP A PROXY GROUP THAT MATCHES**
2 **EPE'S SIZE AND OTHER RISK FACTORS?**

3 **A.** No, it is not. The Recommended Decision in EPE's last rate case (that was adopted
4 by the Commission's Final Order) referenced prior Commission decisions that
5 stated that the selected proxy group should match the characteristics of the subject
6 utility.⁵¹ However, the proxy group selection process is challenged at the outset by
7 the limited number of publicly traded electric utilities from which to begin the
8 screening process. As shown in Figure JEN-16 above, none of the proxy companies
9 match EPE's characteristics. The two utilities that are closest to EPE in size, Avista
10 Corporation and IDACORP, Inc., do not own nuclear generation. It is simply
11 impossible to develop a proxy group that is identical in risk to EPE. Therefore, an
12 evaluation of EPE's risk compared to the proxy group is necessary to determine
13 whether adjustments to the cost of equity estimate must be made.

14
15 **Q44. HOW DO EPE'S CREDIT RATINGS COMPARE TO OTHER**
16 **OPERATING UTILITY COMPANIES?**

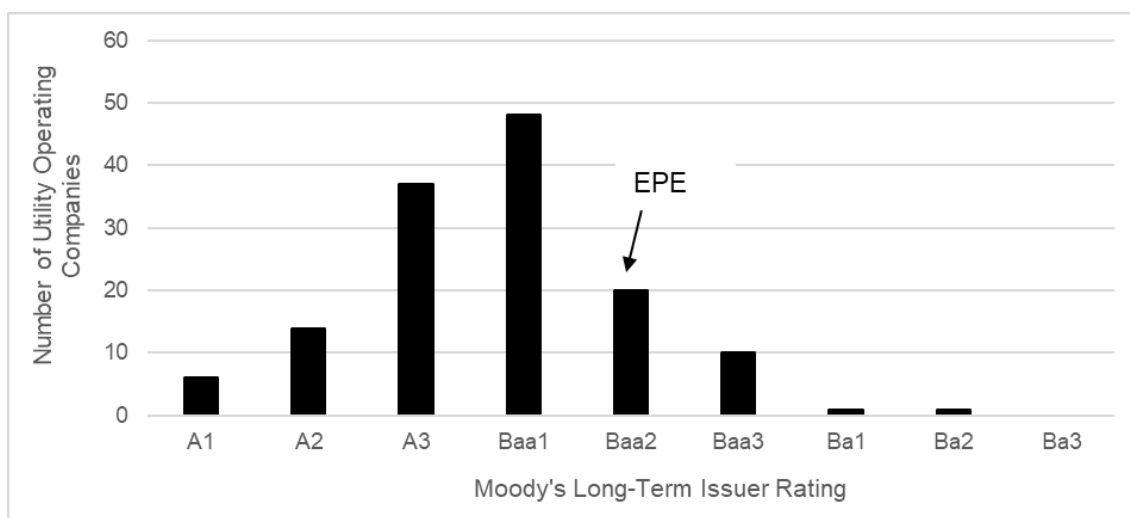
17 **A.** EPE is rated BBB by Fitch Rating and Baa2 from Moody's. As shown in Figure
18 JEN-17 and JEN-18 below, more than three-quarters of electric and natural gas

⁵¹ *In re Application of El Paso Electric Company for Revision of its Retail Electric Rates Pursuant to Advice Notice No. 267*, N.M. Pub. Regulation Comm'n Case No. 20-00104-UT, Recommended Decision, at 78-79 (Apr. 6, 2021) adopted by Order Adopting Recommended Decision with Modifications, PPA, B (June 23, 2021).

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1 utility operating companies have higher issuer credit ratings than EPE. In other
2 words, EPE's ratings are in the bottom quartile. This is a clear indication of EPE's
3 higher risk profile and justifies an authorized ROE above the proxy group average
4 for EPE.

5
6 **Figure JEN-17: Distribution of Operating Company Issuer Ratings from**
7 **Moody's⁵²**



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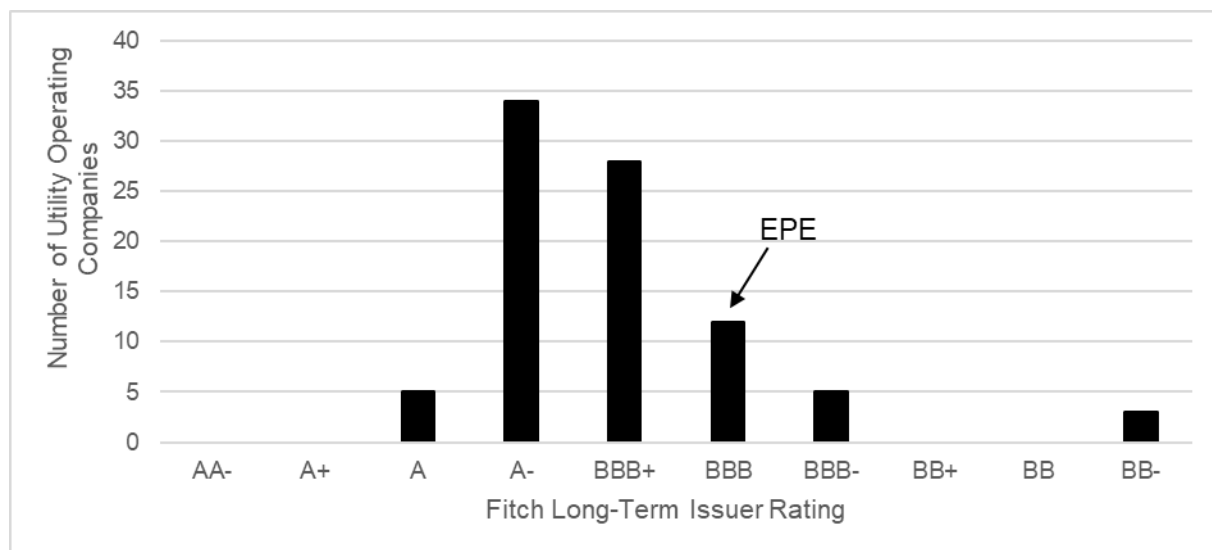
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⁵² Source: S&P Capital IQ.

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Figure JEN-18: Distribution of Operating Company Issuer Ratings from Fitch Ratings⁵³



Q45. DID THE COMMISSION ACKNOWLEDGE EPE’S HIGHER RISK PROFILE ASSOCIATED WITH ITS LOWER CREDIT RATING IN THE FINAL ORDER IN CASE NO. 20-00104-UT?

A. Yes. In the Final Order, the Commission acknowledged that “[EPE’s] corporate credit ratings are slightly below the average corporate credit rating for the proxy group,”⁵⁴ concluding that “EPE’s slightly riskier investment risk compared to the

⁵³ Source: FitchRatings.

⁵⁴ *In re Application of El Paso Electric Company for Revision of its Retail Electric Rates Pursuant to Advice Notice No. 267*, N.M. Pub. Regulation Comm’n Case No. 20-00104-UT, Recommended Decision, at 79 (Apr. 6, 2021), adopted by Order Adopting Recommended Decision with Modifications, ¶¶A, B (June 23, 2021).

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1 proxy group average weighs in favor of awarding EPE a slightly higher ROE within
2 the range of reasonable ROEs.”⁵⁵

C. COST OF EQUITY MODELS

**Q46. WHAT ANALYTICAL APPROACHES DO YOU USE TO DETERMINE
THE COMPANY’S ROE?**

7 **A.** As noted earlier, I rely on the constant growth and quarterly growth forms of the
8 DCF model, the traditional and empirical forms of the CAPM, and the Bond Yield
9 Plus Risk Premium approach. These models are long-standing, time tested by
10 academic theory and widely used in practice,⁵⁶ as well as in regulatory proceedings.
11 Additionally, each model provides a different insight into investors’ views of risk
12 and return. Therefore, the use of multiple methods provides a comprehensive and
13 robust perspective on investors’ return requirements.

1. CONSTANT GROWTH DISCOUNTED CASH FLOW MODEL

Q47. PLEASE DESCRIBE THE CONSTANT GROWTH DCF APPROACH.

17 **A.** The Constant Growth DCF approach is based on the theory that a stock’s current

⁵⁵ *In re Application of El Paso Electric Company for Revision of its Retail Electric Rates Pursuant to Advice Notice No. 267*, N.M. Pub. Regulation Comm’n Case No. 20-00104-UT, Recommended Decision, at 81 (Apr. 6, 2021), adopted by Order Adopting Recommended Decision with Modifications, PPA, B (June 23, 2021).

⁵⁶ *See for example*, Eugene Brigham, Louis Gapenski, Financial Management: Theory and Practice, 7th Ed., 1994, at 341.

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price represents the present value of all expected future cash flows. In its simplified form, the Constant Growth DCF model shown in Equation [1] below sets the ROE equal to the expected dividend yield plus the expected long-term annual growth rate in perpetuity:

$$k = \frac{D_0 (1+g)}{P} + g \quad [1]$$

where:

k = the required ROE,

D_0 = the current annualized dividend,

P = the current stock price, and

g = the expected long-term annual growth rate.

Q48. WHAT ASSUMPTIONS UNDERLIE THE CONSTANT GROWTH DCF MODEL?

A. The Constant Growth DCF model assumes: (1) a constant average annual growth rate for earnings and dividends; (2) dividends are paid annually, and the dividend payout ratio is stable; (3) a constant Price/Earnings multiple; and (4) a discount rate greater than the expected growth rate. The model also assumes that the current cost of equity will remain constant in perpetuity.

Q49. PLEASE SUMMARIZE THE COMMISSION'S PRECEDENT REGARDING THE CONSTANT GROWTH DCF APPROACH AND ITS PREFERRED INPUTS?

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1 **A.** In its most recent fully litigated case for Public Service Company of New Mexico
2 (“PNM”) in Case No. 22-00270-UT, the Commission reiterated its preference for
3 the Constant Growth DCF model and outlined the preferred inputs for that model,
4 as follows:

- 5 • A 30-day average trading period to determine stock price;
- 6 • A full year’s growth to adjust dividend yield; and
- 7 • Analyst growth rates from Value Line, Zacks, and First Call.⁵⁷

8

9 **Q50. HAVE YOU PREPARED A CONSTANT GROWTH DCF ANALYSIS**
10 **CONSISTENT WITH THE COMMISSION’S PRECEDENT AND**
11 **PREFERRED INPUTS AS EXPRESSED IN CASE NO. 22-00270-UT?**

12 **A.** Yes, I have. That analysis is presented in Exhibit JEN-2 and results in an ROE
13 range of 9.40 percent to 11.19 percent.

14

15 **Q51. WHAT MARKET DATA DO YOU USE TO CALCULATE THE DIVIDEND**
16 **YIELD IN YOUR CONSTANT GROWTH DCF MODEL?**

17 **A.** I calculate the Constant Growth DCF result for each of the proxy companies using
18 the following inputs:

⁵⁷ In re Application of Public Service Company of New Mexico for Revision of its Retail Electric Rates Pursuant to Advice Notice No. 595, N.M. Pub. Regulation Comm’n Case No. 22-00270-UT, Recommended Decision, at 260 (December 8, 2023) adopted by Final Order, at 44, 77 (January 3, 2024.)

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- 1 • The average daily closing prices for the 30-, 90-, and 180-trading days
- 2 ended November 28, 2025, for the term P ;
- 3 • The current quarterly dividend as of November 28, 2025, multiplied by 4,
- 4 for the term D_0 ; and
- 5 • Long-term earnings per share (“EPS”) growth rate projections as of
- 6 November 28, 2025, reported by Zacks, I/B/E/S, and *Value Line* for the
- 7 long-term growth rate, g .

8

9 **Q52. WHY DO YOU USE THREE AVERAGING PERIODS TO CALCULATE**

10 **AN AVERAGE STOCK PRICE?**

11 **A.** I am aware that in the Company’s last rate case, Case No. 20-00104-UT, the

12 Commission chose to rely exclusively on a 30-day averaging period to arrive at the

13 recommended ROE. This practice was upheld in the more recently litigated PNM

14 rate case, Case No. 22-00270-UT.⁵⁸ My practice has been to include 30-, 90-, and

15 180-day trading day average stock prices to ensure that the model’s results are not

16 skewed by anomalous events that may affect stock prices on any given trading day.

17 At the same time, the average period should reasonably reflect the expected capital

18 market conditions over the long term. Using 30-, 90-, and 180-trading day

⁵⁸ In re Application of Public Service Company of New Mexico for Revision of its Retail Electric Rates Pursuant to Advice Notice No. 595, N.M. Pub. Regulation Comm’n Case No. 22-00270-UT, Recommended Decision, at 260 (Dec. 8, 2023).

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1 averaging periods reasonably balances those concerns. My analysis, therefore,
2 supplements the Commission's preferred approach of a 30-day stock price average
3 with the longer-ranged results of 90- and 180-day stock price averages.
4

5 **Q53. HOW DO YOU CALCULATE THE EXPECTED DIVIDEND YIELD OVER**
6 **THE COMING YEAR?**

7 **A.** Per Commission precedent,⁵⁹ I calculate the expected dividend yield by applying a
8 full-year growth rate adjustment to the current dividend yield.
9

10 **Q54. WHY ARE ANALYSTS' PROJECTED EPS GROWTH RATES THE**
11 **APPROPRIATE MEASURE OF LONG-TERM GROWTH IN THE**
12 **CONSTANT GROWTH DCF MODEL?**

13 **A.** In its Constant Growth form, the DCF model (*i.e.*, as presented in Equation [1]
14 above) assumes a single expected growth estimate in perpetuity, which assumes a
15 fixed payout ratio, and the same constant growth rate in EPS, dividends per share,
16 and book value per share In the long run, dividend growth can only be sustained by
17 earnings growth.

⁵⁹ *In re Application of El Paso Electric Company for Revision of its Retail Electric Rates Pursuant to Advice Notice No. 267*, N.M. Pub. Regulation Comm'n Case No. 20-00104-UT, Recommended Decision, at 59 (Apr. 6, 2021), adopted by Order Adopting Recommended Decision with Modifications, PPA, B (June 23, 2021); and *In re Application of Public Service Company of New Mexico for Revision of its Retail Electric Rates Pursuant to Advice Notice No. 595*, N.M. Pub. Regulation Comm'n Case No. 22-00270-UT, Recommended Decision, at 260 (Dec. 8, 2023), adopted by *Final Order* (January 3, 2024).

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1 Further, academic studies have consistently shown that measures of
2 earnings and cash flow are strongly related to returns, and that analysts' forecasts
3 of growth are superior to other measures of growth in predicting stock prices.⁶⁰ For
4 example, the research of Vander Weide and Carleton demonstrates that earnings
5 growth projections have a statistically significant relationship to stock valuation
6 levels, while dividend growth rates do not.⁶¹ Those findings indicate that investors
7 form their investment decisions based on expectations of growth in earnings, not
8 dividends.

9 Similarly, an academic study from The Journal of Portfolio Management
10 found that securities analysts' growth estimates have been shown to be more
11 accurate predictors of future returns than historical earnings and dividend growth
12 rates, as well as sustainable growth rates.⁶² Additionally, a 2002 study in the
13 Journal of Accounting Research examined "the valuation performance of a
14 comprehensive list of value drivers" and found that "forward earnings explain stock
15 prices remarkably well" and were generally superior to other value drivers

⁶⁰ See, e.g., Andreas C. Christofi, Petros C. Christofi, Marcus Lori and Donald M. Moliver, *Evaluating Common Stocks Using Value Line's Projected Cash Flows and Implied Growth Rate*, Journal of Investing (Spring 1999); Harris and Marston, *Estimating Shareholder Risk Premia Using Analysts' Growth Forecasts*, Financial Management at 21 (Summer 1992); and Vander Weide and Carleton, *Investor Growth Expectations: Analysts vs. History*, The Journal of Portfolio Management (Spring 1988); Robert S. Harris, *Using Analysts' Growth Forecasts to Estimate Shareholder Required Rate of Return*, Financial Management (Spring 1986).

⁶¹ See Vander Weide and Carleton, *Investor Growth Expectations: Analysts vs. History*, The Journal of Portfolio Management (Spring 1988).

⁶² David A. Gordon, Myron J. Gordon & Lawrence I. Gould, "Choice Among Methods of Estimating Share Yield," The Journal of Portfolio Management, Spring 1989.

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1 analyzed.⁶³ A 2013 study from the journal Contemporary Accounting Research
2 found that the sell-side analysts with the most accurate stock price targets were
3 those whom the researchers found to have more accurate earnings forecasts.⁶⁴
4 Lastly, the only forward-looking growth rates that are available on a consensus
5 basis are analysts' EPS growth rates. The fact that earnings growth projections are
6 the only widely available estimates of growth further supports the conclusion that
7 earnings growth is the most meaningful measure of growth among the investment
8 community. For these reasons, earnings growth is the appropriate measure of long-
9 term growth in the DCF model.

10
11 **Q55. HAS THE COMMISSION PREVIOUSLY RELIED ON ANALYSTS'**
12 **PROJECTED EARNINGS GROWTH RATES AS ITS PREFERRED**
13 **MEASURE OF GROWTH IN THE DCF MODEL?**

14 **A.** Yes. In EPE's last rate case, the Commission reviewed prior decisions regarding
15 the appropriate growth rate in the DCF analysis and ultimately accepted the
16 analysts' projected earnings growth rates that I used in my testimony.⁶⁵

⁶³ Liu, Jing, et al., "Equity Valuation Using Multiples," Journal of Accounting Research, Vol. 40 No. 1, March 2002.

⁶⁴ Gleason, C.A., et al., "Valuation Model Use and the Price Target Performance of Sell Side Equity Analysts," Contemporary Accounting Research, Vol. 30 No. 1, (Spring 2013).

⁶⁵ See, *In re Application of El Paso Electric Company for Revision of its Retail Electric Rates Pursuant to Advice Notice No. 267*, Case No. 20-00104-UT, Recommended Decision, at 62-63, 66-69, 68 (Apr. 6, 2021), adopted by Order Adopting Recommended Decision with Modifications, ¶¶ A, B (June 23, 2021).

1 Q56. HOW DID YOU CALCULATE THE CONSTANT GROWTH DCF
2 RESULTS?

A. To provide a spectrum of DCF-based ROE estimates, I calculate the low, mean, and high Constant Growth DCF result for each proxy company. The mean result combines the average of the three EPS growth rate estimates with each proxy company's expected dividend yield. The high DCF result adds the maximum EPS growth rate estimate with each proxy company's expected dividend yield. Similarly, the low DCF result adds the minimum EPS growth rate estimate for each proxy company to the expected dividend yield. I then calculate the mean and median low, mean, and high DCF results for the proxy group. In developing my ROE recommendation, I rely on the average of the mean and median proxy group Constant Growth DCF results (*see* Figure JEN-19, below, and Exhibit JEN-2). By relying on the average of the mean and median proxy group results, the individual DCF results of each proxy company are considered while mitigating the effect of the highest and lowest estimates.

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Figure JEN-19: Constant Growth DCF Results⁶⁶

	Low Growth	Mean Growth	High Growth
30-Day Average	9.40%	10.34%	11.19%
90-Day Average	9.51%	10.46%	11.24%
180-Day Average	9.62%	10.55%	11.32%

2. QUARTERLY GROWTH DISCOUNTED CASH FLOW MODEL

Q57. PLEASE DESCRIBE THE QUARTERLY GROWTH DCF MODEL.

A. As noted earlier, the Constant Growth DCF model is based on several limiting assumptions, one of which is that dividends are paid annually. However, most dividend-paying companies, including utilities, pay dividends on a quarterly basis. Although the dividend yield adjustment discussed earlier is intended to reflect that assumption by increasing the observed dividend yield, it does not fully account for the quarterly receipt and reinvestment of dividends. Consequently, the Constant Growth DCF model likely understates the cost of equity. The Quarterly Growth DCF model specifically incorporates the quarterly payment of dividends, and the associated quarterly compounding of those dividends as they are reinvested at the required ROE. As noted by Dr. Roger Morin:

Clearly, given that dividends are paid quarterly and that the observed stock price reflects the quarterly nature of dividend payments, the market-required return must recognize quarterly compounding, for the investor receives dividend checks and reinvests the proceeds on a quarterly schedule... The annual DCF

⁶⁶ See, Exhibit JEN-2. Average of the proxy group mean and median results. Highlighted DCF result of 10.34 percent reflects the result using the Commission's preferred inputs.

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1 model inherently understates the investors' true return because it
2 assumes all cash flows received by investors are paid annually.⁶⁷
3

4 **Q58. HOW IS THE DIVIDEND YIELD PORTION OF THE QUARTERLY DCF**
5 **MODEL CALCULATED?**

6 **A.** To reflect the timing and compounding of quarterly dividends, the model replaces
7 the "D" component of the Constant Growth DCF model with the following
8 equation:

9
$$D = d_1 (1 + k)^{0.75} + d_2 (1 + k)^{0.50} + d_3 (1 + k)^{0.25} + d_4 (1 + k)^0 \quad [2]$$

10 where:

11 d_1, d_2, d_3, d_4 = expected quarterly dividends over the coming year; and

12 k = the required Return on Equity.⁶⁸
13

14 To calculate the expected dividends over the coming year for the proxy
15 companies (*i.e.*, d_1, d_2, d_3 , and d_4), I obtained the last four paid quarterly dividends
16 for each company and multiplied them by one plus the growth rate (*i.e.*, $1 + g$). To
17 provide a spectrum of quarterly growth DCF-based ROE estimates, I calculate the
18 low, mean, and high quarterly growth DCF result for each proxy company using
19 the low, mean, and high EPS growth estimates. For the P component of the
20 dividend yield, I used the same average stock prices applied in the Constant Growth
21 DCF analysis for each proxy company.

⁶⁷ Roger A. Morin, New Regulatory Finance, at 344 (2006).

⁶⁸ Because the required ROE (k) is a variable in the dividend yield calculation, the Quarterly Growth DCF model is solved iteratively.

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Q59. WHAT ARE THE RESULTS OF YOUR QUARTERLY GROWTH DCF ANALYSES?

A. My Quarterly Growth DCF results are summarized in Figure JEN-20 below (*see also*, Exhibit JEN-3). As with my Constant Growth DCF analysis, I rely on the average of the mean and median proxy group results.

Figure JEN-20: Quarterly Growth DCF Results⁶⁹

	Low Growth	Mean Growth	High Growth
30-Day Average	9.49%	10.43%	11.31%
90-Day Average	9.57%	10.52%	11.36%
180-Day Average	9.72%	10.66%	11.43%

*3. CAPITAL ASSET PRICING MODEL AND EMPIRICAL CAPITAL ASSET
PRICING MODEL*

Q60. PLEASE DESCRIBE THE GENERAL FORM OF THE CAPM.

A. The CAPM is a risk premium method that estimates the cost of equity for a given security as a function of a risk-free return plus a risk premium to compensate investors for the non-diversifiable or “systematic” risk of that security. As shown

⁶⁹ See, Exhibit JEN-3. Average of the proxy group mean and median results.

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1 in Equation [3], the CAPM is defined by four components, each of which
2 theoretically is a forward-looking estimate:

3
4
$$K_e = r_f + \beta(r_m - r_f) \quad [3]$$

5 where:

6 K_e = the required market cost of equity for a security;

7 β = the Beta coefficient of that security;

8 r_f = the risk-free rate of return; and

9 r_m = the required return on the market as a whole.

10
11 Equation [3] describes the Security Market Line (“SML”), or the CAPM
12 risk-return relationship, depicted in Figure JEN-21 below. The intercept is the risk-
13 free rate (r_f) which has a Beta coefficient of zero, and the slope is the expected
14 market risk premium ($r_m - r_f$). As shown in Figure JEN-21, the SML is upward
15 sloping, illustrating the principle that investments of higher risk require a higher
16 return. By definition, r_m , the return on the market, has a Beta coefficient of 1.00.

17 /

18 /

19 /

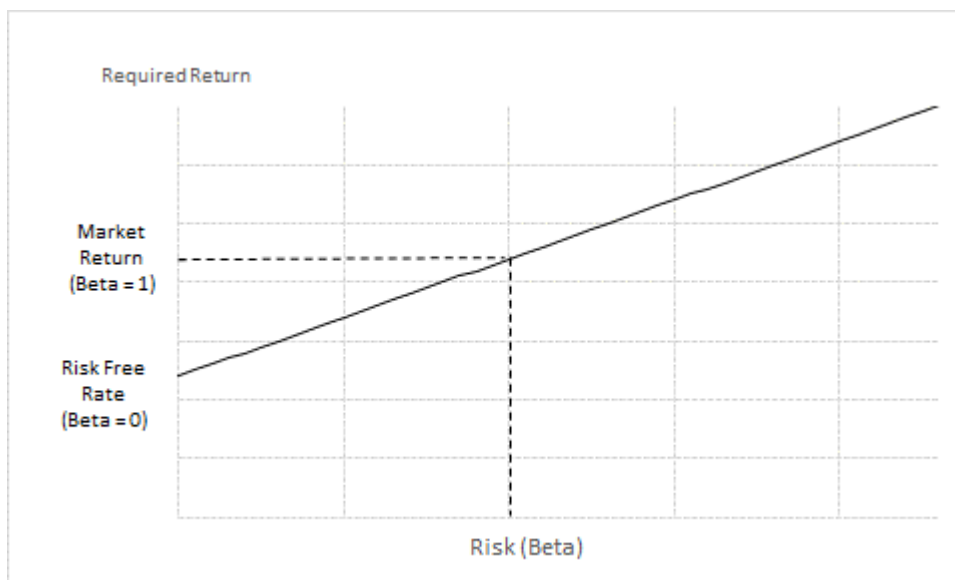
20 /

21 /

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Figure JEN-21: Security Market Line



The CAPM assumes that all non-market or unsystematic risk, can be eliminated through diversification. The risk that cannot be eliminated through diversification is called market, or systematic risk. Systemic (or non-diversifiable) risk is measured by the Beta coefficient, which is defined as:

$$\beta_j = \frac{\sigma_j}{\sigma_m} \times \rho_{j,m} \quad [4]$$

where σ_j is the standard deviation of returns for company “j,” σ_m is the standard deviation of returns for the broad market (as measured, for example, by the S&P 500 Index), and $\rho_{j,m}$ is the correlation of returns between company j and the broad market. The Beta coefficient, therefore, represents both relative volatility (*i.e.*, the standard deviation) of returns, and the correlation in returns between the subject company and the overall market. Intuitively, higher Beta coefficients indicate that

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1 the subject company's returns have been relatively volatile and have moved in the
2 same direction as the overall market.

3
4 **Q61. WHAT RISK-FREE RATE ASSUMPTIONS DID YOU INCLUDE IN YOUR**
5 **CAPM ANALYSIS?**

6 **A.** I apply two different estimates of the risk-free rate: (1) the 30-day average yield on
7 30-year Treasury bonds as of November 28, 2025 (*i.e.*, 4.66 percent);⁷⁰ and (2) a
8 projected 30-year Treasury yield (*i.e.*, 4.58 percent).⁷¹

9
10 **Q62. WHY DO YOU RELY ON THE 30-YEAR TREASURY YIELD IN THE**
11 **CAPM ANALYSIS?**

12 **A.** In determining the security most relevant to the application of the CAPM, the term
13 (or maturity) should approximate the life of the underlying investment. Electric
14 utilities are typically long-term duration investments; therefore, the 30-year
15 Treasury yield is most suitable for the risk-free rate applied in the CAPM.

16
17 **Q63. WHAT BETA COEFFICIENTS DO YOU USE IN YOUR CAPM MODEL?**

⁷⁰ Source: Federal Reserve Bank of St. Louis.

⁷¹ The average of: (1) the average projected 30-year Treasury yield for the six quarters ended Q1 2027; and
(2) the average long-term projected 30-year Treasury yield for the years 2027-2031 and 2032-2036
reported by Blue Chip Financial Forecast. See, Blue Chip Financial Forecast, Vol. 44, No. 12,
December 1, 2025, at 2 at 14.

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1 **A.** As shown in Exhibit JEN-5, my CAPM analyses rely on two estimates of the Beta
2 coefficient. First, I use the average Beta coefficients from Value Line and
3 Bloomberg for each proxy company as of November 28, 2025. Beta coefficients
4 from both services are calculated using weekly returns over a five-year period,
5 adjusted to reflect the tendency of Beta coefficients to regress toward the market
6 mean of 1.00. I also conduct the CAPM analyses using 10-year adjusted Beta
7 coefficients from Bloomberg.

8

9 **Q64. WHAT ESTIMATES OF THE EXPECTED MARKET RETURN DO YOU**
10 **USE TO CALCULATE THE MARKET RISK PREMIUM?**

11 **A.** I consider two estimates of the expected market return. The first estimate calculates
12 the market capitalization-weighted ROE of the S&P 500 Index by applying the
13 Constant Growth DCF model to the S&P 500 Index. The second estimate is the
14 long-run historical arithmetic average market return of 12.17 percent reported by
15 Kroll (formerly Duff & Phelps) for the years 1926 to 2024.⁷²

16

17 **Q65. PLEASE FURTHER EXPLAIN YOUR FORWARD-LOOKING DCF**
18 **APPROACH TO ESTIMATING THE MARKET RETURN.**

⁷² Source: Kroll, Cost of Capital Navigator.

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1 **A.** For the forward-looking market return estimate, I use the Constant Growth DCF
2 formula to estimate the total market return for the S&P 500 Index. I consider
3 projected earnings growth rates and dividend yields from three sources: (1) S&P's
4 Earnings and Estimates report; (2) Bloomberg Professional; and (3) Value Line.
5 As shown in Figure JEN-22 below, these independent estimates of the expected
6 market return range from 15.09 to 18.96 percent (*see also* Exhibit JEN-4). To be
7 conservative, I rely on the lowest forward market return estimate of 15.09 percent
8 from *Value Line*.

Figure JEN-22: DCF-Based Expected Market Return

Source	Market Return
S&P Earnings & Estimates Report	18.75%
Bloomberg Professional	18.96%
Value Line	15.09%

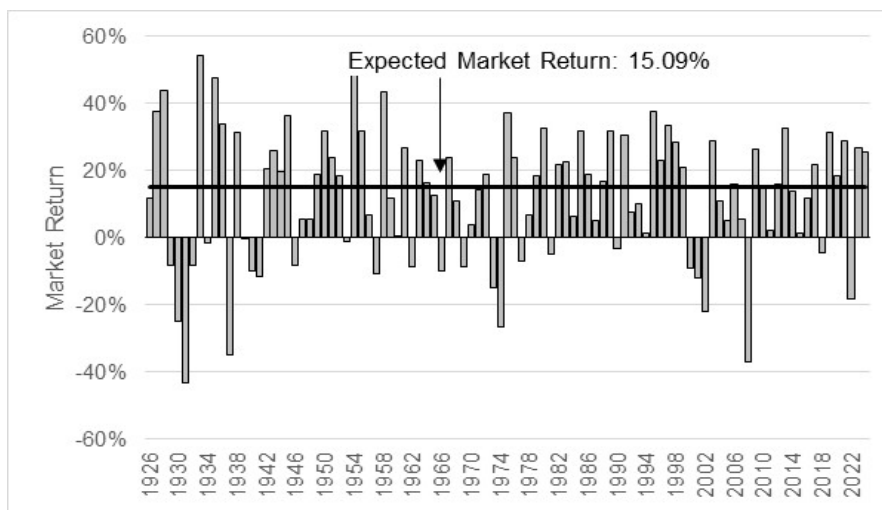
16 **Q66. IS THE VALUE-LINE BASED DCF-BASED ESTIMATE OF 15.09**
17 **PERCENT CONSISTENT WITH ACTUAL OBSERVED RETURNS ON**
18 **THE MARKET?**

19 **A.** Yes, it is. As shown in Figure JEN-23 below, an expected market required return
20 of 15.09 percent or higher occurred in 49 of the last 99 years (i.e., 50 percent of the
21 time). Since 2009, the annual market return has averaged 15.58 percent, and

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1 equaled or exceeded 15.09 percent in nine of the last 16 years and 10 of the last 20
2 years. In other words, an annual market return of 15.09 percent, or higher, has
3 occurred frequently.

4
5 **Figure JEN-23: Annual Market Return (1926-2024)⁷³**



13
14 I then subtract the current and projected risk-free rates from the forward-
15 looking market return to calculate market risk premium estimates of 10.43 and
16 10.51 percent, respectively, as shown Exhibit JEN-5.

17
18 **Q67. DO YOU ALSO CONDUCT A CAPM ANALYSIS USING ONLY THE**
19 **MARKET RISK PREMIUM DERIVED FROM THE LONG-TERM**

⁷³ Source: Kroll, 2023 SBBI Yearbook, Appendix A-1, A-7 (years 1926-2022); Cost of Capital Navigator (2023 and 2024 data).

1	ARITHMETIC AVERAGE HISTORICAL MARKET RETURN OF
2	12.17%?

11

13 **A.** As shown in Exhibit JEN-5, the CAPM results range from 9.69 percent to 12.42
14 percent (*see* Figure JEN-24 below).

16 /

17 /

18 /

19 /

20 /

21 /

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Figure JEN-24: Summary of CAPM Results⁷⁴

	Current Risk-Free Rate (4.66%)	Projected Risk-Free Rate (4.58%)
Historical Market Return, 5-Year Average Beta	9.72%	9.69%
Historical Market Return, 10-Year Bloomberg Beta	10.25%	10.23%
Forward Market Return, 5-Year Average Beta	11.68%	11.66%
Forward Market Return, 10-Year Bloomberg Beta	12.42%	12.41%

Q69. DO YOU CONSIDER ANOTHER FORM OF THE CAPM?

A. Yes, I also consider the Empirical CAPM (“ECAPM”) approach, which calculates the product of the adjusted Beta coefficient and the Market Risk Premium and applies a weight of 75.00 percent to that result. The model then applies a 25.00 percent weight to the Market Risk Premium, without any effect from the Beta coefficient.⁷⁵ The results of the two calculations are summed, along with the risk-free rate, to produce the ECAPM result, as expressed in Equation [5] below:

/

/

/

/

⁷⁴ See, Exhibit JEN-5.

⁷⁵ See, e.g., Roger A. Morin, New Regulatory Finance, at 189-190 (2006).

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1
2
$$k_e = r_f + 0.75\beta(r_m - r_f) + 0.25(r_m - r_f) \quad [5]$$

3 where:

4 k_e = the required market cost of equity for a security;

5 β = the Beta coefficient for that security;

6 r_f = the risk-free rate of return; and

7 r_m = the required return on the market as a whole.
8

9 **Q70. WHAT IS THE BENEFIT OF THE ECAPM APPROACH?**

10 **A.** The ECAPM addresses the tendency of the CAPM to underestimate the cost of
11 equity for companies with low Beta coefficients, such as regulated utilities. As
12 discussed below, the ECAPM recognizes academic research that indicates that the
13 risk-return relationship is flatter than estimated by the CAPM, and that the CAPM
14 under-estimates the alpha, or the constant return term.⁷⁶

15 Numerous tests of the CAPM have measured the extent to which security
16 returns and Beta coefficients are related as predicted by the CAPM. The ECAPM
17 method reflects the finding that the actual SML described by the CAPM formula is
18 not as steeply sloped as the predicted SML.⁷⁷ Fama and French found that the
19 actual returns on the low Beta coefficient portfolios were higher than the CAPM-

⁷⁶ *Id.*, at 191 (“The ECAPM and the use of adjusted betas comprised two separate features of asset pricing. Even if a company’s beta is estimated accurately, the CAPM still understates the return for low-beta stocks.”).

⁷⁷ *Id.*, at 175.

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1 predicted returns, and vice versa for the high Beta coefficient portfolios.⁷⁸

2 Similarly, Morin states:

3 With few exceptions, the empirical studies agree that . . . low-
4 beta securities earn returns somewhat higher than the CAPM
5 would predict, and high-beta securities earn less than predicted.

6 ***

7 Therefore, the empirical evidence suggests that the expected
8 return on a security is related to its risk by the following
9 approximation:

10
11
$$K = R_F + x (R_M - R_F) + (1-x)\beta(R_M - R_F)$$

12
13 where x is a fraction to be determined empirically. The value of
14 x that best explains the observed relationship $\text{Return} = 0.0829 +$
15 0.0520β is between 0.25 and 0.30. If $x = 0.25$, the equation
16 becomes:
17

18
$$K = R_F + 0.25(R_M - R_F) + 0.75 \beta(R_M - R_F)^{79}$$

19
20 **Q71. DOES THE APPLICATION OF ADJUSTED BETA COEFFICIENTS IN**
21 **THE ECAPM ADDRESS THE EMPIRICAL ISSUES WITH THE CAPM?**

22 **A.** No, it does not. Beta coefficients are adjusted because of their general regression
23 tendency to converge toward 1.00 over time, *i.e.*, over successive calculations. As
24 also noted earlier, numerous studies have determined that at any given point in time,

⁷⁸ Eugene F. Fama & Kenneth R. French, *The Capital Asset Pricing Model: Theory and Evidence*, Journal of Economic Perspectives, Vol. 18, No. 3, Summer 2004, at 33.

⁷⁹ Roger A. Morin, New Regulatory Finance, at 175, 190 (2006).

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1 the SML is not as steeply sloped as the predicted SML. To that point, Dr. Morin

2 explains:

3 Some have argued that the use of the ECAPM is inconsistent with
4 the use of adjusted betas, such as those supplied by Value Line
5 and Bloomberg. This is because the reason for using the ECAPM
6 is to allow for the tendency of betas to regress toward the mean
7 value of 1.00 over time, and, since Value Line betas are already
8 adjusted for such trend, an ECAPM analysis results in double-
9 counting. This argument is erroneous. Fundamentally, the
10 ECAPM is not an adjustment, increase or decrease, in beta. This
11 is obvious from the fact that the expected return on high beta
12 securities is actually lower than that produced by the CAPM
13 estimate. The ECAPM is a formal recognition that the observed
14 risk-return tradeoff is flatter than predicted by the CAPM based
15 on myriad empirical evidence. The ECAPM and the use of
16 adjusted betas comprised two separate features of asset pricing.
17 Even if a company's beta is estimated accurately, the CAPM still
18 understates the return for low-beta stocks. Even if the ECAPM
19 is used, the return for low-beta securities is understated if the
20 betas are understated. Referring back to Figure 6-1, the ECAPM
21 is a return (vertical axis) adjustment and not a beta (horizontal
22 axis) adjustment. Both adjustments are necessary.⁸⁰
23

24 Therefore, it is appropriate to rely on adjusted Beta coefficients in both the
25 CAPM and ECAPM.
26

27 **Q72. ARE YOU AWARE OF ACADEMIC STUDIES THAT SUPPORT THE USE**
28 **OF THE ECAPM FOR UTILITIES?**

29 **A.** Yes, I am. In a 2011 study by Stéphane Chrétien and Frank Coggins, the authors

⁸⁰ *Id.*, at 191.

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1 studied the CAPM's ability to estimate the risk premium for the utility industry in
2 particular subgroups of utilities.⁸¹ The study considered the traditional CAPM
3 approach, the Fama-French three-factor model, and a model similar to the ECAPM.
4 In the study, the ECAPM relied on adjusted Beta coefficients similar to *Value*
5 *Line's* approach. As Chrétien and Coggins found, the ECAPM significantly
6 outperformed the traditional CAPM model at predicting the observed risk premium
7 for the various utility subgroups.

8
9 **Q73. DO INVESTORS USE THE ECAPM APPROACH?**

10 **A.** Yes. Investors do use the ECAPM, or models that are very similar and assume a
11 flatter security market line as the ECAPM does. For example, in chapter four of
12 Professional Investment Portfolio Management, Kolari, Liu, and Pynnönen detail
13 how they worked with the pension investment division at the Teachers Retirement
14 System of Texas to manage about \$100 million using the ZCAPM model (which is
15 a special case of the zero-beta CAPM) from 2013 to 2015.⁸²

16
17 **Q74. HAVE ANY REGULATORY COMMISSIONS EXPLICITLY ACCEPTED**
18 **THE ECAPM?**

⁸¹ Stéphane Chrétien and Frank Coggins, *Cost of Equity for Energy Utilities: Beyond The CAPM*, Energy Studies Review, Vol. 18, No. 2 (2011).

⁸² Kolari, James W., Liu, Wei, and Pynnönen, Seppo, Professional Investment Portfolio Management, A New Asset Pricing Model: The ZCAPM, 2023, at 87.

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1 **A.** Yes. The New York Public Service Commission (“NYPSC”) explicitly relies on
2 both the traditional and empirical forms of the CAPM.⁸³ Additionally, the North
3 Carolina Utilities Commission (“NCUC”) accepted the ECAPM in recent orders for
4 Duke Energy Carolinas and Duke Energy Progress.⁸⁴ I note that both the NYPSC and
5 NCUC used adjusted Beta coefficients with the ECAPM analysis. Additionally, I
6 am aware that the ECAPM has been accepted by regulatory commissions in Alaska,
7 Maryland, and Mississippi.⁸⁵ Lastly, I am aware the ECAPM has been presented
8 by state regulatory commission staff in Maryland, Nevada, and by the Department
9 of Commerce in Minnesota.⁸⁶ Consequently, I believe the ECAPM is an accepted
10 approach used by investors and should be accepted by the Commission.

11

⁸³ See, New York Public Service Commission, Case 16-G-0058, Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of KeySpan Gas East Corporation d/b/a National Grid for Gas Service, Order Adopting Terms of Joint Proposal and Establishing Gas Rate Plans, December 16, 2016, at 32.

⁸⁴ See, In the Matter of Application of Duke Energy Carolinas, LLC for Adjustment of Rates and Charges Applicable to Electric Service in North Carolina and Performance-Based Regulation, Docket No. E-7, Sub 1276, Order Accepting Stipulations, Granting Partial Rate Increase, Requiring Public Notice, And Modifying Lincoln CT CPCN Conditions, at 209-210; In the Matter of Application of Duke Energy Progress, LLC for Adjustment of Rates and Charges Applicable to Electric Service in North Carolina and Performance-Based Regulation, Docket No. E-2, Sub 1300, Order Accepting Stipulations, Granting Partial Rate Increase, and Requiring Public Notice, at 162-163.

⁸⁵ See, Regulatory Commission of Alaska, Docket No. P-97-4, Order No. 151, at 146; Maryland Public Service Commission, Case No. 9311, Order No. 85724, at 105; Mississippi Public Service Commission, Docket No. 01-UN-0548, *Notice of Intent of Mississippi Power Company to Change Rates for Electric Service in its Certificated Areas in the Twenty-Three Counties of Southeast Mississippi*, Final Order, December 3, 2001, at 19.

⁸⁶ See, Maryland Public Service Commission, Case No. 9311, Order No. 85724, at 88; Minnesota Public Utilities Commission, MPUC Docket No. G011/GR-15-736, *Findings of Fact, Conclusions of Law, and Recommendation*, August 19, 2016, at 29; Public Utilities Commission of Nevada, Docket No. 12-02019, Second Modified Final Order, at 36.

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Q75. WHAT ARE THE RESULTS OF YOUR ECAPM ANALYSES?

A. I apply the same market return, Beta coefficients, and risk-free rates described earlier to the ECAPM formula shown in Equation [5] above. The results of my ECAPM analyses are shown on Exhibit JEN-5 and summarized in Figure JEN-25 below.

Figure JEN-25: Summary of ECAPM Results⁸⁷

	Current Risk-Free Rate (4.66%)	Projected Risk-Free Rate (4.58%)
Historical Market Return, 5-Year Average Beta	10.33%	10.31 %
Historical Market Return, 10-Year Bloomberg Beta	10.73%	10.72%
Forward Market Return, 5-Year Average Beta	12.53%	12.52%
Forward Market Return, 10-Year Bloomberg Beta	13.09%	13.08%

4. BOND YIELD PLUS RISK PREMIUM APPROACH

Q76. PLEASE DESCRIBE THE BOND YIELD PLUS RISK PREMIUM APPROACH.

A. The Bond Yield Plus Risk Premium approach is based on the basic financial

⁸⁷ See, Exhibit JEN-5.

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1 principle of risk and return, which states that equity investors require a premium
2 over the return required as a bondholder to compensate for the residual risk
3 associated with equity ownership. Risk Premium approaches, therefore, estimate
4 the cost of equity as the sum of the equity risk premium and the yield on a particular
5 class of bonds.

6
7 **Q77. PLEASE EXPLAIN HOW YOU PERFORM YOUR BOND YIELD PLUS**
8 **RISK PREMIUM ANALYSIS.**

9 **A.** I first define the equity risk premium as the difference between the authorized ROE
10 and the then-prevailing level of long-term (*i.e.*, 30-year) Treasury yield, using the
11 authorized ROE for 1,845 electric utility rate proceedings between January 1, 1980,
12 and November 28, 2025. To reflect the prevailing level of bond yields during the
13 pendency of the proceedings, I calculate the average 30-year Treasury yield over
14 the average period between the filing of the rate case and the date of the final order
15 (approximately 202 days).

16 Because the data spans several economic cycles, the analysis is helpful in
17 assessing the change in the equity risk premium over time. Prior research has
18 shown that the equity risk premium is inversely related to the level of bond yields.⁸⁸

⁸⁸ In other words, declines in the 30-year Treasury yield are related to an increase in the Equity Risk Premium and vice versa. *See, for example*, Robert S. Harris and Felicia C. Marston, *Estimating*

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1

2 **Q78. HOW DO YOU ANALYZE THE RELATIONSHIP BETWEEN BOND**
3 **YIELDS AND THE EQUITY RISK PREMIUM?**

4 **A.** I estimate the relationship between bond yields and the equity risk premium by
5 applying regression analysis, in which the equity risk premium described above is
6 the dependent variable, and the 30-year Treasury yield is the independent variable.
7 To account for the variability in bond yields and authorized ROEs over several
8 decades, I used the semi-log regression, in which the equity risk premium is
9 expressed as a function of the natural log of the 30-year Treasury yield:

10
$$RP = \alpha + \beta (\text{LN}(T_{30})) \quad [6]$$

11 where:

12 RP = the equity risk premium;

13 T_{30} = the lagged 30-year Treasury bond yield;

14 α = the constant term of the regression; and

15 β = the slope coefficient of the regression.

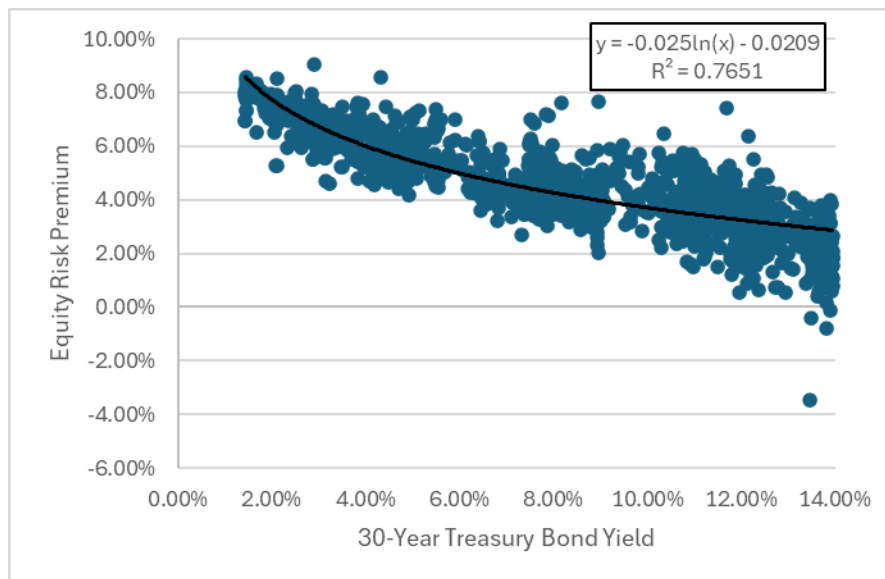
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17

Shareholder Risk Premia Using Analysts' Growth Forecasts, Financial Management, (Summer 1992), at 63-70; Eugene F. Brigham, Dilip K. Shome, and Steve R. Vinson, *The Risk Premium Approach to Measuring a Utility's Cost of Equity*, Financial Management, (Spring 1985), at 33-45; and Farris M. Maddox, Donna T. Pippert, and Rodney N. Sullivan, *An Empirical Study of Ex Ante Risk Premiums for the Electric Utility Industry*, Financial Management, (Autumn 1995), at 89-95.

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Figure JEN-26: Equity Risk Premium⁸⁹



As Figure JEN-26 above illustrates, the equity risk premium increases as interest rates fall. The finding that the equity risk premium and interest rates are inversely related is supported by published research. For example, Dr. Roger Morin notes that: "... [p]ublished studies by Brigham, Shome, and Vinson (1985), Harris (1986), Harris and Marston (1992, 1993), Carleton, Chambers, and Lakonishok (1983), Morin (2005), McShane (2005), and others demonstrate that, beginning in 1980, risk premiums varied inversely with the level of interest rates – rising when rates fell and declining when interest rates rose."⁹⁰ Applying the regression

⁸⁹ See, Exhibit JEN-6.

⁹⁰ Roger A. Morin, Ph.D., New Regulatory Finance, Public Utilities Reports, Inc., at 128 (2006).

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coefficients in Figure JEN-26 produces ROE estimates of 10.24 percent to 10.28 percent (*see* also Exhibit JEN-6).

Figure JEN-27: Summary of Bond Yield Plus Risk Premium Results⁹¹

	30-Year Treasury Bond	Risk Premium	Return on Equity
Current 30-Year Treasury	4.66%	5.62%	10.28%
Projected 30-Year Treasury	4.58%	5.66%	10.24%

Q79. DO INVESTORS USE A REGRESSION-BASED APPROACH SIMILAR TO YOUR RISK PREMIUM METHOD?

A. Yes, they do. As an example, in a December 2023 report from UBS on the utility sector, the investment bank presents a regression analysis which shows that current authorized ROEs are below what would be expected given the level of the 10-year Treasury bond yield – i.e., the premise of my Risk Premium analysis.⁹²

Q80. WHAT ARE THE ADVANTAGES OF THE RISK PREMIUM APPROACH?

A. There are several advantages. First, authorized ROEs in other jurisdictions are a significant part of the market information that investors consider when evaluating

⁹¹ *See*, Exhibit JEN-6.

⁹² UBS, “US Utilities 2024 Outlook: A Year for Resolutions and Resolve,” December 12, 2023, at 10.

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1 their investment alternatives. Therefore, they are a direct measure of returns
2 available to other natural gas utilities, as required under the comparable return
3 standard of the *Hope* and *Bluefield* decisions. The authorized ROE also provides a
4 signal to investors about the level of regulatory support that a company can expect
5 with regard to its ability to compete for capital and to ensure its financial integrity.
6 An ROE below its peers for a given period may be an impediment to the Company's
7 ability to attract capital and finance the infrastructure required to provide safe,
8 reliable service to its customers. As discussed in Section V, EPE expects to invest
9 approximately \$5.67 billion in infrastructure in the 2026-2030 period. It is
10 important that EPE maintains a strong balance sheet to attract both debt and equity
11 capital on reasonable terms for the benefit of customers.

12 Second, the use of the Risk Premium model in conjunction with the DCF
13 and CAPM approaches adds diversity to the model results, which enables a more
14 robust and reliable ROE estimate. The fewer models that are relied upon, the more
15 likely it is that model risk biases the ultimate ROE determination. For the same
16 reasons that diversity is a wise and prudent investment strategy, diversity of the
17 models used to estimate the ROE is similarly prudent, as it reduces the risk that the
18 results of any single model may not reasonably reflect investors' return
19 requirements.

20 A third advantage of the Risk Premium approach is its simplicity and
21 reliance on fewer contentious inputs. Lastly, the Risk Premium approach adds a

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1 measure of stability because it is less vulnerable to changes in market data. As
2 shown in the regression equation in Figure JEN-26 above, the change in the risk
3 premium (and therefore the ROE estimate) that corresponds with a change in bond
4 yields is less than one-to-one. For example, as shown in Figure JEN-27 above, a
5 7-basis point increase in the bond yield (from 4.58 percent to 4.66 percent) results
6 in a 4-basis point change in the ROE (from 10.24 percent to 10.28 percent).

7
8 **Q81. PLEASE SUMMARIZE WHY IT IS APPROPRIATE TO CONSIDER THE**
9 **RISK PREMIUM ANALYSIS THAT RELIES ON ROES AUTHORIZED**
10 **FOR ELECTRIC UTILITIES AS A METHOD FOR ESTIMATING THE**
11 **COST OF EQUITY.**

12 A. In my experience, ROE witnesses that represent a broad range of interests often
13 refer to authorized ROEs as a measure of evaluating the reasonableness of ROE
14 recommendations. They do so because the cost of equity is an opportunity cost as
15 recognized by the *Hope* and *Bluefield* “comparable return” standard discussed
16 earlier. Authorized ROEs, however, must be viewed in the context of the capital
17 market environment at the time of the decision and that is what the Risk Premium
18 model accomplishes by modeling the relationship between the equity risk premium
19 and bond yields over many business cycles. Authorized ROEs (as opposed to
20 earned ROEs) are typically established by public utility commissions by reference
21 to market-based models and therefore reflect regulators’ views of market required

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1 equity returns at the time of a decision. As explained earlier, authorized ROEs are
2 a significant part of the market information that investors consider when evaluating
3 their investment alternatives and are a measure of regulatory support that
4 significantly influences a utility's financial integrity and access to capital.

5
6 **V. BUSINESS RISKS AND OTHER CONSIDERATIONS**

7 **Q82. ARE THERE FACTORS SPECIFIC TO EPE'S OPERATING**
8 **ENVIRONMENT THAT YOU CONSIDERED IN YOUR ROE**
9 **RECOMMENDATION?**

10 **A.** Yes, there are several additional factors that have a direct bearing on EPE's ability
11 to earn a fair return and on the Company's riskiness relative to the proxy group,
12 including (1) the regulatory environment and the Company's need to access the
13 capital necessary to execute its capital expenditure plan; (2) the Company's nuclear
14 generation operations; and (3) the Company's small size relative to the proxy group.
15 Those factors, which are discussed below, should be considered in terms of their
16 overall effect on EPE's business risk and, therefore, its cost of equity.

17
18 **A. PLANNED CAPITAL EXPENDITURES, REGULATORY ENVIRONMENT,**
19 **AND CAPITAL ACCESS**

20 **Q83. DO YOU HAVE ANY PRELIMINARY THOUGHTS ON THE**
21 **IMPORTANCE OF ACCESS TO CAPITAL FOR ELECTRIC UTILITIES**

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1 SUCH AS EPE?

2 A. Yes, I do. As a capital-intensive enterprise, the allowed ROE should enable EPE
3 to finance capital expenditures and working capital requirements at reasonable rates
4 and to maintain its financial integrity in a variety of economic and capital market
5 conditions. Because utilities have an obligation to provide safe and reliable service
6 to all customers at all times, utilities require sufficient cash flow and ongoing access
7 to investor-supplied capital to fund the significant capital expenditures needed to
8 maintain, expand, and modernize existing infrastructure. A return that is adequate
9 to attract capital at reasonable terms enables the utility to provide safe, reliable
10 service while maintaining its financial soundness to the benefit of customers.
11 Consistent with the *Hope* and *Bluefield* principles, an adequate return is one that is
12 commensurate with the subject company's risk profile.

13 The ability to efficiently acquire the capital needed to fund the growing
14 level of infrastructure investments is dependent on the ability to recover that
15 investment in a timely manner. As noted by the American Gas Association:

16 Timely cost recovery of prudently incurred safety and reliability
17 investments is of utmost importance to the financial stability of
18 natural gas utilities. Because traditional ratemaking allows
19 recovery of infrastructure investments only following approval in
20 a rate case, there is often a multi-year delay before the recovery
21 of such investments begins. Investments that are recovered long
22 after they are incurred cause the utility to bear carrying costs
23 without the opportunity to recover these prudent expenditures.
24 Credit agencies criticize companies with lag in the recovery of
25 their costs and assign a lower credit rating to such utilities that
26 ultimately translates into higher rates for customers. The only

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1 alternative is to file a rate case each year, which is a costly activity
2 that also leads to higher rates for customers.⁹³

3 These concepts hold true for electric utilities as well. Electric utilities are
4 one of the most capital-intensive market sectors. On average, electric utilities
5 generate approximately 71 percent less revenue per dollar of assets than the non-
6 utility U.S. companies covered by *Value Line*.⁹⁴ To fund the significant capital
7 expenditures needed to maintain, expand, and modernize existing infrastructure,
8 electric utilities require sufficient internally generated cash flow and ongoing
9 access to investor supplied capital. Because electric utilities are often cash flow
10 negative (*i.e.*, cash spent on plant is often more than cash flow received from
11 operations), it is critical that regulation enable timely cost recovery and provide
12 predictable, adequate, and *achievable* allowed returns that support the financial
13 integrity of the utility.

14
15 **Q84. PLEASE BRIEFLY SUMMARIZE THE COMPANY'S CAPITAL**
16 **INVESTMENT PLANS.**

17 **A.** As discussed in the direct testimony of Richard Gonzalez, the Company projects
18 approximately \$5.67 billion in planned capital expenditures over the 2026 to 2030
19 timeframe. Compared to the capital expenditure budget presented in EPE's 2020

⁹³ American Gas Association, "Infrastructure Cost Recovery Update," June 2012, at 2.

⁹⁴ Source: *Value Line*. Accessed January 11, 2026.

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1 rate case, the total capital expenditure expectations for the forward-looking five-
2 year period have increased by more than 250 percent.⁹⁵ Because the Company will
3 continue to make substantial investments in its utility operations, it will require
4 efficient access to capital markets during the period that rates established in this
5 proceeding will be in effect.

6 The Company's capital investments are critical to support advancement of
7 its transmission and distribution operations in the state, as well as reliability,
8 growth, and resiliency. As further discussed in Richard Gonzalez's direct
9 testimony, the Company's anticipated capital expenditures include the construction
10 of solar and battery capacity, as well as improvements to its Palo Verde Generating
11 Station. These capital expenditures are imperative in supporting the growth in the
12 service territory's energy demands and reliable sources of power.

13 EPE's capital expenditure program also supports the state's economic and
14 digital infrastructure development as evidenced by its agreement to extend
15 facilities to serve BorderPlex Digital Assets LLC ("BorderPlex"). BorderPlex is
16 building a Digital Infrastructure Campus in Santa Teresa with the goal of helping
17 trade-centric businesses and support New Mexico as a leader in AI technology.
18 EPE has worked with BorderPlex Digital for the last two years to design

⁹⁵ *In re Application of El Paso Electric Company for Revision of its Retail Electric Rates Pursuant to Advice Notice No. 267*, Case No. 20-00104-UT, Direct Testimony of Jennifer E. Nelson, at 85. The Company's estimated construction costs for 2020 through 2024 were budgeted for \$1.60 billion, as described in the Company's December 31, 2019, 10-K and Fourth Quarter 2019 Investor Presentation.

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1 infrastructure required to support the region's growing power demands and allows
2 EPE to support economic growth in the Santa Teresa community in the future.⁹⁶
3

4 **Q85. HOW DOES EPE'S CAPITAL SPENDING PROGRAM COMPARE TO**
5 **THOSE OF THE PROXY COMPANIES?**

6 **A.** To assess the magnitude of EPE's planned capital investment program, I compared
7 its ratio of projected capital expenditures to net utility plant to the ratios for the
8 proxy companies. Figure JEN-28 below shows that EPE's planned capital
9 expenditures as a percentage of net plant is higher than all the proxy companies
10 even though the proxy companies are significantly larger companies with more
11 resources. EPE's ratio of projected capital expenditures to net utility plant of
12 138.35 percent is 2.28 times higher than the median ratio for the proxy group of
13 60.72 percent.

14 /

15 /

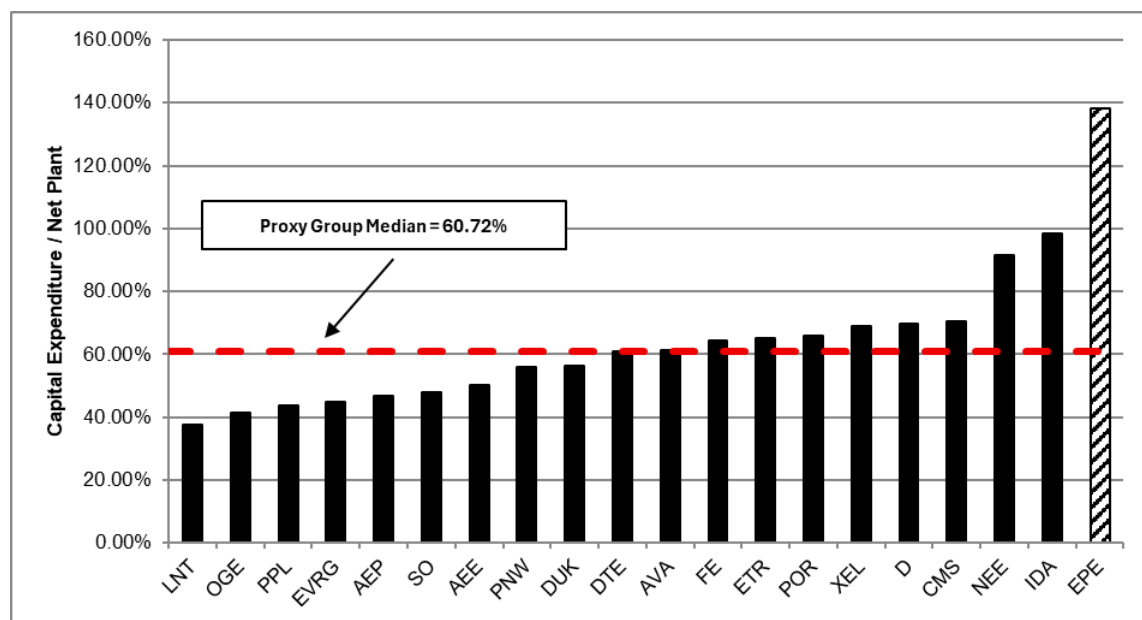
16 /

17 /

⁹⁶ BorderPlex Digital Assets, "\$5B deal at the border." <https://www.borderplexdigital.com/post/5b-deal-at-the-border>

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**Figure JEN-28: Ratio of Planned Capital Expenditures (2026-2030)
to 2024 Net Utility Plant⁹⁷**



Q86. HOW DO THE COMPANY'S CAPITAL EXPENDITURE REQUIREMENTS AFFECT ITS RISK PROFILE?

A. As with any utility facing substantial capital expenditure requirements, the Company's risk profile is affected in two significant and related ways: (1) the heightened level of investment increases the risk of under recovery or delayed recovery of the invested capital; and (2) an inadequate return would put downward pressure on key credit metrics due to both the reduction in cash flow and an increase in debt to fund its expenditures.

⁹⁷ See, Exhibit JEN-7.

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1

2 **Q87. DO CREDIT RATING AGENCIES RECOGNIZE RISK ASSOCIATED**
3 **WITH INCREASED CAPITAL EXPENDITURES?**

4 **A.** Yes. From a credit perspective, the additional pressure on cash flows associated
5 with high levels of capital expenditures exerts corresponding pressure on credit
6 metrics and, therefore, credit ratings. To that point, S&P explains the importance
7 of regulatory support for large capital projects:

8 When applicable, a jurisdiction's willingness to support large
9 capital projects with cash during construction is an important
10 aspect of our analysis. This is especially true when the project
11 represents a major addition to rate base and entails long lead
12 times and technological risks that make it susceptible to
13 construction delays. Broad support for all capital spending is the
14 most credit-sustaining. Support for only specific types of capital
15 spending, such as specific environmental projects or system
16 integrity plans, is less so, but still favorable for creditors.
17 Allowance of a cash return on construction work-in-progress or
18 similar ratemaking methods historically were extraordinary
19 measures for use in unusual circumstances, but when
20 construction costs are rising, cash flow support could be crucial
21 to maintain credit quality through the spending program. Even
22 more favorable are those jurisdictions that present an opportunity
23 for a higher return on capital projects as an incentive to
24 investors.⁹⁸

25

26 Moody's also notes that growing power demand, the need to improve grid
27 resilience, and advancing efforts to reduce carbon emissions is increasing capital

⁹⁸ S&P Global Ratings, "Assessing U.S. Investor-Owned Utility Regulatory Environments," August 10, 2016, at 7.

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1 expenditure pressure for utilities, widening cash flow deficits and weakening their
2 financial strength:

3 Credit pressure is emerging most acutely for companies with
4 large, complete or multiyear projects or for those that are
5 experiencing a delay in the recovery of investment costs. Unlike
6 exogenous events of recent year – such as severe storms,
7 commodity price spikes and the COVID-19 pandemic, which we
8 viewed as temporary events – capital spending and related
9 financings are core long-term financial policy issues.⁹⁹
10

11 To the extent that the regulatory environment does not enable timely and
12 sufficient cost recovery of its full cost of doing business, including capital costs,
13 the Company will face increased pressure on its credit metrics thus raising the cost
14 of both debt and equity. Maintaining the ability to access capital markets on
15 favorable terms, in the form of financial integrity (i.e., capital structure and return
16 on equity) is especially important for utilities and their customers during periods of
17 significant capital investment.
18

19 **Q88. HOW DOES THE REGULATORY ENVIRONMENT IN WHICH A**
20 **UTILITY OPERATES AFFECT ITS COST OF CAPITAL?**

21 **A.** The regulatory environment is one of the most important factors investors consider
22 when assessing a utility's risk, as it is a significant driver of earnings and cash flow

⁹⁹ Moody's Ratings, "High capital spending will weigh on credit quality without supportive company actions," October 21, 2024.

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1 that are of utmost importance to investors.¹⁰⁰ Investors and rating agencies
2 understand that a constructive regulatory environment is critical to utilities' credit
3 and financial integrity, especially during stressed market conditions. In fact, 50
4 percent of the factors that weigh in Moody's ratings determinations relate to the
5 nature of regulation. Predictability and consistency of regulatory actions are among
6 the factors considered by Moody's in assessing the regulatory framework:

7 As the revenues set by the regulator are a primary component of
8 a utility's cash flow, the utility's ability to obtain predictable and
9 supportive treatment within its regulatory framework is one of
10 the most significant factors in assessing a utility's credit quality.

11 ***

12 ***
13 ***
14 In situations where the regulatory framework is less supportive,
15 or is more contentious, a utility's credit quality can deteriorate
16 rapidly.¹⁰¹
17

18 S&P states that regulatory advantage is "of critical importance" because
19 "[i]t defines the environment in which a utility operates and has a significant
20 bearing on a utility's financial performance."¹⁰² S&P explains that it considers four
21 subfactors when assessing a utility's ability to recover all its costs "on time and in
22 full – and to earn a return on the capital it deploys."¹⁰³ Those four subfactors are

¹⁰⁰ Moody's Investors Service, "Rating Methodology, Regulated Electric and Gas Utilities," at 7 (August 6, 2024).

¹⁰¹ Moody's Investors Service, "Regulatory Frameworks – Ratings and Credit Quality for Investor-Owned Utilities," at 2 (June 18, 2010).

¹⁰² S&P Global Ratings, "Sector-Specific Corporate Methodology," Section 29 Regulated Utilities, at 147 (April 4, 2024).

¹⁰³ *Id.*

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(1) regulatory stability, (2) tariff-setting procedures and design, (3) financial stability, and (4) regulatory independence and insulation.¹⁰⁴ Thus, predictability and consistency of regulatory actions are among the primary concerns for the rating agencies, as is full and timely cost recovery, including recovery of capital costs.

Q89. WHY IS IT IMPORTANT THAT REGULATION PROVIDE UTILITIES WITH A REASONABLE OPPORTUNITY TO EARN A FAIR RETURN?

A. As noted earlier, the ratemaking process is grounded in the principle that a utility is entitled to a reasonable opportunity to recover prudently incurred expenses and the return of and on prudently invested capital so that it can attract investors to commit capital.

As the National Regulatory Research Institute astutely observes, “regulation recognizes that financially healthy utilities are necessary for the long-term economic welfare of customers.”¹⁰⁵

Similarly, the National Association of Regulatory Utility Commissioners (“NARUC”) explains:

Customers benefit by having a financially stable utility that has the earnings and cash flow sufficient to attract equity and debt on reasonable terms, and the resulting ability to provide safe, reliable, and affordable utility service. Receiving a reasonable authorized ROE and capital structure from regulators is an

¹⁰⁴ *Id.*

¹⁰⁵ *Alternative Rate Mechanisms and Their Compatibility with State Utility Commission Objectives*, National Regulatory Research Institute, at iv (April 2014).

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1 important contributor to financial stability. The customer
2 benefits that result from being served by a financially healthy
3 utility outweigh the illusory short-term “benefits” of a negative
4 regulatory climate that heightens regulatory risk.
5

6 The level of authorized ROE and the ability to earn the authorized
7 ROE through an appropriate capital structure used for ratemaking
8 and tariff-setting are important considerations for investors’
9 evaluation of regulatory quality and risk. Regulatory lag may
10 lead to an earned ROE that falls short of the authorized ROE, thus
11 negatively impacting investors’ evaluation of regulatory quality
12 and risk.
13

14 Regulators are more effective at serving customers when they
15 harness investors’ desire to provide capital rather than constrain
16 it.¹⁰⁶
17

18 The benefit of a solid financial profile, therefore, aligns with customers’
19 interests of receiving safe and reliable service. Consequently, it is critical that
20 regulation provides a reasonable opportunity (which is not a guarantee) to earn an
21 adequate return that supports the financial integrity of the utility.
22

23 **Q90. HOW DO THE CREDIT RATING AGENCIES VIEW THE REGULATORY**
24 **ENVIRONMENTS IN WHICH THE COMPANY OPERATES?**

¹⁰⁶ National Association Of Regulatory Utility Commissioners *A Cost of Capital and Capital Markets Primer for Utility Regulators*, April 2020, at 8.

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1 **A.** Fitch has commented on the Company’s “challenging” regulatory environment,
2 noting the pressure on credit metrics resulting from regulatory lag, particularly due
3 to “large capex programs planned over the next several years.”¹⁰⁷

4 Similarly, in its recent credit opinion, Moody’s identified the “less
5 supportive regulatory environment in New Mexico relative to other jurisdictions”
6 as one of primary credit challenges of EPE’s current credit rating.¹⁰⁸ Moody’s notes
7 that New Mexico’s regulatory framework has been “less predictable and
8 transparent for EPE than those of *most other US jurisdictions*.”¹⁰⁹

9 The regulatory environment significantly affects both the access to and the
10 cost of capital. Regulatory decisions regarding the authorized ROE and capital
11 structure directly affect the subject utility’s internal cash flow generation, and
12 therefore the financial metrics reviewed by ratings agencies in their ratings
13 assessments. Because credit ratings are intended to reflect the ability to meet
14 financial obligations as they come due, the ability to generate the cash flows
15 required to meet those obligations (and to provide a cushion for unexpected events)
16 is of critical importance to both debt and equity investors.

17

18

¹⁰⁷ FitchRatings, “El Paso Electric Company,” May 1, 2025, at 1-2.

¹⁰⁸ Moody’s Ratings, “El Paso Electric Company: Update to credit analysis,” January 22, 2026.

¹⁰⁹ *Id.* [Italics added.]

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1 **Q91. HAVE YOU COMPARED EPE’S REGULATORY RISK RELATIVE TO**
2 **THE ELECTRIC UTILITIES WITHIN THE PROXY GROUP?**

3 **A.** Yes, I have. To assess the regulatory environment of the proxy companies and
4 EPE, I reviewed the key cost recovery mechanisms and ratemaking frameworks for
5 each of the electric operating companies within the proxy group in the jurisdictions
6 in which they operate, including the cost recovery and volumetric risk mitigation
7 mechanisms in place, test year, and rate base methodology.

8 As shown in Exhibit JEN-8, like EPE, all the proxy group operating
9 companies with retail supply obligation have a fuel and/or purchased power cost
10 recovery mechanism, 83 percent have a mechanism to recover energy efficiency
11 program costs, and 61 percent have a renewable energy recovery mechanism.
12 However, unlike 60 percent of the proxy group, EPE does not have a mechanism
13 to mitigate volumetric risk, such as revenue decoupling or a lost revenue adjustment
14 mechanism for its energy efficiency programs. Further, 56 percent of the proxy
15 companies are able to use a full or partial forecast test year, whereas the use of a
16 forecasted test year has generally been met with controversy in New Mexico.¹¹⁰ A
17 historical test year is traditionally a backward-looking measurement of rate base,
18 expenses, and revenues, resulting in regulatory lag. Regulatory lag is a significant

¹¹⁰ Moody’s Ratings, “El Paso Electric Company: Update to credit analysis,” January 22, 2026.

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1 challenge for utilities in situations in which costs that may be beyond a utility's
2 control are rising faster than sales, resulting in earnings attrition.

3 Lastly, Regulatory Research Associates ("RRA") ranks the Commission as
4 "Below Average/1"¹¹¹ and views New Mexico's regulatory climate as "relatively
5 restrictive from an investor perspective."¹¹² In comparison, 85 percent of the proxy
6 group operate in a more favorable regulatory jurisdiction, as ranked by RRA.

7 On balance, from an investor perspective, the regulatory mechanisms
8 available to the Company do not offer any level of risk mitigation that is
9 meaningfully different from the proxy companies. Furthermore, these regulatory
10 mechanisms are only as effective as their implementation, including a
11 compensatory return. Ultimately, customers benefit from investors' positive
12 perception of the regulatory environment in New Mexico.

13
14 **Q92. DO THE COMPANY'S REGULATORY MECHANISMS REDUCE ITS**
15 **RISK?**

¹¹¹ RRA maintains three principal rating categories for regulatory climates: Above Average, Average, and Below Average. Within the principal rating categories, the numbers 1, 2, and 3 indicate relative position. The designation 1 indicates a stronger rating; 2, a mid-range rating; and, 3, a weaker rating. The evaluations are assigned from an investor perspective and indicate the relative regulatory risk associated with the ownership of securities issued by the jurisdiction's utilities. RRA endeavors to maintain an approximately equal number of ratings above the average and below the average.

¹¹² Regulatory Research Associates, Commission Profiles, New Mexico Public Regulation Commission, accessed February 9, 2026.

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1 **A.** No, they do not. The Company employs cost recovery mechanisms similar to those
2 used by the proxy group; as such, its risk relative to the proxy group is not reduced
3 as a result of its rate structures. Further, because the proxy companies all have
4 similar mechanisms, any effects on the cost of equity associated with the rate
5 mechanisms are captured in the analytical model results.

6 It is important to remember that risk assessment is a comparative exercise.
7 Rate adjustment mechanisms are common in the industry and the financial
8 community is fully aware of their prevalence. In fact, rate adjustment mechanisms
9 have become more common in the industry, not less. As noted earlier, the proxy
10 companies all have similar mechanisms available to them. While the specific
11 details of the mechanics of the rate adjustment mechanisms may differ from utility
12 to utility and jurisdiction to jurisdiction, their objective is the same: to improve the
13 timeliness of cost recovery and mitigate (but not necessarily eliminate) earnings
14 erosion associated with regulatory lag. Because the proxy companies all have
15 mechanisms that improve the timeliness of cost recovery, the Company's
16 regulatory mechanisms simply render it more comparable to its peers.

17

18 **Q93. WHAT ARE YOUR CONCLUSIONS REGARDING THE COMPANY'S**
19 **CAPITAL EXPENDITURE PLANS, ITS NEED TO MAINTAIN ACCESS**
20 **TO CAPITAL, AND THE REGULATORY ENVIRONMENT ON THE**
21 **COMPANY'S RISK PROFILE?**

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1 **A.** The Company's capital expenditure program is substantial and places increased
2 pressure on its cash flows, making regulatory support critical to EPE's ability to
3 finance and earn a reasonable return on its planned utility investments. The
4 Company's capital expenditure plan emphasizes the importance of the
5 Commission's decision in this proceeding, which will have a direct bearing on the
6 Company's ability to maintain its financial profile and its access to the capital
7 market at reasonable costs and terms.

8 The Company will need to rely on external sources for funding critical
9 investments to expand and enhance its assets to support the growing demand in
10 New Mexico. Further, the Company's ability to efficiently access the capital
11 markets at favorable terms will depend on the strength of its balance sheet and
12 financial integrity.

13

14 **B. GENERATION PORTFOLIO**

15 **Q94. DOES THE COMPANY'S GENERATION PORTFOLIO INCLUDE**
16 **NUCLEAR GENERATING ASSETS?**

17 **A.** Yes. EPE's generation portfolio includes 665 megawatts ("MW") of owned nuclear
18 generating capacity in its Palo Verde facility.¹¹³ On a net generation basis, output
19 from Palo Verde represented approximately 46.88 percent of EPE's total generation

¹¹³ Source: EPE 2024 Corporate Sustainability Report, at 8.

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1 in 2024. As shown earlier in Figure JEN-16 above, compared to the Proxy Group,
2 EPE had the highest percentage of net generation from nuclear plants in 2024,
3 approximately 3.0 times the average of the proxy group.¹¹⁴
4

5 **Q95. PLEASE DISCUSS THE ROLE OF NUCLEAR GENERATION IN**
6 **SERVING CUSTOMERS AND DESCRIBE THE RISKS ASSOCIATED**
7 **WITH THE OWNERSHIP OF NUCLEAR GENERATING RESOURCES.**

8 **A.** Nuclear generation is a significant component of EPE's fleet. It is a baseload and
9 highly reliable generation resource. Its importance grows as customer demand
10 increases. Importantly, nuclear generating resources are regulated by the U.S.
11 Nuclear Regulatory Commission ("NRC"). EPE is subject to NRC mandates to
12 meet licensing and safety-related standards that may require increased capital
13 spending and incremental operating costs.

14 On January 25, 2022, the NRC issued an order approving the application
15 for the indirect transfer of control of EPE's interest in the Palo Verde generation
16 plants. While there were no physical or operational changes, NRC's approval
17 reduced the regulatory uncertainty of cost recovery and secured nuclear generation
18 as part of EPE's long-term plans.

¹¹⁴ Source: S&P Capital IQ. As shown earlier in Figure JEN-16, the proxy group average percentage of nuclear net generation in megawatt-hours ("MWh") was 15.51 percent. The average percentage of nuclear generation in 2024 for only the proxy companies that have nuclear generation was 26.78 percent, significantly less than EPE.

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1

2 **Q96. ARE THERE EXAMPLES OF THE INCREASED RISK OF NEW**
3 **REGULATORY REQUIREMENTS THAT NUCLEAR GENERATION**
4 **PLANT OPERATORS FACE?**

5 **A.** Yes. One example is the increased oversight and regulatory requirements that were
6 put in place following the earthquake and tsunami on March 11, 2011, that caused
7 significant damage to the Fukushima Daiichi nuclear complex and threatened the
8 public health. After the Fukushima accident, the NRC assembled a task force to
9 assess current regulations and determine if new measures were required to ensure
10 safety. The task force issued a report in July 2011 that included a set of
11 recommendations for NRC consideration. Those recommendations continue to be
12 modified and expanded by the NRC staff, and the first related regulatory
13 requirements were issued in March.¹¹⁵

14

15 **Q97. HOW DOES THE INVESTMENT COMMUNITY PERCEIVE THE RISK**
16 **ASSOCIATED WITH NUCLEAR GENERATION ASSETS?**

17 **A.** Credit rating agencies are aware of the operating and safety risks associated with
18 nuclear generation assets. For example, S&P Global Ratings discussed the
19 following risks and challenges for nuclear operators:

¹¹⁵ See, www.nrc.gov/reactors/operating/ops-experience/japan-info.html.

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1 Nuclear energy has faced mounting criticism over security
2 concerns, especially in the aftermath of the Fukushima disaster
3 on March 11, 2011. Nuclear operators face unique risks of low-
4 probability, but high-impact catastrophic events. As a
5 consequence, operators face increasing political and social
6 pressures on safety, waste disposal, and storage. While
7 profitability remains a key pillar of our business risk assessment
8 of nuclear operators, we equally take these other risks into
9 account. Furthermore, nuclear-related long-term liabilities
10 typically represent a large portion of nuclear operators' overall
11 S&P-adjusted debt.¹¹⁶
12

13 With respect to the Company specifically, Moody's observed that EPE "has
14 relatively moderate responsible production risk given its nuclear generation
15 ownership."¹¹⁷
16

17 **C. SMALL SIZE EFFECT**

18 **Q98. PLEASE EXPLAIN THE RISK ASSOCIATED WITH SMALL SIZE.**

19 **A.** Both the financial and academic communities have long accepted the proposition
20 that the cost of equity for small firms is subject to a "size effect."¹¹⁸ Although
21 empirical evidence of the size effect is often based on studies of industries beyond
22 regulated utilities, utility analysts also have noted the risks associated with small

¹¹⁶ S&P Global Ratings, "The Energy Transition: Nuclear Dead And Alive," November 11, 2019, at 22.

¹¹⁷ Moody's Ratings, "El Paso Electric Company: Update to credit analysis," January 22, 2026.

¹¹⁸ See, Mario Levis, *The Record on Small Companies: A Review of the Evidence*, Journal of Asset Management at 368-397 (Mar. 2002) for a review of literature relating to the size effect.

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1 market capitalizations. Specifically, a senior consultant with Ibbotson Associates
2 noted:

3 For small utilities, investors face additional obstacles, such as a
4 smaller customer base, limited financial resources, and a lack of
5 diversification across customers, energy sources, and geography.
6 These obstacles imply a higher investor return.¹¹⁹
7

8 Small size, therefore, leads to two categories of increased risk for investors:
9 (1) liquidity risk (*i.e.*, the risk of not being able to sell one's shares in a timely
10 manner due to the relatively thin market for the securities); and (2) fundamental
11 business risks. As discussed below, relative to the proxy group, EPE's operations
12 are both smaller in size and less diversified than those of the proxy companies.
13

14 **Q99. HOW DOES THE SMALLER SIZE OF EPE AFFECT ITS BUSINESS**
15 **RISKS RELATIVE TO THE PROXY GROUP?**

16 **A.** It is important to bear in mind that my ROE recommendation for EPE is developed
17 based on market data applied to a risk-comparable proxy group. Consequently, an
18 evaluation of the Company's risk associated with its small size is necessarily based
19 on a comparison of its size relative to the proxy group. The Company's smaller
20 size relative to the proxy group companies indicates greater relative business risk
21 for the Company because, all else equal, size has a material bearing on risk.

¹¹⁹ Michael Annin, *Equity and the Small-Stock Effect*, Public Utilities Fortnightly (Oct. 15, 1995).

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1 In general, smaller companies are less able to withstand adverse events that
2 affect their revenues and expenses. Any material changes to expected operations
3 and maintenance expenses can have severe consequences on a company's level of
4 operating leverage. Similarly, capital expenditures for non-revenue producing
5 investments such as system maintenance and replacements will put proportionately
6 greater pressure on customer costs, potentially leading to demand reduction. Taken
7 together, these risks affect the return required by investors for smaller companies.
8 As a significantly smaller company, unpredictable and adverse events may affect
9 EPE's revenues or expenses more acutely. It is important that the Company has
10 the financial strength to withstand such events with a margin of safety.

11
12 **Q100. IS THERE SUPPORT IN THE FINANCIAL COMMUNITY FOR THE USE**
13 **OF A SMALL SIZE PREMIUM?**

14 **A.** Yes, there have been several studies that demonstrate the size premium. One of the
15 earliest works in this area found that over a period of 40 years "the common stock
16 of small firms had, on average, higher risk-adjusted returns than the common stock
17 of large firms."¹²⁰ The author, who referred to that finding as the "size effect,"
18 suggested that the CAPM was mis-specified, in that on average, smaller firms had
19 significantly larger risk-adjusted returns than larger firms. The author also

¹²⁰ R. W. Banz, The Relationship Between Return and Market Value of Common Stocks, Journal of Financial Economics, 9, 1981 at 3-4.

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1 concluded that the size effect was “most pronounced for the smallest firms in the
2 sample.”¹²¹ Since then, additional empirical research has focused on explaining the
3 size effect as a function of lower trading volume and other factors, but the
4 proposition that Beta coefficients fail to reflect the risks of smaller firms persists.¹²²

5 In 1994, Fama and French also focused on the issue of whether the CAPM
6 adequately explained security returns and proposed a “three factor” model for
7 expected security returns. Those factors include: (1) the covariance with the
8 market, (2) size, and (3) financial risk as determined by the book/market ratio. As
9 explained by Morningstar, Fama and French “found that the returns on stocks are
10 better explained as a function of size and book-to-market value in addition to the
11 single market factor of the CAPM, with the company's size capturing the size effect
12 and its book-to-market ratio capturing the financial distress of a firm.”¹²³

13 Simply put, investors generally demand greater returns from smaller firms
14 to compensate for less marketability and liquidity of their securities. Duff & Phelps
15 discusses the nature of the small-size phenomenon, providing an indication of the
16 magnitude of the size premium based on several measures of size. In discussing
17 “Size as a Predictor of Equity Returns,” Duff & Phelps states:

¹²¹ *Id.* at 16.

¹²² See, for example, Mario Levis, *The record on small companies: A review of the evidence*, Journal of Asset Management, March 2002.

¹²³ Morningstar, Ibbotson SBBI 2013 Valuation Yearbook, at 109.

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1 The size effect is based on the empirical observation that
2 companies of smaller size are associated with greater risk and,
3 therefore, have greater cost of capital [sic]. The “size” of a
4 company is one of the most important risk elements to consider
5 when developing cost of equity capital estimates for use in
6 valuing a business simply because size has been shown to be a
7 *predictor* of equity returns. In other words, there is a significant
8 (negative) relationship between size and historical equity returns
9 - as size *decreases*, returns tend to *increase*, and vice versa.
10 (footnote omitted) (emphasis in original)¹²⁴
11

12 **Q101. ARE YOU AWARE OF OTHER STUDIES REGARDING THE**
13 **EXISTENCE OF SIZE PREMIUM FOR REGULATED UTILITIES?**

14 **A.** Yes. A 2002 study by Thomas M. Zepp¹²⁵ concludes that size premia do exist for
15 smaller utilities. Developed in response to a 1993 study by Annie Wong, the Zepp
16 study focuses specifically on the utility industry and the effect of the size premium
17 in a regulated environment. For example, one study reviewed by Zepp found that
18 smaller water utilities had a cost of equity that, on average, was 99 basis points
19 higher than the average cost of equity for the larger water utilities, and the result
20 was statistically significant at the 90.00 percent level.¹²⁶ Zepp concludes that “to
21 the extent water utilities are representative of all utilities, there is support for
22 smaller utilities being more risky than larger ones.”¹²⁷

¹²⁴ Duff & Phelps, *Valuation Handbook – U.S. Guide to Cost of Capital*, Wiley 2020, at 4-1.

¹²⁵ Thomas M. Zepp, *Utility stocks and the size effect – revisited*, *Quarterly Review of Economics and Finance*, 43 (2003) 578-582.

¹²⁶ Thomas M. Zepp, *Utility stocks and the size effect – revisited*, *The Quarterly Review of Economics and Finance*, 43 (2003), at 580-581.

¹²⁷ Thomas M. Zepp, *Utility stocks and the size effect – revisited*, *The Quarterly Review of Economics and Finance*, 43 (2003), at 582.

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1 Additionally, a 2011 study by Stéphane Chrétien and Frank Coggins in the
2 article “Cost of Equity for Energy Utilities: Beyond the CAPM”,¹²⁸ considered the
3 Fama-French three-factor model and a model similar to the Empirical CAPM I
4 described earlier. In the article, the Fama-French three-factor model explicitly
5 included an adjustment to the CAPM for risk associated with size. As Chrétien and
6 Coggins show, the Beta coefficient on the size variable for a group of U.S. natural
7 gas utilities was positive and statistically significant supporting the position that
8 small size risk is relevant for regulated utilities.¹²⁹

9
10 **Q102. IS IT APPROPRIATE TO CONSIDER THE RISK ASSOCIATED WITH**
11 **EPE’S SMALL SIZE EVEN THOUGH IT IS A SUBSIDIARY OF LARGER**
12 **ENTITIES?**

13 **A.** Yes. The widely accepted "stand-alone" regulatory principle treats each utility
14 subsidiary as its own company. Parent entities (whether publicly or privately
15 owned) like other investors, have capital constraints and must look at the
16 attractiveness of the expected risk-adjusted return of each investment alternative in
17 their capital budgeting process. The opportunity cost concept applies regardless of
18 the source of the funding. When funding is provided by a parent entity, the return

¹²⁸ Chrétien, Stéphane, and Frank Coggins. *Cost Of Equity For Energy Utilities: Beyond The CAPM*.
Energy Studies Review, vol. 18, no. 2, at 31.

¹²⁹ Chrétien, Stéphane, and Frank Coggins. *Cost Of Equity For Energy Utilities: Beyond The CAPM*.
Energy Studies Review, vol. 18, no. 2, at 31.

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1 still must be sufficient to provide an incentive to allocate equity capital to the
2 subsidiary or business unit rather than other internal or external investment
3 opportunities. That is, the regulated subsidiary competes for capital with the parent
4 company's affiliates, and with other similarly situated utility companies. In that
5 regard, investors value corporate entities on a sum-of-the-parts basis and expect
6 each division within the parent company to provide an appropriate risk-adjusted
7 return. It is therefore important that the authorized ROE reflects the risks and
8 prospects of the utility's operations and supports the utility's financial integrity from
9 a stand-alone perspective. From that perspective, the fact that EPE is a subsidiary
10 of Sun Jupiter LLC is not relevant to the consideration of the risk associated with
11 EPE's small size.

12
13 **Q103. HOW DOES EPE COMPARE IN SIZE TO THE PROXY COMPANIES?**

14 **A.** EPE is substantially smaller than the average of the proxy companies in terms of
15 market capitalization, net utility plant, and number of electric customers (see Figure
16 JEN-16 above). As Exhibit JEN-9 shows, EPE's New Mexico-only
17 jurisdictional-implied market capitalization is approximately \$845.62 million (or
18 3.11 percent of the proxy group median market capitalization).¹³⁰ On a total

¹³⁰ The implied market capitalization is calculated by applying the median Market/Book ratio for the proxy group of 2.10 to EPE's New Mexico-jurisdictional implied total common equity of \$403 million. EPE's New Mexico-jurisdictional implied common equity is estimated from the proposed rate base multiplied by the proposed equity ratio. See, Exhibit JEN-9, page 1.

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1 company basis including both EPE's Texas and New Mexico operations, the
2 implied market capitalization is approximately \$4,485 million, or 16.50 percent of
3 the proxy group median.¹³¹

4
5 **Q104. HOW DID YOU ESTIMATE THE SIZE PREMIUM FOR EPE?**

6 **A.** In its *Cost of Capital Navigator*, Kroll presents its calculation of the size premium
7 for deciles of market capitalizations relative to the S&P 500 Index. An additional
8 estimate of the size premium associated with EPE, therefore, is the difference in the
9 Kroll size risk premia for the proxy group median market capitalization relative to
10 the Company's implied market capitalization.

11 As shown in Exhibit JEN-9, according to recent market data, the median
12 market capitalization of the proxy group is \$27,176 million, which corresponds to
13 the second decile of Kroll's market capitalization data. Based on Kroll's analysis,
14 that decile corresponds to a size premium of 0.33 percent (or 33 basis points). As
15 noted above, EPE's New Mexico-only implied market capitalization is \$845.62
16 million, which falls within the eighth decile and corresponds to a size premium of
17 0.88 percent (or 88 basis points). The difference between those size premia is
18 55 basis points (0.88 percent – 0.33 percent).¹³²

¹³¹ See Exhibit JEN-9, page 2.

¹³² Exhibit JEN-9, page 1.

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1 I also performed the same analysis for EPE on a *total* company basis. The
2 implied market capitalization for EPE's total company operations is approximately
3 \$4,485 million, which falls within the fifth decile and corresponds to a size
4 premium of 0.74 percent (or 74 basis points). The difference between the second
5 and fifth decile size premia is 41 basis points (0.74 percent – 0.33 percent).¹³³

6
7 **Q105. HAVE YOU CONSIDERED THE COMPARATIVELY SMALL SIZE OF**
8 **EPE IN YOUR ESTIMATED RETURN ON COMMON EQUITY?**

9 **A.** Yes. While I have quantified the small size effect, rather than proposing an explicit
10 premium, I have considered the Company's small size in my assessment of business
11 risks in determining the reasonableness of EPE's capital structure and my
12 recommended ROE range.

13
14 **D. SUMMARY OF BUSINESS RISKS AND OTHER CONSIDERATIONS**

15 **Q106. PLEASE SUMMARIZE YOUR CONCLUSIONS REGARDING THE**
16 **BUSINESS RISKS FACING EPE.**

17 **A.** There are additional factors that must be taken into consideration when determining
18 EPE's cost of equity. These factors include (1) the relationship between the
19 regulatory environment and the Company's need to access external capital

¹³³ Exhibit JEN-9, page 2.

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1 necessary to execute its capital expenditure plan and meet the state's renewable
2 energy targets; (2) the Company's nuclear generation operations; and (3) its
3 significantly smaller size.

4 The regulatory environment is one of the most important issues considered
5 by both debt and equity investors in assessing the risks and prospects of utility
6 companies. From the perspective of debt and equity investors, the authorized return
7 should enable the Company to (1) generate the cash flow needed to meet its near-
8 term financial obligations; (2) make the capital investments needed to maintain and
9 expand its system; (3) maintain sufficient levels of liquidity to fund unexpected
10 events; and (4) sustain confidence in New Mexico's regulatory environment among
11 credit rating agencies and investors. In light of those risks and considering the
12 current capital market environment and the Company's requested capital structure,
13 an ROE of 10.70 percent, which is the midpoint of my range of 10.00 percent to
14 11.40 percent, and within the range of results of the Commission's preferred results,
15 is reasonable, if not conservative.

16
17 **VI. CAPITAL STRUCTURE**

18 **Q107. WHAT IS EPE'S REQUESTED CAPITAL STRUCTURE?**

19 **A.** As explained in the direct testimony of Richard Gonzalez, EPE requests its actual
20 capital structure (adjusted for a dividend payment that was paid and a debt issuance
21 in October 2025) consisting of 55.50 percent common equity and 44.50 percent

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1 long-term debt.¹³⁴

2
3 **Q108. HOW DOES THE CAPITAL STRUCTURE AFFECT THE COST OF**
4 **EQUITY?**

5 **A.** A company's total risk consists of business risk and financial risk. Business risk
6 includes operating, market, regulatory, and competitive uncertainties, while
7 financial risk is the incremental risk associated with greater debt. As the percentage
8 of debt in the capital structure increases, so do the fixed obligations for the
9 repayment of that debt and the risk of financial distress.¹³⁵ Therefore, the capital
10 structure reflects the financial risk that a company may not have adequate cash
11 flows to meet its financial obligations.

12
13 **Q109. PLEASE SUMMARIZE THE APPROACHES TO DETERMINING THE**
14 **APPROPRIATE CAPITAL STRUCTURE FOR REGULATED UTILITIES.**

15 **A.** There are two primary approaches regulators use to determine the appropriate
16 capital structure for ratemaking purposes. The most common approach is to use
17 the subject utility's actual capital structure. This approach is preferred when the
18 subject utility (1) issues its own debt, (2) has its own credit rating, and (3) its actual
19 capital structure is within industry standards and practice. When the subject utility

¹³⁴ See, Direct Testimony of Richard Gonzalez.

¹³⁵ See, Roger A. Morin, Ph.D., New Regulatory Finance, Public Utility Reports, Inc., at 45-46 (2006).

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1 does not issue its own debt and have its own credit rating, or when the actual capital
2 structure deviates substantially from industry practice, a hypothetical capital
3 structure may be imputed.

4
5 **Q110. DOES EPE ISSUE ITS OWN DEBT AND HAVE ITS OWN CREDIT**
6 **RATING?**

7 **A.** Yes. Therefore, the next step is to assess the reasonableness of its actual capital
8 structure within the context of industry practice.

9
10 **Q111. WHAT ARE THE REGULATORY GUIDELINES FOR DETERMINING**
11 **WHETHER A UTILITY’S CAPITAL STRUCTURE IS CONSISTENT**
12 **WITH SOUND UTILITY PRACTICE?**

13 **A.** In a 2020 publication titled *A Cost of Capital and Capital Markets Primer for*
14 *Utility Regulators*, NARUC advises that actual capital structure ratios should be
15 used unless they “greatly diverge” from sound industry practice:

16 A utility management must be permitted latitude, discretion, and
17 flexibility in managing capital structure ratios. Since there is no
18 practical methodology to pinpoint theoretically optimal capital
19 structure ratios, targeted ratios can only be broadly
20 conceptualized. Appropriate ratios may shift over time as capital
21 market conditions or business risk characteristics change.
22 Additionally, the timing of upcoming issuances and maturities
23 may influence the capital structure ratios because both the size
24 and frequency of issuances are affected by the relative cost-
25 effectiveness of various issuance increments.
26

Given these practical considerations, capital structure ratios cannot be deemed to be inappropriate unless the ratios greatly diverge from sound industry practice and cause a lack of financial flexibility that may lead to higher overall costs.

As increasing financial leverage shifts the weight from common equity to lower cost debt, it also increases both the cost of debt and the cost of common equity. In practice, these offsetting impacts cancel each other out over a wide range of capital structure ratios.”¹³⁶

Further, James C. Bonbright explains in his seminal text *Principles of Public Utility Rates* that a hypothetical capital structure should be used only when actual capital structures are “clearly unsound” or “extravagantly conservative,” reasoning that using hypothetical capital structures “substitutes an estimate of what the capital cost would be under non-existing conditions for what it actually is or will soon be under prevailing conditions.”¹³⁷

23 **A.** The reasonableness of the requested capital structure is assessed within the context
24 of industry practice and investor requirements. In other words, the capital structure

¹³⁷ James C. Bonbright, Principles of Public Utility Rates, at 243-44 (1960). Republished with permission by the Regulatory Assistance Project.

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1 should (1) be reasonably consistent with industry practice, (2) enable the subject
2 company to sustain its operations and its financial integrity, and (3) allow it to
3 maintain access to capital at competitive rates under a variety of market conditions.
4 To assess whether EPE's requested capital structure is consistent with industry
5 practice, I calculated the average common equity and long-term debt ratios for each
6 of the proxy group electric operating companies over the years 2022 to 2024 (*see*
7 Exhibit JEN-10). As shown in Exhibit JEN-10, the common equity ratios of the
8 proxy group range from 44.73 percent to 60.60 percent. By comparison, the
9 Company's proposed equity ratio of 55.50 percent is 5.10 percentage points (510
10 basis points) below the top of the proxy group range. Therefore, EPE's requested
11 capital structure is within industry standards. More importantly, the Company's
12 requested capital structure supports its financial profile and enables it to raise
13 external funding for its elevated capital expenditure program.

14
15 **Q113. WHY IS IT IMPORTANT TO USE AVERAGE CAPITAL COMPONENTS**
16 **RATHER THAN A POINT-IN-TIME MEASUREMENT?**

17 **A.** Measuring the capital components at a single point in time can skew the capital
18 structure by the specific circumstances of a particular period. For example, a utility
19 may issue debt to fund an acquisition or to ensure liquidity during constrained
20 capital market environments, which may not reflect the company's long-term
21 capital structure objectives. Moreover, a utility's actual capital structure fluctuates

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1 over the course of the year due to the seasonality of earnings, the timing of capital
2 investments, and the timing of debt and equity financings. Further, debt and equity
3 issuances can be lumpy, and the timing of issuances may not coincide. Therefore,
4 it is more appropriate to normalize the relative relationship between the components
5 over a period of time.

6
7 **Q114. WHAT IS YOUR CONCLUSION REGARDING EPE'S PROPOSED**
8 **CAPITAL STRUCTURE?**

9 **A.** EPE's common equity ratio of 55.50 percent is consistent with the proportion of
10 equity capital that finances the regulated electric operations of the proxy group
11 companies. Further, the Company issues its own debt and has its own credit rating.
12 In my opinion, that the Company's proposed capital structure is reasonable and
13 appropriate for the purposes of determining its overall rate of return and
14 compensates for EPE's elevated risk profile.

15
16 **VII. CONCLUSION**

17 **Q115. WHAT IS YOUR RECOMMENDATION REGARDING THE COMPANY'S**
18 **COST OF EQUITY AND CAPITAL STRUCTURE?**

19 **A.** As discussed throughout my Direct Testimony, it is important to consider a variety
20 of quantitative and qualitative information in reviewing analytical results and
21 arriving at ROE determinations. Based on my review of the results from three

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1 commonly used analytical approaches, I conclude an ROE in the range of 10.00
2 percent to 11.40 percent represents the range of equity investors' required return
3 for investment in electric utilities comparable to EPE in today's capital market
4 environment. Within that range, I recommend 10.70 percent. Importantly, my
5 recommendation aligns with the range derived from the Commission's preferred
6 ROE methodology, which appropriately reflects EPE's risk profile and current
7 market dynamics allowing for a reasonable ROE result.

8 As to the capital structure, I believe that the Company's requested capital
9 structure of 55.50 percent common equity and 44.50 percent long-term debt is
10 within the range of capital structures that finance the regulated electric utility
11 operations of the proxy group and, therefore, is reasonable and appropriate.
12 Recognizing EPE's necessity to maintain a strong financial profile and financial
13 viability during a time of elevated capital expenditure needs, I determined that an
14 equity ratio above the proxy group average, but well within the range of the proxy
15 group, compensates for the Company's elevated risk profile. That conclusion
16 considers EPE's financial risk inherent in its capital structure, as well as its small
17 size, nuclear generation, and ongoing need to access capital as it executes its capital
18 investment plans.

19
20 **Q116. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

21 **A.** Yes, it does.

**JENNIFER E. NELSON**

VICE PRESIDENT

Ms. Nelson is a Certified Rate of Return Analyst with more than 15 years of experience in the energy industry. As an expert witness, she has testified to the cost of capital and alternative ratemaking proposals for electric, natural gas, and water utilities. In her time as a consultant, Ms. Nelson has provided consulting services on a variety of utility regulatory matters including ratemaking and regulatory policy, cost of service and revenue requirements, integrated resource planning, renewable power contracts, natural gas pipeline development, utility supply planning issues, and merger and acquisition transactions. Ms. Nelson has extensive experience performing statistical analyses, developing economic and financial models, and providing policy analyses and recommendations.

Prior to joining Concentric, Ms. Nelson was a Director at ScottMadden, Inc., and a managing consultant at Sussex Economic Advisors, LLC. Prior to consulting, she was a staff economist at the Massachusetts Department of Public Utilities and a petroleum economist for the State of Alaska. Ms. Nelson holds a Master of Science degree in Resource and Applied Economics from the University of Alaska and a Bachelor of Science degree in Business Economics from Bentley University.

AREAS OF EXPERTISE**Cost of Capital**

- Submitted expert testimony on behalf of electric utilities before regulatory commissions in Arkansas, Kansas, Michigan, New Hampshire, New Mexico, North Carolina, Pennsylvania, South Carolina, Texas, and Virginia regarding the cost of capital.
- Submitted expert testimony on behalf of natural gas utilities before regulatory commissions in Alaska, Florida, Michigan, North Carolina, Ohio, Oregon, South Carolina, Utah, West Virginia, and Wyoming regarding the cost of capital.
- Submitted expert testimony on behalf of a water utility before the Kentucky Public Service Commission regarding the appropriate capital structure and cost of debt.
- Supported expert testimony regarding the cost of capital before numerous state utility regulatory commissions and the FERC on behalf of electric and natural gas utilities through research, financial analysis and modeling, and testimony development.

Alternative Ratemaking Mechanisms

- Submitted expert testimony on behalf of electric utilities and a water utility before the Arkansas Public Service Commission regarding the utilities' proposed Formula Rate Plans.
- Submitted expert testimony on behalf of an electric utility before the Oklahoma Corporation Commission regarding the utility's proposed Formula Rate Plan.
- Submitted expert testimony on behalf of an electric and natural gas utility before the Delaware Public Service Commission regarding the utility's proposed performance-based rate plan.



- Submitted expert testimony on behalf of an electric and natural gas utility before the Montana Public Service Commission regarding the utility's proposed alternative rate mechanisms.
- Co-sponsored expert testimony on behalf of a natural gas utility before the Maine Public Utilities Commission regarding the utility's proposed capital investment cost recovery mechanism.
- Supported expert testimony and performed research and analysis on alternative ratemaking frameworks.

Resource and Supply Planning

- Supported expert testimony on the reasonableness of utility resource supply portfolio decisions.
- Assisted in a benchmarking analysis on behalf of a Northeast U.S. natural gas utility regarding its supply planning standards and design day demand forecast process.
- Supported rebuttal testimony filed on behalf of an Alaska natural gas utility regarding the utility's gas supply planning standards.
- Supported the development of a New Hampshire electric utility's Integrated Resource Plan filed with the New Hampshire Public Utility Commission.
- Performed research and financial analysis to evaluate the benefits, costs, and policy options associated with natural gas expansion by Massachusetts natural gas utilities as part of a prepared report for the Massachusetts Department of Energy Resources.
- Developed a dynamic natural gas demand forecast model for in-state use for the State of Alaska, which included forecasting demand from both existing and anticipated natural gas utilities, power consumption, and large commercial operations.
- Conducted research and prepared analyses for a natural gas pipeline Open Season.

Other Regulatory Financial Issues

- Filed expert testimony before the California PUC regarding the benefits of financial flexibility and diversity in sources of financial capital associated with an electric utility's request to lease entitlements as a means of raising capital.
- Supported expert testimony on the appropriate level of remuneration associated with the Massachusetts electric utilities' long-term contracts for wind power through research, financial analysis and modeling, and testimony development.
- Provided research and analytical support estimating financial damages incurred as a result of construction delays for an electric transmission company.
- Prepared a Feasibility Study for an electric cooperative utility supporting a utility-owned solar project.

Mergers & Acquisitions

- Performed buy-side benchmarking and regulatory analysis for utility acquisitions.



RELEVANT PROFESSIONAL HISTORY

Concentric Energy Advisors, Inc. (2021-present)

Vice President

Assistant Vice President

ScottMadden, Inc. (2016-2021)

Director

Manager

Sussex Economic Advisors, LLC (2013-2016)

Managing Consultant

Massachusetts Department of Public Utilities (2011-2013)

Economist, Electric Power Division

State of Alaska Department of Revenue, Tax Division (2007-2010)

Petroleum Economist

Federal Reserve Bank of Boston (2000-2002)

Research Assistant, Economic Research Department

EDUCATION AND RELEVANT COURSEWORK

University of Alaska

Master of Science, Resource and Applied Economics

Bentley University (formerly Bentley College)

Bachelor of Science, Business Economics

Graduated *magna cum laude*

New Mexico State University

Center for Public Utilities, Regulatory Basics

ISO New England

Wholesale Energy Markets (WEM-101)

Colorado School of Mines

Petroleum Engineering SuperSchool

EUCI

Course Instructor – Performance-Based Ratemaking

DESIGNATIONS AND PROFESSIONAL AFFILIATIONS

Certified Rate of Return Analyst, Society of Utility and Regulatory Financial Analysts

Member, Society of Utility and Regulatory Financial Analysts



SPONSOR	DATE	CASE/APPLICANT	DOCKET	SUBJECT
Regulatory Commission of Alaska				
ENSTAR Natural Gas Company	04/25	ENSTAR Natural Gas Company	TA-352-4	Cost of Capital
Arkansas Public Service Commission				
Liberty Utilities (Pine Bluff Water)	10/18	Liberty Utilities (Pine Bluff Water)	18-027-U	Formula Rate Plan and tariff
Entergy Arkansas, LLC	11/20	Entergy Arkansas, LLC	16-036-FR	Sponsored testimony evaluating the Return on Equity included in Rider FRP
Oklahoma Gas & Electric	10/21	Oklahoma Gas & Electric	21-087-U	Formula Rate Plan
California Public Utilities Commission				
Pacific Gas & Electric Co.	01/25	Pacific Gas & Electric Co.	A-24-03-009	Financial flexibility and capital diversity
Delaware Public Service Commission				
Delmarva Power & Light Company	08/24	Delmarva Power & Light Company	24-0868	Alternative Ratemaking Proposal
Florida Public Service Commission				
Pivotal Utility Holdings, Inc. d/b/a Florida City Gas	05/22	Pivotal Utility Holdings, Inc. d/b/a Florida City Gas	20220069-GU	Cost of Capital
State Corporation Commission of Kansas				
Evergy Kansas Central and Evergy Kansas South, Inc.	07/25	Evergy Kansas Central and Evergy Kansas South, Inc.	25-EKCE-294-RTS	Capital Structure
The Empire District Electric Company d/b/a Liberty	12/25	The Empire District Electric Company d/b/a Liberty	26-EPDE-0180-RTS	Capital Structure, Cost of Capital and Cost of Debt
Kentucky Public Service Commission				
Bluegrass Water Utility Operating Company, LLC	09/20	Bluegrass Water Utility Operating Company, LLC	2020-290	Capital Structure and Cost of Long-Term Debt
Maine Public Utilities Commission				
Unitil Corporation	06/19	Northern Utilities, Inc.	19-00092	Co-sponsored testimony supporting a proposed CIRA capital tracking mechanism
Michigan Public Service Commission				
DTE Electric Company	04/25	DTE Electric Company	U-21860	Cost of Capital



SPONSOR	DATE	CASE/APPLICANT	DOCKET	SUBJECT
DTE Gas Company	11/25	DTE Gas Company	U-21973	Cost of Capital
Montana Public Utilities Commission				
NorthWestern Corporation	08/22	NorthWestern Corporation	2022-7-78 (elect.) 2022-7-78 (gas)	Alternative Ratemaking Proposals
New Hampshire Public Utilities Commission				
Unitil Energy Systems, Inc.	04/21	Unitil Energy Systems, Inc.	DE 21-030	Cost of Capital
New Mexico Public Regulation Commission				
El Paso Electric Company	07/20	El Paso Electric Company	20-00104-UT	Cost of Capital
North Carolina Utilities Commission				
Public Service Company of North Carolina d/b/a Dominion Energy North Carolina	04/21	Public Service Company of North Carolina d/b/a Dominion Energy North Carolina	G-5, Sub 632	Cost of Capital
Virginia Electric & Power Co., d/b/a Dominion Energy North Carolina	03/24	Virginia Electric & Power Co., d/b/a Dominion Energy North Carolina	E-22, Sub 694	Cost of Capital
Public Service Company of North Carolina	04/25	Public Service Company of North Carolina	G-5, Sub 686	Cost of Capital
Public Utilities Commission of Ohio				
The East Ohio Gas Company d/b/a Dominion Energy Ohio	11/23	The East Ohio Gas Company d/b/a Dominion Energy Ohio	23-0894-GA-AIR	Cost of Capital
The East Ohio Gas Company d/b/a Enbridge Gas Ohio	01/26	The East Ohio Gas Company d/b/a Enbridge Gas Ohio	25-1097-GA-AIR	Cost of Capital
Oklahoma Corporation Commission				
Oklahoma Gas & Electric	12/21	Oklahoma Gas & Electric	PUD202100164	Formula Rate Plan
Public Utility Commission of Oregon				
Northwest Natural Gas Company d/b/a NW Natural	12/23	Northwest Natural Gas Company d/b/a NW Natural	UG 490	Cost of Capital
Northwest Natural Gas Company d/b/a NW Natural	12/24	Northwest Natural Gas Company d/b/a NW Natural	UG 520	Cost of Capital



SPONSOR	DATE	CASE/APPLICANT	DOCKET	SUBJECT
Pennsylvania Public Utility Commission				
PPL Electric Utilities Corporation	09/25	PPL Electric Utilities Corporation	R-2025-3057164	Cost of Capital
Public Utilities Commission of South Carolina				
Dominion Energy South Carolina	04/23	Dominion Energy South Carolina	2023-70-G	Cost of Capital
Dominion Energy South Carolina	03/24	Dominion Energy South Carolina	2024-34-E	Cost of Capital
Dominion Energy South Carolina, Inc.	01/26	Dominion Energy South Carolina, Inc.	2025-325-E	Cost of Capital
Public Utilities Commission of Texas				
Sharyland Utilities L.L.C.	12/20	Sharyland Utilities L.L.C.	51611	Cost of Capital
El Paso Electric Company	06/21	El Paso Electric Company	52195	Cost of Capital
Wind Energy Transmission Texas, LLC dba WETT	12/24	Wind Energy Transmission Texas, LLC dba WETT	57299	Cost of Capital
El Paso Electric Company	01/25	El Paso Electric Company	57568	Cost of Capital
Utah Public Service Commission				
Enbridge Gas Utah	05/25	Enbridge Gas Utah	25-057-06	Cost of Capital
Dominion Energy Utah	05/22	Dominion Energy Utah	22-057-03	Cost of Capital
Virginia State Corporation Commission				
Virginia Electric & Power Company (Dominion Energy Virginia)	03/25	Virginia Electric & Power Company (Dominion Energy Virginia)	PUR-2025-00058	Cost of Capital
Public Service Commission of West Virginia				
Hope Gas, Inc.	04/25	Hope Gas, Inc.	25-0417-G-42T	Cost of Capital
Hope Gas, Inc. d/b/a Dominion Energy West Virginia	11/20	Hope Gas, Inc. d/b/a Dominion Energy West Virginia	20-0746-G-42T	Cost of Capital
Washington Utilities & Transportation Commission				
Northwest Natural Gas Company d/b/a NW Natural	08/25	Northwest Natural Gas Company d/b/a NW Natural	UG-250610	Cost of Capital
Wyoming Public Service Commission				
Dominion Energy Wyoming	03/23	Dominion Energy Wyoming	30010-215-GR-23	Cost of Capital

Constant Growth Discounted Cash Flow Model with Full Year Growth Adjustment
30 Day Average Stock Price

		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]
Company	Ticker	Annualized Dividend	Average Stock Price	Dividend Yield	Expected Dividend Yield	Zacks Earnings Growth	IBES Earnings Growth	Value Line Earnings Growth	Average Earnings Growth	Low ROE	Mean ROE	High ROE
Alliant Energy Corporation	LNT	\$2.03	\$67.90	2.99%	3.19%	7.20%	7.20%	6.00%	6.80%	9.17%	9.99%	10.41%
Ameren Corporation	AEE	\$2.84	\$104.17	2.73%	2.95%	8.50%	9.30%	6.50%	8.10%	9.40%	11.05%	12.28%
American Electric Power Company, Inc.	AEP	\$3.80	\$120.35	3.16%	3.36%	6.50%	6.50%	6.50%	6.50%	9.86%	9.86%	9.86%
Avista Corporation	AVA	\$1.96	\$40.01	4.90%	5.22%	7.10%	7.10%	5.50%	6.57%	10.67%	11.79%	12.35%
CMS Energy Corporation	CMS	\$2.17	\$74.01	2.93%	3.16%	7.30%	7.30%	8.50%	7.70%	10.45%	10.86%	11.68%
Dominion Energy, Inc.	D	\$2.67	\$60.72	4.40%	4.79%	10.30%	10.70%	6.00%	9.00%	10.66%	13.79%	15.57%
DTE Energy Company	DTE	\$4.36	\$138.02	3.16%	3.36%	7.10%	7.10%	4.50%	6.23%	7.80%	9.59%	10.48%
Duke Energy Corporation	DUK	\$4.26	\$124.67	3.42%	3.64%	6.90%	6.70%	6.00%	6.53%	9.62%	10.17%	10.55%
Entergy Corporation	ETR	\$2.56	\$95.82	2.67%	2.88%	10.20%	10.00%	3.00%	7.73%	5.75%	10.61%	13.14%
Evergy, Inc.	EVERG	\$2.78	\$77.07	3.61%	3.84%	5.80%	6.00%	7.50%	6.43%	9.62%	10.27%	11.38%
FirstEnergy Corporation	FE	\$1.78	\$46.48	3.83%	4.05%	6.50%	6.50%	4.50%	5.83%	8.50%	9.89%	10.58%
IDACORP, Inc.	IDA	\$3.52	\$130.93	2.69%	2.88%	8.00%	8.00%	5.00%	7.00%	7.82%	9.88%	10.90%
NextEra Energy, Inc.	NEE	\$2.27	\$83.91	2.70%	2.92%	8.10%	8.00%	8.50%	8.20%	10.92%	11.12%	11.43%
OGE Energy Corporation	OGE	\$1.70	\$45.07	3.77%	4.02%	7.00%	5.85%	6.50%	6.45%	9.84%	10.47%	11.04%
Pinnacle West Capital Corporation	PNW	\$3.64	\$89.89	4.05%	4.17%	2.10%	1.90%	5.00%	3.00%	6.03%	7.17%	9.25%
Portland General Electric Company	POR	\$2.10	\$47.85	4.39%	4.58%	3.40%	3.49%	6.50%	4.46%	7.94%	9.05%	11.17%
PPL Corporation	PPL	\$1.09	\$36.74	2.97%	3.19%	7.30%	7.30%	7.50%	7.37%	10.48%	10.55%	10.69%
Southern Company	SO	\$2.96	\$92.57	3.20%	3.42%	7.20%	6.80%	6.50%	6.83%	9.91%	10.25%	10.63%
Xcel Energy Inc.	XEL	\$2.28	\$80.71	2.83%	3.06%	8.90%	9.05%	7.00%	8.32%	10.02%	11.38%	12.13%
Proxy Group Mean				3.39%	3.61%	7.13%	7.09%	6.16%	6.79%	9.18%	10.41%	11.34%
Proxy Group Median				3.16%	3.36%	7.20%	7.10%	6.50%	6.80%	9.62%	10.27%	11.04%
Average of Mean and Median				3.27%	3.49%	7.16%	7.10%	6.33%	6.80%	9.40%	10.34%	11.19%

Notes:

[1] Source: S&P Capital IQ

[2] Source: S&P Capital IQ, equals indicated number of trading day average as of 11/28/2025

[3] Equals [1] / [2]

[4] Equals [3] x (1 + 0.5 x [8])

[5] Source: Zacks

[6] Source: IBES

[7] Source: Value Line

[8] Equals Average ([5], [6], [7])

[9] Equals [3] x (1 + Minimum([5], [6], [7])) + Minimum([5], [6], [7])

[10] Equals [4] + [8]

[11] Equals [3] x (1 + Maximum([5], [6], [7])) + Maximum([5], [6], [7])

Constant Growth Discounted Cash Flow Model with Full Year Growth Adjustment
90 Day Average Stock Price

		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]
Company	Ticker	Annualized Dividend	Average Stock Price	Dividend Yield	Expected Dividend Yield	Zacks Earnings Growth	IBES Earnings Growth	Value Line Earnings Growth	Average Earnings Growth	Low ROE	Mean ROE	High ROE
Alliant Energy Corporation	LNT	\$2.03	\$66.39	3.06%	3.27%	7.20%	7.20%	6.00%	6.80%	9.24%	10.07%	10.48%
Ameren Corporation	AEE	\$2.84	\$102.33	2.78%	3.00%	8.50%	9.30%	6.50%	8.10%	9.46%	11.10%	12.33%
American Electric Power Company, Inc.	AEP	\$3.80	\$114.65	3.31%	3.53%	6.50%	6.50%	6.50%	6.50%	10.03%	10.03%	10.03%
Avista Corporation	AVA	\$1.96	\$38.01	5.16%	5.50%	7.10%	7.10%	5.50%	6.57%	10.94%	12.06%	12.62%
CMS Energy Corporation	CMS	\$2.17	\$72.96	2.97%	3.20%	7.30%	7.30%	8.50%	7.70%	10.49%	10.90%	11.73%
Dominion Energy, Inc.	D	\$2.67	\$60.45	4.42%	4.81%	10.30%	10.70%	6.00%	9.00%	10.68%	13.81%	15.59%
DTE Energy Company	DTE	\$4.36	\$138.39	3.15%	3.35%	7.10%	7.10%	4.50%	6.23%	7.79%	9.58%	10.47%
Duke Energy Corporation	DUK	\$4.26	\$123.59	3.45%	3.67%	6.90%	6.70%	6.00%	6.53%	9.65%	10.21%	10.58%
Entergy Corporation	ETR	\$2.56	\$92.40	2.77%	2.98%	10.20%	10.00%	3.00%	7.73%	5.85%	10.72%	13.25%
Evergy, Inc.	EVERG	\$2.78	\$74.42	3.74%	3.98%	5.80%	6.00%	7.50%	6.43%	9.75%	10.41%	11.52%
FirstEnergy Corporation	FE	\$1.78	\$44.88	3.97%	4.20%	6.50%	6.50%	4.50%	5.83%	8.65%	10.03%	10.72%
IDACORP, Inc.	IDA	\$3.52	\$128.54	2.74%	2.93%	8.00%	8.00%	5.00%	7.00%	7.88%	9.93%	10.96%
NextEra Energy, Inc.	NEE	\$2.27	\$77.72	2.92%	3.15%	8.10%	8.00%	8.50%	8.20%	11.15%	11.35%	11.66%
OGE Energy Corporation	OGE	\$1.70	\$45.10	3.77%	4.01%	7.00%	5.85%	6.50%	6.45%	9.84%	10.46%	11.03%
Pinnacle West Capital Corporation	PNW	\$3.64	\$89.94	4.05%	4.17%	2.10%	1.90%	5.00%	3.00%	6.02%	7.17%	9.25%
Portland General Electric Company	POR	\$2.10	\$44.36	4.73%	4.95%	3.40%	3.49%	6.50%	4.46%	8.29%	9.41%	11.54%
PPL Corporation	PPL	\$1.09	\$36.56	2.98%	3.20%	7.30%	7.30%	7.50%	7.37%	10.50%	10.57%	10.70%
Southern Company	SO	\$2.96	\$93.62	3.16%	3.38%	7.20%	6.80%	6.50%	6.83%	9.87%	10.21%	10.59%
Xcel Energy Inc.	XEL	\$2.28	\$76.82	2.97%	3.21%	8.90%	9.05%	7.00%	8.32%	10.18%	11.53%	12.29%
Proxy Group Mean				3.48%	3.71%	7.13%	7.09%	6.16%	6.79%	9.28%	10.50%	11.44%
Proxy Group Median				3.16%	3.38%	7.20%	7.10%	6.50%	6.80%	9.75%	10.41%	11.03%
Average of Mean and Median				3.32%	3.54%	7.16%	7.10%	6.33%	6.80%	9.51%	10.46%	11.24%

Notes:

[1] Source: S&P Capital IQ

[2] Source: S&P Capital IQ, equals indicated number of trading day average as of 11/28/2025

[3] Equals [1] / [2]

[4] Equals [3] x (1 + 0.5 x [8])

[5] Source: Zacks

[6] Source: IBES

[7] Source: Value Line

[8] Equals Average ([5], [6], [7])

[9] Equals [3] x (1 + Minimum([5], [6], [7])) + Minimum([5], [6], [7])

[10] Equals [4] + [8]

[11] Equals [3] x (1 + Maximum([5], [6], [7])) + Maximum([5], [6], [7])

Constant Growth Discounted Cash Flow Model with Full Year Growth Adjustment
180 Day Average Stock Price

		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]
Company	Ticker	Annualized Dividend	Average Stock Price	Dividend Yield	Expected Dividend Yield	Zacks Earnings Growth	IBES Earnings Growth	Value Line Earnings Growth	Average Earnings Growth	Low ROE	Mean ROE	High ROE
Alliant Energy Corporation	LNT	\$2.03	\$64.06	3.17%	3.38%	7.20%	7.20%	6.00%	6.80%	9.36%	10.18%	10.60%
Ameren Corporation	AEE	\$2.84	\$99.85	2.84%	3.07%	8.50%	9.30%	6.50%	8.10%	9.53%	11.17%	12.41%
American Electric Power Company, Inc.	AEP	\$3.80	\$109.60	3.47%	3.69%	6.50%	6.50%	6.50%	6.50%	10.19%	10.19%	10.19%
Avista Corporation	AVA	\$1.96	\$38.63	5.07%	5.41%	7.10%	7.10%	5.50%	6.57%	10.85%	11.97%	12.53%
CMS Energy Corporation	CMS	\$2.17	\$72.21	3.00%	3.24%	7.30%	7.30%	8.50%	7.70%	10.52%	10.94%	11.76%
Dominion Energy, Inc.	D	\$2.67	\$57.84	4.62%	5.03%	10.30%	10.70%	6.00%	9.00%	10.89%	14.03%	15.81%
DTE Energy Company	DTE	\$4.36	\$136.50	3.19%	3.39%	7.10%	7.10%	4.50%	6.23%	7.84%	9.63%	10.52%
Duke Energy Corporation	DUK	\$4.26	\$120.88	3.52%	3.75%	6.90%	6.70%	6.00%	6.53%	9.74%	10.29%	10.67%
Entergy Corporation	ETR	\$2.56	\$87.70	2.92%	3.14%	10.20%	10.00%	3.00%	7.73%	6.01%	10.88%	13.42%
Evergy, Inc.	EVERG	\$2.78	\$70.99	3.92%	4.17%	5.80%	6.00%	7.50%	6.43%	9.94%	10.60%	11.71%
FirstEnergy Corporation	FE	\$1.78	\$42.88	4.15%	4.39%	6.50%	6.50%	4.50%	5.83%	8.84%	10.23%	10.92%
IDACORP, Inc.	IDA	\$3.52	\$122.36	2.88%	3.08%	8.00%	8.00%	5.00%	7.00%	8.02%	10.08%	11.11%
NextEra Energy, Inc.	NEE	\$2.27	\$74.12	3.06%	3.31%	8.10%	8.00%	8.50%	8.20%	11.30%	11.51%	11.82%
OGE Energy Corporation	OGE	\$1.70	\$44.78	3.80%	4.04%	7.00%	5.85%	6.50%	6.45%	9.87%	10.49%	11.06%
Pinnacle West Capital Corporation	PNW	\$3.64	\$90.83	4.01%	4.13%	2.10%	1.90%	5.00%	3.00%	5.98%	7.13%	9.21%
Portland General Electric Company	POR	\$2.10	\$43.19	4.86%	5.08%	3.40%	3.49%	6.50%	4.46%	8.43%	9.54%	11.68%
PPL Corporation	PPL	\$1.09	\$35.70	3.05%	3.28%	7.30%	7.30%	7.50%	7.37%	10.58%	10.64%	10.78%
Southern Company	SO	\$2.96	\$92.01	3.22%	3.44%	7.20%	6.80%	6.50%	6.83%	9.93%	10.27%	10.65%
Xcel Energy Inc.	XEL	\$2.28	\$73.09	3.12%	3.38%	8.90%	9.05%	7.00%	8.32%	10.34%	11.70%	12.45%
Proxy Group Mean				3.57%	3.81%	7.13%	7.09%	6.16%	6.79%	9.38%	10.60%	11.54%
Proxy Group Median				3.22%	3.44%	7.20%	7.10%	6.50%	6.80%	9.87%	10.49%	11.11%
Average of Mean and Median				3.39%	3.62%	7.16%	7.10%	6.33%	6.80%	9.62%	10.55%	11.32%

Notes:

[1] Source: S&P Capital IQ

[2] Source: S&P Capital IQ, equals indicated number of trading day average as of 11/28/2025

[3] Equals [1] / [2]

[4] Equals [3] x (1 + 0.5 x [8])

[5] Source: Zacks

[6] Source: IBES

[7] Source: Value Line

[8] Equals Average ([5], [6], [7])

[9] Equals [3] x (1 + Minimum([5], [6], [7])) + Minimum([5], [6], [7])

[10] Equals [4] + [8]

[11] Equals [3] x (1 + Maximum([5], [6], [7])) + Maximum([5], [6], [7])

Quarterly Growth Discounted Cash Flow Model
30 Day Average Stock Price

		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]	[14]	[15]	[16]
Company	Ticker	Dividend 1	Dividend 2	Dividend 3	Dividend 4	Expected Dividend 1	Expected Dividend 2	Expected Dividend 3	Expected Dividend 4	Average Stock Price	Zacks Earnings Growth	IBES Earnings Growth	Value Line Earnings Growth	Average Earnings Growth	Low ROE	Mean ROE	High ROE
Alliant Energy Corporation	LNT	\$0.51	\$0.51	\$0.51	\$0.51	\$0.54	\$0.54	\$0.54	\$0.54	\$67.90	7.20%	7.20%	6.00%	6.80%	9.28%	10.11%	10.53%
Ameren Corporation	AEE	\$0.67	\$0.71	\$0.71	\$0.71	\$0.72	\$0.77	\$0.77	\$0.77	\$104.17	8.50%	9.30%	6.50%	8.10%	9.46%	11.12%	12.37%
American Electric Power Company, Inc.	AEP	\$0.93	\$0.93	\$0.93	\$0.95	\$0.99	\$0.99	\$0.99	\$1.01	\$120.35	6.50%	6.50%	6.50%	6.50%	9.93%	9.93%	9.93%
Avista Corporation	AVA	\$0.49	\$0.49	\$0.49	\$0.49	\$0.52	\$0.52	\$0.52	\$0.52	\$40.01	7.10%	7.10%	5.50%	6.57%	10.87%	12.02%	12.59%
CMS Energy Corporation	CMS	\$0.54	\$0.54	\$0.54	\$0.54	\$0.58	\$0.58	\$0.58	\$0.58	\$74.01	7.30%	7.30%	8.50%	7.70%	10.57%	10.99%	11.82%
Dominion Energy, Inc.	D	\$0.67	\$0.67	\$0.67	\$0.67	\$0.73	\$0.73	\$0.73	\$0.73	\$60.72	10.30%	10.70%	6.00%	9.00%	10.85%	14.04%	15.85%
DTE Energy Company	DTE	\$1.09	\$1.09	\$1.09	\$1.09	\$1.16	\$1.16	\$1.16	\$1.16	\$138.02	7.10%	7.10%	4.50%	6.23%	7.90%	9.71%	10.62%
Duke Energy Corporation	DUK	\$1.05	\$1.05	\$1.07	\$1.07	\$1.11	\$1.11	\$1.13	\$1.13	\$124.67	6.90%	6.70%	6.00%	6.53%	9.72%	10.27%	10.66%
Entergy Corporation	ETR	\$0.60	\$0.60	\$0.60	\$0.64	\$0.65	\$0.65	\$0.65	\$0.69	\$95.82	10.20%	10.00%	3.00%	7.73%	5.68%	10.58%	13.14%
Evergy, Inc.	EVRG	\$0.67	\$0.67	\$0.67	\$0.70	\$0.71	\$0.71	\$0.71	\$0.74	\$77.07	5.80%	6.00%	7.50%	6.43%	9.63%	10.30%	11.42%
FirstEnergy Corporation	FE	\$0.43	\$0.45	\$0.45	\$0.45	\$0.45	\$0.47	\$0.47	\$0.47	\$46.48	6.50%	6.50%	4.50%	5.83%	8.58%	9.99%	10.69%
IDACORP, Inc.	IDA	\$0.86	\$0.86	\$0.86	\$0.88	\$0.92	\$0.92	\$0.92	\$0.94	\$130.93	8.00%	8.00%	5.00%	7.00%	7.85%	9.93%	10.97%
NextEra Energy, Inc.	NEE	\$0.57	\$0.57	\$0.57	\$0.57	\$0.61	\$0.61	\$0.61	\$0.61	\$83.91	8.10%	8.00%	8.50%	8.20%	11.03%	11.24%	11.55%
OGE Energy Corporation	OGE	\$0.42	\$0.42	\$0.42	\$0.43	\$0.45	\$0.45	\$0.45	\$0.45	\$45.07	7.00%	5.85%	6.50%	6.45%	9.96%	10.59%	11.17%
Pinnacle West Capital Corporation	PNW	\$0.90	\$0.90	\$0.90	\$0.91	\$0.92	\$0.92	\$0.92	\$0.94	\$89.89	2.10%	1.90%	5.00%	3.00%	6.07%	7.23%	9.34%
Portland General Electric Company	POR	\$0.50	\$0.50	\$0.53	\$0.53	\$0.52	\$0.52	\$0.55	\$0.55	\$47.85	3.40%	3.49%	6.50%	4.46%	7.96%	9.09%	11.25%
PPL Corporation	PPL	\$0.26	\$0.27	\$0.27	\$0.27	\$0.28	\$0.29	\$0.29	\$0.29	\$36.74	7.30%	7.30%	7.50%	7.37%	10.56%	10.63%	10.77%
Southern Company	SO	\$0.72	\$0.74	\$0.74	\$0.74	\$0.77	\$0.79	\$0.79	\$0.79	\$92.57	7.20%	6.80%	6.50%	6.83%	10.01%	10.35%	10.74%
Xcel Energy Inc.	XEL	\$0.55	\$0.57	\$0.57	\$0.57	\$0.59	\$0.62	\$0.62	\$0.62	\$80.71	8.90%	9.05%	7.00%	8.32%	10.10%	11.47%	12.24%
Proxy Group Mean											7.13%	7.09%	6.16%	6.79%	9.26%	10.50%	11.45%
Proxy Group Median											7.20%	7.10%	6.50%	6.80%	9.72%	10.35%	11.17%
Average of Mean and Median															9.49%	10.43%	11.31%

Notes:

[1] Source: S&P Capital IQ

[2] Source: S&P Capital IQ

[3] Source: S&P Capital IQ

[4] Source: S&P Capital IQ

[5] Equals Col. [1] x (1 + Col. [13])

[6] Equals Col. [2] x (1 + Col. [13])

[7] Equals Col. [3] x (1 + Col. [13])

[8] Equals Col. [4] x (1 + Col. [13])

[9] Source: S&P Capital IQ, equals indicated number of trading day average as of 11/28/2025

[10] Source: Zacks

[11] Source: IBES

[12] Source: Value Line

[13] Equals Average (Cols. [10], [11], [12])

[14] Implied Low DCF

[15] Implied Mean DCF

[16] Implied High DCF

Quarterly Growth Discounted Cash Flow Model
90 Day Average Stock Price

		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]	[14]	[15]	[16]
Company	Ticker	Dividend 1	Dividend 2	Dividend 3	Dividend 4	Expected Dividend 1	Expected Dividend 2	Expected Dividend 3	Expected Dividend 4	Average Stock Price	Zacks Earnings Growth	IBES Earnings Growth	Value Line Earnings Growth	Average Earnings Growth	Low ROE	Mean ROE	High ROE
Alliant Energy Corporation	LNT	\$0.51	\$0.51	\$0.51	\$0.51	\$0.54	\$0.54	\$0.54	\$0.54	\$66.39	7.20%	7.20%	6.00%	6.80%	9.35%	10.19%	10.61%
Ameren Corporation	AEE	\$0.67	\$0.71	\$0.71	\$0.71	\$0.72	\$0.77	\$0.77	\$0.77	\$102.33	8.50%	9.30%	6.50%	8.10%	9.51%	11.18%	12.42%
American Electric Power Company, Inc.	AEP	\$0.93	\$0.93	\$0.93	\$0.95	\$0.99	\$0.99	\$0.99	\$1.01	\$114.65	6.50%	6.50%	6.50%	6.50%	10.10%	10.10%	10.10%
Avista Corporation	AVA	\$0.49	\$0.49	\$0.49	\$0.49	\$0.52	\$0.52	\$0.52	\$0.52	\$38.01	7.10%	7.10%	5.50%	6.57%	11.16%	12.31%	12.88%
CMS Energy Corporation	CMS	\$0.54	\$0.54	\$0.54	\$0.54	\$0.58	\$0.58	\$0.58	\$0.58	\$72.96	7.30%	7.30%	8.50%	7.70%	10.62%	11.03%	11.87%
Dominion Energy, Inc.	D	\$0.67	\$0.67	\$0.67	\$0.67	\$0.73	\$0.73	\$0.73	\$0.73	\$60.45	10.30%	10.70%	6.00%	9.00%	10.87%	14.06%	15.87%
DTE Energy Company	DTE	\$1.09	\$1.09	\$1.09	\$1.09	\$1.16	\$1.16	\$1.16	\$1.16	\$138.39	7.10%	7.10%	4.50%	6.23%	7.89%	9.70%	10.61%
Duke Energy Corporation	DUK	\$1.05	\$1.05	\$1.07	\$1.07	\$1.11	\$1.11	\$1.13	\$1.13	\$123.59	6.90%	6.70%	6.00%	6.53%	9.75%	10.31%	10.69%
Entergy Corporation	ETR	\$0.60	\$0.60	\$0.60	\$0.64	\$0.65	\$0.65	\$0.65	\$0.69	\$92.40	10.20%	10.00%	3.00%	7.73%	5.78%	10.69%	13.25%
Evergy, Inc.	EVRG	\$0.67	\$0.67	\$0.67	\$0.70	\$0.71	\$0.71	\$0.71	\$0.74	\$74.42	5.80%	6.00%	7.50%	6.43%	9.77%	10.44%	11.56%
FirstEnergy Corporation	FE	\$0.43	\$0.45	\$0.45	\$0.45	\$0.45	\$0.47	\$0.47	\$0.47	\$44.88	6.50%	6.50%	4.50%	5.83%	8.73%	10.14%	10.84%
IDACORP, Inc.	IDA	\$0.86	\$0.86	\$0.86	\$0.88	\$0.92	\$0.92	\$0.92	\$0.94	\$128.54	8.00%	8.00%	5.00%	7.00%	7.91%	9.99%	11.02%
NextEra Energy, Inc.	NEE	\$0.57	\$0.57	\$0.57	\$0.57	\$0.61	\$0.61	\$0.61	\$0.61	\$77.72	8.10%	8.00%	8.50%	8.20%	11.28%	11.49%	11.80%
OGE Energy Corporation	OGE	\$0.42	\$0.42	\$0.42	\$0.43	\$0.45	\$0.45	\$0.45	\$0.45	\$45.10	7.00%	5.85%	6.50%	6.45%	9.96%	10.59%	11.17%
Pinnacle West Capital Corporation	PNW	\$0.90	\$0.90	\$0.90	\$0.91	\$0.92	\$0.92	\$0.92	\$0.94	\$89.94	2.10%	1.90%	5.00%	3.00%	6.06%	7.23%	9.34%
Portland General Electric Company	POR	\$0.50	\$0.50	\$0.53	\$0.53	\$0.52	\$0.52	\$0.55	\$0.55	\$44.36	3.40%	3.49%	6.50%	4.46%	8.32%	9.46%	11.63%
PPL Corporation	PPL	\$0.26	\$0.27	\$0.27	\$0.27	\$0.28	\$0.29	\$0.29	\$0.29	\$36.56	7.30%	7.30%	7.50%	7.37%	10.58%	10.64%	10.78%
Southern Company	SO	\$0.72	\$0.74	\$0.74	\$0.74	\$0.77	\$0.79	\$0.79	\$0.79	\$93.62	7.20%	6.80%	6.50%	6.83%	9.97%	10.31%	10.70%
Xcel Energy Inc.	XEL	\$0.55	\$0.57	\$0.57	\$0.57	\$0.59	\$0.62	\$0.62	\$0.62	\$76.82	8.90%	9.05%	7.00%	8.32%	10.26%	11.63%	12.40%
Proxy Group Mean											7.13%	7.09%	6.16%	6.79%	9.36%	10.60%	11.56%
Proxy Group Median											7.20%	7.10%	6.50%	6.80%	9.77%	10.44%	11.17%
Average of Mean and Median															9.57%	10.52%	11.36%

Notes:

[1] Source: S&P Capital IQ

[2] Source: S&P Capital IQ

[3] Source: S&P Capital IQ

[4] Source: S&P Capital IQ

[5] Equals Col. [1] x (1 + Col. [13])

[6] Equals Col. [2] x (1 + Col. [13])

[7] Equals Col. [3] x (1 + Col. [13])

[8] Equals Col. [4] x (1 + Col. [13])

[9] Source: S&P Capital IQ, equals indicated number of trading day average as of 11/28/2025

[10] Source: Zacks

[11] Source: IBES

[12] Source: Value Line

[13] Equals Average (Cols. [10], [11], [12])

[14] Implied Low DCF

[15] Implied Mean DCF

[16] Implied High DCF

Quarterly Growth Discounted Cash Flow Model
180 Day Average Stock Price

		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]	[14]	[15]	[16]
Company	Ticker	Dividend 1	Dividend 2	Dividend 3	Dividend 4	Expected Dividend 1	Expected Dividend 2	Expected Dividend 3	Expected Dividend 4	Average Stock Price	Zacks Earnings Growth	IBES Earnings Growth	Value Line Earnings Growth	Average Earnings Growth	Low ROE	Mean ROE	High ROE
Alliant Energy Corporation	LNT	\$0.51	\$0.51	\$0.51	\$0.51	\$0.54	\$0.54	\$0.54	\$0.54	\$64.06	7.20%	7.20%	6.00%	6.80%	9.48%	10.31%	10.73%
Ameren Corporation	AEE	\$0.67	\$0.71	\$0.71	\$0.71	\$0.72	\$0.77	\$0.77	\$0.77	\$99.85	8.50%	9.30%	6.50%	8.10%	9.59%	11.25%	12.50%
American Electric Power Company, Inc.	AEP	\$0.93	\$0.93	\$0.93	\$0.95	\$0.99	\$0.99	\$0.99	\$1.01	\$109.60	6.50%	6.50%	6.50%	6.50%	10.27%	10.27%	10.27%
Avista Corporation	AVA	\$0.49	\$0.49	\$0.49	\$0.49	\$0.52	\$0.52	\$0.52	\$0.52	\$38.63	7.10%	7.10%	5.50%	6.57%	11.07%	12.22%	12.79%
CMS Energy Corporation	CMS	\$0.54	\$0.54	\$0.54	\$0.54	\$0.58	\$0.58	\$0.58	\$0.58	\$72.21	7.30%	7.30%	8.50%	7.70%	10.65%	11.07%	11.90%
Dominion Energy, Inc.	D	\$0.67	\$0.67	\$0.67	\$0.67	\$0.73	\$0.73	\$0.73	\$0.73	\$57.84	10.30%	10.70%	6.00%	9.00%	11.09%	14.29%	16.11%
DTE Energy Company	DTE	\$1.09	\$1.09	\$1.09	\$1.09	\$1.16	\$1.16	\$1.16	\$1.16	\$136.50	7.10%	7.10%	4.50%	6.23%	7.94%	9.75%	10.65%
Duke Energy Corporation	DUK	\$1.05	\$1.05	\$1.07	\$1.07	\$1.11	\$1.11	\$1.13	\$1.13	\$120.88	6.90%	6.70%	6.00%	6.53%	9.83%	10.39%	10.78%
Entergy Corporation	ETR	\$0.60	\$0.60	\$0.60	\$0.64	\$0.65	\$0.65	\$0.65	\$0.69	\$87.70	10.20%	10.00%	3.00%	7.73%	5.93%	10.85%	13.41%
Eversource Energy	ESV	\$0.67	\$0.67	\$0.67	\$0.70	\$0.71	\$0.71	\$0.71	\$0.74	\$70.99	5.80%	6.00%	7.50%	6.43%	9.97%	10.63%	11.76%
FirstEnergy Corporation	FE	\$0.43	\$0.45	\$0.45	\$0.45	\$0.45	\$0.47	\$0.47	\$0.47	\$42.88	6.50%	6.50%	4.50%	5.83%	8.93%	10.34%	11.05%
IDACORP, Inc.	IDA	\$0.86	\$0.86	\$0.86	\$0.88	\$0.92	\$0.92	\$0.92	\$0.94	\$122.36	8.00%	8.00%	5.00%	7.00%	8.06%	10.14%	11.18%
NextEra Energy, Inc.	NEE	\$0.57	\$0.57	\$0.57	\$0.57	\$0.61	\$0.61	\$0.61	\$0.61	\$74.12	8.10%	8.00%	8.50%	8.20%	11.44%	11.65%	11.96%
OGE Energy Corporation	OGE	\$0.42	\$0.42	\$0.42	\$0.43	\$0.45	\$0.45	\$0.45	\$0.45	\$44.78	7.00%	5.85%	6.50%	6.45%	9.99%	10.62%	11.20%
Pinnacle West Capital Corporation	PNW	\$0.90	\$0.90	\$0.90	\$0.91	\$0.92	\$0.92	\$0.92	\$0.94	\$90.83	2.10%	1.90%	5.00%	3.00%	6.02%	7.18%	9.30%
Portland General Electric Company	POR	\$0.50	\$0.50	\$0.53	\$0.53	\$0.52	\$0.52	\$0.55	\$0.55	\$43.19	3.40%	3.49%	6.50%	4.46%	8.46%	9.59%	11.77%
PPL Corporation	PPL	\$0.26	\$0.27	\$0.27	\$0.27	\$0.28	\$0.29	\$0.29	\$0.29	\$35.70	7.30%	7.30%	7.50%	7.37%	10.66%	10.73%	10.86%
Southern Company	SO	\$0.72	\$0.74	\$0.74	\$0.74	\$0.77	\$0.79	\$0.79	\$0.79	\$92.01	7.20%	6.80%	6.50%	6.83%	10.03%	10.38%	10.76%
Xcel Energy Inc.	XEL	\$0.55	\$0.57	\$0.57	\$0.57	\$0.59	\$0.62	\$0.62	\$0.62	\$73.09	8.90%	9.05%	7.00%	8.32%	10.43%	11.81%	12.57%
Proxy Group Mean											7.13%	7.09%	6.16%	6.79%	9.46%	10.71%	11.66%
Proxy Group Median											7.20%	7.10%	6.50%	6.80%	9.97%	10.62%	11.20%
Average of Mean and Median															9.72%	10.66%	11.43%

Notes:

[1] Source: S&P Capital IQ

[2] Source: S&P Capital IQ

[3] Source: S&P Capital IQ

[4] Source: S&P Capital IQ

[5] Equals Col. [1] x (1 + Col. [13])

[6] Equals Col. [2] x (1 + Col. [13])

[7] Equals Col. [3] x (1 + Col. [13])

[8] Equals Col. [4] x (1 + Col. [13])

[9] Source: S&P Capital IQ, equals indicated number of trading day average as of 11/28/2025

[10] Source: Zacks

[11] Source: IBES

[12] Source: Value Line

[13] Equals Average (Cols. [10], [11], [12])

[14] Implied Low DCF

[15] Implied Mean DCF

[16] Implied High DCF

Expected Market Return
Market DCF Based Method - Value Line EPS Growth

[1] Market Cap. Weighted Estimate of the S&P 500 Dividend Yield	1.16%
[2] Market Cap. Weighted Estimate of the S&P 500 Growth Rate	13.85%
[3] Market Cap. Weighted Estimated Required Market Return	15.09%

Notes:

- [1] Source: S&P Capital IQ
 [2] Source: Value Line. See Confidential WP-12
 [3] Equals $([1] \times (1 + (0.5 \times [2]))) + [2]$

Expected Market Return
Market DCF Based Method - Bloomberg EPS Growth

[4] Market Cap. Weighted Estimate of the S&P 500 Dividend Yield	1.16%
[5] Market Cap. Weighted Estimate of the S&P 500 Growth Rate	17.70%
[6] Market Cap. Weighted Estimated Required Market Return	18.96%

Notes:

- [4] Source: S&P Capital IQ
 [5] Source: Bloomberg Professional. See Confidential WP-13
 [6] Equals $([1] \times (1 + (0.5 \times [2]))) + [2]$

Expected Market Return
Market DCF Based Method - S&P Earnings and Estimates

[7] S&P 500 Dividend Yield	1.15%
[8] S&P 500 Growth Rate	17.50%
[9] Estimated Required Market Return	18.75%

Notes:

- [7], [8] Source: S&P Earnings and Estimate Report as of December 3, 2025. See, WP-2
 [9] Equals $([1] \times (1 + (0.5 \times [2]))) + [2]$

Capital Asset Pricing Model and Empirical Capital Asset Pricing Model Results
Using Long-Term Historical Market Return

		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]
Company	Ticker	Current 30-Year Treasury Yield	Bloomberg Beta Coefficient	Value Line Beta Coefficient	Average Beta Coefficient	Long-Term Average Historical Market Return (1926-2024)	Market Risk Premium	Traditional CAPM	Empirical CAPM
Alliant Energy Corporation	LNT	4.66%	0.61	0.75	0.68	12.17%	7.51%	9.77%	10.37%
Ameren Corporation	AEE	4.66%	0.63	0.75	0.69	12.17%	7.51%	9.83%	10.41%
American Electric Power Company, Inc.	AEP	4.66%	0.54	0.65	0.60	12.17%	7.51%	9.13%	9.89%
Avista Corporation	AVA	4.66%	0.53	0.75	0.64	12.17%	7.51%	9.47%	10.15%
CMS Energy Corporation	CMS	4.66%	0.57	0.70	0.63	12.17%	7.51%	9.41%	10.10%
Dominion Energy, Inc.	D	4.66%	0.60	0.80	0.70	12.17%	7.51%	9.90%	10.47%
DTE Energy Company	DTE	4.66%	0.60	0.80	0.70	12.17%	7.51%	9.90%	10.47%
Duke Energy Corporation	DUK	4.66%	0.50	0.65	0.57	12.17%	7.51%	8.98%	9.78%
Entergy Corporation	ETR	4.66%	0.66	0.75	0.70	12.17%	7.51%	9.95%	10.51%
Eversource Energy	EVER	4.66%	0.60	0.75	0.68	12.17%	7.51%	9.73%	10.34%
FirstEnergy Corporation	FE	4.66%	0.57	0.75	0.66	12.17%	7.51%	9.62%	10.25%
IDACORP, Inc.	IDA	4.66%	0.55	0.65	0.60	12.17%	7.51%	9.17%	9.92%
NextEra Energy, Inc.	NEE	4.66%	0.78	0.90	0.84	12.17%	7.51%	10.96%	11.26%
OGE Energy Corporation	OGE	4.66%	0.67	0.85	0.76	12.17%	7.51%	10.35%	10.80%
Pinnacle West Capital Corporation	PNW	4.66%	0.62	0.75	0.68	12.17%	7.51%	9.80%	10.39%
Portland General Electric Company	POR	4.66%	0.57	0.75	0.66	12.17%	7.51%	9.62%	10.26%
PPL Corporation	PPL	4.66%	0.63	0.80	0.72	12.17%	7.51%	10.04%	10.57%
Southern Company	SO	4.66%	0.55	0.65	0.60	12.17%	7.51%	9.18%	9.93%
Xcel Energy Inc.	XEL	4.66%	0.58	0.70	0.64	12.17%	7.51%	9.45%	10.13%

Mean:	9.70%	10.32%
Median:	9.73%	10.34%
Average of the Mean and Median:	9.72%	10.33%

		[9]	[10]	[11]	[12]	[13]	[14]	[15]	[16]
Company	Ticker	Projected 30-Year Treasury Yield	Bloomberg Beta Coefficient	Value Line Beta Coefficient	Average Beta Coefficient	Long-Term Average Historical Market Return (1926-2024)	Market Risk Premium	Traditional CAPM	Empirical CAPM
Alliant Energy Corporation	LNT	4.58%	0.61	0.75	0.68	12.17%	7.59%	9.74%	10.35%
Ameren Corporation	AEE	4.58%	0.63	0.75	0.69	12.17%	7.59%	9.81%	10.40%
American Electric Power Company, Inc.	AEP	4.58%	0.54	0.65	0.60	12.17%	7.59%	9.10%	9.87%
Avista Corporation	AVA	4.58%	0.53	0.75	0.64	12.17%	7.59%	9.45%	10.13%
CMS Energy Corporation	CMS	4.58%	0.57	0.70	0.63	12.17%	7.59%	9.39%	10.08%
Dominion Energy, Inc.	D	4.58%	0.60	0.80	0.70	12.17%	7.59%	9.88%	10.45%
DTE Energy Company	DTE	4.58%	0.60	0.80	0.70	12.17%	7.59%	9.88%	10.45%
Duke Energy Corporation	DUK	4.58%	0.50	0.65	0.57	12.17%	7.59%	8.95%	9.75%
Entergy Corporation	ETR	4.58%	0.66	0.75	0.70	12.17%	7.59%	9.93%	10.49%
Eversource Energy	EVER	4.58%	0.60	0.75	0.68	12.17%	7.59%	9.71%	10.33%
FirstEnergy Corporation	FE	4.58%	0.57	0.75	0.66	12.17%	7.59%	9.59%	10.24%
IDACORP, Inc.	IDA	4.58%	0.55	0.65	0.60	12.17%	7.59%	9.14%	9.90%
NextEra Energy, Inc.	NEE	4.58%	0.78	0.90	0.84	12.17%	7.59%	10.94%	11.25%
OGE Energy Corporation	OGE	4.58%	0.67	0.85	0.76	12.17%	7.59%	10.33%	10.79%
Pinnacle West Capital Corporation	PNW	4.58%	0.62	0.75	0.68	12.17%	7.59%	9.77%	10.37%
Portland General Electric Company	POR	4.58%	0.57	0.75	0.66	12.17%	7.59%	9.59%	10.24%
PPL Corporation	PPL	4.58%	0.63	0.80	0.72	12.17%	7.59%	10.02%	10.56%
Southern Company	SO	4.58%	0.55	0.65	0.60	12.17%	7.59%	9.15%	9.91%
Xcel Energy Inc.	XEL	4.58%	0.58	0.70	0.64	12.17%	7.59%	9.42%	10.11%

Mean:	9.67%	10.30%
Median:	9.71%	10.33%
Average of the Mean and Median:	9.69%	10.31%

- [1] Source: Federal Reserve Bank of St. Louis; 30-day average
[2] Source: Bloomberg Professional Service
[3] Source: Value Line
[4] Equals Average of Col. [2] and Col. [3]
[5] Kroll Cost of Capital Navigator
[6] Equals Col. [5] - Col. [1]
[7] Equals Col. [1] + (Col. [4] x Col. [6])
[8] Equals Col. [1] + (0.75 x Col. [4] x Col. [6]) + (0.25 x Col. [6])
[9] Blue Chip Financial Forecasts, Vol. 44, No. 12, December 1, 2025 at 2 and 14
[10] See Note [2]
[11] See Note [3]
[12] Equals Average of Col. [10] and Col. [11]
[13] See Note [5]
[14] Equals Col. [13] - Col. [9]
[15] Equals Col. [9] + (Col. [12] x Col. [14])
[16] Equals Col. [9] + (0.75 x Col. [12] x Col. [14]) + (0.25 x Col. [14])

Capital Asset Pricing Model and Empirical Capital Asset Pricing Model Results
Using DCF-derived Expected Market Return

		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	
		Current 30- Year Treasury Yield	Bloomberg Beta Coefficient	Value Line Beta Coefficient	Average Beta Coefficient	DCF Expected Market Return	Market Risk Premium	Traditional CAPM	Empirical CAPM	
Company	Ticker									
Alliant Energy Corporation	LNT	4.66%	0.61	0.75	0.68	15.09%	10.43%	11.75%	12.59%	
Ameren Corporation	AEE	4.66%	0.63	0.75	0.69	15.09%	10.43%	11.84%	12.65%	
American Electric Power Company, Inc.	AEP	4.66%	0.54	0.65	0.60	15.09%	10.43%	10.87%	11.92%	
Avista Corporation	AVA	4.66%	0.53	0.75	0.64	15.09%	10.43%	11.34%	12.28%	
CMS Energy Corporation	CMS	4.66%	0.57	0.70	0.63	15.09%	10.43%	11.26%	12.22%	
Dominion Energy, Inc.	D	4.66%	0.60	0.80	0.70	15.09%	10.43%	11.94%	12.73%	
DTE Energy Company	DTE	4.66%	0.60	0.80	0.70	15.09%	10.43%	11.94%	12.73%	
Duke Energy Corporation	DUK	4.66%	0.50	0.65	0.57	15.09%	10.43%	10.66%	11.76%	
Entergy Corporation	ETR	4.66%	0.66	0.75	0.70	15.09%	10.43%	12.01%	12.78%	
Evergy, Inc.	EVERG	4.66%	0.60	0.75	0.68	15.09%	10.43%	11.71%	12.55%	
FirstEnergy Corporation	FE	4.66%	0.57	0.75	0.66	15.09%	10.43%	11.54%	12.43%	
IDACORP, Inc.	IDA	4.66%	0.55	0.65	0.60	15.09%	10.43%	10.93%	11.97%	
NextEra Energy, Inc.	NEE	4.66%	0.78	0.90	0.84	15.09%	10.43%	13.40%	13.83%	
OGE Energy Corporation	OGE	4.66%	0.67	0.85	0.76	15.09%	10.43%	12.56%	13.19%	
Pinnacle West Capital Corporation	PNW	4.66%	0.62	0.75	0.68	15.09%	10.43%	11.79%	12.62%	
Portland General Electric Company	POR	4.66%	0.57	0.75	0.66	15.09%	10.43%	11.55%	12.43%	
PPL Corporation	PPL	4.66%	0.63	0.80	0.72	15.09%	10.43%	12.13%	12.87%	
Southern Company	SO	4.66%	0.55	0.65	0.60	15.09%	10.43%	10.94%	11.98%	
Xcel Energy Inc.	XEL	4.66%	0.58	0.70	0.64	15.09%	10.43%	11.31%	12.26%	
								Mean:	11.66%	12.52%
								Median:	11.71%	12.55%
Average of the Mean and Median:								11.68%	12.53%	
		[9]	[10]	[11]	[12]	[13]	[14]	[15]	[16]	
		Projected 30-Year Treasury Yield	Bloomberg Beta Coefficient	Value Line Beta Coefficient	Average Beta Coefficient	DCF Expected Market Return	Market Risk Premium	Traditional CAPM	Empirical CAPM	
Company	Ticker									
Alliant Energy Corporation	LNT	4.58%	0.61	0.75	0.68	15.09%	10.51%	11.73%	12.57%	
Ameren Corporation	AEE	4.58%	0.63	0.75	0.69	15.09%	10.51%	11.82%	12.64%	
American Electric Power Company, Inc.	AEP	4.58%	0.54	0.65	0.60	15.09%	10.51%	10.84%	11.90%	
Avista Corporation	AVA	4.58%	0.53	0.75	0.64	15.09%	10.51%	11.32%	12.26%	
CMS Energy Corporation	CMS	4.58%	0.57	0.70	0.63	15.09%	10.51%	11.24%	12.20%	
Dominion Energy, Inc.	D	4.58%	0.60	0.80	0.70	15.09%	10.51%	11.92%	12.71%	
DTE Energy Company	DTE	4.58%	0.60	0.80	0.70	15.09%	10.51%	11.92%	12.71%	
Duke Energy Corporation	DUK	4.58%	0.50	0.65	0.57	15.09%	10.51%	10.62%	11.74%	
Entergy Corporation	ETR	4.58%	0.66	0.75	0.70	15.09%	10.51%	11.99%	12.76%	
Evergy, Inc.	EVERG	4.58%	0.60	0.75	0.68	15.09%	10.51%	11.68%	12.54%	
FirstEnergy Corporation	FE	4.58%	0.57	0.75	0.66	15.09%	10.51%	11.52%	12.41%	
IDACORP, Inc.	IDA	4.58%	0.55	0.65	0.60	15.09%	10.51%	10.90%	11.95%	
NextEra Energy, Inc.	NEE	4.58%	0.78	0.90	0.84	15.09%	10.51%	13.39%	13.82%	
OGE Energy Corporation	OGE	4.58%	0.67	0.85	0.76	15.09%	10.51%	12.54%	13.18%	
Pinnacle West Capital Corporation	PNW	4.58%	0.62	0.75	0.68	15.09%	10.51%	11.77%	12.60%	
Portland General Electric Company	POR	4.58%	0.57	0.75	0.66	15.09%	10.51%	11.52%	12.41%	
PPL Corporation	PPL	4.58%	0.63	0.80	0.72	15.09%	10.51%	12.11%	12.86%	
Southern Company	SO	4.58%	0.55	0.65	0.60	15.09%	10.51%	10.91%	11.96%	
Xcel Energy Inc.	XEL	4.58%	0.58	0.70	0.64	15.09%	10.51%	11.29%	12.24%	
								Mean:	11.63%	12.50%
								Median:	11.68%	12.54%
Average of the Mean and Median:								11.66%	12.52%	

Notes:

[1] Source: Federal Reserve Bank of St. Louis; 30-day average

[2] Source: Bloomberg Professional Service

[3] Source: Value Line

[4] Equals Average of Col. [2] and Col. [3]

[5] Source: JEN-4; Value Line DCF-based expected market return

[6] Equals Col. [5] - Col. [1]

[7] Equals Col. [1] + (Col. [4] x Col. [6])

[8] Equals Col. [1] + (0.75 x Col. [4] x Col. [6]) + (0.25 x Col. [6])

[9] Blue Chip Financial Forecasts, Vol. 44, No. 12, December 1, 2025 at 2 and 14

[10] See Note [2]

[11] See Note [3]

[12] Equals Average of Col. [10] and Col. [11]

[13] See Note [5]

[14] Equals Col. [13] - Col. [9]

[15] Equals Col. [9] + (Col. [12] x Col. [14])

[16] Equals Col. [9] + (0.75 x Col. [12] x Col. [14]) + (0.25 x Col. [14])

Capital Asset Pricing Model and Empirical Capital Asset Pricing Model Results
Using Long-Term Historical Market Return and 10-Year Bloomberg Betas

		[1]	[2]	[3]	[4]	[5]	[6]
Company	Ticker	Current 30-Year Treasury Yield	Bloomberg 10-Year Beta Coefficient	Long-Term Average Historical Market Return (1926-2024)	Market Risk Premium	Traditional CAPM	Empirical CAPM
Alliant Energy Corporation	LNT	4.66%	0.75	12.17%	7.51%	10.25%	10.73%
Ameren Corporation	AEE	4.66%	0.72	12.17%	7.51%	10.04%	10.57%
American Electric Power Company, Inc.	AEP	4.66%	0.71	12.17%	7.51%	9.96%	10.52%
Avista Corporation	AVA	4.66%	0.70	12.17%	7.51%	9.91%	10.47%
CMS Energy Corporation	CMS	4.66%	0.70	12.17%	7.51%	9.92%	10.48%
Dominion Energy, Inc.	D	4.66%	0.68	12.17%	7.51%	9.73%	10.34%
DTE Energy Company	DTE	4.66%	0.78	12.17%	7.51%	10.51%	10.92%
Duke Energy Corporation	DUK	4.66%	0.68	12.17%	7.51%	9.74%	10.35%
Entergy Corporation	ETR	4.66%	0.83	12.17%	7.51%	10.87%	11.20%
Evergy, Inc.	EVRG	4.66%	0.75	12.17%	7.51%	10.26%	10.74%
FirstEnergy Corporation	FE	4.66%	0.75	12.17%	7.51%	10.26%	10.73%
IDACORP, Inc.	IDA	4.66%	0.74	12.17%	7.51%	10.20%	10.69%
NextEra Energy, Inc.	NEE	4.66%	0.79	12.17%	7.51%	10.59%	10.98%
OGE Energy Corporation	OGE	4.66%	0.87	12.17%	7.51%	11.20%	11.44%
Pinnacle West Capital Corporation	PNW	4.66%	0.78	12.17%	7.51%	10.54%	10.94%
Portland General Electric Company	POR	4.66%	0.74	12.17%	7.51%	10.19%	10.68%
PPL Corporation	PPL	4.66%	0.89	12.17%	7.51%	11.35%	11.55%
Southern Company	SO	4.66%	0.74	12.17%	7.51%	10.20%	10.69%
Xcel Energy Inc.	XEL	4.66%	0.71	12.17%	7.51%	9.98%	10.53%
Mean:						10.30%	10.77%
Median:						10.20%	10.69%
Average of the Mean and Median:						10.25%	10.73%

		[7]	[8]	[9]	[10]	[11]	[12]
Company	Ticker	Projected 30-Year Treasury Yield	Bloomberg 10-Year Beta Coefficient	Long-Term Average Historical Market Return (1926-2024)	Market Risk Premium	Traditional CAPM	Empirical CAPM
Alliant Energy Corporation	LNT	4.58%	0.75	12.17%	7.59%	10.24%	10.72%
Ameren Corporation	AEE	4.58%	0.72	12.17%	7.59%	10.01%	10.55%
American Electric Power Company, Inc.	AEP	4.58%	0.71	12.17%	7.59%	9.94%	10.50%
Avista Corporation	AVA	4.58%	0.70	12.17%	7.59%	9.89%	10.46%
CMS Energy Corporation	CMS	4.58%	0.70	12.17%	7.59%	9.89%	10.46%
Dominion Energy, Inc.	D	4.58%	0.68	12.17%	7.59%	9.71%	10.32%
DTE Energy Company	DTE	4.58%	0.78	12.17%	7.59%	10.49%	10.91%
Duke Energy Corporation	DUK	4.58%	0.68	12.17%	7.59%	9.72%	10.33%
Entergy Corporation	ETR	4.58%	0.83	12.17%	7.59%	10.86%	11.19%
Evergy, Inc.	EVRG	4.58%	0.75	12.17%	7.59%	10.24%	10.72%
FirstEnergy Corporation	FE	4.58%	0.75	12.17%	7.59%	10.24%	10.72%
IDACORP, Inc.	IDA	4.58%	0.74	12.17%	7.59%	10.18%	10.68%
NextEra Energy, Inc.	NEE	4.58%	0.79	12.17%	7.59%	10.57%	10.97%
OGE Energy Corporation	OGE	4.58%	0.87	12.17%	7.59%	11.19%	11.43%
Pinnacle West Capital Corporation	PNW	4.58%	0.78	12.17%	7.59%	10.52%	10.93%
Portland General Electric Company	POR	4.58%	0.74	12.17%	7.59%	10.17%	10.67%
PPL Corporation	PPL	4.58%	0.89	12.17%	7.59%	11.34%	11.55%
Southern Company	SO	4.58%	0.74	12.17%	7.59%	10.18%	10.68%
Xcel Energy Inc.	XEL	4.58%	0.71	12.17%	7.59%	9.96%	10.51%
Mean:						10.28%	10.75%
Median:						10.18%	10.68%
Average of the Mean and Median:						10.23%	10.72%

[1] Source: Federal Reserve Bank of St. Louis; 30-day average

[2] Source: Bloomberg Professional Service

[3] Kroll Cost of Capital Navigator

[4] Equals Col. [3] - Col. [1]

[5] Equals Col. [1] + (Col. [2] x Col. [4])

[6] Equals Col. [1] + (0.75 x Col. [2] x Col. [4]) + (0.25 x Col. [4])

[7] Blue Chip Financial Forecasts, Vol. 44, No. 12, December 1, 2025 at 2 and 14

[8] See Note [2]

[9] See Note [3]

[10] Equals Col. [9] - Col. [7]

[11] Equals Col. [7] + (Col. [8] x Col. [10])

[12] Equals Col. [7] + (0.75 x Col. [8] x Col. [10]) + (0.25 x Col. [10])

Capital Asset Pricing Model and Empirical Capital Asset Pricing Model Results
Using DCF-derived Expected Market Return and Bloomberg 10-Year Betas

		[1]	[2]	[3]	[4]	[5]	[6]
Company	Ticker	Current 30-Year Treasury Yield	Bloomberg 10-Year Beta Coefficient	DCF Expected Market Return	Market Risk Premium	Traditional CAPM	Empirical CAPM
Alliant Energy Corporation	LNT	4.66%	0.75	15.09%	10.43%	12.43%	13.10%
Ameren Corporation	AEE	4.66%	0.72	15.09%	10.43%	12.13%	12.87%
American Electric Power Company, Inc.	AEP	4.66%	0.71	15.09%	10.43%	12.03%	12.79%
Avista Corporation	AVA	4.66%	0.70	15.09%	10.43%	11.95%	12.74%
CMS Energy Corporation	CMS	4.66%	0.70	15.09%	10.43%	11.96%	12.74%
Dominion Energy, Inc.	D	4.66%	0.68	15.09%	10.43%	11.71%	12.55%
DTE Energy Company	DTE	4.66%	0.78	15.09%	10.43%	12.79%	13.36%
Duke Energy Corporation	DUK	4.66%	0.68	15.09%	10.43%	11.72%	12.56%
Entergy Corporation	ETR	4.66%	0.83	15.09%	10.43%	13.29%	13.74%
Evergy, Inc.	EVRG	4.66%	0.75	15.09%	10.43%	12.44%	13.10%
FirstEnergy Corporation	FE	4.66%	0.75	15.09%	10.43%	12.43%	13.10%
IDACORP, Inc.	IDA	4.66%	0.74	15.09%	10.43%	12.35%	13.04%
NextEra Energy, Inc.	NEE	4.66%	0.79	15.09%	10.43%	12.89%	13.44%
OGE Energy Corporation	OGE	4.66%	0.87	15.09%	10.43%	13.74%	14.08%
Pinnacle West Capital Corporation	PNW	4.66%	0.78	15.09%	10.43%	12.82%	13.39%
Portland General Electric Company	POR	4.66%	0.74	15.09%	10.43%	12.34%	13.03%
PPL Corporation	PPL	4.66%	0.89	15.09%	10.43%	13.95%	14.24%
Southern Company	SO	4.66%	0.74	15.09%	10.43%	12.36%	13.04%
Xcel Energy Inc.	XEL	4.66%	0.71	15.09%	10.43%	12.05%	12.81%

Mean:	12.49%	13.14%
Median:	12.36%	13.04%
Average of the Mean and Median:	12.42%	13.09%

		[7]	[8]	[9]	[10]	[11]	[12]
Company	Ticker	Projected 30-Year Treasury Yield	Bloomberg 10-Year Beta Coefficient	DCF Expected Market Return	Market Risk Premium	Traditional CAPM	Empirical CAPM
Alliant Energy Corporation	LNT	4.58%	0.75	15.09%	10.51%	12.41%	13.08%
Ameren Corporation	AEE	4.58%	0.72	15.09%	10.51%	12.11%	12.85%
American Electric Power Company, Inc.	AEP	4.58%	0.71	15.09%	10.51%	12.00%	12.78%
Avista Corporation	AVA	4.58%	0.70	15.09%	10.51%	11.93%	12.72%
CMS Energy Corporation	CMS	4.58%	0.70	15.09%	10.51%	11.94%	12.73%
Dominion Energy, Inc.	D	4.58%	0.68	15.09%	10.51%	11.68%	12.53%
DTE Energy Company	DTE	4.58%	0.78	15.09%	10.51%	12.77%	13.35%
Duke Energy Corporation	DUK	4.58%	0.68	15.09%	10.51%	11.70%	12.55%
Entergy Corporation	ETR	4.58%	0.83	15.09%	10.51%	13.27%	13.73%
Evergy, Inc.	EVRG	4.58%	0.75	15.09%	10.51%	12.42%	13.09%
FirstEnergy Corporation	FE	4.58%	0.75	15.09%	10.51%	12.41%	13.08%
IDACORP, Inc.	IDA	4.58%	0.74	15.09%	10.51%	12.33%	13.02%
NextEra Energy, Inc.	NEE	4.58%	0.79	15.09%	10.51%	12.88%	13.43%
OGE Energy Corporation	OGE	4.58%	0.87	15.09%	10.51%	13.73%	14.07%
Pinnacle West Capital Corporation	PNW	4.58%	0.78	15.09%	10.51%	12.81%	13.38%
Portland General Electric Company	POR	4.58%	0.74	15.09%	10.51%	12.32%	13.01%
PPL Corporation	PPL	4.58%	0.89	15.09%	10.51%	13.94%	14.23%
Southern Company	SO	4.58%	0.74	15.09%	10.51%	12.34%	13.02%
Xcel Energy Inc.	XEL	4.58%	0.71	15.09%	10.51%	12.02%	12.79%

Mean:	12.47%	13.13%
Median:	12.34%	13.02%
Average of the Mean and Median:	12.41%	13.08%

Notes:

[1] Source: Federal Reserve Bank of St. Louis; 30-day average

[2] Source: Bloomberg Professional Service

[3] Source: JEN-4; Value Line DCF-based expected market return

[4] Equals Col. [3] - Col. [1]

[5] Equals Col. [1] + (Col. [2] x Col. [4])

[6] Equals Col. [1] + (0.75 x Col. [2] x Col. [4]) + (0.25 x Col. [4])

[7] Blue Chip Financial Forecasts, Vol. 44, No. 12, December 1, 2025 at 2 and 14

[8] See Note [2]

[9] See Note [3]

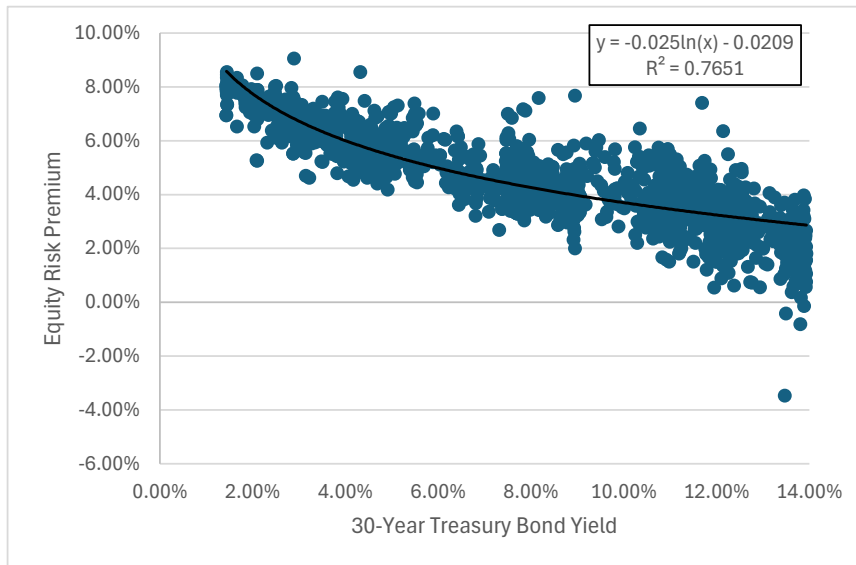
[10] Equals Col. [9] - Col. [7]

[11] Equals Col. [7] + (Col. [8] x Col. [10])

[12] Equals Col. [7] + (0.75 x Col. [8] x Col. [10]) + (0.25 x Col. [10])

Bond Yield Plus Risk Premium

[1]	[2]	[3]	[4]	[5]
Constant	Slope	30-Year Treasury Yield	Risk Premium	Return on Equity
-2.09%	-2.51%			
Current 30-Year Treasury		4.66%	5.62%	10.28%
Projected 30-Year Treasury		4.58%	5.66%	10.24%



Notes:

[1] Constant of regression equation

[2] Slope of regression equation

[3] Sources: Current = Federal Reserve Bank of St. Louis,

Projected = Average of near-term and long-term projected 30-year Treasury yield from Blue Chip Financial Forecasts, Vol. 44, No. 12, December 1, 2025 at 2 and 14

[4] Equals [1] + $\ln([3]) \times [2]$

[5] Equals [3] + [4]

[6] Source: S&P Capital IQ

[7] Source: S&P Capital IQ

[8] Source: Bloomberg Professional, equals 202-trading day average (i.e. lag period)

[9] Equals [7] - [8]

Bond Yield Plus Risk Premium			
[6]	[7]	[8]	[9]
Date of Electric Rate Case	Return on Equity	30-Year Treasury Yield	Risk Premium
1/1/1980	14.50%	9.35%	5.15%
1/7/1980	14.39%	9.38%	5.01%
1/9/1980	15.00%	9.39%	5.61%
1/14/1980	15.17%	9.41%	5.76%
1/17/1980	13.93%	9.43%	4.50%
1/23/1980	15.50%	9.47%	6.03%
1/30/1980	13.86%	9.52%	4.34%
1/31/1980	12.61%	9.53%	3.08%
2/6/1980	13.71%	9.57%	4.14%
2/13/1980	12.80%	9.63%	3.17%
2/14/1980	13.00%	9.64%	3.36%
2/19/1980	13.50%	9.67%	3.83%
2/27/1980	13.75%	9.78%	3.97%
2/29/1980	13.75%	9.81%	3.94%
2/29/1980	14.00%	9.81%	4.19%
2/29/1980	14.77%	9.81%	4.96%
3/7/1980	12.70%	9.89%	2.81%
3/14/1980	13.50%	9.96%	3.54%
3/26/1980	14.16%	10.09%	4.07%
3/27/1980	14.24%	10.11%	4.13%
3/28/1980	14.50%	10.12%	4.38%
4/10/1980	12.75%	10.25%	2.50%
4/13/1980	13.85%	10.26%	3.59%
4/15/1980	15.50%	10.29%	5.21%
4/21/1980	13.90%	10.33%	3.57%
4/21/1980	13.25%	10.33%	2.92%
4/23/1980	16.80%	10.35%	6.45%
4/29/1980	15.50%	10.39%	5.11%
5/6/1980	13.70%	10.43%	3.27%
5/7/1980	15.00%	10.44%	4.56%
5/8/1980	13.75%	10.44%	3.31%
5/9/1980	14.35%	10.45%	3.90%
5/13/1980	13.60%	10.47%	3.13%
5/15/1980	13.25%	10.48%	2.77%
5/19/1980	13.75%	10.50%	3.25%
5/27/1980	14.60%	10.53%	4.07%
5/27/1980	13.62%	10.53%	3.09%
5/29/1980	16.00%	10.54%	5.46%
5/30/1980	13.80%	10.55%	3.25%
6/2/1980	15.63%	10.56%	5.07%
6/9/1980	15.90%	10.58%	5.32%
6/10/1980	13.78%	10.59%	3.19%
6/12/1980	14.25%	10.59%	3.66%
6/19/1980	13.40%	10.61%	2.79%
6/30/1980	13.00%	10.63%	2.37%
6/30/1980	13.40%	10.63%	2.77%
7/9/1980	14.75%	10.66%	4.09%
7/10/1980	15.00%	10.66%	4.34%
7/15/1980	15.80%	10.68%	5.12%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
7/18/1980	13.80%	10.70%	3.10%
7/22/1980	14.10%	10.70%	3.40%
7/24/1980	15.00%	10.71%	4.29%
7/25/1980	13.48%	10.72%	2.76%
7/31/1980	14.58%	10.74%	3.84%
8/8/1980	14.00%	10.77%	3.23%
8/8/1980	13.50%	10.77%	2.73%
8/8/1980	15.45%	10.77%	4.68%
8/11/1980	14.85%	10.78%	4.07%
8/14/1980	14.00%	10.79%	3.21%
8/14/1980	16.25%	10.79%	5.46%
8/25/1980	13.75%	10.82%	2.93%
8/27/1980	13.80%	10.82%	2.98%
8/29/1980	12.50%	10.83%	1.67%
9/15/1980	15.80%	10.87%	4.93%
9/15/1980	13.93%	10.87%	3.06%
9/15/1980	13.50%	10.87%	2.63%
9/24/1980	12.50%	10.92%	1.58%
9/24/1980	15.00%	10.92%	4.08%
9/26/1980	13.75%	10.94%	2.81%
9/30/1980	14.20%	10.95%	3.25%
9/30/1980	14.10%	10.95%	3.15%
10/1/1980	13.90%	10.96%	2.94%
10/3/1980	15.50%	10.97%	4.53%
10/7/1980	12.50%	10.98%	1.52%
10/9/1980	14.50%	11.00%	3.50%
10/9/1980	14.50%	11.00%	3.50%
10/9/1980	13.25%	11.00%	2.25%
10/16/1980	16.10%	11.02%	5.08%
10/17/1980	14.50%	11.02%	3.48%
10/31/1980	14.25%	11.10%	3.15%
10/31/1980	13.75%	11.10%	2.65%
11/4/1980	15.00%	11.11%	3.89%
11/5/1980	14.00%	11.12%	2.88%
11/5/1980	13.75%	11.12%	2.63%
11/8/1980	13.75%	11.14%	2.61%
11/10/1980	14.85%	11.15%	3.70%
11/17/1980	14.00%	11.18%	2.82%
11/18/1980	14.00%	11.19%	2.81%
11/19/1980	13.00%	11.19%	1.81%
11/24/1980	14.00%	11.21%	2.79%
11/26/1980	14.00%	11.22%	2.78%
12/8/1980	15.10%	11.24%	3.86%
12/8/1980	14.15%	11.24%	2.91%
12/9/1980	15.35%	11.24%	4.11%
12/12/1980	15.45%	11.24%	4.21%
12/17/1980	13.25%	11.24%	2.01%
12/18/1980	15.80%	11.24%	4.56%
12/19/1980	14.50%	11.24%	3.26%
12/19/1980	14.64%	11.24%	3.40%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
12/22/1980	13.45%	11.24%	2.21%
12/22/1980	15.00%	11.24%	3.76%
12/30/1980	14.50%	11.23%	3.27%
12/30/1980	14.95%	11.23%	3.72%
12/31/1980	13.39%	11.23%	2.16%
1/2/1981	15.25%	11.23%	4.02%
1/7/1981	14.30%	11.22%	3.08%
1/19/1981	15.25%	11.21%	4.04%
1/23/1981	14.40%	11.21%	3.19%
1/23/1981	13.10%	11.21%	1.89%
1/26/1981	15.25%	11.21%	4.04%
1/27/1981	15.00%	11.21%	3.79%
1/31/1981	13.47%	11.22%	2.25%
2/3/1981	15.25%	11.23%	4.02%
2/5/1981	15.75%	11.24%	4.51%
2/11/1981	15.60%	11.28%	4.32%
2/20/1981	15.25%	11.33%	3.92%
3/11/1981	15.40%	11.48%	3.92%
3/12/1981	14.51%	11.49%	3.02%
3/12/1981	16.00%	11.49%	4.51%
3/13/1981	13.02%	11.50%	1.52%
3/18/1981	16.19%	11.53%	4.66%
3/19/1981	13.75%	11.54%	2.21%
3/23/1981	14.30%	11.57%	2.73%
3/25/1981	15.30%	11.59%	3.71%
4/1/1981	14.53%	11.66%	2.87%
4/3/1981	19.10%	11.69%	7.41%
4/8/1981	15.00%	11.74%	3.26%
4/8/1981	15.30%	11.74%	3.56%
4/8/1981	17.00%	11.74%	5.26%
4/8/1981	16.50%	11.74%	4.76%
4/9/1981	13.75%	11.76%	1.99%
4/12/1981	13.57%	11.78%	1.79%
4/14/1981	15.30%	11.81%	3.49%
4/15/1981	13.50%	11.83%	1.67%
4/16/1981	14.10%	11.85%	2.25%
4/20/1981	16.80%	11.87%	4.93%
4/20/1981	14.00%	11.87%	2.13%
4/23/1981	16.00%	11.92%	4.08%
4/27/1981	13.61%	11.95%	1.66%
4/27/1981	12.50%	11.95%	0.55%
4/29/1981	13.65%	11.98%	1.67%
4/30/1981	13.50%	12.00%	1.50%
5/4/1981	16.22%	12.03%	4.19%
5/5/1981	14.40%	12.05%	2.35%
5/7/1981	16.25%	12.09%	4.16%
5/7/1981	16.27%	12.09%	4.18%
5/8/1981	13.00%	12.11%	0.89%
5/8/1981	16.00%	12.11%	3.89%
5/12/1981	13.50%	12.14%	1.36%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
5/15/1981	15.75%	12.20%	3.55%
5/18/1981	14.88%	12.21%	2.67%
5/20/1981	16.00%	12.24%	3.76%
5/21/1981	14.00%	12.26%	1.74%
5/26/1981	14.90%	12.28%	2.62%
5/27/1981	15.00%	12.30%	2.70%
5/29/1981	15.50%	12.32%	3.18%
6/1/1981	16.50%	12.33%	4.17%
6/3/1981	14.67%	12.36%	2.31%
6/5/1981	13.00%	12.38%	0.62%
6/10/1981	16.75%	12.41%	4.34%
6/17/1981	14.40%	12.45%	1.95%
6/18/1981	16.33%	12.45%	3.88%
6/25/1981	14.75%	12.50%	2.25%
6/26/1981	16.00%	12.51%	3.49%
6/30/1981	15.25%	12.53%	2.72%
7/1/1981	15.50%	12.54%	2.96%
7/1/1981	17.50%	12.54%	4.96%
7/10/1981	16.00%	12.61%	3.39%
7/14/1981	16.90%	12.63%	4.27%
7/15/1981	16.00%	12.64%	3.36%
7/17/1981	15.00%	12.65%	2.35%
7/20/1981	15.00%	12.67%	2.33%
7/21/1981	14.00%	12.68%	1.32%
7/28/1981	13.48%	12.73%	0.75%
7/31/1981	13.50%	12.77%	0.73%
7/31/1981	16.00%	12.77%	3.23%
7/31/1981	15.00%	12.77%	2.23%
8/5/1981	15.71%	12.81%	2.90%
8/10/1981	14.50%	12.85%	1.65%
8/11/1981	15.00%	12.86%	2.14%
8/20/1981	16.50%	12.94%	3.56%
8/20/1981	13.50%	12.94%	0.56%
8/24/1981	15.00%	12.96%	2.04%
8/28/1981	15.00%	13.00%	2.00%
9/3/1981	14.50%	13.05%	1.45%
9/10/1981	14.50%	13.10%	1.40%
9/11/1981	16.00%	13.11%	2.89%
9/16/1981	16.00%	13.14%	2.86%
9/17/1981	16.50%	13.15%	3.35%
9/23/1981	15.85%	13.19%	2.66%
9/28/1981	15.50%	13.22%	2.28%
10/9/1981	15.75%	13.31%	2.44%
10/15/1981	16.25%	13.35%	2.90%
10/16/1981	16.50%	13.36%	3.14%
10/16/1981	15.50%	13.36%	2.14%
10/19/1981	14.25%	13.38%	0.87%
10/20/1981	15.25%	13.39%	1.86%
10/20/1981	17.00%	13.39%	3.61%
10/23/1981	16.00%	13.44%	2.56%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
10/27/1981	10.00%	13.47%	-3.47%
10/29/1981	16.50%	13.50%	3.00%
10/29/1981	14.75%	13.50%	1.25%
11/3/1981	15.17%	13.52%	1.65%
11/5/1981	16.60%	13.54%	3.06%
11/6/1981	15.17%	13.55%	1.62%
11/24/1981	15.50%	13.60%	1.90%
11/25/1981	16.10%	13.60%	2.50%
11/25/1981	16.10%	13.60%	2.50%
11/25/1981	15.25%	13.60%	1.65%
11/25/1981	15.35%	13.60%	1.75%
12/1/1981	16.50%	13.60%	2.90%
12/1/1981	15.70%	13.60%	2.10%
12/1/1981	16.49%	13.60%	2.89%
12/1/1981	16.00%	13.60%	2.40%
12/4/1981	16.00%	13.60%	2.40%
12/11/1981	16.25%	13.62%	2.63%
12/14/1981	14.00%	13.62%	0.38%
12/15/1981	15.81%	13.62%	2.19%
12/15/1981	16.00%	13.62%	2.38%
12/16/1981	15.25%	13.62%	1.63%
12/17/1981	16.50%	13.63%	2.87%
12/18/1981	15.45%	13.63%	1.82%
12/30/1981	16.00%	13.66%	2.34%
12/30/1981	16.25%	13.66%	2.59%
12/30/1981	14.25%	13.66%	0.59%
12/31/1981	16.15%	13.66%	2.49%
1/4/1982	15.50%	13.66%	1.84%
1/11/1982	14.50%	13.71%	0.79%
1/11/1982	17.00%	13.71%	3.29%
1/13/1982	14.75%	13.73%	1.02%
1/14/1982	15.75%	13.74%	2.01%
1/15/1982	15.00%	13.75%	1.25%
1/15/1982	16.50%	13.75%	2.75%
1/22/1982	16.25%	13.78%	2.47%
1/27/1982	16.84%	13.80%	3.04%
1/28/1982	13.00%	13.81%	-0.81%
1/29/1982	15.50%	13.81%	1.69%
2/1/1982	15.85%	13.82%	2.03%
2/3/1982	16.44%	13.83%	2.61%
2/8/1982	15.50%	13.85%	1.65%
2/11/1982	16.00%	13.87%	2.13%
2/11/1982	16.20%	13.87%	2.33%
2/17/1982	15.00%	13.88%	1.12%
2/19/1982	15.17%	13.89%	1.28%
2/26/1982	15.25%	13.89%	1.36%
3/1/1982	15.03%	13.89%	1.14%
3/1/1982	16.00%	13.89%	2.11%
3/3/1982	15.00%	13.88%	1.12%
3/8/1982	17.10%	13.88%	3.22%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
3/12/1982	16.25%	13.87%	2.38%
3/17/1982	17.30%	13.88%	3.42%
3/22/1982	15.10%	13.88%	1.22%
3/27/1982	15.40%	13.89%	1.51%
3/30/1982	15.50%	13.89%	1.61%
3/31/1982	17.00%	13.90%	3.10%
4/1/1982	16.50%	13.90%	2.60%
4/1/1982	14.70%	13.90%	0.80%
4/2/1982	15.50%	13.90%	1.60%
4/4/1982	15.50%	13.90%	1.60%
4/7/1982	16.40%	13.92%	2.48%
4/12/1982	14.50%	13.92%	0.58%
4/22/1982	15.75%	13.94%	1.81%
4/27/1982	15.00%	13.93%	1.07%
4/28/1982	15.75%	13.93%	1.82%
4/30/1982	15.50%	13.93%	1.57%
4/30/1982	14.70%	13.93%	0.77%
5/3/1982	16.60%	13.93%	2.67%
5/4/1982	16.00%	13.93%	2.07%
5/14/1982	15.50%	13.92%	1.58%
5/18/1982	15.42%	13.92%	1.50%
5/19/1982	14.69%	13.91%	0.78%
5/20/1982	15.10%	13.91%	1.19%
5/20/1982	15.50%	13.91%	1.59%
5/20/1982	16.30%	13.91%	2.39%
5/20/1982	15.00%	13.91%	1.09%
5/21/1982	17.75%	13.91%	3.84%
5/27/1982	15.00%	13.89%	1.11%
5/28/1982	15.50%	13.89%	1.61%
5/28/1982	17.00%	13.89%	3.11%
6/1/1982	13.75%	13.89%	-0.14%
6/1/1982	16.60%	13.89%	2.71%
6/9/1982	17.86%	13.88%	3.98%
6/14/1982	15.75%	13.88%	1.87%
6/15/1982	14.85%	13.88%	0.97%
6/18/1982	15.50%	13.88%	1.62%
6/21/1982	14.90%	13.87%	1.03%
6/23/1982	16.00%	13.87%	2.13%
6/23/1982	16.17%	13.87%	2.30%
6/24/1982	14.85%	13.87%	0.98%
6/25/1982	14.70%	13.87%	0.83%
7/1/1982	16.00%	13.85%	2.15%
7/2/1982	15.62%	13.85%	1.77%
7/2/1982	17.00%	13.85%	3.15%
7/13/1982	14.00%	13.82%	0.18%
7/13/1982	16.80%	13.82%	2.98%
7/14/1982	15.76%	13.82%	1.94%
7/14/1982	16.02%	13.82%	2.20%
7/19/1982	16.50%	13.81%	2.69%
7/22/1982	17.00%	13.78%	3.22%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
7/22/1982	14.50%	13.78%	0.72%
7/27/1982	16.75%	13.76%	2.99%
7/29/1982	16.50%	13.74%	2.76%
8/11/1982	17.50%	13.69%	3.81%
8/18/1982	17.07%	13.64%	3.43%
8/20/1982	15.73%	13.61%	2.12%
8/25/1982	16.00%	13.58%	2.42%
8/26/1982	15.50%	13.57%	1.93%
8/30/1982	15.00%	13.55%	1.45%
9/3/1982	16.20%	13.53%	2.67%
9/8/1982	15.00%	13.52%	1.48%
9/15/1982	13.08%	13.50%	-0.42%
9/15/1982	16.25%	13.50%	2.75%
9/16/1982	16.00%	13.49%	2.51%
9/17/1982	15.25%	13.49%	1.76%
9/23/1982	17.17%	13.47%	3.70%
9/24/1982	14.50%	13.46%	1.04%
9/27/1982	15.25%	13.45%	1.80%
10/1/1982	15.50%	13.42%	2.08%
10/15/1982	15.90%	13.32%	2.58%
10/22/1982	15.75%	13.25%	2.50%
10/22/1982	17.15%	13.25%	3.90%
10/29/1982	15.54%	13.18%	2.36%
11/1/1982	15.50%	13.16%	2.34%
11/3/1982	17.20%	13.14%	4.06%
11/4/1982	16.25%	13.12%	3.13%
11/5/1982	16.20%	13.10%	3.10%
11/9/1982	16.00%	13.07%	2.93%
11/23/1982	15.85%	12.90%	2.95%
11/23/1982	15.50%	12.90%	2.60%
11/30/1982	16.50%	12.82%	3.68%
12/1/1982	17.04%	12.80%	4.24%
12/6/1982	15.00%	12.74%	2.26%
12/6/1982	16.35%	12.74%	3.61%
12/10/1982	15.50%	12.67%	2.83%
12/13/1982	16.00%	12.66%	3.34%
12/14/1982	16.40%	12.64%	3.76%
12/14/1982	15.30%	12.64%	2.66%
12/20/1982	16.00%	12.58%	3.42%
12/21/1982	15.85%	12.57%	3.28%
12/21/1982	14.75%	12.57%	2.18%
12/22/1982	16.75%	12.55%	4.20%
12/22/1982	16.58%	12.55%	4.03%
12/22/1982	16.25%	12.55%	3.70%
12/29/1982	14.90%	12.49%	2.41%
12/29/1982	16.25%	12.49%	3.76%
12/30/1982	16.35%	12.48%	3.87%
12/30/1982	16.00%	12.48%	3.52%
12/30/1982	16.77%	12.48%	4.29%
1/5/1983	17.33%	12.41%	4.92%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
1/11/1983	15.90%	12.36%	3.54%
1/12/1983	15.50%	12.34%	3.16%
1/12/1983	14.63%	12.34%	2.29%
1/20/1983	17.75%	12.25%	5.50%
1/21/1983	15.00%	12.24%	2.76%
1/24/1983	14.50%	12.22%	2.28%
1/24/1983	15.50%	12.22%	3.28%
1/25/1983	15.85%	12.21%	3.64%
1/27/1983	16.14%	12.18%	3.96%
2/1/1983	18.50%	12.14%	6.36%
2/4/1983	14.00%	12.11%	1.89%
2/10/1983	15.00%	12.07%	2.93%
2/21/1983	15.50%	12.00%	3.50%
2/22/1983	15.50%	11.98%	3.52%
2/23/1983	15.10%	11.97%	3.13%
2/23/1983	16.00%	11.97%	4.03%
3/2/1983	15.25%	11.91%	3.34%
3/9/1983	15.20%	11.84%	3.36%
3/15/1983	13.00%	11.79%	1.21%
3/18/1983	15.25%	11.75%	3.50%
3/23/1983	15.40%	11.71%	3.69%
3/24/1983	15.00%	11.69%	3.31%
3/29/1983	15.50%	11.65%	3.85%
3/30/1983	16.71%	11.63%	5.08%
3/31/1983	15.00%	11.62%	3.38%
4/3/1983	15.20%	11.62%	3.58%
4/7/1983	15.50%	11.55%	3.95%
4/10/1983	14.81%	11.53%	3.28%
4/18/1983	14.50%	11.42%	3.08%
4/19/1983	16.00%	11.40%	4.60%
4/29/1983	16.00%	11.27%	4.73%
5/1/1983	14.50%	11.27%	3.23%
5/9/1983	15.50%	11.17%	4.33%
5/11/1983	16.46%	11.14%	5.32%
5/12/1983	14.14%	11.13%	3.01%
5/18/1983	15.00%	11.07%	3.93%
5/23/1983	14.90%	11.03%	3.87%
5/23/1983	15.50%	11.03%	4.47%
5/25/1983	15.50%	11.01%	4.49%
5/27/1983	15.00%	10.98%	4.02%
5/31/1983	15.50%	10.97%	4.53%
5/31/1983	14.00%	10.97%	3.03%
6/2/1983	14.50%	10.95%	3.55%
6/17/1983	15.03%	10.86%	4.17%
7/1/1983	14.80%	10.79%	4.01%
7/1/1983	14.90%	10.79%	4.11%
7/8/1983	16.25%	10.77%	5.48%
7/13/1983	13.20%	10.76%	2.44%
7/19/1983	15.10%	10.75%	4.35%
7/19/1983	15.00%	10.75%	4.25%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
7/25/1983	16.25%	10.75%	5.50%
7/28/1983	15.90%	10.74%	5.16%
8/3/1983	16.50%	10.75%	5.75%
8/3/1983	16.34%	10.75%	5.59%
8/19/1983	15.00%	10.80%	4.20%
8/22/1983	16.40%	10.80%	5.60%
8/22/1983	15.50%	10.80%	4.70%
8/31/1983	14.75%	10.84%	3.91%
9/7/1983	15.00%	10.86%	4.14%
9/14/1983	15.78%	10.89%	4.89%
9/16/1983	15.00%	10.90%	4.10%
9/19/1983	14.50%	10.91%	3.59%
9/20/1983	16.50%	10.91%	5.59%
9/28/1983	14.50%	10.94%	3.56%
9/29/1983	15.50%	10.94%	4.56%
9/30/1983	16.15%	10.95%	5.20%
9/30/1983	15.25%	10.95%	4.30%
10/4/1983	14.80%	10.95%	3.85%
10/7/1983	16.00%	10.97%	5.03%
10/13/1983	15.52%	10.98%	4.54%
10/17/1983	15.50%	10.99%	4.51%
10/18/1983	14.50%	11.00%	3.50%
10/19/1983	16.50%	11.00%	5.50%
10/19/1983	16.25%	11.00%	5.25%
10/26/1983	15.00%	11.03%	3.97%
10/27/1983	15.20%	11.04%	4.16%
11/1/1983	16.00%	11.06%	4.94%
11/9/1983	14.90%	11.09%	3.81%
11/10/1983	14.35%	11.09%	3.26%
11/23/1983	16.00%	11.13%	4.87%
11/23/1983	16.15%	11.13%	5.02%
11/30/1983	15.00%	11.14%	3.86%
12/5/1983	15.25%	11.15%	4.10%
12/6/1983	15.07%	11.15%	3.92%
12/8/1983	15.90%	11.16%	4.74%
12/9/1983	14.75%	11.17%	3.58%
12/12/1983	14.50%	11.17%	3.33%
12/15/1983	15.56%	11.19%	4.37%
12/19/1983	14.80%	11.20%	3.60%
12/20/1983	16.00%	11.21%	4.79%
12/20/1983	14.69%	11.21%	3.48%
12/20/1983	16.25%	11.21%	5.04%
12/22/1983	15.75%	11.22%	4.53%
12/22/1983	14.75%	11.22%	3.53%
1/3/1984	14.75%	11.26%	3.49%
1/10/1984	15.90%	11.29%	4.61%
1/12/1984	15.60%	11.30%	4.30%
1/18/1984	13.75%	11.32%	2.43%
1/19/1984	15.90%	11.32%	4.58%
1/30/1984	16.10%	11.36%	4.74%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
1/31/1984	15.25%	11.37%	3.88%
2/1/1984	14.80%	11.37%	3.43%
2/6/1984	14.75%	11.39%	3.36%
2/6/1984	13.75%	11.39%	2.36%
2/9/1984	15.25%	11.41%	3.84%
2/15/1984	15.70%	11.43%	4.27%
2/20/1984	15.00%	11.45%	3.55%
2/20/1984	15.00%	11.45%	3.55%
2/22/1984	14.75%	11.46%	3.29%
2/28/1984	14.50%	11.50%	3.00%
3/2/1984	14.25%	11.53%	2.72%
3/20/1984	16.00%	11.63%	4.37%
3/23/1984	15.50%	11.66%	3.84%
3/26/1984	14.71%	11.67%	3.04%
4/1/1984	15.50%	11.70%	3.80%
4/5/1984	14.74%	11.73%	3.01%
4/10/1984	15.72%	11.76%	3.96%
4/16/1984	15.00%	11.79%	3.21%
4/17/1984	16.20%	11.80%	4.40%
4/24/1984	14.64%	11.83%	2.81%
4/30/1984	14.40%	11.87%	2.53%
5/16/1984	14.69%	11.98%	2.71%
5/16/1984	15.00%	11.98%	3.02%
5/22/1984	14.40%	12.02%	2.38%
5/29/1984	15.10%	12.06%	3.04%
6/13/1984	15.25%	12.15%	3.10%
6/15/1984	15.60%	12.16%	3.44%
6/22/1984	16.25%	12.21%	4.04%
6/29/1984	15.25%	12.25%	3.00%
7/2/1984	13.35%	12.26%	1.09%
7/10/1984	16.00%	12.30%	3.70%
7/12/1984	16.50%	12.32%	4.18%
7/13/1984	16.25%	12.32%	3.93%
7/17/1984	14.14%	12.34%	1.80%
7/18/1984	15.50%	12.35%	3.15%
7/18/1984	15.30%	12.35%	2.95%
7/19/1984	14.30%	12.36%	1.94%
7/24/1984	16.79%	12.38%	4.41%
7/31/1984	16.00%	12.42%	3.58%
8/3/1984	14.25%	12.43%	1.82%
8/17/1984	14.30%	12.48%	1.82%
8/20/1984	15.00%	12.48%	2.52%
8/27/1984	16.30%	12.50%	3.80%
8/31/1984	15.55%	12.51%	3.04%
9/6/1984	16.00%	12.53%	3.47%
9/10/1984	14.75%	12.53%	2.22%
9/13/1984	15.00%	12.54%	2.46%
9/17/1984	17.38%	12.55%	4.83%
9/26/1984	14.50%	12.56%	1.94%
9/28/1984	16.25%	12.56%	3.69%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
9/28/1984	15.00%	12.56%	2.44%
10/9/1984	14.75%	12.57%	2.18%
10/12/1984	15.60%	12.58%	3.02%
10/22/1984	15.00%	12.58%	2.42%
10/26/1984	16.40%	12.58%	3.82%
10/31/1984	16.25%	12.57%	3.68%
11/7/1984	15.60%	12.57%	3.03%
11/9/1984	16.00%	12.57%	3.43%
11/14/1984	15.75%	12.57%	3.18%
11/20/1984	15.25%	12.57%	2.68%
11/20/1984	15.92%	12.57%	3.35%
11/23/1984	15.00%	12.57%	2.43%
11/28/1984	16.15%	12.56%	3.59%
12/3/1984	15.80%	12.56%	3.24%
12/4/1984	16.50%	12.55%	3.95%
12/18/1984	16.40%	12.53%	3.87%
12/19/1984	14.75%	12.53%	2.22%
12/19/1984	15.00%	12.53%	2.47%
12/20/1984	16.00%	12.52%	3.48%
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%	12.36%	2.11%
3/1/1985	13.84%	12.31%	1.53%
3/8/1985	16.85%	12.29%	4.56%
3/14/1985	15.50%	12.27%	3.23%
3/15/1985	15.62%	12.27%	3.35%
3/29/1985	15.62%	12.18%	3.44%
4/3/1985	14.60%	12.15%	2.45%
4/8/1985	15.50%	12.13%	3.37%
4/15/1985	15.70%	12.08%	3.62%
4/21/1985	14.00%	12.04%	1.96%
4/25/1985	15.50%	12.00%	3.50%
4/29/1985	15.00%	11.98%	3.02%
5/2/1985	14.68%	11.95%	2.73%
5/8/1985	15.62%	11.91%	3.71%
5/10/1985	16.50%	11.88%	4.62%
5/29/1985	14.61%	11.75%	2.86%
5/31/1985	16.00%	11.72%	4.28%
6/14/1985	15.50%	11.62%	3.88%
7/9/1985	15.00%	11.46%	3.54%
7/16/1985	14.50%	11.40%	3.10%
7/26/1985	14.50%	11.33%	3.17%
8/2/1985	14.80%	11.30%	3.50%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
8/7/1985	15.00%	11.28%	3.72%
8/28/1985	14.25%	11.16%	3.09%
8/28/1985	15.50%	11.16%	4.34%
8/29/1985	14.50%	11.15%	3.35%
9/9/1985	14.90%	11.12%	3.78%
9/9/1985	14.60%	11.12%	3.48%
9/17/1985	14.90%	11.09%	3.81%
9/23/1985	15.00%	11.07%	3.93%
9/27/1985	15.50%	11.05%	4.45%
9/27/1985	15.80%	11.05%	4.75%
10/2/1985	14.75%	11.04%	3.71%
10/2/1985	14.00%	11.04%	2.96%
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%	10.95%	5.70%
10/31/1985	15.06%	10.94%	4.12%
11/4/1985	14.50%	10.92%	3.58%
11/7/1985	15.50%	10.90%	4.60%
11/8/1985	14.30%	10.90%	3.40%
12/12/1985	14.75%	10.74%	4.01%
12/18/1985	15.00%	10.70%	4.30%
12/20/1985	15.00%	10.68%	4.32%
12/20/1985	14.50%	10.68%	3.82%
12/20/1985	14.50%	10.68%	3.82%
1/24/1986	15.40%	10.42%	4.98%
1/31/1986	15.00%	10.36%	4.64%
2/5/1986	15.00%	10.33%	4.67%
2/5/1986	15.75%	10.33%	5.42%
2/10/1986	13.30%	10.30%	3.00%
2/11/1986	12.50%	10.29%	2.21%
2/14/1986	14.40%	10.26%	4.14%
2/18/1986	16.00%	10.24%	5.76%
2/24/1986	14.50%	10.19%	4.31%
2/26/1986	14.00%	10.16%	3.84%
3/5/1986	14.90%	10.09%	4.81%
3/11/1986	14.50%	10.03%	4.47%
3/12/1986	13.50%	10.01%	3.49%
3/27/1986	14.10%	9.86%	4.24%
3/31/1986	13.50%	9.85%	3.65%
4/1/1986	14.00%	9.83%	4.17%
4/2/1986	15.50%	9.82%	5.68%
4/4/1986	15.00%	9.79%	5.21%
4/13/1986	13.40%	9.71%	3.69%
4/22/1986	15.00%	9.60%	5.40%
5/16/1986	14.50%	9.34%	5.16%
5/16/1986	14.50%	9.34%	5.16%
5/29/1986	13.90%	9.21%	4.69%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
5/30/1986	15.10%	9.19%	5.91%
6/2/1986	12.81%	9.18%	3.63%
6/11/1986	14.00%	9.08%	4.92%
6/24/1986	16.63%	8.95%	7.68%
6/26/1986	12.00%	8.92%	3.08%
6/26/1986	14.75%	8.92%	5.83%
6/30/1986	13.00%	8.89%	4.11%
7/10/1986	14.34%	8.77%	5.57%
7/11/1986	12.75%	8.75%	4.00%
7/14/1986	12.60%	8.73%	3.87%
7/17/1986	12.40%	8.68%	3.72%
7/25/1986	14.25%	8.59%	5.66%
8/6/1986	13.50%	8.46%	5.04%
8/14/1986	13.50%	8.37%	5.13%
9/16/1986	12.75%	8.08%	4.67%
9/19/1986	13.25%	8.05%	5.20%
10/1/1986	14.00%	7.96%	6.04%
10/3/1986	13.40%	7.95%	5.45%
10/31/1986	13.50%	7.79%	5.71%
11/5/1986	13.00%	7.76%	5.24%
12/3/1986	12.90%	7.60%	5.30%
12/4/1986	14.44%	7.59%	6.85%
12/16/1986	13.60%	7.53%	6.07%
12/22/1986	13.80%	7.51%	6.29%
12/30/1986	13.00%	7.49%	5.51%
1/2/1987	13.00%	7.49%	5.51%
1/12/1987	12.40%	7.47%	4.93%
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%	7.47%	5.53%
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%	7.77%	5.43%
6/29/1987	15.00%	7.83%	7.17%
6/30/1987	12.50%	7.84%	4.66%
7/8/1987	12.00%	7.86%	4.14%
7/10/1987	12.90%	7.86%	5.04%
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	13.00%	7.92%	5.08%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
7/27/1987	13.40%	7.92%	5.48%
7/27/1987	13.50%	7.92%	5.58%
7/31/1987	12.98%	7.94%	5.04%
8/26/1987	12.63%	8.05%	4.58%
8/26/1987	12.75%	8.05%	4.70%
8/27/1987	13.25%	8.06%	5.19%
9/9/1987	13.00%	8.13%	4.87%
9/30/1987	13.00%	8.30%	4.70%
9/30/1987	12.75%	8.30%	4.45%
10/2/1987	11.50%	8.32%	3.18%
10/15/1987	13.00%	8.42%	4.58%
11/2/1987	13.00%	8.54%	4.46%
11/19/1987	13.00%	8.62%	4.38%
11/30/1987	12.00%	8.67%	3.33%
12/3/1987	14.20%	8.69%	5.51%
12/15/1987	13.25%	8.76%	4.49%
12/16/1987	13.72%	8.77%	4.95%
12/16/1987	13.50%	8.77%	4.73%
12/17/1987	11.75%	8.78%	2.97%
12/18/1987	13.50%	8.78%	4.72%
12/21/1987	12.01%	8.79%	3.22%
12/22/1987	12.75%	8.80%	3.95%
12/22/1987	12.00%	8.80%	3.20%
12/22/1987	12.00%	8.80%	3.20%
12/22/1987	13.00%	8.80%	4.20%
1/20/1988	13.80%	8.92%	4.88%
1/26/1988	13.90%	8.94%	4.96%
1/29/1988	13.20%	8.95%	4.25%
2/4/1988	12.60%	8.95%	3.65%
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%	8.92%	4.33%
4/25/1988	10.96%	8.95%	2.01%
5/3/1988	12.91%	8.97%	3.94%
5/11/1988	13.50%	8.99%	4.51%
5/16/1988	13.00%	8.99%	4.01%
6/30/1988	12.75%	9.00%	3.75%
7/1/1988	12.75%	9.00%	3.75%
7/20/1988	13.40%	8.97%	4.43%
8/5/1988	12.75%	8.93%	3.82%
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%	9.01%	3.99%
12/20/1988	13.00%	9.01%	3.99%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
12/20/1988	12.25%	9.01%	3.24%
12/21/1988	12.90%	9.02%	3.88%
12/27/1988	13.00%	9.02%	3.98%
12/28/1988	13.10%	9.03%	4.07%
12/30/1988	13.40%	9.03%	4.37%
1/27/1989	13.00%	9.05%	3.95%
1/31/1989	13.00%	9.05%	3.95%
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%	9.01%	4.19%
6/8/1989	13.50%	8.99%	4.51%
6/27/1989	13.25%	8.92%	4.33%
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%	8.55%	3.95%
11/9/1989	13.00%	8.49%	4.51%
12/15/1989	13.00%	8.35%	4.65%
12/20/1989	12.90%	8.33%	4.57%
12/21/1989	12.90%	8.32%	4.58%
12/27/1989	13.00%	8.30%	4.70%
12/27/1989	12.50%	8.30%	4.20%
1/10/1990	12.80%	8.25%	4.55%
1/11/1990	12.90%	8.25%	4.65%
1/17/1990	12.80%	8.23%	4.57%
1/26/1990	12.00%	8.20%	3.80%
2/9/1990	12.10%	8.18%	3.92%
2/24/1990	12.86%	8.16%	4.70%
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%	8.19%	4.56%
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%	8.31%	4.89%
6/20/1990	12.92%	8.32%	4.60%
6/27/1990	12.90%	8.33%	4.57%
6/29/1990	12.50%	8.33%	4.17%
7/6/1990	12.35%	8.34%	4.01%
7/6/1990	12.10%	8.34%	3.76%
8/10/1990	12.55%	8.40%	4.15%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
8/16/1990	13.21%	8.42%	4.79%
8/22/1990	13.10%	8.44%	4.66%
8/24/1990	13.00%	8.45%	4.55%
9/26/1990	11.45%	8.58%	2.87%
10/2/1990	13.00%	8.60%	4.40%
10/5/1990	12.84%	8.62%	4.22%
10/19/1990	13.00%	8.66%	4.34%
10/25/1990	12.30%	8.67%	3.63%
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%	8.65%	4.45%
1/4/1991	12.50%	8.65%	3.85%
1/15/1991	12.75%	8.64%	4.11%
1/25/1991	11.70%	8.63%	3.07%
2/4/1991	12.50%	8.61%	3.89%
2/7/1991	12.50%	8.59%	3.91%
2/12/1991	13.00%	8.58%	4.42%
2/14/1991	12.72%	8.57%	4.15%
2/22/1991	12.80%	8.55%	4.25%
3/6/1991	13.10%	8.53%	4.57%
3/8/1991	13.00%	8.53%	4.47%
3/8/1991	12.30%	8.53%	3.77%
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%	8.44%	4.31%
6/12/1991	12.00%	8.41%	3.59%
6/25/1991	11.70%	8.39%	3.31%
6/28/1991	12.50%	8.39%	4.11%
7/1/1991	12.00%	8.38%	3.62%
7/3/1991	12.50%	8.38%	4.12%
7/19/1991	12.10%	8.35%	3.75%
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%	8.21%	4.79%
10/23/1991	12.50%	8.20%	4.30%
10/23/1991	12.55%	8.20%	4.35%
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	12.50%	8.18%	4.32%
11/12/1991	13.25%	8.18%	5.07%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
11/25/1991	12.40%	8.18%	4.22%
11/26/1991	12.50%	8.17%	4.33%
11/26/1991	11.60%	8.17%	3.43%
11/27/1991	12.10%	8.17%	3.93%
12/18/1991	12.25%	8.15%	4.10%
12/19/1991	12.60%	8.15%	4.45%
12/19/1991	12.80%	8.15%	4.65%
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%	8.06%	4.59%
1/31/1992	12.00%	8.05%	3.95%
2/11/1992	12.40%	8.03%	4.37%
2/25/1992	12.50%	8.01%	4.49%
3/16/1992	11.43%	7.99%	3.44%
3/18/1992	12.28%	7.98%	4.30%
4/2/1992	12.10%	7.96%	4.14%
4/9/1992	11.45%	7.94%	3.51%
4/10/1992	11.50%	7.94%	3.56%
4/14/1992	11.50%	7.93%	3.57%
5/5/1992	11.50%	7.90%	3.60%
5/12/1992	12.46%	7.89%	4.57%
5/12/1992	11.87%	7.89%	3.98%
6/1/1992	12.30%	7.87%	4.43%
6/12/1992	10.90%	7.86%	3.04%
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	13.50%	7.84%	5.66%
7/13/1992	11.90%	7.84%	4.06%
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%	7.70%	4.05%
10/2/1992	13.00%	7.70%	5.30%
10/12/1992	12.20%	7.70%	4.50%
10/16/1992	13.16%	7.70%	5.46%
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	12.30%	7.65%	4.65%
12/22/1992	12.40%	7.65%	4.75%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
12/29/1992	12.25%	7.64%	4.61%
12/30/1992	12.00%	7.63%	4.37%
12/31/1992	11.90%	7.63%	4.27%
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	11.80%	7.48%	4.32%
2/26/1993	12.20%	7.48%	4.72%
4/23/1993	11.75%	7.29%	4.46%
5/11/1993	11.75%	7.25%	4.50%
5/14/1993	11.50%	7.24%	4.26%
5/25/1993	11.50%	7.23%	4.27%
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%	6.96%	4.54%
9/21/1993	10.50%	6.81%	3.69%
9/29/1993	11.47%	6.77%	4.70%
9/30/1993	11.60%	6.77%	4.83%
11/2/1993	10.80%	6.61%	4.19%
11/12/1993	12.00%	6.57%	5.43%
11/26/1993	11.00%	6.53%	4.47%
12/14/1993	10.55%	6.49%	4.06%
12/16/1993	10.60%	6.48%	4.12%
12/21/1993	11.30%	6.47%	4.83%
1/4/1994	10.07%	6.45%	3.62%
1/13/1994	11.00%	6.43%	4.57%
1/21/1994	11.00%	6.41%	4.59%
1/28/1994	11.35%	6.40%	4.95%
2/3/1994	11.40%	6.39%	5.01%
2/17/1994	10.60%	6.37%	4.23%
2/25/1994	11.25%	6.36%	4.89%
2/25/1994	12.00%	6.36%	5.64%
3/1/1994	11.00%	6.36%	4.64%
3/4/1994	11.00%	6.35%	4.65%
4/25/1994	11.00%	6.41%	4.59%
5/10/1994	11.75%	6.45%	5.30%
5/13/1994	10.50%	6.46%	4.04%
6/3/1994	11.00%	6.53%	4.47%
6/27/1994	11.40%	6.64%	4.76%
8/5/1994	12.75%	6.87%	5.88%
10/31/1994	10.00%	7.32%	2.68%
11/9/1994	10.85%	7.38%	3.47%
11/9/1994	10.85%	7.38%	3.47%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
11/18/1994	11.20%	7.44%	3.76%
11/22/1994	11.60%	7.46%	4.14%
11/28/1994	11.06%	7.49%	3.57%
12/8/1994	11.70%	7.54%	4.16%
12/8/1994	11.50%	7.54%	3.96%
12/14/1994	10.95%	7.56%	3.39%
12/15/1994	11.50%	7.56%	3.94%
12/19/1994	11.50%	7.57%	3.93%
12/28/1994	12.15%	7.60%	4.55%
1/9/1995	12.28%	7.64%	4.64%
1/31/1995	11.00%	7.68%	3.32%
2/10/1995	12.60%	7.70%	4.90%
2/17/1995	11.90%	7.70%	4.20%
3/9/1995	11.50%	7.71%	3.79%
3/20/1995	12.00%	7.71%	4.29%
3/23/1995	12.81%	7.72%	5.09%
3/29/1995	11.60%	7.72%	3.88%
4/6/1995	11.10%	7.71%	3.39%
4/7/1995	11.00%	7.71%	3.29%
4/19/1995	11.00%	7.70%	3.30%
5/12/1995	11.63%	7.67%	3.96%
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%	7.52%	3.58%
9/11/1995	11.30%	7.21%	4.09%
9/27/1995	11.50%	7.13%	4.37%
9/27/1995	11.75%	7.13%	4.62%
9/27/1995	11.30%	7.13%	4.17%
9/29/1995	11.00%	7.12%	3.88%
11/9/1995	12.36%	6.91%	5.45%
11/9/1995	11.38%	6.91%	4.47%
11/17/1995	11.00%	6.86%	4.14%
12/4/1995	11.35%	6.79%	4.56%
12/11/1995	11.40%	6.75%	4.65%
12/20/1995	11.60%	6.70%	4.90%
12/27/1995	12.00%	6.67%	5.33%
2/5/1996	12.25%	6.49%	5.76%
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%	6.44%	4.81%
4/30/1996	11.00%	6.44%	4.56%
5/13/1996	11.00%	6.44%	4.56%
5/23/1996	11.25%	6.44%	4.81%
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%	6.70%	4.30%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
10/16/1996	12.25%	6.75%	5.50%
11/5/1996	11.00%	6.80%	4.20%
11/26/1996	11.30%	6.83%	4.47%
12/18/1996	11.75%	6.83%	4.92%
12/31/1996	11.50%	6.83%	4.67%
1/3/1997	10.70%	6.83%	3.87%
2/13/1997	11.80%	6.83%	4.97%
2/20/1997	11.80%	6.82%	4.98%
3/31/1997	10.02%	6.81%	3.21%
4/2/1997	11.65%	6.81%	4.84%
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%	6.61%	4.39%
12/23/1997	11.12%	6.57%	4.55%
2/2/1998	12.75%	6.40%	6.35%
3/2/1998	11.25%	6.30%	4.95%
3/6/1998	10.75%	6.28%	4.47%
3/20/1998	10.50%	6.23%	4.27%
4/30/1998	12.20%	6.13%	6.07%
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%	5.55%	6.65%
12/17/1998	12.10%	5.52%	6.58%
2/5/1999	10.30%	5.39%	4.91%
3/4/1999	10.50%	5.34%	5.16%
4/6/1999	10.94%	5.33%	5.61%
7/29/1999	10.75%	5.51%	5.24%
9/23/1999	10.75%	5.69%	5.06%
11/17/1999	11.10%	5.89%	5.21%
1/7/2000	11.50%	6.04%	5.46%
1/7/2000	11.50%	6.04%	5.46%
2/17/2000	10.60%	6.17%	4.43%
3/28/2000	11.25%	6.19%	5.06%
5/24/2000	11.00%	6.18%	4.82%
7/18/2000	12.20%	6.16%	6.04%
9/29/2000	11.16%	6.04%	5.12%
11/28/2000	12.90%	5.89%	7.01%
11/30/2000	12.10%	5.89%	6.21%
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%	5.63%	5.37%
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%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
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%	5.49%	7.01%
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%
5/28/2002	10.17%	5.46%	4.71%
6/10/2002	12.00%	5.47%	6.53%
6/18/2002	11.16%	5.47%	5.69%
6/20/2002	11.00%	5.47%	5.53%
6/20/2002	12.30%	5.47%	6.83%
7/15/2002	11.00%	5.47%	5.53%
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%	5.20%	5.90%
1/31/2003	12.45%	5.13%	7.32%
2/28/2003	12.30%	5.05%	7.25%
3/6/2003	10.75%	5.03%	5.72%
3/7/2003	9.96%	5.03%	4.93%
3/20/2003	12.00%	4.99%	7.01%
4/3/2003	12.00%	4.96%	7.04%
4/15/2003	11.15%	4.94%	6.21%
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%	4.80%	4.70%
8/26/2003	10.50%	4.83%	5.67%
12/17/2003	9.85%	4.93%	4.92%
12/17/2003	10.70%	4.93%	5.77%
12/18/2003	11.50%	4.93%	6.57%
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%	4.98%	5.77%
3/26/2004	10.25%	5.02%	5.23%
4/5/2004	11.25%	5.03%	6.22%
5/18/2004	10.50%	5.08%	5.42%
5/25/2004	10.25%	5.08%	5.17%
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%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
8/25/2004	10.25%	5.10%	5.15%
9/9/2004	10.40%	5.10%	5.30%
11/9/2004	10.50%	5.06%	5.44%
11/23/2004	11.00%	5.06%	5.94%
12/14/2004	10.97%	5.06%	5.91%
12/21/2004	11.25%	5.06%	6.19%
12/21/2004	11.50%	5.06%	6.44%
12/22/2004	10.70%	5.06%	5.64%
12/22/2004	11.50%	5.06%	6.44%
12/29/2004	9.85%	5.07%	4.78%
1/6/2005	10.70%	5.07%	5.63%
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%
3/24/2005	10.30%	4.90%	5.40%
4/4/2005	10.00%	4.88%	5.12%
4/7/2005	10.25%	4.87%	5.38%
5/18/2005	10.25%	4.78%	5.47%
5/25/2005	10.75%	4.77%	5.98%
5/26/2005	9.75%	4.76%	4.99%
6/1/2005	9.75%	4.75%	5.00%
7/19/2005	11.50%	4.65%	6.85%
8/5/2005	11.75%	4.63%	7.12%
8/15/2005	10.13%	4.62%	5.51%
9/28/2005	10.00%	4.55%	5.45%
10/4/2005	10.75%	4.54%	6.21%
12/12/2005	11.00%	4.55%	6.45%
12/13/2005	10.75%	4.55%	6.20%
12/21/2005	10.29%	4.55%	5.74%
12/21/2005	10.40%	4.55%	5.85%
12/22/2005	11.15%	4.55%	6.60%
12/22/2005	11.00%	4.55%	6.45%
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%	4.61%	5.59%
4/26/2006	10.60%	4.64%	5.96%
5/17/2006	11.60%	4.69%	6.91%
6/6/2006	10.00%	4.74%	5.26%
6/27/2006	10.75%	4.80%	5.95%
7/6/2006	10.20%	4.82%	5.38%
7/24/2006	9.60%	4.85%	4.75%
7/26/2006	10.50%	4.86%	5.64%
7/28/2006	10.05%	4.86%	5.19%
8/23/2006	9.55%	4.89%	4.66%
9/1/2006	10.54%	4.89%	5.65%
9/14/2006	10.00%	4.90%	5.10%
10/6/2006	9.67%	4.91%	4.76%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
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	10.50%	4.95%	5.55%
12/1/2006	10.25%	4.95%	5.30%
12/7/2006	10.75%	4.95%	5.80%
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	10.10%	4.95%	5.15%
1/11/2007	10.10%	4.95%	5.15%
1/11/2007	10.90%	4.95%	5.95%
1/12/2007	10.10%	4.95%	5.15%
1/13/2007	10.40%	4.95%	5.45%
1/19/2007	10.80%	4.95%	5.85%
3/21/2007	11.35%	4.87%	6.48%
3/22/2007	9.75%	4.87%	4.88%
5/15/2007	10.00%	4.81%	5.19%
5/17/2007	10.25%	4.81%	5.44%
5/17/2007	10.25%	4.81%	5.44%
5/22/2007	10.20%	4.81%	5.39%
5/22/2007	10.50%	4.81%	5.69%
5/23/2007	10.70%	4.81%	5.89%
5/25/2007	9.67%	4.81%	4.86%
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%
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	10.70%	4.86%	5.84%
12/14/2007	10.80%	4.86%	5.94%
12/19/2007	10.20%	4.85%	5.35%
12/20/2007	10.20%	4.85%	5.35%
12/20/2007	11.00%	4.85%	6.15%
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%	4.82%	5.93%
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%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
2/29/2008	10.25%	4.75%	5.50%
3/12/2008	10.25%	4.73%	5.52%
3/25/2008	9.10%	4.69%	4.41%
4/22/2008	10.25%	4.61%	5.64%
4/24/2008	10.10%	4.60%	5.50%
5/1/2008	10.70%	4.59%	6.11%
5/19/2008	11.00%	4.57%	6.43%
5/27/2008	10.00%	4.56%	5.44%
6/10/2008	10.70%	4.55%	6.15%
6/27/2008	11.04%	4.54%	6.50%
6/27/2008	10.50%	4.54%	5.96%
7/10/2008	10.43%	4.53%	5.90%
7/16/2008	9.40%	4.52%	4.88%
7/30/2008	10.80%	4.51%	6.29%
7/31/2008	10.70%	4.51%	6.19%
8/11/2008	10.25%	4.51%	5.74%
8/26/2008	10.18%	4.50%	5.68%
9/10/2008	10.30%	4.49%	5.81%
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%	4.48%	5.72%
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%
12/1/2008	10.25%	4.40%	5.85%
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%	4.12%	6.38%
1/21/2009	10.50%	4.12%	6.38%
1/21/2009	10.50%	4.12%	6.38%
1/27/2009	10.76%	4.09%	6.67%
1/30/2009	10.50%	4.08%	6.42%
2/4/2009	8.75%	4.07%	4.68%
3/4/2009	10.50%	3.97%	6.53%
3/12/2009	11.50%	3.94%	7.56%
4/2/2009	11.10%	3.86%	7.24%
4/21/2009	10.61%	3.81%	6.80%
4/24/2009	10.00%	3.80%	6.20%
4/30/2009	11.25%	3.78%	7.47%
5/4/2009	10.74%	3.78%	6.96%
5/20/2009	10.25%	3.75%	6.50%
5/28/2009	10.50%	3.75%	6.75%
6/22/2009	10.00%	3.77%	6.23%
6/24/2009	10.80%	3.77%	7.03%
7/8/2009	10.63%	3.77%	6.86%
7/17/2009	10.50%	3.78%	6.72%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
8/21/2009	10.25%	3.81%	6.44%
8/31/2009	10.25%	3.82%	6.43%
10/14/2009	10.70%	4.00%	6.70%
10/23/2009	10.88%	4.05%	6.83%
11/2/2009	10.70%	4.08%	6.62%
11/3/2009	10.70%	4.09%	6.61%
11/24/2009	10.25%	4.15%	6.10%
11/25/2009	10.75%	4.15%	6.60%
11/30/2009	10.35%	4.16%	6.19%
12/3/2009	10.50%	4.17%	6.33%
12/7/2009	10.70%	4.18%	6.52%
12/16/2009	11.00%	4.21%	6.79%
12/16/2009	10.90%	4.21%	6.69%
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%	4.25%	5.75%
1/4/2010	10.80%	4.27%	6.53%
1/11/2010	11.00%	4.30%	6.70%
1/26/2010	10.13%	4.34%	5.79%
1/27/2010	10.40%	4.35%	6.05%
1/27/2010	10.40%	4.35%	6.05%
1/27/2010	10.70%	4.35%	6.35%
2/9/2010	9.80%	4.38%	5.42%
2/18/2010	10.60%	4.39%	6.21%
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%
3/11/2010	11.90%	4.42%	7.48%
3/17/2010	10.00%	4.42%	5.58%
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%	4.46%	5.84%
5/12/2010	10.30%	4.46%	5.84%
5/28/2010	10.20%	4.44%	5.76%
5/28/2010	10.10%	4.44%	5.66%
6/7/2010	10.30%	4.44%	5.86%
6/16/2010	10.00%	4.44%	5.56%
6/28/2010	10.50%	4.43%	6.07%
6/28/2010	9.67%	4.43%	5.24%
6/30/2010	9.40%	4.43%	4.97%
7/1/2010	10.25%	4.43%	5.82%
7/15/2010	10.70%	4.42%	6.28%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
7/15/2010	10.53%	4.42%	6.11%
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%	4.33%	5.67%
9/16/2010	10.00%	4.33%	5.67%
9/30/2010	9.75%	4.29%	5.46%
10/14/2010	10.35%	4.25%	6.10%
10/28/2010	10.70%	4.21%	6.49%
11/2/2010	10.38%	4.20%	6.18%
11/4/2010	10.70%	4.20%	6.50%
11/19/2010	10.20%	4.18%	6.02%
11/22/2010	10.00%	4.18%	5.82%
12/1/2010	10.13%	4.16%	5.97%
12/6/2010	9.86%	4.16%	5.70%
12/9/2010	10.25%	4.16%	6.09%
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%	4.15%	5.85%
12/20/2010	10.60%	4.15%	6.45%
12/21/2010	10.30%	4.15%	6.15%
12/27/2010	9.90%	4.15%	5.75%
12/29/2010	11.15%	4.15%	7.00%
1/5/2011	10.15%	4.14%	6.01%
1/12/2011	10.30%	4.13%	6.17%
1/13/2011	10.30%	4.13%	6.17%
1/18/2011	10.00%	4.13%	5.87%
1/20/2011	9.30%	4.13%	5.17%
1/20/2011	10.13%	4.13%	6.00%
1/31/2011	9.60%	4.12%	5.48%
2/3/2011	10.00%	4.12%	5.88%
2/25/2011	10.00%	4.14%	5.86%
3/25/2011	9.80%	4.18%	5.62%
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%	4.23%	5.44%
4/27/2011	10.40%	4.23%	6.17%
5/4/2011	10.00%	4.24%	5.76%
5/4/2011	10.00%	4.24%	5.76%
5/24/2011	10.50%	4.26%	6.24%
6/8/2011	10.75%	4.29%	6.46%
6/16/2011	9.20%	4.31%	4.89%
6/17/2011	9.95%	4.31%	5.64%
7/13/2011	10.20%	4.36%	5.84%
8/1/2011	9.20%	4.38%	4.82%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
8/8/2011	10.00%	4.38%	5.62%
8/11/2011	10.00%	4.37%	5.63%
8/12/2011	10.35%	4.37%	5.98%
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%	3.88%	7.02%
11/30/2011	10.90%	3.88%	7.02%
12/14/2011	10.00%	3.81%	6.19%
12/14/2011	10.30%	3.81%	6.49%
12/20/2011	10.20%	3.77%	6.43%
12/21/2011	10.20%	3.76%	6.44%
12/22/2011	9.90%	3.76%	6.14%
12/22/2011	10.40%	3.76%	6.64%
12/23/2011	10.19%	3.75%	6.44%
1/25/2012	10.50%	3.58%	6.92%
1/27/2012	10.50%	3.57%	6.93%
2/15/2012	10.20%	3.48%	6.72%
2/23/2012	9.90%	3.45%	6.45%
2/27/2012	10.25%	3.44%	6.81%
2/29/2012	10.40%	3.42%	6.98%
3/29/2012	10.37%	3.33%	7.04%
4/4/2012	10.00%	3.31%	6.69%
4/26/2012	10.00%	3.22%	6.78%
5/2/2012	10.00%	3.19%	6.81%
5/7/2012	9.80%	3.18%	6.62%
5/15/2012	10.00%	3.15%	6.85%
5/29/2012	10.05%	3.11%	6.94%
6/7/2012	10.30%	3.08%	7.22%
6/14/2012	9.40%	3.06%	6.34%
6/15/2012	10.40%	3.06%	7.34%
6/18/2012	9.60%	3.06%	6.54%
6/19/2012	9.25%	3.05%	6.20%
6/26/2012	10.10%	3.04%	7.06%
6/29/2012	10.00%	3.03%	6.97%
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%
9/19/2012	9.80%	2.94%	6.86%
9/26/2012	9.50%	2.94%	6.56%
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	9.88%	2.90%	6.98%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
11/29/2012	9.75%	2.90%	6.85%
12/5/2012	9.71%	2.89%	6.82%
12/5/2012	10.40%	2.89%	7.51%
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%	2.88%	6.83%
12/19/2012	10.25%	2.88%	7.37%
12/20/2012	10.40%	2.88%	7.52%
12/20/2012	10.30%	2.88%	7.42%
12/20/2012	10.45%	2.88%	7.57%
12/20/2012	10.25%	2.88%	7.37%
12/20/2012	10.25%	2.88%	7.37%
12/20/2012	9.80%	2.88%	6.92%
12/20/2012	9.50%	2.88%	6.62%
12/21/2012	10.20%	2.88%	7.32%
12/26/2012	9.80%	2.87%	6.93%
1/9/2013	9.70%	2.85%	6.85%
1/9/2013	9.70%	2.85%	6.85%
1/9/2013	9.70%	2.85%	6.85%
2/13/2013	10.20%	2.85%	7.35%
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%	2.93%	6.91%
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%	3.07%	6.29%
8/8/2013	9.83%	3.14%	6.69%
8/14/2013	9.15%	3.16%	5.99%
9/11/2013	10.25%	3.26%	6.99%
9/11/2013	10.20%	3.26%	6.94%
9/24/2013	10.20%	3.30%	6.90%
10/3/2013	9.65%	3.33%	6.32%
11/6/2013	10.20%	3.40%	6.80%
11/21/2013	10.00%	3.44%	6.56%
11/26/2013	10.00%	3.45%	6.55%
12/3/2013	10.25%	3.46%	6.79%
12/4/2013	9.50%	3.47%	6.03%
12/5/2013	10.20%	3.47%	6.73%
12/9/2013	8.72%	3.48%	5.24%
12/9/2013	9.75%	3.48%	6.27%
12/13/2013	9.75%	3.50%	6.25%
12/16/2013	9.95%	3.50%	6.45%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
12/16/2013	9.95%	3.50%	6.45%
12/16/2013	10.12%	3.50%	6.62%
12/17/2013	9.50%	3.50%	6.00%
12/17/2013	10.95%	3.50%	7.45%
12/18/2013	8.72%	3.51%	5.21%
12/18/2013	9.80%	3.51%	6.29%
12/19/2013	10.15%	3.51%	6.64%
12/30/2013	9.50%	3.53%	5.97%
2/20/2014	9.20%	3.68%	5.52%
2/26/2014	9.75%	3.69%	6.06%
3/17/2014	9.55%	3.71%	5.84%
3/26/2014	9.40%	3.72%	5.68%
3/26/2014	9.96%	3.72%	6.24%
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%	3.57%	6.18%
8/25/2014	9.60%	3.56%	6.04%
8/29/2014	9.80%	3.54%	6.26%
9/15/2014	10.25%	3.51%	6.74%
10/9/2014	9.80%	3.45%	6.35%
11/6/2014	9.56%	3.37%	6.19%
11/6/2014	10.20%	3.37%	6.83%
11/14/2014	10.20%	3.36%	6.84%
11/26/2014	9.70%	3.33%	6.37%
11/26/2014	10.20%	3.33%	6.87%
12/4/2014	9.68%	3.31%	6.37%
12/10/2014	9.25%	3.29%	5.96%
12/10/2014	9.25%	3.29%	5.96%
12/11/2014	10.07%	3.29%	6.78%
12/12/2014	10.20%	3.29%	6.91%
12/17/2014	9.17%	3.27%	5.90%
12/18/2014	9.83%	3.27%	6.56%
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%	2.96%	6.54%
3/26/2015	9.72%	2.96%	6.76%
4/23/2015	10.20%	2.87%	7.33%
4/29/2015	9.53%	2.86%	6.67%
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%
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%	2.89%	7.11%
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%	2.90%	6.70%
12/17/2015	9.70%	2.91%	6.79%
12/18/2015	9.50%	2.91%	6.59%
12/30/2015	9.50%	2.92%	6.58%
1/6/2016	9.50%	2.93%	6.57%
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%	2.79%	6.21%
6/15/2016	9.00%	2.79%	6.21%
7/18/2016	9.98%	2.71%	7.27%
8/9/2016	9.85%	2.66%	7.19%
8/18/2016	9.50%	2.64%	6.86%
8/24/2016	9.75%	2.62%	7.13%
9/1/2016	9.50%	2.60%	6.90%
9/8/2016	10.00%	2.58%	7.42%
9/28/2016	9.58%	2.54%	7.04%
9/30/2016	9.90%	2.53%	7.37%
11/9/2016	9.80%	2.48%	7.32%
11/10/2016	9.50%	2.49%	7.01%
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	9.37%	2.54%	6.83%
12/19/2016	9.00%	2.54%	6.46%
12/22/2016	9.90%	2.55%	7.35%
12/22/2016	9.60%	2.55%	7.05%
12/28/2016	9.50%	2.56%	6.94%
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%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
2/24/2017	9.75%	2.64%	7.11%
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%
4/4/2017	10.25%	2.71%	7.54%
4/12/2017	9.40%	2.73%	6.67%
4/20/2017	9.50%	2.75%	6.75%
5/3/2017	9.50%	2.78%	6.72%
5/11/2017	9.20%	2.81%	6.39%
5/18/2017	9.50%	2.82%	6.68%
5/23/2017	9.70%	2.83%	6.87%
6/16/2017	9.65%	2.89%	6.76%
6/22/2017	9.70%	2.89%	6.81%
6/22/2017	9.70%	2.89%	6.81%
7/24/2017	9.50%	2.94%	6.56%
8/15/2017	10.00%	2.97%	7.03%
9/22/2017	9.60%	2.93%	6.67%
9/28/2017	9.80%	2.93%	6.87%
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%	2.88%	5.52%
12/6/2017	8.40%	2.88%	5.52%
12/7/2017	9.80%	2.88%	6.92%
12/14/2017	9.65%	2.87%	6.78%
12/14/2017	9.60%	2.87%	6.73%
12/18/2017	9.50%	2.86%	6.64%
12/20/2017	9.58%	2.86%	6.72%
12/21/2017	9.10%	2.86%	6.24%
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	9.25%	2.89%	6.36%
4/18/2018	10.00%	2.89%	7.11%
4/26/2018	9.50%	2.90%	6.60%
5/30/2018	9.95%	2.94%	7.01%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
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%	3.00%	6.28%
9/5/2018	9.56%	3.01%	6.55%
9/14/2018	10.00%	3.03%	6.97%
9/20/2018	9.80%	3.03%	6.77%
9/26/2018	9.77%	3.04%	6.73%
9/26/2018	10.00%	3.04%	6.96%
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%	3.13%	6.87%
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%	2.90%	6.70%
8/29/2019	9.06%	2.82%	6.24%
9/4/2019	10.00%	2.79%	7.21%
9/30/2019	9.60%	2.70%	6.90%
10/31/2019	10.00%	2.61%	7.39%
10/31/2019	10.00%	2.61%	7.39%
11/7/2019	9.35%	2.59%	6.76%
11/29/2019	9.50%	2.53%	6.97%
12/4/2019	8.91%	2.52%	6.39%
12/4/2019	9.75%	2.52%	7.23%
12/16/2019	8.91%	2.48%	6.43%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
12/17/2019	10.50%	2.48%	8.02%
12/17/2019	9.70%	2.48%	7.22%
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	9.45%	2.47%	6.98%
12/20/2019	9.65%	2.47%	7.18%
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%	2.40%	7.10%
1/23/2020	9.86%	2.40%	7.46%
2/6/2020	10.00%	2.35%	7.65%
2/11/2020	9.30%	2.34%	6.96%
2/14/2020	9.40%	2.33%	7.07%
2/19/2020	8.25%	2.32%	5.93%
2/24/2020	9.75%	2.30%	7.45%
2/27/2020	9.40%	2.29%	7.11%
3/11/2020	9.70%	2.23%	7.47%
3/25/2020	9.40%	2.18%	7.22%
4/17/2020	9.70%	2.07%	7.63%
4/27/2020	9.25%	2.03%	7.22%
5/8/2020	9.90%	1.98%	7.92%
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%	1.85%	7.40%
7/8/2020	9.40%	1.83%	7.57%
7/14/2020	9.60%	1.81%	7.79%
7/28/2020	9.50%	1.77%	7.73%
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%	1.51%	7.99%
10/28/2020	9.60%	1.49%	8.11%
11/19/2020	8.80%	1.46%	7.34%
11/19/2020	8.80%	1.46%	7.34%
11/24/2020	9.20%	1.45%	7.75%
11/24/2020	9.80%	1.45%	8.35%
12/9/2020	8.38%	1.44%	6.94%
12/9/2020	8.38%	1.44%	6.94%
12/10/2020	9.40%	1.44%	7.96%
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%	1.45%	7.70%
12/23/2020	10.00%	1.45%	8.55%
12/30/2020	9.65%	1.45%	8.20%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
1/13/2021	9.30%	1.47%	7.83%
3/31/2021	9.60%	1.67%	7.93%
4/16/2021	9.60%	1.73%	7.87%
5/4/2021	9.85%	1.78%	8.07%
5/18/2021	9.50%	1.84%	7.66%
6/4/2021	9.28%	1.90%	7.38%
6/23/2021	9.00%	1.94%	7.06%
6/28/2021	9.55%	1.95%	7.60%
6/30/2021	9.43%	1.96%	7.47%
6/30/2021	9.43%	1.96%	7.47%
7/14/2021	9.60%	1.99%	7.61%
7/21/2021	9.50%	1.99%	7.51%
8/5/2021	9.60%	2.01%	7.59%
8/18/2021	9.50%	2.03%	7.47%
8/31/2021	8.57%	2.04%	6.53%
9/1/2021	9.40%	2.04%	7.36%
9/27/2021	9.40%	2.06%	7.34%
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%	2.10%	6.80%
11/4/2021	9.48%	2.10%	7.38%
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%	2.07%	7.83%
12/28/2021	9.40%	2.06%	7.34%
1/20/2022	9.00%	2.03%	6.97%
2/16/2022	9.35%	2.03%	7.32%
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%	2.63%	5.94%
9/8/2022	9.50%	2.68%	6.82%
9/15/2022	9.35%	2.72%	6.63%
10/4/2022	10.10%	2.84%	7.26%
10/4/2022	10.80%	2.84%	7.96%
10/25/2022	9.50%	2.99%	6.51%
11/3/2022	10.25%	3.05%	7.20%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
11/3/2022	10.20%	3.05%	7.15%
11/3/2022	10.30%	3.05%	7.25%
11/17/2022	7.85%	3.15%	4.70%
11/18/2022	9.90%	3.16%	6.74%
11/30/2022	9.80%	3.22%	6.58%
12/1/2022	7.85%	3.22%	4.63%
12/14/2022	9.60%	3.28%	6.32%
12/14/2022	9.50%	3.28%	6.22%
12/14/2022	10.00%	3.28%	6.72%
12/15/2022	10.00%	3.29%	6.71%
12/15/2022	9.95%	3.29%	6.66%
12/15/2022	10.05%	3.29%	6.76%
12/16/2022	9.50%	3.30%	6.20%
12/20/2022	10.50%	3.31%	7.19%
12/22/2022	9.40%	3.32%	6.08%
12/22/2022	9.80%	3.32%	6.48%
12/27/2022	9.56%	3.34%	6.22%
12/29/2022	9.30%	3.36%	5.94%
12/29/2022	9.80%	3.36%	6.44%
1/19/2023	9.90%	3.44%	6.46%
1/23/2023	9.65%	3.45%	6.20%
1/26/2023	9.75%	3.46%	6.29%
2/9/2023	9.60%	3.49%	6.11%
2/17/2023	9.50%	3.51%	5.99%
3/9/2023	9.70%	3.57%	6.13%
3/24/2023	9.90%	3.60%	6.30%
4/27/2023	10.00%	3.66%	6.34%
5/31/2023	9.35%	3.75%	5.60%
6/1/2023	9.25%	3.76%	5.49%
6/6/2023	9.35%	3.77%	5.58%
6/6/2023	9.75%	3.77%	5.98%
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%	3.83%	7.62%
8/31/2023	9.40%	3.83%	5.57%
9/6/2023	9.30%	3.85%	5.45%
9/21/2023	9.65%	3.89%	5.76%
10/12/2023	9.75%	3.97%	5.78%
10/12/2023	9.20%	3.97%	5.23%
10/12/2023	9.20%	3.97%	5.23%
10/18/2023	9.50%	3.99%	5.51%
10/19/2023	9.50%	4.00%	5.50%
10/25/2023	9.65%	4.02%	5.63%
11/3/2023	9.30%	4.07%	5.23%
11/3/2023	9.70%	4.07%	5.63%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
11/9/2023	9.80%	4.09%	5.71%
11/9/2023	9.80%	4.09%	5.71%
11/17/2023	9.60%	4.12%	5.48%
11/28/2023	9.35%	4.15%	5.20%
12/1/2023	9.90%	4.16%	5.74%
12/7/2023	9.70%	4.16%	5.54%
12/14/2023	10.00%	4.17%	5.83%
12/14/2023	8.72%	4.17%	4.55%
12/14/2023	8.91%	4.17%	4.74%
12/14/2023	9.50%	4.17%	5.33%
12/15/2023	10.10%	4.17%	5.93%
12/18/2023	9.50%	4.17%	5.33%
12/22/2023	10.70%	4.18%	6.52%
12/22/2023	10.65%	4.18%	6.47%
12/22/2023	10.75%	4.18%	6.57%
12/26/2023	9.52%	4.18%	5.34%
12/28/2023	9.60%	4.18%	5.42%
1/3/2024	9.26%	4.19%	5.07%
1/19/2024	9.75%	4.23%	5.52%
1/30/2024	9.75%	4.25%	5.50%
2/14/2024	9.60%	4.28%	5.32%
2/28/2024	9.70%	4.31%	5.39%
3/1/2024	9.90%	4.31%	5.59%
3/5/2024	9.55%	4.31%	5.24%
3/26/2024	9.80%	4.35%	5.45%
4/17/2024	9.90%	4.40%	5.50%
4/18/2024	9.60%	4.41%	5.19%
5/8/2024	9.85%	4.46%	5.39%
6/10/2024	9.50%	4.49%	5.01%
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%	4.48%	5.02%
8/8/2024	9.94%	4.43%	5.51%
8/21/2024	10.30%	4.41%	5.89%
8/26/2024	9.97%	4.40%	5.57%
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%	4.36%	5.50%
9/30/2024	9.35%	4.36%	4.99%
10/3/2024	9.76%	4.36%	5.40%
10/9/2024	9.60%	4.37%	5.23%
10/10/2024	9.86%	4.37%	5.49%
10/17/2024	10.28%	4.38%	5.90%
10/17/2024	10.23%	4.38%	5.85%
10/17/2024	10.33%	4.38%	5.95%
10/24/2024	9.78%	4.38%	5.40%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
11/20/2024	9.75%	4.40%	5.35%
11/25/2024	9.50%	4.41%	5.09%
11/26/2024	9.50%	4.41%	5.09%
12/3/2024	10.50%	4.41%	6.09%
12/19/2024	9.50%	4.42%	5.08%
12/19/2024	9.80%	4.42%	5.38%
12/19/2024	9.80%	4.42%	5.38%
12/20/2024	9.34%	4.42%	4.92%
12/20/2024	9.80%	4.42%	5.38%
12/30/2024	10.10%	4.43%	5.67%
1/14/2025	9.95%	4.45%	5.50%
1/15/2025	9.50%	4.45%	5.05%
1/15/2025	9.90%	4.45%	5.45%
1/16/2025	10.00%	4.46%	5.54%
1/23/2025	9.90%	4.46%	5.44%
1/29/2025	9.75%	4.46%	5.29%
2/3/2025	9.80%	4.46%	5.34%
3/4/2025	10.20%	4.47%	5.73%
3/12/2025	9.40%	4.46%	4.94%
3/13/2025	9.35%	4.46%	4.89%
3/13/2025	9.65%	4.46%	5.19%
3/20/2025	9.75%	4.47%	5.28%
3/21/2025	9.90%	4.47%	5.43%
3/25/2025	9.10%	4.47%	4.63%
4/25/2025	9.38%	4.50%	4.88%
5/15/2025	9.45%	4.53%	4.92%
6/2/2025	9.50%	4.57%	4.93%
6/26/2025	9.75%	4.65%	5.10%
7/25/2025	9.50%	4.72%	4.78%
8/14/2025	9.50%	4.75%	4.75%
8/14/2025	9.50%	4.75%	4.75%
8/28/2025	9.25%	4.77%	4.48%
8/29/2025	9.60%	4.77%	4.83%
8/29/2025	9.94%	4.77%	5.17%
9/16/2025	9.51%	4.79%	4.72%
10/2/2025	9.80%	4.80%	5.00%
10/28/2025	9.25%	4.78%	4.47%
11/5/2025	10.00%	4.77%	5.23%
11/6/2025	9.80%	4.77%	5.03%
11/6/2025	9.80%	4.77%	5.03%
11/19/2025	9.63%	4.77%	4.86%
11/19/2025	9.63%	4.77%	4.86%

[6] Date of Electric Rate Case	[7] Return on Equity	[8] 30-Year Treasury Yield	[9] Risk Premium
11/19/2025	9.63%	4.77%	4.86%
11/20/2025	10.95%	4.77%	6.18%
11/20/2025	9.99%	4.77%	5.22%
11/20/2025	9.80%	4.77%	5.03%
11/21/2025	9.60%	4.77%	4.83%
11/25/2025	9.80%	4.77%	5.03%
# of Cases:			1,845

2026-2030 CAPITAL EXPENDITURES AS A PERCENT OF 2024 NET PLANT
(\$ Millions)

		[1]	[2]	[3]	[4]	[5]	[6]	[7]
		2024	2026	2027	2028	2029	2030	2026-2030 Cap. Ex. / 2024 Net Plant
Alliant Energy Corporation	LNT							
Capital Spending per Share			\$5.60	\$5.50	\$5.40	\$5.40	\$5.40	
Common Shares Outstanding			257.00	257.00	257.00	257.00	257.00	
Capital Expenditures			\$1,439.2	\$1,413.5	\$1,387.8	\$1,387.8	\$1,387.8	37.52%
Net Plant		\$18,701.0						
Ameren Corporation	AEE							
Capital Spending per Share			\$12.85	\$12.93	\$13.00	\$13.00	\$13.00	
Common Shares Outstanding			275.00	280.00	285.00	285.00	285.00	
Capital Expenditures			\$3,533.8	\$3,619.0	\$3,705.0	\$3,705.0	\$3,705.0	50.22%
Net Plant		\$36,376.0						
American Electric Power Company, Inc.	AEP							
Capital Spending per Share			\$14.10	\$14.05	\$14.00	\$14.00	\$14.00	
Common Shares Outstanding			540.00	545.00	550.00	550.00	550.00	
Capital Expenditures			\$7,614.0	\$7,657.3	\$7,700.0	\$7,700.0	\$7,700.0	46.56%
Net Plant		\$82,416.0						
Avista Corporation	AVA							
Capital Spending per Share			\$7.00	\$8.25	\$9.50	\$9.50	\$9.50	
Common Shares Outstanding			83.00	84.00	85.00	85.00	85.00	
Capital Expenditures			\$581.0	\$693.0	\$807.5	\$807.5	\$807.5	61.40%
Net Plant		\$6,020.0						
CMS Energy Corporation	CMS							
Capital Spending per Share			\$11.75	\$12.50	\$13.25	\$13.25	\$13.25	
Common Shares Outstanding			301.00	301.50	302.00	302.00	302.00	
Capital Expenditures			\$3,536.8	\$3,768.8	\$4,001.5	\$4,001.5	\$4,001.5	70.32%
Net Plant		\$27,461.0						
Dominion Energy, Inc.	D							
Capital Spending per Share			\$11.00	\$11.00	\$11.00	\$11.00	\$11.00	
Common Shares Outstanding			858.00	869.00	880.00	880.00	880.00	
Capital Expenditures			\$9,438.0	\$9,559.0	\$9,680.0	\$9,680.0	\$9,680.0	69.76%
Net Plant		\$68,862.0						
DTE Energy Company	DTE							
Capital Spending per Share			\$17.95	\$18.23	\$18.50	\$18.50	\$18.50	
Common Shares Outstanding			205.50	205.75	206.00	206.00	206.00	
Capital Expenditures			\$3,688.7	\$3,749.8	\$3,811.0	\$3,811.0	\$3,811.0	60.72%
Net Plant		\$31,081.0						
Duke Energy Corporation	DUK							
Capital Spending per Share			\$16.75	\$17.50	\$18.25	\$18.25	\$18.25	
Common Shares Outstanding			778.00	779.00	780.00	780.00	780.00	
Capital Expenditures			\$13,031.5	\$13,632.5	\$14,235.0	\$14,235.0	\$14,235.0	56.26%
Net Plant		\$123,303.0						
Entergy Corporation	ETR							
Capital Spending per Share			\$12.50	\$13.25	\$14.00	\$14.00	\$14.00	
Common Shares Outstanding			440.00	450.00	460.00	460.00	460.00	
Capital Expenditures			\$5,500.0	\$5,962.5	\$6,440.0	\$6,440.0	\$6,440.0	64.91%
Net Plant		\$47,423.0						
Evergy, Inc.	EVRG							
Capital Spending per Share			\$9.35	\$9.43	\$9.50	\$9.50	\$9.50	
Common Shares Outstanding			230.00	230.00	230.00	230.00	230.00	
Capital Expenditures			\$2,150.5	\$2,167.8	\$2,185.0	\$2,185.0	\$2,185.0	44.93%
Net Plant		\$24,200.0						
FirstEnergy Corporation	FE							
Capital Spending per Share			\$8.25	\$8.75	\$9.25	\$9.25	\$9.25	
Common Shares Outstanding			585.00	590.00	595.00	595.00	595.00	
Capital Expenditures			\$4,826.3	\$5,162.5	\$5,503.8	\$5,503.8	\$5,503.8	64.47%
Net Plant		\$41,102.0						
IDACORP, Inc.	IDA							
Capital Spending per Share			\$18.25	\$21.63	\$25.00	\$25.00	\$25.00	
Common Shares Outstanding			55.00	55.50	56.00	56.00	56.00	
Capital Expenditures			\$1,003.8	\$1,200.2	\$1,400.0	\$1,400.0	\$1,400.0	98.26%
Net Plant		\$6,517.3						

		[1]	[2]	[3]	[4]	[5]	[6]	[7]
		2024	2026	2027	2028	2029	2030	2026-2030 Cap. Ex. / 2024 Net Plant
NextEra Energy, Inc.	NEE							
Capital Spending per Share			\$11.00	\$11.50	\$12.00	\$12.00	\$12.00	
Common Shares Outstanding			2100.00	2150.00	2200.00	2200.00	2200.00	
Capital Expenditures			\$23,100.0	\$24,725.0	\$26,400.0	\$26,400.0	\$26,400.0	91.48%
Net Plant		\$138,852.0						
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	\$951.0	41.21%
Net Plant		\$11,538.0						
Pinnacle West Capital Corporation	PNW							
Capital Spending per Share			\$17.00	\$17.25	\$17.50	\$17.50	\$17.50	
Common Shares Outstanding			122.00	123.50	125.00	125.00	125.00	
Capital Expenditures			\$2,074.0	\$2,130.4	\$2,187.5	\$2,187.5	\$2,187.5	56.08%
Net Plant		\$19,198.0						
Portland General Electric Company	POR							
Capital Spending per Share			\$11.50	\$11.50	\$11.50	\$11.50	\$11.50	
Common Shares Outstanding			114.00	117.00	120.00	120.00	120.00	
Capital Expenditures			\$1,311.0	\$1,345.5	\$1,380.0	\$1,380.0	\$1,380.0	65.70%
Net Plant		\$10,345.0						
PPL Corporation	PPL							
Capital Spending per Share			\$3.75	\$3.88	\$4.00	\$4.00	\$4.00	
Common Shares Outstanding			737.50	737.75	738.00	738.00	738.00	
Capital Expenditures			\$2,765.6	\$2,858.8	\$2,952.0	\$2,952.0	\$2,952.0	43.68%
Net Plant		\$33,149.0						
Southern Company	SO							
Capital Spending per Share			\$8.70	\$8.60	\$8.50	\$8.50	\$8.50	
Common Shares Outstanding			1110.00	1115.00	1120.00	1120.00	1120.00	
Capital Expenditures			\$9,657.0	\$9,589.0	\$9,520.0	\$9,520.0	\$9,520.0	47.79%
Net Plant		\$100,028.0						
Xcel Energy Inc.	XEL							
Capital Spending per Share			\$13.50	\$13.25	\$13.00	\$13.00	\$13.00	
Common Shares Outstanding			593.50	596.75	600.00	600.00	600.00	
Capital Expenditures			\$8,012.3	\$7,906.9	\$7,800.0	\$7,800.0	\$7,800.0	68.74%
Net Plant		\$57,198.0						
El Paso Electric	EPE							
Capital Expenditures [8]			\$1,375.00	\$1,453.00	\$1,137.00	\$902.00	\$802.00	138.35%
Net Plant [9]		\$4,097.5						
EPE CapEx Total (2026 - 2030)			2026	2027	2028	2029	2030	\$5,669.0
EPE CapEx Annual Average								\$1,133.8
Proxy Group Median								60.72%
EPE / Proxy Group Median								2.28

Notes:

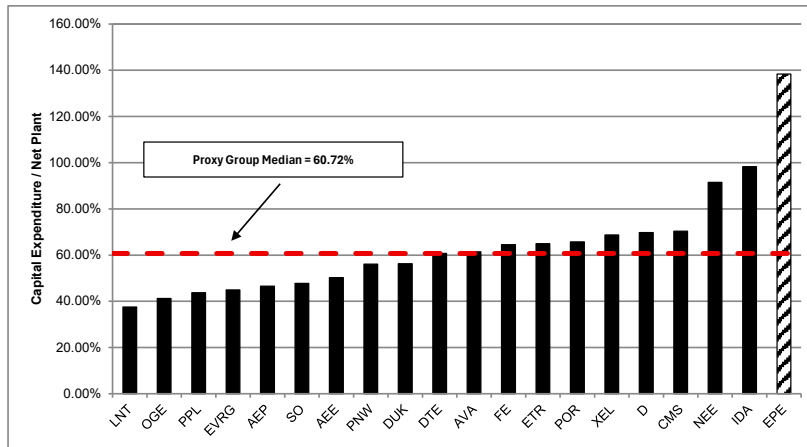
[1] - [6] Source: Value Line, dated September 5, 2025, October 17, 2025, and November 7, 2025; Evergy net plant from Evergy 2024 Report 10-K at 75.

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

[8] Source: Company Provided Data

[9] Source: 2024 EPE FERC Form 1, pp. 52

2026-2030 CAPITAL EXPENDITURES AS A PERCENT OF 2024 NET PLANT



Projected CAPEX / 2024 Net Plant

Rank	Company	2026-2030
1	Alliant Energy Corporation	LNT 37.52%
2	OGE Energy Corporation	OGE 41.21%
3	PPL Corporation	PPL 43.68%
4	Evergy, Inc.	EVRG 44.93%
5	American Electric Power Company, Inc.	AEP 46.56%
6	Southern Company	SO 47.79%
7	Ameren Corporation	AEE 50.22%
8	Pinnacle West Capital Corporation	PNW 56.08%
9	Duke Energy Corporation	DUK 56.26%
10	DTE Energy Company	DTE 60.72%
11	Avista Corporation	AVA 61.40%
12	FirstEnergy Corporation	FE 64.47%
13	Entergy Corporation	ETR 64.91%
14	Portland General Electric Company	POR 65.70%
15	Xcel Energy Inc.	XEL 68.74%
16	Dominion Energy, Inc.	D 69.76%
17	CMS Energy Corporation	CMS 70.32%
18	NextEra Energy, Inc.	NEE 91.48%
19	IDACORP, Inc.	IDA 98.26%
20	El Paso Electric	EPE 138.35%
Proxy Group Median		60.72%
EPE Elec/Proxy Group		2.28

Notes:

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

Proxy Group Regulatory Risk Comparative Assessment

				Adjustment Clauses								Ratemaking Framework Component		
				Fuel/ Purchased Power/Gas Commodity	Volumetric Risk Mitigation [1]	New Capital Investment [2]	Energy Efficiency [3]	Renewables & RPS [4]	Environmental [5]	Other [6]				
Company	Parent	Jurisdiction	Service								Test Year	Rate Base Methodology	RRA Commission Ranking [7]	
Ameren Illinois Company	AEE	Illinois	Electric	✓	✓	✓	✓	✓	✓	✓	Forecast Permitted	Year End	Average / 3	
Union Electric Company	AEE	Missouri	Electric	✓	✓	✓	✓	✓	✓	✓	Partially Forecast	Year End	Average / 2	
Southwestern Electric Power Company	AEP	Arkansas	Electric	✓	✓	✓	✓	✓	✓	✓	Forecast Permitted	Year End	Average / 1	
Indiana Michigan Power Company	AEP	Indiana	Electric	✓	✓	✓	✓	✓	✓	✓	Forecast Permitted	Year End	Average / 1	
Kentucky Power Company	AEP	Kentucky	Electric	✓	✓	✓	✓	✓	✓	✓	Historical	Year End	Average / 2	
Southwestern Electric Power Company	AEP	Louisiana	Electric	✓	✓	✓	✓	✓	✓	✓	Historical	Average	Average / 2	
Indiana Michigan Power Company	AEP	Michigan	Electric	✓	✓	✓	✓	✓	✓	✓	Fully Forecast	Average	Average / 1	
Ohio Power Company	AEP	Ohio	Electric	✓	✓	✓	✓	✓	✓	✓	Partially Forecast	Year End	Average / 1	
Public Service Company of Oklahoma	AEP	Oklahoma	Electric	✓	✓	✓	✓	✓	✓	✓	Historical	Year End	Average / 3	
Kingsport Power Company	AEP	Tennessee	Electric	✓		✓		✓		✓	Fully Forecast	Average	Above Average / 3	
AEP Texas Inc.	AEP	Texas	Electric	NA		✓	✓		✓	✓	Historical	Year End	Below Average / 1	
Southwestern Electric Power Company	AEP	Texas	Electric			✓		✓		✓	Historical	Year End	Below Average / 1	
Appalachian Power Company	AEP	Virginia	Electric	✓		✓		✓	✓	✓	Forecast Permitted	Average	Average / 1	
Appalachian Power / Wheeling Power	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	✓	✓					✓	Historical	Average	Average / 2	
Avista Corporation	AVA	Washington	Electric	✓	✓	✓	✓	✓		✓	Forecast Permitted	Average	Average / 3	
Consumers Energy Company	CMS	Michigan	Electric	✓			✓	✓		✓	Fully Forecast	Average	Average / 1	
Dominion Energy South Carolina	D	South Carolina	Electric	✓	✓			✓	✓	✓	Historical	Year End	Average / 2	
Dominion Energy North Carolina	D	North Carolina	Electric	✓	✓			✓	✓	✓	Historical	Year End	Above Average / 3	
Virginia Electric and Power Company	D	Virginia	Electric	✓			✓	✓	✓	✓	Forecast Permitted	Average	Average / 1	
DTE Electric Company	DTE	Michigan	Electric	✓		✓		✓	✓	✓	Fully Forecast	Average	Average / 1	
Duke Energy Florida, LLC	DUK	Florida	Electric	✓				✓		✓	Partially Forecast	Average	Above Average / 2	
Duke Energy Indiana, LLC	DUK	Indiana	Electric	✓	✓	✓	✓	✓	✓	✓	Forecast Permitted	Year End	Average / 1	
Duke Energy Kentucky, Inc.	DUK	Kentucky	Electric	✓	✓				✓	✓	Historical	Year End	Average / 2	
Duke Energy Carolinas, LLC	DUK	North Carolina	Electric	✓	✓			✓	✓	✓	Historical	Year End	Above Average / 3	
Duke Energy Progress, LLC	DUK	North Carolina	Electric	✓	✓	✓	✓	✓	✓	✓	Historical	Year End	Above Average / 3	
Duke Energy Ohio, Inc.	DUK	Ohio	Electric	✓	✓			✓		✓	Partially Forecast	Year End	Average / 1	
Duke Energy Carolinas, LLC	DUK	South Carolina	Electric	✓				✓	✓	✓	Historical	Year End	Average / 2	
Duke Energy Progress, LLC	DUK	South Carolina	Electric	✓	✓			✓		✓	Historical	Year End	Average / 2	
Entergy Arkansas, LLC	ETR	Arkansas	Electric	✓	✓	✓	✓	✓	✓	✓	Forecast Permitted	Year End	Average / 1	
Entergy Louisiana, LLC	ETR	Louisiana	Electric	✓	✓	✓	✓		✓	✓	Historical	Average	Average / 2	
Entergy Mississippi, LLC	ETR	Mississippi	Electric	✓						✓	Forecast Permitted	Average	Above Average / 3	
Entergy New Orleans, LLC	ETR	Louisiana - NOCC	Electric	✓	✓	✓	✓		✓	✓	Forecast Permitted	Average	Average / 3	
Entergy Texas, Inc.	ETR	Texas	Electric	✓			✓			✓	Historical	Year End	Below Average / 1	
Evergy Kansas Central	EVRG	Kansas	Electric	✓	✓				✓	✓	Historical	Year End	Average / 3	
Evergy Kansas Metro	EVRG	Kansas	Electric	✓		✓	✓		✓	✓	Historical	Year End	Average / 3	
Evergy Missouri Metro	EVRG	Missouri	Electric	✓	✓	✓				✓	Partially Forecast	Year End	Average / 2	
Evergy Missouri West	EVRG	Missouri	Electric	✓	✓	✓	✓	✓	✓	✓	Partially Forecast	Year End	Average / 2	

Company	Parent	Jurisdiction	Service	Adjustment Clauses							Rate-making Framework Component		
				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]
Cleveland Electric Illuminating Company	FE	Ohio	Electric	✓		✓	✓	✓		✓	Partially Forecast	Year End	Average / 1
Jersey Central Power & Light Company	FE	New Jersey	Electric	✓	✓	✓	✓	✓	✓	✓	Partially Forecast	Year End	Average / 3
Ohio Edison Company	FE	Ohio	Electric	✓		✓		✓		✓	Partially Forecast	Year End	Average / 1
FirstEnergy Pennsylvania Electric Co.	FE	Pennsylvania	Electric	✓		✓	✓			✓	Fully Forecast	Year End	Above Average / 2
Monongahela Power Company	FE	West Virginia	Electric	✓				✓	✓	✓	Historical	Average	Below Average / 1
Potomac Edison Company	FE	Maryland	Electric	✓			✓	✓	✓	✓	Forecast Permitted	Average	Below Average / 3
Potomac Edison Company	FE	West Virginia	Electric	✓				✓	✓	✓	Historical	Year End	Below Average / 1
Toledo Edison Company	FE	Ohio	Electric	✓		✓	✓	✓		✓	Partially Forecast	Year End	Average / 1
Idaho Power Co.	IDA	Idaho	Electric	✓	✓		✓			✓	Historical	Average	Average / 2
Idaho Power Co.	IDA	Oregon	Electric	✓			✓			✓	Partially Forecast	Average	Average / 3
Interstate Power and Light Company	LNT	Iowa	Electric	✓		✓	✓	✓	✓	✓	Historical	Year End	Above Average / 3
Wisconsin Power and Light Company	LNT	Wisconsin	Electric	✓						✓	Fully Forecast	Average	Above Average / 3
Florida Power & Light Company	NEE	Florida	Electric	✓		✓	✓	✓	✓	✓	Partially Forecast	Average	Above Average / 2
Oklahoma Gas and Electric Company	OGE	Arkansas	Electric	✓	✓	✓	✓		✓	✓	Forecast Permitted	Year End	Average / 1
Oklahoma Gas and Electric Company	OGE	Oklahoma	Electric	✓	✓	✓	✓			✓	Historical	Year End	Average / 3
Arizona Public Service Company	PNW	Arizona	Electric	✓	✓	✓	✓	✓	✓	✓	Historical	Year End	Below Average / 2
Portland General Electric Company	POR	Oregon	Electric	✓	✓	✓	✓	✓	✓	✓	Partially Forecast	Average	Average / 3
Kentucky Utilities Company	PPL	Kentucky	Electric	✓	✓		✓		✓	✓	Historical	Year End	Average / 2
Old Dominion Power Company	PPL	Virginia	Electric	✓						✓	Forecast Permitted	Average	Average / 1
Louisville Gas and Electric Company	PPL	Kentucky	Electric	✓	✓		✓		✓	✓	Historical	Year End	Average / 2
PPL Electric Utilities Corporation	PPL	Pennsylvania	Electric	✓		✓	✓			✓	Fully Forecast	Year End	Above Average / 2
Rhode Island Energy	PPL	Rhode Island	Electric	✓	✓	✓	✓	✓		✓	Historical	Average	Average / 2
Alabama Power Company	SO	Alabama	Electric	✓	✓	✓			✓	✓	Historical	Year End	Above Average / 1
Georgia Power Company	SO	Georgia	Electric	✓		✓	✓		✓	✓	Fully Forecast	Average	Above Average / 2
Mississippi Power Company	SO	Mississippi	Electric	✓	✓	✓		✓	✓	✓	Forecast Permitted	Average	Above Average / 3
Public Service Company of Colorado	XEL	Colorado	Electric	✓	✓	✓	✓	✓	✓	✓	Historical	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
Southwestern Public Service Company	XEL	New Mexico	Electric	✓		✓	✓	✓		✓	Forecast Permitted	Average	Below Average / 1
Northern States Power Company - MN	XEL	North Dakota	Electric	✓		✓		✓		✓	Partially Forecast	Average	Average / 1
Northern States Power Company - MN	XEL	South Dakota	Electric	✓	✓		✓		✓	✓	Historical	Average	Average / 2
Southwestern Public Service Company	XEL	Texas	Electric	✓		✓	✓			✓	Historical	Year End	Below Average / 1
Northern States Power Company - WI	XEL	Wisconsin	Electric	✓						✓	Fully Forecast	Average	Above Average / 3
% of Proxy Group				100%	60%	71%	83%	61%	63%	97%	56%	54%	85%
											% Partial or Fully Forecast	% Year End Rate Base	% jurisdictions rated better than Below Average / 1
El Paso Electric Co.	EPE	New Mexico	Electric	✓			✓	✓		✓	Historical	Average	Below Average / 1

Proxy Group Regulatory Risk Comparative Assessment

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] 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: Regulatory Research Associates, Adjustment Clauses: A State-by-State Overview, September 22, 2025; Regulatory Research Associates Quarterly State Regulatory Evaluations - July 2025; RRA - Commission Profiles; SEC Form 10-Ks; Company tariffs.

Small Size Premium (El Paso Electric Company - New Mexico)

	[1]
	(\$Mil)
EPE New Mexico Jurisdictional Proposed Rate Base	\$727.01
EPE Equity Percentage	55.5%
EPE New Mexico Jurisdictional Equity	\$403
Median Market to Book for Proxy Group	2.10
EPE New Mexico Jurisdictional Implied Market Cap	\$845.62

		[2]	[3]
Company Name	Ticker	Market Cap (\$Mil)	Market to Book Ratio
Alliant Energy Corporation	LNT	\$17,453.43	2.41
Ameren Corporation	AEE	\$28,173.11	2.24
American Electric Power Company, Inc.	AEP	\$64,322.78	2.13
Avista Corporation	AVA	\$3,251.10	1.23
CMS Energy Corporation	CMS	\$22,411.62	2.64
Dominion Energy, Inc.	D	\$51,837.10	1.95
DTE Energy Company	DTE	\$28,660.78	2.39
Duke Energy Corporation	DUK	\$96,947.93	1.93
Entergy Corporation	ETR	\$43,151.04	2.59
Evergy, Inc.	EVRG	\$17,740.85	1.75
FirstEnergy Corporation	FE	\$26,847.61	2.10
IDACORP, Inc.	IDA	\$7,075.50	2.05
NextEra Energy, Inc.	NEE	\$174,296.82	3.27
OGE Energy Corporation	OGE	\$9,103.16	1.91
Pinnacle West Capital Corporation	PNW	\$10,749.65	1.54
Portland General Electric Company	POR	\$5,338.62	1.35
PPL Corporation	PPL	\$27,176.39	1.89
Southern Company	SO	\$101,900.99	2.94
Xcel Energy Inc.	XEL	\$47,737.87	2.26
MEDIAN		\$27,176.39	2.10
MEAN		\$41,272.44	2.13

Market Capitalization (\$Mil) [4]				
Decile	Low End Market Capitalization	High End Market Capitalization	Size Premium	
1	\$ 47,157	\$ 3,522,211	-0.01%	
2	\$ 20,191	\$ 46,949	0.33%	
3	\$ 9,938	\$ 20,178	0.49%	
4	\$ 6,197	\$ 9,937	0.50%	
5	\$ 3,948	\$ 6,181	0.74%	
6	\$ 2,482	\$ 3,946	1.00%	
7	\$ 1,423	\$ 2,465	1.19%	
8	\$ 731	\$ 1,417	0.88%	
9	\$ 305	\$ 730	1.73%	
10	\$ 1	\$ 304	4.47%	

Proxy Group Median	\$27,176	0.33%
8th Decile Size Premium	\$846	0.88%
Difference from Proxy Group Median		0.55%

Notes:

[1] Source: Company Data, updated proposed test year rate base

[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 12/31/2024

Small Size Premium (El Paso Electric Company)

	(\$Mil)	
EPE Equity	\$2,140.18	[1]
Median Market to Book for Proxy Group	2.10	
EPE Implied Market Cap	\$4,485.30	

		[2]	[3]
Company Name	Ticker	Market Cap (\$Mil)	Market to Book Ratio
Alliant Energy Corporation	LNT	\$17,453.43	2.41
Ameren Corporation	AEE	\$28,173.11	2.24
American Electric Power Company, Inc.	AEP	\$64,322.78	2.13
Avista Corporation	AVA	\$3,251.10	1.23
CMS Energy Corporation	CMS	\$22,411.62	2.64
Dominion Energy, Inc.	D	\$51,837.10	1.95
DTE Energy Company	DTE	\$28,660.78	2.39
Duke Energy Corporation	DUK	\$96,947.93	1.93
Entergy Corporation	ETR	\$43,151.04	2.59
Evergy, Inc.	EVRG	\$17,740.85	1.75
FirstEnergy Corporation	FE	\$26,847.61	2.10
IDACORP, Inc.	IDA	\$7,075.50	2.05
NextEra Energy, Inc.	NEE	\$174,296.82	3.27
OGE Energy Corporation	OGE	\$9,103.16	1.91
Pinnacle West Capital Corporation	PNW	\$10,749.65	1.54
Portland General Electric Company	POR	\$5,338.62	1.35
PPL Corporation	PPL	\$27,176.39	1.89
Southern Company	SO	\$101,900.99	2.94
Xcel Energy Inc.	XEL	\$47,737.87	2.26
MEDIAN		\$27,176.39	2.10
MEAN		\$41,272.44	2.13

Market Capitalization (\$Mil) [4]				
Decile	Low End Market Capitalization	High End Market Capitalization	Size Premium	
1	\$ 47,157	\$ 3,522,211	-0.01%	
2	\$ 20,191	\$ 46,949	0.33%	
3	\$ 9,938	\$ 20,178	0.49%	
4	\$ 6,197	\$ 9,937	0.50%	
5	\$ 3,948	\$ 6,181	0.74%	
6	\$ 2,482	\$ 3,946	1.00%	
7	\$ 1,423	\$ 2,465	1.19%	
8	\$ 731	\$ 1,417	0.88%	
9	\$ 305	\$ 730	1.73%	
10	\$ 1	\$ 304	4.47%	
Proxy Group Median		\$27,176	0.33%	
5th Decile Size Premium		\$4,485	0.74%	
Difference from Proxy Group Median			0.41%	

Notes:

[1] El Paso Electric Company, 2024 Earnings Monitor Report, Schedule V, filed September 29, 2025

[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, 2024

CAPITAL STRUCTURE ANALYSIS

Proxy Group Company	COMMON EQUITY RATIO [1]				Average
	Ticker	2024	2023	2022	
Alliant Energy Corporation	LNT	52.71%	52.10%	52.60%	52.47%
Ameren Corporation	AEE	53.52%	53.94%	53.66%	53.70%
American Electric Power Company, Inc.	AEP	48.58%	48.45%	48.56%	48.53%
Avista Corporation	AVA	50.45%	50.24%	51.06%	50.58%
CMS Energy Corporation	CMS	48.71%	49.10%	49.78%	49.19%
Dominion Resources, Inc.	D	53.40%	55.08%	52.25%	53.58%
DTE Energy Company	DTE	49.79%	49.72%	50.41%	49.97%
Duke Energy Corporation	DUK	53.08%	52.87%	53.04%	53.00%
Entergy Corporation	ETR	51.30%	51.96%	47.65%	50.30%
Evergy, Inc.	EVRG	59.43%	58.84%	60.20%	59.49%
FirstEnergy Corporation	FE	58.94%	54.19%	55.52%	56.22%
IDACORP, Inc.	IDA	49.95%	49.42%	54.37%	51.24%
NextEra Energy, Inc.	NEE	59.98%	58.67%	63.14%	60.60%
OGE Energy Corporation	OGE	53.25%	53.53%	55.65%	54.14%
Pinnacle West Capital Corporation	PNW	52.22%	49.56%	50.25%	50.68%
Portland General Electric Company	POR	45.57%	45.37%	43.24%	44.73%
PPL Corporation	PPL	56.61%	56.49%	56.76%	56.62%
Southern Company	SO	55.54%	54.82%	54.58%	54.98%
Xcel Energy Inc.	XEL	54.24%	54.47%	54.84%	54.52%
Proxy Group					
MEAN		53.01%	52.57%	53.03%	52.87%
MEDIAN		53.08%	52.87%	53.04%	53.00%
MIDPOINT					52.66%
LOW		45.57%	45.37%	43.24%	44.73%
HIGH		59.98%	58.84%	63.14%	60.60%

COMMON EQUITY RATIO - UTILITY OPERATING COMPANIES [2]

Company Name	Ticker	2024	2023	2022	Average
Interstate Power and Light Company	LNT	51.73%	49.74%	50.55%	50.67%
Wisconsin Power and Light Company	LNT	53.82%	54.77%	55.03%	54.54%
Ameren Illinois Company	AEE	55.36%	56.21%	55.63%	55.73%
Union Electric Company	AEE	51.92%	51.87%	51.88%	51.89%
AEP Texas Inc.	AEP	43.47%	45.69%	42.07%	43.74%
Appalachian Power Company	AEP	50.26%	48.44%	47.76%	48.82%
Indiana Michigan Power Company	AEP	50.18%	48.32%	49.29%	49.26%
Kentucky Power Company	AEP	44.93%	42.26%	43.82%	43.67%
Kingsport Power Company	AEP	52.99%	51.12%	53.89%	52.67%
Ohio Power Company	AEP	50.95%	51.30%	50.79%	51.01%
Public Service Company of Oklahoma	AEP	48.32%	51.75%	55.70%	51.92%
Southwestern Electric Power Company	AEP	51.55%	50.68%	52.54%	51.59%
Wheeling Power Company	AEP	44.66%	39.99%	49.14%	44.60%
Alaska Electric Light and Power Company	AVA	63.01%	62.52%	60.89%	62.14%
Avista Corporation	AVA	49.96%	49.74%	50.65%	50.12%
Consumers Energy Company	CMS	48.71%	49.10%	49.78%	49.19%
Dominion Energy South Carolina, Inc.	D	53.14%	52.63%	54.80%	53.52%
Virginia Electric and Power Company	D	53.46%	55.63%	51.62%	53.57%
DTE Electric Company	DTE	49.79%	49.72%	50.41%	49.97%
Duke Energy Carolinas, LLC	DUK	51.08%	52.00%	52.78%	51.95%
Duke Energy Florida, LLC	DUK	53.67%	51.31%	50.74%	51.91%
Duke Energy Indiana, LLC	DUK	53.41%	52.55%	52.06%	52.67%
Duke Energy Kentucky, Inc.	DUK	54.31%	61.54%	52.97%	56.27%
Duke Energy Ohio, Inc.	DUK	62.72%	64.39%	65.87%	64.32%
Duke Energy Progress, LLC	DUK	51.71%	50.72%	51.27%	51.23%
Entergy Arkansas, LLC	ETR	47.15%	45.08%	47.95%	46.73%
Entergy Louisiana, LLC	ETR	54.22%	55.45%	47.17%	52.28%
Entergy Mississippi, LLC	ETR	49.50%	49.32%	46.43%	48.42%
Entergy New Orleans, LLC	ETR	48.50%	54.37%	47.94%	50.27%
Entergy Texas, Inc.	ETR	49.74%	50.74%	49.99%	50.16%
Evergy Kansas Central, Inc.	EVRG	66.78%	65.11%	67.13%	66.34%
Evergy Metro, Inc.	EVRG	50.97%	52.00%	52.03%	51.67%
Evergy Missouri West, Inc.	EVRG	52.08%	56.02%	54.41%	54.17%
Westar Energy (KPL)	EVRG	57.12%	55.18%	58.03%	56.78%
Jersey Central Power & Light Company	FE	67.97%	65.79%	64.86%	66.21%
FirstEnergy Pennsylvania Electric Company	FE	52.71%	N/A	N/A	52.71%
Metropolitan Edison Company	FE	N/A	49.86%	51.85%	50.86%
Monongahela Power Company	FE	53.58%	45.09%	49.23%	49.30%
Ohio Edison Company	FE	54.89%	57.90%	57.49%	56.76%
Pennsylvania Electric Company	FE	N/A	46.24%	50.97%	48.61%
Pennsylvania Power Company	FE	N/A	53.60%	49.28%	51.44%
The Cleveland Electric Illuminating Company	FE	67.19%	55.54%	55.10%	59.28%
The Potomac Edison Company	FE	51.72%	49.65%	53.39%	51.59%
The Toledo Edison Company	FE	55.44%	54.67%	57.09%	55.74%
West Penn Power Company	FE	N/A	50.03%	48.80%	49.41%
Idaho Power Company	IDA	49.95%	49.42%	54.37%	51.24%
Florida Power & Light Company	NEE	59.98%	58.67%	63.14%	60.60%
Oklahoma Gas and Electric Company	OGE	53.25%	53.53%	55.65%	54.14%
Arizona Public Service Company	PNW	52.22%	49.56%	50.25%	50.68%
Portland General Electric Company	POR	45.57%	45.37%	43.24%	44.73%
Kentucky Utilities Company	PPL	54.48%	53.47%	53.86%	53.94%
Louisville Gas and Electric Company	PPL	53.69%	52.83%	54.48%	53.67%
PPL Electric Utilities Corporation	PPL	56.29%	56.26%	56.04%	56.20%
The Narragansett Electric Company	PPL	62.90%	65.94%	65.42%	64.75%
Alabama Power Company	SO	53.88%	52.36%	52.22%	52.82%
Georgia Power Company	SO	56.53%	56.32%	56.05%	56.30%
Mississippi Power Company	SO	55.31%	55.01%	55.67%	55.33%
Northern States Power Company	XEL	53.37%	52.58%	52.79%	52.91%
Northern States Power Company	XEL	53.37%	52.58%	52.79%	52.91%
Public Service Company of Colorado	XEL	55.21%	56.47%	57.18%	56.29%
Southwestern Public Service Company	XEL	54.17%	54.41%	54.30%	54.29%
Operating Company					
MEAN		53.42%	52.84%	53.14%	53.06%
MEDIAN		53.25%	52.45%	52.66%	52.28%
LOW		43.47%	39.99%	42.07%	43.67%
HIGH		67.97%	65.94%	67.13%	66.34%

Notes:

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

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

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

CAPITAL STRUCTURE ANALYSIS

LONG-TERM DEBT RATIO [1]					
Proxy Group Company	Ticker	2024	2023	2022	Average
Alliant Energy Corporation	LNT	47.29%	47.90%	47.40%	47.53%
Ameren Corporation	AEE	46.48%	46.06%	46.34%	46.30%
American Electric Power Company, Inc.	AEP	51.42%	51.55%	51.44%	51.47%
Avista Corporation	AVA	49.55%	49.76%	48.94%	49.42%
CMS Energy Corporation	CMS	51.29%	50.90%	50.22%	50.81%
Dominion Resources, Inc.	D	46.60%	44.92%	47.75%	46.42%
DTE Energy Company	DTE	50.21%	50.28%	49.59%	50.03%
Duke Energy Corporation	DUK	46.92%	47.13%	46.96%	47.00%
Entergy Corporation	ETR	48.70%	48.04%	52.35%	49.70%
Evergy, Inc.	EVRG	40.57%	41.16%	39.80%	40.51%
FirstEnergy Corporation	FE	41.06%	45.81%	44.48%	43.78%
IDACORP, Inc.	IDA	50.05%	50.58%	45.63%	48.76%
NextEra Energy, Inc.	NEE	40.02%	41.33%	36.86%	39.40%
OGE Energy Corporation	OGE	46.75%	46.47%	44.35%	45.86%
Pinnacle West Capital Corporation	PNW	47.78%	50.44%	49.75%	49.32%
Portland General Electric Company	POR	54.43%	54.63%	56.76%	55.27%
PPL Corporation	PPL	43.39%	43.51%	43.24%	43.38%
Southern Company	SO	44.46%	45.18%	45.42%	45.02%
Xcel Energy Inc.	XEL	45.76%	45.53%	45.16%	45.48%
Proxy Group					
MEAN		46.99%	47.43%	46.97%	47.13%
MEDIAN		46.92%	47.13%	46.96%	47.00%
MIDPOINT					47.34%
LOW		40.02%	41.16%	36.86%	39.40%
HIGH		54.43%	54.63%	56.76%	55.27%

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

Company Name	Ticker	2024	2023	2022	Average
Interstate Power and Light Company	LNT	48.27%	50.26%	49.45%	49.33%
Wisconsin Power and Light Company	LNT	46.18%	45.23%	44.97%	45.46%
Ameren Illinois Company	AEE	44.64%	43.79%	44.37%	44.27%
Union Electric Company	AEE	48.08%	48.13%	48.12%	48.11%
AEP Texas Inc.	AEP	56.53%	54.31%	57.93%	56.26%
Appalachian Power Company	AEP	49.74%	51.56%	52.24%	51.18%
Indiana Michigan Power Company	AEP	49.82%	51.68%	50.71%	50.74%
Kentucky Power Company	AEP	55.07%	57.74%	56.18%	56.33%
Kingsport Power Company	AEP	47.01%	48.88%	46.11%	47.33%
Ohio Power Company	AEP	49.05%	48.70%	49.21%	48.99%
Public Service Company of Oklahoma	AEP	51.68%	48.25%	44.30%	48.08%
Southwestern Electric Power Company	AEP	48.45%	49.32%	47.46%	48.41%
Wheeling Power Company	AEP	55.34%	60.01%	50.86%	55.40%
Alaska Electric Light and Power Company	AVA	36.99%	37.48%	39.11%	37.86%
Avista Corporation	AVA	50.04%	50.26%	49.35%	49.88%
Consumers Energy Company	CMS	51.29%	50.90%	50.22%	50.81%
Dominion Energy South Carolina, Inc.	D	46.86%	47.37%	45.20%	46.48%
Virginia Electric and Power Company	D	46.54%	44.37%	48.38%	46.43%
DTE Electric Company	DTE	50.21%	50.28%	49.59%	50.03%
Duke Energy Carolinas, LLC	DUK	48.92%	48.00%	47.22%	48.05%
Duke Energy Florida, LLC	DUK	46.33%	48.69%	49.26%	48.09%
Duke Energy Indiana, LLC	DUK	46.59%	47.45%	47.94%	47.33%
Duke Energy Kentucky, Inc.	DUK	45.69%	38.46%	47.03%	43.73%
Duke Energy Ohio, Inc.	DUK	37.28%	35.61%	34.13%	35.68%
Duke Energy Progress, LLC	DUK	48.29%	49.28%	48.73%	48.77%
Entergy Arkansas, LLC	ETR	52.85%	54.92%	52.05%	53.27%
Entergy Louisiana, LLC	ETR	45.78%	44.55%	52.83%	47.72%
Entergy Mississippi, LLC	ETR	50.50%	50.68%	53.57%	51.58%
Entergy New Orleans, LLC	ETR	51.50%	45.63%	52.06%	49.73%
Entergy Texas, Inc.	ETR	50.26%	49.26%	50.01%	49.84%
Eversource Energy, Inc.	EVRG	33.22%	34.89%	32.87%	33.66%
Eversource Energy, Inc.	EVRG	49.03%	48.00%	47.97%	48.33%
Eversource Energy, Inc.	EVRG	47.92%	43.98%	45.59%	45.83%
Westar Energy (KPL)	EVRG	42.88%	44.82%	41.97%	43.22%
Jersey Central Power & Light Company	FE	32.03%	34.21%	35.14%	33.79%
FirstEnergy Pennsylvania Electric Company	FE	47.29%	N/A	N/A	47.29%
Metropolitan Edison Company	FE	N/A	50.14%	48.15%	49.14%
Monongahela Power Company	FE	46.42%	54.91%	50.77%	50.70%
Ohio Edison Company	FE	45.11%	42.10%	42.51%	43.24%
Pennsylvania Electric Company	FE	N/A	53.76%	49.03%	51.39%
Pennsylvania Power Company	FE	N/A	46.40%	50.72%	48.56%
The Cleveland Electric Illuminating Company	FE	32.81%	44.46%	44.90%	40.72%
The Potomac Edison Company	FE	48.28%	50.35%	46.61%	48.41%
The Toledo Edison Company	FE	44.56%	45.33%	42.91%	44.26%
West Penn Power Company	FE	N/A	49.97%	51.20%	50.59%
Idaho Power Company	IDA	50.05%	50.58%	45.63%	48.76%
Florida Power & Light Company	NEE	40.02%	41.33%	36.86%	39.40%
Oklahoma Gas and Electric Company	OGE	46.75%	46.47%	44.35%	45.86%
Arizona Public Service Company	PNW	47.78%	50.44%	49.75%	49.32%
Portland General Electric Company	POR	54.43%	54.63%	56.76%	55.27%
Kentucky Utilities Company	PPL	45.52%	46.53%	46.14%	46.06%
Louisville Gas and Electric Company	PPL	46.31%	47.17%	45.52%	46.33%
PPL Electric Utilities Corporation	PPL	43.71%	43.74%	43.96%	43.80%
The Narragansett Electric Company	PPL	37.10%	34.06%	34.58%	35.25%
Alabama Power Company	SO	46.12%	47.64%	47.78%	47.18%
Georgia Power Company	SO	43.47%	43.68%	43.95%	43.70%
Mississippi Power Company	SO	44.69%	44.99%	44.33%	44.67%
Northern States Power Company	XEL	46.63%	47.42%	47.21%	47.09%
Northern States Power Company	XEL	46.63%	47.42%	47.21%	47.09%
Public Service Company of Colorado	XEL	44.79%	43.53%	42.82%	43.71%
Southwestern Public Service Company	XEL	45.83%	45.59%	45.70%	45.71%
Operating Company					
MEAN		46.58%	47.16%	46.86%	46.94%
MEDIAN		46.75%	47.55%	47.34%	47.72%
LOW		48.27%	50.26%	49.45%	49.33%
HIGH		56.53%	60.01%	57.93%	56.33%

Notes:

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

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

[2] Eversource Energy South was removed because it is financed with more than 80% common equity.

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 JENNIFER E. NELSON IN SUPPORT OF THE FOREGOING
AMENDED FILING DIRECT TESTIMONY**

I, *Jennifer E. Nelson*, 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 *Consultant*.

3. I have reviewed the foregoing Amended Filing Direct Testimony of Jennifer E. Nelson, 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 Jennifer E. Nelson, 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/ Jennifer E. Nelson
JENNIFER E. NELSON