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**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**

**JOSEPH S. WEISS**

**OF**

**CONCENTRIC ENERGY ADVISORS, INC.**

**ON BEHALF OF**

**EL PASO ELECTRIC COMPANY**

**JULY 2026**

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**EL PASO ELECTRIC COMPANY**
**DIRECT TESTIMONY OF**
**JOSEPH S. WEISS**

## I. INTRODUCTION AND QUALIFICATIONS

**Q1. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

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

**Q2. BY WHOM ARE YOU EMPLOYED, AND IN WHAT POSITION?**

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

**Q3. ON WHOSE BEHALF ARE YOU SUBMITTING THIS TESTIMONY?**

**A.** I am testifying in this proceeding before the New Mexico Public Regulation Commission ("NMPRC" or the "Commission") on behalf of El Paso Electric Company ("EPE" or the "Company").

**Q4. PLEASE DESCRIBE CONCENTRIC.**

**A.** Concentric provides financial and economic advisory services to many and various energy and utility clients across North America. Concentric's financial advisory activities include buy and sell-side merger, acquisition, and divestiture assignments; due diligence and valuation assignments; project and corporate finance services; and transaction support services. Concentric's regulatory, economic, and market analysis services include utility ratemaking and regulatory advisory services; energy market assessments; market entry and exit analysis;

corporate and business unit strategy development; demand forecasting; resource planning; and energy contract negotiations. In addition, Concentric provides litigation support services on a wide range of financial and economic issues on behalf of clients throughout North America.

**Q5. PLEASE DESCRIBE YOUR EDUCATION AND PROFESSIONAL LICENSES.**

**A.** I have a Master of Business Administration from Southern Illinois University Edwardsville and a B.S. in Business Administration (magna cum laude) with a major in Accounting and Finance from Saint Louis University. I have included my résumé as Exhibit JSW-1.

**Q6. HAVE YOU PREVIOUSLY PRESENTED EXPERT TESTIMONY BEFORE REGULATORY AGENCIES?**

**A.** Yes. I have testified or presented evidence in proceedings before the Regulatory Commission of Alaska, the Illinois Commerce Commission, the Maine Public Utilities Commission, the Missouri Public Service Commission, the Public Utilities Commission of Ohio, the Oklahoma Corporation Commission, the Rhode Island Public Utilities Commission, the Public Utility Commission of Texas, and the Public Service Commission of West Virginia.

## II. PURPOSE AND SCOPE

**Q7. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

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

**Q8. WHAT IS A "CASH WORKING CAPITAL" REQUIREMENT?**

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

**Q9. WHAT IS A LEAD-LAG STUDY?**

**A.** A lead-lag study measures the funds needed due to net timing differences between when a utility expends cash for the costs required to provide utility service and when it receives payment from customers for that service. Per Commission Rule 530:

> "Lead-Lag Study" is a method sometimes employed in developing the amount of cash working capital to be included in a Rate Base determination for a utility company. The study seeks to measure and quantify the lag (delay) in receipt of revenues from customers from the time service is rendered offset by the lead that is the period the utility company has from the time it incurs an expense until cash is actually disbursed in payment for the expense.[1]

[1] 17.9.530.70 NMAC.

Specifically, a lead-lag study measures "revenue lags," which are the number of days between when a utility provides service and when its customers pay for that service, and "expense leads," which are the number of days between when a utility incurs expenses and when it must pay for those expenses. The net of the revenue lags and expense leads, when multiplied by the Company's average daily Test Year Period expenses, results in the cash working capital requirement.

**Q10. HOW SHOULD THE RESULTS OF THE CASH WORKING CAPITAL ANALYSIS BE TREATED FOR RATEMAKING PURPOSES?**

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

**Q11. ARE YOU SPONSORING ANY EXHIBITS OR SCHEDULES IN THIS PROCEEDING?**

**A.** Yes. I sponsor Exhibits JSW-1, my résumé and testimony listing, Exhibits JSW-2 through JSW-9 (the Cash Working Capital Study), and Schedule E-1 (the Working Cash Allowance). The Cash Working Capital Study (Exhibits JSW-2 through JSW-9) shows the revenue lags and expense leads that resulted from Concentric's lead-lag study, as well as EPE's total level of cash working capital for the Test Year Period. The expense amounts to which the revenue lags and expense leads are applied have been provided by EPE witness Cynthia S. Prieto. Schedule E-1 contains the Working Cash Allowance for EPE.

**Q12. WERE THE SCHEDULES AND EXHIBITS YOU ARE SPONSORING OR CO-SPONSORING PREPARED BY YOU OR UNDER YOUR DIRECT SUPERVISION?**

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

## III. SUMMARY OF FINDINGS

**Q13. FOR WHAT PERIOD WAS THE LEAD-LAG STUDY PERFORMED?**

**A.** The lead-lag study analyzed the Company's cash transactions and invoices for the twelve months ended March 31, 2025. The calculated revenue lag and expense leads were then applied to Test Year Period (the 12 months ended September 30, 2025) expenses. Concentric reviewed data from the most recent twelve-month period for which actual data was readily available when the study was performed (i.e. the twelve months ended March 31, 2025). From discussions with Company personnel, it was determined that there were no significant changes in EPE’s operations since March 31, 2025 affecting those expense leads and revenue lag calculations. This historical data reflects the Company’s existing policies and practices.

**Q14. PLEASE SUMMARIZE YOUR FINDINGS REGARDING AN APPROPRIATE CWC ALLOWANCE FOR THE COMPANY.**

**A.** Concentric's lead-lag study resulted in a total Company CWC allowance of $267,983 which results in an increase to rate base. That result is provided in Exhibit JSW-2.

## IV. <u>APPROACH</u>

**Q15. PLEASE PROVIDE AN OVERVIEW OF YOUR APPROACH TO DETERMINING THE COMPANY'S CASH WORKING CAPITAL REQUIREMENT.**

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

**Q16. WHAT ARE THE VARIOUS LAGS AND LEADS THAT SHOULD BE CONSIDERED IN A CASH WORKING CAPITAL ANALYSIS?**

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

**Q17. WHAT IS A REVENUE LAG?**

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

**Q18. WHAT IS AN EXPENSE LEAD?**

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

**Q19. WHAT WAS THE SOURCE OF INFORMATION YOU USED TO DETERMINE THE LEADS AND LAGS IN YOUR CASH WORKING CAPITAL ANALYSIS?**

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

## V. SUMMARY OF THE CASH WORKING CAPITAL ANALYSIS

### A. REVENUE LAG

**Q20. FROM WHAT SOURCES DOES EPE RECEIVE REVENUES?**

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

**Q21. DESCRIBE YOUR CALCULATION OF THE REVENUE LAG FOR RETAIL CUSTOMERS.**

**A.** In Concentric's analysis, the revenue lag for retail customers was divided into four distinct components: (1) a service lag; (2) a billing lag; (3) a collections lag; and (4) a payment processing lag. Considered together, these components of the retail revenue lag totaled 50.0 lag days. An explanation of each component of the revenue lag follows, and the calculation of the revenue lag is provided in Exhibit JSW-3, page 1 of 3.

**Q22. WHAT IS MEANT BY SERVICE LAG?**

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

**Q23. WHAT IS MEANT BY BILLING LAG?**

**A.** Billing lag refers to the average number of days from the date on which the meter was read until the customer was billed. This lag reflects the time needed to send and process meter reading data in the Company's Customer Information System, prepare bills, and deliver bills. Specifically, the meter reading file containing the meter reads obtained during the day is transferred at the end of the business day. That night, the meter reading file is uploaded into the Company's customer billing system, which creates a bill print file. The bill print file is sent to the bill print vendor the following morning. The vendor prints and stuffs the bills and mails them that day. Based on that process, Concentric estimated the billing lag to be 1.0 days.

**Q24. WHAT IS MEANT BY COLLECTIONS LAG?**

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

**Q25. HOW DID CONCENTRIC CALCULATE EPE'S COLLECTION LAG FOR PURPOSES OF THIS PROCEEDING?**

**A.** Concentric calculated the collection lag by analyzing an aging analysis of EPE's accounts receivable. Such an analysis provides data regarding the average amount of time that customer receivables are outstanding before they are collected. That analysis resulted in a collections lag of 32.5 days, as provided in Exhibit JSW-3, page 2 of 3.

**Q26. WHAT IS MEANT BY THE PAYMENT PROCESSING LAG?**

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

**Q27. PLEASE SUMMARIZE THE CALCULATION OF REVENUE LAG DAYS FOR RETAIL CUSTOMERS.**

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

| Figure JSW-1: Revenue Lag by Component | |
|---|---|
| **Component** | **Lag Days** |
| Service Lag | 15.2 |
| Billing Lag | 1.0 |
| Collections Lag | 32.5 |
| Payment Processing Lag | 1.3 |
| **Total Lag** | **50.0** |

**Q28. WHAT ADDITIONAL TYPES OF REVENUES ARE CONSIDERED IN THE REVENUE LAG?**

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

**Q29. DESCRIBE YOUR CALCULATION OF THE REVENUE LAG FOR WHOLESALE GENERATION AND TRANSMISSION CUSTOMERS.**

**A.** EPE provided Concentric with data regarding the amount and timing of revenue receipts from wholesale generation and wholesale transmission customers. Based on that data, Concentric estimated a revenue lag for wholesale generation revenues of 36.1 days, and a revenue lag for wholesale transmission revenues of 41.8 days, both of which are shown in Exhibit JSW-4.

**Q30. WHAT IS INCLUDED IN OTHER REVENUES?**

**A.** Other revenues for the Company include pole rental income, other electric property rental income, and other miscellaneous charges. Based on data provided by the Company for each type of other revenue, Concentric determined a revenue lag of 2.0 days, as shown in Exhibit JSW-4. When weighted with wholesale generation sales and wholesale transmission sales, the revenue lag for wholesale and other revenues was 35.6 days, as also shown on Exhibit JSW-4.

**Q31. WHAT WAS THE RESULTING REVENUE LAG, INCLUSIVE OF BOTH RETAIL REVENUES AND WHOLESALE AND OTHER REVENUES?**

**A.** On a weighted basis, the revenue lag, inclusive of both the retail revenue lag of 50.0 days and the wholesale and other revenue lag of 35.6 days, was 47.9 days, as shown on Exhibit JSW-2, Exhibit JSW-4, and Exhibit JSW-2, respectively.

## B. EXPENSE LEADS

**Q32. WHAT EXPENSE-RELATED LEADS WERE CONSIDERED IN THE LEAD-LAG ANALYSIS?**

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

**Q33. PROVIDE AN EXPLANATION OF THE EXPENSE LEADS ASSOCIATED WITH THE COMPANY'S FUEL EXPENSES.**

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

| Figure JSW-2: Fuel Expense Leads | |
|---|---|
| **Component** | **Lead Days** |
| Nuclear Fuel | 70.0 |
| Natural Gas | 41.0 |

**Q34. PROVIDE AN EXPLANATION OF THE EXPENSE LEADS ASSOCIATED WITH THE COMPANY'S POWER PURCHASES.**

**A.** Concentric analyzed accounting records related to EPE's purchase of power, including from net-metered customers. Based on that data, Concentric estimated an expense lead of 48.0 days for purchased power (excluding net-metered customers), and 22.2 days for net-metered customers, as shown in Exhibit JSW-6, page 1 of 3.

**Q35. PROVIDE AN EXPLANATION OF THE EXPENSE LEADS ASSOCIATED WITH THE COMPANY'S PAYROLL EXPENSES.**

**A.** EPE's regular payroll disbursements are made every two weeks with the 14-day payroll period running from Monday to Sunday two weeks later. Employees are paid for each payroll period on Friday following the end of the pay period, resulting in 26 to 27 regular payroll disbursements during any given 12-month period (depending on when the first Friday falls in the 12-month period). The midpoint of each 14-day payroll period is seven days. There is an additional expense lead of four days from Sunday to midnight Thursday/12:00 a.m. Friday when payroll is disbursed. In addition, payroll is moved up by one day whenever a holiday falls on a Friday. EPE also provides monthly payments on the first day of each month for the upcoming month under supplemental employee retirement plans ("SERP").[2] Considering both regular payroll and SERP payments, the resulting payroll expense lead was 10.9 days, as shown in Exhibit JSW-7, page 1 of 3.

**Q36. YOUR LEAD-LAG STUDY INCLUDES AN EXPENSE LEAD FOR PAYROLL DEDUCTIONS. WHAT DO THOSE REPRESENT AND HOW DID YOU ESTIMATE AN EXPENSE LEAD?**

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

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

Concentric received data from EPE for each type of payroll deduction in order to analyze the additional expense lead associated with the portion of gross payroll that is used for payroll deductions. Payroll deductions added an unweighted 3.1 days to the expense lead for that portion of payroll for a total expense lead of 14.0 days (*i.e.*, 10.9 days for payroll plus 3.1 days for payroll deductions), as shown in Exhibit JSW-7, page 2 of 3.

**Q37. WHAT TYPES OF LEADS ASSOCIATED WITH THE COMPANY'S EMPLOYEE BENEFIT PROGRAMS WERE CONSIDERED IN THE ANALYSIS?**

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

- 401(k) administration and matching;
- The EPE portion of medical, dental, and other health benefits;
- The EPE portion of life insurance premiums;
- The EPE portion of parking benefits;
- Pension-related costs;
- Service Anniversary Gifts; and
- Tuition reimbursement

Concentric received data from EPE related to payments made by the Company for each of these programs. The dollar-weighted expense lead for benefits was 29.5 days, as shown in Exhibit JSW-7, page 3 of 3.

**Q38. WHAT CALCULATIONS DID YOU PERFORM RELATED TO THE COMPANY'S INCENTIVE COMPENSATION PAYMENTS?**

**A.** During the Base Period, EPE made incentive compensation payments to its employees. Incentive compensation payments are made in the following year, resulting in an expense lead of 182.5 days (*i.e.*, the midpoint of the prior year) plus the period between the end of the incentive compensation year and when payments are made. The overall expense lead for incentive compensation was thus determined to be 406.3 days, as shown in Exhibit JSW-7.

**Q39. WHAT WAS THE RESULTING WEIGHTED EXPENSE LEAD FOR WAGES, SALARIES, AND BENEFITS?**

**A.** On a weighted basis, the expense lead for wages, salaries, and benefits, inclusive of regular payroll (10.9 days), payroll deductions (3.1 days), benefits (29.5 days), and incentive compensation (406.3 days), was 30.4 days, as shown on Exhibit JSW-7.

**Q40. DESCRIBE CONCENTRIC'S ANALYSIS OF O&M EXPENSES RELATED TO EPE'S OWNERSHIP IN PVGS.**

**A.** EPE is invoiced weekly for PVGS expenses, with invoices representing estimated charges for the concurrent month. Towards the end of each month, a true-up is performed to charge or credit EPE for any difference between estimated and actual PVGS expenses in the previous month. Concentric analyzed the weekly payments and monthly true-ups related to EPE's PVGS O&M, which had an average expense lead of (1.0) days. The working capital requirement related to PVGS incorporates an adjustment to remove PVGS-related materials and supplies amounts that are charged to O&M and that represent non-cash charges.

**Q41. WHAT DO "OTHER O&M" EXPENSES INCLUDE, AND WHAT APPROACH DID CONCENTRIC USE TO CALCULATE THE ASSOCIATED EXPENSE LEAD?**

**A.** Other O&M expenses include all payments made by EPE for O&M expenses that otherwise were not analyzed as part of Concentric's review of fuel, payroll, benefits, and PVGS O&M expenses. Invoices from providers of such services during the period April 1, 2024, to March 31, 2025, were analyzed to calculate a lead time associated with payment for services related to Other O&M activities. On average, invoices were paid by the Company 50.0 days after receipt, which includes bank float for payments made by check. Concentric adjusted the working capital requirement related to Other O&M to account for prepaid expenses that were charged to Other O&M and that reflect non-cash charges.

**Q42. WHAT TAXES OTHER THAN INCOME TAXES AND FEES WERE CONSIDERED IN CONCENTRIC'S ANALYSIS?**

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

| Figure JSW-3: Taxes Other Than Income Taxes and Fees | |
|---|---|
| **Component** | **Lead Days** |
| Payroll Taxes | 10.9 |
| PVGS Payroll Taxes | (1.0) |
| New Mexico Compensating Taxes | 52.1 |
| New Mexico Public Regulation Commission Fees | 269.5 |
| New Mexico Property Taxes | 226.9 |
| Texas Gross Receipts Taxes | 76.1 |
| Texas Franchise Fees | 90.2 |
| Texas Public Utility Commission Fees | 237.5 |
| Texas Property Taxes | 213.4 |
| Arizona Property Taxes | 208.5 |

The expense lead for payroll taxes was assumed to be the same as that for regular payroll (*i.e.*, 10.9 days), and the expense lead for PVGS-related payroll taxes was assumed to be the same as that for PVGS O&M expenses (*i.e.*, (1.0 days)). EPE provided accounting and payment data related to each of the other categories of taxes and fees, upon which Concentric estimated expense leads for each, as shown above and in Exhibit JSW-8.

**Q43. HOW DID YOUR STUDY ADDRESS FEDERAL INCOME TAXES?**

**A.** The expense lead attributable to EPE's federal income tax liability was calculated based on quarterly payment dates on or about April 15, June 15, September 15, and December 15 for 2024 calendar year taxes. EPE estimates its quarterly taxable income based on the net income from the prior quarter, which follows a cyclical pattern whereby taxable income tends to be greater in the Summer and Fall (*i.e.*, in the second and third quarters of the year), following customer usage patterns. Based on the quarterly payment dates and an estimate of the shape of the payments provided by the Company based on greater taxable income in the second and third quarters of each year relative to the first and fourth quarters, Concentric calculated an expense lead of 39.3 days, as shown in Exhibit JSW-9.

**Q44. HOW DID THE STUDY ADDRESS STATE INCOME TAXES?**

**A.** In the Base Period, state income taxes were paid approximately quarterly. Like Federal income taxes, State income tax payments follow a cyclical pattern. Concentric estimated the Company to have an expense lead associated with State income taxes of 38.9 days for New Mexico and 63.4 days for Arizona as shown in Exhibit JSW-9. The lead-lag study also reflects Texas state margin taxes, which are paid annually for the current year in May. The resulting lead reflecting the annual payment was (47.5) days.

**Q45. WHAT CONSIDERATION DID YOUR STUDY MAKE FOR INTEREST PAID ON CUSTOMER DEPOSITS?**

**A.** Interest is paid by the Company at approximately the end of each calendar year for deposits made during the year. The expense lead was thus determined to be

182.5 days, reflecting the time between the midpoint of the year and payment of interest.

### C. OTHER COMPONENTS OF CASH WORKING CAPITAL

**Q46. WHAT OTHER COMPONENTS OF CASH WORKING CAPITAL DID YOU CONSIDER IN YOUR ANALYSIS?**

**A.** EPE has three pass-through taxes and fees that are incurred as part of the provision of utility service but that are remitted to the appropriate taxing authority without being recognized as expenses on the Company's books. Those taxes and fees are: (1) New Mexico gross receipts taxes; (2) New Mexico franchise fees; and (3) Texas sales and use taxes. Because collection of those taxes and the associated remittance to taxing authorities occur at different times, there are cash working capital effects on the Company. However, these pass-through taxes and fees are not part of the revenue requirement to which net lags or leads are applied in the lead-lag study, and thus, without separate consideration, would not be reflected in the cash working capital requirement. As such, the total cash working capital requirement calculated by Concentric separately includes the net lag/(lead) associated with those taxes and fees, as shown on Exhibit JSW-2.

**Q47. DID CONCENTRIC'S LEAD-LAG STUDY ACCOUNT FOR PETTY CASH?**

**A.** Consistent with the Commission's findings in Case No. 15-00127-UT,[3] petty cash funds are amounts the Company must keep on hand to serve customers (for example, to make change for customers who pay with cash). The Company kept an average petty cash fund balance of $25,300 during the period April 1, 2024, to March 31, 2025. However, the Company has closed all in-person payment stations and because of that there is no petty cash balance added to the CWC allowance.

**Q48. BASED UPON THE RESULTS OF THE LEAD-LAG STUDY AND THE LEVEL OF EXPENSES DESCRIBED IN THE TESTIMONY OF EPE WITNESS PRIETO, WHAT IS THE TOTAL COMPANY LEVEL OF CASH WORKING CAPITAL REQUIREMENTS?**

**A.** As shown on Exhibit JSW-2, applying the revenue lag and expense leads that I have calculated to the expense levels provided by EPE witness Prieto results in a total Company cash working capital requirement of $267,983 which results in an increase to rate base.

**Q49. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

**A.** Yes.

[3] New Mexico Public Regulation Commission Final Order Partially Adopting Recommended Decision (with Corrected Paragraph Numbering), Case No. 15-00127-UT, June 8, 2016, at 102-104.

**JOSEPH S. WEISS**
VICE PRESIDENT

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

## Representative Project Experience

### Rates/Regulatory Projects

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

responses and corrections to deficiencies identified by the Illinois Commerce Commission in filing requirements and providing required data in response to data requests of the Illinois Commerce Commission.

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

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

- Research to support expert testimony in a return on equity rate proceeding.

## Professional History

**Concentric Energy Advisors, Inc. (2007 – Present)**
Vice President
Assistant Vice President
Senior Project Manager
Project Manager
Senior Consultant
Consultant

**Navigant Consulting, Inc. (2006 – 2007)**
Consultant

**Ameren Corporation (2005 – 2006)**
Consultant and Tax Intern

## Education

**Saint Louis University**
B.S.B.A., Accounting and Finance, magna cum laude, December 2005

**Southern Illinois University Edwardsville**
M.B.A., August 2013

| SPONSOR | DATE | CASE/APPLICANT | DOCKET | SUBJECT |
|---|---|---|---|---|
| **Illinois Commerce Commission** | | | | |
| Ameren Illinois Company | 01/15 | Ameren Illinois Company | Docket #15-0142 | Cash Working Capital (Gas) |
| Ameren Illinois Company | 04/15 | Ameren Illinois Company | Docket #15-0305 | Cash Working Capital (Electric) |
| Ameren Illinois Company | 01/18 | Ameren Illinois Company | Docket #18-0463 | Cash Working Capital (Gas) |
| Ameren Illinois Company | 04/18 | Ameren Illinois Company | Docket #18-0807 | Cash Working Capital (Electric) |
| Ameren Illinois Company | 02/20 | Ameren Illinois Company | Docket #20-0308 | Cash Working Capital (Gas) |
| Ameren Illinois Company | 04/20 | Ameren Illinois Company | Docket #20-0381 | Cash Working Capital (Electric) |
| Ameren Illinois Company | 04/21 | Ameren Illinois Company | Docket #21-0365 | Cash Working Capital (Electric) |
| Ameren Illinois Company | 01/23 | Ameren Illinois Company | Docket #23-0067 | Cash Working Capital (Gas) |
| Ameren Illinois Company | 01/23 | Ameren Illinois Company | Docket #23-0082 | Cash Working Capital (Electric) |
| Northern Illinois Gas Company | 01/26 | Northern Illinois Gas Company | Docket #26-0099 | Cash Working Capital (Gas) |
| **Maine Public Utilities Commission** | | | | |
| Bangor Natural Gas Company | 03/21 | Bangor National Gas Company | Docket # 2021-00024 | Cash Working Capital (Gas) |
| Central Maine Power Company | 08/22 | Central Maine Power Company | Docket #2022-00152 | Cash Working Capital (Electric) |
| **Missouri Public Service Commission** | | | | |
| Ameren Missouri | 07/14 | Ameren Missouri | ER 2014-0258 | Cash Working Capital (Electric) |
| Ameren Missouri | 06/24 | Ameren Missouri | ER 2024-0319 | Affiliate Transactions and Benchmarking (Electric) |
| Ameren Missouri | 09/24 | Ameren Missouri | GR 2024-0369 | Affiliate Transactions and Benchmarking (Gas) |
| **Oklahoma Corporation Commission** | | | | |
| Arkansas Oklahoma Gas Corporation | 01/13 | Arkansas Oklahoma Gas Corporation | Cause No. PUD 201200236 | Cash Working Capital (Gas) |

| SPONSOR | DATE | CASE/APPLICANT | DOCKET | SUBJECT |
|---|---|---|---|---|
| **Public Utilities Commission of Ohio** | | | | |
| Northeast Ohio Natural Gas Corporation | 4/23 | Northeast Ohio Natural Gas Corporation | Case No. 23-0154-GA-AIR | Cash Working Capital (Gas) |
| **Public Utility Commission of Texas** | | | | |
| El Paso Electric Company | 1/25 | El Paso Electric Company | Docket No. 57568 | Cash Working Capital (Electric) |
| **The Regulatory Commission of Alaska** | | | | |
| Anchorage Water Utility | 12/24 | Anchorage Water Utility | TA180-122 | Cash Working Capital (Water) |
| Anchorage Wastewater Utility | 12/24 | Anchorage Wastewater Utility | TA181-126 | Cash Working Capital (Wastewater) |
| **The Public Service Commission of West Virginia** | | | | |
| Hope Gas, Inc. | 4/25 | Hope Gas, Inc. | Case No. 25-0417-G-42T | Cash Working Capital (Gas) |
| **The Rhode Island Public Utilities Commission** | | | | |
| The Narragansett Electric Company d/b/a Rhode Island Energy | 11/25 | The Narragansett Electric Company d/b/a Rhode Island Energy | Docket No. 25-45-GE | Cash Working Capital (Electric and Gas) and Shared Corporate Costs |

**EL PASO ELECTRIC COMPANY**
**CASH WORKING CAPITAL REQUIREMENT - LEAD-LAG STUDY**
**FOR THE TEST YEAR ENDED MARCH 31, 2025**

| Line No. | Description | Total Company Revenue Requirement | Average Daily Amount | Revenue Lag Days | Expense Lead Days | Net (Lead)/Lag | Working Capital Requirement | Work Paper Reference |
|---|---|---|---|---|---|---|---|---|
| | (A) | (B) | (C)=(B)/365 | (D) | (E) | (F)=(D)-(E) | (G)=(C)x(F) | (H) |
| 1 | **Energy Costs:** | | | | | | | |
| 2 | Nuclear | $ 21,308,883 | $ 58,381 | 47.9 | 70.0 | (22.1) | $ (1,290,209) | B |
| 3 | Gas | 105,329,064 | 288,573 | 47.9 | 41.0 | 6.9 | 1,991,152 | B |
| 4 | Purchased Power | 153,656,482 | 420,977 | 47.9 | 47.1 | 0.8 | 336,781 | B |
| 5 | **Operation & Maintenance Expenses:** | | | | | | | |
| 6 | Wages, Salaries and Benefits - Regular | 97,241,551 | 266,415 | 47.9 | 30.4 | 17.5 | 4,662,266 | C |
| 7 | Palo Verde O&M | 110,424,690 | 302,533 | 47.9 | (1.0) | 48.9 | 14,793,883 | C-3 |
| 8 | Other O&M | 138,503,942 | 379,463 | 47.9 | 50.0 | (2.1) | (796,872) | C-4 |
| 9 | NM Public Regulation Commission | 972,113 | 2,663 | 47.9 | 269.5 | (221.6) | (590,192) | D-1 |
| 10 | TX Public Utility Commission Fee | 1,180,846 | 3,235 | 47.9 | 237.5 | (189.6) | (613,393) | D-5 |
| 11 | NM PRC Fee at Proposed Rates | 227,100 | 622 | 47.9 | 269.5 | (221.6) | (137,878) | D-1 |
| 12 | TX PUC Fee at Proposed Rates | 275,863 | 756 | 47.9 | 237.5 | (189.6) | (143,298) | D-5 |
| 13 | **Taxes Other Than Income Taxes:** | | | | | | | |
| 14 | Payroll Taxes | 6,300,162 | 17,261 | 47.9 | 10.9 | 37.0 | 638,647 | C |
| 15 | Payroll Taxes - Palo Verde | 3,499,445 | 9,588 | 47.9 | (1.0) | 48.9 | 468,830 | C-3 |
| 16 | NM Compensating Tax | 97,737 | 268 | 47.9 | 52.1 | (4.2) | (1,125) | G-1 |
| 17 | NM Property | 7,024,221 | 19,244 | 47.9 | 226.9 | (179.0) | (3,444,755) | D-2 |
| 18 | TX Gross Receipts | 11,760,151 | 32,220 | 47.9 | 76.1 | (28.2) | (908,593) | D-3 |
| 19 | TX Franchise Fees | 28,331,741 | 77,621 | 47.9 | 90.2 | (42.3) | (3,283,377) | D-4 |
| 20 | TX Property | 23,332,794 | 63,925 | 47.9 | 213.4 | (165.5) | (10,579,664) | D-6 |
| 21 | AZ Property | 4,616,740 | 12,649 | 47.9 | 208.5 | (160.6) | (2,031,366) | D-7 |
| 22 | TX TOTI Adjustments at Proposed Rates | 9,572,399 | 26,226 | 47.9 | 76.1 | (28.2) | (739,566) | D-3 |
| 23 | NM TOTI Adjustments at Proposed Rates | 24,925 | 68 | 47.9 | 53.4 | (5.5) | (376) | G-2 |
| 24 | Other Taxes | (21,335) | (58) | 47.9 | 50.0 | (2.1) | 123 | C-4 |
| 25 | **Income Taxes:** | | | | | | | |
| 26 | Federal Current | 60,397,666 | 165,473 | 47.9 | 39.3 | 8.6 | 1,423,068 | E-1 |
| 27 | State Current (Arizona) | 1,450,771 | 3,975 | 47.9 | 63.4 | (15.5) | (61,608) | E-2 |
| 28 | State Current (New Mexico) | 2,347,461 | 6,431 | 47.9 | 38.9 | 9.0 | 57,883 | E-3 |
| 29 | State Gross Margin Tax | 2,781,869 | 7,622 | 47.9 | (47.5) | 95.4 | 727,097 | E-4 |
| | | | | | | | - | |
| 30 | **Interest on Customer Deposits** | | | | | | | |
| 31 | Customer Deposit Interest | 562,958 | 1,542 | 47.9 | 182.5 | (134.6) | (207,600) | F |
| 32 | **Other** | | | | | | | |
| 33 | **New Mexico Franchise Fees** | | | | | | | |
| 34 | New Mexico Franchise Fees | 113,620 | 311 | 47.9 | 53.4 | (5.5) | (1,712) | G-2 |
| 35 | **Texas Sales and Use Tax** | | | | | | | |
| 36 | Texas Sales and Use Tax | 54,361 | 149 | 47.9 | 49.0 | (1.1) | (164) | G-3 |
| 37 | **Total Company Working Capital** | | | | | | $ 267,983 | |

Amended Filing



**EL PASO ELECTRIC COMPANY**
**CASH WORKING CAPITAL REQUIREMENT - LEAD-LAG STUDY**
**FOR THE TWELVE MONTHS ENDED MARCH 31, 2025**
**SUMMARY OF REVENUE LAG**

| Line No. | Revenue Lag Component | Lag Days |
|---|---|---|
| | (A) | (B) |
| 1 | Service Lag | 15.2 |
| 2 | Billing Lag | 1.0 |
| 3 | Collection Lag | 32.5 |
| 4 | Payment Processing Lag | 1.3 |
| 5 | Total | 50.0 |

Source: Work Paper A

Amended Filing



**EL PASO ELECTRIC COMPANY**
**CASH WORKING CAPITAL REQUIREMENT - LEAD-LAG STUDY**
**FOR THE TWELVE MONTHS ENDED MARCH 31, 2025**
**CALCULATION OF COLLECTIONS LAG**

| Line No. | Time Period | Midpoint | | Revenues | Revenues (%) | Weighted Service Lag |
|---|---|---|---|---|---|---|
| | (A) | (B) | | (C) | (D) | (E) |
| 1 | 0-30 Days | 15.0 | $ | 58,543,153 | 69.8% | 10.5 |
| 2 | 31-60 Days | 44.5 | | 11,196,028 | 13.3% | 5.9 |
| 3 | 61-90 Days | 74.5 | | 4,501,784 | 5.4% | 4.0 |
| 4 | 90+ Days | 105.0 | | 9,655,055 | 11.5% | 12.1 |
| 5 | Total | | $ | 83,896,020 | 100.0% | 32.5 |

Source: Work Paper A-1

Amended Filing



**EL PASO ELECTRIC COMPANY**
**CASH WORKING CAPITAL REQUIREMENT - LEAD-LAG STUDY**
**FOR THE TWELVE MONTHS ENDED MARCH 31, 2025**
**CALCULATION OF PAYMENT PROCESSING LAG**

| Line No. | Payment Method | Receipt of Funds Lag | Revenues (%) | Weighted Receipt of Funds Lag |
|---|---|---|---|---|
| | (A) | (B) | (C) | (D) |
| 1 | Auto-Pay Draft | 2.00 | 16.0% | 0.3 |
| 2 | Bill2Pay ACH | 2.00 | 3.7% | 0.1 |
| 3 | Bill2Pay Cash | 2.00 | 0.2% | 0.0 |
| 4 | Bill2Pay Credit Card | 2.00 | 11.7% | 0.2 |
| 5 | Cash | 1.00 | 0.6% | 0.0 |
| 6 | Check | 1.00 | 67.1% | 0.7 |
| 7 | Money Order | 2.00 | 0.0% | 0.0 |
| 8 | Wire | - | 0.8% | - |
| | Total | | 100.0% | 1.3 |

Source: Work Paper A-2

**EL PASO ELECTRIC COMPANY**
**CASH WORKING CAPITAL REQUIREMENT - LEAD-LAG STUDY**
**FOR THE TWELVE MONTHS ENDED MARCH 31, 2025**
**SUMMARY OF OTHER REVENUES**

| Line No. | Description | Lag Days | | Revenues | Weighting | Weighted Lag |
|---|---|---|---|---|---|---|
| | (A) | (B) | | (C) | (D) | (E) |
| 1 | Wholesale Transactions | 36.1 | $ | 109,448,954 | 69.1% | 24.9 |
| 2 | Wholesale Transmission Sales | 41.8 | | 40,066,284 | 25.3% | 10.6 |
| 3 | Other Revenues | 2.0 | | 8,928,784 | 5.6% | 0.1 |
| 4 | Total | | $ | 158,444,023 | 100.0% | 35.6 |

Source: Work Paper A

Amended Filing



**EL PASO ELECTRIC COMPANY**
**CASH WORKING CAPITAL REQUIREMENT - LEAD-LAG STUDY**
**FOR THE TWELVE MONTHS ENDED MARCH 31, 2025**
**SUMMARY OF FUEL EXPENSE LEADS - NUCLEAR**

| Line No. | Month | Lead Days | Total Expenses | Weighting | Weighted Lag |
|---|---|---|---|---|---|
| | (A) | (B) | (C) | (D) | (E) |
| 1 | Rio Grande Resource Trust II | 70.0 | $ 33,829,040 | 100.0% | 70.0 |
| 2 | Total | | $ 33,829,040 | 100.0% | 70.0 |

Source: Work Paper B-1

Amended Filing



**EL PASO ELECTRIC COMPANY**
**CASH WORKING CAPITAL REQUIREMENT - LEAD-LAG STUDY**
**FOR THE TWELVE MONTHS ENDED MARCH 31, 2025**
**SUMMARY OF FUEL EXPENSE LEADS - NATURAL GAS**

| Line No. | Vendor | Lead Days | Total Expenses | Weighting | Weighted Lag |
|---|---|---|---|---|---|
| | (A) | (B) | (C) | (D) | (E) |
| 1 | Vendor 1 | 40.7 | $ 8,328,590 | 11.3% | 4.6 |
| 2 | Vendor 2 | 42.9 | 362,014 | 0.5% | 0.2 |
| 3 | Vendor 3 | 40.0 | 3,277,421 | 4.5% | 1.8 |
| 4 | Vendor 4 | 44.1 | 63,820 | 0.1% | 0.0 |
| 5 | Vendor 5 | 40.0 | 38,750 | 0.1% | 0.0 |
| 6 | Vendor 6 | 42.6 | (1,208,194) | -1.6% | (0.7) |
| 7 | Vendor 7 | 41.8 | 6,987,722 | 9.5% | 4.0 |
| 8 | Vendor 8 | 41.7 | 84,881 | 0.1% | 0.0 |
| 9 | Vendor 9 | 38.6 | 22,922,399 | 31.2% | 12.0 |
| 10 | Vendor 10 | 41.4 | 1,314,790 | 1.8% | 0.7 |
| 11 | Vendor 11 | 31.0 | 1,496,576 | 2.0% | 0.6 |
| 12 | Vendor 12 | 41.6 | 6,005,550 | 8.2% | 3.4 |
| 13 | Vendor 13 | 40.8 | 107,900 | 0.1% | 0.1 |
| 14 | Vendor 14 | 41.3 | 9,937,565 | 13.5% | 5.6 |
| 15 | Vendor 15 | 46.8 | 987,446 | 1.3% | 0.6 |
| 16 | Vendor 16 | 47.2 | 4,991,755 | 6.8% | 3.2 |
| 17 | Vendor 17 | 42.3 | 6,007,393 | 8.2% | 3.5 |
| 18 | Vendor 18 | 50.5 | 26,400 | 0.0% | 0.0 |
| 19 | Vendor 19 | 42.2 | 90,067 | 0.1% | 0.1 |
| 20 | Vendor 20 | 49.5 | 2,229,850 | 3.0% | 1.5 |
| 21 | Vendor 21 | 46.2 | (2,829,975) | -3.8% | (1.8) |
| 22 | Vendor 22 | 54.9 | 952,716 | 1.3% | 0.7 |
| 23 | Vendor 23 | 42.3 | 1,350,293 | 1.8% | 0.8 |
| 24 | | | $ 73,525,729 | 100.0% | 41.0 |

Source: Work Paper B-2

Amended Filing



**EL PASO ELECTRIC COMPANY**
**CASH WORKING CAPITAL REQUIREMENT - LEAD-LAG STUDY**
**FOR THE TWELVE MONTHS ENDED MARCH 31, 2025**
**SUMMARY OF PURCHASED POWER EXPENSE LEADS**

| Line No. | Description | Lead Days | | Total Expenses | Weighting | Weighted Lag |
|---|---|---|---|---|---|---|
| | (A) | (B) | | (C) | (D) | (E) |
| 1 | Purchased Power | 48.0 | $ | 56,035,558 | 96.6% | 46.4 |
| 2 | Purchased Power - Solar | 22.2 | | 1,996,880 | 3.4% | 0.8 |
| 3 | Total | | $ | 58,032,439 | 100.0% | 47.1 |
| | | 15.21 | | | | |

Source: Work Paper B

Amended Filing



**EL PASO ELECTRIC COMPANY**
**CASH WORKING CAPITAL REQUIREMENT - LEAD-LAG STUDY**
**FOR THE TWELVE MONTHS ENDED MARCH 31, 2025**
**SUMMARY OF PURCHASED POWER EXPENSE LEADS**

| Line No. | Vendor | Lead Days | | Total Expenses | Weighting | Weighted Lag |
|---|---|---|---|---|---|---|
| | (A) | (B) | | (C) | (D) | (E) |
| 1 | Vendor 1 | 36.3 | $ | 2,150,805 | 3.8% | 1.4 |
| 2 | Vendor 2 | 35.1 | | 38,380 | 0.1% | 0.0 |
| 3 | Vendor 3 | 36.8 | | 36,600 | 0.1% | 0.0 |
| 4 | Vendor 4 | 48.9 | | 12,671,838 | 22.6% | 11.1 |
| 5 | Vendor 5 | 51.3 | | 1,393,336 | 2.5% | 1.3 |
| 6 | Vendor 6 | 36.6 | | 9,200 | 0.0% | 0.0 |
| 7 | Vendor 7 | 35.8 | | 480,790 | 0.9% | 0.3 |
| 8 | Vendor 8 | 32.0 | | 48 | 0.0% | 0.0 |
| 9 | Vendor 9 | 47.5 | | 1,332,032 | 2.4% | 1.1 |
| 10 | Vendor 10 | 35.8 | | 4,552,150 | 8.1% | 2.9 |
| 11 | Vendor 11 | 36.0 | | 11,149 | 0.0% | 0.0 |
| 12 | Vendor 12 | 50.0 | | 1,202,185 | 2.1% | 1.1 |
| 13 | Vendor 13 | 51.3 | | 7,114,868 | 12.7% | 6.5 |
| 14 | Vendor 14 | 44.0 | | 4,242 | 0.0% | 0.0 |
| 15 | Vendor 15 | 35.2 | | 382,252 | 0.7% | 0.2 |
| 16 | Vendor 16 | 36.5 | | 117,810 | 0.2% | 0.1 |
| 17 | Vendor 17 | 51.0 | | 596,813 | 1.1% | 0.5 |
| 18 | Vendor 18 | 49.5 | | 57,409 | 0.1% | 0.1 |
| 19 | Vendor 19 | 35.0 | | 13,961 | 0.0% | 0.0 |
| 20 | Vendor 20 | 36.0 | | 4,400 | 0.0% | 0.0 |
| 21 | Vendor 21 | 52.3 | | 5,635,054 | 10.1% | 5.3 |
| 22 | Vendor 22 | 68.8 | | 2,529,549 | 4.5% | 3.1 |
| 23 | Vendor 23 | 36.0 | | 93,100 | 0.2% | 0.1 |
| 24 | Vendor 24 | 36.6 | | 37,674 | 0.1% | 0.0 |
| 25 | Vendor 25 | 44.4 | | 5,901,084 | 10.5% | 4.7 |
| 26 | Vendor 26 | 52.7 | | 2,816,861 | 5.0% | 2.6 |
| 27 | Vendor 27 | 52.5 | | 3,078,012 | 5.5% | 2.9 |
| 28 | Vendor 28 | 36.0 | | 83,791 | 0.1% | 0.1 |
| 29 | Vendor 29 | 35.9 | | 1,322,413 | 2.4% | 0.8 |
| 30 | Vendor 30 | 35.8 | | 49,280 | 0.1% | 0.0 |
| 31 | Vendor 31 | 36.6 | | 1,581,496 | 2.8% | 1.0 |
| 32 | Vendor 32 | 57.1 | | 736,977 | 1.3% | 0.8 |
| 33 | Total | | $ | 56,035,558 | 100.0% | 48.0 |

Source: Work Paper B-4

Amended Filing



**EL PASO ELECTRIC COMPANY**
**CASH WORKING CAPITAL REQUIREMENT - LEAD-LAG STUDY**
**FOR THE TWELVE MONTHS ENDED MARCH 31, 2025**
**PAYROLL AND BENEFITS EXPENSE LEADS**

| Line No. | Description | Lead Days | | Total Expenses | Weighting | Weighted Lag |
|---|---|---|---|---|---|---|
| | (A) | (B) | | (C) | (D) | (E) |
| 1 | Gross Regular Payroll Net of Taxes | | $ | 116,955,676 | | |
| 2 | Less: Payroll Deductions with Incremental Expense Lead | | | 21,944,767 | | |
| 3 | Gross Regular Payroll Net of Payroll Deductions with Incremental Expense Lead | 10.9 | $ | 95,010,909 | 60.9% | 6.7 |
| 4 | Payroll Deductions with Incremental Expense Lead | 14.0 | | 21,944,767 | 14.1% | 2.0 |
| 5 | Benefits | 29.5 | | 32,991,812 | 21.2% | 6.3 |
| 6 | Incentive Comp | 406.3 | | 5,937,859 | 3.8% | 15.5 |
| 7 | Payroll, Payroll Deductions, Benefits | 460.8 | $ | 155,885,347 | 100.0% | 30.4 |

Source: Work Paper C

Amended Filing



**EL PASO ELECTRIC COMPANY**
**CASH WORKING CAPITAL REQUIREMENT - LEAD-LAG STUDY**
**FOR THE TWELVE MONTHS ENDED MARCH 31, 2025**
**PAYROLL EXPENSE DEDUCTIONS LEADS**

| Line No. | Category | Lead Days | Total Expenses | Weighting | Weighted Lag |
|---|---|---|---|---|---|
| | (A) | (B) | (C) | (D) | (E) |
| 1 | 401(k) Employee Contribution | 4.0 | $ 15,008,557 | 68.4% | 2.8 |
| 2 | AD&D | 1.0 | 99,643 | 0.5% | 0.0 |
| 3 | Voluntary Insurance | 1.0 | 184,391 | 0.8% | 0.0 |
| 4 | Dental | 1.0 | 447,048 | 2.0% | 0.0 |
| 5 | EPIC | 1.0 | 29,979 | 0.1% | 0.0 |
| 6 | COPE | 1.0 | 12,922 | 0.1% | 0.0 |
| 7 | Flex Dep | 1.0 | 66,737 | 0.3% | 0.0 |
| 8 | Flex Med | 1.0 | 598,255 | 2.7% | 0.0 |
| 9 | HSA | 1.0 | 186,192 | 0.8% | 0.0 |
| 10 | Medical | 1.0 | 3,492,063 | 15.9% | 0.2 |
| 11 | STD Buy-Up | 1.0 | (11) | 0.0% | (0.0) |
| 12 | Optional Life Insurance | 1.0 | 467,988 | 2.1% | 0.0 |
| 13 | Parking | 1.0 | 263,850 | 1.2% | 0.0 |
| 14 | Union Dues | 1.0 | 356,535 | 1.6% | 0.0 |
| 15 | United Way | 1.0 | 45,699 | 0.2% | 0.0 |
| 16 | EPE Charitable Foundation | 1.0 | 23,497 | 0.1% | 0.0 |
| 17 | Vision | 1.0 | 131,863 | 0.6% | 0.0 |
| 18 | Wage Attachments | 1.0 | 529,561 | 2.4% | 0.0 |
| 19 | Total | | $ 21,944,767 | 100.0% | 3.1 |
| | | | | | |
| 20 | Regular Payroll Expense Lead | | | | 10.9 |
| | | | | | |
| 21 | Total | | | | 14.0 |

Source: C-1B C-1C Summary

Amended Filing



**EL PASO ELECTRIC COMPANY**
**CASH WORKING CAPITAL REQUIREMENT - LEAD-LAG STUDY**
**FOR THE TWELVE MONTHS ENDED MARCH 31, 2025**
**BENEFITS EXPENSE LEADS**

| Line No. | Category | | Total Expenses | Weighting | Lead Days |
|---|---|---|---|---|---|
| | (A) | (B) | (C) | (D) | (E) |
| 1 | Dental - Administration | 13.9 | $ 36,889 | 0.1% | 0.0 |
| 2 | Dental - Benefits | 13.3 | 21,494 | 0.1% | 0.0 |
| 3 | Insurance (Life/ADD/Disability) | 53.3 | 461,262 | 1.4% | 0.7 |
| 4 | Medical - Administration | 24.1 | 878,846 | 2.7% | 0.6 |
| 5 | Medical - Claims | 18.5 | 10,996,516 | 33.3% | 6.2 |
| 6 | Medical - Rx | (5.7) | 5,198,643 | 15.8% | (0.9) |
| 7 | OPEB Administration | 15.0 | 9,222 | 0.0% | 0.0 |
| 8 | OPEB Funding | (21.5) | 234,864 | 0.7% | (0.2) |
| 9 | Other O&M | 37.5 | 314,646 | 1.0% | 0.4 |
| 10 | Parking Benefit | 38.5 | 340,230 | 1.0% | 0.4 |
| 11 | Pension Administration | 40.9 | 4,227,891 | 12.8% | 5.2 |
| 12 | Pension Funding | 39.9 | 10,054,970 | 30.5% | 12.2 |
| 13 | Service Anniversary Gifts | 40.9 | 141,963 | 0.4% | 0.2 |
| 14 | Tuition Reimbursement | 2,071.3 | 74,376 | 0.2% | 4.7 |
| 15 | Total | | $ 32,991,812 | 100.0% | 29.5 |

Source: C-1B C-1C Summary

Amended Filing



**EL PASO ELECTRIC COMPANY**
**CASH WORKING CAPITAL REQUIREMENT - LEAD-LAG STUDY**
**FOR THE TWELVE MONTHS ENDED MARCH 31, 2025**
**TAXES OTHER THAN INCOME TAXES**

| Line No. | Description | Lead Days | Total Expenses |
|---|---|---|---|
| | (A) | (B) | (C) |
| 1 | NM Compensating Tax | 52.1 | $ 675,386 |
| 2 | NM Public Regulation Commission | 269.5 | 908,695 |
| 3 | New Mexico Property Taxes | 226.9 | 4,825,215 |
| 4 | Texas Gross Receipts Tax | 76.1 | 12,822,927 |
| 5 | Texas Franchise Fees | 90.2 | 30,936,363 |
| 6 | Texas Public Utility Commission Fee | 237.5 | 1,163,268 |
| 7 | Texas Property Tax | 213.4 | 21,030,732 |
| 8 | Arizona Property Taxes | 208.5 | 7,087,225 |

Source: Work Paper D, and G1

Amended Filing



**EL PASO ELECTRIC COMPANY**
**CASH WORKING CAPITAL REQUIREMENT - LEAD-LAG STUDY**
**FOR THE TWELVE MONTHS ENDED MARCH 31, 2025**
**INCOME TAX EXPENSE LEADS**

**FEDERAL**

| Line No. | Description | Lead Days | Weighting [1] | Weighted Lag |
|---|---|---|---|---|
| | (A) | (B) | (C) | (D) |
| 1 | 1Q 2024 | 60.0 | 29.9% | 18.0 |
| 2 | 2Q 2024 | 30.0 | 81.5% | 24.5 |
| 3 | 3Q 2024 | 27.5 | 1.2% | 0.3 |
| 4 | 4Q 2024 | 27.5 | -12.6% | (3.5) |
| 5 | Total | | 100.0% | 39.3 |

Source: Work Paper E-1

**STATE - ARIZONA AND NEW MEXICO**

| Line No. | Description | Lead Days | Weighting [1] | Weighted Lag |
|---|---|---|---|---|
| | (A) | (B) | (C) | (D) |
| 6 | 1Q 2024 | 60.0 | 29.9% | 18.0 |
| 7 | 2Q 2024 | 60.0 | 81.5% | 48.9 |
| 8 | 3Q 2024 | 31.5 | 1.2% | 0.4 |
| 9 | 4Q 2024 | 30.5 | -12.6% | (3.8) |
| 10 | Total | | 100.0% | 63.4 |

Source: Work Paper E-2

**STATE - TEXAS**

| Line No. | Description | Lead Days | Weighting [1] | Weighted Lag |
|---|---|---|---|---|
| | (A) | (B) | (C) | (D) |
| 11 | Annual Payment | (47.5) | 100.0% | (47.5) |
| 12 | Total | | 100.0% | (47.5) |

Source: Work Paper E-4

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

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 JOSEPH S. WEISS IN SUPPORT OF THE FOREGOING AMENDED FILING DIRECT TESTIMONY**

I, ***Joseph S. Weiss***, 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 Joseph S. Weiss, 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 Joseph S. Weiss, 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/Joseph S. Weiss*
JOSEPH S. WEISS