DOCKET NO. 58964

BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS

APPLICATION OF
TEXAS-NEW MEXICO POWER COMPANY
FOR AUTHORITY TO CHANGE RATES

PREPARED DIRECT TESTIMONY AND EXHIBITS
OF

DIRECT TESTIMONY AND EXHIBITS
OF
ELLEN LAPSON, CFA

NOVEMBER 14, 2025

TABLE OF CONTENTS

GLOSSARY OF DEFINED TERMS AND ACRONYMS

Term	*Definition*
Capex	Capital expenditures
CFO	Cash flow from operations derived from the statement of cash flows (S&P and Moody's); the base upon which Moody's calculates CFO pre-WC
CFO pre-WC	Cash flow from operations as derived from the statement of cash flows, but excluding changes in short-term working capital accounts (Moody's)
CFO pre-WC/Debt	Ratio of Cash from Operations Pre-Working Capital to Total Debt (Moody's)
Commission	Public Utility Commission of Texas
Company	TNMP; Texas-New Mexico Power Company
Debt/ EBITDA	Ratio of total debt divided by Earnings Before Interest, Taxes, Depreciation and Amortization (one of two S&P core financial ratios)
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
FFO	Funds from Operations, calculated as: EBITDA less net interest expense and less current taxes (S&P)
FFO/Total Debt	Ratio of FFO to Total Debt (one of two S&P core financial ratios)
IOU	Investor-owned utility
Key Credit Metrics	Ratios used by credit rating agencies to assess debt leverage by comparing the level of debt and debt-like liabilities with a measure of operating cash flow, such as CFO, FFO, or EBITDA. Specifically, such ratios are: FFO/Total Debt (S&P); Debt/EBITDA (S&P); and CFO pre-WC/Debt (Moody's).
Moody's	Moody's Investors Service
PNM	Public Service Company of New Mexico, a subsidiary of TXNM and affiliate of TNMP
PNMR	PNM Resources, Inc. former name of TXNM Energy, Inc.
PP&E	Property, plant & equipment
ROE	Return on common equity
S&P	S&P Global Ratings; Standard & Poor's
SACP	Stand-alone credit profile, a component in S&P's credit rating process that reflects the credit quality of a subsidiary or affiliate in a corporate group disregarding support from or support to its corporate group or affiliates.
TNMP	Texas-New Mexico Power Company; also, Company
TXNM	TXNM Energy, Inc., corporate parent of TNMP. Formerly PNM Resources, Inc.

I. INTRODUCTION AND PURPOSE

Q. PLEASE STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.

A. My name is Ellen Lapson, CFA, and I am the principal of Lapson Advisory. My business address is 370 Riverside Drive, New York, New York 10025.

Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY AND EXHIBITS?

A. I am filing direct testimony and related exhibits as a financial expert on behalf of Texas-New Mexico Power Company ("TNMP"). My testimony relates to TNMP's application to change rates, its proposed capital structure, and to TNMP's capital structure, cash flow, financial strength, and ability to attract capital currently and during the period the rates will be in effect.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL CREDENTIALS.

A. I earned a Bachelor's degree from Barnard College and an MBA with a concentration in Accounting from New York University's Stern School of Business. I am also qualified as a Chartered Financial Analyst ("CFA") and a member of the CFA Institute.

Q. PLEASE DESCRIBE YOUR EXPERIENCE IN UTILITY FINANCE.

A. My entire career has been in the financial market. I began my career as a securities analyst at Argus Research Corporation analyzing utility company equity securities. For the next 20 years, I held several posts at a predecessor of J.P. Morgan as a corporate banker and investment banker, where I structured and executed financial transactions for utility and infrastructure companies. Thereafter, I worked for 17 years, first as a senior director and then as a managing director at Fitch Ratings, a major credit rating agency, where I managed analysts who rated credits in the sectors of electricity and natural gas and project finance and chaired rating committees. After leaving Fitch Ratings thirteen years ago, I founded Lapson Advisory. My professional credentials and experience are summarized in Exhibit EL-1.

Q. WHAT ARE THE RESPONSIBILITIES OF YOUR CURRENT POSITION AT LAPSON ADVISORY?

A. At Lapson Advisory, I advise companies in the utility and infrastructure sector on how to improve their access to capital. In addition to consulting and advisory services, this work often includes expert witness testimony on utility financial matters.

Q. HAVE YOU PREVIOUSLY SUBMITTED ANY TESTIMONY IN PROCEEDINGS BEFORE THIS COMMISSION OR OTHER JURISDICTIONS?

A. Yes. The following is a list of docket numbers of my prior testimony before this Commission: 46416, 46957, 47527, 48371, 48401, 48929, 49421, 49849, 51547, 53601, 54316, and 55867. Pending dockets before the Commission are: 57568, 57131, 58306, and 58536. Exhibit EL-1 to my testimony includes a list of my expert witness assignments in various state and federal jurisdictions.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. My testimony supports TNMP's request for an authorized capital structure comprised of approximately 47.5 percent equity and 52.5 percent long-term debt, consistent with the Company's actual capital structure in June 2025. I testify herein regarding the effect of capital structure on TNMP's future financial condition and the importance of regulatory support for TNMP's financial viability.

Q. HOW IS THE BALANCE OF YOUR TESTIMONY ORGANIZED?

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

II. Executive Summary
III. Importance of Maintaining Financial Strength
IV. TNMP's Current Financial Status
    a. Projected Capital Investment
    b. Moody's and S&P Credit ratings
    c. Benchmark credit metrics
V. Financial Model and Scenarios
    a. TNMP Financial Forecast Scenarios
    b. Compare Key Credit Metrics in Two Scenarios
VI. Conclusions

II. EXECUTIVE SUMMARY

Q. PLEASE PROVIDE AN EXECUTIVE SUMMARY OF YOUR TESTIMONY.

A. Sound financial condition, strong credit ratings, and access to sources of capital are pillars of TNMP's ability to serve its customers. Maintaining sound credit ratings is especially important during a period of high capital investment to enable the utility to fund its capital spending on favorable terms.

Fixed income investors rely on credit information and ratings provided by major credit rating agencies including Moody's Investors Service ("Moody's") and S&P Global Ratings ("S&P") to gauge the financial strength of utilities. The credit rating agencies

employ cash flow ratios in their analyses: coverage ratios of cash flow divided by interest expense, and financial leverage ratios that compare the ratio of cash flow to adjusted debt (or adjusted debt to cash flow). Increasing common equity and reducing debt is an effective means to support credit-worthiness because it lowers financial leverage while also boosting cash flow coverage of interest expense.

Accordingly, in this rate application, TNMP is seeking to increase its ratio of equity to total capital to support its credit ratings and financial strength. Stronger financial condition at TNMP will be beneficial to customers, permitting TNMP to fund projects to satisfy growth in customers' demand, support local economic growth, provide reliable service to its customers, and extend the life of utility infrastructure. Higher equity as a percentage of total capital will improve TNMP's cash flow coverage ratio and enable the Company to maintain acceptable Key Credit Metrics[1] to satisfy the standards of credit rating agencies. The proposed regulatory capital structure will enable TNMP to attract capital and refinance outstanding debt on favorable terms during a period of very high capital investment.

III. IMPORTANCE OF MAINTAINING FINANCIAL STRENGTH

Q. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY?

A. In this section I address the importance of adequate cash flow and a sound capital structure as pillars of financial strength for TNMP.

Q. WHY IS TNMP'S FINANCIAL STRENGTH AN IMPORTANT ISSUE FOR UTILITY CUSTOMERS AND THE COMMISSION?

A. TNMP's individual financial strength permits the Company to fulfill its obligations to its electricity customers and to its community. The electricity delivery and transmission business is capital intensive and requires investments in long-lived capital assets. Ongoing capital investment in utility facilities are needed to handle growth in energy demands, satisfy customers' demand for new connections, comply with regulatory mandates and safety regulations, replace aged infrastructure at the end of its useful life, and assure the resilience and reliability of its systems. During the years 2026-2027, a period of high planned capital expenditures, TNMP will have to raise a significant amount of external capital. Maintaining sound financial condition allows TNMP to attract capital on favorable terms and to withstand any stress situations that may arise in the course of the

[1] Please refer to the Glossary of Defined Terms and Acronyms ("Glossary").

Company's business or resulting from the capital market cycle. Examples of typical stresses affecting TNMP include wildfires, ice storms and windstorms, recessions, and adverse debt capital market episodes.

Q. IS PLANNED CAPITAL INVESTMENT AT TNMP HIGH RELATIVE TO THE SIZE OF THE COMPANY AND ITS CASH FLOW?

A. Yes. TNMP's capital replacement and expansion projects for the three years 2025-2027 entail capital expenditures ("capex") of $2.0 billion (approximately $700 million per annum). This level of capex is high in relation to the Company's operating cash flow and the existing fixed asset portfolio. To put that magnitude in perspective, net property plant & equipment ("PP&E") was $3 billion at year-end 2024, but it is expected to increase by 60% by year-end 2027.

A useful measure for analyzing the scale of a utility's capex is the ratio of annual capex to annual depreciation charges for PP&E. TNMP's tariffs recover depreciation expense, and this results in cash flow that is available to support new capital investments. If the ratio of capex to depreciation charges is one-to-one, that would imply the bare replacement of existing facilities. But the costs of capital equipment have experienced inflation over the past decades, and the current cost of replacing existing PP&E is greater than the historical cost of those existing fixed assets. Furthermore, in addition to replacing older equipment, TNMP also must invest to meet substantial growth in customer demand. Thus, the cash needed to support capex is substantially greater than one times the cash flow available from depreciation. For the years 2025-2027, projected cash flow from depreciation is approximately $582 million, and the $2.0 billion capex budget is approximately 3.5 times internally generated cash provided by the tariff recovery of depreciation expense. Funding for capex in 2026-27 will require the issuance of approximately $231 million of equity and approximately $600 million of long-term debt, assuming the adoption of TNMP's proposed capital structure.

Q. DOES TNMP REQUIRE EXTERNAL CREDIT FACILITIES?

A. Yes. TNMP maintains bank credit facilities and issues notes under the facilities to fund capital expenditures prior to financing in the capital markets. TNMP also borrows under the same credit facilities to manage seasonal mismatches between revenues and expenses. These credit needs are currently met by a drawing upon a $200 million revolving credit facility with external lenders. The budgeted increase in capex will most likely require TNMP to obtain additional commitments from external credit providers.

Q. ARE THERE OBJECTIVE MEASURES OF CORPORATE FINANCIAL STRENGTH THAT ARE RECOGNIZED BY BANKERS, CREDIT COUNTERPARTIES, AND INVESTORS?

A. Yes. Long-term credit ratings by recognized credit rating agencies ("CRAs") evaluate the business and financial characteristics and risks of companies against published criteria, taking into consideration key factors such as the stability and predictability of operating cash flow in relation to the amount of debt and other financial commitments. The long-term credit rating is a measure of the estimated risk of payment default, characteristic of an entity's financial soundness. Credit ratings by recognized CRAs permit investors and credit providers to compare companies' financial soundness relative to one another by reference to known and transparent standards. Credit ratings from major CRAs are widely accepted in the financial marketplace as indicators of credit-worthiness and as a means to compare peer companies' financial condition.

Q. HOW DOES CAPITAL STRUCTURE RELATE TO FINANCIAL STRENGTH?

A. A utility's authorized and actual capital structure – that is, the relative amounts of equity and debt used to finance the utility's assets – is one of the most important determinants of financial risk. Regarding financial risk, Dr. Roger Morin explains:

> Financial risk stems from the method used by the company to finance its investments and is reflected in its capital structure. It refers to the additional volatility imparted to income available to common shareholders by the employment of fixed cost financing, that is, debt and preferred cost capital. Although the use of fixed-cost capital can offer financial advantages through the possibility of leverage of earnings (financial leverage), it creates additional risk due to the fixed contractual obligations associated with such capital. Debt and preferred stock carry fixed charge burdens that must be supported by the company's earnings before any return can be made available to the common shareholder. The greater the proportion of fixed charges to the total income of the company, the greater the financial risk.[2]

Q. THE PASSAGE CITED ABOVE SEEMS TO SUGGEST THAT A HIGH PROPORTION OF DEBT FINANCING AFFECTS ONLY THE RISKS BORNE BY SHAREHOLDERS; IS THIS THE CASE?

[2] Morin, Roger A. Ph. D., *New Regulatory Finance*, Public Utility Reports, Inc., 2006, 45-46.

A. No. A greater proportion of debt (and correspondingly lower proportion of equity) in the capital structure increases not only shareholders' financial risk due to the increased volatility of earnings, but it also raises the financial risk of all debt holders and trade creditors through the increased risk of default. Morin expresses the situation as follows: "More generally, a financial risk premium is required by both bondholders and common shareholders."[3] In the case of a public utility, increased financial leverage and rising default risk typically weaken the utility's ability to fund investments in its network and thus pose a risk to customers in the form of reduced reliability and customer service. Financing the utility with an excessive proportion of debt capital and a lower proportion of equity capital would increase financial risk for shareholders, bondholders, lenders, trade creditors, and ultimately for customers.

Nevertheless, incorporating a layer of long-term debt in the capital structure can lower the cost of service and make the utility's services more affordable, because the cost of debt is less than the cost of equity. Therefore, it is in the interest of customers and all stakeholders to establish a balanced capital structure that avoids excessive debt leverage and preserves financial resilience. .

Q. HOW DO THE COMMISSION'S ORDERS AFFECT TNMP'S CAPITAL STRUCTURE?

A. The authorized capital structure as approved by the Commission determines the amount of equity that is authorized to earn the cost of equity determined in the rate proceeding. This cost of equity applied to the authorized equity is formulated into the rates established in a rate proceeding. While TNMP can adopt a capital structure with either more or less equity than that authorized in its last rate proceeding, it is impractical for any rate-regulated utility to continue to do so for very long. Lowering the actual equity ratio relative to the authorized regulatory equity ratio would entail higher debt, and higher debt would adversely affect the utility's cash flow credit metrics, with the likely effect of degrading the utility's credit ratings and financial resilience. On the other hand, the consequence of raising its equity ratio above the level authorized in its rates would be to spread net income over a larger equity base, and thus reduce the return realized by shareholders below the authorized return; doing so would degrade the utility's ability to attract equity capital.

Q. WHAT IS TNMP'S LAST AUTHORIZED CAPITAL STRUCTURE, AND HOW DOES THAT RELATE TO ITS CURRENT AND REQUESTED CAPITAL STRUCTURE?

[3] Ibid., 47.

A. In Docket No. 48401 in 2018, the Commission established TNMP's authorized capital structure at long-term debt at 55 percent of total capital and shareholders' equity at 45 percent. TNMP has since increased its equity level to 47.54 percent of capital on a pro forma basis and reduced long-term debt accordingly to 52.46 percent of capital, calculated in a manner consistent with the Commission's policies and procedures.

Table 1: Pro Forma Capital Structure

TNMP Capital Structure ($ Millions)

	Balance Sheet 6/30/25	Pro Forma Adjustments*	Adjusted 6/30/25	Adjusted Ratio
Common Equity	1,658.4	-226.7	1,431.7	47.54%
Long-Term Debt	1,581.7	-1.9	1,579.8	52.46%
Total Capital	3,240.1	-228.6	3,011.5	100.00%

* Source: Greinel Direct Testimony, Tables 1 and 2.
Equity: Remove equity related to $226.664 goodwill;
Debt: Adjusted for senior secured bond financing July 21, 2025.

Q. IN THE U.S. IOU ELECTRIC SECTOR, IS A CAPITAL STRUCTURE OF 45 PERCENT EQUITY AND 55 PERCENT DEBT THE MOST COMMON REGULATORY CAPITAL STRUCTURE?

A. No. The capital structures determined in regulatory proceedings for U.S. investor-owned ("IOU") electric utilities in jurisdictions other than Texas between 2022 and mid-2025 on average set equity at approximately 51.2 percent of capital, as shown in Table 2 below.

Table 2
Authorized Equity Ratio Determined in Decided Cases [1]

	3.5 years 1-Jan-22 30-Jun-25	2.5 years 1-Jan-23 30-Jun-25
Electric Distribution [2]		
Average Equity Ratio (%)	50.49	50.44
Number of Observations	31	22
Electric Distribution and Integrated Electric [2,3]		
Average Equity Ratio (%)	51.24	51.04
Number of Observations	112	83

1. Source: RRA Financial, S&P Global Market Intelligence. Lapson Advisory. See Exhibit EL-3.
2. Excludes wholesale transmission-only companies.
3. Excludes limited issue proceedings; Orders by the PUC Texas; and orders in which deferred taxes or regulatory liabilities are included in the reported capital structure decision.

For electric distribution utilities, TNMP's peers, the average equity ratio determined in jurisdictions other than Texas during the same period was just under 50.5 percent.[4] Table 2 shows the average equity ratios determined for the most recent 2.5 years as well as for 3.5 years. I cite both the 2.5- and 3.5-year samples to demonstrate that the data are consistent and robust.

Q. WHY DO YOU EXCLUDE CAPITAL STRUCTURE DECISIONS BY THE COMMISSION FOR TEXAS ELECTRIC UTILITIES FROM YOUR ANALYSIS SHOWN IN TABLE 2 ABOVE?

A. The objective of my analysis is to study whether the capital structure established by the Commission for TNMP is reasonable in the context of capital structures authorized in other U.S. jurisdictions. Because the objective is to compare with non-Texas regulatory jurisdictions, Texas decisions are excluded.

Q. HOW DO THE EQUITY RATIOS DETERMINED IN UTILITY RATE CASES SHOWN IN TABLE 2 RELATE TO THE ACTUAL CAPITAL STRUCTURES OF U.S. ELECTRIC UTILITY OPERATING COMPANIES?

A. They are consistent. Mr. Adrien McKenzie's Exhibit AMM-4 shows the capitalization ratios of 71 electric operating utilities, the operating subsidiaries of the 28 companies with market-traded equity comprising the peer comparison group in Mr. McKenzie's discounted cash flow analysis. The balance sheet reports for the 71 operating utilities exhibit average equity ratios of approximately 52 percent of capital, ranging from a minimum of 43 percent to a maximum of 63 percent. This is comparable to the average equity ratio of around 51 percent for integrated and distribution utilities shown in Table 2. The set of utilities reported upon in the regulatory decisions in Table 2 overlap with but are not identical to the set of 71 utilities in Mr. McKenzie's AMM-4; however, the results are quite consistent.

Q. DOES THE COMPANY'S REGULATORY CAPITAL STRUCTURE AFFECT TNMP'S FINANCIAL STRENGTH AS ASSESSED BY CREDIT RATING AGENCIES?

[4] See Exhibit EL-3

A. Yes. Although each rating agency uses its own methodology and each has slightly different financial benchmark ratios, nonetheless a common element of the methodology used by both S&P and Moody's is that each agency associates lower financial leverage with higher credit ratings, while higher financial leverage is associated with weaker credit ratings. Also, both agencies use leverage metrics that rely on financial measures of cash flow from operations to total debt, or alternately, a ratio of total debt to a measure of operating cash flow. S&P uses data from a company's income statement known as Earnings Before Interest, Income Tax, Depreciation, and Amortization ("EBITDA") as a proxy for operating cash flow, while Moody's prefers to draw information about operating cash flow from the statement of cash flows.

Q. CAN YOU PROVIDE MORE INFORMATION ABOUT HOW S&P INCORPORATES CAPITAL STRUCTURE INTO RATING DETER-MINATIONS?

A. S&P explains in its corporate rating criteria applicable to U.S. investor-owned electric utilities such as TNMP that capital structure and financial leverage are a major component in its credit rating assessments. S&P's fundamental measures of a company's financial risk are two alternate cash flow measures of financial leverage, and these form a major part of the Issuer Credit Rating that S&P assigns to the company:

> The financial risk profile is the outcome of decisions that management makes in the context of its business risk profile and its financial risk tolerances. This includes decisions about the manner in which management seeks funding for the company and how it constructs its balance sheet. It also reflects the relationship of the cash flows the organization can achieve, given its business risk profile, to the company's financial obligations. The criteria use cash flow / leverage analysis to determine a corporate issuer's financial risk profile assessment. [5]

S&P goes on to explain that the two alternate metrics that its analysts must consider as the core indicators of financial leverage are: first, the ratio of Funds From Operations ("FFO") to Debt, and second, the ratio of Debt to EBITDA.[6] Because debt is the denominator of one ratio and the numerator of the second ratio, reducing the amount of

[5] Standard & Poor's, "*Criteria: General: Corporate Methodology*", 7 Jan. 2024, republished 7 July 2025, Paras. 5, 6, and 7; https://www.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/12913251

[6] Standard & Poor's *"Criteria: General: Corporate Methodology,* ibid., Para. 28 and Paras. 100-101. The financial metric which S&P calls FFO is in fact a variant of EBITDA that is derived from the Income Statement rather than from the Statement of Cash Flow.

long-term debt in the capital structure would improve both of those ratios, while increasing the amount of debt would degrade both ratios.

Q. DOES MOODY'S APPLY THE SAME METHODOLOGY TO ASSESS FINANCIAL STRENGTH?

A. While Moody's approach is not identical to that of S&P, Moody's has similar benchmark ratios for financial leverage. Like S&P, Moody's puts great reliance on ratios that utilize a measure of cash flow in relationship to total debt. Moody's bases its financial evaluation on four quantitative measures of financial strength.[7] Three of the four ratios are based upon a metric of operating cash flow that Moody's calls Cash Flow from Operations before Changes in Working Capital ("CFO pre- WC"). Of the four ratios, the most important financial ratio in Moody's analysis is CFO pre- WC divided by Total Debt. This is the ratio always cited by Moody's in its published commentary to explain a potential or actual change in credit ratings. [8]

Because three of Moody's four ratios have debt as their denominator; incurring less debt would materially enhance those three ratios, while increasing debt would degrade the financial ratios.

Q. PLEASE EXPLAIN IN GREATER DETAIL THE FINANCIAL BENCHMARK RATIOS USED BY MOODY'S AND S&P TO EVALUATE TNMP'S FINANCIAL STRENGTH AND SUSTAINABILITY.

A. S&P and Moody's each have published rating criteria that specify the "benchmark" financial ratios that the agency uses to evaluate a utility's financial strength or financial risk. Although each rating agency uses its own terminology to describe its benchmark ratios, nonetheless there are common elements in both sets of financial guidelines. With regard to investor-owned utilities, the financial ratios considered by each rating agency and most often cited in explaining the rationale for rating changes are debt leverage ratios that compare debt to cash flow. For convenience, I call these the Key Credit Metrics; they are ratios of a company's debt relative to an annual measure of operating cash flow. Table 3 lists the most frequently cited financial ratios in the rating rationales and commentaries

[7] Moody's "*Ratings Methodology: Regulatory Electric and Gas Utilities"*, 06 August 2024, page 6; https://www.moodys.com/research/Rating-Methodology-Regulated-Electric-and-Gas-Utilities-Rating-Methodology--PBC_1394267#5d113f2038d289f391614c39043629e8

[8] Other financial ratios based on cash flow that Moody's applies are CFO before WC less Dividends divided by Total Debt, and CFO before WC divided by Interest Expense. As a fourth measure, Moody's also considers the ratio of Debt to Capital.

of S&P and Moody's. Of the five ratios, four are cash flow leverage ratios, while Moody's adds one balance sheet capitalization ratio. Moody's cites one ratio (CFO pre-Working Capital/ Debt) as the rationale for a potential rating decision or to explain its decision to change a rating. S&P uses the two ratios of FFO/Debt and Debt/ EBITDA to determine a company's "Financial Risk Profile", which is combined with an assessment of "Business Risk Profile" to determine an "Anchor Rating".

In addition to these key leverage metrics, S&P and Moody's each report on ancillary financial ratio guidelines for supplemental financial ratios, but these ancillary ratios are never cited as a driving factor in rating decisions in the ratings of U.S. investor-owned utilities.[9]

Table 3: Rating Agencies' Major Financial Ratios

Agency	Name of Ratio	Ratio Components
Moody's	CFO pre-WC / Debt (1)	Numerator: Cash flow from operations before changes in working capital ("CFO pre-WC") derived from the accounting Statement of Cash Flows Denominator: Total debt and debt-like obligations
Moody's	CFO pre-WC less Dividends/ Debt (2)	Numerator: Same as above, less dividends Denominator Total debt and debt-like obligations
Moody's	Debt to Total Capital (2)	Numerator: Total debt Denominator: Total debt plus equity
S&P	FFO/Debt (1)	Numerator: Funds from operations ("FFO") = EBITDA less interest and income taxes paid Denominator: Total debt and debt-like obligations
S&P	Debt/EBITDA (2)	Numerator: Total debt and debt-like obligations Denominator: Net income before interest, income tax, depreciation & amortization ("EBITDA"), a measure of cash flow derived from the Income Statement

Notes: 1. A Key Financial Ratio, the focus of the agency's rating guidance.
2. Ancillary financial ratio that are not the focus of rating guidance.

IV. TNMP'S CURRENT FINANCIAL STATUS

Q. WHAT ARE TNMP'S CURRENT LONG-TERM CREDIT RATINGS BY MOODY'S AND S&P?

A. Each agency publishes explicit long-term unsecured credit ratings that are identified by S&P as its "Issuer Credit Rating," and by Moody's as its "Long-term Rating." The ratings

[9] For example, both agencies provide benchmark interest coverage ratios that are based on measures of cash flow: EBITDA divided by interest expense (S&P), and CFO pre-WC divided by interest expense (Moody's). The interest coverage guidelines are not influential in determining the ratings of investment grade companies, but at current interest rate levels they are quite influential in ratings of highly leveraged companies in deeply sub-investment grade categories.

for TNMP by each CRA are shown in Table 4 below. Each of these is a rating of unsecured obligations and it signifies the estimated risk of default. The ratings of Baa1 by Moody's and BBB+ by S&P are equivalent ratings. Each CRA also publishes a rating of TNMP's senior secured mortgage bonds, shown as "Senior Secured Bond Rating" in Table 4. Moody's and S&P each also publish a rating of TNMP's senior secured mortgage bonds, shown as "Secured Debt Rating" in the table below. The senior secured rating of A2 (Moody's) and A (S&P) are likewise equivalent ratings.

Table 4: TNMP's Current Credit Ratings[10]

	Moody's	S&P
Issuer Rating	Baa1	BBB+
Stand-Alone Credit Profile (S&P) [11]	*Not applicable*	a-
Senior Secured Bond and Debt Rating	A2	A
Outlook	Stable	Stable

Q. WHY IS TNMP'S SENIOR SECURED DEBT RATED HIGHER BY EACH CRA THAN THE UNSECURED DEBT?

A. Both CRAs rate secured obligations higher than unsecured debt if the secured lenders have the benefit of a pledge of valuable collateral. If the value of the collateral at the time of default is greater than the liability for the secured obligation, then if the borrower were to default on payments, the secured creditors would be likely to receive greater recovery than would be realized by unsecured creditors. In bankruptcies and restructuring of rate-regulated U.S. utilities, secured bonds have demonstrated high recoveries. In recognition of that experience, Moody's and S&P assign ratings to secured debt instruments that are typically several notches higher than the rating of senior unsecured debt of the same issuer. In the case of TNMP, both Moody's and S&P rate TNMP's senior secured debt two notches higher than their ratings of unsecured obligations. The secured ratings apply only to specific debt instruments that include an explicit pledge of collateral, and do not apply to the general or unsecured obligations of the entity.

Q. WHICH RATINGS MORE APPROPRIATELY MEASURE A COMPANY'S FINANCIAL SOUNDNESS AND RESILIENCE, THE SECURED OR UNSECURED CREDIT RATINGS?

A. The unsecured credit ratings are the relevant indicators of a company's ability to make timely payments on obligations, and they assess financial soundness. The unsecured rating represents the credit rating agency's assessment that a company can make its

[10] Please refer to Exhibit EL-2 for the correspondence of the rating scales and symbols used by Moody's and S&P.
[11] The Stand-Alone Credit Profile (SACP) attempts to capture the credit profile of TNMP absent the effects of consolidation with affiliated companies; it is roughly comparable to Moody's Issuer Rating.

committed payments and fulfill all its financial obligations during the rating horizon. In the case of utilities in the investment grade category, the rating horizon typically includes three forward years. The unsecured rating is meaningful for comparing companies' financial viability on an equivalent basis, before considering expected recovery of principal through a bankruptcy process after a company's default. For vendors, suppliers, customers, employees, and holders of unsecured notes, the unsecured rating or issuer credit rating is the relevant measure of financial viability.

Q. FOR WHAT PURPOSE ARE TNMP'S SENIOR SECURED DEBT RATINGS RELEVANT?

A. Since 2009, TNMP has issued the majority of its long-term corporate debt pursuant to a pledge of its electric utility property as collateral to secured bondholders. The senior secured debt ratings combine the probability of default and expected higher value of recovery of principal in the event of default. The secured rating is relevant only to those specific bonds or bank credit facility lenders who share in the collateral pledge.

Q. WHEN CONSIDERING WHETHER TNMP'S RATING IS OF INVESTMENT-GRADE OR SUB-INVESTMENT GRADE STATUS, WHICH RATINGS ARE RELEVANT?

A. Only the long-term unsecured credit ratings are relevant for that purpose. TNMP's ratings are of investment grade quality, in the Baa and BBB category.

Q. WHAT IS THE SIGNIFICANCE OF S&P'S "STAND-ALONE CREDIT PROFILE"?

A. S&P's Issuer Credit Rating is not a stand-alone rating; in large part it reflects S&P's view of the consolidated credit quality of TXNM Energy and its subsidiaries (S&P's "consolidated rating methodology"), modified by a one-notch uplift. Moody's uses a different methodology; Moody's ratings of TNMP are based upon the individual credit profile of TNMP rather than the consolidated TXNM Energy group.

S&P publishes another rating indicator available only to subscribers that it calls its Stand-alone Credit Profile or SACP. TNMP's SACP of a- is indicative of a stand-alone profile one notch higher than TNMP's actual Issuer Credit Rating of BBB+.

Q. WHEN A COMPANY'S LONG-TERM CREDIT RATINGS ARE WITHIN THE INVESTMENT GRADE CATEGORY, DOES THAT MEAN THAT THERE IS NO NEED TO SAFEGUARD OR IMPROVE THE COMPANY'S FINANCIAL STRENGTH AND FLEXIBILITY?

A. No. Having investment grade ratings within the BBB category (S&P) or Baa range (Moody's) is a minimum level for sustainable management of a public utility. A higher rating provides greater stability and signals investors that the entity has a greater ability to

withstand financial stress. Within the BBB or Baa category, it is preferable to maintain ratings at the high end of the category, ratings of BBB+ or Baa1. In my professional experience, maintaining unsecured issuer ratings in the single-A category provides greater assurance of the ability to meet all needs, even under adverse circumstances and at all phases of the capital market cycle.

Q. HOW AND WHEN DO UTILITIES AND CONSUMERS BENEFIT FROM A UTILITY'S STRONGER FINANCIAL CAPABILITY?

A. Capital market cycles affect utilities' access to long-term and short-term debt funding. During normal periods in the financial markets, including the present moment, rate-regulated utilities with investment grade credit ratings typically are able to issue new debt instruments in large amounts, while sub-investment grade credits have less assured access to new funding. However, times are not always as favorable to capital market issuance as the present market phase. During periods of financial market distress (such as September 2008 through early 2010, or February to March 2020), access to the long-term and short-term debt markets becomes constrained not only for sub-investment grade credits but also for those in the two lowest ratings in the investment grade category -- unsecured ratings of BBB and BBB- (from S&P) or the equivalent Moody's ratings of Baa2 and Baa3.

However, despite market transition or distress, issuers with unsecured credit ratings in the range of low A (A- or A3) to high A (A+ or A1) were able to sell bonds in the long-term market, even when companies with credit ratings in the low BBB (Baa) categories were hesitant to fund or refund maturing debt or carry out their capital expenditures as planned. An example was in 2008-2009, precipitated by defaults in mortgage-backed bonds. A 2008 mortgage crisis caused widespread financial market disruptions, including the freezing of credit markets, collapse or near-collapse of important financial institutions, and panic in financial markets in many countries. Although these events were triggered by sub-prime mortgage defaults that produced a sharp decline in the value of mortgage-backed securities, the result was a severe liquidity shortage and loss of investor confidence across the entire financial system. Although there was no apparent link to any financial weakness at U.S. utilities, those U.S. utilities needing to issue new or refunding bonds faced extremely diminished opportunity to issue new bonds. New issuance was available only for relatively short tenor and only in diminished amounts, with strong priority to utilities with the highest ratings. Also, banks were unwilling to extend or renew revolving credits, restricted the term of new commitments, and required higher

fees and interest spreads. The disruption of the credit markets (bonds and banking) persisted from mid-2008 throughout 2009, gradually lessening by 2010.[12]

Another circumstance in which the utility's strong financial condition is essential is when the utility and its community is struck by natural disasters such as tornadoes, ice storms, or fires which require the utility to make unexpected expenditures to restore service. To respond to such extraordinary needs, a utility needs strong credit with its counterparties, including the vendors of equipment, work crews, and providers of emergency services as well as with its lenders. Strong credit is essential to mount an immediate restoration effort, which is beneficial to the utility's customers and to the communities that it serves. Maintaining sound credit ratings will assure customers that their utility has the financial capability to respond promptly to emergencies, expand service to new customers as needed, maintain safe and reliable service, and comply with government mandates.

Q. HOW DO TNMP'S CURRENT INDIVIDUAL CREDIT RATINGS COMPARE WITH THOSE OF OTHER U.S. INVESTOR-OWNED ELECTRIC AND GAS UTILITIES?

A. TNMP's Issuer Rating of Baa1 by Moody's and Issuer Credit Rating of BBB+ by S&P (and SACP of a-) are in a low-to-middle tier of investment grade ratings.

Examining the distribution of Moody's ratings within the U.S. utility sector, the average rating for 129 electric and gas utility operating companies in the U.S. is midway between A3 and Baa1, as shown in Table 5 and Exhibit EL-4; the median rating is Baa1, very close to A3. Compared with its peer rate-regulated U.S. utility operating companies, 47 percent of companies in the universe of utility operating companies are more highly rated, 36 percent share the same rating of Baa3, and 18 percent of the operating companies in the sector have lower ratings than TNMP.

[12] An episode of intense market instability occurred in March 2023, when over the course of five days, three small-to-mid-size U.S. banks failed, triggering runs on several other financial institutions, a sharp decline in global bank stock prices, and actions by regulators to prevent potential global contagion. This precipitated a volatile period in the U.S. Treasury security market, and for two weeks there was no corporate or utility bond issuance since bonds are priced in relationship to U.S. Treasury bond yields. No utilities issued bonds between March 10 and March 20, issuance resumed in the week of March 20, 2023, primarily restricted to secured utility bonds with high credit ratings.

Table 5: Moody's Ratings Distribution, U.S. Utility Operating Companies

Moody's LT Issuer Ratings at September 22, 2025

Size of Sample: 129 U.S. Utility Operating Companies*

	Companies	% of Total	Aggregate %
A1, A2, A3	60	47%	47%
Baa1	47	36%	83%
Baa2	14	11%	94%
Baa3	6	5%	98%
Ba1 or lower**	2	2%	100%
Total	129	100%	
Average Rating	A3 / Baa1		

* Investor-owned U.S. rate-regulated utilities, including integrated electric utilities, electric distribution utilities, combination electric & gas companies, and natural gas distribution companies.

** Below investment grade.

Source: Exhibit EL-4.

Q. WHAT IS THE DISTRIBUTION OF CREDIT RATINGS WITHIN THE S&P UNIVERSE OF U.S. UTILITY OPERATING COMPANIES?

A. S&P's rated universe of electric and gas operating utilities is comprised of 131 companies. The large majority of these operating utilities are subsidiaries of a corporate group, and thus their Issuer Credit Ratings are affected by S&P's consolidated rating methodology. When that is the case, S&P's published issuer credit rating of the subsidiary reflects the credit characteristics of its affiliated group of companies and parent. Table 6 below and Exhibit EL-5 analyze the distribution of S&P's stand-alone ratings (SACPs) and Issuer Credit Ratings. The average S&P SACP among the 131 operating utilities rated by S&P is between a-/bbb+, while the average Issuer Credit Rating is between BBB+ and A-.

Table 6

S&P Ratings Distribution, U.S. Utility Operating Companies

S&P Long Term Issuer Ratings at July 31, 2025
Size of Sample: 131 U.S. Utility Operating Companies (1)

S&P SACP (2)	Companies	% of Total	Aggregate %
aa-, a+, a	26	19.8%	19.8%
a-	50	38.2%	58.0%
bbb+	27	20.6%	78.6%
bbb	20	15.3%	93.9%
bbb-	3	2.3%	96.2%
bb+ or lower (3)	5	3.8%	100.0%
Total	131	100.0%	
Average SACP		a- /bbb+	
Median SACP		a-	

S&P ICR (4)	Companies	% of Total	Aggregate %
AA-, A+, A	9	6.9%	6.9%
A-	44	33.6%	40.5%
BBB+	57	43.5%	84.0%
BBB	17	13.0%	96.9%
BBB-	1	0.8%	97.7%
BB+ or lower (3)	3	2.3%	100.0%
Total	131	100.0%	
Average ICR		BBB+/ A-	
Median ICR		BBB+	

1. Investor-owned U.S. rate-regulated utilities, including integrated electric utilities, electric distribution utilities, combination electric & gas companies, and natural gas distribution companies. See Exhibit EL-5 for a detailed list of companies.

2. Stand-Alone Credit Profile; 3. Sub-Investment Grade

4. S&P Issuer Credit Rating

TNMP's SACP of a- is equivalent to the average and median stand-alone ratings within the group of operating utility companies. Its Issuer Credit Rating of BBB+ is also at the median and average for its group.

Q. IS IT DESIRABLE FOR TNMP TO MAINTAIN ITS CURRENT CREDIT RATINGS, SIMILAR TO THE MEDIAN RATING AMONG ITS PEER GROUP?

A. It would be beneficial for TNMP to have ratings that are higher than TNMP's current ratings and above the median rating for the sector (for example, in the single-A category of each of the rating agencies). A higher rating would give the Company more of a buffer against episodes of financial distress and would be a competitive advantage in accessing long-term debt capital and obtaining credit from banks and liquidity providers. But that being said, there are significant benefits in maintaining TNMP's current credit ratings that are at least similar to the median of the sector. Utilities with Moody's ratings of A3 to Baa1, or S&P rating of A- to BBB+ have a reasonably good chance of accessing financing in all parts of the capital market cycle. At the trough of the financial cycle, companies whose financial condition and credit ratings are below the median of the sector have not been able to extend or expand their credit facilities or refund maturing bonds in sizable amounts, or they have had to pay a stiff price to do so.

Q. ARE TNMP'S RECENT CASH FLOW LEVERAGE METRICS CONSISTENT WITH MAINTAINING ITS CURRENT RATINGS?

A. To answer that question, we have to compare TNMP's cash flow leverage metrics with the two rating agencies' benchmark financial ratios. TNMP's important Cash Flow Leverage Metrics are set forth in Table 7 as calculated by Moody's and in Table 8 with regard to S&P's financial benchmarks.

Based on the data in Table 7, TNMP's key debt leverage ratio has been trending downward and is running below the level of 16% - 19% that Moody's associates with the Baa1 rating. In comparison with the benchmark ratios Moody's lists for its broad Baa category (which encompasses the range ratings of Baa1, Baa2, and Baa3), TNMP's recent leverage metrics are more consistent with Moody's Baa2 rating than Baa1. In Moody's most recent published credit opinion on TNMP, Moody's analyst states that the agency would take a negative rating action if the regulatory environment were seen to be less supportive or if the ratio of CFO pre-WC/Debt is sustained below 15%.[13]

[13] Moody's Investors Service, "Credit Opinion: Texas-New Mexico Power Company, 24 June 2025" (Exhibit EL-5) at 2.

Table 7
TNMP Key Ratios Compared with Moody's Benchmarks

					Moody's Benchmarks Low Business Risk Table	
Moody's	2022 (a)	2023 (a)	2024 (a)	LTM 6/30/25 (b)	A Category	Baa Category
CFO pre WC/ Debt	16.0%	15.5%	13.0%	14.3%	19-27%	11-19%
Moody's Outlook Guidance: Negative rating action if CFO pre-WC/Debt is sustained at <15%						

(a) Moody's Credit Opinion, 24 June 2025; (b) Lapson Advisory estimate.
LTM - Last twelve months

Turning now to S&P's credit methodology and financial ratio benchmarks, the S&P method of incorporating financial risk along with its business risk evaluation is shown in Table 8 below. As shown in the table, for the past few years TNMP's ratio of FFO/Debt has been consistent with a financial risk assessment of "Significant," and that is indicative of the current SACP rating of a-. However, the ratio of Debt/EBITDA is in the realm of "Aggressive" financial risk, more consistent with an SACP of bbb+.

Table 8
TNMP Key Ratios Compared with S&P Benchmarks

					S&P Benchmarks (c)		
S&P	2022 (a)	2023 (a)	2024 (a)	LTM 6/30/25 (b)	Intermediate	Significant	Aggressive
FFO/ Debt	16.9%	15.1%	14.6%	14.7%	23-35%	13-23%	9 - 13%
Debt/EBITDA	4.7	5.0	5.2	4.8	2.5 to 3.5	3.5 to 4.5	4.5 to 5.5
					Corresponding SACP with "Excellent" business risk		
S&P's Outlook Guidance: Negative rating action if FFO /Debt is sustained at <13%					a+/a	a-	bbb

(a) S&P Ratings Score Snapshot, 25 October 2024.
(b) Lapson Advisory estimate; LTM - Last twelve months.
(c) Benchmarks are based on Medial Volatility Table.

In its credit report on TNMP dated October 25, 2024, S&P's analyst pointed out that TNMP's cash flow leverage metrics are at the bottom edge of its financial risk category:

> We expect TNMP's financial measures to be pressured at the low end of the financial risk profile. Under our base case, we expect the company's robust capital spending of about $2.9 billion from 2024 to 2028 to result in consistent cash flow deficits that will require external funding, keeping its financial measures pressured at the low end of its financial risk profile category.[14]

S&P's following report on TNMP of October 24, 2025 states the view that TNMP "will increase its cash flow by recovering costs through various mechanisms, including the TCOS and DCRF, as well as from the recent approval of its system resiliency plan". The report continues with a comment upon TNMP's elevated capex of about $4.2 billion through 2029, predicts consequent cash flow shortfalls, and emphasizes the importance of raising equity and debt capital to sustain its credit ratios:

> While the $250 million equity contribution the utility received from TXNM this year will likely support its funding, we expect it will continue to generate cash flow deficits, which will require a mix of equity and debt issuances for it to maintain financial measures in line with our expectations for the current rating. [15]

Based on S&P's credit reports of October 2024 and October 25, I conclude that TNMP's leverage straddles the borderline of a- / bbb+. The 2025 report comments upon TNMP's downside rating exposure:

> We could lower our [Issuer Credit Rating] on TNMP if we downgrade parent TXNM. We could also lower our ratings on TNMP if its stand-alone financial measures materially weaken, reflecting FFO-to-debt consistently below 13% or if we believe its management of regulatory risk has significantly weakened.[16]

Q. PLEASE SUMMARIZE YOUR CONCLUSION REGARDING TNMP'S CURRENT FINANCIAL STATUS.

A. In summary, during the past couple of years, TNMP has generally been within the financial parameters of its current ratings, albeit closer to the lower edge of the benchmark ranges

[14] S&P Global, "Texas-New Mexico Power Company, Rating Score Snapshot," October 25, 2024, (Exhibit EL-7) at 2.
[15] S&P Global, "Texas-New Mexico Power Co." October 24, 2025 at 3. (Exhibit EL-8)
[16] Ibid. at 3. Also: S&P Global, "Research Update: TXNM Energy Inc. 'BBB' Rating Affirmed on Acquisition by Blackstone Infrastructure, Outlook Stable," May 19, 2025, (Exhibit EL-9) at 4.

for its current ratings as it increased its level of capex. Looking forward to TNMP's future financial performance, TNMP will face financial pressure due to the company's heightened capex and relatively high debt component of its capital structure relative to peer utilities.

V. FINANCIAL MODEL AND SCENARIOS

Q. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR DIRECT TESTIMONY?

A. The prior section of my testimony reviewed TNMP's recent financial performance and compared TNMP's key financial metrics for the past several years with benchmark ratios used by Moody's and S&P in their credit ratings of TNMP. In this section I extend that analysis into the near future, looking at the likely financial ratios of TNMP in the period 2026-2027, when the rates established in this rate proceeding are in effect. To do so, I use a financial forecasting model developed and maintained by TNMP which the Company uses both for internal planning purposes and in the context of regulatory and investor communications.

Q. WHAT IS THE STUDY YOU PERFORMED OF THE EXPECTED FUTURE OPERATING CASH FLOW AND RELATED CREDIT METRICS OF TNMP ?

A. I conducted my financial review using the financial forecast developed by TNMP that appears as my Exhibit EL-10 (HSPM). I verified the operation of the model for reasonableness and to assure that it appropriately reflects the underlying assumptions and correctly models the credit ratios computed by Moody's and S&P. Using the output of this forecasting model, I analyze the credit implications of two scenarios:

Scenario 1: Assumes that this rate proceeding was not filed, but instead TNMP continues to file for semi-annual rate adjustment and tracker mechanisms.

Scenario 2: Incorporates the TNMP rate application as filed, assumed to become effective on May 1, 2026.

The assumptions underlying each scenario are summarized in Table 9 below.

Table 9

Comparing Underlying Assumptions for Two Scenarios

	Scenario 1 No Rate Case	**Scenario 2** Rate Case As-Filed
Equity / Debt % of Capital	45%/ 55%	47.5%/52.5%*
Authorized ROE	NA	10.4%
Rate Case Effective Date	NA	May 1, 2026
Semi-annual adjustment mechanisms TCOS, DCRF	Yes	Yes
Capex ($ millions) 2026	$663	$663
Capex ($ millions) 2027	$804	$804

NA - Not applicable.

*47.54%/52.46%

Q. PLEASE SUMMARIZE THE KEY RATING AGENCY FINANCIAL RATIOS FOR 2026-27 THAT RESULT FROM THESE TWO SCENARIOS.

A. Table 10 below provides a summary of the output of the forecast model in terms of TNMP's key credit ratios for the two scenarios that are outlined in Table 9 above.

Table 10

TNMP Key Credit Metrics in Model Scenarios

		Historic	Projected		
	Scenario	12 months ending 6/30/25	2025	2026 (1)	2027
S&P ratios	I. No Rate Case	[redacted]	[redacted]	[redacted]	[redacted]
S&P ratios	II. Rate Case as Filed	[redacted]	[redacted]	[redacted]	[redacted]
ICR: BBB+, SACP: a-		[redacted]			
Moody's	I. No Rate Case	[redacted]	[redacted]	[redacted]	[redacted]
Moody's	II. Rate Case as Filed	[redacted]	[redacted]	[redacted]	[redacted]
Baa1		[redacted]			

NOTES

1. In Scenario II, Commission order assumed to be in effect for 8 months in 2026.
2. S&P, "Texas-New Mexico Power Co.", Oct. 24, 2025. 3. Moody's, June 24,2025.

Q. PLEASE EXPLAIN THE IMPACT OF THE TWO SCENARIOS UPON TNMP'S KEY FINANCIAL RATIOS FOR 2026-27.

A. The forecast scenarios have very different outcomes for each CRA. [redacted] In both scenarios, [redacted] However, the scenarios [redacted] I will discuss these results in detail below.

Scenario 1: With no rate case and a 45% ratio of equity to total capital, [redacted] in 2027, [redacted]

[redacted]

Scenario 2: With rates and capital structure approved as filed, [redacted] In 2027, [redacted]

Q. WHY IS THERE [redacted] THE SCENARIOS FOR THE TWO AGENCIES ?

A. [redacted], [redacted]

Q. HOW WOULD FIXED-INCOME INVESTORS REACT IF [redacted]

A. Both Moody's and S&P ratings are very influential [redacted]

VI. CONCLUSIONS

Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS.

A. Maintaining strong credit standing and access to long-term debt capital is essential for TNMP to fulfill its obligations to customers and to meet the high rate of growth for power in its service territory. TNMP's current credit ratings from Moody's and S&P are at the median for the electric utility sector, a position that enables TNMP to compete for debt capital and maintain the confidence of its vendors and counterparties. My testimony supports the importance of safeguarding and retaining TNMP's current credit strength by fostering sound cash flow and reducing debt leverage.

The results of two forecast scenarios contained in Section VI confirm that [redacted] By contrast, without the requested capital structure enhancement and other features of the Company's rate application [redacted]

Furthermore, approval of the Company's proposal to increase its authorized equity capital would demonstrate to the rating agencies the Commission's continuing support of the financial health of the Company as it adds to its facilities to meet customers' needs.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

AFFIDAVIT

STATE OF NEW YORK §
§
COUNTY OF NEW YORK §

BEFORE ME, the undersigned authority, on this day personally appeared Ellen Lapson, who, upon proving her identity to me and by me being duly sworn, deposes and states the following:

"My name is Ellen Lapson. I am of legal age, a resident of the State of New York, and have never been convicted of a felony. I certify that the foregoing testimony, offered by me on behalf of Texas-New Mexico Power Company, is true and correct and based upon my personal knowledge and experience."

Ellen Lapson
Witness

* * * * *

SWORN TO AND SUBSCRIBED before me, Notary Public, on this 8 day of November, 2025, to certify which witness my hand and seal of office.

NOTARY PUBLIC in and for the
State of New York

Printed Name: Jimmy Ma

SEAL:

My Commission expires: September 20, 2028

Notary ID# 01MA6116017

JIMMY MA
Notary Public, State of New York
No. 01MA6116017
Qualified in New York County
Commission Expires Sept. 20, 2028

EXPERIENCE AND QUALIFICATIONS

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LAPSON ADVISORY: Financial Consulting. Expert Testimony. Financial Training.

SUMMARY

Expert on financing utilities and infrastructure projects, with over 50 years of professional
MBA Accounting and finance, NYU Stern School of Business; Chartered Financial Analyst

EMPLOYMENT HISTORY

Lapson Advisory, Trade Resources Analytics	Financial consulting services to utilities and infrastructure project developers. Financial strategy and credit advisory; expert financial witness.	2012 to present
Fitch Ratings Utilities, Power & Gas Managing Director; Senior Director	Manager or primary analyst on credit ratings of over 200 utility, pipeline, and power generation companies and utility tariff securitizations. Chaired rating committees for energy, utility, and project finance committees. Liaison with major fixed income investors.	1994 - 2011
JP Morgan Chase (formerly Chemical NY Corp.) Vice President, 1975-94 Asst. Vice President, 1974-75	Managed financial advisory transactions, structured debt placements, syndicated credit facilities for utilities, mining and metals, project finance. First of its kind stranded cost securitization for Puget Sound P&L, 1992-94. Led financings for utilities in bankruptcy or reorganizations. Divisional controller, 1981-86.	1974-1994
Argus Research Corp. Equity Analyst, Utilities	Equity analysis of U.S. electric and gas utilities, natural gas pipelines, regulated telephone companies. Research coverage and reports; forecasts and models.	1969-1974

EDUCATION & PROFESSIONAL ORGANIZATIONS

Stern School of Business, New York University, MBA. Accounting major; Finance minor	1975
Barnard College, Columbia University, BA. Earned CFA Institute Charter, 1978	1969
Institute of Chartered Financial Analysts	Since 1978
Wall Street Utility Group	Since 1996

ADVISORY COUNCILS AND BOARD SERVICE

Electric Power Research Institute, Advisory Council, 2004-2011; Chair, 2009 and 2010.
MIT Energy Institute, External Advisory Council, The Future of Solar Energy, 2012-2014.
Represented U.S. fixed income investors in responding to proposed financial accounting rules for rate-regulated utilities by the International Accounting Standards Board (IASB) at a panel sponsored by Edison Electric Institute and American Gas Assoc., December, 2014.

EXPERT TESTIMONY

Jurisdiction	Proceeding	Topic
Public Utilities Commission of Texas	Docket No. 57131, Reguttal on behalf of Brazos Electric Power Coop, Inc. (2025)	Coop transmission provider's financial integrity.
Public Utilities Commission Texas	Docket No. 58536, Joint Application of Texas-New Mexico Power Co. and Troy ParentCo, on behalf of Applicants (2025)	Adequate financial strength and appropriate structural and ring-fencing protections.
New Mexico Public Regulation Commission	Docket No. 25-00060-UT, Joint Application of Public Service Co of NM, TXNM Energy, and Troy ParentCo to Merge, on behalf of Applicants (2025)	Adequate financial strength and appropriate ring-fencing protections.
Public Utilities Commission Texas	Docket No.58306, Application of Oncor Electric Delivery Co. to change rates, on behalf of Oncor (2025)	Financial strength and appropriate capital structure.
Public Utilities Commission Texas	Docket No. 56851, Application for Authority to Change Rates, on behalf of El Paso Electric Co. (2025)	Capital structure and cash flow measures of financial strength
Minnesota Public Utilities Commission	Docket No. E-015/ PA-24-198, Minnesota Power Petition for Acquisition of ALLETE Inc., on behalf of the purchasers and Minnesota Power/ ALLETE Inc. (2025)	Merger application: adequate financial strength and appropriate ring-fencing mechanisms
Federal Energy Regulatory Commission	Docket No.EL 24-80, MISO Transmission Owners' Response to Order to Show Cause (2024)	Risks and financial returns of Transmission Owners' initial funding of Network Upgrades
Federal Energy Regulatory Commission	Docket No.EL 24-81, PJM Transmission Owners' Response to Order to Show Cause (2024)	Risks and financial returns of Transmission Owners' initial funding of Network Upgrades
Federal Energy Regulatory Commission	Docket No.EL 24-82, Southwest Power Pool Transmission Owners' Response to Order to Show Cause (2024)	Risks and financial returns of Transmission Owners' initial funding of Network Upgrades
Federal Energy Regulatory Commission	Docket No.EL 24-83, ISO-New England Transmission Owners' Response to Order to Show Cause (2024)	Risks and financial returns of Transmission Owners' initial funding of Network Upgrades
Public Utilities Commission of Nevada	Dockets 24-02026 and 24-02027, Applications of Sierra Pacific Power Company to change rates (2024)	Capital structure and financial strength.
Public Utilities Commission Texas	Docket No. 55867, Application of LCRA Transmission Services Corp. to change rates, on behalf of LCRA TSC (2024)	Financial strength and access to capital for a public power transmission service provider.
Public Utilities Commission of Colorado	Proceeding No. 22AL-0530E, electric rate case on behalf of Xcel Public Service Colorado (2023)	Financial strength and appropriate capital structure.
California Public Utilities Commission	Docket No.A2211010, Joint application of Corix Infrastructure (US) and SW Merger Acquisition Corp and Suburban. (2022-23)	Merger application: adequate financial strength
Illinois Commerce Commission	Docket No. 22-0670, Joint application of Corix Infrastructure (US) and SW Merger Acquisition Corp and... (2022-23)	Merger application: adequate financial strength
Kentucky Public Service Commission	Docket No.2022-00396, Joint Application of Corix Infrastructure (US) and SW Merger Acquisition Corp and... (2022-23)	Merger application: adequate financial strength

Jurisdiction	Proceeding	Topic
Public Utilities Commission of Nevada	Docket No. 22-11030, Application of Great Basin Water Co…. for Approval of business combination, Corix Infrastructure (US) and SW Merger Acquisition Corp... (2022-23)	Merger application: adequate financial strength
New Jersey Board of Public Utilities	Docket No. WM22110690, Joint Petition for change of control, Corix Infrastructure (US) and SW Merger Acquisition Corp.(2022-23)	Merger application: adequate financial strength
North Carolina Utilities Commission	Docket No. W-354, Sub 412, Application for approval of business combination, Corix Infrastructure (US) and SW Merger Acquisition Corp (2022-23)	Merger application: adequate financial strength
Pennsylvania Public Utility Commission	Docket No. A-2022- 3036744, Joint Application of CUPA Water Systems for Approval of a Business Combination (2022-23)	Merger application: adequate financial strength
Public Utilities Commission Texas	Docket No. 54316, Joint Application of Corix Infrastructure (US), SW Merger Acquisition Corp and Monarch Utilities I LP (2022-23)	Merger application: adequate financial strength
Federal Energy Regulatory Commission	Docket No.ER22-2379, Southwest Power Pool, Inc., supporting Southwestern Public Service Co.'s right under Generator Interconnection Agreement (2022-23)	Application by a transmission owner to fund investment in Network Upgrades
Federal Energy Regulatory Commission	Docket No.ER22-2274, Southwest Power Pool, Inc., supporting Southwestern Public Service Co.'s right under Generator Interconnection Agreement (2022)	Application by a transmission owner to fund investment in Network Upgrades
Massachusetts Department of Public Utilities	DPU Docket No. 22-70, 22-71, 22-72; Long-term purchase contracts for offshore wind energy, on behalf of three MA electric distribution utilities (2022)	Remuneration to distribution utilities for entering into long-term supply contracts
New Jersey Board of Public Utilities	BPU Docket No. GM 2204, Merger Application of South Jersey Industries, Inc. and Boardwalk Merger Sub, Inc. on behalf of Joint Applicants (2022)	Financial strength in the context of merger proceeding and appropriate corporate commitments.
Public Utilities Commission Texas	Docket No. 53601, Application of Oncor Electric Delivery LLC to Change Rates, on behalf of Oncor. (2022)	Financial strength and appropriate capital structure.
Public Utilities Commission Texas	Docket No. 52487, Application of Entergy Texas to Alter its CCN for Orange County Advanced Power Station, on behalf of Entergy Texas, Inc. (2022)	Impact of a power purchase contract on the balance sheet, financial ratios, and credit ratings of the utility purchaser.
Federal Energy Regulatory Commission	Docket No. ER21-2282, Application re Open Access Trans. Tariff, on behalf of PJM Transmission Owners (2022)	Application by Transmission Owners to invest in Network Upgrades
Federal Energy Regulatory Commission	Docket No. EL-20-72, LA Public Service Comm. et al. vs. System Energy Resources, Inc. on behalf of SERI (2022)	Financial impact of the termination of a support agreement; capital structure.
Federal Energy Regulatory Commission	Docket No. RM20-10-000, Electric Transmission Incentive Policy, on behalf of PJM Transmission Owners (2021)	In support of financial incentives for RTO membership

Jurisdiction	Proceeding	Topic
Public Utilities Commission of Colorado	Proceeding No. No. 21R-0314G, NOPR on Purchased Gas Cost Adjustment on behalf of Public Service Company of CO (2021)	Investor and credit rating impact of proposed gas cost recovery rules
New Mexico Public Regulation Commission	Docket No 20-00222-UT, Application of Public Service Co. of NM, PNM Resources, Avangrid Inc., and NM Green Resources on behalf of Applicants (2020-21)	Financial strength and resilience in the context of a merger proceeding
Public Utilities Commission Texas	Docket No 51547, Application of Texas-New Mexico Power Co., Avangrid Inc., and NM Green Resources on behalf of Applicants	Financial strength and resilience in the context of a merger proceeding
Massachusetts Department of Public Utilities	DPU 20-16, 20-17, and 20-18, Long-term purchase contract for offshore wind energy, Eversource, National Grid, Unitil (2020)	Remuneration to utilities for entering into long-term contracts
Public Utilities Commission Texas	Docket No. 49849, Joint Application of El Paso Electric, Sun Jupiter Holdings and IIF US Holding 2 to acquire utility (2019-20)	Conditions & commitments for utility merger and formation of holdco; financial strength
New Mexico Public Regulation Commission	Docket No. 19-00234 UT, Joint Application of El Paso Electric, Sun Jupiter Holdings, and IIF US Holding 2 to acquire El Paso Electric (2019-20)	Conditions & commitments for utility merger and formation of holdco; financial strength
Public Utilities Commission of Colorado	Proceeding No. 19AL-0268E, Filing to Revise Electric Tariff filing, on behalf of Xcel Public Service Co. of Colorado (2019)	Capital structure and cash flow measures
Public Utilities Commission Texas	Docket No. 49421, Application of CenterPoint Energy Houston to change rates, on behalf of CEHE (2019)	Separateness commitments in the context of a rate proceeding; financial strength
Public Utilities Commission Texas	Docket No. 48929, Application of Oncor Electric Delivery Co. LLC, Sharyland Utilities LP, and Sempra Energy, on behalf of Sharyland Utilities (2019)	Appropriate governance conditions and commitments for partner ownership of an electric transmission utility
Public Utilities Commission of Colorado	Proceeding No. 17AL-0363G, Filing to Revise Gas Tariff, on behalf of Xcel Public Service Co. of Colorado (2018)	Cash flow and credit impacts of tax reform; capital structure
South Carolina Public Service Commission	Docket No. 2017-370-E; Joint Application for Merger and for Prudency Determination, on behalf of South Carolina Elec & Gas (2018)	Benefits of merger and proposed rate plan; impact on cash flow and access to capital.
U.S. Federal District Court, District of SC	Civil Action No.: 3:18-cv-01795-JMC, Motion for Preliminary Injunction, on behalf of South Carolina Electric & Gas	Financial harm of rate cut compliant with Act
Public Utilities Commission Texas	Docket No. 48401, Texas-New Mexico Power Co. Application to Change Retail Rates, on behalf of TNMP (2018)	Cash flow and credit impacts of tax reform
Public Utilities Commission Texas	Docket No. 48371, Entergy Texas Inc., Application to Change Retail Rates, on behalf of ETI (2018)	Cash flow and credit impacts of tax reform
Public Utilities Commission Texas	Docket No. 47527, Southwestern Public Service Co. Application for Retail Rates, on behalf of SPS Co. (2018)	Adverse cash flow and credit impacts of tax reform; cap structure
New Mexico Public Regulation Commission	Case No. 17-00255-UT, Southwestern Public Service Co. Application for Retail Rates, on behalf of SPS Co. 2018)	Adverse cash flow and credit impacts of tax reform; cap structure

Jurisdiction	Proceeding	Topic
South Carolina Public Service Commission	Docket No. 2017-305-E, Response to ORS Request for Rate Relief, on behalf of S. Carolina Electric and Gas (2017)	Adverse financial implications of rate reduction sought by ORS
DC Public Service Commission	Formal Case No. 1142, Merger Application of AltaGas Ltd. and Washington Gas Light, Inc. (2017)	Financial strength; Conditions and commitments in a utility merger
Public Service Commission of Maryland	Docket No. 9449, In the Matter of the Merger of AltaGas Ltd. and Washington Gas Light, Inc. (2017)	Financial strength; Conditions and commitments in a utility merger
Public Utilities Commission Texas	Docket No. 46957, Application of Oncor Electric Delivery LLC to Change Rates, on behalf of Oncor. (2017)	Appropriate capital structure. Financial strength.
Public Utilities Commission Texas	Docket No. 46416, Application of Entergy Texas, Inc. for a CCN, on behalf of Entergy Texas (2016-2017)	Debt equivalence and capital cost associated with capacity purchase obligations (PPA)
U.S. Federal Energy Regulatory Commission	Dockets No. EL16-29 and EL16-30, on behalf of Duke Energy Carolinas and Duke Energy Progress, (2016)	Capital market environment affecting the determination of the cost of equity capital
Hawaii Public Utilities Commission	Docket No. 2015-0022, Merger Application on behalf of NextEra Energy and Hawaiian Electric Inc. (2015)	Financial strength and conditions & commitments in merger context
U.S. Federal Energy Regulatory Commission	Dockets No. EL14-12 and EL15-45, ABATE, vs MISO, Inc. et al., on behalf of MISO Transmission Owners (2015)	Capital market environment; capital spending and risk
U.S. Federal Energy Regulatory Commission	Dockets No. EL12-59 and 13-78, Golden Spread Electric Coop., on behalf of South-western Public Service Co. (2015)	Capital market environment; capital spending and risk
U.S. Federal Energy Regulatory Commission	Dockets No. EL13-33 and EL14-86, on behalf of New England Transmission Owners.	Capital market environment affecting the cost of equity capital
U.S. Federal Energy Regulatory Commission	Dockets No. ER13-1508 et alia, Entergy Arkansas, Inc. and other Entergy utility subsidiaries, on behalf of Entergy (2014)	Capital market environment affecting the measurement of the cost of equity capital
Delaware Public Service Commission	DE Case 14-193, Merger of Exelon Corp. and Pepco Holdings, Inc. on behalf of the Joint Applicants (2015)	Financial strength and conditions & commitments in merger context
Maryland Public Service Commission	Case No. 9361, Merger of Exelon Corp. and Pepco Holdings, Inc. on behalf of the Joint Applicants (2015)	Financial strength and conditions & commitments in merger context
New Jersey Board of Public Utilities	BPU Docket No. EM 14060581, Merger of Exelon Corp. and Pepco Holdings, Inc., on behalf of the Joint Applicants (2015)	Financial strength and conditions & commitments in merger context
U.S. Federal Energy Regulatory Commission	Docket ER15-572 Application of New York Transco, LLC, on behalf of NY Transmission Owners (2015)	Incentive compensation for electric transmission; capital market access
U.S. Federal Energy Regulatory Commission	Docket EL 14-90-000 Seminole Electric Cooperative, Inc. and Florida Municipal Power Agency vs. Duke Energy FL on behalf of Duke Energy (2014)	Capital market environment affecting the determination of the cost of equity capital
DC Public Service Commission	Formal Case No. 1119 Merger of Exelon Corp. and Pepco Holdings Inc., on behalf of the Joint Applicants (2014-2015)	Financial strength and conditions & commitments in merger context

Jurisdiction	Proceeding	Topic
U.S. Federal Energy Regulatory Commission	Docket EL14-86-000 Attorney General of Massachusetts et. al. vs. Bangor Hydro-Electric Company, et. al., on behalf of New England Transmission Owners (2014)	Return on Equity; capital market environment
Arkansas Public Service Commission	Docket No. 13-028-U. Rehearing on behalf of Entergy Arkansas. (2014)	Investor and rating agency reactions to ROE set by Order.
Illinois Commerce Commission	Docket No. 12-0560 Rock Island Clean Line LLC, on behalf of Commonwealth Edison Company, an intervenor (2013)	Access to capital for a merchant electric transmission line.
U.S. Federal Energy Regulatory Commission	Docket EL13-48-000 Delaware Public Advocate, et. al. vs. Baltimore Gas and Electric Company and PEPCO Holdings et al., on behalf of utilities (2013)	Return on Equity; capital market view of transmission investment
U.S. Federal Energy Regulatory Commission	Docket EL11-66-000 Martha Coakley et. al. vs. Bangor Hydro-Electric Company, et. al. on behalf of New England Transmission Owners (2012-13)	Return on Equity; capital market view of transmission investment
New York Public Service Commission	Cases 13-E-0030; 13-G-0031; and 13-S-0032 on behalf of Consolidated Edison Company of New York. (2013)	Cash flow and financial strength; regulatory mechanisms
Public Service Commission of Maryland	Case. 9214 re "New Generating Facilities To Meet Long-Term Demand For Standard Offer Service", on behalf of Baltimore Gas and Electric Co., Potomac Electric Power Co., and Delmarva Power & Light (2012)	Effect of proposed power contracts on the credit and financial strength of MD utility counterparties

CONSULTING & ADVISORY ASSIGNMENTS (1)

Client	Assignment	Objective
Entergy Louisiana, LLC.	Strategic advice on a regulatory petition on the benefits of accelerating storm cost securiti-zation. 2025	Improve utility cash flow and reduce long-term cost to customers.
City (undisclosed)	Advisory on credit ratings of municipal utilities and the related cities. 2025	Strategic review of regulatory strategy.
Corix Infrastructure and SouthWest Water	Ratings advisory in the context of merger of unrated companies. 2022	Understand financial status pre- and post-merger.
SouthWest Water Company	Review of proposed debt funding plan. 2022	Appropriate mix of long-term and short-term debt.
Xcel Energy/ Public Service Co. of CO	Studied likely investor and credit impact of the PSC's proposed changes in the recovery of purchased gas cost (Docket 21R-0314G). 2021	Analyze financial impacts of regulatory proposal.
Eversource Energy Inc./Public Service Co. of New Hampshire	Prepared white paper analyzing the financial implications of two methods for recovering costs of energy efficiency programs (related to Docket DE 20-092). 2020	Analyze feasibility and financial impacts of regulatory proposal.
Washington Gas Light Co.	Quantified the effect of merger upon the cost of long-term and short-term debt. 2019	Comply with regulatory requirement
Cravath, Swaine & Moore LLP	Evaluated factors that influenced utility spending decisions on operations, maintenance, and capital projects. 2019	Support litigation strategy in bankruptcy proceedings.
NJ American Water Co.	Analyzed impacts of tax reform on water utility's cash flow and ratings. 2018	Support regulatory strategy
AltaGas Ltd.	Credit advisory on ratings under merger and no-	Compare strategic alternatives
	merger cases. 2017	

Jurisdiction	Proceeding	Topic
Entergy Texas, Inc.	Research study on debt equivalence and capital cost associated with capacity purchase obligations. Impact of new GAAP lease accounting standard on PPAs. 2016	Economic comparison of power purchase obligations and self-build options.
Eversource Energy	Evaluated debt equivalence of power purchase obligations. 2014	Clarify credit impact of various contract obligations.
International Money Center Bank (Undisclosed)	Research study and recommendations on estimating Loss Given Default and historical experience of default and recovery in regulated utility sector. 2014	Efficient capital allocation for loan portfolio.
GenOn Energy Inc.	White Paper on appropriate industry peers for a competitive power generation and energy company. 2012	Appropriate peer comparisons in SEC filings and shareholder communications, compensation studies
Transmission utility (Undisclosed)	Recommended the appropriate capital structure and debt leverage during a period of high capital spending. 2012	Efficient book equity during multi-year capex project; preserve existing credit ratings
Toll Highway (Undisclosed)	Advised on adding debt while minimizing risk of downgrade. Recommended strategy for added leverage and rating agency communications. 2012	Free up equity for alternate growth investments via increased leverage while preserving credit ratings

1.Confidential assignments are omitted or client's identity is masked, at client request.

Professional and Executive Training

Southern California Edison Co., Rosemead CA	Designed and delivered in-house training program on evaluation of the credit of energy market counterparties. 2016
Financial Institution, NYC (Undisclosed)	In-house training. Developed corporate credit case for internal credit training program and coordinated use in training exercise. 2016
CoBank, Denver CO	Designed and delivered “Midstream Gas and MLPs: Advanced Credit Training”. 2014
Empire District Electric Co., Joppa MO	Designed and delivered in-house executive training session Utility Sector Financial Evaluation. 2014
PPL Energy Corp, Allentown PA	Designed and delivered in-house Financial Training. 2014
SNL Knowledge Center Courses, New York NY	Designed and delivered public courses “Credit Analysis for the Power & Gas Sector”, 2011-2014
SNL Knowledge Center Courses, New York NY	Designed and delivered public courses “Analyst Training in the Power & Gas Sectors: Financial Statement Analysis. 2013 -2014
EEI Transmission and Wholesale Markets	Designed and delivered “Financing and Access to Capital”. 2012
National Rural Utilities Coop Finance Corp.	Designed and delivered in-house training “Credit Analysis for the Power Sector”. 2012
Judicial Institute of Maryland	Designed and delivered “Impact of Court Decisions on Financial Markets and Credit”, section of continuing education seminar for MD judges: "Utility Regulation and the Courts", Annapolis MD. 2007
Edison Electric Institute, New York, NY	“New Analyst Training Institute: Fixed Income Analysis and Credit Ratings”, 2008; 2004

Exhibit EL-2

Credit Rating Agencies' Long-Term Rating Correspondence

	Long-Term Credit Rating Correspondences		
	Moody's Issuer R	**S&P Issuer Credit Ratings (ICR)**	**S&P Stand-alone credit profile (SACP)**
Investment	Aaa	AAA	aaa
Grade	Aa1	AA+	aa+
	Aa2	AA	aa
	Aa3	AA-	aa-
	A1	A+	a+
	A2	A	a
	A3	A-	a-
	Baa1	BBB+	bbb+
	Baa2	BBB	bbb
	Baa3	BBB-	bbb-
Below	Ba1	BB+	bb+
Investment	Ba2	BB	bb
Grade	Ba3	BB-	bb-
	B1	B+	b+
	B2	B	b
	B3	B-	b-
	Caa1	CCC+	ccc+
	Caa2	CCC	ccc
	Caa3	CCC-	ccc-
	D	D	d
		SD*	sd*

*SD and sd denote a selective default on specific debt instruments.
rather than a general default

Exhibit EL-3

Capital Structure Decisions: Equity Ratio Determined in Decided Cases [1]

Decisions: Electric Distribution Only (Excludes PUCT orders and transmission only) [2,3]

See decisions on following pages	2022	2023	2024	2025 1st Half
Number of Observations	9	11	8	3
Average Equity Ratio (%)	50.61	49.84	51.4	50
Sum	455.53	548.2	411.49	150

Decisions: Distribution and Integrated Electric [2,3]

See decisions on following pages	2022	2023	2024	2025 1st Half
Number of Observations	29	40	29	14
Average Equity Ratio (%)	51.82	51.71	50.77	49.72
Sum	1,502.85	2068.55	1472.31	696.11

Summary: Electric Distribution Utilities	3.5 years	2.5 years
Number of Observations	31	22
Average Equity Ratio (%)	50.49	50.44
Sum	1565.2	1109.7

Summary: Electric Integrated plus Distribution Utilities

	3.5 years	2.5 years
Number of Observations	112	83
Average Equity Ratio (%)	51.25	51.05
Sum	5,739.8	4,237.0

Notes

1. Source: RRA Financial, S&P Global Market Intelligence. Lapson Advisory

2. Excludes wholesale transmission only-companies.

3. Excludes decisions by the PUC Texas; limited issue proceedings; and cases in which cost-free items (deferred taxes and/or regulatory liabilities) are included as elements of the capital structure at the average cost of capital.

Exhibit EL-4

129 US Investor Owned Utility Operating Companies Rated by Moody's*

Alphabetic Listing, Ratings as of September 22, 2025

	Company Name	Unsecured Rating	Outlook	Type
1	AEP Texas Inc.	Baa3	Stable	Electric
2	Alabama Power Co.	A1	Stable	Electric
3	Ameren Illinois	A3	Stable	Electric
4	Appalachian Power Co.	Baa1	Stable	Electric
5	Arizona Public Service Co.	Baa1	Stable	Electric
6	Atlantic City Electric Co.	Baa1	Stable	Electric
7	Atmos Energy Corp.	A2	Stable	Gas
8	Avista Corp.	Baa2	Stable	Electric
9	Baltimore Gas and Electric Co.	A3	Stable	Electric
10	Berkshire Gas Co.	A3	Negative	Gas
11	Boston Gas Co.	Baa1	Stable	Gas
12	Brooklyn Union Gas Co.	Baa2	Positive	Gas
13	CenterPoint Energy Houston	Baa1	Negative	Electric
14	Central Hudson Gas & Electric Corp.	Baa1	Stable	Electric
15	Central Maine Power Co.	A2	Stable	Electric
16	Cleco Power LLC	A3	Stable	Electric
17	Cleveland Electric Illuminating Inc.	Baa3	Stable	Electric
18	Commonwealth Edison Co.	A3	Stable	Electric
19	Connecticut Light & Power Co.	Baa1	Stable	Electric
20	Connecticut Natural Gas Corp.	A3	Negative	Gas
21	Consolidated Edison Co. of NY	A3	Stable	Electric
22	Consumers Energy Co.	(P)A3	Stable	Electric
23	Dayton Power & Light Co.	Baa3	Stable	Electric
24	Delmarva Power & Light Co.	Baa1	Positive	Electric
25	Dominion Energy South Carolina	Baa1	Stable	Electric
26	DTE Electric Co.	A2	Stable	Electric
27	DTE Gas Co.	A3	Stable	Gas
28	Duke Energy Carolinas LLC	A2	Stable	Electric
29	Duke Energy Florida Inc.	A3	Stable	Electric
30	Duke Energy Indiana Inc.	A2	Stable	Electric
31	Duke Energy Kentucky Inc.	Baa1	Stable	Electric
32	Duke Energy Ohio	Baa1	Stable	Electric
33	Duquesne Light Co.	A3	Stable	Electric
34	El Paso Electric Co.	Baa2	Stable	Electric
35	Empire District Electric Co.	Baa1	Stable	Electric
36	Entergy Arkansas LLC	Baa1	Stable	Electric
37	Entergy Louisiana LLC	Baa1	Stable	Electric
38	Entergy Mississippi LLC	Baa1	Stable	Electric
39	Entergy New Orleans	Ba1	Stable	Electric
40	Entergy Texas Inc.	Baa2	Stable	Electric
41	Evergy Kansas Central	Baa1	Stable	Electric
42	Evergy Kansas South	Baa1	Stable	Electric
43	Evergy Metro	Baa1	Stable	Electric
44	Evergy Missouri West	Baa3	Stable	Electric
45	First Energy Pennsylvania Elect	A3	Stable	Electric
46	Florida Power & Light Co.	A1	Stable	Electric
47	Georgia Power Co.	A3	Positive	Electric
48	Gulf Power Co.	A1	No Outlook	Electric

	Company Name	Unsecured Rating	Outlook	Type
49	Hawaiian Electric Co.	Ba2	Positive	Electric
50	Idaho Power Co.	Baa1	Negative	Electric
51	Indiana Michigan Power Co.	A3	Positive	Electric
52	Indianapolis Power & Light Co.	Baa1	Negative	Electric
53	International Transmission Company	A3	Stable	Electric
54	Interstate Power & Light	Baa1	Stable	Electric
55	Jersey Central Power & Light	A3	Stable	Electric
56	Kentucky Power Co.	Baa3	Stable	Electric
57	Kentucky Utilities Co.	A3	Stable	Electric
58	KeySpan Gas East Corp.	Baa1	Stable	Gas
59	Louisville Gas & Electric Co.	A3	Stable	Electric
60	Madison Gas and Electric Co.	A1	Stable	Electric
61	Massachusetts Electric Co.	Baa1	Stable	Electric
62	MidAmerican Energy Co.	A1	Stable	Electric
63	Mississippi Power Co.	A3	Stable	Electric
64	Monongahela Power Co.	Baa2	Stable	Electric
65	Narragansett Electric Company	A3	Stable	Electric
66	Nevada Power Co.	Baa1	Stable	Electric
67	Niagara Mohawk Power Corp	Baa1	Stable	Electric
68	Northern Illinois Gas Co.	A2	Stable	Gas
69	Northern IN Public Svc Co.	Baa1	Stable	Electric
70	Northern States Power Co - WI	A3	Stable	Electric
71	Northern States Power Co. - MN	A2	Stable	Electric
72	Northwest Nat Gas	Baa1	Stable	Gas
73	NorthWestern Corp.	Baa2	Stable	Electric
74	NSTAR Electric Co.	A2	Negative	Electric
75	NY State Electric & Gas Corp.	Baa1	Stable	Electric
76	Ohio Edison Co.	A3	Stable	Electric
77	Ohio Power Co.	Baa1	Stable	Electric
78	Oklahoma Gas and Electric Co.	A3	Negative	Electric
79	Oncor Electric Delivery	Baa1	Negative	Electric
80	ONE Gas Inc.	A3	Stable	Electric
81	Orange & Rockland Utlts Inc.	Baa1	Stable	Electric
82	Otter Tail Power Company	Baa1	Stable	Electric
83	Pacific Gas and Electric Co.	Baa3	Stable	Electric
84	PacifiCorp	Baa2	Stable	Electric
85	PECO Energy Co.	A2	Negative	Electric
86	Peoples Gas Light & Coke Co.	A2	Stable	Gas
87	Piedmont Natural Gas Co.	A3	Stable	Gas
88	PNG Companies LLC	Baa2	Negative	Electric
89	Portland General Electric Co.	A3	Negative	Electric
90	Potomac Edison Co.	Baa2	Stable	Electric
91	Potomac Electric Power Co.	Baa1	Stable	Electric
92	PPL Electric Utilities Corporation	A3	Stable	Electric
93	Public Service Co. of CO	A3	Stable	Electric
94	Public Service Co. of NC, Inc.	Baa1	Stable	Gas
95	Public Service Co. of NH	A3	Stable	Electric
96	Public Service Co. of NM	Baa2	Stable	Electric
97	Public Service Co. of OK	Baa1	Stable	Electric
98	Public Service Electric Gas	A3	Stable	Electric
99	Puget Sound Energy Inc.	Baa1	Stable	Electric

	Company Name	Unsecured Rating	Outlook	Type
100	Questar Gas Co.	Baa1	Stable	Gas
101	Rochester Gas & Electric Corp.	Baa1	Stable	Electric
102	San Diego Gas & Electric Co.	A3	Stable	Electric
103	Sierra Pacific Power Co.	Baa2	Stable	Electric
104	South Jersey Gas Co.	A3	Stable	Gas
105	Southern California Edison Co.	Baa1	Stable	Electric
106	Southern California Gas Co.	A2	Stable	Gas
107	Southern Connecticut Gas Co.	Baa1	Negative	Gas
108	Southern Indiana Gas & Elec Co	A3	Stable	Electric
109	Southwest Gas Corp.	Baa1	Stable	Electric
110	Southwestern Electric Power Co	Baa2	Stable	Electric
111	Southwestern Public Service Co	Baa2	Stable	Electric
112	Spire Alabama Inc.	A2	Stable	Gas
113	Spire Missouri Inc.	A1	Stable	Gas
114	Superior Water, Light and Power Company	Baa1	Stable	Electric
115	Tampa Electric Co.	A3	Negative	Electric
116	Texas-New Mexico Power Co.	Baa1	Stable	Electric
117	Toledo Edison Co.	Baa2	Stable	Electric
118	Tucson Electric Power Co.	A3	Stable	Electric
119	Union Electric Co.	Baa1	Stable	Electric
120	United Illuminating Co.	Baa1	Stable	Electric
121	UNS Electric Inc.	A3	Negative	Electric
122	UNS Gas, Inc.	A3	Stable	Gas
123	Virginia Electric & Power Co.	A3	Stable	Electric
124	Western Massachusetts Electric	A2	No Outlook	Electric
125	Wisconsin Electric Power Co.	A2	Stable	Electric
126	Wisconsin Gas LLC	A3	Stable	Gas
127	Wisconsin Power and Light Co	Baa1	Stable	Electric
128	Wisconsin Public Service Corp.	A2	Stable	Electric
129	Yankee Gas Services Company	Baa1	Stable	Gas
	AVERAGE RATING	A1 / Baa1		

*U.S. rate-regulated investor-owned utilities, including integrated electric, electric distribution, combination electric & gas companies, and natural gas distribution companies.

Exhibit EL-5

US Investor Owned Utility Operating Companies Rated by S&P Glob
Ranked by SACP

	Company Name	Issuer Credit Rating*	Rating Outlook or Watch *	Stand alone credit profile (SACP)*	Type
1	Atlanta Gas Light	A-	Stable	aa-	Gas Dist
2	Duquesne Light Co.	BBB+	Stable	aa-	Electric
3	Evergy Kansas South	BBB+	Stable	aa-	Electric
4	Madison Gas and Electric Co.	AA-	Stable	aa-	Electric
5	DTE Gas Co.	A-	Stable	a+	Gas Dist
6	Florida Power & Light Co.	A	Stable	a+	Electric
7	Northwest Nat Gas	A+	Stable	a+	Gas Dist
8	NSTAR Electric Co.	A-	Stable	a+	Electric
9	Public Service Electric Gas	A-	Stable	a+	Electric
10	Spire Alabama Inc.	BBB+	Negative	a+	Gas Dist
11	Alabama Power Co.	A	Stable	a	Electric
12	Baltimore Gas and Electric Co.	A	Negative	a	Electric
13	CenterPoint Energy Houston	BBB+	Negative	a	Electric
14	Central Maine Power Co.	A	Stable	a	Electric
15	Connecticut Light & Power Co.	A-	Stable	a	Electric
16	Entergy Mississippi Inc.	A-	Stable	a	Electric
17	Evergy Metro	A-	Stable	a	Electric
18	Georgia Power Co.	A	Stable	a	Electric
19	Indiana Gas Co.	BBB+	Negative	a	Gas Dist
20	Northern States Power Co.	A-	Negative	a	Electric
21	Piedmont Natural Gas Co.	BBB+	Stable	a	Gas Dist
22	PPL Electric Utilities Corporation	A	Stable	a	Electric
23	Public Service Co. of NC, Inc.	BBB+	Stable	a	Gas Dist
24	Public Service Co. of NH	A-	Stable	a	Electric
25	Virginia Electric & Power Co.	BBB+	Stable	a	Electric
26	Wisconsin Gas LLC	A	Stable	a	Gas Dist
27	Ameren Illinois	BBB+	Stable	a-	Electric
28	Appalachian Power Co.	BBB+	Stable	a-	Electric
29	Atlantic City Electric Co.	A-	Stable	a-	Electric
30	Atmos Energy Corp.	A-	Stable	a-	Gas Dist
31	Cleco Power LLC	A-	Stable	a-	Electric
32	Commonwealth Edison Co.	A-	Stable	a-	Electric
33	Consolidated Edison Co. of NY	A-	Stable	a-	Electric
34	Consumers Energy Co.	A-	Stable	a-	Electric
35	Delmarva Power & Light Co.	A-	Stable	a-	Electric
36	DTE Electric Co.	A-	Stable	a-	Electric
37	Duke Energy Carolinas LLC	BBB+	Stable	a-	Electric
38	Duke Energy Florida Inc.	BBB+	Stable	a-	Electric
39	Duke Energy Indiana Inc.	BBB+	Stable	a-	Electric
40	Duke Energy Ohio	BBB+	Stable	a-	Electric
41	Duke Energy Progress LLC	BBB+	Stable	a-	Electric
42	Entergy Arkansas Inc.	A-	Stable	a-	Electric
43	Evergy Kansas Central	BBB+	Stable	a-	Electric
44	Indiana Michigan Power Co.	BBB+	Stable	a-	Electric
45	Indianapolis Power & Light Co.	BBB	Stable	a-	Electric
46	Interstate Power & Light	BBB+	Stable	a-	Electric

	Company Name	Issuer Credit Rating*	Rating Outlook or Watch *	Stand alone credit profile (SACP)*	Type
47	Kentucky Utilities Co.	A-	Stable	a-	Electric
48	Louisville Gas & Electric Co.	A-	Stable	a-	Electric
49	Massachusetts Electric Co.	BBB+	Stable	a-	Electric
50	MidAmerican Energy Co.	A-	Stable	a-	Electric
51	Northern IN Public Svc Co.	BBB+	Stable	a-	Electric
52	Northern States Power Co - WI	A-	Negative	a-	Electric
53	NSTAR Gas	BBB+	Stable	a-	Gas Dist
54	NY State Electric & Gas Corp.	A-	Stable	a-	Electric
55	Ohio Edison Co.	BBB+	Positive	a-	Electric
56	Ohio Power Co.	BBB+	Stable	a-	Electric
57	Oklahoma Gas and Electric Co.	A-	Stable	a-	Electric
58	Oncor Electric Delivery	A-	Stable	a-	Electric
59	ONE Gas Inc.	A-	Stable	a-	Gas Dist
60	PECO Energy Co.	A-	Stable	a-	Electric
61	Peoples Gas Light & Coke Co.	A-	Stable	a-	Gas Dist
62	PNG Companies LLC	A-	Stable	a-	Gas Dist
63	Potomac Electric Power Co.	A-	Stable	a-	Electric
64	Questar Gas Co.	BBB+	Stable	a-	Gas Dist
65	Rochester Gas & Electric Corp.	A-	Stable	a-	Electric
66	Southern California Gas Co.	A-	Stable	a-	Gas Dist
67	Southern Indiana Gas & Elec Co	BBB+	Negative	a-	Electric
68	Southwest Gas Corp.	BBB\	Positive	a-	Gas Dist
69	Spire Missouri Inc.	BBB+	Negative	a-	Gas Dist
70	Tampa Electric Co.	BBB+	Stable	a-	Electric
71	Texas-New Mexico Power Co.	BBB+	Stable	a-	Electric
72	United Illuminating Co.	A-	Negative	a-	Electric
73	Washington Gas Light	A-	Negative	a-	Gas Dist
74	Wisconsin Electric Power Co.	A-	Stable	a-	Electric
75	Wisconsin Power and Light Co	A-	Stable	a-	Electric
76	Wisconsin Public Service Corp.	A-	Stable	a-	Electric
77	Enbridge Gas Ohio (East Ohio Gas)	BBB+	Stable	bbb+	Gas Dist
78	Arizona Public Service Co.	BBB+	Stable	bbb+	Electric
79	Black Hills Power Inc.	BBB+	Stable	bbb+	Electric
80	Boston Gas Co.	BBB+	Stable	bbb+	Gas Dist
81	Connecticut Natural Gas Corp.	BBB+	Stable	bbb+	Gas Dist
82	Dominion Energy South Carolina Inc.	BBB+	Stable	bbb+	Electric
83	Duke Energy Kentucky Inc.	BBB+	Stable	bbb+	Electric
84	Entergy Louisiana LLC	BBB+	Stable	bbb+	Electric
85	Entergy Texas Inc.	BBB+	Stable	bbb+	Electric
86	First Energy Pennsylvania Elect	BBB+	Positive	bbb+	Electric
87	Green Mountain Power	A-	Stable	bbb+	Electric
88	KeySpan Gas East Corp.	BBB+	Stable	bbb+	Gas Dist
89	Mississippi Power Co.	A-	Stable	bbb+	Electric
90	Montana-Dakota Utilities	BBB+	Stable	bbb+	Electric
91	Niagara Mohawk Power Corp	BBB+	Stable	bbb+	Electric
92	Orange & Rockland Utlts Inc.	A-	Stable	bbb+	Electric
93	Otter Tail Power Company	BBB+	Stable	bbb+	Electric
94	Portland General Electric Co.	BBB+	Stable	bbb+	Electric
95	Public Service Co. of CO	BBB+	Stable	bbb+	Electric

	Company Name	Issuer Credit Rating*	Rating Outlook or Watch *	Stand alone credit profile (SACP)*	Type
96	Puget Sound Energy Inc.	BBB	Stable	bbb+	Electric
97	Rhode Island Energy (Narragansett El	A-	Stable	bbb+	Electric
98	San Diego Gas & Electric Co.	BBB+	Stable	bbb+	Electric
99	Southern Connecticut Gas Co.	BBB+	Stable	bbb+	Gas Dist
100	Southwestern Electric Power Co	BBB+	Stable	bbb+	Electric
101	Toledo Edison Co.	BBB+	Positive	bbb+	Electric
102	Tucson Electric Power Co.	A-	Negative	bbb+	Electric
103	Union Electric Co.	BBB+	Stable	bbb+	Electric
104	AEP Texas Inc.	BBB+	Stable	bbb	Electric
105	Avista Corp.	BBB	Stable	bbb	Electric
106	Berkshire Gas Co.	BBB+	Stable	bbb	Gas Dist
107	Brooklyn Union Gas Co.	BBB+	Stable	bbb	Gas Dist
108	Central Hudson Gas & Electric	BBB+	Negative	bbb	Electric
109	Cleveland Electric Illuminating Inc.	BBB	Positive	bbb	Electric
110	Empire District Electric Co.	BBB	Stable	bbb	Electric
111	Evergy Missouri West	BBB+	Stable	bbb	Electric
112	Eversource Gas Co. of MA	BBB+	Stable	bbb	Gas Dist
113	Idaho Power Co.	BBB	Stable	bbb	Electric
114	Jersey Central Power & Light	BBB	Positive	bbb	Electric
115	Monongahela Power Co.	BBB	Stable	bbb	Electric
116	Nevada Power Co.	A-	Stable	bbb	Electric
117	NorthWestern Corp.	BBB	Stable	bbb	Electric
118	Potomac Edison Co.	BBB	Stable	bbb	Electric
119	Public Service Co. of NM	BBB	Stable	bbb	Electric
120	Public Service Co. of OK	BBB+	Stable	bbb	Electric
121	Sierra Pacific Power Co.	A-	Stable	bbb	Electric
122	Southern California Edison Co.	BBB	Negative	bbb	Electric
123	Southwestern Public Service Co	BBB	Negative	bbb	Electric
124	Dayton Power & Light Co.	BBB-	Stable	bbb-	Electric
125	Kentucky Power Co.	BBB	Stable	bbb-	Electric
126	Yankee Gas Services Company	BBB	Stable	bbb-	Gas Dist
127	Cascade Natural Gas	BBB	Stable	bb+	Gas Dist
128	Entergy New Orleans	BB	Stable	bb	Electric
129	Pacific Gas and Electric Co.	BB	Positive	bb	Electric
130	PacifiCorp	BBB	Negative	bb	Electric
131	Hawaiian Electric Co.	B+	Watch Pos	b+	Electric

Median	a-
Average	a-/bbb+

** Data as of July 31, 2025. Source: S&P Global Ratings, "Issuer Ranking: North American Electric, Gas, and Water Regulated Utilities, Strongest to Weakest," August 5, 2025.*

This information contains confidential material and will be made available only after execution of a certification to be bound by the protective order set forth in Section VII of this Rate Filing Package or a protective order issued in this docket.

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APPLICATION OF TEXAS-NEW MEXICO POWER COMPANY FOR AUTHORITY TO CHANGE RATES

WORKPAPERS FOR THE DIRECT TESTIMONY OF ELLEN LAPSON

Portions of these workpapers are highly sensitive protected materials and will be made available only after execution of a certification to be bound by the draft protective order set forth in Section VII of this Rate Filing Package or a protective order issued in this docket. Workpapers qualifying as highly sensitive protected materials are listed below:

- HSPM – WP/EL-10.xlsx

None of Ms. Lapson's non-confidential workpapers are voluminous under RFP General Instruction No. 12(c) and are filed herewith.

	Date	Company	State	ROR (%)	ROE (%)	Common equity as % of capital	Footnotes	Common equity as % of capital (Excluding types B,D,T,LIR and *)	Obser-vations
2022	12/29/2022	Wisconsin Electric Power Co.	WI	8.77	9.80	58.22		58.22	1
2022	12/20/2022	Georgia Power Co.	GA	7.43	10.50	56.00	B, Z	56.00	2
2022	3/16/2022	Public Service Co. of Colorado	CO	6.82	9.30	55.69	B	55.69	3
2022	2/16/2022	Southwestern Public Service Co	NM	7.07	9.35	54.72	B	54.72	4
2022	12/22/2022	Wisconsin Public Service Corp.	WI	7.52	9.80	53.40		53.40	5
2022	9/8/2022	Oklahoma Gas and Electric Co.	OK	—	9.50	53.37	B	53.37	6
2022	12/27/2022	Sierra Pacific Power Co.	NV	6.98	9.56	52.40		52.40	7
2022	11/3/2022	Pacific Gas and Electric Co.	CA	7.81	10.25	52.00	32	52.00	8
2022	11/3/2022	San Diego Gas & Electric Co.	CA	7.55	10.20	52.00	32	52.00	9
2022	11/3/2022	Southern California Edison Co.	CA	7.68	10.30	52.00	32	52.00	10
2022	12/15/2022	Pacific Gas and Electric Co.	CA	7.27	10.00	52.00	32	52.00	11
2022	12/15/2022	San Diego Gas & Electric Co.	CA	7.18	9.95	52.00	32	52.00	12
2022	12/15/2022	Southern California Edison Co.	CA	7.44	10.05	52.00	32	52.00	13
2022	2/8/2022	Virginia Electric and Power Co.	VA	7.33	10.20	51.82	LIR 4	51.82	14
2022	2/10/2022	Virginia Electric and Power Co.	VA	6.81	9.20	51.82	LIR 5	51.82	15
2022	9/15/2022	El Paso Electric Co.	TX	7.50	9.35	51.00	B,I	51.00	16
2022	4/25/2022	Portland General Electric Co.	OR	6.81	9.50	50.00	B	50.00	17
2022	12/16/2022	PacifiCorp	OR	7.11	9.50	50.00	B	50.00	18
2022	8/31/2022	Green Mountain Power Corp.	VT	6.30	8.57	49.98	Z	49.98	19
2022	12/22/2022	Puget Sound Energy Inc.	WA	7.16	9.40	49.00	B, Z	49.00	20
2022	10/25/2022	Kingsport Power Co.	TN	6.02	9.50	48.90	B	48.90	21
							Total	1,098.32	
							Observations	21	
							Average 2022	**52.30**	
2023	8/31/2023	Alaska Electric Light and Power	AK	8.79	11.45	60.70	I	60.7	1
2023	11/3/2023	Madison Gas and Electric Co.	WI	7.74	9.70	56.06	Z	56.1	2
2023	9/6/2023	Public Service Co. of Colorado	CO	6.95	9.30	55.69	B	55.7	3
2023	10/19/2023	Southwestern Public Service Co	NM	7.17	9.50	54.70	B	54.7	4
2023	8/25/2023	Tucson Electric Power Co.	AZ	6.93	9.55	54.32		54.3	5
2023	11/9/2023	Wisconsin Power and Light Co.	WI	7.54	9.80	53.70	Z	53.7	6
2023	8/18/2023	Duke Energy Progress LLC	NC	7.07	9.80	53.00	Z, I	53.0	7
2023	12/26/2023	Nevada Power Co.	NV	7.44	9.52	52.72	28	52.7	8
2023	4/27/2023	Liberty Utilities (CalPeco Electri	CA	—	10.00	52.50		52.5	9
2023	11/9/2023	Northern States Power Co.	WI	7.58	9.80	52.50		52.5	10
2023	1/23/2023	Minnesota Power Enterprises In	MN	7.12	9.65	52.50	I	52.5	11
2023	6/1/2023	Northern States Power Co.	MN	6.95	9.25	52.50	Z, I	52.5	12
2023	2/9/2023	Duke Energy Progress LLC	SC	6.83	9.60	52.43	B	52.4	13
2023	1/26/2023	Virginia Electric and Power Co.	VA	6.83	9.35	52.29	LIR, Z 2	52.3	14
2023	12/14/2023	PacifiCorp	CA	7.34	10.00	52.25		52.3	15
2023	10/12/2023	Duke Energy Kentucky Inc.	KY	7.19	9.75	52.15		52.2	16
2023	12/22/2023	Pacific Gas and Electric Co.	CA	7.8	10.70	52.00	27	52.0	17
2023	12/22/2023	San Diego Gas & Electric Co.	CA	7.67	10.65	52.00	27	52.0	18
2023	12/22/2023	Southern California Edison Co.	CA	7.87	10.75	52.00	27	52.0	19
2023	1/26/2023	Cheyenne Light, Fuel and Powe	WY	7.48	9.75	52.00	B	52.0	20
2023	11/3/2023	Public Service Co. of Oklahoma	OK	6.69	9.30	52.00	B, I	52.0	21
2023	8/2/2023	Northern Indiana Public Service	IN	6.80	9.80	51.63	B, Z	51.6	22
2023	8/3/2023	Entergy Texas Inc.	TX	6.61	9.57	51.21	B	51.2	23
2023	6/6/2023	MDU Resources Group Inc.	ND	7.13	9.75	50.81	B, I	50.8	24
2023	9/21/2023	MDU Resources Group Inc.	MT	7.53	9.65	50.30	B, I	50.3	25
2023	8/31/2023	Avista Corp.	ID	7.19	9.40	50.00	B, Z	50.0	26
2023	12/18/2023	Portland General Electric Co.	OR	6.99	9.50	50.00	B	50.0	27
2023	8/23/2023	Green Mountain Power Corp.	VT	6.88	9.58	49.88	21	49.9	28
2023	11/28/2023	PacifiCorp	WY	7.13	9.35	48.99		49.0	29
2023	10/25/2023	NorthWestern Energy Group Inc	MT	6.72	9.65	48.02	B, I	48.0	30
							Total	1570.9	
							Observations	30	
							Average 2023	**52.36**	
2024	12/19/2024	Wisconsin Electric Power Co.	WI	8.92	9.80	56.54	Z	56.54	1
2024	12/19/2024	Wisconsin Public Service Corp.	WI	8.02	9.80	54.17	Z	54.17	2
2024	1/30/2024	UNS Electric Inc.	AZ	7.18	9.75	53.72		53.72	3
2024	11/26/2024	Oklahoma Gas and Electric Co.	OK	NA	9.50	53.50	B, I	53.50	4
2024	12/30/2024	Otter Tail Power Co.	ND	7.53	10.10	53.50	B, I	53.50	5
2024	10/24/2024	Minnesota Power Enterprises In	MN	7.25	9.78	53.00	B, I	53.00	6
2024	8/8/2024	Dominion Energy South Carolin	SC	7.93	9.94	52.51	B	52.51	7
2024	9/18/2024	Sierra Pacific Power Co.	NV	7.43	9.74	52.40	16	52.40	8
2024	3/5/2024	Arizona Public Service Co.	AZ	6.81	9.55	51.93		51.93	9
2024	2/14/2024	Jersey Central Power & Light C	NJ	7.18	9.60	51.90	B, D	51.90	10
2024	6/20/2024	Duke Energy Carolinas LLC	SC	7.32	9.94	51.21	B, Z	51.21	11
2024	9/17/2024	Interstate Power and Light Co.	IA	7.29	9.87	51.00	B	51.00	12
2024	12/19/2024	PacifiCorp	OR	7.40	9.50	50.00		50.00	13
2024	12/20/2024	Portland General Electric Co.	OR	6.99	9.34	50.00		50.00	14
2024	9/23/2024	Idaho Power Co.	OR	7.3	9.50	50.00	B	50.00	15
2024	8/28/2024	Green Mountain Power Corp.	VT	7.05	9.97	49.81	15	49.81	16
2024	1/3/2024	Public Service Co. of New Mexic	NM	6.47	9.26	49.61		49.61	17
2024	12/20/2024	Avista Corp.	WA	7.32	9.80	48.50	Z	48.50	18
2024	11/20/2024	Appalachian Power Co.	VA	7.26	9.75	48.24	20	48.24	19
2024	8/21/2024	Duke Energy Florida LLC	FL	7.56	10.30	45.57	B, Z	45.57	20
2024	4/17/2024	AES Indiana	IN	6.85	9.90	44.36	B	44.36	21
2024	1/19/2024	Kentucky Power Co.	KY	NA	9.75	41.25	B	41.25	22
							Total	1,112.72	
							Observations	22	
							Average 2024	**50.58**	
Q1 2025	01/16/25	Bear Valley Electric Service Inc.	CA	8.07	10.00	57.00	B, Z	57.00	1
Q1 2025	01/14/25	Virginia Electric and Power Co.	NC	7.30	9.95	52.50	B	52.50	2
Q1 2025	01/15/25	Public Service Co. of Oklahoma	OK	6.98	9.50	51.12	B, I	51.12	3
Q1 2025	01/15/25	Puget Sound Energy Inc.	WA	7.64	9.90	50.00	Z	50.00	4
Q1 2025	02/03/25	Southern Indiana Gas and Elec	IN	6.77	9.80	48.28	B, Z	48.28	5
Q1 2025	03/12/25	Black Hills Colorado Electric Inc	CO	6.90	9.40	48.00		48.00	6
Q1 2025	01/29/25	Duke Energy Indiana LLC	IN	6.19	9.75	43.28	Z	43.28	7
	03/04/25	Florida Public Utilities Co.	FL	6.34	10.15	42.42	I	42.42	8

Footnotes

A	Average.
B	Order followed stipulation or settlement by the parties. Decision particulars not necessarily precedent-setting or specifically adopted by the regulatory body.
D	Applies to electric delivery only.
I	Interim rates implemented prior to the issuance of final order, normally under bond and subject to refund.
LIR	Limited-issue rider proceeding.
NA	Not available at the time of publication.
T	Transmission-only case.
W	Case was withdrawn.
Z	Rate change implemented in multiple steps.
*	Capital structure includes cost-free items or tax credit balances at the overall rate of return.

Exhibit EL-3

Capital Structure Decisions: Equity Ratio Determined in Decided Cases [1]

Decisions: Electric Distribution Only (Excludes PUCT orders and transmission only) [2,3]

See decisions on following pages	2022	2023	2024	2025 1st Half
Number of Observations	9	11	8	3
Average Equity Ratio (%)	50.61	49.84	51.4	50
Sum	455.53	548.2	411.49	150

Decisions: Distribution and Integrated Electric [2,3]

See decisions on following pages	2022	2023	2024	2025 1st Half
Number of Observations	29	40	29	14
Average Equity Ratio (%)	51.82	51.71	50.77	49.72
Sum	1,502.85	2068.55	1472.31	696.11

Summary: Electric Distribution Utilities	3.5 years	2.5 years
Number of Observations	31	22
Average Equity Ratio (%)	50.49	50.44
Sum	1565.2	1109.7

Summary: Electric Integrated plus Distribution Utilities

	3.5 years	2.5 years
Number of Observations	112	83
Average Equity Ratio (%)	51.25	51.05
Sum	5,739.8	4,237.0

Notes

1. Source: RRA Financial, S&P Global Market Intelligence. Lapson Advisory

2. Excludes wholesale transmission only-companies.

3. Excludes decisions by the PUC Texas; limited issue proceedings; and cases in which cost-free items (deferred taxes and/or regulatory liabilities) are included as elements of the capital structure at the average cost of capital.

Electric utility decisions - 2022

Date	Company	State	ROR (%)	ROE (%)	Common equity as % of capital	RRA Footnotes	Elec Distrib only Exclude TX; excl FNs T, LIR, *	Integrated + Distribution Exclude TX; excl FNs T, LIR, *	
12/14/2022	The Dayton Power and Light Co.	OH	7.43	10.00	53.87	D	53.87	53.87	1
11/30/2022	NSTAR Electric Co.	MA	7.06	9.80	53.21	D, Z,36	53.21	53.21	2
5/12/2022	Unitil Energy Systems Inc.	NH	7.42	9.20	52.00	B, D, Z, I	52.00	52.00	3
12/14/2022	Delmarva Power & Light Co.	MD	6.62	9.60	50.50	B, D, Z	50.50	50.50	4
12/14/2022	Duke Energy Ohio Inc.	OH	6.86	9.50	50.50	B, D	50.50	50.50	5
12/1/2022	Ameren Illinois Co.	IL	5.90	7.85	50.00	D,33	50.00	50.00	6
11/17/2022	Commonwealth Edison Co.	IL	5.94	7.85	49.45	D,33	49.45	49.45	7
1/20/2022	Niagara Mohawk Power Corp.	NY	6.08	9.00	48.00	B, D, Z	48.00	48.00	8
4/14/2022	Orange and Rockland Utilities Inc.	NY	6.77	9.20	48.00	B, D, Z	48.00	48.00	9
12/29/2022	Wisconsin Electric Power Co.	WI	8.77	9.80	58.22			58.22	10
12/20/2022	Georgia Power Co.	GA	7.43	10.50	56.00	B, Z		56.00	11
3/16/2022	Public Service Co. of Colorado	CO	6.82	9.30	55.69	B		55.69	12
2/16/2022	Southwestern Public Service Co.	NM	7.07	9.35	54.72	B		54.72	13
12/22/2022	Wisconsin Public Service Corp.	WI	7.52	9.80	53.40			53.40	14
9/8/2022	Oklahoma Gas and Electric Co.	OK	—	9.50	53.37	B		53.37	15
12/27/2022	Sierra Pacific Power Co.	NV	6.98	9.56	52.40			52.40	16
11/3/2022	Pacific Gas and Electric Co.	CA	7.81	10.25	52.00	32		52.00	17
11/3/2022	San Diego Gas & Electric Co.	CA	7.55	10.20	52.00	32		52.00	18
11/3/2022	Southern California Edison Co.	CA	7.68	10.30	52.00	32		52.00	19
12/15/2022	Pacific Gas and Electric Co.	CA	7.27	10.00	52.00	32		52.00	20
12/15/2022	San Diego Gas & Electric Co.	CA	7.18	9.95	52.00	32		52.00	21
12/15/2022	Southern California Edison Co.	CA	7.44	10.05	52.00	32		52.00	22
2/8/2022	Virginia Electric and Power Co.	VA	7.33	10.20	51.82	LIR,4		51.82	23
2/10/2022	Virginia Electric and Power Co.	VA	6.81	9.20	51.82	LIR,5		51.82	24
4/25/2022	Portland General Electric Co.	OR	6.81	9.50	50.00	B		50.00	25
12/16/2022	PacifiCorp	OR	7.11	9.50	50.00	B		50.00	26
8/31/2022	Green Mountain Power Corp.	VT	6.30	8.57	49.98	Z		49.98	27
12/22/2022	Puget Sound Energy Inc.	WA	7.16	9.40	49.00	B, Z		49.00	28
10/25/2022	Kingsport Power Co.	TN	6.02	9.50	48.90	B		48.90	29
2022	**Total**					**Total**	**455.5**	**1502.9**	
	Observations					**Observation**	**9.0**	**29.0**	
	Average					**Average**	**50.6**	**51.8**	

Data compiled Jan. 27, 2023.
ROR = rate of return.
Source: Regulatory Research Associates, a group within S&P Global Commodity Insights.

Footnotes

A	Average.
B	Order followed stipulation or settlement by the parties. Decision particulars not necessarily precedent-setting or specifically adopted by the regulatory body.
D	Applies to electric delivery only.
I	Interim rates implemented prior to the issuance of final order, normally under bond and subject to refund.
LIR	Limited-issue rider proceeding.
NA	Not available at the time of publication.
T	Transmission-only case.
W	Case was withdrawn.
Z	Rate change implemented in multiple steps.
*	Capital structure includes cost-free items or tax credit balances at the overall rate of return.

Electric utility decisions - 2023

							Elec Dist Only	Integrated + Distribution	
Date	**Company**	**State**	**ROR (%)**	**ROE (%)**	**Common equity as % of capital**	**RRA Footnotes**	**Excl. Texas, T, LIR, and ***	**Excl. Texas, T, LIR, and ***	
10/18/2023	The Potomac Edison Co.	MD	6.92	9.50	53.00	D	53.0	53.0	1
12/14/2023	Baltimore Gas and Electric Co.	MD	6.77	9.50	52.00	D, Z	52.0	52.0	2
11/17/2023	Atlantic City Electric Co.	NJ	6.58	9.60	50.20	B, D, Z	50.2	50.2	3
6/6/2023	Central Maine Power Co.	ME	6.74	9.35	50.00	B, D, Z	50.0	50.0	4
8/25/2023	The United Illuminating Co.	CT	6.48	8.63	50.00	D,22	50.0	50.0	5
12/14/2023	Ameren Illinois Co.	IL	6.59	8.72	50.00	D, Z	50.0	50.0	6
12/14/2023	Commonwealth Edison Co.	IL	6.70	8.91	50.00	D, Z	50.0	50.0	7
5/31/2023	Versant Power	ME	6.59	9.35	49.00	B, D, Z	49.0	49.0	8
7/20/2023	Consolidated Edison Co. of New York Inc.	NY	6.75	9.25	48.00	B, D, Z	48.0	48.0	9
10/12/2023	New York State Electric & Gas Corp.	NY	6.40	9.20	48.00	B, D, Z	48.0	48.0	10
10/12/2023	Rochester Gas and Electric Corp.	NY	6.67	9.20	48.00	B, D, Z	48.0	48.0	11
8/31/2023	Alaska Electric Light and Power Co.	AK	8.79	11.45	60.70	I		60.7	12
11/3/2023	Madison Gas and Electric Co.	WI	7.74	9.70	56.06	Z		56.1	13
9/6/2023	Public Service Co. of Colorado	CO	6.95	9.30	55.69	B		55.7	14
10/19/2023	Southwestern Public Service Co.	NM	7.17	9.50	54.70	B		54.7	15
8/25/2023	Tucson Electric Power Co.	AZ	6.93	9.55	54.32			54.3	16
11/9/2023	Wisconsin Power and Light Co.	WI	7.54	9.80	53.70	Z		53.7	17
12/15/2023	Duke Energy Carolinas LLC	NC	7.5	10.10	53.00	Z, I		53.0	18
8/18/2023	Duke Energy Progress LLC	NC	7.07	9.80	53.00	Z, I		53.0	19
12/26/2023	Nevada Power Co.	NV	7.44	9.52	52.72	28		52.7	20
4/27/2023	Liberty Utilities (CalPeco Electric) LLC	CA	—	10.00	52.50			52.5	21
11/9/2023	Northern States Power Co.	WI	7.58	9.80	52.50			52.5	22
1/23/2023	Minnesota Power Enterprises Inc.	MN	7.12	9.65	52.50	I		52.5	23
6/1/2023	Northern States Power Co.	MN	6.95	9.25	52.50	Z, I		52.5	24
2/9/2023	Duke Energy Progress LLC	SC	6.83	9.60	52.43	B		52.4	25
12/14/2023	PacifiCorp	CA	7.34	10.00	52.25			52.3	26
10/12/2023	Duke Energy Kentucky, Inc.	KY	7.19	9.75	52.15			52.2	27
12/22/2023	Pacific Gas and Electric Co.	CA	7.8	10.70	52.00	27		52.0	28
12/22/2023	San Diego Gas & Electric Co.	CA	7.67	10.65	52.00	27		52.0	29
12/22/2023	Southern California Edison Co.	CA	7.87	10.75	52.00	27		52.0	30
1/26/2023	Cheyenne Light, Fuel and Power Co.	WY	7.48	9.75	52.00	B		52.0	31
11/3/2023	Public Service Co. of Oklahoma	OK	6.69	9.30	52.00	B, I		52.0	32
8/2/2023	Northern Indiana Public Service Co. LLC	IN	6.80	9.80	51.63	B, Z		51.6	33
6/6/2023	MDU Resources Group Inc.	ND	7.13	9.75	50.81	B, I		50.8	34
9/21/2023	MDU Resources Group Inc.	MT	7.53	9.65	50.30	B, I		50.3	35
8/31/2023	Avista Corp.	ID	7.19	9.40	50.00	B, Z		50.0	36
12/18/2023	Portland General Electric Co.	OR	6.99	9.50	50.00	B		50.0	37
8/23/2023	Green Mountain Power Corp.	VT	6.88	9.58	49.88	21		49.9	38
11/28/2023	PacifiCorp	WY	7.13	9.35	48.99			49.0	39
10/25/2023	NorthWestern Energy Group Inc.	MT	6.72	9.65	48.02	B, I		48.0	40
						Total	**548.2**	**2068.6**	
2023	**Annual:Averages/total with authorized cap structure**					**Avg**	**49.8**	**51.7**	
	Observations					**Observations**	**11**	**40**	

Data compiled Jan. 24, 2024.

ROR = rate of return; ROE = return on equity; — = no observations.

Source: Regulatory Research Associates, a group within S&P Global Commodity Insights.

Footnotes

A	Average.
B	Order followed stipulation by the parties. Decision particulars not necessarily precedent-setting or specifically adopted by the regulatory body.
D	Applies to electric delivery only.
I	Interim rates implemented prior to the issuance of final order, normally under bond and subject to refund.

LIR	Limited-issue rider proceeding.
NA	Not available at the time of publication.
T	Transmission-only case.
W	Case was withdrawn.
Z	Rate change implemented in multiple steps.
*	Capital structure includes cost-free items of tax credit balances at the overall rate of return

Electric utility decisions - 2024

Date	Company	State	ROR (%)	ROE (%)	Common equity as % of capital	RRA Footnotes	Elec Distribution only: Excl. Texas, T, LIR, and *	Integrated + Distribution: Excl. Texas, T, LIR, and *	
4/18/2024	Delmarva Power & Light Co.	DE	6.97	9.60	50.50	B, D, I	50.50	50.50	1
6/10/2024	Potomac Electric Power Co.	MD	7.13	9.50	50.50	D	50.50	50.50	2
11/25/2024	Potomac Electric Power Co.	DC	7.29	9.50	50.50	D, Z	50.50	50.50	3
2/14/2024	Jersey Central Power & Light Co.	NJ	7.18	9.60	51.90	B, D	51.90	51.90	4
6/28/2024	Fitchburg Gas and Electric Light Co. Inc.	MA	7.46	9.40	52.26	D, Z	52.26	52.26	5
9/30/2024	Massachusetts Electric Co.	MA	7.09	9.35	52.83	D, Z	52.83	52.83	6
10/9/2024	Public Service Electric and Gas Co.	NJ	7.07	9.60	55.00	B, D	55.00	55.00	7
7/18/2024	Central Hudson Gas & Electric Corp.	NY	6.92	9.50	48.00	D	48.00	48.00	8
12/19/2024	Wisconsin Electric Power Co.	WI	8.92	9.80	56.54	Z		56.54	9
12/19/2024	Wisconsin Public Service Corp.	WI	8.02	9.80	54.17	Z		54.17	10
1/30/2024	UNS Electric Inc.	AZ	7.18	9.75	53.72			53.72	11
11/26/2024	Oklahoma Gas and Electric Co.	OK	NA	9.50	53.50	B, I		53.50	12
12/30/2024	Otter Tail Power Co.	ND	7.53	10.10	53.50	B, I		53.50	13
10/24/2024	Minnesota Power Enterprises Inc.	MN	7.25	9.78	53.00	B, I		53.00	14
8/8/2024	Dominion Energy South Carolina Inc.	SC	7.93	9.94	52.51	B		52.51	15
9/18/2024	Sierra Pacific Power Co.	NV	7.43	9.74	52.40	16		52.40	16
3/5/2024	Arizona Public Service Co.	AZ	6.81	9.55	51.93			51.93	17
6/20/2024	Duke Energy Carolinas LLC	SC	7.32	9.94	51.21	B, Z		51.21	18
9/17/2024	Interstate Power and Light Co.	IA	7.29	9.87	51.00	B		51.00	19
12/19/2024	PacifiCorp	OR	7.40	9.50	50.00			50.00	20
12/20/2024	Portland General Electric Co.	OR	6.99	9.34	50.00			50.00	21
9/23/2024	Idaho Power Co.	OR	7.3	9.50	50.00	B		50.00	22
8/26/2024	Green Mountain Power Corp.	VT	7.05	9.97	49.81	15		49.81	23
1/3/2024	Public Service Co. of New Mexico	NM	6.47	9.26	49.61			49.61	24
12/20/2024	Avista Corp.	WA	7.32	9.80	48.50	Z		48.50	25
11/20/2024	Appalachian Power Co.	VA	7.26	9.75	48.24	20		48.24	26
8/21/2024	Duke Energy Florida LLC	FL	7.56	10.30	45.57	B, Z		45.57	27
4/17/2024	AES Indiana	IN	6.85	9.90	44.36	B		44.36	28
1/19/2024	Kentucky Power Co.	KY	NA	9.75	41.25	B		41.25	29
						Total	**411.49**	**1472.31**	
2024	**Annual averages**					**Average**	**51.44**	**50.77**	
	Observations					**Observations**	**8**	**29**	

Data compiled Jan. 28, 2025.

NA = not available; ROE = return on equity; ROR = return on rate base.

Source: Regulatory Research Associates, a group within S&P Global Commodity Insights.

Footnotes

A	Average.
B	Order followed stipulation by the parties. Decision particulars not necessarily precedent-setting or specifically adopted by the regulatory body.
D	Applies to electric delivery only.
I	Interim rates implemented prior to the issuance of final order, normally under bond and subject to refund.
LIR	Limited-issue rider proceeding.
T	Transmission-only case.
W	Case was withdrawn.
Z	Rate change implemented in multiple steps.
*	Capital structure includes cost-free items of tax credit balances at the overall rate of

Electric utility decisions - First Half 2025

Date	Company	State	ROR (%)	ROE (%)	Common equity as percent of capital	RRA Footnotes	Elec Distribution only Excl. Texas, T, LIR, and *	Integrated + Distribution Excl. Texas, T, LIR, and *	
03/25/25	Liberty Utilities (Granite State Electric) Corp.	NH	7.71	9.10	52.00	D, Z, I	52.0	52.0	1
03/13/25	Versant Power	ME	6.84	9.35	50.00	D	50.0	50.0	2
03/20/25	Orange and Rockland Utilities Inc.	NY	7.25	9.75	48.00	B, D, Z	48.0	48.0	3
01/23/25	Bear Valley Electric Service Inc.	CA	8.07	10.00	57.00	B, Z		57.0	4
01/28/25	Northern Indiana Public Service Co. LLC	IN	7.14	9.75	53.01	B, Z		53.0	5
01/29/25	Virginia Electric and Power Co.	NC	7.30	9.95	52.50	B		52.5	6
01/31/25	Public Service Co. of Oklahoma	OK	6.98	9.50	51.12	B, I		51.1	7
02/03/25	Public Service Company of New Mexico	NM	6.90	9.45	51.00	B, Z		51.0	8
02/27/25	Puget Sound Energy Inc.	WA	7.64	9.90	50.00	Z		50.0	9
03/04/25	Southern Indiana Gas and Electric Co.	IN	6.77	9.80	48.28	B, Z		48.3	10
03/11/25	Black Hills Colorado Electric Inc.	CO	6.90	9.40	48.00			48.0	11
03/12/25	PacifiCorp	WY	7.27	9.50	47.50	B		47.5	12
03/13/25	PacifiCorp	UT	7.06	9.38	44.42			44.4	13
03/21/25	Duke Energy Indiana LLC	IN	6.19	9.75	43.28	Z		43.3	14
	H1 Total						**150.00**	**696.1**	
2025	**H1 averages/total**						**50.0**	**49.72**	
	Observations						**3**	**14**	

Data compiled July 22, 2025.
NA = not available; ROE = return on equity; ROR = rate of return.
Source: Regulatory Research Associates, a group within S&P Global Commodity Insights.

Footnotes

A	Average.
B	Order followed stipulation or settlement by the parties. Decision particulars not necessarily precedent-setting or specifically adopted by the regulatory
D	Applies to electric delivery only.
I	Interim rates implemented prior to the issuance of final order, normally under bond and subject to refund.
LIR	Limited-issue rider proceeding.
T	Transmission-only case.
W	Case was withdrawn.
Z	Rate change implemented in multiple steps.
*	Capital structure includes cost-free items of tax credit balances at the overall rate of

Equity as a Percent of Total Capital in Decided Rate Cases

Period	2022 through 2025 Q2
Includes	Electric
Excludes	Distribution (D)
Excludes	Transmission only (T)
Excludes	Limited issue Rider (LIR)
Excludes	Capital structure includes cost-free items or tax credit balances at the overall rate of return. (*)

Fully Litigated Cases

Observations	
Min (%)	
Max (%)	
Median (%)	

Source: S&P Global Market Intelligence , Regulatory Research Associates, "Major Energy Rate Case Decisions in the U.S. " Years: 2022, 2023, 2024, and Q2 2025

Distribution of Moody's Ratings 9/22/2025

	Number	% of Total	Aggregate %	
A1	6	5%	5%	
A2	15	12%	16%	
A3	39	30%	47%	
Baa1	47	36%	83%	TNMP
Baa2	14	11%	94%	
Baa3	6	5%	98%	
Ba1 and below	2	2%	100%	
Sum	129	100.0%		

Moody's LT Issuer Ratings at September 22, 2025

Size of Sample: 130 U.S. Utility Operating Companies*

	Companies	**% of Total**	**Aggregate %**
A1, A2, A3	60	47%	47%
Baa1	47	36%	83%
Baa2	14	11%	94%
Baa3	6	5%	98%
Ba1 or lower**	2	2%	100%
Total	129	100%	

Average Rating	A3 / Baa1

* Investor-owned U.S. rate-regulated utilities, including integr
electric utilities, electric distribution utilities, combination
electric & gas companies, and natural gas distribution companies.
** Sub-investment grade

Point scores for sorting by ratings

aa-	4
a+	5
a	6
a-	7
bbb+	8
bbb	9
bbb-	10
bb+	11
bb	12
bb-	13
b+	14
b-	16

Point scores for sorting by ratings

AA-	4
A+	5
A	6
A-	7
BBB+	8
BBB	9
BBB-	10
BB+	11
BB	12
BB-	13
B+	14
B	15

Point scores for sorting by ratings

aa-	4
a+	5
a	6
a-	7
bbb+	8
bbb	9
bbb-	10
bb+	11
bb	12
bb-	13
b+	14
b-	16