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DOCKET NO. 41403

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APPLICATION OF EL PASO
ELECTRIC COMPANY FOR
APPROVAL TO REVISE ITS
ENERGY EFFICIENCY COST
RECOVERY FACTOR AND
REQUEST TO ESTABLISH REVISED
COST CAPS

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PUBLIC UTILITY COMMISSION
OF TEXAS

**APPLICATION OF EL PASO ELECTRIC COMPANY FOR APPROVAL TO REVISE
ITS ENERGY EFFICIENCY COST RECOVERY FACTOR AND REQUEST TO
ESTABLISH REVISED COST CAPS**

El Paso Electric Company (EPE or Company) submits this Application for Approval to Revise its Energy Efficiency Cost Recovery Factor (EECRF) and Request to Establish Revised Cost Caps (Application). In support thereof, EPE respectfully shows the following:

I. BUSINESS ADDRESS AND AUTHORIZED REPRESENTATIVES

EPE's business address is 100 N. Stanton, El Paso, Texas 79901. EPE's authorized representative for the purpose of receiving service of documents is:

David Hinkson
El Paso Electric Company
100 N. Stanton
El Paso, Texas 79901
(915) 543-4377
(915) 521-4450 (fax)

EPE's authorized legal representatives and designated recipients for service of pleadings and other documents are:

Bret Slocum
State Bar No. 18508200
Duggins Wren Mann & Romero, LLP
P.O. Box 1149
Austin, Texas 78767
(512) 744-9300
(512) 744-9399 (fax)

Lorenzo Nieto
State Bar No. 24037183
El Paso Electric Company
100 N. Stanton
El Paso, Texas 79901
(915) 543-5897
(915) 521-4747 (fax)

II. JURISDICTION

The Public Utility Commission of Texas (Commission or PUCT) has jurisdiction over EPE and the subject matter of this Application by virtue of Section 39.905 of the Public Utility Regulatory Act (PURA)¹ and P.U.C. SUBST. R. 25.181.

III. AFFECTED PERSONS

EPE provides service to approximately 290,000 retail electric customers in Texas. EPE proposes to apply the EECRF requested herein to all of its retail electric customers in its Texas service areas that fall within the classes subject to the EECRF. Those classes are listed in the proposed tariff, which is Attachment A to this Application.

IV. EPE'S PROPOSED EECRF FOR 2014 AND REQUEST TO ESTABLISH REVISED COST CAPS

By this Application, EPE requests the authority to revise its EECRF for 2014 to reflect the following four components:

- 1) \$4,470,493 in projected energy efficiency program costs for 2014;
- 2) a \$409,036 performance bonus based on the Company's 2012 energy efficiency program performance;
- 3) A true-up adjustment, by rate class, of EPE's net over-recovery for 2012 of \$618,112; and
- 4) EPE's prior year EECRF filing expenses of \$41,349

The total amount that EPE requests be included in its 2014 EECRF is \$4,302,766. EPE's request is based on continuing its energy efficiency programs with the same megawatt goal (11.16 MW) and at the same level they have been since 2011. EPE calculates that by

maintaining those programs at that same level, EPE will be able to achieve the equivalent of an energy efficiency saving of greater than both the 30% energy efficiency goal and the four-tenths of 1% of its summer weather-adjusted peak demand goals that are prescribed by P.U.C. SUBST. R. 25.181(e).

Continuing the programs at the same level with the same goal would cause a number of rate classes to exceed the cost caps in P.U.C. SUBST. R. 25.181(f)(7). However, pursuant to P.U.C. SUBST. R. 25.181(f)(2), EPE requests a good cause exception that will permit the combination of three classes that have only one customer with the Large Power class for purposes of determining the EECRF. These three classes are Rate 34 – Cotton Gin Service, Rate 43 – University Service, and the cogeneration customer related rate classes of Rate - 46 Maintenance and Backup Power Service and 47 – Backup Power Service classes. These classes are all eligible to receive services under the same energy efficiency programs.

If EPE's request is approved, it will require the EECRF for three of the remaining rate classes (the Large Power, Small Commercial, and the City and County classes) to continue to exceed the Commission's cost caps. Accordingly, pursuant to P.U.C. SUBST. R. 25.181(e)(2), in order to proceed with this approach, EPE requests that the Commission establish, revised cost caps for those three classes.

There is good cause to establish revised cost caps for those three classes. First, EPE's proposal to continue with the same megawatt goal as it has had in previous years is consistent with the requirement of P.U.C. SUBST. R. 25.181(e)(1)(E) that "...a utility's demand reduction goal in any year shall not be lower than its goal for the prior year, unless the commission establishes a goal for a utility pursuant to paragraph (2) of this subsection." However, it is not reasonably possible that EPE can comply with the requirement that its demand reduction goal not be lower than last year's without exceeding the Commission's cost caps on those three classes. The three classes at issue already have an EECRF that exceeds the cap. If the Company were to revise its 2014 spending to a level that would allow the Company to comply with the cost caps, there would be a major change in EPE's energy efficiency programs, and some of the programs for classes that have been particularly successful would receive substantially less funding, and some that have not been as successful would experience an increase in spending. EPE does not believe it is in the best interest of its energy efficiency programs or the affected customer classes to make such changes.

¹ TEX.UTIL.CODE §§ 11.001-66.017 (Vernon 2007 & Supp. 2012) (PURA)

Therefore, rather than undertaking a major restructuring of its energy efficiency programs, EPE requests that the Commission allow the combination of some of the rate classes for purposes of the EECRF, as requested, and establish revised cost caps for the Large Power, the Small Commercial, and the City and County classes. Though EPE will still exceed the costs caps with this request for those rate classes, the Company believes this request achieves the most benefits for its customers by continuing valuable energy-saving programs while limiting any rate increases. With the Company's proposal, which keeps the same program expenditure level, the 2014 EECRF would decrease from the 2013 level overall because the request reflects a refund of a greater over-collection for 2012 than was included in last year's EECRF, a reduction in the amount of the performance bonus, and the zeroing out of the deferred costs being amortized because of the expiration of the amortization period six months into 2013.

In support of this application, EPE submits the Direct Testimonies of Susanne Stone and Curtis Hutcheson. In her Direct Testimony, Ms. Stone addresses EPE's bidding and engagement process for contracting with energy efficiency service providers. In his Direct Testimony, Mr. Hutcheson provides a summary of the relief sought by EPE and describes the specific costs to be included in EPE's revised EECRF pursuant to the requirements of P.U.C. SUBST. R. 25.181(f). EPE witness Hutcheson's testimony also supports the calculation of EPE's revised EECRF rates for the billing period January 2014 through December 2014, including the allocation of energy efficiency costs among the customer classes. Finally, in his testimony, Mr. Hutcheson explains why good cause supports the Company's requests for combining some of the rate classes and establishing revised cost caps.

V. ADJUSTED ENERGY EFFICIENCY COST RECOVERY FACTOR

EPE's revised EECRF tariff containing the EECRF rates for 2014 is provided as Exhibit CH-2 to Mr. Hutcheson's Direct Testimony and is attached to this Application as Attachment A. Under EPE's EECRF request, based on EPE's current base rates and fixed fuel factor, a residential customer using 600 kWh of electricity per month would be charged \$0.43 per month, which is an increase of ten cents per month.

EPE requests the Commission approve the adjusted EECRF effective as of the first billing cycle of the January 2014 billing month, which is January 2, 2014.

VI. PROPOSED PROCEDURAL SCHEDULE

Consistent with certain provisions contained in P.U.C. SUBST. R. 25.181,² EPE proposes the following procedural schedule in this case:

Filing Date	May 1, 2013
Staff Approval of Notice	May 8, 2013
Proof of Notice	May 15, 2013
Intervention Deadline	May 31, 2013
Request for Hearing	May 31, 2013
<u>If no hearing requested</u>	
Staff Recommendation	June 1, 2013
Parties Proposed Order	June 4, 2013
Final Order	July 19, 2013
<u>If hearing requested</u>	
Intervenor testimony	July 9, 2013
Staff testimony	July 23, 2013
Rebuttal testimony	July 30, 2013
Hearing	August 6, 2013
Briefs	August 20, 2013
Reply Briefs	August 27, 2013

Possible schedule for balance of case (for demonstrative purposes)

PFD	October 10, 2013
Exceptions	October 24, 2013
Replies	October 31, 2013
FO	November 14, 2013

VII. NOTICE

Consistent with the notice provisions of P.U.C. SUBST. R. 25.181,³ EPE proposes to provide notice to all parties that participated in the Company's last EECRF proceeding, Docket

² PUC Subst. Rule 25.181(f)(9)(D) and (E) state:

(D) If no hearing is requested within 30 days of the filing of the application, the presiding officer shall set a procedural schedule that will enable the commission to issue a final order in the proceeding within 90 days after a sufficient application was filed; or

(E) If a hearing is requested within 30 days of the filing of the application, the presiding officer shall set a procedural schedule that will enable the commission to issue a final order in the proceeding within 180 days after a sufficient application was filed. If a hearing is requested, the hearing will be held no earlier than the first working day after the 45th day after a sufficient application is filed.

No. 40343, and its last rate proceeding, Docket 40094. The form of the notice to be provided is set forth in Attachment B to this Application. As soon as is practicable, EPE will file with the Commission proof of the form of an affidavit attesting to the notice given. The Company requests that the Commission find that the Company's notice is sufficient.

VIII. DOCUMENTS FILED UNDER SEAL AND REQUEST FOR PROTECTIVE ORDER

Portions of this filing constitute confidential or highly sensitive confidential materials and have been filed under seal. These materials will be made available to the Staff of the PUCT and any intervenors upon entry of an appropriate protective order ensuring the confidential nature of these materials. EPE proposes that the Commission adopt the protective order in Attachment C, which is the Protective Order approved in Docket No. 40094, EPE's most recent base rate case.

IX. PRAYER

EPE requests that its Application be deemed complete and sufficient and in compliance with PURA § 39.905(b) and P.U.C. SUBST. R. 25.181; that EPE's suggested notice of this filing as described above and attached to this Application be considered sufficient and authorized; that EPE's Application for approval to revise its EECRF be approved with implementation for use beginning with the first billing cycle of its January 2014 billing month; and for such other relief to which it may be entitled.

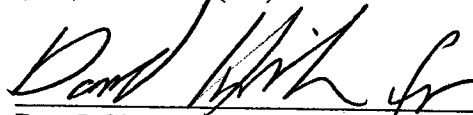
³ 25.181(f)(13) states:

Notice of a utility's filing of an EECRF application is reasonable if the utility provides in writing a general description of the application and the docket number assigned to the application within 7 days of the application filing date to:

- (A) All parties in the utility's most recent completed EECRF docket;
- (B) All retail electric providers that are authorized by the registration agent to provide service in the utility's service area at the time the EECRF application is filed;
- (C) All parties in the utility's most recent completed base-rate proceeding; and
- (D) The state agency that administers the federal weatherization program.

Respectfully submitted,

Bret Slocum
State Bar No. 18508200
Duggins Wren Mann & Romero, LLP
P.O. Box 1149
Austin, Texas 78767
(512) 744-9300
(512) 744-9399 (fax)


Bret J. Slocum

**ATTORNEY FOR EL PASO
ELECTRIC COMPANY**

EL PASO ELECTRIC COMPANY

Attachment A
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SCHEDULE NO. 97
ENERGY EFFICIENCY COST RECOVERY FACTOR

APPLICABILITY

Electric service billed under rate schedules having an Energy Efficiency Cost Recovery Factor Clause shall be subject to an Energy Efficiency Cost Recovery Factor ("EECRF"). The EECRF is not applicable to service billed at transmission voltage rates.

Pursuant to PUCT §25.181(f), the EECRF allows the Company to recover the cost of energy efficiency programs from the customer classes that receive services under such programs.

TERRITORY

Texas Service Area

MONTHLY RATE

Rate No.	Description	Energy Efficiency Cost Recovery Factor (\$/kWh)	
01	Residential Service Rate	\$ 0.000711	(I)
02	Small Commercial Service Rate	\$ 0.001997	(I)
07	Outdoor Recreational Lighting Service Rate	\$ 0.000255	(I)
08	Governmental Street Lighting and Signal Service Rate	\$ (0.000057)	(R)
11	Municipal Pumping Service Rate	\$ 0.000237	(R)
11-TOU	Time-Of-Use Municipal Pumping Service Rate	\$ 0.000237	(R)
WH	Water Heating	\$ (0.000880)	(I)
22	Irrigation Service Rate	\$ 0.000538	(I)
24	General Service Rate	\$ 0.000659	(R)
25	Large Power Service Rate (excludes transmission)	\$ 0.001222	(R)
34	Cotton Gin Service Rate	\$ 0.001222	(I)
41	City and County Service Rate	\$ 0.001237	(R)
43	University Service Rate	\$ 0.001222	(I)
46	Maintenance Power Service For Cogeneration And Small Power Production Facilities	\$ 0.001222	(I)
47	Backup Power Service For Cogeneration And Small Power Production Facilities	\$ 0.001222	(I)

Section Number 1
Sheet Number 33
Page 1 of 1

Revision Number 4
Effective with bills issued on or
after January 1, 2014

**NOTICE OF APPLICATION OF EL PASO ELECTRIC COMPANY FOR APPROVAL
TO REVISE ITS ENERGY EFFICIENCY COST RECOVERY FACTOR AND
REQUEST TO ESTABLISH REVISED COST CAPS**

On May 1, 2013, El Paso Electric Company (EPE or the Company) submitted to the Public Utility Commission of Texas (PUCT) its Application for Approval to Revise Its Energy Efficiency Cost Recovery Factor and Request to Establish Revised Cost Caps (Application) as permitted under Section 39.905(b) of the Public Utility Regulatory Act (PURA) and under PUCT Substantive Rule 25.181(f) relating to recovery of costs for energy efficiency programs. The filing was assigned Docket No. 41403 by the PUCT. EPE requested that its revised energy efficiency cost recovery factor (EECRF) become effective beginning with the first billing cycle of its January 2014 billing month, which begins on January 2, 2014. All EPE retail electric customers in its Texas service areas that fall within the classes subject to the EECRF will be affected by approval of the Company's Application. As required by the PUCT's rules, the application includes a true-up of the costs collected under the EECRF in previous years.

In its Application EPE requests that the Commission find good cause to combine three classes that each have a single customer, which are the Cotton Gin Service, the University Service and the Cogeneration Service rate classes, with the Large Power Service rate for purposes of calculating the 2014 EECRF. EPE's proposed EECRF rates for Small Commercial Service, Large Power Service and City County Service will exceed the cost caps prescribed by Rule 25.181(f)(7). Therefore, pursuant to P.U.C. SUBST. R. 25.181(f)(2), EPE requested that the Commission revise the Company's cost caps to permit the Company to recover energy efficiency costs necessary to achieve the energy efficiency goal.

In its Application, EPE requested to recover through its 2014 EECRF approximately \$4,302,766 in energy efficiency costs, reflecting the following four components:

- 1) \$4,470,493 in projected energy efficiency program costs for 2014;
- 2) a \$409,036 performance bonus based on the Company's 2012 energy efficiency program performance; and
- 3) a \$618,112 true-up adjustment representing EPE's net over-recovery of 2012 program costs actually incurred.
- 4) EPE's prior year EECRF filing expenses of \$41,349

Under EPE's EECRF request, based on EPE's current base rates and fixed fuel factor, a residential customer using 600 kWh of electricity per month would be charged \$0.43 per month, which is a increase of approximately ten cents on average per month below the EECRF approved in EPE's last EECRF proceeding, PUCT Docket No. 40343. The Company's requested EECRF rates are as follows:

<u>Customer Class</u>	<u>EECRF</u>
Residential Service Rate	\$ 0.000711
Small Commercial Service Rate	\$ 0.001997
Outdoor Recreational Lighting Service Rate	\$ 0.000255
Governmental Street Lighting and Signal Service Rate	\$ (0.000057)
Municipal Pumping Service Rate	\$ 0.000237
Time-of-Use Municipal Pumping Service	\$ 0.000237
Water Heating	\$ (0.000880)
Irrigation Service Rate	\$ 0.000538
General Service Rate	\$ 0.000659
Large Power Service Rate (excludes transmission)	\$ 0.001222
Cotton Gin Service Rate	\$ 0.001222
City and County Service Rate	\$ 0.001237
University Service Rate	\$ 0.001222
Maintenance Power Service For Cogeneration And Small Power Production Facilities	\$ 0.001222
Backup Power Service For Cogeneration And Small Power Production Facilities	\$ 0.001222

Persons with questions or who want more information about EPE's application may contact the Company at 100 N. Stanton, El Paso, Texas 79901, or call (915) 543-2284. A complete copy of the application is available for inspection at the address listed above. The Commission will review EPE's Application, establish an intervention date for interested persons, and determine whether EPE's Application should be approved. The Commission's proceeding to review EPE's Application has been assigned Docket No. 41403. Persons who wish to intervene in or comment upon these proceedings, or obtain further information, should contact the Public Utility Commission of Texas, P.O. Box 13326, Austin, Texas 78711-3326, or call the Commission's Office of Consumer Protection at (512) 936-7120 or (888) 782-8477. Hearing and speech-impaired individuals with text telephones (TTY) may contact the Commission at (512) 936-7136 or use Relay Texas (toll-free) 1-800-735-2989. All communications should refer to Docket No. 41403.

DOCKET NO. 41403

APPLICATION OF EL PASO	§	PUBLIC UTILITY COMMISSION
ELECTRIC COMPANY FOR	§	
APPROVAL TO REVISE ITS ENERGY	§	
EFFICIENCY COST RECOVERY	§	OF TEXAS
FACTOR AND REQUEST TO	§	
ESTABLISH REVISED COST CAPS	§	

PROTECTIVE ORDER

This Protective Order shall govern the use of all information deemed confidential (Protected Materials) or highly confidential (Highly Sensitive Protected Materials), including information whose confidentiality is currently under dispute, by a party providing information to the Public Utility Commission of Texas (Commission) or to any other party to this proceeding.

It is ORDERED that:

1. **Designation of Protected Materials.** Upon producing or filing a document, including, but not limited to, records on a computer disk or other similar electronic storage medium in this proceeding, the producing party may designate that document, or any portion of it, as confidential pursuant to this Protective Order by typing or stamping on its face "PROTECTED PURSUANT TO PROTECTIVE ORDER ISSUED IN DOCKET NO. 41403" (or words to this effect) and consecutively Bates Stamping each page. Protected Materials and Highly Sensitive Protected Materials include the documents so designated, as well as the substance of the information contained in the documents and any description, report, summary, or statement about the substance of the information contained in the documents.
2. **Materials Excluded from Protected Materials Designation.** Protected Materials shall not include any information or document contained in the public files of the Commission or any other federal or state agency, court, or local governmental authority subject to the Public Information Act.¹ Protected Materials also shall not include documents or information which at the time of, or prior to disclosure in, a proceeding is or was public

¹ TEX. GOV'T CODE ANN. §§ 552.001-552.353 (Vernon 2004 and Supp. 2012).

- knowledge, or which becomes public knowledge other than through disclosure in violation of this Protective Order.
3. **Reviewing Party.** For the purposes of this Protective Order, a “Reviewing Party” is any party to this docket.
 4. **Procedures for Designation of Protected Materials.** On or before the date the Protected Materials or Highly Sensitive Protected Materials are provided to the Commission, the producing party shall file with the Commission and deliver to each party to the proceeding a written statement, which may be in the form of an objection, indicating: (a) any exemptions to the Public Information Act claimed to apply to the alleged Protected Materials; (b) the reasons supporting the producing party’s claim that the responsive information is exempt from public disclosure under the Public Information Act and subject to treatment as protected materials; and (c) that counsel for the producing party has reviewed the information sufficiently to state in good faith that the information is exempt from public disclosure under the Public Information Act and merits the Protected Materials designation.
 5. **Persons Permitted Access to Protected Materials.** Except as otherwise provided in this Protective Order, a Reviewing Party may access Protected Materials only through its “Reviewing Representatives” who have signed the Protective Order Certification Form (see Attachment A). Reviewing Representatives of a Reviewing Party include its counsel of record in this proceeding and associated attorneys, paralegals, economists, statisticians, accountants, consultants, or other persons employed or retained by the Reviewing Party and directly engaged in this proceeding. At the request of the PUC Commissioners, copies of Protected Materials may be produced by Commission Staff. The Commissioners and their staff shall be informed of the existence and coverage of this Protective Order and shall observe the restrictions of the Protective Order.
 6. **Highly Sensitive Protected Material Described.** The term “Highly Sensitive Protected Materials” is a subset of Protected Materials and refers to documents or information that a producing party claims is of such a highly sensitive nature that making copies of such documents or information or providing access to such documents to employees of the Reviewing Party (except as specified herein) would expose a producing party to

unreasonable risk of harm. Highly Sensitive Protected Materials include but are not limited to: (a) customer-specific information protected by § 32.101(c) of the Public Utility Regulatory Act;² (b) contractual information pertaining to contracts that specify that their terms are confidential or that are confidential pursuant to an order entered in litigation to which the producing party is a party; (c) market-sensitive fuel price forecasts, wholesale transactions information and/or market-sensitive marketing plans; or (d) business operations or financial information that is commercially sensitive. Documents or information so classified by a producing party shall bear the designation "HIGHLY SENSITIVE PROTECTED MATERIALS PROVIDED PURSUANT TO PROTECTIVE ORDER ISSUED IN DOCKET NO. 41403" (or words to this effect) and shall be consecutively Bates Stamped. The provisions of this Protective Order pertaining to Protected Materials also apply to Highly Sensitive Protected Materials, except where this Protective Order provides for additional protections for Highly Sensitive Protected Materials. In particular, the procedures herein for challenging the producing party's designation of information as Protected Materials also apply to information that a producing party designates as Highly Sensitive Protected Materials.

7. **Restrictions on Copying and Inspection of Highly Sensitive Protected Material.**

Except as expressly provided herein, only one copy may be made of any Highly Sensitive Protected Materials except that additional copies may be made to have sufficient copies for introduction of the material into the evidentiary record if the material is to be offered for admission into the record. The Reviewing Party shall maintain a record of all copies made of Highly Sensitive Protected Material and shall send a duplicate of the record to the producing party when the copy or copies are made. The record shall specify the location and the person possessing the copy. Highly Sensitive Protected Material shall be made available for inspection only at the location or locations provided by the producing party, except as specified by Paragraph 9. Limited notes may be made of Highly Sensitive Protected Materials, and such notes shall themselves be treated as Highly Sensitive Protected Materials unless such notes are limited to a description of the

² Public Utility Regulatory Act, TEX. UTIL. CODE ANN., § 32.101(c) (Vernon 2007 & Supp. 2012) (PURA).

document and a general characterization of its subject matter in a manner that does not state any substantive information contained in the document.

8. **Restricting Persons Who May Have Access to Highly Sensitive Protected Material.**

With the exception of Commission Staff, The Office of the Attorney General (OAG), and the Office of Public Utility Counsel (OPC), and except as provided herein, the Reviewing Representatives for the purpose of access to Highly Sensitive Protected Materials may be persons who are (a) outside counsel for the Reviewing Party, (b) outside consultants for the Reviewing Party working under the direction of Reviewing Party's counsel or, (c) employees of the Reviewing Party working with and under the direction of Reviewing Party's counsel who have been authorized by the presiding officer to review Highly Sensitive Protected Materials. The Reviewing Party shall limit the number of Reviewing Representatives that review Highly Sensitive Protected Materials to the minimum number of persons necessary. The Reviewing Party is under a good faith obligation to limit access to each portion of any Highly Sensitive Protected Materials to two Reviewing Representatives whenever possible. Reviewing Representatives for Commission Staff and OPC, for the purpose of access to Highly Sensitive Protected Materials, shall consist of their respective counsel of record in this proceeding and associated attorneys, paralegals, economists, statisticians, accountants, consultants, or other persons employed or retained by them and directly engaged in these proceedings.

9. **Copies Provided of Highly Sensitive Protected Material.** A producing party shall provide one copy of Highly Sensitive Protected Materials specifically requested by the Reviewing Party to the person designated by the Reviewing Party who must be a person authorized to review Highly Sensitive Protected Material under Paragraph 8, and must be either outside counsel or an outside consultant. Other representatives of the Reviewing Party who are authorized to view Highly Sensitive Protected Material may review the copy of Highly Sensitive Protected Materials at the office of the Reviewing Party's representative designated to receive the information. Each Reviewing Party may make two additional copies of Highly Sensitive documents for outside consultants whose business offices are located outside of Travis County. All restrictions on Highly Sensitive documents in this order shall apply to the additional copies maintained in the outside consultants' offices. Any Highly Sensitive Protected Materials provided to a

Reviewing Party may not be copied except as provided in Paragraph 7 and shall be returned along with any copies made pursuant to paragraph 7 to the producing party within two weeks after the close of the evidence in this proceeding. The restrictions contained herein do not apply to Commission Staff, OPC, and the OAG when the OAG is representing a party to the proceeding.

10. **Procedures in Paragraphs 10-14 Apply to Commission Staff, OPC, and the OAG and Control in the Event of Conflict.** The procedures in Paragraphs 10 through 14 apply to responses to requests for documents or information that the producing party designates as Highly Sensitive Protected Materials and provides to Commission Staff, OPC, and the OAG in recognition of their purely public functions. To the extent the requirements of Paragraphs 10 through 14 conflict with any requirements contained in other paragraphs of this Protective Order, the requirements of these Paragraphs shall control.
11. **Copy of Highly Sensitive Protected Material to be Provided to Commission Staff, OPC and the OAG.** When, in response to a request for information by a Reviewing Party, the producing party makes available for review documents or information claimed to be Highly Sensitive Protected Materials, the producing party shall also deliver one copy of the Highly Sensitive Protected Materials to the Commission Staff, OPC, and the OAG (if the OAG is representing a party) in Austin, Texas. Provided however, that in the event such Highly Sensitive Protected Materials are voluminous, the materials will be made available for review by Commission Staff, OPC, and the OAG (if the OAG is representing a party) at the designated office in Austin, Texas. The Commission Staff, OPC and the OAG (if the OAG is representing a party) may request such copies as are necessary of such voluminous material under the copying procedures specified herein.
12. **Delivery of the Copy of Highly Sensitive Protected Material to Commission Staff and Outside Consultants.** The Commission Staff, OPC, and the OAG (if the OAG is representing a party) may deliver the copy of Highly Sensitive Protected Materials received by them to the appropriate members of their staff for review, provided such staff members first sign the certification specified by Paragraph 15. After obtaining the agreement of the producing party, Commission Staff, OPC, and the OAG (if the OAG is

representing a party) may deliver the copy of Highly Sensitive Protected Materials received by it to the agreed, appropriate members of their outside consultants for review, provided such outside consultants first sign the certification in Attachment A.

13. **Restriction on Copying by Commission Staff, OPC and the OAG.** Except as allowed by Paragraph 7, Commission Staff, OPC and the OAG may not make additional copies of the Highly Sensitive Protected Materials furnished to them unless the producing party agrees in writing otherwise, or, upon a showing of good cause, the presiding officer directs otherwise. Commission Staff, OPC, and the OAG may make limited notes of Highly Sensitive Protected Materials furnished to them, and all such handwritten notes will be treated as Highly Sensitive Protected Materials as are the materials from which the notes are taken.
14. **Public Information Requests.** In the event of a request for any of the Highly Sensitive Protected Materials under the Public Information Act, an authorized representative of the Commission, OPC, or the OAG may furnish a copy of the requested Highly Sensitive Protected Materials to the Open Records Division at the OAG together with a copy of this Protective Order after notifying the producing party that such documents are being furnished to the OAG. Such notification may be provided simultaneously with the delivery of the Highly Sensitive Protected Materials to the OAG.
15. **Required Certification.** Each person who inspects the Protected Materials shall, before such inspection, agree in writing to the following certification found in Attachment A to this Protective Order:

I certify my understanding that the Protected Materials are provided to me pursuant to the terms and restrictions of the Protective Order in this docket, and that I have been given a copy of it and have read the Protective Order and agree to be bound by it. I understand that the contents of the Protected Materials, any notes, memoranda, or any other form of information regarding or derived from the Protected Materials shall not be disclosed to anyone other than in accordance with the Protective Order and unless I am an employee of the Commission or OPC shall be used only for the purpose of the proceeding in Docket No. 41403. I acknowledge that the obligations imposed by this certification are pursuant to such Protective Order. Provided, however, if the information contained in the Protected Materials is obtained from

independent public sources, the understanding stated herein shall not apply.

In addition, Reviewing Representatives who are permitted access to Highly Sensitive Protected Material under the terms of this Protective Order shall, before inspection of such material, agree in writing to the following certification found in Attachment A to this Protective Order:

I certify that I am eligible to have access to Highly Sensitive Protected Material under the terms of the Protective Order in this docket.

The Reviewing Party shall provide a copy of each signed certification to Counsel for the producing party and serve a copy upon all parties of record.

16. **Disclosures between Reviewing Representatives and Continuation of Disclosure Restrictions after a Person is no Longer Engaged in the Proceeding.** Any Reviewing Representative may disclose Protected Materials, other than Highly Sensitive Protected Materials, to any other person who is a Reviewing Representative provided that, if the person to whom disclosure is to be made has not executed and provided for delivery of a signed certification to the party asserting confidentiality, that certification shall be executed prior to any disclosure. A Reviewing Representative may disclose Highly Sensitive Protected Material to other Reviewing Representatives who are permitted access to such material and have executed the additional certification required for persons who receive access to Highly Sensitive Protected Material. In the event that any Reviewing Representative to whom Protected Materials are disclosed ceases to be engaged in these proceedings, access to Protected Materials by that person shall be terminated and all notes, memoranda, or other information derived from the protected material shall either be destroyed or given to another Reviewing Representative of that party who is authorized pursuant to this Protective Order to receive the protected materials. Any person who has agreed to the foregoing certification shall continue to be bound by the provisions of this Protective Order so long as it is in effect, even if no longer engaged in these proceedings.
17. **Producing Party to Provide One Copy of Certain Protected Material and Procedures for Making Additional Copies of Such Materials.** Except for Highly Sensitive Protected Materials, which shall be provided to the Reviewing Parties pursuant

to Paragraphs 9, and voluminous Protected Materials, the producing party shall provide a Reviewing Party one copy of the Protected Materials upon receipt of the signed certification described in Paragraph 15. Except for Highly Sensitive Protected Materials, a Reviewing Party may make further copies of Protected Materials for use in this proceeding pursuant to this Protective Order, but a record shall be maintained as to the documents reproduced and the number of copies made, and upon request the Reviewing Party shall provide the party asserting confidentiality with a copy of that record.

18. **Procedures Regarding Voluminous Protected Materials.** P.U.C. PROC. R. 22.144(h) will govern production of voluminous Protected Materials. Voluminous Protected Materials will be made available in the producing party's voluminous room, in Austin, Texas, or at a mutually agreed upon location, Monday through Friday, 9:00 a.m. to 5:00 p.m. (except on state or Federal holidays), and at other mutually convenient times upon reasonable request.
19. **Reviewing Period Defined.** The Protected Materials may be reviewed only during the Reviewing Period, which shall commence upon entry of this Protective Order and continue until the expiration of the Commission's plenary jurisdiction. The Reviewing Period shall reopen if the Commission regains jurisdiction due to a remand as provided by law. Protected materials that are admitted into the evidentiary record or accompanying the evidentiary record as offers of proof may be reviewed throughout the pendency of this proceeding and any appeals.
20. **Procedures for Making Copies of Voluminous Protected Materials.** Other than Highly Sensitive Protected Materials, Reviewing Parties may take notes regarding the information contained in voluminous Protected Materials made available for inspection or they may make photographic, mechanical or electronic copies of the Protected Materials, subject to the conditions in this Protective Order; provided, however, that before photographic, mechanical or electronic copies may be made, the Reviewing Party seeking photographic, mechanical or electronic copies must provide written confirmation of the receipt of copies listed on Attachment B of this Protective Order identifying each piece of Protected Materials or portions thereof the Reviewing Party will need.

21. **Protected Materials to be Used Solely for the Purposes of These Proceedings.** All Protected Materials shall be made available to the Reviewing Parties and their Reviewing Representatives solely for the purposes of these proceedings. Access to the Protected Materials may not be used in the furtherance of any other purpose, including, without limitation: (a) any other pending or potential proceeding involving any claim, complaint, or other grievance of whatever nature, except appellate review proceedings that may arise from or be subject to these proceedings; or (b) any business or competitive endeavor of whatever nature. Because of their statutory regulatory obligations, these restrictions do not apply to Commission Staff or OPC.
22. **Procedures for Confidential Treatment of Protected Materials and Information Derived from Those Materials.** Protected Materials, as well as a Reviewing Party's notes, memoranda, or other information regarding or derived from the Protected Materials are to be treated confidentially by the Reviewing Party and shall not be disclosed or used by the Reviewing Party except as permitted and provided in this Protective Order. Information derived from or describing the Protected Materials shall be maintained in a secure place and shall not be placed in the public or general files of the Reviewing Party except in accordance with the provisions of this Protective Order. A Reviewing Party must take all reasonable precautions to insure that the Protected Materials including notes and analyses made from Protected Materials that disclose Protected Materials are not viewed or taken by any person other than a Reviewing Representative of a Reviewing Party.
23. **Procedures for Submission of Protected Materials.** If a Reviewing Party tenders for filing any Protected Materials, including Highly Sensitive Protected Materials, or any written testimony, exhibit, brief, motion or other type of pleading or other submission at the Commission or before any other judicial body that quotes from Protected Materials or discloses the content of Protected Materials, the confidential portion of such submission shall be filed and served in sealed envelopes or other appropriate containers endorsed to the effect that they contain Protected Material or Highly Sensitive Protected Material and are sealed pursuant to this Protective Order. If filed at the Commission, such documents shall be marked "PROTECTED MATERIAL" and shall be filed under seal with the presiding officer and served under seal to the counsel of record for the Reviewing Parties.

The presiding officer may subsequently, on his/her own motion or on motion of a party, issue a ruling respecting whether or not the inclusion, incorporation or reference to Protected Materials is such that such submission should remain under seal. If filing before a judicial body, the filing party: (a) shall notify the party which provided the information within sufficient time so that the producing party may seek a temporary sealing order; and (b) shall otherwise follow the procedures in Rule 76a, Texas Rules of Civil Procedure.

24. **Maintenance of Protected Status of Materials during Pendency of Appeal of Order Holding Materials are not Protected Materials.** In the event that the presiding officer at any time in the course of this proceeding finds that all or part of the Protected Materials are not confidential or proprietary, by finding, for example, that such materials have entered the public domain or materials claimed to be Highly Sensitive Protected Materials are only Protected Materials, those materials shall nevertheless be subject to the protection afforded by this Protective Order for three (3) full working days, unless otherwise ordered, from the date the party asserting confidentiality receives notice of the presiding officer's order. Such notification will be by written communication. This provision establishes a deadline for appeal of a presiding officer's order to the Commission. In the event an appeal to the Commissioners is filed within those three (3) working days from notice, the Protected Materials shall be afforded the confidential treatment and status provided in this Protective Order during the pendency of such appeal. Neither the party asserting confidentiality nor any Reviewing Party waives its right to seek additional administrative or judicial remedies after the Commission's denial of any appeal.
25. **Notice of Intent to Use Protected Materials or Change Materials Designation.** Parties intending to use Protected Materials shall notify the other parties prior to offering them into evidence or otherwise disclosing such information into the record of the proceeding. During the pendency of Docket No. 41403 at the Commission, in the event that a Reviewing Party wishes to disclose Protected Materials to any person to whom disclosure is not authorized by this Protective Order, or wishes to have changed the designation of certain information or material as Protected Materials by alleging, for example, that such information or material has entered the public domain, such

Reviewing Party shall first file and serve on all parties written notice of such proposed disclosure or request for change in designation, identifying with particularity each of such Protected Materials. A Reviewing Party shall at any time be able to file a written motion to challenge the designation of information as Protected Materials.

26. **Procedures to Contest Disclosure or Change in Designation.** In the event that the party asserting confidentiality wishes to contest a proposed disclosure or request for change in designation, the party asserting confidentiality shall file with the appropriate presiding officer its objection to a proposal, with supporting affidavits, if any, within five (5) working days after receiving such notice of proposed disclosure or change in designation. Failure of the party asserting confidentiality to file such an objection within this period shall be deemed a waiver of objection to the proposed disclosure or request for change in designation. Within five (5) working days after the party asserting confidentiality files its objection and supporting materials, the party challenging confidentiality may respond. Any such response shall include a statement by counsel for the party challenging such confidentiality that he or she has reviewed all portions of the materials in dispute and, without disclosing the Protected Materials, a statement as to why the Protected Materials should not be held to be confidential under current legal standards, or that the party asserting confidentiality for some reason did not allow such counsel to review such materials. If either party wishes to submit the material in question for in camera inspection, it shall do so no later than five (5) working days after the party challenging confidentiality has made its written filing.
27. **Procedures for Presiding Officer Determination Regarding Proposed Disclosure or Change in Designation.** If the party asserting confidentiality files an objection, the appropriate presiding officer will determine whether the proposed disclosure or change in designation is appropriate. Upon the request of either the producing or Reviewing Party or upon the presiding officer's own initiative, the presiding officer may conduct a prehearing conference. The burden is on the party asserting confidentiality to show that such proposed disclosure or change in designation should not be made. If the presiding officer determines that such proposed disclosure or change in designation should be made, disclosure shall not take place earlier than three (3) full working days after such

determination unless otherwise ordered. No party waives any right to seek additional administrative or judicial remedies concerning such presiding officer's ruling.

28. **Maintenance of Protected Status during Periods Specified for Challenging Various Orders.** Any party electing to challenge, in the courts of this state, a Commission or presiding officer determination allowing disclosure or a change in designation shall have a period of ten (10) days from: (a) the date of an unfavorable Commission order; or (b) if the Commission does not rule on an appeal of an interim order, the date an appeal of an interim order to the Commission is overruled by operation of law, to obtain a favorable ruling in state district court. Any party challenging a state district court determination allowing disclosure or a change in designation shall have an additional period of ten (10) days from the date of the order to obtain a favorable ruling from a state appeals court. Finally, any party challenging a determination of a state appeals court allowing disclosure or a change in designation shall have an additional period of ten (10) days from the date of the order to obtain a favorable ruling from the state supreme court, or other appellate court. All Protected Materials shall be afforded the confidential treatment and status provided for in this Protective Order during the periods for challenging the various orders referenced in this paragraph. For purposes of this paragraph, a favorable ruling of a state district court, state appeals court, Supreme Court or other appellate court includes any order extending the deadlines in this paragraph.
29. **Other Grounds for Objection to Use of Protected Materials Remain Applicable.** Nothing in this Protective Order shall be construed as precluding any party from objecting to the use of Protected Materials on grounds other than confidentiality, including the lack of required relevance. Nothing in this Protective Order constitutes a waiver of the right to argue for more disclosure, provided, however, that unless the Commission or a court orders such additional disclosure, all parties will abide by the restrictions imposed by the Protective Order.
30. **Protection of Materials from Unauthorized Disclosure.** All notices, applications, responses or other correspondence shall be made in a manner which protects Protected Materials from unauthorized disclosure.

31. **Return of Copies of Protected Materials and Destruction of Information Derived from Protected Materials.** Following the conclusion of these proceedings, each Reviewing Party must, no later than thirty (30) days following receipt of the notice described below, return to the party asserting confidentiality all copies of the Protected Materials provided by that party pursuant to this Protective Order and all copies reproduced by a Reviewing Party, and counsel for each Reviewing Party must provide to the party asserting confidentiality a letter by counsel that, to the best of his or her knowledge, information, and belief, all copies of notes, memoranda, and other documents regarding or derived from the Protected Materials (including copies of Protected Materials) that have not been so returned, if any, have been destroyed, other than notes, memoranda, or other documents which contain information in a form which, if made public, would not cause disclosure of the substance of Protected Materials. As used in this Protective Order, "conclusion of these proceedings" refers to the exhaustion of available appeals, or the running of the time for the making of such appeals, as provided by applicable law. If, following any appeal, the Commission conducts a remand proceeding, then the "conclusion of these proceedings" is extended by the remand to the exhaustion of available appeals of the remand, or the running of the time for making such appeals of the remand, as provided by applicable law. Promptly following the conclusion of these proceedings, counsel for the party asserting confidentiality will send a written notice to all other parties, reminding them of their obligations under this Paragraph. Nothing in this Paragraph shall prohibit counsel for each Reviewing Party from retaining two (2) copies of any filed testimony, brief, application for rehearing, hearing exhibit or other pleading which refers to Protected Materials provided that any such Protected Materials retained by counsel shall remain subject to the provisions of this Protective Order.
32. **Applicability of Other Law.** This Protective Order is subject to the requirements of the Public Information Act, the Open Meetings Act,³ the Texas Securities Act⁴ and any other applicable law, provided that parties subject to those acts will notify the party asserting

³ TEX. GOV'T CODE ANN. § 551.001-551.146 (Vernon 2004 & Supp. 2010).

⁴ TEX. REV. CIV. STAT. ANN. arts. 581-1 to 581-43 (Vernon 2010).

confidentiality, if possible under those acts, prior to disclosure pursuant to those acts. Such notice shall not be required where the Protected Materials are sought by governmental officials authorized to conduct a criminal or civil investigation that relates to or involves the Protected Materials, and those governmental officials aver in writing that such notice could compromise the investigation and that the governmental entity involved will maintain the confidentiality of the Protected Materials.

33. **Procedures for Release of Information under Order.** If required by order of a governmental or judicial body, the Reviewing Party may release to such body the confidential information required by such order; provided, however, that: (a) the Reviewing Party shall notify the producing party of the order requiring the release of such information within five (5) calendar days of the date the Reviewing Party has notice of the order; (b) the Reviewing Party shall notify the producing party at least five (5) calendar days in advance of the release of the information to allow the producing party to contest any release of the confidential information; and (c) the Reviewing Party shall use its best efforts to prevent such materials from being disclosed to the public. The terms of this Protective Order do not preclude the Reviewing Party from complying with any valid and enforceable order of a state or federal court with competent jurisdiction specifically requiring disclosure of Protected Materials earlier than contemplated herein. The notice specified in this section shall not be required where the Protected Materials are sought by governmental officials authorized to conduct a criminal or civil investigation that relates to or involves the Protected Materials, and those governmental officials aver in writing that such notice could compromise the investigation and that the governmental entity involved will maintain the confidentiality of the Protected Materials.
34. **Best Efforts Defined.** The term "best efforts" as used in the preceding paragraph requires that the Reviewing Party attempt to ensure that disclosure is not made unless such disclosure is pursuant to a final order of a Texas governmental or Texas judicial body, the written opinion of the Texas Attorney General sought in compliance with the Public Information Act, or the request of governmental officials authorized to conduct a criminal or civil investigation that relates to or involves the Protected Materials. The Reviewing Party is not required to delay compliance with a lawful order to disclose such information but is simply required to timely notify the party asserting confidentiality, or

its counsel, that it has received a challenge to the confidentiality of the information and that the Reviewing Party will either proceed under the provisions of §552.301 of the Public Information Act, or intends to comply with the final governmental or court order. Provided, however, that no notice is required where the Protected Materials are sought by governmental officials authorized to conduct a criminal or civil investigation that relates to or involves the Protected Materials, and those governmental officials aver in writing that such notice could compromise the investigation and that the governmental entity involved will maintain the confidentiality of the Protected Materials.

35. **Notify Defined.** “Notify” for purposes of Paragraphs 32, 33 and 34 means written notice to the party asserting confidentiality at least five (5) calendar days prior to release; including when a Reviewing Party receives a request under the Public Information Act. However, the Commission or OPC may provide a copy of Protected Materials to the Open Records Division of the OAG as provided herein.
36. **Requests for Non-Disclosure.** If the producing party asserts that the requested information should not be disclosed at all, or should not be disclosed to certain parties under the protection afforded by this Protective Order, the producing party shall tender the information for in camera review to the presiding officer within ten (10) calendar days of the request. At the same time, the producing party shall file and serve on all parties its argument, including any supporting affidavits, in support of its position of non-disclosure. The burden is on the producing party to establish that the material should not be disclosed. The producing party shall serve a copy of the information under the classification of Highly Sensitive Protected Material to all parties requesting the information that the producing party has not alleged should be prohibited from reviewing the information.

Parties wishing to respond to the producing party’s argument for non-disclosure shall do so within five working days. Responding parties should explain why the information should be disclosed to them, including why disclosure is necessary for a fair adjudication of the case if the material is determined to constitute a trade secret. If the presiding officer finds that the information should be disclosed as Protected Material under the terms of this Protective Order, the presiding officer shall stay the order of disclosure for

such period of time as the presiding officer deems necessary to allow the producing party to appeal the ruling to the Commission.

37. **Sanctions Available for Abuse of Designation.** If the presiding officer finds that a producing party unreasonably designated material as Protected Material or as Highly Sensitive Protected Material, or unreasonably attempted to prevent disclosure pursuant to Paragraph 36, the presiding officer may sanction the producing party pursuant to P.U.C. PROC. R. 22.161.
38. **Modification of Protective Order.** Each party shall have the right to seek changes in this Protective Order as appropriate from the presiding officer.
39. **Breach of Protective Order.** In the event of a breach of the provisions of this Protective Order, the producing party, if it sustains its burden of proof required to establish the right to injunctive relief, shall be entitled to an injunction against such breach without any requirements to post bond as a condition of such relief. The producing party shall not be relieved of proof of any element required to establish the right to injunctive relief. In addition to injunctive relief, the producing party shall be entitled to pursue any other form of relief to which it is entitled.

ATTACHMENT A

Protective Order Certification

I certify my understanding that the Protected Materials are provided to me pursuant to the terms and restrictions of the Protective Order in this docket and that I have received a copy of it and have read the Protective Order and agree to be bound by it. I understand that the contents of the Protected Materials, any notes, memoranda, or any other form of information regarding or derived from the Protected Materials shall not be disclosed to anyone other than in accordance with the Protective Order and unless I am an employee of the Commission or OPC shall be used only for the purpose of the proceeding in Docket No. 41403. I acknowledge that the obligations imposed by this certification are pursuant to such Protective Order. Provided, however, if the information contained in the Protected Materials is obtained from independent public sources, the understanding stated here shall not apply.

Signature

Party Represented

Printed Name

Date

I certify that I am eligible to have access to Highly Sensitive Protected Material under the terms of the Protective Order in this docket.

Signature

Party Represented

Printed Name

Date

ATTACHMENT B

I request to view/copy the following documents:

Document Requested	# of Copies	Non-Confidential	Protected Materials and/or Highly Sensitive Protected Materials

Signature

Party Represented

Printed Name

Date

DOCKET NO. 41403

APPLICATION OF EL PASO	§	
ELECTRIC COMPANY FOR	§	
APPROVAL TO REVISE ITS ENERGY	§	PUBLIC UTILITY COMMISSION
EFFICIENCY COST RECOVERY	§	OF TEXAS
FACTOR AND REQUEST TO	§	
ESTABLISH REVISED COST CAPS	§	
	§	

DIRECT TESTIMONY OF

SUSANNE E. STONE

FOR

EL PASO ELECTRIC COMPANY

May 1, 2013

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EXHIBITS

- SES-1 CONFIDENTIAL - List of Energy Efficiency Service Providers
- SES-2 Estimated Useful Life Table

**EL PASO ELECTRIC COMPANY
DIRECT TESTIMONY OF
SUSANNE E. STONE**

I. INTRODUCTION AND QUALIFICATIONS

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Susanne E. Stone. My business address is 100 N. Stanton, El Paso,
Texas 79901.

Q. HOW ARE YOU EMPLOYED?

A. I am employed by El Paso Electric Company ("EPE") as a Senior Energy Efficiency
Program Coordinator.

**Q. PLEASE SUMMARIZE YOUR PROFESSIONAL AND EDUCATIONAL
BACKGROUND AND EXPERIENCE.**

A. I was employed by EPE in September 1982 in the Engineering Department as an
Engineering Aide designing underground and overhead electrical distribution
systems. I completed the Department of Labor Apprenticeship and Training Program
in September 1987 to become an Engineering Technician. In 1998, I transferred to
the EPE Energy Services Business Unit as an Account and Project Manager. From
2003 to 2009, I worked in the EPE Customer Technical Resource Unit as a Principal
Key Account Representative. I served as a liaison between EPE and large
commercial and industrial customers. In October 2009, I began working for the EPE
Energy Efficiency Department as a Senior Energy Efficiency Program Coordinator,
which is the position I currently hold.

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1 In March 2004, I graduated from Park University with a Bachelor of Science
2 Degree in Business Management. I currently hold the following certifications from
3 the Association of Energy Engineers: Certified Energy Manager, Certified Lighting
4 Efficiency Professional, Certified Energy Auditor, Certified Demand-Side
5 Management Professional, Renewable Energy Professional, and Business Energy
6 Professional.

7
8 **Q. PLEASE DESCRIBE YOUR CURRENT RESPONSIBILITIES WITH EPE.**

9 A. Currently, as Senior Energy Efficiency Program Coordinator, my primary
10 responsibilities include implementation, administration and coordination of EPE's
11 energy efficiency and load management programs.

12
13 **Q. HAVE YOU PREVIOUSLY PRESENTED TESTIMONY BEFORE UTILITY**
14 **REGULATORY BODIES?**

15 A. No.

16
17 **II. PURPOSE OF TESTIMONY**

18 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

19 A. The purpose of my testimony is to describe EPE's bidding and engagement process
20 for contracting with energy efficiency service providers ("EESPs") and/or
21 administrators; to provide a list of the EESPs and contractors that participated in
22 EPE's Energy Efficiency programs including a list of those whose incentive

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1 payments exceeded 5% of the overall incentive payments in EPE's 2012 Energy
2 Efficiency Programs; and to provide a list of program measures' Estimated Useful
3 Life ("EUL").
4

5 **Q. ARE YOU SPONSORING ANY EXHIBITS?**

6 A. Yes. Confidential Exhibit SES-1 provides a listing of EPE's 2012 Participating
7 EESPs by Energy Efficiency Program and the list of EESPs, administrators and
8 implementers that receive more than 5% of EPE's overall incentive payments.
9 Exhibit SES-2 provides a listing of the residential and commercial Energy Efficiency
10 measures' Estimated Useful Life ("EUL"). These exhibits were prepared by me or
11 under my direction.
12

13 **III. EPE'S BIDDING AND ENGAGEMENT PROCESS**

14 **Q. PLEASE DESCRIBE THE PROCESS BY WHICH EPE SELECTED THE**
15 **PROGRAM ADMINISTRATORS FOR EACH OF ITS EXISTING ENERGY**
16 **EFFICIENCY PROGRAMS.**

17 A. Since at least 2007, EPE has used a request for proposal ("RFP") process to select its
18 program administrators for its energy efficiency programs. In general, this process
19 involves issuing an RFP and making sure it is adequately distributed to potential
20 respondents, reviewing the proposals based on predetermined criteria, and selecting
21 an administrator based on the merits of their proposal. This same general process was
22 used to select the current program administrators.

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1 In 2009, EPE initiated an RFP for the implementation of the Texas SCORE
2 Market Transformation Program ("MTP"). The RFP was distributed to the members
3 of the Association of Energy Service Professionals, as well as other entities that
4 expressed an interest in participating in EPE's programs. Two companies responded
5 with proposals. These proposals were scored on a predetermined rating scale of 1-10
6 in four evaluation criteria categories which were Innovative Approach, Bidder
7 Qualifications and Experience, Quality and Completeness of Proposal, and Price.
8 EPE selected CLEAResult to administer this program.

9 In 2011, EPE initiated RFPs for the Large Commercial Solutions MTP, the
10 Small Commercial Solutions MTP, the Residential Solutions MTP, and the Low
11 Income Solutions MTP. As was the case with the Texas SCORE MTP, the RFPs
12 were distributed to the members of the Association of Energy Service Professionals,
13 as well as other entities that expressed an interest in participating in EPE's programs.
14 Two companies again responded with proposals. As before, the proposals were
15 scored on a predetermined rating scale of 1-10 in four evaluation criteria categories
16 which were Innovative Approach, Bidder Qualifications and Experience, Quality and
17 Completeness of Proposal, and Price. EPE selected CLEAResult to administer these
18 programs.

19 EPE also initiated an RFP for the Appliance Recycling MTP in 2009 through
20 a similar process as described above. Three companies responded with proposals,
21 and EPE selected JACO Environmental.

22 In 2010, EPE solicited a proposal from Frontier Associates LLC ("Frontier")
23 to administer the Solar Photovoltaic ("PV") Pilot MTP. Frontier was selected based

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1 on their previous performance in other EPE Energy Efficiency programs and their
2 administration of other Texas Investor Owned Utilities' Solar PV programs.

3 In 2008, the administrator of EPE's LivingWise® educational program,
4 Resource Action Programs, was selected through a solicited proposal using a process
5 similar to the Solar PV Pilot MTP as described above. Resource Action Programs
6 administers their proprietary LivingWise® Program nationally and, in 2008, they
7 administered this program in EPE's New Mexico service territory. Based on the
8 success of the New Mexico program, EPE selected them to administer this
9 educational program in EPE's Texas service territory.

10 EPE's Commercial Standard Offer Program ("SOP"), Load Management
11 SOP, and Commercial Rebate Pilot MTP are self-implemented with Frontier
12 providing the database management and tracking requirements.

13
14 **Q. PLEASE EXPLAIN THE ENGAGEMENT PROCESS FOR CONTRACTING**
15 **WITH EESPS AND CONTRACTORS PAID WITH FUNDS COLLECTED**
16 **THROUGH THE EECRF.**

17 **A.** The EESPs and contractors are recruited in different manners depending upon the
18 associated program as explained below:

- 19 • The Commercial SOP EESPs are typically national Energy Service
20 Companies ("ESCOs") brought into EPE's service territory by national
21 customers or large companies. EPE conducts annual webinars that provide
22 program information and encourage participation in EPE's program. EPE
23 sends invitations for these webinars to EESPs that have previously

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1 participated in EPE's Commercial SOP, as well as those that participate in
2 other Texas Investor Owned Utility SOP programs.

- 3 • The Large Commercial Solutions MTP and Texas SCORE MTP are customer-
4 driven, and the participating customers are considered EESPs based on the
5 definition found in the P.U.C. Substantive Rule 25.181(c)(17). CLEAResult,
6 and EPE personnel work through various venues, such as direct contact and
7 the use of EPE's website, to inform eligible customers of EPE's Large
8 Commercial Solutions MTP and the Texas SCORE MTP.

- 9 • The Small Commercial Solutions, Residential Solutions and Low Income
10 Solutions MTPs are contractor/EESP driven. CLEAResult and EPE personnel
11 provide outreach and training throughout the year to the contractors and
12 EESPs. EPE's website also contains information on how to participate in
13 these programs and provides direct contact information for potential EESPs.

- 14 • The Solar PV Pilot MTP is also a contractor/EESP driven program. Frontier
15 and EPE personnel conduct an annual webinar that provides program
16 information and encourages participation in this program. Frontier sends
17 invitations for the webinar to EESPs that have previously participated in
18 EPE's Solar PV Pilot Program, as well as those that participate in other Texas
19 Investor Owned Utility Solar PV programs. EPE's website contains
20 participation information for customers, as well as EESPs.

- 21 • The Commercial Rebate Pilot MTP is a contractor/EESP driven program.
22 EPE personnel provide the outreach for this program through various venues,
23 such as direct contact and the EPE website.

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- 1 • The LivingWise® and Appliance Recycling MTPs are driven by the
2 implementer and the outreach is provided to the customer by the implementer.
3

4 **IV. INCENTIVE PAYMENTS AND ENERGY EFFICIENCY SERVICE**
5 **PROVIDERS AND ADMINISTRATORS**

6 **Q. HAVE YOU PROVIDED A LIST OF INCENTIVE PAYMENTS BY**
7 **PROGRAM FOR EPE, INCLUDING A LIST OF EACH ENERGY**
8 **EFFICIENCY ADMINISTRATOR AND/OR SERVICE PROVIDER**
9 **RECEIVING MORE THAN 5% OF THE UTILITY'S OVERALL**
10 **INCENTIVE PAYMENTS AND THE PERCENTAGE OF THE UTILITY'S**
11 **INCENTIVES RECEIVED BY THOSE PROVIDERS?**

12 **A. Yes. Confidential Exhibit SES-1 provides this information.**
13

14 **V. ESTIMATED USEFUL LIFE**

15 **Q. WHAT IS THE DEFINITION OF ESTIMATED USEFUL LIFE?**

16 **A. P.U.C. Substantive Rule 25.181(c)(19) states that the definition of Estimated Useful**
17 **Life ("EUL") is "The number of years until 50% of installed measures are still**
18 **operable and providing savings, and is used interchangeably with the term 'measure**
19 **life'. The EUL determines the period of time over which the benefits of the energy**
20 **efficiency measure are expected to accrue."**

21
22 **Q. HAVE YOU PROVIDED AN ESTIMATED USEFUL LIFE TABLE AND**

**EL PASO ELECTRIC COMPANY
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SUSANNE E. STONE**

1 **LINK FOR EPE'S PROGRAMS?**

2 A. Yes, the EUL Table used by EPE is provided in Exhibit SES-2 and can be found at
3 <http://texasefficiency.com/index.php/regulatory-filings/deemed-savings>.

4

5 **VI. CONCLUSION**

6 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

7 A. Yes, it does.

EL PASO ELECTRIC COMPANY
LIST OF ENERGY EFFICIENCY SERVICE PROVIDERS
EXHIBIT SES-1 CONFIDENTIAL

DOCKET NO. 41403

APPLICATION OF EL PASO ELECTRIC COMPANY
FOR APPROVAL TO REVISE ITS ENERGY EFFICIENCY COST REVOCERY
FACTOR AND REQUEST TO ESTABLISH REVISED COST CAPS

Provided upon issuance of Protective Order and pursuant to Confidentiality Agreement

Asset Class	Asset Description	Estimated Useful Life (Years)	Source
Residential	APP Energy Star Clothes Washer	36779	Appliance Magazine (2007)
Residential	APP Energy Star Dishwasher	36779	Appliance Magazine (2007)
Residential	APP Energy Star Freezers	36779	Appliance Magazine (2007)
Residential	APP Energy Star Refrigerators	36779	Appliance Magazine (2007)
Residential	APP Freezer Recycling	36779	DEER (2008)
Residential	APP Pool Pump	36779	DEER (2008)
Residential	APP Refrigerator Recycling	36779	DEER (2008)
Residential	APP ENERGY STAR Ceiling Fans	36025	Petition 39025 (2010) - ENERGY STAR Calculator at http://www.energystar.gov/index.cfm?useaction=find_a_product.showProductGroup&pgw_code=CF
Residential	BLDG Energy Star New Homes	36779	Energy Star Calculator - HomeCalc
Residential	ENV Air Infiltration	36779	DEER (2008)
Residential	ENV Ceiling/Roof Insulation	36779	GDS (2007)
Residential	ENV Cool Roof	36779	DEER (2008)
Residential	ENV Duct Sealing	36779	DEER (2008)
Residential	ENV Energy Star Windows	36779	GDS (2007)
Residential	ENV Floor Insulation	36779	GDS (2007)
Residential	ENV Light Colored Exterior Walls	36779	DEER (2008)
Residential	ENV Reflective Window Film & Screens	36779	DEER (2008)
Residential	ENV Wall Insulation	36779	GDS (2007)
Residential	HVAC AC tune-up	36779	Using DEER (2008) Remaining Useful Life approach of 1/3 of the estimated EUL for the affected technology (High Efficiency AC = 15 years)
Residential	HVAC Evaporative Cooler	36779	DEER (2008)
Residential	HVAC High Efficiency Air Conditioner (Packaged and Split Systems)	36779	DEER (2008)
Residential	HVAC High Efficiency Heat Pump	36779	DEER (2008)
Residential	HVAC High Efficiency Window/Room Air Conditioner	36779	DOE Technical Support Document for Energy Conservation Standards for Room Air Conditioners
Residential	HW Faucet Aerators	36779	DEER (2008)
Residential	HW Heat Pump Water Heater	36779	Petition 39798 (2011) - ACEEE (2011)
Residential	HW High Efficiency Electric Water Heater	36779	Appliance Magazine (2007)
Residential	HW High Efficiency Gas Water Heater	780	To be filed - 2013 Winter Peak Petition, DEER (2008)
Residential	HW Instantaneous Point of Use Water Heating	36779	DEER (2008), US DOE Technical Brief, 16504
Residential	HW Low Flow Showerhead	36779	DEER (2008)
Residential	HW Solar Water Heater	36779	DEER (2008)
Residential	HW Storage Water Heater Tank Insulation	36779	Equivalent to residential water heater lifetime
Residential	HW Water Heater Pipe Insulation	36779	DEER (2008)
Residential	LTG CFL Fixtures	36779	DEER (2008) - Based upon 8,000 hour manufacturer rated life
Residential	LTG Indoor Screw-In CFL	36779	DEER (2008)
Residential	LTG LED Seasonal Lighting	36779	DEER (2008)
Residential	LTG Outdoor HID Fixtures	36779	Based upon 50,000 hour manufacturer rated life and weighted-average 4,107 annual operating hours from Navigant (2003) Study
Residential	LTG Outdoor Screw-In CFL	7.1	DEER (2008) - Based upon 8,000 hour manufacturer rated life
Residential	RNW Photovoltaic (PV) system	36779	Frontier Associates Engineering Estimate based on Manufacturers' Warranties
Commercial	APP High Efficiency Pool Pump	36779	DEER (2008)
Commercial	APP Residential-style Energy Star Clothes Washer	36779	Appliance Magazine (2007)
Commercial	APP Residential-style Energy Star Dish Washer	36779	Appliance Magazine (2007)
Commercial	APP Residential-style Energy Star Dishwasher	36779	Appliance Magazine (2007), Energy Star Savings Calculator - 10 Years
Commercial	APP Residential-style Energy Star Refrigerators	36779	Appliance Magazine (2007)
Commercial	APP Residential-style Freezer Recycling	36779	Appliance Magazine (2007)
Commercial	APP Residential-style Refrigerator Recycling	36779	DEER (2008)
Commercial	APP Vending Machine Controller	36779	DEER (2008)

Asset Class	Asset Type	Asset Description	Asset ID	Estimated Useful Life (Years)	Notes
Commercial	BLDG	Retire/commissioning	38779	10.0	Program Design Requirement; DEER (2008). [ACEEE Studies use 7 years based upon some 1998 study; CA Programs have a contractual agreement that guarantees 5 Years]
Commercial	CKG	High Efficiency Electric Fryer	38779	12.0	Food Service Technology Center's Life-Cycle and Energy Cost Calculators
Commercial	CKG	High Efficiency Hot Food Holding Cabinet	38779	12.0	Food Service Technology Center's Life-Cycle and Energy Cost Calculators
Commercial	CKG	High Efficiency Steam Cooker	38779	10.0	Food Service Technology Center's Life-Cycle and Energy Cost Calculators
Commercial	CKG	Night Covers for Open Refrigerated Cases	40669	5.0	Petition 40669 (2012) - Night Covers for Open Vertical and Horizontal Display Cases (Low and Medium Temperature Cases), Pacific Gas & Electric Company, May 29, 2008.
Commercial	CKG	Electronically commutated motors (ECM) to replace evaporator fan motors	40669	15.0	Petition 40669 (2012) - Energy & Resource Solutions. Measure Life Study (2009). Prepared for The MA Joint Utilities
Commercial	CKG	Electronic Defrost Control	40669	10.0	Petition 40669 (2012) - ENERGY STAR Commercial Kitchen Equipment Savings Calculator at http://www.energystar.gov/index.cfm?i=usaactionfind_a_product_showProductGroup&pgw_code=Ckp
Commercial	CKG	High Efficiency Electric Convection Ovens	40669	12.0	Petition 40669 (2012) - Food Service Technology Center. "Electric Combination Oven Life-Cycle Cost Calculator" Accessed 8/22/11
Commercial	CKG	High Efficiency Electric Combination Ovens	40669	12.0	http://www.energystar.gov/index.cfm?i=usaactionfind_a_product_showProductGroup&pgw_code=Ckp
Commercial	CKG	ENERGY STAR Commercial Dishwashers	40669	11.0	Petition 40669 (2012) - ENERGY STAR Commercial Kitchen Equipment Savings Calculator at http://www.energystar.gov/index.cfm?i=usaactionfind_a_product_showProductGroup&pgw_code=Ckp
Commercial	CKG	Pre-rinse Spray Valves	40669	5.0	Petition 40669 (2012) - "Impact and Process Evaluation Final Report for California Urban Water Conservation Council 2004-5 Pre-Rinse Spray Valve Installation Program (Phase 2)" SBW Consulting, 2007.
Commercial	ENV	Ceiling/Roof Insulation	38779	25.0	GDS (2007)
Commercial	ENV	Cool Roof	38779	15.0	DEER (2008)
Commercial	ENV	Floor Insulation	38779	25.0	GDS (2007)
Commercial	ENV	High Performance Low SHGC Windows	38779	20.0	DEER (2008)
Commercial	ENV	Light Colored Exterior Walls	38779	6.0	DEER (2008)
Commercial	ENV	Reflective Window Film & Screens	38779	10.0	DEER (2008)
Commercial	HVAC	Air Conditioners / Heat Pumps (split and unitary)	38779	15.0	DEER (2008)
Commercial	HVAC	Air To Air Heat Exchanger	38779	14.0	DEER (2008)
Commercial	HVAC	Cooling Tower for Packaged System	38779	15.0	DEER (2008)
Commercial	HVAC	Duct Insulation	38779	20.0	DEER (2008)
Commercial	HVAC	Duct Sealing for Single Zone Package Systems	38779	15.0	DEER (2008)
Commercial	HVAC	Economizer - Central System or Packaged System	38779	10.0	DEER (2008)
Commercial	HVAC	Fan Powered Mixing Boxes: Convert VAVS to PIU system	38779	10.0	DEER (2008)
Commercial	HVAC	High Efficiency Chiller (excluding centrifugal chillers - ed. 3/6/2013)	38779	20.0	DEER (2008)
Commercial	HVAC	Centrifugal Chiller (replaces on burnout or new construction projects)	40669	25.0	Petition 40669 (2012) - Review of Multiple Studies looking at the lifetime of Centrifugal Chillers - See Petition Workpapers
Commercial	HVAC	Two-Speed Fans on central plant cooling towers	38779	15.0	DEER (2008)
Commercial	HVAC	Water Side Economizer	38779	15.0	DEER (2008)
Commercial	HVAC	Split and package unitary HVAC systems - early retirement component	40669	Variable	See Petition 40669 for details
Commercial	HVAC	Chilled Water Systems - early retirement component	40669	Variable	See Petition 40669 for details
Commercial	HW	Circulation Pump Timedock Retrofit	38779	15.0	DEER (2008)
Commercial	HW	Commercial Pool Heater	38779	5.0	DEER (2008)
Commercial	HW	Faucet Aerators	38779	10.0	DEER (2008)
Commercial	HW	High Efficiency Central Water Heater	38779	15.0	DEER (2008)
Commercial	HW	High Efficiency Storage Water Heater	38779	15.0	DEER (2008)
Commercial	HW	Instantaneous Point of Use Water Heating	38779	20.0	DEER (2008); US DOE Technical Brief, 1/6/04
Commercial	HW	Low Flow Showerhead	38779	10.0	DEER (2008)
Commercial	HW	Pipe Wrap	38779	15.0	Equivalent to commercial water heater lifetime
Commercial	HW	Storage Water Heater Tank Insulation	38779	7.0	DEER (2008)
Commercial	LTG	Halogen	38779	1.5	Based upon 5,000 hour manufacturer rated life and weighted-average 3,350 annual operating hours from Navigant (2003) US Lighting Study. Rated life values assume the use of energy-efficient Halogen Infrared (IR) products.
Commercial	LTG	High Intensity Discharge (HID)	38779	15.5	Based upon 50,000 hour manufacturer rated life and weighted-average 3,205 annual operating hours from Navigant (2003) US Lighting Study
Commercial	LTG	Integrated-ballast CFL Lamps	38779	4.5	Based upon 25,000 hour manufacturer rated life and weighted-average 5,493 annual operating hours from Navigant (2003) US Lighting Study.
Commercial	LTG	Integrated-ballast CFL Lamps	38779	2.5	Based upon 8,000 hour manufacturer rated life and weighted-average 3,253 annual operating hours from Navigant (2003) US Lighting Study

Residential & Commercial Buildings		Energy	Equipment	Estimated Useful Life (Years)	Estimated Useful Life (Months)	Estimated Useful Life (Days)	Estimated Useful Life (Hours)	Estimated Useful Life (Minutes)	Estimated Useful Life (Seconds)
Commercial	LTC	Light Emitting Diode (LED)		36779	15.0		Based upon 50,000 hour manufacturer rated life and weighted-average 3,260 annual operating hours from Navigant (2003) US Lighting Study.		
Commercial	LTC	Modular CFL and CFL Fixtures		36779	16.0		Based upon 60,000 hour manufacturer rated life and weighted-average 3,251 annual operating hours from Navigant (2003) US Lighting Study.		
Commercial	LTC	T8 and T5 Linear Fluorescent		36779	15.5		Based upon 50,000 hour manufacturer rated life and weighted-average 3,211 annual operating hours from Navigant (2003) US Lighting Study.		
Commercial	LTC	T8 and T5 Linear Fluorescents replacing T12s with magnetic ballasts		39148	8.5		Petition 39148 (2011) - Calculation made through a weighted-average of the typical savings contributions of high performance and reduced wattage T8 or T5 systems replacing a T12 magnetic system (Program Years 2011-2014)		
Commercial	LTC	LEDs replacing T12s with magnetic ballasts		LSF	8.5		Frontier Associates 2013 Based on Petition 39148		
Commercial	LTC	Integral LED Lamp		38023	9.0		Petition 38023 (2010) - Based upon 30,000 hour manufacturer rated life and weighted-average 3,260 annual operating hours from DOE's U.S. Lighting Market Characterization study (2003)		
Commercial	LTC	New fixture where none existed prior to installation		LSF	10.0		LSF - Frontier Associates 2013		
Commercial	LTC	Fixture completely removed from service		LSF	10.0		LSF - Frontier Associates 2014		
Commercial	LTC	Occupancy Sensor for Lighting		36779	10.0		GDS (2007)		
Commercial	LTC	Protocol for Lighting		36779	10.0		GDS (2007)		
Commercial	LTC	Timeclock for Lighting		36779	10.0		GDS (2007)		
Commercial	MOTOR	Premium Efficiency Motor		36779	15.0		DEER (2008)		
Commercial	MOTOR	Variable Speed Drive (VSD) Control		36779	15.0		DEER (2008)		
Commercial	REF	Anti-Sweat Heat (ASH) Controls		36779	12.0		DEER (2008)		
Commercial	REF	Auto-Closer for Walk-In Cooler/Freezer Doors		36779	8.0		DEER (2008)		
Commercial	REF	Door Gaskets on Cooler/Freezer Doors		36779	4.0		DEER (2008)		
Commercial	REF	Energy Efficient Commercial Reach-In Refrigerator or Freezer		36779	12.0		DEER (2008)		
Commercial	REF	Evaporator Fan Control on Walk-In Coolers & Freezers		36779	16.0		DEER (2008)		
Commercial	REF	Ice Machine		36779	10.0		DEER (2008)		
Commercial	REF	Insulation for Base Suction Lines		36779	11.0		DEER (2008)		
Commercial	REF	Reach-In Glass Doors		36779	12.0		DEER (2008)		
Commercial	REF	Refrigerator Upgrades (Condenser, Head Pressure, Suction Pressure, Subcooling, and Variable Speed Compressors)		36779	12.0		DEER (2008)		
Commercial	REF	Strip Curtains for Walk-ins		36779	4.0		DEER (2008)		

Legend	
APP	APPLIANCE
BLDG	WHOLE BUILDING
CKG	COOKING
ENV	ENVELOPE
HVAC	HEATING, VENTILATION, AND AIR CONDITIONING
HW	HOT WATER
LTG	LIGHTING
LTGC	LIGHTING CONTROLS
MOTOR	MOTOR APPLICATION (E.G. PUMP OR COMPRESSOR)
REF	REFRIGERATION
RNW	RENEWABLE GENERATION
LSF	LIGHTING SURVEY FORM

DOCKET NO. 41403

APPLICATION OF EL PASO	§	
ELECTRIC COMPANY FOR	§	
APPROVAL TO REVISE ITS ENERGY	§	PUBLIC UTILITY COMMISSION
EFFICIENCY COST RECOVERY	§	OF TEXAS
FACTOR AND REQUEST TO	§	
ESTABLISH REVISED COST CAPS	§	
	§	

DIRECT TESTIMONY OF

CURTIS HUTCHESON

FOR

EL PASO ELECTRIC COMPANY

May 1, 2013

DIRECT TESTIMONY
CURTIS HUTCHESON

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EXHIBITS

Exhibit CH-1	2014 Revised EECRF Calculations
Exhibit CH-2	2014 EECRF Tariff
Exhibit CH-3	2013 Energy Efficiency Plan and Report
Exhibit CH-4	2014 Regulatory Cap Calculation
Exhibit CH-5	2013 and 2014 Proposed Annual Budgets
Exhibit CH-6	2012 Energy Efficiency Performance Bonus Calculation
Exhibit CH-7	2014 Regulatory Cap Calculation No Combination Rates
Exhibit CH-8	Comparison of Program Expenditures and Savings
Exhibit CH-9	Appendix B - 2013 Energy Efficiency Plan and Report
Exhibit CH-10	Energy Efficiency Costs Reconciliation
Exhibit CH-11	Historical Comparison of Program Expenditures and Savings

DIRECT TESTIMONY
CURTIS HUTCHESON

1 **I. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Curtis Hutcheson. My business address is 100 North Stanton, El Paso,
4 Texas, 79901.

5
6 **Q. HOW ARE YOU EMPLOYED?**

7 A. I am employed by El Paso Electric Company ("EPE") as Manager-Economic &
8 Rate Research. I direct the work of the Economic & Rate Research Department.

9
10 **Q. PLEASE SUMMARIZE YOUR EDUCATIONAL AND BUSINESS**
11 **BACKGROUND.**

12 A. I graduated from New Mexico State University in 1988 with a Bachelor of Science
13 degree in Mechanical Engineering and in 1990 with a Master of Arts in Economics
14 with a Public Utility Regulatory Option.

15 I began working for EPE in 1991 as a Load Research Specialist in the Load
16 Research Section, which was within the Economic and Rate Research group.
17 Among my duties were the creation of load studies and the calculation of
18 jurisdictional and class allocators. I was also involved in creating econometric
19 models of residential load usage and statistical analyses of load data in the system.
20 In 2004, the responsibility for EPE's Long-Term and Budget Year Forecast was
21 transferred to the Load Research Section. In 2005, I was promoted to the position
22 of Supervisor of Load and Market Research. In that position, I directly oversaw

1 the production and review of the Long-Term Load Forecast for Energy and
2 Demand. In July of 2008, I became Manager—Economic & Rate Research.
3

4 **Q. PLEASE DESCRIBE YOUR CURRENT RESPONSIBILITIES WITH EPE.**

5 A. As Manager of the Economic & Rate Research Department, my primary
6 responsibilities include: (1) overseeing EPE's rate research function; (2)
7 developing EPE's jurisdictional cost of service studies; (3) developing EPE's class
8 cost of service studies; (4) conducting rate design analysis and developing EPE's
9 retail rate schedules and charges; and, (5) evaluating end-use costs to serve and
10 develop specialized rate designs and rate agreements.
11

12 **Q. ARE YOU SPONSORING ANY EXHIBITS IN THIS FILING?**

13 A. Yes, I am sponsoring the following Exhibits;

14 Exhibit CH-1 2014 Revised EECRF Calculations

15 Exhibit CH-2 2014 EECRF Tariff

16 Exhibit CH-3 2013 Energy Efficiency Plan and Report

17 Exhibit CH-4 2014 Regulatory Cap Calculation

18 Exhibit CH-5 2013 and 2014 Proposed Annual Budgets

19 Exhibit CH-6 2012 Energy Efficiency Performance Bonus Calculation

20 Exhibit CH-7 2014 Regulatory Cap Calculation No Combination Rates

21 Exhibit CH-8 Comparison of Program Expenditures and Savings

22 Exhibit CH-9 Appendix B - 2013 Energy Efficiency Plan and Report

23 Exhibit CH-10 Energy Efficiency Costs Reconciliation

1 Exhibit CH-11 Historical Comparison of Program Expenditures and
2 Savings

3 **Q. WERE THE ATTACHED EXHIBITS PREPARED BY YOU OR UNDER**
4 **YOUR SUPERVISION?**

5 A. Yes.

6
7 **Q. HAVE YOU PREVIOUSLY PRESENTED TESTIMONY BEFORE**
8 **UTILITY REGULATORY BODIES?**

9 A. Yes, I have previously filed testimony with the Public Utility Commission of
10 Texas ("PUCT") and with the New Mexico Public Regulation Commission.

11
12 **II. PURPOSE OF TESTIMONY**

13 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

14 A. The purpose of my direct testimony is to present and support the Company's
15 request to revise its Energy Efficiency Cost Recovery Factor ("EECRF") for 2014.
16 In my testimony, I provide a summary of the relief sought by EPE and describe the
17 specific costs to be included in EPE's revised EECRF pursuant to the requirements
18 of P.U.C. SUBST. R. 25.181(f). I also support the calculation of EPE's revised
19 EECRF rates for the billing period January 2014 through December 2014,
20 including the allocation of energy efficiency costs among the customer classes. I
21 will discuss the impacts on EPE's filing of the energy efficiency goals and cost
22 caps provided by P.U.C. SUBST. R. 25.181(e) and (f), respectively. I will present
23 EPE's proposal to recover costs that would enable EPE to achieve demand and

1 energy savings at the same level as was necessary to meet EPE's goal for 2011,
2 2012, and 2013. I will also present EPE's proposal to recover the energy
3 efficiency performance bonus for 2012, and the distribution of the over-recovery
4 for 2012. Exhibit CH-1 is the calculation of the revised EECRF rates for 2014.
5 Exhibit CH-2 contains the revised EECRF tariff, reflecting those revised EECRF
6 rates for 2014.
7

8 **III. REQUIREMENT TO ADJUST EECRF FOR 2014**

9 **Q. WHAT IS THE PURPOSE OF THE EECRF TARIFF?**

10 A. The purpose of the EECRF tariff is to allow a utility to recover its forecasted
11 energy efficiency costs, net of energy efficiency costs included in base rates, the
12 energy efficiency performance bonus amount that it earned for the prior year, any
13 adjustment for past over- or under-recovery of energy efficiency revenues and
14 recovery of the prior years' EECRF filing expenses. EPE's total energy efficiency
15 costs are recovered through an energy charge applicable to all non-transmission
16 voltage level customer classes except the Private Area Lighting Service class and
17 the Interruptible Power Service classes. The EECRF rates are calculated by rate
18 class based on the aggregate amount of costs allocated to each class divided by the
19 projected kWh at the meter for 2014. PURA § 39.905(b)(4) provides that the
20 EECRF should "ensur[e] that the costs associated with programs provided under
21 this section are borne by the customer classes that receive the services under the
22 programs." By excluding the transmission voltage level, Private Area Lighting
23 Service and Interruptible Power Service classes, EPE's design ensures that only the