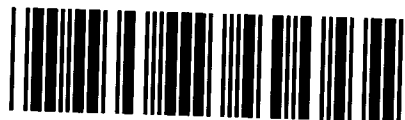




Control Number: 42449



Item Number: 2

Addendum StartPage: 0

DOCKET NO. 42449

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

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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**

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

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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)<sup>1</sup> and P.U.C. SUBST. R. 25.181.

## **III. AFFECTED PERSONS**

EPE provides service to approximately 306,000 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 2015 AND REQUEST TO ESTABLISH REVISED COST CAPS**

By this Application, EPE requests the authority to revise its EECRF for 2015 to reflect the following four components:

- 1) \$4,384,650 in projected energy efficiency program costs for 2015;
- 2) a \$2,035,783 performance bonus based on the Company's 2013 energy efficiency program performance;
- 3) EPE's prior year EECRF proceeding expenses of \$83,681
- 4) A true-up adjustment, by rate class, of EPE's net under-recovery for 2013 of \$82,872; and
- 5) EM&V costs of \$99,722.

The total amount that EPE requests be included in its 2014 EECRF is \$6,686,708. 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

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

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).

EPE requests a good cause exception that will permit the continued combination of certain classes, as approved in Docket 41403, EPE's 2013 EECRF proceeding. One of these combinations is the combination of Rate 34 – Cotton Gin, Rate 46 - Maintenance Power, and Rate 47 – Backup Power, each of which has only one customer, into one EECRF rate class for purposes of calculating and charging the EECRF. The other is the combination of Rate 43 – University Service, which has only one customer, into Rate 25 – Large Power Service for one EECRF rate class for purposes of calculating and charging the EECRF. These classes are all eligible to receive services under the same energy efficiency programs.

Furthermore, in order to continue the energy efficiency programs at the same level, the rates for the commercial customers will continue to exceed the cost caps set by P.U.C. SUBST. R. 25.181(f)(7). 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 the commercial classes.

There is good cause to establish a revised cost cap. 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 continuing to exceed the Commission's cost cap for commercial customers. The commercial customers already have an EECRF that exceeds the cap. If the Company were to revise its 2015 spending to a level that would allow the Company to comply with the cost cap, 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.

Therefore, rather than undertaking a restructuring of its energy efficiency programs, EPE requests that the Commission continue the revised cost cap for the commercial customers. Though EPE will still exceed the costs cap with this request for commercial customers, the Company believes this request achieves the most benefits for its customers by continuing valuable energy-saving programs while limiting any rate increases.

In support of this application, EPE submits the Direct Testimonies of Susanne Stone and James Schichtl and an affidavit, by Bret J. Slocum, concerning last year's EECRF proceeding expenses. In her Direct Testimony, Ms. Stone addresses EPE's energy efficiency program and its associated costs, as well as the bidding and engagement process for contracting with energy efficiency service providers. In his Direct Testimony, Mr. Schichtl 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 Schichtl's testimony also supports the calculation of EPE's revised EECRF rates for the billing period January 2015 through December 2015, including the allocation of energy efficiency costs among the customer classes. Finally, in his testimony, Mr. Schichtl explains why good cause supports the Company's requests for continuation of the combination of some rate classes and establishing a revised cost cap for commercial customers.

**V. ADJUSTED ENERGY EFFICIENCY COST RECOVERY FACTOR**

EPE's revised EECRF tariff containing the EECRF rates for 2015 is provided as Exhibit JS-1 to Mr. Schichtl'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 \$0.70 per month, which is an increase of 25 cents per month.

EPE requests the Commission approve the adjusted EECRF effective as of the first billing cycle of the January 2015 billing month, which is January 1, 2015.

## VI. PROPOSED PROCEDURAL SCHEDULE

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

Filing Date	May 1, 2014
Proof of Notice	May 15, 2014
Intervention Deadline	June 2, 2014
Request for Hearing	June 2, 2013
<u>If no hearing requested</u>	
Staff Recommendation	June 9, 2014
Parties Proposed Order	June 23, 2014
Final Order	July 10, 2014
<u>If hearing requested</u>	
Request for prehearing conference or agreed procedural schedule	July 9, 2014

## VII. NOTICE

Consistent with the notice provisions of P.U.C. SUBST. R. 25.181,<sup>3</sup> EPE proposes to provide notice to all parties that participated in the Company's last EECRF proceeding, Docket No. 41403, and its last rate proceeding, Docket 40094. The form of the notice to be provided is set forth in Attachment B to this Application. The Company requests that the Commission find that the Company's notice is sufficient.

<sup>2</sup> 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.

<sup>3</sup> 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.

**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 EPE's last EECRF proceeding, Docket No. 41403.

**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 2015 billing month; and for such other relief to which it may be entitled.

Respectfully submitted,

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

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

**ATTORNEYS FOR EL PASO  
ELECTRIC COMPANY**



EL PASO ELECTRIC COMPANY

Attachment A

Page 1 of 1

**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	\$ 0.001160	(I)
02	Small Commercial Service Rate	\$ 0.002830	(I)
07	Outdoor Recreational Lighting Service Rate	\$ 0.000313	(I)
08	Governmental Street Lighting and Signal Service Rate	(\$ 0.000046)	(I)
11	Municipal Pumping Service Rate	\$ 0.000653	(I)
11-TOU	Time-Of-Use Municipal Pumping Service Rate	\$ 0.000653	(I)
WH	Water Heating	(\$ 0.000454)	(I)
22	Irrigation Service Rate	\$ 0.000839	(I)
24	General Service Rate	\$ 0.000792	(I)
25	Large Power Service Rate (excludes transmission)	\$ 0.001700	(I)
34	Cotton Gin Service Rate	(\$ 0.000494)	(R)
41	City and County Service Rate	\$ 0.003555	(I)
43	University Service Rate	\$ 0.001700	(I)
46	Maintenance Power Service For Cogeneration And Small Power Production Facilities	(\$ 0.000494)	(R)
47	Backup Power Service For Cogeneration And Small Power Production Facilities	(\$ 0.000494)	(R)

Section Number 1  
Sheet Number 33  
Page 1 of 1

Revision Number 5  
Effective with bills issued on or  
after January 1, 2015

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

On May 1, 2014, 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 Cap (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. 42449 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 2015 billing month, which begins on January 1, 2015. 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.

In its Application EPE requests that the Commission find good cause to continue the combination of rate classes that was approved by the Commission in last year's EECRF proceeding, Docket 41403. That case authorized the combination of Rate 34 - Cotton Gin, Rate 46 - Maintenance Power, and Rate 47 - Backup Power into one rate class and the combination of Rate 25 - Large Power Service and Rate 43 - University Service into a separate rate class for purposes of calculating and charging the EECRF.

EPE's proposed EECRF rates commercial customers in aggregate will exceed the cost cap prescribed by Rule 25.181(f)(7). Therefore, pursuant to P.U.C. SUBST. R. 25.181(f)(2), EPE requested that the Commission find good cause to revise the Company's cost cap 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 2015 EECRF approximately \$6,686,708 in energy efficiency costs, reflecting the following four components:

- 1) \$4,384,650 in projected energy efficiency program costs for 2014;
- 2) a \$2,035,783 performance bonus based on the Company's 2013 energy efficiency program performance;
- 3) a \$82,872 true-up adjustment representing EPE's net under-recovery of 2013 program costs actually incurred;
- 4) Evaluation, Measure and Verification costs of \$99,722; and
- 5) EPE's prior year EECRF filing expenses of \$83,861.

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 \$0.70 per month, which is an increase of approximately 25 cents on average per month over the EECRF approved in EPE's last EECRF proceeding, PUCT Docket No. 41403. The Company's requested EECRF rates are as follows:

<u>Customer Class</u>	<u>EECRF</u>
Residential Service Rate	\$ 0.001160
Small Commercial Service Rate	\$ 0.002830
Outdoor Recreational Lighting Service Rate	\$ 0.000313
Governmental Street Lighting and Signal Service Rate	\$ (0.000046)
Municipal Pumping Service Rate	\$ 0.000653
Time-of-Use Municipal Pumping Service	\$ 0.000653
Water Heating	\$ (0.000454)
Irrigation Service Rate	\$ 0.000839
General Service Rate	\$ 0.000792
Large Power Service Rate (excludes transmission)	\$ 0.001700
Cotton Gin Service Rate	\$ (0.000494)
City and County Service Rate	\$ 0.003555
University Service Rate	\$ 0.001700
Maintenance Power Service For Cogeneration And Small Power Production Facilities	\$ (0.000494)
Backup Power Service For Cogeneration And Small Power Production Facilities	\$ (0.000494)

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. 42449. 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. 42449.

## DOCKET NO. 42449

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. 42449" (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.<sup>1</sup> 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

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<sup>1</sup> TEX. GOV'T CODE ANN. §§ 552.001-552.353 (Vernon 2004 and Supp. 2013).

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;<sup>2</sup> (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. 42449" (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

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<sup>2</sup> 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 a 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. 42449. 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. 42449 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,<sup>3</sup> the Texas Securities Act<sup>4</sup> and any other applicable law, provided that parties subject to those acts will notify the party asserting

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

<sup>4</sup> 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. 42449. 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. 42449

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 CAP	§	
	§	

DIRECT TESTIMONY OF

SUSANNE E. STONE

FOR

EL PASO ELECTRIC COMPANY

MAY 1, 2014

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## **EXHIBITS**

SES-1	EPE's 2014 Energy Efficiency Plan and Report
SES-2	2013 Benefit-Cost Analysis by Program
SES-3	Texas Investor Owned Utility 2013 Program Expenditure Comparison
SES-4	Texas Investor Owned Utility 2013 Incentive Expenditure Comparison
SES-5	Revised 2014 and 2015 Proposed Annual Budgets
SES-6	Performance Incentive Calculation
SES-7	PUCT Docket No. 40343 Exhibit CH-6
SES-8	CONFIDENTIAL – List of Energy Efficiency Service Providers
SES-9	Estimated Useful Life Table

DIRECT TESTIMONY OF  
SUSANNE E. STONE

1                                   **I.     INTRODUCTION AND QUALIFICATIONS**

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

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

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

7   A.     I am employed by El Paso Electric Company ("EPE" or "Company") as Manager --  
8           Energy Efficiency.

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

12   A.     I was employed by EPE in September 1982 in the Engineering Department as an  
13           Engineering Aide designing underground and overhead electrical distribution  
14           systems. I completed the Department of Labor Apprenticeship and Training Program  
15           in September 1987 to become an Engineering Technician. In 1998, I transferred to  
16           the EPE Energy Services Business Unit as an Account and Project Manager. From  
17           2003 to 2009, I worked in the EPE Customer Technical Resource Unit as a Principal  
18           Key Account Representative. I served as a liaison between EPE and large  
19           commercial and industrial customers. In October 2009, I began working for EPE's  
20           Energy Efficiency Department as a Senior Energy Efficiency Program Coordinator.  
21           On July 1, 2013 I accepted the position of Manager of Energy Efficiency, which is  
22           the position I currently hold.



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 the  
3 Association of Energy Engineers: Certified Energy Manager, Certified Lighting  
4 Efficiency Professional, Certified Energy Auditor, Certified Demand-Side Management  
5 Professional, Renewable Energy Professional, and Business Energy Professional.

6  
7 **Q. PLEASE DESCRIBE YOUR CURRENT RESPONSIBILITIES WITH EPE.**

8 A. As Manager of the Energy Efficiency Department, my primary responsibilities  
9 include managing the development, implementation and administration of EPE's  
10 energy efficiency and load management programs and providing testimony in related  
11 regulatory filings.

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

15 A. Yes, I have previously filed testimony before the Public Utility Commission of Texas  
16 ("PUCT") and the New Mexico Public Regulation Commission.

17  
18 **II. PURPOSE OF TESTIMONY**

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

20 A. The purpose of my testimony is to:

- 21 • Present the EPE 2014 Energy Efficiency Plan and Report ("EEPR");  
22 • Present the results of EPE's 2013 energy efficiency program year;  
23 • Describe EPE's proposed energy efficiency goals, programs and budget;

- 1 • Explain EPE's performance incentive calculation;
- 2 • Describe EPE's bidding and engagement process for contracting with energy
- 3 efficiency service providers ("EESP") and administrators;
- 4 • Provide a list of the EESPs and contractors that participated in EPE's energy
- 5 efficiency programs, including a list of those whose incentive payments exceeded 5%
- 6 of the overall incentive payments in EPE's 2013 energy efficiency programs; and
- 7 • Provide a list of energy efficiency program measures' estimated useful life ("EUL").

8

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

10 A. Yes, I am sponsoring the following Exhibits that have been prepared by me or under

11 my direction:

- 12 • Exhibit SES-1 – EPE's 2014 EEPR
- 13 • Exhibit SES-2 – EPE's 2013 program benefit-cost
- 14 • Exhibit SES-3 – Comparison of Texas utilities' 2013 energy efficiency program
- 15 expenditures per kW and kWh
- 16 • Exhibit SES-4 – Comparison of Texas utilities' 2013 incentive expenditures per
- 17 kW and kWh
- 18 • Exhibit SES-5 – Revised 2014 and 2015 proposed annual budgets
- 19 • Exhibit SES-6 – EPE's 2013 performance incentive calculation
- 20 • Exhibit SES-7 – PUCT Docket No. 40343 Exhibit CH-6
- 21 • Exhibit SES-8 (CONFIDENTIAL) – EPE's 2013 participating energy efficiency
- 22 service providers ("EESP") by program and the list of EESPs, administrators and
- 23 implementers that received more than 5% of EPE's overall incentive payments

- 1 • Exhibit SES-9 – Listing of the commercial and residential measure EULs.

2

3 **III. 2013 ENERGY EFFICIENCY PROGRAM RESULTS**

4 **Q. CAN YOU LIST THE 2013 ENERGY EFFICIENCY PROGRAMS THAT EPE**  
5 **OFFERED?**

6 A. Yes. In 2013, EPE offered the following energy efficiency programs:

- 7 • Commercial Standard Offer Program ("SOP")
- 8 • Small Commercial Solutions Market Transformation Program ("MTP")
- 9 • Large Commercial & Industrial ("C&I") Solutions MTP
- 10 • Texas SCORE MTP
- 11 • Load Management SOP
- 12 • Commercial Rebate Pilot Program
- 13 • Residential Solutions MTP
- 14 • LivingWise® MTP
- 15 • Hard-to-Reach Solutions MTP
- 16 • Appliance Recycling MTP
- 17 • Solar Photovoltaic (PV) Pilot MTP
- 18

19 **Q. CAN YOU DESCRIBE EACH ENERGY EFFICIENCY PROGRAM?**

20 A. Yes. A complete description of EPE's energy efficiency programs is provided in  
21 EPE's 2014 EEPR attached as Exhibit SES-1.

22

1    **Q.    WHAT WERE EPE'S ENERGY EFFICIENCY PROGRAM EXPENDITURES**  
2           **DURING THE 2013 PROGRAM YEAR?**

3    A.    In 2013, EPE spent \$4,351,934 in program expenditures. A detailed breakdown of the  
4           amounts spent by program can be found in Table 10 of Exhibit SES-1.

5

6    **Q.    WHAT WAS EPE'S DEMAND REDUCTION GOAL FOR THE 2013**  
7           **PROGRAM YEAR?**

8    A.    EPE's demand reduction goal for 2013 was 11.16 MW.

9

10   **Q.    WHAT DEMAND REDUCTION DID EPE ACHIEVE THROUGH ITS 2013**  
11          **ENERGY EFFICENCY PROGRAMS?**

12   A.    EPE achieved a total of 14.188 MW of demand reduction through its energy  
13          efficiency programs for 2013. This reduction represents 123.17% of it 2013 demand  
14          reduction goal. The savings by program are found in Table 8 of Exhibit SES-1.

15

16   **Q.    DID EPE'S 2013 ENERGY EFFICIENCY PROGRAMS MEET THE COST-**  
17          **EFFECTIVENESS STANDARD OF SUBST. R. 25.181?**

18   A.    Yes. Please refer to Exhibit SES-2 for the cost-effectiveness of the 2013 energy  
19          efficiency programs as required by Subst. R. 25.181.

20

21   **Q.    HAVE YOU PROVIDED A RECONCILIATION OF THE PREVIOUS**  
22          **YEAR'S ENERGY EFFICIENCY COSTS?**

1 A. Yes. Table 10 of Exhibit SES-1 presents the 2013 budget and expenditures for each  
2 energy efficiency program. This table includes a breakdown of incentives and  
3 administrative costs, including research and development ("R&D") expenses, by  
4 program and customer class.

5  
6 **Q. WERE ALL THE COSTS SHOWN INCURRED IN SUPPORT OF AN**  
7 **ENERGY EFFICIENCY PROGRAM?**

8 A. Yes. All the costs were incurred for the purpose of reducing demand and energy  
9 growth. The costs shown resulted from energy efficiency programs that were  
10 presented in EPE's 2013 EEPR, Project No. 41196, which was filed on April 1, 2013.

11

12 **Q. DO THE COSTS SHOWN IN TABLE 10 OF EXHIBIT SES-1 INCLUDE ANY**  
13 **COST THAT IS NOT ALLOWED AS AN EXPENSE UNDER PUCT SUBST.**  
14 **R. 25.231(B)(2)?**

15 A. No. All of the costs shown in Table 10 of Exhibit SES-1 were spent on incentives  
16 and the administration of energy efficiency programs.

17

18 **Q. HOW DO EPE'S ENERGY EFFICIENCY COSTS COMPARE TO WHAT**  
19 **OTHER UTILITIES HAVE EXPERIENCED?**

20 A. EPE's energy efficiency costs compare favorably to other investor owned utilities in  
21 Texas. While each utility faces different circumstances, Exhibit SES-3 compares the  
22 program expenditures per demand savings (\$/kW) and per energy savings (\$/kWh)  
23 for EPE and the other investor owned utilities in Texas for 2013 as originally reported

1 in the utilities' 2014 EEPs. EPE spent less than the average in program expenditures  
2 per kW and per kWh for the 2013 program year.

3  
4 **IV. EPE'S 2015 ENERGY EFFICIENCY GOAL**

5 **Q. HOW ARE ENERGY EFFICIENCY GOALS ESTABLISHED?**

6 A. For 2015, the PUCT Subst. R. 25.181(e)(1) requires that an electric utility administer  
7 a portfolio of energy efficiency programs to acquire, at a minimum, no less than a  
8 30% reduction of the utility's annual growth in demand of residential and commercial  
9 customers for the program year. The goal is limited by a trigger based on summer  
10 weather-adjusted peak demand. Once a utility portfolio produces demand reductions  
11 equivalent to 0.4% of the weather-adjusted peak demand for residential and  
12 commercial customers combined for the prior program year, the annual goal is  
13 established at that level. With limited exceptions under the Rule, the demand  
14 reduction goal in any year cannot be lower than the goal established for the prior year.

15  
16 **Q. HAS EPE REACHED THE 0.4% REDUCTION OF ITS SUMMER**  
17 **WEATHER-ADJUSTED PEAK DEMAND TRIGGER AS PROVIDED FOR IN**  
18 **PUCT SUBST. R. 25.181(E)(1)(D)?**

19 A. Yes. In 2013, EPE's reduction goal of 11.16 MW was greater than 0.4% of the prior  
20 program year's summer weather-adjusted peak demand. As shown in Table 4 of  
21 Exhibit SES-1, EPE's 2012 weather-adjusted peak demand was 1,083 MW. EPE's  
22 2013 goal of 11.16 MW was equivalent to 1.03% of the 2012 peak demand and, as  
23 such, the trigger was reached.

1 Q. WHAT IS EPE'S REQUESTED GOAL FOR 2015?

2 A. EPE's energy efficiency goal for 2015 is 11.16 MW. This is the same goal used by  
3 EPE in its previous two EECRF proceedings.  
4

5 Q. DOES EPE'S 2015 GOAL MEET OR EXCEED THE COMMISSION'S GOAL  
6 OF THE 0.4% REDUCTION OF EPE'S SUMMER WEATHER-ADJUSTED  
7 PEAK DEMAND AS PROVIDED IN PUCT SUBST. R. 25.181(E)(1)?

8 A. Yes. EPE's 2015 goal of 11.16 MW is greater than 0.4% of EPE's 2013 summer  
9 weather-adjusted peak demand of 1,142 MW as shown in Table 4 of Exhibit SES-1.  
10 Based on that peak demand, a 0.4% demand reduction would be 4.568 MW as shown  
11 in Table 1 of Exhibit SES-1. EPE's proposed 2015 goal is equal to 0.98% of the 2013  
12 weather-adjusted summer peak demand.  
13

14 V. ENERGY EFFICIENCY PROGRAMS AND PROJECTED EXPENSES PER  
15 EPE'S PROPOSAL

16 Q. CAN YOU LIST THE ENERGY EFFICIENCY PROGRAMS THAT EPE  
17 EXPECTS TO OFFER DURING THE 2015 PROGRAM YEAR?

18 A. Yes. In 2015, EPE expects to offer the same programs as it did in 2013 and 2014:

- 19 • Commercial SOP  
20 • Small Commercial Solutions MTP  
21 • Large C&I Solutions MTP  
22 • Texas SCORE MTP  
23 • Load Management SOP

- Commercial Rebate Pilot Program
- Residential Solutions MTP
- LivingWise® MTP
- Hard-to-Reach Solutions MTP
- Appliance Recycling MTP
- Solar PV Pilot MTP

**Q. ARE THERE ANY SIGNIFICANT CHANGES IN THE OPERATION OF EPE'S EXISTING ENERGY EFFICIENCY PROGRAMS FROM 2014 TO 2015?**

**A.** No. Based on EPE's proposal to maintain the same program funding levels and goals for 2015 as were set for 2014, there are no significant changes in program operation planned for 2015.

**Q. ARE THE PROGRAMS IN ACCORDANCE WITH RECOMMENDATIONS MADE BY THE COMMISSION'S EVALUATION, MEASUREMENT, AND VERIFICATION ("EM&V") CONTRACTOR?**

**A.** Yes. The programs have been designed in accordance with the EM&V recommendations. In the Appliance Recycling MTP, EPE has adjusted the demand and energy savings to approved PUCT deemed savings levels. EPE has filed a petition, Docket No. 42212, to approve revised deemed savings for this program.



1 Q. ARE THESE PROGRAMS AVAILABLE TO ALL ELIGIBLE CUSTOMER  
2 CLASSES?

3 A. Yes, there are programs available for all eligible customer classes.  
4

5 Q. WHAT IS THE PROPOSED PROGRAM BUDGET, INCLUDING  
6 INCENTIVE PAYMENTS, FOR EACH ENERGY EFFICIENCY PROGRAM  
7 EPE EXPECTS TO OFFER IN 2015?

8 A. The proposed program budget for 2015 is \$4,384,650. This is consistent with the  
9 program budget for 2014. Table 6 of Exhibit SES-1 shows the forecasted energy  
10 efficiency program budget, including incentive payments, that EPE anticipates  
11 expending in 2015.  
12

13 Q. CAN YOU PROVIDE THE PROJECTED DEMAND AND ENERGY  
14 SAVINGS FROM EACH PROGRAM?

15 A. Yes. The projected demand and energy savings for each program are shown in  
16 Table 5 of Exhibit SES-1.  
17

18 Q. IN YOUR OPINION, IS THE PROPOSED PROGRAM BUDGET  
19 REASONABLE? IF SO, WHY?

20 A. Yes. EPE is proposing the same program budget for 2015 as was approved for 2014.  
21 The PUCT found the 2014 program budget to be reasonable in the Company's  
22 previous EECRF filing, Docket No. 41403. In addition, the energy efficiency  
23 program budget has remained the same since 2011. Since the proposed programs and

1 budget remain the same as they were in 2013, Exhibit SES-3 shows that EPE's  
2 expenditures per kW and kWh are reasonable when compared to other Texas investor  
3 owned utilities.  
4

5 **Q. IN YOUR OPINION, ARE EPE'S PROPOSED INCENTIVE COSTS**  
6 **REASONABLE? IF SO, WHY?**

7 A. Yes. Exhibit SES-4 shows a comparison of the incentive expenditures per kW and  
8 kWh for 2013 for each Texas investor owned electric utility as originally reported in  
9 the utilities' 2014 EEPRs. This comparison shows that EPE was below the average  
10 incentive expenditures per kW and had the lowest incentive expenditure per kWh for  
11 that year. The proposed incentive levels for 2015 have not changed significantly  
12 from 2013 and, as such, are reasonable.  
13

14 **Q. WHAT ARE THE COMPANY'S PROJECTED ADMINISTRATIVE COSTS,**  
15 **INCLUDING R&D, FOR 2015?**

16 A. The projected administrative costs for 2015 are \$167,599 as shown on Table 6 of  
17 Exhibit SES-1. These expenses are funds paid to program administrators and  
18 implementers for administering energy efficiency programs and providing  
19 information and assistance to EPE for the statewide EM&V requests. EPE is not  
20 projecting any R&D expenses for 2015.  
21

22 **Q. IN YOUR OPINION, ARE THE PROPOSED 2015 ADMINISTRATIVE**  
23 **EXPENSES, INCLUDING R&D, REASONABLE? IF SO, WHY?**

1 A. Yes. Pursuant to Subst. R. 25.181(i), a utility's cost of administering its energy  
2 efficiency programs shall not exceed 15% of the utility's total program costs and the  
3 cost of R&D shall not exceed 10% of the utility's total program costs for the previous  
4 program year. The cumulative cost of administration and R&D shall not exceed 20%  
5 of a utility's total program costs, unless a good cause exception is filed. EPE's total  
6 projected expenses for 2015, excluding municipal EECRF proceeding expenses, are  
7 \$4,541,928 as shown in Table 6 of Exhibit SES-1. The Company's projected  
8 administrative and R&D expenses represent less than 7.2% of its projected total  
9 program costs. These amounts are well within the PUCT's limits and are reasonable.

10

11 **Q. DOES THIS AMOUNT INCLUDE COSTS FOR THE DISSEMINATION OF**  
12 **INFORMATION AND OUTREACH?**

13 A. Yes.

14

15 **Q. WHAT ARE THE COMPANY'S PROJECTED EM&V EXPENSES FOR 2015?**

16 A. The 2015 projected EM&V expenses are for the Commission's EM&V contractor that  
17 EPE is obligated to pay, and allowed to recover, pursuant to PUCT Subst.  
18 R. 25.181(q)(10). This amount does not include any administrative expenses for  
19 EPE's program administrators or implementers as related to EM&V. The expenses  
20 that were originally identified as a line item in Table 6 of SES-1 were estimated at  
21 \$72,278. On April 22<sup>nd</sup>, the statewide EM&V contractor officially set EPE's cost  
22 allocation for the 2015 EM&V budget for the continued evaluation of program year  
23 2014 at \$57,835. As such, Table 6 of SES-1 has been revised to reflect this change.

1 See Exhibit SES-5 for this revision. EPE will be asking for the \$57,835 for EM&V  
2 expenses related to activities for program year 2014 in this filing.  
3

4 **Q. HAVE THERE BEEN ANY CHANGES TO THE 2014 PROJECTED EM&V**  
5 **BUDGET AS ORIGINALLY SHOWN IN TABLE 6 OF EXHIBIT SES-1?**

6 A. Yes. EPE had originally estimated the 2014 EM&V budget at \$108,416 as originally  
7 shown in Table 6 of Exhibit SES-1. This amount included \$44,494 for expenses  
8 related to EM&V activities for program year 2013 and an estimated amount of  
9 \$63,922 for EM&V activities related to program year 2014. As mentioned above, on  
10 April 22<sup>nd</sup>, the statewide EM&V contractor officially provided the 2014 and 2015  
11 cost allocations for activities associated with EPE's program year 2014. This amount  
12 was set at \$41,887, to be spent in budget year 2014, rather than the estimated amount  
13 of \$63,922. This change is reflected in Exhibit SES-5. The total EM&V amount for  
14 the 2014 proposed annual budget has been changed from \$108,416 to \$86,381. This  
15 amount consists of \$44,494 for EM&V activities related to program year 2013 and  
16 \$41,887 for EM&V activities related to program year 2014. The \$44,494 of EM&V  
17 expenses related to program year 2013 has already been included in EPE's 2014  
18 EECRF granted through PUCT Docket No. 41403. EPE will be asking for EM&V  
19 expenses of \$41,887, related to activities for program year 2014, in this filing. This  
20 amount, combined with the \$57,835 mentioned above for 2015, brings the total to  
21 \$99,722 for EM&V expenses related to program year 2014.  
22

1 Q. ARE THERE ANY EXISTING MARKET CONDITIONS THAT AFFECT  
2 EPE'S ABILITY TO IMPLEMENT ONE OR MORE OF ITS PROPOSED  
3 ENERGY EFFICIENCY PROGRAMS?

4 A. No. In designing its proposed energy efficiency programs, EPE has taken into  
5 account the current market conditions. At this time, there are no existing market  
6 condition that EPE believes will affect its ability to implement one or more of its  
7 energy efficiency programs.

8

9 Q. HAVE ANY CIRCUMSTANCES IN EPE'S SERVICE AREA CHANGED  
10 SINCE THE PUCT APPROVED EPE'S BUDGET FOR THE  
11 IMPLEMENTATION YEAR THAT AFFECT EPE'S ABILITY TO  
12 IMPLEMENT ANY OF ITS ENERGY EFFICIENCY PROGRAMS?

13 A. No. Circumstances in EPE's service territory have remained stable in this regard.

14

15 Q. DOES THE NUMBER OF ENERGY EFFICIENCY SERVICE PROVIDERS  
16 OPERATING IN EPE'S SERVICE TERRITORY AFFECT EPE'S ABILITY  
17 TO IMPLEMENT ANY OF ITS ENERGY EFFICIENCY PROGRAMS?

18 A. No. In the past, there were a limited number of EESPs that participated in EPE's  
19 SOPs; however, with the implementation of MTPs, more local contractors have been  
20 participating in EPE's energy efficiency programs. The local contractors are very  
21 active in EPE's MTPs.

22

1   **Q.   DOES PAST CUSTOMER PARTICIPATION IN EPE'S ENERGY EFFICIENCY**  
2       **PROGRAMS AFFECT ANTICIPATED CUSTOMER PARTICIPATION IN THE**  
3       **PROPOSED ENERGY EFFICIENCY PROGRAMS?**

4   **A.   No. EPE has not observed and does not anticipate at this time any saturation of the**  
5       **market that will limit the potential for achieving energy efficiency savings.**  
6

7

7                   **VI.   EPE'S 2013 PERFORMANCE INCENTIVE**

8   **Q.   PLEASE DESCRIBE THE CALCULATION OF EPE'S ENERGY**  
9       **EFFICIENCY PERFORMANCE INCENTIVE OF \$2,035,783 THAT EPE IS**  
10      **SEEKING TO RECOVER FOR 2013?**

11   **A.   In 2013, EPE's energy efficiency programs achieved a 14.188 MW reduction in**  
12      **demand. EPE's demand reduction goal for 2013 was 11.16 MW. EPE's achievement**  
13      **represents 123.17% of its goal, qualifying it for a performance incentive. In**  
14      **Section XIV of Exhibit SES-1, the performance incentive calculation is described in**  
15      **detail. For this calculation, EPE had program expenditures of \$4,544,031 and the total**  
16      **avoided costs were calculated at \$24,901,863. This calculation results in \$20,357,832**  
17      **of net benefits. The maximum allowed performance incentive is 10% of net benefits**  
18      **or \$2,035,783 for EPE. This performance incentive calculation is also shown in**  
19      **Exhibit SES-6.**  
20

21   **Q.   UNDER THE PUCT SUBST. R. 25.181(h)(4), "THE COMMISSION MAY**  
22      **REDUCE THE BONUS OTHERWISE PERMITTED UNDER THIS**  
23      **SUBSECTION FOR A UTILITY WITH A LOWER GOAL, HIGHER**

1        **ADMINISTRATIVE SPENDING CAP, OR HIGHER EECRF COST CAP**  
2        **ESTABLISHED BY THE COMMISSION PURSUANT TO SUBSECTION**  
3        **(e)(2) OF THIS SECTION. EPE HAD A REVISED COST CAP AND GOAL**  
4        **FOR 2013, SO WOULD IT BE APPROPRIATE TO REDUCE EPE'S BONUS**  
5        **FOR ITS ENERGY EFFICIENCY SAVINGS FOR 2013?**

6        A.    No, that would not be appropriate because EPE's performance in achieving demand  
7        and energy savings has been outstanding in both the magnitude and the cost of  
8        achieving the savings. Furthermore, given the reasons for granting the good cause  
9        exception to both the goal and the cost cap, it is my opinion that it was in the  
10       customers' interest for EPE to be relieved of the goal and cost cap indicated by the  
11       Rule.

12  
13       **Q.    COULD YOU EXPLAIN WHAT YOU MEAN BY THE STATEMENT THAT**  
14       **EPE'S PERFORMANCE AT ACHIEVING THE DEMAND AND ENERGY**  
15       **SAVINGS HAS BEEN OUTSTANDING?**

16       A.    As I discuss above, under PURA and the Commission rules, a utility's annual goal is  
17       30% of its projected growth until it exceeds 0.4% of its prior year's weather-adjusted  
18       peak demand. Because EPE was experiencing relatively substantial growth over the  
19       years previous to when the goal for 2013 was set in 2012 and even under its modified  
20       goal, EPE's demand reduction goal was and continues to be far in excess of 0.4% of  
21       its peak demand. Attached as my Exhibit SES-7, is a copy of Mr. Hutcheson's  
22       Exhibit CH-6 from PUCT Docket No. 40343. The re-established goals that were set  
23       for EPE in this docket were far in excess of the goals of all other utilities as a

1 percentage of total demand and total sales. Docket No. 40343 was the proceeding in  
2 which the re-established goals were set that applied to the 2013 program year. While  
3 most other utilities will top out eventually with a goal of 0.4% of their peak demand,  
4 EPE's goal as a percentage of peak demand will be much higher than the other  
5 utilities for the foreseeable future. Likewise, as shown in Exhibit SES-3, EPE  
6 performed better than most utilities in terms of the program cost of achieving savings  
7 on both a per kW and per kWh basis. In addition, EPE was able to achieve  
8 significant savings for its customers through its energy efficiency programs. As  
9 calculated pursuant to the Subst. R. 25.181, the net benefits to EPE's customers for  
10 EPE's 2013 energy efficiency programs were \$20,357,832.

11  
12 **Q. WHY DO YOU BELIEVE THAT THE REASONS FOR GRANTING THE**  
13 **GOOD CAUSE EXCEPTIONS HAVE BEEN AND WILL BE IN THE**  
14 **CUSTOMERS' INTEREST?**

15 A. The 2013 revised cost caps and goals were reviewed and set by the Commission in  
16 PUCT Docket No. 40343. That Findings of Fact in this docket reflect that, in order  
17 for EPE to meet the 2013 program year energy efficiency goals required by the PUCT  
18 Subst. R. 25.181(e)(1), EPE would have had to significantly increase its 2013 energy  
19 efficiency program expenditures and therefore its EECRF rates. By revising the goal,  
20 customers avoided higher EECRF rates and still received superior benefits. The  
21 Findings of Fact also stated that EPE presented testimony that, if its EECRF rates  
22 were changed to bring them into compliance with the cost caps, EPE would have to  
23 significantly restructure its energy efficiency programs. Besides the disruption and



1 lack of continuity that would result from this restructuring, it would cause EPE to  
2 have to shift expenditures from particularly successful programs to programs that had  
3 not been as successful. The revision of the cost caps allowed EPE to continue with its  
4 successful programs. In my opinion, the results achieved show that it was in the  
5 customers' interest for EPE to continue its programs as they had existed.

6  
7 **VII. EPE'S BIDDING AND ENGAGEMENT PROCESS**

8 **Q. PLEASE DESCRIBE THE PROCESS BY WHICH EPE SELECTED THE**  
9 **PROGRAM ADMINISTRATORS AND IMPLEMENTERS FOR EACH OF**  
10 **ITS EXISTING ENERGY EFFICIENCY PROGRAMS.**

11 A. Since 2007, EPE has used a request for proposal ("RFP") process to select its  
12 program administrators for its energy efficiency programs. In general, this process  
13 involves issuing an RFP and distributing it to potential administrators and  
14 implementers, reviewing the proposals based on predetermined criteria, and selecting  
15 an administrator based on the merits of their proposal. This same general process was  
16 used to select the current program administrators.

17 In 2009, EPE initiated an RFP for the implementation of the Texas SCORE  
18 MTP. The RFP was distributed to the members of the Association of Energy Service  
19 Professionals, as well as other entities that expressed an interest in participating in  
20 EPE's programs. Two companies responded with proposals. The proposals were  
21 scored on a predetermined rating scale of 1-10 in four evaluation criteria categories  
22 which were Innovative Approach, Bidder Qualifications and Experience, Quality and  
23 Completeness of Proposal, and Price. EPE selected CLEAResult to administer this  
24 program.

1           Also in 2009, EPE initiated an RFP for the Appliance Recycling MTP through  
2           a similar process as described above for the Texas SCORE MTP. Three companies  
3           responded with proposals and EPE selected JACO Environmental.

4           In 2010, EPE solicited a proposal to administer its Solar PV Pilot MTP. Based  
5           on their previous performance in other EPE energy efficiency programs and their  
6           administration of other Texas investor owned utilities' solar PV programs, Frontier  
7           Associates LLC ("Frontier") was selected.

8           The administrator of EPE's LivingWise® educational program, Resource  
9           Action Programs, was selected through a solicited proposal using a process similar to  
10          the Solar PV Pilot MTP described above. Resource Action Programs administers  
11          their proprietary LivingWise® program nationally and had previously administered  
12          this program in EPE's New Mexico service territory. Based on the success of the  
13          New Mexico program, EPE selected them to administer this educational program in  
14          EPE's Texas service territory.

15          In 2011, EPE initiated RFPs for the Large C&I Solutions MTP, the Small  
16          Commercial Solutions MTP, the Residential Solutions MTP, and the Low Income  
17          Solutions MTP. As was the case with the Texas SCORE MTP, the RFPs were  
18          distributed and two companies responded with proposals. The proposals were scored  
19          on a predetermined rating scale of 1-10 in the four evaluation criteria categories  
20          mentioned above. EPE selected CLEAResult to administer these programs.

21          EPE's Commercial SOP, Load Management SOP, and Commercial Rebate  
22          Pilot Program are self-implemented with Frontier providing the database management  
23          and tracking requirements.