

Control Number: 44677



Item Number: 2

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DOCKET NO. 44672015 MAY -1 AM 11:09

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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PUBLIC UTILITY COMMISSION
FILING CLERK

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 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:

Curtis Hutcheson
El Paso Electric Company
100 N. Stanton Street
El Paso, Texas 79901
(915) 543-4354
(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)

Lorenzo Nieto
State Bar No. 24037183
El Paso Electric Company
100 N. Stanton Street
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 304,000 retail electric customers in Texas. EPE proposes to apply the EECRF requested herein to all of its retail electric customers in its Texas service area 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 2016 AND REQUEST TO ESTABLISH REVISED COST CAP

By this Application, EPE requests the authority to revise its EECRF for 2016 to reflect the following five components:

- 1) \$4,384,650 in projected energy efficiency program costs for 2016;
- 2) a \$1,012,131 performance bonus based on the Company's 2014 energy efficiency program performance;
- 3) EPE's prior year EECRF proceeding expenses of \$181,470;
- 4) A true-up adjustment, by rate class, of EPE's net over-recovery for 2014 of \$106,636; and
- 5) EM&V costs of \$33,842.

The total amount that EPE requests be included in its 2016 EECRF is \$5,505,457. 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 goal that are prescribed by P.U.C. SUBST. R. 25.181(e).

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 a revised cost cap 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 for EPE to 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. For the Company were to revise its 2016 spending to a level that would allow the Company to comply with the cost cap would require 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 cost 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.

¹ TEX.UTIL.CODE §§ 11.001-66.017 (Vernon 2007 & Supp. 2014) (PURA)

In support of this application, EPE submits the Direct Testimonies of Susanne E. Stone and Rene F. Gonzalez 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. Gonzalez 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 Gonzalez's testimony also supports the calculation of EPE's revised EECRF rates for the billing period January 2016 through December 2016. Finally, in his testimony, Mr. Gonzalez explains why good cause supports the Company's requests for continuation of a revised cost cap for commercial customers.

V. ADJUSTED ENERGY EFFICIENCY COST RECOVERY FACTOR

EPE's revised EECRF tariff containing the EECRF rates for 2016 is provided as Exhibit RG-2 to Mr. Gonzalez'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 \$0.60 per month, which is a decrease of 11 cents per month.

EPE requests the Commission approve the adjusted EECRF effective as of the first billing cycle of the January 2016 billing month, which is January 4, 2016.

**VI. REQUEST FOR RELIEF FROM OBLIGATION TO COMPLETE
SOLAR STUDY AND FILE DEEMED SAVINGS PETITION**

As addressed in EPE witness Stone's testimony, pursuant to the settlement and the subsequent Commission order in Docket No. 41403, EPE was obligated to conduct a study of the savings from its Solar Photovoltaic Pilot Program and then file a petition for approval of deemed savings for the program based on the study. The data for that study has been collected, but the final study has not been completed. However, as Ms. Stone states, EPE plans to discontinue the Solar Photovoltaic Pilot Program and not offer it beginning in 2016. Consequently, EPE believes it would not be a good use of resources to complete the study and file the petition for a program that will no longer exist, starting in 2016.

EPE requests to be relieved of the obligation to complete the study and file the petition for deemed savings. Because the obligation is based upon an agreement between the City of El Paso, the Commission Staff and Texas Industrial Energy Consumers, EPE first seeks the agreement of these parties to be relieved of the obligation. If the parties to the Stipulation in Docket No. 41403 so agree, then EPE asks the Commission enter an order granting such relief.

VII. NOTICE

Consistent with the notice provisions of P.U.C. SUBST. R. 25.181,² EPE proposes to provide notice to all parties that participated in the Company's last EECRF proceeding, Docket No. 42449, and its last base rate proceeding, Docket No. 40094. EPE will also provide notice to Texas Department of Housing and Community Affairs, which is the state agency that administers the federal weatherization program. Because EPE's service territory is not open to retail competition, no Retail Electric Provider is eligible to provide service in EPE's service area, so no notice to them is required. The form of the notice to be provided is set forth in Attachment B to

² 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.

this Application. 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 EPE's last EECRF proceeding, Docket No. 42449.

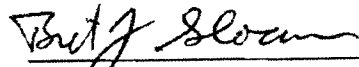
IX. PRAYER

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 2016 billing month; that, if the signatories to the Stipulation in Docket No. 41403 so agree, EPE be relieved of the obligation to complete the study of solar facilities and file a petition for deemed savings based on that study; and for such other relief to which it may be entitled.

Respectfully submitted,

Lorenzo Nieto
State Bar No. 24037183
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100 N. Stanton
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(915) 543-5897
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Bret J. Slocum

**ATTORNEYS FOR EL PASO
ELECTRIC COMPANY**

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	\$ 0.000998	(R)
02	Small Commercial Service Rate	\$ 0.001481	(R)
07	Outdoor Recreational Lighting Service Rate	(\$ 0.000409)	(R)
08	Governmental Street Lighting and Signal Service Rate	\$ 0.007801	(I)
11	Municipal Pumping Service Rate	(\$ 0.000834)	(R)
11-TOU	Time-Of-Use Municipal Pumping Service Rate	(\$ 0.000834)	(R)
WH	Water Heating	(\$ 0.000493)	(R)
22	Irrigation Service Rate	(\$ 0.000808)	(R)
24	General Service Rate	\$ 0.001163	(I)
25	Large Power Service Rate (excludes transmission)	\$ 0.001205	(R)
34	Cotton Gin Service Rate	\$ 0.002224	(I)
41	City and County Service Rate	\$ 0.001433	(R)
43	University Service Rate	\$ 0.001977	(I)
46	Maintenance Power Service For Cogeneration And Small Power Production Facilities	(\$ 0.002680)	(I)
47	Backup Power Service For Cogeneration And Small Power Production Facilities	(\$ 0.002680)	(I)

Section Number 1
 Sheet Number 33
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Revision Number 6
 Effective with bills issued on or
after January 1, 2016

**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, 2016, 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. 44677 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 2016 billing month, which begins on January 1, 2016. All EPE retail electric customers in its Texas service area that fall within the classes subject to the EECRF will be affected by approval of the Company's Application.

EPE's proposed EECRF rates for 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 2016 EECRF approximately \$5,505,457 in energy efficiency costs, reflecting the following five components:

- 1) \$4,384,650 in projected energy efficiency program costs for 2016;
- 2) a \$1,012,131 performance bonus based on the Company's 2014 energy efficiency program performance;
- 3) EPE's prior year EECRF proceeding expenses of \$181,470;
- 4) a \$106,636 true-up adjustment representing EPE's net over-recovery of 2014 program costs actually incurred; and,
- 5) Evaluation, Measure and Verification costs of \$33,842.

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 \$0.60 per month, which is approximately 11 cents lower on average per month than the EECRF approved in EPE's last EECRF proceeding, PUCT Docket No. 42449. The Company's requested EECRF rates are as follows:

<u>Customer Class</u>	<u>EECRF</u>
Residential Service Rate	\$ 0.000998
Small Commercial Service Rate	\$ 0.001481
Outdoor Recreational Lighting Service Rate	(\$ 0.000409)
Governmental Street Lighting and Signal Service Rate	\$ 0.007801
Municipal Pumping Service Rate	(\$ 0.000834)
Time-of-Use Municipal Pumping Service	(\$ 0.000834)
Water Heating	(\$ 0.000493)
Irrigation Service Rate	(\$ 0.000808)
General Service Rate	\$ 0.001163
Large Power Service Rate (excludes transmission)	\$ 0.001205
Cotton Gin Service Rate	\$ 0.002224
City and County Service Rate	\$ 0.001433
University Service Rate	\$ 0.001977
Maintenance Power Service for Cogeneration and Small Power Production Facilities	(\$ 0.002680)
Backup Power Service for Cogeneration and Small Power Production Facilities	(\$ 0.002680)

Persons with questions or who want more information about EPE's application may contact the Company at 100 N. Stanton St., El Paso, Texas 79901, or call (915) 543-4354. 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. 44677. 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. 44677.

DOCKET NO. 44677

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. 44677" (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. 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;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. 44677" (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 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. 44677. 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. 44677 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. 44677. 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. 44677

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, 2015

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EXHIBITS

SES-01 EPE's 2015 Energy Efficiency Plan and Report
SES-02 Revised 2015 Energy Efficiency Plan and Report Table 8
SES-03 2014 Benefit-Cost Analysis by Program
SES-04 Texas Investor-Owned Utility 2014 Program Expenditure Comparison
SES-05 Texas Investor-Owned Utility 2014 Incentive Expenditure Comparison
SES-06 2016 Program Expenses by Rate Class
SES-07 2014 Performance Incentive Calculation
SES-08 Texas Investor-Owned Utility 2014 Goals as Percentage of 2013 Peak Demand
SES-09 CONFIDENTIAL – List of Energy Efficiency Service Providers
SES-10 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 Street, El
4 Paso, 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 the oversight of the energy efficiency personnel as well as managing the
10 development, implementation and administration of EPE's energy efficiency and load
11 management programs. I also provide testimony in related 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 2015 Energy Efficiency Plan and Report ("EEPR");
- 22 • Present the results of EPE's 2014 energy efficiency program year;
- 23 • Describe EPE's proposed 2016 energy efficiency goals, programs and budget;

- 1 • Explain EPE's 2014 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 2014 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-01 – EPE's 2015 EEPR
- 13 • Exhibit SES-02 – Revised 2015 EEPR Table 8
- 14 • Exhibit SES-03 – EPE's 2014 program benefit-cost analysis
- 15 • Exhibit SES-04 – Comparison of Texas utilities' 2014 program expenditures per
- 16 kW and kWh
- 17 • Exhibit SES-05 – Comparison of Texas utilities' 2014 incentive expenditures per
- 18 kW and kWh
- 19 • Exhibit SES-06 – 2016 Program expenditures by rate class
- 20 • Exhibit SES-07 – EPE's 2014 performance incentive calculation
- 21 • Exhibit SES-08 – Comparison of Texas utilities' 2014 goals as a percentage of
- 22 2013 summer peak demand
- 23 • Exhibit SES-09 (CONFIDENTIAL) – EPE's 2014 participating EESPs by

1 program and the list of EESPs, administrators and implementers that received
2 more than 5% of EPE's overall incentive payments

- 3 • Exhibit SES-10 – Estimated Useful Life Table.

4
5 **Q. IS EPE PRESENTING OTHER WITNESSES IN THIS PROCEEDING?**

6 **A.** Yes, EPE witness Rene F. Gonzalez presents and supports the calculation of EPE's
7 revised Energy Efficiency Cost Recovery Factor ("EECRF") for 2016, based on the
8 program cost and other information I discuss below. He also presents and discusses
9 EPE's filing of cost caps provided for by PUC SUBST. R. 25.181(f).

10
11 **III. 2014 ENERGY EFFICIENCY PROGRAM RESULTS**

12 **Q. CAN YOU LIST THE 2014 ENERGY EFFICIENCY PROGRAMS THAT EPE**
13 **OFFERED?**

14 **A.** Yes. In 2014, EPE offered the following energy efficiency programs:

- 15 • Commercial Standard Offer Program ("SOP")
- 16 • Load Management SOP
- 17 • Small Commercial Solutions Market Transformation Program ("MTP")
- 18 • Large Commercial & Industrial ("C&I") Solutions MTP
- 19 • Texas SCORE MTP
- 20 • Commercial Rebate Pilot Program
- 21 • Residential Solutions MTP
- 22 • LivingWise[®] MTP
- 23 • Hard-to-Reach Solutions MTP

- 1 • Appliance Recycling MTP
- 2 • Solar Photovoltaic ("PV") Pilot MTP
- 3

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

5 **A.** Yes. A complete description of EPE's energy efficiency programs is provided in
6 EPE's 2015 EEPR attached as Exhibit SES-01.

7

8 **Q. WHAT WERE EPE'S ENERGY EFFICIENCY PROGRAM EXPENDITURES**
9 **DURING THE 2014 PROGRAM YEAR?**

10 **A.** In 2014, EPE spent \$4,281,199 in total program expenditures including evaluation,
11 measurement, and verification ("EM&V") expenses and EECRF proceeding
12 expenses. Program expenditures alone were \$4,054,694. A detailed breakdown of
13 the amounts spent by program can be found in Table 10 of Exhibit SES-01.

14

15 **Q. WHAT WAS EPE'S DEMAND REDUCTION GOAL FOR THE 2014**
16 **PROGRAM YEAR?**

17 **A.** EPE's demand reduction goal for 2014 was 11.16 MW.

18

19 **Q. WHAT DEMAND REDUCTION DID EPE ACHIEVE THROUGH ITS 2014**
20 **ENERGY EFFICENCY PROGRAMS?**

21 **A.** EPE achieved a total of 13.389 MW of demand reduction through its energy
22 efficiency programs for 2014. This reduction represents 119.97% of EPE's 2014
23 demand reduction goal.

1 **Q. HAVE THERE BEEN ANY CHANGES TO THE 2014 DEMAND AND**
2 **ENERGY REDUCTIONS AS ORIGINALLY SHOWN IN EXHIBIT SES-01?**

3 **A.** Yes. EPE had originally reported a total demand reduction of 13.557 MW and an
4 energy reduction of 22,899 MWh in the 2015 EEPR, Exhibit SES-01, Table 8.
5 Subsequent to the filing of the EEPR, the statewide EM&V contractor identified a
6 discrepancy between the duct sealing calculator that EPE used in its Hard-to-Reach
7 Solutions Program and the PUCT Technical Reference Manual ("TRM") Version 1.0.
8 EPE recalculated the savings for this program based on TRM Version 1.0 and has
9 revised the demand and energy reductions for this program. At the same time, EPE
10 identified that the same duct sealing calculator was also used for the Residential
11 Solutions Program, and EPE revised the demand and energy reductions for that
12 program as well. EPE's revised demand reduction is 13.389 MW and 22,811 MWh.
13 My Exhibit SES-02 is a revised Table 8 from Exhibit SES-01 that reflects these
14 changes. See Exhibit SES-02 for these revisions. EPE will file errata to the 2015
15 EEPR reflecting these changes.

16

17 **Q. DID EPE'S 2014 ENERGY EFFICIENCY PROGRAMS MEET THE COST-**
18 **EFFECTIVENESS STANDARD OF PUC SUBST. R. 25.181?**

19 **A.** Yes. Please refer to Exhibit SES-03 for the cost-effectiveness of the 2014 energy
20 efficiency programs as required by PUC SUBST. R. 25.181.

21

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

1 **A.** Yes. Table 10 of Exhibit SES-01 presents the 2014 budget and expenditures for each
2 energy efficiency program. This table includes a breakdown of incentives and
3 administrative costs by program.

4
5 **Q. WERE ALL THE COSTS SHOWN INCURRED IN SUPPORT OF AN**
6 **ENERGY EFFICIENCY PROGRAM?**

7 **A.** Yes. All the costs were incurred for the purpose of reducing demand and energy
8 growth. The costs shown resulted from energy efficiency programs that were
9 presented in EPE's 2014 EEPR, Project No. 42264, which was filed on April 1, 2014.

10

11 **Q. DO THE COSTS SHOWN IN TABLE 10 OF EXHIBIT SES-01 INCLUDE**
12 **ANY COST THAT IS NOT ALLOWED AS AN EXPENSE UNDER PUC**
13 **SUBST. R. 25.231(B)(2)?**

14 **A.** No. All of the costs shown in Table 10 of Exhibit SES-01 were spent on incentives
15 and the administration of energy efficiency programs.

16

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

19 **A.** While each utility faces different circumstances, EPE's 2014 energy efficiency costs
20 compare favorably to other investor-owned utilities in Texas. Exhibit SES-04
21 compares the program expenditures per demand savings (\$/kW) and per energy
22 savings (\$/kWh) for EPE and the other investor-owned utilities in Texas for 2014 as
23 originally reported in the utilities' 2015 EEPRs. EPE spent less than the average in

1 program expenditures per kW and the lowest amount per kWh for the 2014 program
2 year. In addition, Exhibit SES-05 compares the incentive expenditures per demand
3 and energy savings for EPE and the other investor-owned utilities in Texas for the
4 same timeframe. EPE also spent less than the average in incentive expenditures per
5 kW and kWh for the 2014 program year.

6
7 **IV. EPE'S 2016 ENERGY EFFICIENCY GOAL**

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

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

18
19 **Q. HAS EPE REACHED THE 0.4% OF SUMMER WEATHER-ADJUSTED**
20 **PEAK DEMAND TRIGGER AS PROVIDED FOR IN PUC SUBST.**
21 **R. 25.181(E)(1)(D)?**

22 **A.** Yes. In 2013, EPE's reduction goal of 11.16 MW was greater than 0.4% of the prior
23 program year's summer weather-adjusted peak demand, and this remains true for

1 2014. As shown in Table 4 of Exhibit SES-01, EPE's 2013 summer weather-adjusted
2 peak demand was 1,248 MW. EPE's 2014 goal of 11.16 MW was equivalent to
3 0.89% of the 2013 summer weather-adjusted peak demand and well above the 0.4%
4 trigger.

5
6 **Q. WHAT IS EPE'S REQUESTED GOAL FOR 2016?**

7 **A.** EPE's requested energy efficiency goal for 2016 is 11.16 MW. This is the same goal
8 that was approved for EPE in its previous four EECRF proceedings.

9
10 **Q. DOES EPE'S 2016 GOAL MEET OR EXCEED THE COMMISSION'S**
11 **REQUIREMENT OF THE 0.4% REDUCTION OF EPE'S SUMMER**
12 **WEATHER-ADJUSTED PEAK DEMAND AS PROVIDED IN PUC SUBST.**
13 **R. 25.181(e)(1)?**

14 **A.** Yes. EPE's 2016 goal of 11.16 MW is greater than 0.4% of EPE's 2014 summer
15 weather-adjusted peak demand of 1,289 MW, which is 5.156 MW. EPE's proposed
16 2016 goal is equal to 0.87% of the 2014 weather-adjusted summer peak demand. In
17 2015, if EPE's peak demand increases by the average MW increase for the past five
18 years of 39.2 MW, the anticipated peak demand for 2015 will be 1,328.2 MW. Based
19 on that peak demand, a 0.4% demand reduction would be 5.313 MW for 2016 as
20 shown in Table 1 of Exhibit SES-01. EPE's proposed 2016 goal will be
21 approximately 0.84% of the anticipated 2015 weather-adjusted summer peak demand.

22

1 **V. 2016 ENERGY EFFICIENCY PROGRAMS AND PROJECTED**

2 **EXPENSES PER EPE'S PROPOSAL**

3 **Q. CAN YOU LIST THE ENERGY EFFICIENCY PROGRAMS THAT EPE**
4 **EXPECTS TO OFFER DURING THE 2016 PROGRAM YEAR?**

5 **A.** Yes. In 2016, EPE plans to offer the following programs:

- 6 • Commercial SOP
- 7 • Load Management SOP
- 8 • Small Commercial Solutions MTP
- 9 • Large C&I Solutions MTP
- 10 • Texas SCORE MTP
- 11 • Commercial Rebate Pilot Program
- 12 • Residential Solutions MTP
- 13 • LivingWise[®] MTP
- 14 • Hard-to-Reach Solutions MTP
- 15 • Appliance Recycling MTP

16
17 **Q. ARE THERE ANY SIGNIFICANT CHANGES IN THE OPERATION OF**
18 **EPE'S EXISTING ENERGY EFFICIENCY PROGRAMS FROM 2015 TO**
19 **2016?**

20 **A.** The only significant change in program operation is that EPE does not plan to offer
21 the Solar PV Pilot Program in 2016. EPE began its Solar PV Pilot Program in 2010
22 to defray some of the high up-front costs to customers for installing solar PV systems
23 on their homes and businesses. In 2011, the City of El Paso provided additional non-

1 recoverable funding for this program. The City of El Paso continued to provide
2 additional funding through 2014 but decided not to participate in 2015. As the cost of
3 these systems went down over the years, EPE adjusted incentive and funding levels
4 for this program. EPE is proposing to discontinue this program in 2016. The funding
5 will be shifted to other existing programs within EPE's energy efficiency portfolio, as
6 shown in Table 6 of Exhibit SES-01. Going forward, EPE plans to focus its
7 renewable resource efforts on projects that can benefit all customers, such as utility-
8 scale solar PV projects and community solar PV projects. Other than that, EPE is
9 proposing to maintain the same portfolio for 2016 as it has in 2015.

10
11 **Q. WILL EPE FILE A PETITION TO ESTABLISH TEXAS DEEMED SAVINGS**
12 **FOR THE SOLAR PV PILOT PROGRAM AS DESCRIBED IN THE FINAL**
13 **ORDER OF PUCT DOCKET NO. 41403?**

14 **A.** The petition to establish Texas deemed savings for the Solar PV Pilot Program that
15 was described in the Final Order of PUCT Docket No. 41403 was to be filed once
16 metering data collection and a study were completed. The data collection was
17 completed during the fourth quarter of 2014; however, since EPE is not planning on
18 continuing this program in 2016, EPE does not believe it would be a good use of
19 resources to complete this study and file a petition to establish deemed savings for the
20 Solar PV Pilot Program. Therefore, in this case, EPE seeks the agreement of the
21 parties to the Stipulation in Docket No. 41403 to be relieved of this obligation and a
22 Commission order granting such relief.

23

1 **Q. CAN YOU PROVIDE THE PROJECTED DEMAND AND ENERGY**
2 **SAVINGS FROM EACH PROGRAM?**

3 **A.** Yes. The projected demand and energy savings for each energy efficiency program
4 are shown in Table 5 of Exhibit SES-01.

5

6 **Q. ARE THE PROGRAMS IN ACCORDANCE WITH RECOMMENDATIONS**
7 **MADE BY THE COMMISSION'S EM&V CONTRACTOR?**

8 **A.** Yes. The programs have been designed in accordance with the Commission's
9 EM&V contractor's recommendations.

10

11 **Q. ARE THERE PROGRAMS AVAILABLE TO ALL ELIGIBLE CUSTOMER**
12 **CLASSES?**

13 **A.** Yes. There are programs available for all eligible customer classes.

14

15 **Q. WHAT IS THE PROPOSED PROGRAM BUDGET, INCLUDING**
16 **INCENTIVE PAYMENTS, FOR EACH ENERGY EFFICIENCY PROGRAM**
17 **EPE EXPECTS TO OFFER IN 2016?**

18 **A.** The proposed 2016 program budget, excluding EM&V and EECRF proceeding
19 expenses, is \$4,384,650. This is consistent with the program budget for 2015 with
20 slight adjustments due to the termination of the Solar PV Pilot Program. Table 6 of
21 Exhibit SES-01 shows the forecasted energy efficiency program budget, including
22 incentive payments, for each energy efficiency program that EPE expects to offer in
23 2016.

1 **Q. HOW WERE THE 2016 ENERGY EFFICIENCY PROGRAM COSTS**
2 **ALLOCATED TO EACH RATE CLASS?**

3 A. The proposed 2016 program costs, excluding administration costs not directly
4 assigned to a particular program, were allocated by program to each rate class based
5 on EPE's 2014 energy efficiency program costs, as well as some adjustments based
6 on the proposed discontinuation of the Solar PV Pilot Program and the knowledge of
7 upcoming projects. For example, during 2014, the City of El Paso participated in
8 EPE's Commercial SOP when they retrofitted streetlights with LED lamps. EPE
9 understands that the City does not plan on retrofitting additional streetlights in 2016.
10 As such, the program funding that would have been allocated to Texas Rate Class 08
11 (Governmental Street Lighting and Signal Service Rate) was reallocated to Texas
12 Rate Class 02 (Small Commercial Service Rate) and Texas Rate Class 24 (General
13 Service Rate). The 2016 proposed administration costs not directly assigned to
14 specific programs were first allocated among each program in proportion to the
15 budgeted 2016 program incentive costs, and then the same methodology described
16 above was used to allocate these expenses to each rate class within the programs.
17 Please see attached Exhibit SES-06 for these proposed 2016 rate class allocations.

18

19 **Q. IS THIS APPROACH DIFFERENT THAN WHAT EPE HAS UTILIZED IN**
20 **PREVIOUS ENERGY EFFICIENCY PROGRAM FILINGS?**

21 A. Yes. In prior energy efficiency program filings, EPE allocated program budgets
22 based on a combined demand/energy allocator. This method distributed program
23 costs across all rate classes that were eligible to participate in the programs, no matter

1 whether the individual classes showed the propensity to actually participate in the
2 programs. The driver of allocations to classes was simply the ratio of energy and
3 demand consumed by each class to the total for all eligible classes.
4

5 **Q. WHY IS EPE PROPOSING TO CHANGE ITS APPROACH TO**
6 **ALLOCATING THE ENERGY EFFICIENCY PROGRAM BUDGET?**

7 **A.** EPE is proposing this change in approach to allocating the energy efficiency program
8 budget in order to better align projected costs, which are used to set the EECRF rate,
9 with actual experience in prior program years. In EPE's opinion, a combination of
10 historical participation rates and other known factors concerning particular types of
11 customers is a much better indicator of how rate classes will participate in energy
12 efficiency programs going forward. In addition, this approach should substantially
13 reduce the over- or under-recovery of program costs by rate classes in subsequent
14 EECRF filings.
15

16 **Q. IN YOUR OPINION, IS THE PROPOSED PROGRAM BUDGET**
17 **REASONABLE? IF SO, WHY?**

18 **A.** Yes. EPE is proposing the same program budget of \$4,384,650 for 2016 as was
19 approved for the 2015 programs. The PUCT found the 2015 program budget to be
20 reasonable in the Company's previous EECRF filing, Docket No. 42449. In addition,
21 the overall energy efficiency program budget has remained the same since 2011.
22 Exhibit SES-04 compares EPE's 2014 program expenditures per kW and kWh to the
23 other Texas investor-owned utilities as originally reported in their 2015 EEPRs. This

1 exhibit shows that EPE was below the average for program expenditures per kW and
2 had the lowest program expenditures per kWh for 2014. Since the proposed overall
3 program budget is the same for 2016 as it was in 2014, this exhibit shows that EPE's
4 2016 proposed budget is reasonable.

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

8 **A.** Yes. Exhibit SES-05 shows a comparison of the 2014 incentive expenditures per kW
9 and kWh for each Texas investor-owned electric utility as originally reported in the
10 utilities' 2015 EEPs. This comparison shows that EPE was below the average
11 incentive expenditures per kW and had one of the lowest incentive expenditures per
12 kWh for 2014. Except for the Load Management SOP, the proposed incentive levels
13 for 2016 have not changed significantly from 2014 and, as such, are reasonable. The
14 incentive for the Load Management SOP has been reduced, beginning with 2015,
15 from a maximum of \$60 per kW to a maximum of \$50 per kW up to the participants'
16 contracted amount. This reduction is anticipated to further reduce the overall
17 incentive expenditures per kW and kWh for 2016 when compared to 2014.

18
19 **Q. WHAT ARE THE COMPANY'S PROJECTED ADMINISTRATIVE COSTS,**
20 **INCLUDING R&D, FOR 2016?**

21 **A.** The projected administrative costs for 2016, including EM&V and EECRF
22 proceeding expenses, are \$258,946 as shown on Table 6 of Exhibit SES-01. Besides
23 the proposed EM&V and EECRF proceeding expenses, the administrative costs are

1 funds paid to program administrators and implementers for administering energy
2 efficiency programs and providing information and assistance to EPE for statewide
3 EM&V compliance. EPE is not projecting any R&D expenses for 2016.
4

5 **Q. IN YOUR OPINION, ARE THE PROPOSED 2016 ADMINISTRATIVE**
6 **EXPENSES, INCLUDING R&D, REASONABLE? IF SO, WHY?**

7 **A.** Yes. Pursuant to PUC SUBST. R. 25.181(i), a utility's cost of administering its energy
8 efficiency programs shall not exceed 15% of the utility's total program costs and the
9 cost of R&D shall not exceed 10% of the utility's total program costs for the previous
10 program year. The cumulative cost of administration and R&D shall not exceed 20%
11 of a utility's total program costs unless a good cause exception is filed. EPE's total
12 proposed program costs for 2016 are \$4,503,492, including EM&V and EECRF
13 proceeding expenses, and are shown in Table 6 of Exhibit SES-01. The Company's
14 projected administration and R&D costs of \$258,946 represent approximately 5.75%
15 of its projected total program costs. EPE's proposed 2016 administrative costs are
16 well within the PUCT's limits and are reasonable.
17

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

20 **A.** Yes.
21

22 **Q. HOW ARE THESE ADMINISTRATION COSTS DISTRIBUTED ACROSS**
23 **RATE CLASSES?**

1 **A.** The 2016 directly assigned administration costs were distributed across rate classes
2 based on the allocation of costs applicable to the programs associated with these
3 directly assigned administration costs, as shown in Exhibit SES-06. The 2016
4 proposed administration costs that were not directly assigned to specific programs
5 were first allocated among each program in proportion to the 2016 program incentive
6 costs, and then spread across the rate classes based on the method described
7 previously that was used to allocate the incentives to each rate class. These
8 allocations are shown in Exhibit SES-06.

9

10 **Q. WHAT ARE THE COMPANY'S 2016 PROJECTED EM&V EXPENSES?**

11 **A.** The 2016 projected EM&V expenses for the PUCT's EM&V contractor, pursuant to
12 PUC SUBST. R. 25.181(q)(10), are \$33,842 as shown in Table 6 of Exhibit SES-01.
13 This amount does not include any administrative expenses for EPE's program
14 administrators or implementers as related to EM&V. This amount was provided by
15 the PUCT and is strictly related to EM&V activities for reviewing program year
16 2015.

17

18 **Q. HOW ARE PROJECTED 2016 EM&V COSTS DISTRIBUTED ACROSS**
19 **RATE CLASSES?**

20 **A.** Projected 2016 EM&V costs were distributed to each individual program based on a
21 percentage that was provided by the statewide EM&V contractor to EPE on April 13,
22 2015. Once the program EM&V costs were established, they were distributed across

1 rate classes based on the allocation of total program costs as shown in
2 Exhibit SES-06.

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

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

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

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

17
18 **Q. ARE THERE ANY OTHER CIRCUMSTANCES THAT MAY AFFECT EPE'S**
19 **ABILITY TO ACHIEVE ITS PROPOSED 2016 GOALS?**

20 **A.** Yes. Beginning in 2016, the demand and energy savings associated with evaporative
21 cooled homes in EPE's Hard-to-Reach Solutions Program will be reduced, based on
22 the PUCT TRM Version 3.0, to 33.6% of the savings allowed in 2015 for several
23 measures such as insulation and windows. Prior to TRM Version 3, all low income

1 residences with evaporative cooling in Texas were considered the same as residences
2 with refrigerated air conditioning. That will no longer be the case beginning in 2016.
3 This change will substantially limit the number of low income residences that are
4 eligible to participate in EPE's Hard-to-Reach Solutions Program. According to
5 EPE's 2014 Saturation of Air Conditioning Study, approximately 61% of the
6 customers in EPE's service territory still have evaporative cooling. Although this
7 study does not break down how many of these customers are low income, an
8 argument can be made, based on the air conditioning distribution per region, that the
9 percentage of low income customers with evaporative cooling is much higher than the
10 61% the study indicates. With the lower demand and energy savings, EPE will need
11 to reduce its incentive amount to these customers; therefore, this program will
12 become less attractive to both customers and contractors. For 2016, evaporative
13 cooled residences with limited income will have to pay a much larger up-front cost
14 for these measures. EPE anticipates that this will be extremely detrimental to the
15 Hard-to-Reach Solutions Program, since many of these customers will not participate
16 if they have to pay any up-front costs. With the reduced participation in EPE's
17 Hard-to-Reach Solutions Program, it will be very difficult for EPE to meet its low
18 income goal of 5%. More broadly, this change will also seriously limit the residential
19 customers that will be able to participate in EPE's programs.

20 Another factor that may affect EPE's ability to achieve its 2016 goal is the
21 change in the commercial fluorescent lighting baseline from T12 fluorescent lamps to
22 a baseline of standard T8 fluorescent lamps. This change in the baseline will reduce
23 the demand and energy savings that EPE is allowed to claim in commercial lighting