

Control Number 45885



Item Number 33

Addendum StartPage 0

**SOAH DOCKET NO. 473-16-4000  
PUC DOCKET NO. 45885**

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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 CAP §**

**PUBLIC UTILITY COMMISSION  
PUBLIC UTILITY COMMISSION  
OF TEXAS FILING CLERK**

**COMMISSION STAFF'S AFFIDAVITS IN SUPPORT OF THE  
STIPULATION**

Comes now the Staff of the Public Utility Commission of Texas, representing the public interest and files the attached affidavits of Ruth Stark and Adrian Narvaez, of the Rate Regulation Division, and Therese Harris, of the Infrastructure and Reliability Division, in support of the Stipulation, filed on August 16, 2016.

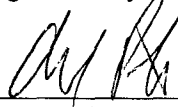
Dated: August 16, 2016

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF  
TEXAS LEGAL DIVISION**

Margaret Uhlig Pemberton  
Division Director

Karen S. Hubbard  
Managing Attorney



Alexander Petak  
State Bar No. 24088216  
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**SOAH DOCKET NO. 473-16-4000  
PUC DOCKET NO. 45885**

**CERTIFICATE OF SERVICE**

I certify that a copy of this document will be served on all parties of record on August 16, 2016 in accordance with 16 TAC § 22.74.

  
\_\_\_\_\_  
Alexander Petak

**PUC DOCKET NO. 45885**  
**SOAH DOCKET NO. 473-16-4000**

***Application of El Paso Electric Company for Approval to Revise its Energy Efficiency Cost Recovery Factor and Request to Establish a Revised Cost Cap***

**AFFIDAVIT OF RUTH STARK**

**THE STATE OF TEXAS     §**

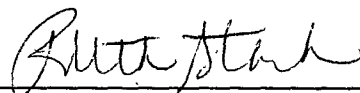
**§**

**COUNTY OF TRAVIS     §**

ON THIS DAY, before me, the undersigned authority, personally appeared Ruth Stark who on her oath stated as follows:

1. My name is Ruth Stark. I am a CPA employed as a Senior Regulatory Accountant in the Rate Regulation Division of the Public Utility Commission of Texas (PUCT).
2. I am at least 21 years of age, fully competent and authorized to make the statements herein. Additionally, I have personal knowledge of the facts stated herein, and they are true and correct to the best of my knowledge.
3. On April 29, 2016, El Paso Electric Company (EPE or the Company) filed its Application to Revise its Energy Efficiency Cost Recovery Factor (EECRF) and Request to Establish Revised Cost Cap (Application).
4. In its application, EPE requested approval of its 2017 EECRF consisting of the following components:
  - a. \$4,394,650 in projected energy efficiency program costs for 2017;
  - b. a \$667,545 performance bonus based on the Company's 2015 energy efficiency program performance;
  - c. EPE's prior year (2015) EECRF proceeding expenses of \$83,290;
  - d. a true-up adjustment, by rate class, of EPE's net over-recovery for 2015 of \$380,039; and
  - e. any evaluation, measurement, and verification (EM&V) costs assigned to EPE by the Commission.
5. The purpose of this affidavit is to support the reasonable and necessary prior-year proceeding expenses totaling \$83,290 incurred by EPE and the City of El Paso in Docket No. 44677 the Company's 2015 EECRF proceeding pursuant to 16 TAC § 25.181(f)(3)(A).

6. EPE incurred \$56,387 of rate-case expenses which are comprised entirely of billings from its outside legal counsel, Duggins Wren Mann & Romero, LLP.
7. The Company's rate-case expenses are supported by detailed monthly billings and other documentation, along with the affidavit of Bret J. Slocum, a partner in the Duggins Wren Mann & Romero law firm, attesting to the reasonableness of EPE's expenses.
8. The City of El Paso incurred \$26,904 of rate-case expenses in Docket No. 44677 which includes \$16,908 related to legal representation by its outside counsel, Mounce, Green, Myers, Safi, Paxson & Galatzan, PC, and \$9,996 for consulting fees paid to ReSolved Energy Consulting.
9. The City of El Paso's rate-case expenses are supported by detailed monthly billings and other documentation along with the affidavits of Norman J. Gordon, a shareholder in the Mounce, Green, Myers, Safi, Paxson & Galatzan law firm, and Karl J. Nalepa, President of Resolved Energy Consulting, LLC, attesting to the reasonableness of the City's expenses.
10. I reviewed the Company's application, the affidavits provided on behalf of EPE and the City of El Paso as well as the itemized rate-case expense invoices of both parties related to Docket No. 44677. My review of the detailed billings included: detailed descriptions of the work performed, the number of hours billed for each activity for each day, the individual hourly billing rates charged, and expense items like copies and delivery charges. Additionally, I reviewed the computation of the total fee billed for accuracy, determined that the work performed was within the scope of what would be expected in an EECRF proceeding, and concluded that there was no duplication of services billed.
11. Based upon the procedures described above, I determined that the stipulated rate-case expenses of EPE in the amount of \$56,387 and those of the City of El Paso of \$26,904 related to the Company's 2015 EECRF case, Docket No. 44677 are reasonable and meet the requirements of 16 TAC § 25.245.



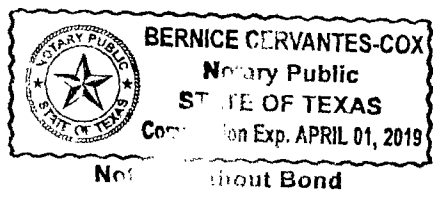
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Ruth Stark, CPA  
Senior Regulatory Accountant  
Rate Regulation Division  
Public Utility Commission of Texas

SUBSCRIBED AND SWORN TO before me, on this the 10 day of August, 2016.

Bernice Cervantes Cox

NOTARY PUBLIC in and for the State of Texas.



**SOAH DOCKET NO. 473-16-4000**  
**PUC DOCKET NO. 45885**

*Application of El Paso Electric Company to adjust its Energy Efficiency Cost Recovery Factor and Request for Revised Cost Cap*

**AFFIDAVIT OF ADRIAN NARVAEZ**

**THE STATE OF TEXAS**                   §  
   §  
**COUNTY OF TRAVIS**                   §

On this day, Adrian Narvaez personally appeared before me, the undersigned authority, and stated the following under oath:

1. My name is Adrian Narvaez, I am at least twenty-one (21) years of age, of sound mind, and I am authorized to make the statements in this affidavit, I have personal knowledge of the statements in this affidavit, and the statements in this affidavit are true and correct to the best of my knowledge.
2. I am currently employed as a Rate Analyst in the Tariff and Rate Analysis Section of the Rate Regulation Division of the Public Utility Commission of Texas.
3. On April 26, 2016, El Paso Electric Company (EPE) filed an application requesting approval of its Energy Efficiency Cost Recovery Factor (EECRF) for the 2017 year (2017 EECRF application)<sup>1</sup> EPE filed its application pursuant to the Public Utility Regulatory Act, Tex. Util. Code Ann. § 39.905 (West 2016) (PURA) and 16 Tex. Admin. Code § 25.181(f) (TAC).
4. In its 2017 EECRF application, EPE sought approval of its 2017 EECRF in the amount of \$4,765,446. This amount is comprised of the following:
  - a. Efficiency expenses of \$4,394,650 forecasted for the 2017 program year;
  - b. Less \$380,039 for the over-recovery of energy efficiency costs for 2015 energy efficiency costs;
  - c. Plus a \$667,545 energy efficiency performance bonus based on EPE's energy efficiency achievements in 2015;
  - d. Plus \$83,290 in 2015 total EECRF proceeding expenses.

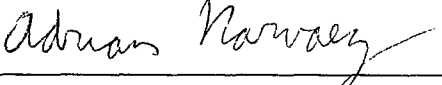
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<sup>1</sup> *Application of El Paso Electric Company to adjust its Energy Efficiency Cost Recovery Factor and Request for Revised Cost Cap*, Docket No. 45885.

5. My review of EPE's 2017 EECRF application included an examination of the assignment and allocation of the various EECRF components to the rate classes, as well as the mathematical calculation of the EECRF rates.
6. EPE's proposed per-kWh factors are as follows:

<u>Rate Class</u>	<u>EECRF Charge</u>
Residential Service Rate	\$ 0.000704
Small Commercial Service Rate	\$ 0.004160
Outdoor Recreational Lighting Service Rate	(\$ 0.000407)
Governmental Street Lighting Service Rate	(\$ 0.000110)
Governmental Traffic Signal Service	\$ 0.000000
Municipal Pumping Service Rate	(\$ 0.001121)
Time-Of-Use Municipal Pumping Service Rate	(\$ 0.001121)
Water Heating	(\$ 0.000188)
Irrigation Service Rate	(\$ 0.001053)
General Service Rate	\$ 0.000663
Large Power Service Rate (excludes transmission)	\$ 0.001238
Cotton Gin Service Rate	(\$ 0.000142)
City and County Service Rate	\$ 0.001602
Maintenance Power Service for Cogeneration and Small Power Production Facilities	(\$ 0.000142)
Backup Power Service for Cogeneration and Small Power Production Facilities	(\$ 0.000142)

7. Based upon my review of EPE's Application and accompanying work papers, I have determined that EPE's proposed assignments and allocations of the various EECRF components to the rate classes are reasonable and consistent with 16 TAC § 25.181, and that the rates have been calculated correctly.
8. EPE's proposed tariff schedule, Attachment A and Exhibit RFG-2 in its application, is reasonable and complies with 16 TAC § 25.181.

  
 \_\_\_\_\_  
 Adrian Narvaez  
 Rate Analyst, Tariff and Rate Analysis  
 Rate Regulation Division  
 Public Utility Commission of Texas



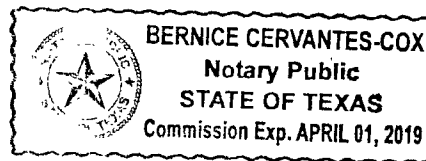
Subscribed and sworn to me this 10 day of August, 2016

Bernice Cervantes Cox

Name:

Notary Public in and for the State of Texas

My commission expires:



Notary without Bond

**SOAH DOCKET NO. 473-16-4000  
PUC DOCKET NO. 45885**

***Application of El Paso Electric Company for Approval to Revise its Energy Efficiency Cost Recovery Factor and Request to Establish a Revised Cost Cap Application***

**AFFIDAVIT OF THERESE HARRIS**

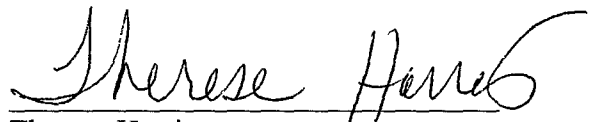
**THE STATE OF TEXAS   §  
  §  
COUNTY OF TRAVIS   §**

ON THIS DAY before me, the undersigned authority, personally appeared Therese Harris who on her oath stated as follows:

1. My name is Therese Harris. I am employed as a Senior Utility Analyst in the Infrastructure & Reliability Division of the Public Utility Commission of Texas (“PUC”).
2. I am at least 21 years of age, fully competent and authorized to make the statements herein. Additionally, I have personal knowledge of the facts stated herein, and they are true and correct to the best of my knowledge.
3. On April 29, 2016, El Paso Electric Company (“EPE” or “Company”) filed an Application for Authority to Redetermine Rates for the Energy Efficiency Cost Recovery Factor (“EECRF”) pursuant to PURA § 39.905 and 16 Tex. Admin. Code § 25.181(f) (TAC). On June 30, 2016, EPE filed an Errata to its Application to revise the calculated demand goal based on the 30% growth in demand metric pursuant to 16 TAC § 25.181(e).
4. In its Application, EPE requested an EECRF in 2017 of \$4,765,446 comprised of the following components: \$4,394,650 in energy efficiency expenses forecasted for the 2017 program year; \$83,290 in rate case expenses for the proceeding in 2015; \$0.00 in evaluation, measurement and verification (“EM&V”) contractor costs; a performance bonus of \$667,545 for exceeding its demand and energy goals in 2015; and a refund of \$380,039 for over-recovery of energy efficiency costs in the 2015 program year.
5. My review included an examination of the reasonableness of EPE’s forecasted 2017 energy efficiency expenses; verification that EPE’s requested energy efficiency goals for the 2017 program year complied with 16 TAC § 25.181(e) and that EPE’s proposed line loss is reasonable; review of EPE’s requested performance bonus for the 2015 program year to verify compliance with 16 TAC § 25.181(h); and a review of EPE’s

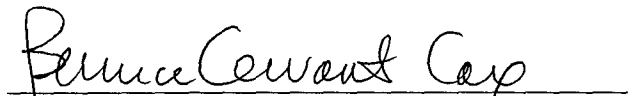
energy efficiency expenses recovered in the 2015 program year to verify that they were reasonable and necessary to reduce demand and energy growth.

6. Based upon my review of EPE's Application, accompanying work papers, EPE's errata to its Application, and responses to requests for information, I have determined that EPE's total requested energy efficiency expenses for the 2017 program year, which are below the cost caps pursuant to 16 TAC § 25.181(f)(7), are reasonable. The Company's requested administrative costs are reasonable and fall below the caps set in 16 TAC § 25.181(i); the Company's demand and energy goal complies with 16 TAC § 25.181(e), and the proposed line loss is reasonable; EPE's 2016 hard-to-reach program is designed to achieve savings no less than 5% of the Company's total demand reduction goal pursuant to 16 TAC § 25.181(e)(3)(F); the Company's requested performance bonus for program year 2015 was calculated in accordance with 16 TAC § 25.181(h); and EPE's 2015 program costs were reasonable and necessary to achieve demand and energy savings.
7. Based upon my review of the Application, as described above, I conclude that the Application is reasonable and meets the requirements of 16 TAC § 25.181.



Therese Harris  
Senior Utility Analyst  
Infrastructure & Reliability Division  
Public Utility Commission of Texas

SUBSCRIBED AND SWORN TO before me, on this the 4 day of August, 2016.

  
NOTARY PUBLIC in and for the State of Texas.

