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APPLICATION OF EL PASO
ELECTRIC COMPANY TO CHANGE
RATES

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BEFORE THE STATE OFFICE
OF FILING CLERK
ADMINISTRATIVE HEARINGS

**FREEPORT-MCMORAN'S RESPONSE TO
EL PASO ELECTRIC COMPANY'S THIRD REQUEST FOR INFORMATION**

NOW COMES Freeport-McMoRan, Inc. (Freeport-McMoRan) and files this Response to El Paso Electric Company's (EPE's) Third Request for Information from Freeport-McMoRan. Freeport-McMoRan's response to these requests for information is timely filed on July 17, 2017.

I. WRITTEN RESPONSES

Attached hereto and incorporated herein by reference are Freeport-McMoRan's written responses to the aforementioned requests for information. Each such response is set forth on or attached to a separate page upon which the request has been restated. Such responses are made in the spirit of cooperation without waiver of Freeport-McMoRan's right to contest the admissibility of any such matters upon hearing. Freeport-McMoRan hereby stipulates that responses may be treated by all parties exactly as if they were filed under oath.

II. INSPECTIONS

In those instances where materials are to be made available for inspection by request or in lieu of a written response, the attached response will so state. For those materials that a response indicates may be inspected at the Austin office of Enoch Kever PLLC, please call in advance for an appointment in order to assure that there is sufficient space to accommodate your inspection. To make an appointment at the Austin office of Enoch Kever PLLC, located at 5918 W. Courtyard Drive, Suite 500, Austin, Texas 78730, or to review those materials that a response indicates may be inspected at their usual repository, please call Lynn Needles at 512-615-1229. Inspections will be scheduled so as to accommodate all such requests with as little inconvenience to the requesting party and to company operations as possible.

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Respectfully submitted,

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**ATTORNEYS FOR FREEPORT-
MCMORAN, INC.**

CERTIFICATE OF SERVICE

It is hereby certified that a copy of the foregoing has been hand delivered, or sent via email, facsimile transmission, or first class United States mail, postage prepaid, to El Paso Electric Company's designated representative, and emailed to parties of record on this the 17th day of July, 2017.

Andrew Kever /ln
Andrew Kever (with permission)

REQUEST 3-1:

In EPE's First Request for Information to FMI, EPE asked the following question as EPE 1-7:

Admit or deny that Mr. Griffey's recommendation to make no jurisdictional adjustment for the New Mexico dedicated solar facilities, either for energy or capacity, is equivalent to an assumption for allocation purposes that these facilities did not, and do not, generate any electricity.

FMI's response was "deny."

Please explain in detail the basis of denial, including reconciling the denial with the following testimony from page 14 of Mr. Griffey's testimony, "Jurisdictional energy and demand should not be reduced based on the solar generation assigned to each state. Rather, the costs of the solar generation should be directly assigned to each state as EPE is already proposing to do, but the energy and demand allocators should not be adjusted." (Emphasis added).

Please include in the response identification and quantification of any difference between the "allocation" that results from Mr. Griffey's recommendation and the jurisdictional allocation that would result if the New Mexico dedicated solar facilities did not exist.

RESPONSE:

The following response was prepared by or under the direct supervision of Charles S. Griffey.

Under the allocation that Mr. Griffey proposes, the impact of the solar facilities that exist solely to meet New Mexico renewables mandates would be accounted for in the setting of the fuel factor and in fuel reconciliation, not in base rates. The fuel factor is where EPE has stated that it recovers the cost of the facilities dedicated to meet the New Mexico mandate. If EPE believes that Texas receives some benefit from the operation of these facilities, EPE should make that demonstration in its fuel reconciliation. Such treatment does not assume that the facilities produced no electricity.

Allocation of the capital and O&M of the production system should follow cost causation. Solar facilities rely on the non-renewable production system as Mr. Griffey points out in his direct testimony. EPE witness Hawkins acknowledges that fact at pp. 15 -16 of his Direct Testimony. Yet under EPE's proposed jurisdictional allocation, New Mexico, with more solar facilities, would be allocated less of the cost of the production system despite a greater reliance upon the system due to the intermittent nature of the solar resources.