



Control Number: 49148



Item Number: 67

Addendum StartPage: 0

SOAH DOCKET NO. 473-19-2303
DOCKET NO. 49148

RECEIVED

APPLICATION OF EL PASO ELECTRIC
COMPANY FOR TRANSMISSION
COST RECOVERY FACTOR

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PUBLIC UTILITY COMMISSION

2019 MAY 14 AM 10:18
PUBLIC UTILITY COMMISSION
OF TEXAS
FILING CLERK

EL PASO ELECTRIC COMPANY'S SUPPLEMENTAL RESPONSE TO
TEXAS INDUSTRIAL ENERGY CONSUMER'S FIRST REQUEST FOR INFORMATION
QUESTION NOS. TIEC 1-1 THROUGH TIEC 1-5

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MAY 14, 2019

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SOAH DOCKET NO. 473-19-2303
DOCKET NO. 49148

APPLICATION OF EL PASO ELECTRIC § BEFORE THE STATE OFFICE
COMPANY FOR TRANSMISSION § OF
COST RECOVERY FACTOR § ADMINISTRATIVE HEARINGS

EL PASO ELECTRIC COMPANY'S SUPPLEMENTAL RESPONSE TO
TEXAS INDUSTRIAL ENERGY CONSUMER'S FIRST REQUEST FOR INFORMATION
QUESTION NOS. TIEC 1-1 THROUGH TIEC 1-5

TIEC 1-1:

Please provide all work papers supporting EPE's exhibits in native Excel format, including all linked files.

SUPPLEMENTAL RESPONSE:

See TIEC 1-1 Supplemental Attachment 1 – Transmission Federal Income Tax Expense – TCRF, TIEC 1-1 Supplemental Attachment 2 – Property Taxes – TCRF, and TIEC 1-1 Supplemental Attachment 3 – Revenue Related Taxes – TCRF.

Preparer: Curtis Hutcheson

Title: Supervisor-Regulatory Case Management

Sponsor: James Schichtl

Title: Vice President-Regulatory Affairs

El Paso Electric
Transmission Federal Income Tax Expense
Update Period 10/01/2016 through September 09/30/2018
Docket No. 49148

SOAH Docket No. 473-19-2303
PUCT Docket No. 49148
TIEC's 1st, Q. No. 1-1 Supplemental
Attachment 1
Page 1 of 2

Line No.	Account Description	Amount Approved per Docket No. 46831 (1)	Change (2)	Balances at 09/30/2018 (3) = (1) + (2)	JCOS Cell Reference
1	Federal Income Tax				
2					
3	Return on Rate Base	\$177,110,875	(\$4,251,247)	\$172,859,628	F1504
4					
5	Deductions				
6	Interest Included in Return	\$66,602,639	(\$1,598,683)	\$65,003,956	F1506
7	ITC Amortization	\$1,548,012	\$0	\$1,548,012	F1589
8	Amortization of Excess DFIT	(\$1,067,440)	\$0	(\$1,067,440)	F1590
9	Depreciation Adjustment	(\$6,645,991)	\$0	(\$6,645,991)	F1591
10	Research and Development Credit	\$714,286	\$0	\$714,286	F1593
11	Other				
12					
13					
14	Subtotal:	\$61,151,506	(\$1,598,683)	\$59,552,823	
15					
16	Additions				
17	Non-Deductible Business Meals	\$164,000	\$0	\$164,000	F1599
18	Other Permanent Additions	\$12,989	\$0	\$12,989	F1600 + F1601
19	Subtotal:	\$176,989	\$0	\$176,989	
20					
21	Taxable Component of Return	\$116,136,358	(\$2,652,564)	\$113,483,794	F1603
22	Tax Factor	26.58%	26.58%	26.58%	F1604
23					
24	Federal Income Taxes Before Adjust.	\$30,869,044	(\$705,052)	\$30,163,992	
25					
26	Tax Credits-Deduct				
27	ITC Amortization	(\$1,548,012)	\$0	(\$1,548,012)	F1608
28	Amortization of Excess DFIT	\$1,067,440	\$0	\$1,067,440	F1609
29	Other	\$7,185	\$0	\$7,185	F1611
30					
31					
32	TOTAL FEDERAL INCOME TAXES	\$30,395,657	(\$705,052)	\$29,690,605	F1613
33	Document Reference:	12c WP Exhibit JS-3 46831 Settlement Baselines w TCJA Adjust		12b WP Exhibit JS-3 46831 Settlement Baselines w TCJA Adjust for TCRF	

El Paso Electric
Transmission Federal and State Income Tax Expense
Update Period 10/01/2016 through September 09/30/2018
Docket No. 49148

SOAH Docket No. 473-19-2303
PUCT Docket No. 49148
TIEC's 1st, Q. No. 1-1 Supplemental
Attachment 1
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Line No.	Account Description	Amount Approved per Docket No. 46831 (1)	Change (2)	Balances at 09/30/2018 (3) = (1) + (2)	TCRF Cell Reference
1	Federal & State Income Tax				
2					
3	Return on Rate Base	\$10,831,658	\$2,589,209	\$13,420,867	F147
4					
5	Deductions				
6	Interest Included in Return (Synchronized Interest)	\$4,289,196	\$1,025,294	\$5,314,490	F150
7	ITC Amortization	\$0	\$0	\$0	F151
8	Amortization of Excess DFIT	(\$74,364)	\$0	(\$74,364)	F151
9	Depreciation Adjustment	(\$604,804)	\$0	(\$604,804)	F151
10	Research and Development Credit	\$49,762	\$0	\$49,762	F151
11	Other				
12					
13					
14	Subtotal:	\$3,659,790	\$1,025,294	\$4,685,084	
15					
16	Additions				
17	Non-Deductible Business Meals	\$21,142	\$0	\$21,142	F151
18	Other Permanent Additions	\$905	\$0	\$905	F151
19	Subtotal:	\$22,047	\$0	\$22,047	
20					
21	Taxable Component of Return	\$7,193,915	\$1,563,915	\$8,757,830	
22	Tax Factor (Includes Federal and State)	29.41%	29.41%	29.41%	F154
23					
24	Federal Income Taxes Before Adjust.	\$2,115,730	\$459,947	\$2,575,678	
25					
26	Tax Credits-Deduct				
27	ITC Amortization	\$0	\$0	\$0	
28	Amortization of Excess DFIT	\$74,364	\$0	\$74,364	F156
29	Other	\$501	\$0	\$501	F156
30					
31					
32	TOTAL FEDERAL AND STATE INCOME TAXES	\$2,190,595	\$459,947	\$2,650,543	F160
33	Document Reference:	12c WP Exhibit JS-3 46831 Settlement Baselines w TCJA Adjust		12b WP Exhibit JS-3 46831 Settlement Baselines w TCJA Adjust for TCRF	

EL PASO ELECTRIC COMPANY
 2017 TEXAS RATE CASE FILING
 WORKPAPER G-09.01 TAXES OTHER THAN INCOME TAXES
 PROPERTY TAXES
 SPONSOR: CYNTHIA S. PRIETO
 PREPARER: TAMMY HENDERSON
 FOR THE TEST YEAR ENDED SEPTEMBER 30, 2016

(a)		(b)
Line No.	Description	Amount
	Property Tax FERC Account No. 408100	
1	Expense Amount, As Adjusted	\$ 26,523,230
	Less:	
2	Amount Per Book	<u>22,870,657</u>
3	Adjustment	<u><u>\$ 3,652,573</u></u>

Justification for requested adjustment:

Property taxes are annualized to reflect the most current plant balances.

EL PASO ELECTRIC COMPANY
 2017 TEXAS RATE CASE FILING
 WORKPAPER G-09 01 TAXES OTHER THAN INCOME TAXES
 PROPERTY TAXES
 SPONSOR: CYNTHIA S. PRIETO
 PREPARER: TAMMY HENDERSON
 FOR THE TEST YEAR ENDED SEPTEMBER 30, 2016

WP G-09.01
 WP/ A-3
 ADJUSTMENT NO. 15
 PAGE 2 OF 2

UPDATED for TCRF

Line No.	(a) Total Property Taxes Summary	(b) Net Plant Balances January 1, 2016	(c) Property Taxes Taxes Assessed	(d) Effective Tax Rate
1	Balances as of Jan. 1, 2016	\$ 2,296,212,973 (A)	\$ 22,870,657 (B)	
2	Less: Four Corners Net Plant Balance at January 1, 2016	(24,066,022)	(29,947)	
3	Add: Montana Units 3 and 4 CWIP Balance at January 1, 2016	52,257,747	1,146,643	
4	Adjusted Net Plant Balances for 2016 Property Taxes	\$ 2,324,404,698	\$ 23,987,353	1.03198%
5	Net Plant Balances as of Sept. 30, 2016		\$ 2,517,797,702 (C)	
6	Requested Property Taxes		\$ 26,523,230	

\$52,336,679
 1.03198%
 540,103 INC Transmission

	Total	PV Reval	Net
Plant	3,843,278,016	(811,006,148)	4,654,284,164
Accum Depr	(1,260,704,608)	875,781,854	(2,136,486,462)
Net Plant	2,582,573,408	64,775,706	2,517,797,702

	Property Taxes by State	Test Year Ended September 30, 2016 (D)	Requested (E)	Adjustment
7	Arizona	\$ 7,928,660	\$ 9,194,912	\$ 1,266,252
8	New Mexico	4,527,212	5,250,233	723,021
9	Texas	10,414,785	12,078,086	1,663,301
10	Total	\$ 22,870,657	\$ 26,523,231	\$ 3,652,574

Arizona
 New Mexico
 Texas
 Total

TCRF Taxes Adj
Arizona
New Mexico
Texas
Total

Notes:

- (A) Net Plant Balance at January 1, 2016 from FERC Form 1, page 110, column (c) line 2.
- (B) Represents property taxes expensed related to Plant In Service balances and does not include property taxes which were capitalized to CWIP. Agrees to Schedule G-9, page 1, column (e), sum of lines 1, 2 and 3.
- (C) Agrees to Net Plant in Service balance at 9/30/16 as adjusted, excluding the adjustment for the revaluation of Palo Verde. Agrees to WP B-1 RBA 01 Plant in Service, page 3, column (j), line (8) less column (b), line (8); less WP B-1 RBA 02 Accum Depr, page 3, column (k), line (10) less column (d), line (10).
- (D) Property tax balances for test year ended September 30, 2016 per Schedule G-9, page 1, column (e), lines 1 to 3.
- (E) As Requested property taxes allocated to states based on test year end balance ratio to total property taxes.

El Paso Electric Company
TCRF Revenue Requirement Calculation
For the Period Ending September 30, 2018

Exhibit JIB-1
Page 1 of 1

Line No.	(A) Component	(B)	(C)	(D)	(E)	(F)	(G)
		Total Company Transmission			Texas Retail Transmission		
		Total Company	Revised Total Company	Net Change (B - C)	Updated TCRF Revenue Requirement	Revised TCRF Baseline	Net Change (E - F)
1	TIC:						
2	Transmission Plant in Service	\$503,506,982	\$438,382,402	\$65,124,580	\$402,946,446	\$350,828,563	\$52,117,883
3	Accumulated Depreciation	(226,537,882)	(213,749,980)	(12,787,902)	(181,293,681)	(171,059,782)	(10,233,899)
4	Net Plant in Service	\$276,969,100	\$224,632,422	\$52,336,679	\$221,652,765	\$179,768,780	\$41,883,985
5	Accumulated Deferred Taxes	(62,168,457)	(50,438,255)	(11,730,202)	(48,690,630)	(39,553,139)	(9,137,491)
6	Total Net TIC	\$214,800,644	\$174,194,166	\$40,606,477	\$172,962,135	\$140,215,641	\$32,746,494
7	WACC	7.725%	7.725%		7.725%	7.725%	
8	Return on Net TIC	\$16,593,350	\$13,456,499	\$3,136,850	\$13,361,325	\$10,831,658	\$2,529,667
9	Investment-Related Expenses:						
10	Depreciation Expense	\$7,080,518	\$5,515,786	\$1,564,732	\$5,666,395	\$4,414,172	\$1,252,223
11	Income Tax Expense ^(Note 1)	3,252,608	2,700,186	552,422	2,617,830	2,172,337	445,493
12	Other Associated Taxes	3,056,121	3,056,121	0	1,628,109	1,628,110	(1)
13	Revenue Credits	(17,980,948)	(21,458,875)	3,477,927	(14,367,786)	(17,146,845)	2,779,059
14	Total Investment-Related Expenses	(\$4,591,700)	(\$10,186,782)	\$5,595,081	(\$4,455,452)	(\$8,932,226)	\$4,476,774
15	Revreqt (line 8 + line 14)	\$12,001,649	\$3,269,718	\$8,731,932	\$8,905,873	\$1,899,432	\$7,006,441
16	ATC:						
17	Charges and Fees	\$0	\$0	\$0	\$0	\$0	\$0
18	Wheeling Expense	6,963,712	6,379,520	584,193	5,572,918	5,105,400	467,518
19	Other Transmission Charges	0	0	0	0	0	0
20	Total ATC	\$6,963,712	\$6,379,520	\$584,193	\$5,572,918	\$5,105,400	\$467,518
21	RR (line 15 + line 20)	\$18,965,362	\$9,649,237	\$9,316,125	\$14,478,791	\$7,004,833	\$7,473,958
22	Note (1) Income Tax Expense is calculated for Total Company Transmission						
23	Return on Net TIC	\$16,593,350 Line 8					
24	Composite cost of debt	0.03059 Baseline					
25	Synchronized interest	\$6,570,752 Line 6 x Line 24					
26	Schedule M Items - Permanent	\$847,979 Baseline					
27	Calculated Federal Taxable Income Attributable to TIC	\$10,870,577 Line 23 - Line 25 + Line 26					
28	Tax Factor	0.291562 Baseline					
29	FIT before adjustments	\$3,169,447 Line 27 x Line 28					
30	Minus Adjustments	(\$83,161) Baseline					
31	Total Transmission Related FIT	\$3,252,608 Line 29 + Line 30					

**EL PASO ELECTRIC COMPANY
 FOUR CORNERS STATION NET BOOK VALUE**

As of December 31, 2015

FERC Plant Account	Plant In Service Balance	Accumulated Provision for Depreciation	Net Book Value	Add'l depreciation for 1/01/16 - 6/30/16	Anticipated CWIP to Plant In-Service	Estimated EPE NBV at 6/30/16
310 - Land and land rights	\$ 8,623	\$ -	\$ 8,623			
311 - Structures and Improvements	4,992,707	(1,897,580)	3,095,127			
312 - Boiler plant equipment	69,599,749	(56,749,255)	12,850,494			
314 - Turbogenerator units	11,080,266	(8,387,592)	2,692,674			
315 - Accessory electric equipment	2,820,699	(1,377,261)	1,443,438			
316 - Misc power plant equipment	8,428,086	(5,748,603)	2,679,483			
317 - Asset Retirement Obligation	-	-	-			
Steam Production Total	96,930,130	(74,160,291)	22,769,839			
352 - Structures and improvements	102,172	(107,281)	(5,109)			
353 - Station equipment	3,371,058	(2,318,561)	1,052,497			
354 - Towers and fixtures	1,241	(1,241)	-			
356 - Overhead conductors, devices	500	(500)	-			
Transmission Total	3,474,971	(2,427,583)	1,047,388			
391 - Office furniture, equipment	7,280	(7,280)	-			
392 - Transportation equipment	187,964	(188,180)	(216)			
393 - Stores equipment	128,038	(111,863)	16,175			
396 - Power operated equipment	17,412	(3,343)	14,069			
397 - Communication equipment	370,118	(151,351)	218,767			
General Total	710,812	(462,017)	248,795			
Total Plant In Service	\$ 101,115,913	\$ (77,049,891)	\$ 24,066,022	\$ (2,073,335)	\$ 7,807,867	\$ 29,800,554
Construction Work In Progress (Acct 107)			\$ 7,807,867			
Inventory (Acct 154)			1,288,418			

EL PASO ELECTRIC COMPANY
 2017 TEXAS RATE CASE FILING
 G-9.1 TAXES OTHER THAN INCOME TAXES
 PROPERTY TAXES
 SPONSOR: CYNTHIA S. PRIETO
 PREPARER: TAMMY HENDERSON
 FOR THE TEST YEAR ENDED SEPTEMBER 30, 2016

WP/ A-3
 ADJUSTMENT NO. 15
 PAGE 2 OF 2

SOAH Docket No. 473-19-2303
 PUCT Docket No. 49148
 TIEC's 1st, Q. No. TIEC 1-1 Supplemental
 Attachment 2
 Page 5 of 5

Line No.	(a) Total Property Taxes Summary	(b) Net Plant Balances January 1, 2016	(c) Property Taxes Taxes Assessed	(d) Effective Tax Rate
1	Balances as of Jan. 1, 2016	\$ 2,296,212,973 (A)	\$ 22,870,657 (B)	
2	Less: Four Corners Net Plant Balance at January 1, 2016	(24,066,022)	(29,947)	
3	Add: Montana Units 3 and 4 CWIP Balance at January 1, 2016	52,257,747	1,146,643	
4	Adjusted Net Plant Balances for 2016 Property Taxes	\$ 2,324,404,698	\$ 23,987,353	1.03198%
5	Net Plant Balances as of Sept. 30, 2016			<u>\$ 2,517,797,702 (C)</u>
6	Requested Property Taxes			<u>\$ 25,983,127</u>
		Test Year Ended September 30, 2016 (D)	Requested (E)	Adjustment
7	Property Taxes by State			
7	Arizona	\$ 7,928,660	\$ 9,007,672	\$ 1,079,012
8	New Mexico	4,527,212	5,143,321	616,109
9	Texas	10,414,785	11,832,135	1,417,350
10	Total	<u>\$ 22,870,657</u>	<u>\$ 25,983,128</u>	<u>\$ 3,112,471</u>

Notes:

- (A) Net Plant Balance at January 1, 2016 from FERC Form 1, page 110, column (c) line 2.
- (B) Represents property taxes expensed related to Plant In Service balances and does not include property taxes which were capitalized to CWIP. Agrees to Schedule G-9, page 1, column (e), sum of lines 1, 2 and 3.
- (C) Agrees to Net Plant in Service balance at 9/30/16 as adjusted, excluding the adjustment for the revaluation of Palo Verde. Agrees to WP B-1/1, Adj No. 1 Plant in Service, page 3, column (j), line (8) less column (b), line (8); less WP B-1/1 Adj No.12 Accum Depr, page 3, column (k), line (10) less column (b), line (10).
- (D) Property tax balances for test year ended September 30, 2016 per Schedule G-9, page 1, column (e), lines 1 to 3.
- (E) As Requested property taxes allocated to states based on test year end balance ratio to total property taxes.

EL PASO ELECTRIC COMPANY
 2017 TEXAS RATE CASE FILING
 TAXES OTHER THAN INCOME TAXES
 REVENUE RELATED TAXES
 SPONSOR: CYNTHIA S. PRIETO
 PREPARER: TAMMY HENDERSON
 FOR THE TEST YEAR ENDED SEPTEMBER 30, 2016

Line No.	(a) Description	(b) Amount
	Texas Occupational and Street Rental (OSR) FERC Account No. 408100	
1	Texas Annualized Operating Revenues	\$ 652,634,659
2	System Adjusted Rate	(A) 0.03327705
3	OSR Tax at Annualized Operating Revenues	21,717,759
4	Per Book Tax	(B) 20,729,263
5	Adjustment Under Current Rates	\$ 988,496
6	Requested Increase in Return	\$ 31,415,908
7	Requested Increase in Income Taxes	17,907,714
8	Requested Increase Before Revenue Taxes	49,323,622
9	Revenue Adjustment Factor	(C) 1.04439392
10	Total Revenue Increase	51,513,291
11	Effective Tax Rate - Texas OSR	(D) 0.02472121
12	Adjustment For Requested Revenues	\$ 1,273,470

Notes:

- (A) See WP/A-3, Adj No. 17, page 6, line 20, column (e).
- (B) See Schedule G-9, line 14, column (e).
- (C) See WP/A-3, Adj No. 17, page 6, line 24, column (c).
- (D) See WP/A-3, Adj No. 17, page 6, line 21, column (e).

Justification for requested adjustment:

These adjustments are made to reflect the annualization of operating revenues and the Company's proposed cost of service.

This adjustment is sponsored by Company witness Cynthia S. Prieto.

EL PASO ELECTRIC COMPANY
 2017 TEXAS RATE CASE FILING
 TAXES OTHER THAN INCOME TAXES
 REVENUE RELATED TAXES
 SPONSOR: CYNTHIA S. PRIETO
 PREPARER: TAMMY HENDERSON
 FOR THE TEST YEAR ENDED SEPTEMBER 30, 2016

WP/A-3
 ADJUSTMENT NO. 17
 PAGE 2 OF 6

UPDATED FOR TCRF			
Line No.	(a) Description	As Filed (b) Amount	TCRF Adj Revenue Increase
	Texas Gross Receipts FERC Account No. 408100		
1	Texas Annualized Operating Revenues	\$ 652,634,659	\$0
2	System Adjusted Rate	(A) 0.016989163	0.016989163
3	Adjusted Tax Under Current Rates	11,087,717	-
4	Per Book Tax	(B) 10,583,053	
5	Adjustment Under Current Rates	\$ 504,664	-
6	Requested Increase in Return	\$ 31,415,908	\$7,460,699
7	Requested Increase in Income Taxes	17,907,714	445,493
8	Requested Increase Before Revenue Taxes	49,323,622	7,906,192
9	Revenue Adjustment Factor	(C) 1.04439392	1.04439392
10	Total Revenue Increase	51,513,291	8,257,179
11	Effective Tax Rate - Texas Gross Receipts	(D) 0.01262109	0.01262109
12	Adjustment For Requested Revenues	\$ 650,154	104,215

Notes:

- (A) See WP/A-3, Adj No. 17, page 6, line 20, column (d).
- (B) See Schedule G-9, line 13, column (e).
- (C) See WP/A-3, Adj No. 17, page 6, line 24, column (c).
- (D) See WP/A-3, Adj No. 17, page 6, line 21, column (d).

Justification for requested adjustment:

These adjustments are made to reflect the annualization of operating revenues and the Company's proposed cost of service.

El Paso Electric Company
TCRF Revenue Requirement Calculation
For the Period Ending September 30, 2018

Exhibit J18-1
 Page 1 of 1

Line No.	(A) Component	(B) Total Company Transmission			(E) Texas Retail Transmission		
		(B) Total Company	(C) Revised Total Company	(D) Net Change (B - C)	(E) Updated TCRF Revenue Requirement	(F) Revised TCRF Baseline	(G) Net Change (E - F)
1	TIC:						
2	Transmission Plant in Service	\$503,506,982	\$438,382,402	\$65,124,580	\$402,946,446	\$350,828,563	\$52,117,883
3	Accumulated Depreciation	(226,537,882)	(213,749,980)	(12,787,902)	(181,293,681)	(171,059,782)	(10,233,899)
4	Net Plant in Service	\$276,969,100	\$224,632,422	\$52,336,679	\$221,652,765	\$179,768,780	\$41,883,985
5	Accumulated Deferred Taxes	(62,168,457)	(50,438,255)	(11,730,202)	(48,690,630)	(39,553,139)	(9,137,491)
6	Total Net TIC	\$214,800,644	\$174,194,166	\$40,606,477	\$172,962,135	\$140,215,641	\$32,746,494
7	WACC	7.725%	7.725%		7.725%	7.725%	
8	Return on Net TIC	\$16,593,350	\$13,456,499	\$3,136,850	\$13,361,325	\$10,831,658	\$2,529,667
9	Investment-Related Expenses:						
10	Depreciation Expense	\$7,080,518	\$5,515,786	\$1,564,732	\$5,666,395	\$4,414,172	\$1,252,223
11	Income Tax Expense ^(Note 1)	3,252,608	2,700,186	552,422	2,617,830	2,172,337	445,493
12	Other Associated Taxes	3,596,224	3,056,121	540,103	2,060,342	1,628,110	432,232
13	Revenue Credits	(17,980,948)	(21,458,875)	3,477,927	(14,367,786)	(17,146,845)	2,779,059
14	Total Investment-Related Expenses	(\$4,051,597)	(\$10,186,782)	\$6,135,184	(\$4,023,219)	(\$8,932,226)	\$4,909,007
15	Revreqt (line 8 + line 14)	\$12,541,752	\$3,269,718	\$9,272,035	\$9,338,106	\$1,899,432	\$7,438,674
16	ATC:						
17	Charges and Fees	\$0	\$0	\$0	\$0	\$0	\$0
18	Wheeling Expense	6,963,712	6,379,520	584,193	5,572,918	5,105,400	467,518
19	Other Transmission Charges	0	0	0	0	0	0
20	Total ATC	\$6,963,712	\$6,379,520	\$584,193	\$5,572,918	\$5,105,400	\$467,518
21	RR (line 15 + line 20)	\$19,505,465	\$9,649,237	\$9,856,228	\$14,911,025	\$7,004,833	\$7,906,192
22	Note (1) Income Tax Expense is calculated for Total Company Transmission						
23	Return on Net TIC	\$16,593,350 Line 8					
24	Composite cost of debt	0.03059 Baseline					
25	Synchronized interest	\$6,570,752 Line 6 x Line 24					
26	Schedule M Items - Permanent	\$847,979 Baseline					
27	Calculated Federal Taxable Income Attributable to TIC	\$10,870,577 Line 23 - Line 25 + Line 26					
28	Tax Factor	0.291562 Baseline					
29	FIT before adjustments	\$3,169,447 Line 27 x Line 28					

EL PASO ELECTRIC COMPANY
2017 TEXAS RATE CASE FILING
TAXES OTHER THAN INCOME TAXES
REVENUE RELATED TAXES
SPONSOR: CYNTHIA S. PRIETO
PREPARER: TAMMY HENDERSON
FOR THE TEST YEAR ENDED SEPTEMBER 30, 2016

WP/A-3
ADJUSTMENT NO. 17
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Line No.	(a) Description	(b) Amount
	<u>Texas Commission Assessment FERC Account No. 408100</u>	
1	Texas Annualized Operating Revenues	\$ 652,634,659
2	System Adjusted Rate	(A) <u>0.001621506</u>
3	Adjusted Tax Under Current Rates	1,058,251
4	Per Book Tax	(B) <u>1,010,084</u>
5	Adjustment Under Current Rates	<u>\$ 48,167</u>
6	Requested Increase in Return	\$ 31,415,908
7	Requested Increase in Income Taxes	<u>17,907,714</u>
8	Requested Increase Before Revenue Taxes	49,323,622
9	Revenue Adjustment Factor	(C) <u>1.04439392</u>
10	Total Revenue Increase	51,513,291
11	Effective Tax Rate - Texas Commission Assessment	(D) <u>0.00120460</u>
12	Adjustment For Requested Revenues	<u>\$ 62,053</u>

Notes:

- (A) See WP/A-3, Adj No. 17, page 6, line 20, column (g).
(B) See Schedule G-9, line 16, column (e).
(C) See WP/A-3, Adj No. 17, page 6, line 24, column (c).
(D) See WP/A-3, Adj No. 17, page 6, line 21, column (g).

Justification for requested adjustment:

These adjustments are made to reflect the annualization of operating revenues and the Company's proposed cost of service.

This adjustment is sponsored by Company witness Cynthia S. Prieto.

EL PASO ELECTRIC COMPANY
 2017 TEXAS RATE CASE FILING
 TAXES OTHER THAN INCOME TAXES
 REVENUE RELATED TAXES
 SPONSOR: CYNTHIA S. PRIETO
 PREPARER: TAMMY HENDERSON
 FOR THE TEST YEAR ENDED SEPTEMBER 30, 2016

WP/A-3
 ADJUSTMENT NO. 17
 PAGE 4 OF 6

Line No.	(a) Description	(b) Amount
	New Mexico Occupational and Street Rental (NM OSR) FERC Account No. 408100	
1	New Mexico Annualized Operating Revenues	\$ 168,929,437
2	System Adjusted Rate	(A) 0.00052882
3	Adjusted Tax Under Current Rates	89,333
4	Per Book Tax	(B) 99,443
5	Adjustment Under Current Rates	\$ (10,110)
6	Requested Increase in Return	\$ 31,415,908
7	Requested Increase in Income Taxes	17,907,714
8	Requested Increase Before Revenue Taxes	49,323,622
9	Revenue Adjustment Factor	(C) 1.04439392
10	Total Revenue Increase	51,513,291
11	Effective tax rate - NM OSR	(D) 0.00011859
12	Adjustment For Requested Revenues	\$ 6,109

Notes:

- (A) See WP/A-3, Adj No. 17, page 6, line 20, column (f).
- (B) See Schedule G-9, line 15, column (e).
- (C) See WP/A-3, Adj No. 17, page 6, line 24, column (c).
- (D) See WP/A-3, Adj No. 17, page 6, line 21, column (f).

Justification for requested adjustment:

These adjustments are made to reflect the annualization of operating revenues and the Company's proposed cost of service.

This adjustment is sponsored by Company witness Cynthia S. Prieto.

EL PASO ELECTRIC COMPANY
 2017 TEXAS RATE CASE FILING
 TAXES OTHER THAN INCOME TAXES
 REVENUE RELATED TAXES
 SPONSOR: CYNTHIA S. PRIETO
 PREPARER: TAMMY HENDERSON
 FOR THE TEST YEAR ENDED SEPTEMBER 30, 2016

WP/A-3
 ADJUSTMENT NO. 17
 PAGE 5 OF 6

Line No.	(a) Description	(b) Amount
	<u>New Mexico Commission Assessment</u> <u>FERC Account No. 408100</u>	
1	New Mexico Annualized Operating Revenues	\$ 168,929,437
2	System Adjusted Rate	(A) <u>0.004821757</u>
3	Adjusted Tax Under Current Rates	814,537
4	Per Book Tax	(B) <u>927,229</u>
5	Adjustment Under Current Rates	<u>\$ (112,692)</u>
6	Requested Increase in Return	\$ 31,415,908
7	Requested Increase in Income Taxes	<u>17,907,714</u>
8	Requested Increase Before Revenue Taxes	49,323,622
9	Revenue Adjustment Factor	(C) <u>1.04439392</u>
10	Total Revenue Increase	51,513,291
11	Effective Tax Rate - NM Commission Assessment	(D) <u>0.00110579</u>
12	Adjustment For Requested Revenues	<u>\$ 56,963</u>

Notes:

- (A) See WP/A-3, Adj No. 17, page 6, line 20, column (h).
 (B) See Schedule G-9, line 17, column (e).
 (C) See WP/A-3, Adj No. 17, page 6, line 24, column (c).
 (D) See WP/A-3, Adj No. 17, page 6, line 21, column (h).

Justification for requested adjustment:

These adjustments are made to reflect the annualization of operating revenues and the Company's proposed cost of service.

This adjustment is sponsored by Company witness Cynthia S. Prieto.

		Texas Utility Gross Receipts	Texas OSR	Other OSR	Texas PUC	Other PUC	Uncollectible
19	Test Year Tax Expense:	\$ 33,349,073	\$ 10,583,053	\$ 20,729,263	\$ 99,443	\$ 1,010,084	\$ 927,229 \$ 2,147,496
20	Tax Rate By Jurisdiction:		0.01698916	0.03327705	0.00052882	0.00162151	0.00482176 0.00273560
21	Revenue Related Expense To Total Co Revenue.	0 03977128	0.01262109	0 02472121	0 00011859	0.00120460	0 00110579
22	Total Company Uncollectible Rate	0 00273560					
23	Total Tax and uncollectible Rate	0.04250687					
24	Tax adjustment factor (1 / (1- Rate))	1 04439392					
			29,620,013	29,620,013	(19,117,088)	29,620,013	(19,117,088) 9,812,922
	Increase in Revenue Related Fees	\$ 503,219	\$ 985,667	\$ (10,110)	\$ 48,029	\$ (92,178)	\$ 26,844