



Control Number: 49496



Item Number: 52

Addendum StartPage: 0

**DOCKET NO. 49496  
SOAH DOCKET NO. 473-19-2303**

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

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**PUBLIC UTILITY COMMISSION  
OF TEXAS**

FILED  
2019 OCT 20 PM 10:51  
PUBLIC UTILITY COMMISSION  
OF TEXAS

**UNOPPOSED MOTION FOR ADMISSION OF ADDITIONAL EVIDENCE**

El Paso Electric Company (EPE) submits this Unopposed Motion to Admit Additional Evidence. EPE has conferred with the other parties to this proceeding (Staff of the Public Utility Commission of Texas, City of El Paso, and Texas Industrial Energy Consumers), and they have indicated that they do not oppose this Motion.

**I. INTRODUCTION**

At the October 11, 2019 Open Meeting, the Commission postponed final approval to allow EPE to file additional information that Office of Policy and Docket Management deemed necessary. This motion moves for admission of the schedules that Office of Policy and Docket Management requested from EPE, as well an affidavit in support of EPE's October 11, 2019 filing in this proceeding.

**II. MOTION**

Consistent with the request of Commission Advising, EPE requests that the record be opened and moves for admission of the following files attached to this Motion:

- Exhibit RFG-01-FO, which reflects the recalculation of EPE's Energy Efficiency Cost Recovery Factor (EECRF) with the removal of \$14,851 of rate case expenses and the recalculated performance bonus;
- Exhibit AGP-06-FO, which recalculates the performance bonus to reflect the removal of \$14,851 of rate case expenses;
- Exhibit RFG-06-FO, which recalculates the commercial customer cost cap taking into account the change of expenses and the performance bonus; and
- Affidavit in Support of EPE's letter of October 11, 2019 filed in this matter.

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Admission of these documents into the evidentiary record will allow the Commission to enter a final order in this proceeding with the adjustments requested by the Commission to the proposed settlement.

### **III. DRAFT PROPOSED ORDER**

Also attached, is a draft proposed order that reflects the changes necessary to adjust EPE's EECRF revenue requirement for the removal of the \$14,851 of rate case expenses as well as making the changes directed in Chairman Walker's memorandum of October 10, 2019. In addition, several other corrections were made. The changes from the draft order issued by Office of Policy and Docket Management on September 20, 2019 are shown in redline.

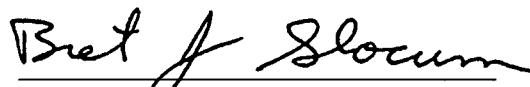
### **IV. CONCLUSION**

EPE respectfully requests that the presiding officer grant the request for the admission of additional evidence and for such other relief to which EPE is entitled.

Respectfully submitted,

Matthew K. Behrens  
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Bret J. Slocum

**ATTORNEYS FOR EL PASO  
ELECTRIC COMPANY**

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing document was served by facsimile, hand-delivery, overnight delivery, or 1st Class U.S. Mail on all parties of record in this proceeding on October 23, 2019.

  
Bret J. Slocum

EL PASO ELECTRIC COMPANY  
EPE's Rate Calculation for  
2020 Energy Efficiency Cost Recovery Factor (EECRF)  
Applicable January through December 2020

Exhibit RFG-01-FO  
Page 1 of 1

Line No	Rate	Applicable Rate	Rate Class	2020 Projected Metered kWh	2020 Proposed Program Budget	2018 Energy Efficiency Bonus	2018 Total EECRF Proceeding Expenses	2018 (Over)/Under Recovery <sup>(b)</sup>	2020 EM&V Expenses	Total Energy Efficiency Costs to be Recovered	2020 Total Rate per kWh
1	01	01	Residential Service	2,351,885,749	\$ 2,162,893 00	\$ 338,369 98	\$ 78,856 17	\$ (227,589 00)	\$ 21,051 00	\$ 2,373,581 14	\$ 0 001009
2	02	02	Small Commercial Service	299,064,767	\$ 389,025 00	\$ 71,196 64	\$ 16,592 18	\$ (133,629 79)	\$ 6,568 00	\$ 349,752 03	\$ 0 001169
3	07	07	Outdoor Recreational Lighting	5,798,060	\$ -	\$ -	\$ -	\$ (1 03)	\$ -	\$ (1 03)	\$ -
4	08	08	Governmental Street Lighting Service	35,437,267	\$ -	\$ -	\$ -	\$ 1,251 16	\$ -	\$ 1,251 16	\$ 0 000035
5	09	09	Governmental Traffic Signal Service	2,731,667	\$ -	\$ -	\$ -	\$ (196 85)	\$ -	\$ (196 85)	\$ (0 000072)
6	11	11-TOU	Time-Of-Use Municipal Pumping Service	165,490,523	\$ -	\$ -	\$ -	\$ (404 00)	\$ -	\$ (404 00)	\$ (0 000002)
7	15		Electrolytic Refining Service	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	21	21	Water Heating Service	6,597,085	\$ -	\$ -	\$ -	\$ (506 03)	\$ -	\$ (506 03)	\$ (0 000077)
9	22	22	Irrigation Service	4,808,133	\$ -	\$ -	\$ -	\$ (36 07)	\$ -	\$ (36 07)	\$ (0 000008)
10	24	24	General Service	1,580,401,859	\$ 1,136,806 00	\$ 202,433 47	\$ 47,176 55	\$ 201,955 04	\$ 19,179 00	\$ 1,607,550 05	\$ 0 001017
11	25	25	Large Power Service - Sec Pri	621,128,134	\$ 604,254 00	\$ 115,679 47	\$ 26,958 77	\$ (332,430 13)	\$ 6,104 00	\$ 420,566 11	\$ 0 000677
12	25T		Large Power Service- Trans	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	26		Petroleum Refining Service	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14	28		Private Area Lighting	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	30		Electric Furnace Service	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16	31	31	Military Reservation Service	274,388,862	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17	34	34	Cotton Gin Service	2,365,555	\$ -	\$ -	\$ -	\$ 611 15	\$ -	\$ 611 15	\$ 0 000258
18	38		Interruptible Service	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19	41	41	City / County Service	272,130,223	\$ 382,672 00	\$ 82,983 45	\$ 19,339 06	\$ 230,320 49	\$ 5,462 00	\$ 720,777 00	\$ 0 002649
20	46/47		Cogeneration (a)	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21			Texas Total	5,622,227,884	\$ 4,675,650	\$ 810,663	\$ 188,923	\$ (260,655)	\$ 58,364	\$ 5,472,945	\$ 0 000973

(a) Rate combined with Rate 34 - Cotton Gin Service in accordance with 16 Tex Admin Code § 25 181(f)(2)

(b) The (Over) / Under recovery now includes interest per amendments to TAC § 25 182, Docket No 48692

Amounts may not add or tie to other exhibits and or workpapers due to rounding

Program Year 2018		
Energy Efficiency Performance Incentive Calculator		
	kW	kWh
Demand and Energy Goals	11,160	19,552,320
Actual Demand and Energy Savings	16,846	20,726,306
Reported/Verified Hard-to-Reach	741	
Program Costs (excluding bonus)	\$4,299,896	
Performance Bonus	\$810,663	
7%	Hard-to-Reach Goal Met?	
	Bonus Calculation Details	
151%	Percentage of Demand Reduction Goal Met (Reported kW/Goal kW)	
106%	Percentage of Energy Reduction Goal Met (Reported kWh/Goal kWh)	
TRUE	Met Requirements for Performance Bonus?	
\$13,230,694	Total Avoided Costs	
\$824,169	Docket No. 48297 requirement (add previous bonus to current year bonus calculation)	
\$5,124,065	Total Program Costs (including bonus)	
\$8,106,629	Net Benefits	
\$2,065,143	Calculated Bonus (((Achieved Demand Reduction/Demand Goal - 100%) / 2) * Net Benefits)	
\$810,663	Maximum Bonus Allowed (10% of Net Benefits)	

EL PASO ELECTRIC COMPANY  
2020 Regulatory Cap Calculation  
Applicable January through December 2020

Exhibit RFG-04-FO  
Page 1 of 1

Line No	Rate	Applicable Rate	Rate Class	2020 Projected Metered kWh	2020 Proposed Program Budget	2018 Energy Efficiency Bonus	2018 Total EECRF Proceeding Expenses	2018 (Over)/Under Recovery	EE Costs Subject to Cap	EECRF Subject to Cap	Regulatory Energy Efficiency Cap	Percent of Cap
1	01	01	Residential Service	2,351,885,749	\$ 2,162,893	\$ 338,370	\$ 78,856	\$ (227,589)	\$ 2,352,530	\$ 0 001000	\$ 0 001332	75%
2	02	02	Small Commercial Service	299,064,767	389,025	71,197	16,592	(133,630)	343,184	0 001148	0 000833	138%
3	07	07	Outdoor Recreational Lighting	5,798,060	-	-	-	(1)	(1)	(0 000000)	0 000833	0%
4	08	08	Governmental Street Lighting Service	35,437,267	-	-	-	1,251	1,251	0 000035	0 000833	4%
5	09	09	Governmental Traffic Signal Service	2,731,667	-	-	-	(197)	(197)	(0 000072)	0 000833	-9%
6	11-TOU	11-TOU	Time-Of-Use Municipal Pumping Service	165,490,523	-	-	-	(404)	(404)	(0 000002)	0 000833	0%
7	15		Electrolytic Refining Service	-	-	-	-	-	-	-	0 000833	0%
8	21	21	Water Heating Service (a)	6,597,085	-	-	-	(506)	(506)	(0 000077)	0 000833	-9%
9	22	22	Irrigation Service	4,808,133	-	-	-	(36)	(36)	(0 000008)	0 000833	-1%
10	24	24	General Service	1,580,401,859	1,136,806	202,433	47,177	201,955	1,588,371	0 001005	0 000833	121%
11	25	25	Large Power Service - Sec Pri	621,128,134	604,254	115,679	26,959	(332,430)	414,462	0 000667	0 000833	80%
12	25T		Large Power Service- Trans	-	-	-	-	-	-	-	0 000833	0%
13	26		Petroleum Refining Service	-	-	-	-	-	-	-	0 000833	0%
14	28		Private Area Lighting	-	-	-	-	-	-	-	0 000833	0%
15	30		Electric Furnace Service	-	-	-	-	-	-	-	0 000833	0%
16	31	31	Military Reservation Service	274,388,862	-	-	-	-	-	-	0 000833	0%
17	34	34	Cotton Gin Service	2,365,555	-	-	-	611	611	0 000258	0 000833	31%
18	38		Interruptible Service	-	-	-	-	-	-	-	0 000833	0%
19	41	41	City / County Service	272,130,223	382,672	82,983	19,339	230,320	715,315	0 002629	0 000833	316%
20	46/47		Cogeneration (b)	-	-	-	-	-	-	-	0 000833	0%
21			Texas Total	5,622,227,884	\$ 4,675,650	\$ 810,663	\$ 188,923	\$ (260,655)	\$ 5,414,580	\$ 0 000963		

	Group	2020 Projected Metered kWh	Total EE Costs to be Recovered Subject to Cap	EECRF Subject to Cap	Regulatory Energy Efficiency Cap
22	Total Residential Energy	2,358,107,877	\$ 2,352,052 50	\$ 0.000997	\$ 0.001332
23	Total Commercial Energy	3,264,120,007	\$ 3,062,527 79	\$ 0.000938	\$ 0.000833
24	Total	5,622,227,884	\$ 5,414,580 29		

25	Residential Water Heating Energy	6,222,128	0 943163267								
26	Commercial Water Heating Energy	374,957	0 056836733								
	Regulatory Energy Efficiency Cap	2014	2015	2016*	2016**	2017	2018	2019			
27	Residential	\$ 0 001244	\$ 0 001266	\$ 0 001266	\$ 0 001263	\$ 0 001277	\$ 0 001303	\$ 0 001332			
28	Commercial	\$ 0 000778	\$ 0 000791	\$ 0 000791	\$ 0 000790	\$ 0 000799	\$ 0 000815	\$ 0 000833			
29	CPI - South Urban Area	1.56%	1.69%	-0.18%		1.11%	2.05%	2.22%			

\* Per PUCT, 2016 Cost Caps will remain the same as 2015

\*\*Per PUCT, future year Cost Caps based on actual calculation regardless of filed cost cap (i.e. above notation)

- (a) Water Heating Programs costs allocated to Residential and Commercial groups based on energy percentage to each group  
(b) Rate combined with Rate 34 - Cotton Gin Service in accordance with 16 of the Tex Admin Code § 25 181(f)(2)

Amounts may not add or tie to other exhibits and or workpapers due to rounding

**DOCKET NO. 49496  
SOAH DOCKET NO. 473-19-2303**

<b>APPLICATION OF EL PASO ELECTRIC COMPANY FOR APPROVAL TO REVISE ITS ENERGY EFFICIENCY COST RECOVERY FACTOR AND REQUEST TO ESTABLISH REVISED COST CAPS</b>	§ § § § § § §	<b>PUBLIC UTILITY COMMISSION OF TEXAS</b>
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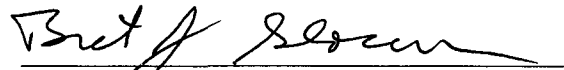
**AFFIDAVIT OF BRET J. SLOCUM**

STATE OF TEXAS	§	
	§	
COUNTY OF TRAVIS	§	

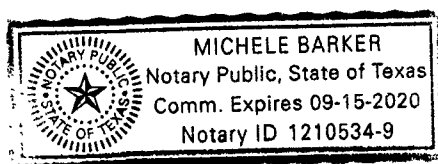
BEFORE ME, the undersigned authority, on this day personally appeared Bret J. Slocum, who being by me first duly sworn, on oath, deposed and said the following:


My name is Bret J. Slocum. I am over the age of twenty-one years, am of sound mind, have personal knowledge of the statements made herein, and the facts are true and correct. I am competent to make this Affidavit.

1. I drafted and, on October 11, 2019, had filed with the Public Utility Commission of Texas (PUCT) the attached letter addressed to the PUCT Commissioners.
2. I have personal knowledge of the facts stated therein, and they are true and correct to the best of my knowledge.

  
Bret J. Slocum

**SUBSCRIBED AND SWORN TO BEFORE ME**, a Notary Public, in and for the State of Texas, this 18<sup>th</sup> day of October 2019.



  
Notary Public in and for the State of Texas





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October 11, 2019

Honorable Chairman Deann T. Walker  
Honorable Commissioner Arthur C. D'Andrea  
Honorable Commissioner Shelly Botkin  
Public Utility Commission of Texas  
1701 N. Congress Avenue  
Austin, TX 78711-3326

Re: Docket No. 49496; SOAH Docket No. 473-19-4423, *Application of El Paso Electric Company to Adjust Its Energy Efficiency Cost Recovery Factor and Establish Revised Cost Cap*, October 11, 2019 Open Meeting, Item No. 6

**Response to Chairman Walker's Memorandum of October 10, 2019**

Dear Chairman Walker, Commissioner D'Andrea and Commissioner Botkin,

This letter is El Paso Electric Company's (EPE) response to Chairman Walker's Memorandum of October 10, 2019.

The amount of EPE rate case expenses for EPE's Docket No. 48332 exclusive of expenses incurred on Docket No. 48297 and Project No. 48692 can be determined from Attachment A to my rate case expense affidavit admitted into evidence by SOAH Order No. 7 in this proceeding. This calculation can be done by removing the time entries related to those two other proceedings, which total \$14,851. A list of these entries taken from that document is attached to this letter. After removing those items, the amount of rate case expenses remaining is \$140,742. Any time

spent incorporating the ruling from Docket No. 48297, e.g. reviewing calculations of the impact and drafting the errata to the application, were not removed.

The removal of these expenses will require that the bonus be recalculated as well as the ultimate rates. EPE has calculated a net reduction in total costs to be recovered of \$13,366 that consists of a downward adjustment of \$14,851 related to expenses and an upward adjustment of \$1,485 related to the bonus. Attached is a revised tariff showing the resulting rates. EPE proposes that it file within 20 days of the final order entered in this proceeding a compliance tariff with supporting documentation showing the recalculation of its Energy Efficiency Cost Recovery Factor (EECRF).

Finally, while I knew that reasonable minds could differ on this issue, I feel I should offer an explanation of why charges related to those other two proceedings were included within the rate case expenses billed to Docket No. 48332. As explained in my affidavit:

The billings also included time spent participating in Docket No. 48297, *Commission Staffs Petition for A Declaratory Order Interpreting 16 Texas Administrative Code § 25.181*, because that proceeding directly affected the EPE's 2018 EECRF proceeding and the amount it could request. Also included in the October billing is a short amount of time for monitoring Project No. 48692, *Rulemaking Proceeding to Amend 16 TAC §25.181 and 16 TAC §25.183, and Adopt New 16 TAC §25.182, Relating To Energy Efficiency Cost Recovery Factor*, for potential implication for EPE's 2018 EECRF proceeding.<sup>1</sup>

Issue 11(d) in the Preliminary Order in this proceeding was the same issue that was addressed in Docket No. 48297.<sup>2</sup> The Commission chose to have a separate proceeding to address that rate case issue for all the utilities, and it was clear that to pursue that issue in the EECRF proceeding meant participating in the Declaratory Order proceeding. In other words, the Commission's decision to address that issue in a separate proceeding applicable to all of the

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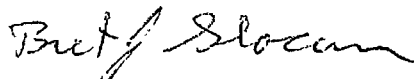
<sup>1</sup> Affidavit of Bret J. Slocum Concerning El Paso Electric Company Legal Expenses for 2018 EECRF Proceeding at 2.

<sup>2</sup> Compare Preliminary Order, Issue 11(d) ("If a performance bonus is requested for program year 2018, was the performance bonus, if any, that was awarded based on the 2017 program year included in the program costs for purposes of this calculation?") with *Commission Staff's Petition for a Declaratory Order Interpreting 16 Texas Administrative Code § 25.181*, Docket No. 48297, Commission Staff's Petition for a Declaratory Order at Conclusion ("Staff requests that the Commission issue an order declaring whether the sum of all program costs used to calculate net benefits for a given program year under 16 TAC § 25.181(h)(2) includes the performance bonus, if any, the utility was awarded for that program year for exceeding its energy efficiency goals during the previous year.").

utilities rather than each utility's EECRF proceeding should not automatically disallow the associated rate case expense on that issue.

With regard to the rulemaking proceeding, as can be seen from the description in the attachment to this letter, the time was spent "monitoring" that proceeding for implications to the pending proceeding, e.g. revelations of Staff's understanding of the existing rule, as opposed to participating in it.

Yours Very Truly,



Bret J. Slocum

## Charges Related to Docket No. 48297

Date	Description	Amount	Page # of 60 to Attachment A to Affidavit
04/19/2018	BJS Review Staff petition for declaratory order re calculation of bonus	276.50	10
04/24/2018	BJS TC M. Behrens re Staff request re declaratory order.	39.50	10
04/27/2018	BJS Review brief for declaratory order re bonus calculation	948.00	11
04/30/2018	BJS Review brief of declaratory order	1,382.50	11
05/01/2018	BJS Communicate w/A. Rodriguez re declaratory order brief	39.50	14
05/01/2018	BJS Draft motion to intervene in declaratory order case.	197.50	14
05/01/2018	BJS Communicate w/Oncor counsel re joint brief.	79.00	14
05/02/2018	BJS Finalize motion to intervene in declaratory order case	79.00	14
05/02/2018	BJS Evaluate request to share brief w/EUMMOT.	79.00	14
05/02/2018	BJS Communicate w/A. Rodriguez re sharing of brief	39.50	14
05/02/2018	BJS Communicate w/A. Martin re sharing of brief	39.50	14
05/02/2018	BJS Review draft brief for declaratory order case	237.00	15
05/02/2018	BJS Communicate w/C. Hutcheson re declaratory order brief and affidavit	79.00	15
05/10/2018	BJS Review edits to joint utility brief in declaratory order case.	79.00	15
05/16/2018	BJS Review order admitting EPE as a party to declaratory order case.	39.50	15
05/16/2018	BJS Communicate w/C. Hutcheson re order admitting EPE to declaratory order case	39.50	16
05/17/2018	MSH Review utility brief re Order No. 5 in Docket No. 48297	750.50	16
05/17/2018	MSH Review affidavit for brief re Order No. 5 in Docket No. 48297	276.50	16
05/17/2018	MSH Research re cost cap issues in Docket No. 48297	829.50	16
05/17/2018	MSH Review Order No. 5 in Docket No. 48297	79.00	16

05/17/2018	MSH TC C. Hutcheson re to do list for Docket No. 48297.	118.50	16
05/17/2018	BJS Evaluate Oncors concerns re argument in brief in declaratory order case.	316.00	16
05/17/2018	BJS TC Oncor re brief in declaratory order case.	79.00	16
05/17/2018	BJS Evaluate form affidavit for declaratory order case.	79.00	16
05/18/2018	MSH Review affidavit for brief in Docket No. 48297	158.00	16
05/18/2018	MSH Review RFI responses in Docket No. 48297	237.00	16
05/18/2018	MSH Review brief in Docket No. 48297	395.00	16
05/18/2018	MSH Correspond w/utility companies re Docket No. 48297 documents	158.00	16
05/18/2018	BJS Review revisions to form affidavit.	118.50	16
05/21/2018	MSH Work on affidavit for Docket No. 48297	355.50	16
05/21/2018	MSH Research re brief in Docket No. 48297.	1,145.50	16
05/21/2018	MSH Review draft brief for Docket No. 48297.	553.00	16
05/22/2018	MSH Research re issue in Docket No. 48297.	592.50	16
05/22/2018	MSH Correspond w/other utilities re brief for Docket No. 48297.	79.00	16
05/23/2018	MSH Prepare for meeting re Staff 1st RFI in Docket No. 48332.	118.50	17
05/23/2018	MSH TC C. Hutcheson and others re Staff 1st RFI, Docket No. 48332.	158.00	17
05/23/2018	MSH Work on affidavit to support brief in Docket No. 48297.	395.00	17
05/24/2018	MSH Finalize affidavit for brief in Docket No. 48297	158.00	17
05/28/2018	MSH Review new draft brief in Docket No. 48297	118.50	17
05/29/2018	MSH Review other parties' briefs in Docket No. 48297.	197.50	17
05/30/2018	BJS Review briefs of other parties in declaratory order case	355.50	17
06/13/2018	BJS Communicate w/J. Schichtl and others re Commission consideration of declaratory order	79.00	22
06/13/2018	BJS Prepare for attendance at Open Meeting	1,264.00	22
06/14/2018	BJS Attend Open Meeting.	316.00	22
06/14/2018	BJS Evaluate merits of filing motion for rehearing in Docket No. 48297.	395.00	22

06/14/2018	BJS TC C. Hutcheson re Commission ruling in Docket No. 48297 and the need to revise EPE's filing.	79.00	22
06/14/2018	BJS TC M. Behrens re ruling in Docket No. 48297 and need to revise EPE's filing	39.50	22
06/15/2018	BJS Communicate w/M. Behrens and others re response to Commission order in Docket No. 48297.	158.00	23
06/15/2018	BJS Communicate w/J. Schichtl re option for response to order in Docket No. 48297	79.00	23
06/18/2018	BJS Evaluate potential grounds for contesting Commission order in Docket No. 48297	158.00	23
06/21/2018	BJS Communicate w/M. Behrens re status of order in Docket No. 48297	39.50	23
06/21/2018	BJS Review order in Docket No. 48297	197.50	23
<b>Total for charges related to Docket no. 48297</b>		<b>\$14,299</b>	

#### Charges Related to Project No. 48692

Date	Description	amount	Page
10/11/2018	BJS TCs C. Hutcheson re EECRF rulemaking.	118.50	46
10/11/2018	BJS Review EECRF rulemaking	118.50	46
10/15/2018	BJS Monitor workshop on EECRF rulemaking	316.00	46
<b>Total for Charges related to Project No. 48692</b>		<b>\$552.00</b>	

Original Rate Case Expense	\$155,593
Less Docket No. 48297 charges	(\$14,299)
Less Project No. 48697 related expenses	(\$552)
Remaining Amount	\$140,742

**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 Section 25.182(d) of Title 16 of the Texas Administration Code, 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	\$ 0.001009
02	Small Commercial Service Rate	\$ 0.001169
07	Outdoor Recreational Lighting Service Rate	\$ 0.000000
08	Governmental Street Lighting Service Rate	\$ 0.000035
09	Governmental Traffic Signal Service	(\$ 0.000072)
11-TOU	Time-Of-Use Municipal Pumping Service Rate	(\$ 0.000002)
WH	Water Heating	(\$ 0.000077)
22	Irrigation Service Rate	(\$ 0.000008)
24	General Service Rate	\$ 0.001017
25	Large Power Service Rate (excludes transmission)	\$ 0.000677
34	Cotton Gin Service Rate	\$ 0.000258
41	City and County Service Rate	\$ 0.002649
46	Maintenance Power Service For Cogeneration And Small Power Production Facilities	\$ 0.000258
47	Backup Power Service For Cogeneration And Small Power Production Facilities	\$ 0.000258

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Section Number 1  
Sheet Number 33  
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Revision Number 10  
Effective with bills issued on or  
after January 1, 2020

**PUC DOCKET NO. 49496  
SOAH DOCKET NO. 473-19-4423**

<b>APPLICATION OF EL PASO</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>ELECTRIC COMPANY TO ADJUST</b>	<b>§</b>	
<b>ITS ENERGY EFFICIENCY COST</b>	<b>§</b>	<b>OF TEXAS</b>
<b>RECOVERY FACTOR AND</b>	<b>§</b>	
<b>ESTABLISH REVISED COST CAP</b>	<b>§</b>	

**PROPOSED ORDER**

This Order addresses the application of El Paso Electric Company (EPE) for approval of an energy efficiency cost recovery factor (EECRF). EPE filed an unopposed agreement that resolves certain issues among the parties in this proceeding. The Commission approves EPE's EECRF, as modified by the agreement, to the extent provided in this Order.

**I. Findings of Fact**

The Commission makes the following findings of fact.

**Applicant** *PURA § 31.002(6) and 16 TAC § 25.181(b)*

1. EPE is a Texas corporation whose principal offices are located in El Paso, Texas.
2. EPE provides electric generation, transmission, and distribution services in Texas under certificate of convenience and necessity number 30050.

**Application** *16 TAC §§ 25.182(d)(8), (d)(10)(A)–(M), and (d)(11)(A)–(J)*

3. On May 1, 2019, EPE filed an application for authority to adjust its EECRF tariff, beginning with the first billing cycle of its January 2020 billing month and to establish a revised cost cap for 2020.
4. No party objected to the sufficiency of the application.
5. In the application, EPE sought Commission approval to adjust its EECRF to recover \$5,485,386 during program year 2020. The amount included the following:
  - (a) EPE's forecasted energy-efficiency costs of \$4,675,650 in program year 2020;
  - (b) Projected evaluation, measurement, and verification (EM&V) expenses for program year 2020 in the amount of \$58,364;



- (c) An adjustment of \$260,655 for EPE's net over-recovery, including interest, of program year 2018 energy-efficiency costs;
  - (d) Rate-case expenses in the amount of \$202,746 (\$155,593 for EPE and \$47,153 for the City of El Paso) for participation in Docket No. 48332,<sup>1</sup> EPE's 2018 EECRF proceeding; and
  - (e) A performance bonus of \$809,281.
6. In the application, EPE sought a good cause exception to the cost cap for its commercial customers for 2020 and a good cause exception to combine the cotton gin rate class with the cogeneration rate class in 2020.
7. In State Office of Administrative Hearings (SOAH) Order No. 3 issued June 6, 2019, the SOAH administrative law judge (ALJ) found the application sufficient.
8. On July 26, 2019, EPE amended the application to correct the amount of the City of El Paso's 2018 proceeding expenses, recalculate the performance bonus, correct the allocation of EM&V expenses, and reclassify \$18,337 of costs related to the demand-response pilot program.
9. In the amended application, EPE sought to adjust its EECRF to recover \$5,486,310 during program year 2020. The amount included the following:
- (a) EPE's forecasted energy-efficiency costs of \$4,675,650 in program year 2020;
  - (b) Projected EM&V expenses for program year 2020 in the amount of \$58,364;
  - (c) An adjustment of \$260,655 for EPE's net over-recovery, including interest, of program year 2018 energy-efficiency costs;
  - (d) Rate-case expenses in the amount of \$203,774 (\$155,593 for EPE and \$48,181 for the City of El Paso) for participation in Docket No. 48332, EPE's 2018 EECRF proceeding; and
  - (e) A performance bonus of \$809,178.

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<sup>1</sup> *Application of El Paso Electric Company to Adjust its Energy Efficiency Cost Recovery Factor and Establish Revised Cost Cap*, Docket No. 48332, Order (Jan. 17, 2019).

**Notice of the Application** *16 TAC §§ 22.55, 25.182(d)(13), and (14)*

10. On May 1, 2019, EPE provided notice via first-class mail to all parties to EPE's most recent base-rate proceeding, Docket No. 46831,<sup>2</sup> which included all parties that participated in EPE's last EECRF proceeding, Docket No. 48332. EPE also provided notice via first-class mail to the Texas Department of Housing and Community Affairs, the state agency that administers the federal weatherization program. In an affidavit filed by EPE on May 8, 2019, Curtis Hutcheson, EPE's supervisor of regulatory case management, attested that notice had been provided as described in this finding of fact.
11. No party objected to the adequacy of notice of the application.
12. In SOAH Order No. 3 issued June 6, 2019, the SOAH ALJ found the notice of the application sufficient.

**Intervenors and Intervenor Alignment** *16 TAC § 22.103 through 22.105*

13. Commission Staff participated in this docket.
14. In SOAH Order No. 1 issued May 16, 2019, the SOAH ALJ granted the motion to intervene of the City of El Paso.
15. In SOAH Order No. 2 issued May 30, 2019, the SOAH ALJ granted the motion to intervene of Texas Industrial Energy Consumers (TIEC).

**Statements of Position and Testimony** *16 TAC §§ 22.124 and 22.225*

16. As part of the application filed on May 1, 2019, EPE filed the direct testimonies with schedules and workpapers of Araceli G. Perea, the supervisor of EPE's energy-efficiency department, and Rene F. Gonzalez, a senior rate analyst in EPE's rates and regulatory affairs section. Also, as part of the application, EPE filed the affidavit of attorney Bret J. Slocum with attachments concerning EPE's rate-case expenses in Docket No. 48332.
17. On June 20, 2019, the City of El Paso filed the direct testimony of Karl J. Nalepa. Mr. Nalepa did not recommend any adjustments to EPE's proposed EECRF.

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<sup>2</sup> Application of El Paso Electric Company to Change Rates, Docket No. 46831, Order (Dec. 8, 2017).

18. On June 27, 2019, Commission Staff filed a letter stating it would not be filing direct testimony.
19. On August 15, 2019, Commission Staff filed the affidavits of Stephen Mendoza, Joe Luna, and Therese Harris in support of the agreement.

**Referral to SOAH for Hearing** *16 TAC §§ 22.121 and 25.182(d)(9)*

20. On May 2, 2019, the Commission referred this proceeding to SOAH.
21. On May 22, 2019, Commission Staff requested a hearing on the merits.
22. On May 24, 2019, the Commission issued a preliminary order, which included a list of issues to be addressed in this proceeding.
23. In SOAH Order No. 3 issued June 5, 2019, the SOAH ALJ provided notice of a hearing on the merits set to begin at 9:30 a.m. on July 10, 2019 at SOAH's hearing facility in Austin, Texas.
24. On August 14, 2019, EPE filed an unopposed agreement between EPE, the City of El Paso, and Commission Staff (collectively, the signatories) that resolved all of the issues between them in this proceeding. TIEC . . . . . did not sign the agreement but does not oppose it.
25. In SOAH Order No. 7 issued August 16, 2019, the SOAH ALJ dismissed the case from SOAH's docket and remanded it to the Commission.

**Evidentiary Record**

26. In SOAH Order No. 7 issued August 16, 2019, the SOAH ALJ admitted the following into the evidentiary record: (a) EPE's application, including the testimony of Araceli G. Perea and Rene F. Gonzalez and the affidavit of Bret J. Slocum, filed on May 1, 2019; (b) EPE's proof of notice, filed on May 8, 2019; (c) the direct testimony of Karl J. Nalepa, including the affidavit of Norman J. Gordon, filed on June 20, 2019; (d) EPE's amendment to the application, filed on July 26, 2019; (e) the agreement and its attachments, filed on August 14, 2019; and (f) Commission Staff's affidavits of Stephen Mendoza, Joe Luna, and Therese Harris in support of the agreement, filed on August 15, 2019.

**Energy-Efficiency Goals** *16 TAC § 25.181(e)*

27. Since 2013, EPE's demand-reduction goal exceeded four-tenths of 1% of its summer weather-adjusted peak demand.
28. Under 16 Texas Administrative Code (TAC) § 25.181(e)(1)(D), a utility's demand-reduction goal may not be lower than the prior year's. Thus, EPE's demand-reduction goal for 2020 is 11.16 MW, which is what it has been since 2011.
29. EPE projects that it will achieve 16.441 MW in demand reductions in program year 2020, which exceeds the minimum of 11.16 MW.
30. The estimated savings to be achieved through EPE's 2020 programs for hard-to-reach customers is 800 kilowatts (kW), which is 7.17% of the proposed demand-reduction goal of 11.16 MW.
31. EPE's 2020 energy-savings goal using a 20% load-conservation factor is 19,552 megawatt-hours (MWh).
32. EPE forecasts that in program year 2020 it will achieve energy savings of 22,056 MWh, which exceeds the minimum of 19,552 MWh calculated under 16 TAC § 25.181(e)(4).

**Agreement** *PURA § 14.054 and 16 TAC § 22.35*

33. Under the agreement, the signatories agreed on EPE's proposed EECRF as amended, which reflected the City of El Paso's rate-case expenses in Docket No. 48332 in the amount of \$48,181 rather than \$47,153. Correcting the city's rate-case expenses amount reduced the performance bonus by \$103 and changed the rate for only one rate class, the city and county rate class, increasing that class's EECRF by \$0.000001 per kilowatt-hour (kWh).
34. Under the agreement, EPE's EECRF -- -- recover \$5,486,310 during program year 2020. That amount includes the following:
  - (a) EPE's forecasted energy-efficiency costs of \$4,675,650 in program year 2020;
  - (b) Projected EM&V expenses in the amount of \$58,364 for program year 2020;
  - (c) An adjustment of \$260,655 for EPE's net over-recovery, including interest, of program year 2018 energy-efficiency costs;

- (d) Rate-case expenses of \$203,774 for participation in Docket No. 48332 (\$155,593 for EPE and \$48,181 for the City of El Paso); and
- (e) A performance bonus of \$809,178.

35. The agreement provides an effective date of the first billing cycle of EPE's January 2020 billing month for EPE's EECRF tariff to remain in effect until December 31, 2020 or until such time as the Commission orders otherwise.

~~36.1. Under the agreement, EPE's proposed 2020 rate class factors are as follows:~~

<del>Rate No.</del>	<del>Description</del>	<del>EECRF (\$/kWh)</del>
<del>01</del>	<del>Residential</del>	<del>\$0.001012</del>
<del>02</del>	<del>Small Commercial</del>	<del>\$0.001173</del>
<del>07</del>	<del>Outdoor Recreational Lighting</del>	<del>\$0.000000</del>
<del>08</del>	<del>Governmental Street Lighting</del>	<del>\$0.000035</del>
<del>09</del>	<del>Governmental Traffic Signal</del>	<del>(\$0.000072)</del>
<del>11-TOU</del>	<del>Time-Of-Use Municipal Pumping</del>	<del>(\$0.000002)</del>
<del>WH</del>	<del>Water Heating</del>	<del>(\$0.000077)</del>
<del>22</del>	<del>Irrigation</del>	<del>(\$0.000008)</del>
<del>24</del>	<del>General</del>	<del>\$0.001019</del>
<del>25</del>	<del>Large Power (excludes transmission)</del>	<del>\$0.000680</del>
<del>34</del>	<del>Cotton Gin</del>	<del>\$0.000258</del>
<del>41</del>	<del>City and County</del>	<del>\$0.002654</del>
<del>46</del>	<del>Maintenance Power Service for Cogeneration and Small Power Production Facilities</del>	<del>\$0.000258</del>
<del>47</del>	<del>Backup Power Service for Cogeneration and Small Power Production Facilities</del>	<del>\$0.000258</del>

Under the agreement, the signatories agreed on a revised cost cap for EPE's commercial classes in program year 2020.

38. On October 11, 2019, prior to the Open Meeting, EPE filed a letter indicating how the amount associated with Docket No. 48297 and Project No. 48692 could be identified from record evidence and quantifying that the amount was \$14,851, leaving an amount for EPE's expenses of \$140,742. EPE also attached a revised EECRF tariff.
39. At the October 11, 2019 Open Meeting, the Commissioners indicated that they could accept the Agreement with the removal of the \$14,851 of rate case expenses, but postponed final consideration to allow EPE to file additional evidence to support the decision.
40. On October XX23, 2019, EPE filed schedules showing the recalculation of the final rates and the revised rate cap, as well as an affidavit in support of the October 11, 2019 filing. EPE requested admission of this additional documentation and indicated that no party opposed the request.
41. On October XX, 2019, the additional documentation was admitted.
42. With the removal of the \$14,851 of rate case expenses, EPE's approved EECRF will recover \$5,472,945 during program year 2020. That amount includes the following:
- (a) EPE's forecasted energy-efficiency costs of \$4,675,650 in program year 2020;
  - (b) Projected EM&V expenses in the amount of \$58,364 for program year 2020;
  - (c) An adjustment of \$260,655 for EPE's net over-recovery, including interest, of program year 2018 energy-efficiency costs;
  - (d) Rate-case expenses of \$188,923 for participation in Docket No. 48332 (\$140,742 for EPE and \$48,181 for the City of El Paso); and
  - (e) A performance bonus of \$810,663.
43. Under the agreement with the additional exclusion of the \$14,851 of rate case expenses, EPE's proposed 2020 EECRF rate-class factors are as follows:

<u>Rate No.</u>	<u>Description</u>	<u>EECRF (\$/kWh)</u>
<u>01</u>	<u>Residential</u>	<u>\$0.001042</u>
<u>02</u>	<u>Small Commercial</u>	<u>\$0.001173</u>
<u>07</u>	<u>Outdoor Recreational Lighting</u>	<u>\$0.000000</u>
<u>08</u>	<u>Governmental Street Lighting</u>	<u>\$0.000035</u>
<u>09</u>	<u>Governmental Traffic Signal</u>	<u>(\$0.000072)</u>
<u>11-TOU</u>	<u>Time-Of-Use Municipal Pumping</u>	<u>(\$0.000002)</u>
<u>WH</u>	<u>Water Heating</u>	<u>(\$0.000077)</u>
<u>22</u>	<u>Irrigation</u>	<u>(\$0.000008)</u>
<u>24</u>	<u>General</u>	<u>\$0.001019</u>
<u>25</u>	<u>Large Power (excludes transmission)</u>	<u>\$0.000680</u>
<u>34</u>	<u>Cotton Gin</u>	<u>\$0.000258</u>
<u>41</u>	<u>City and County</u>	<u>\$0.002654</u>
<u>46</u>	<u>Maintenance Power Service for Cogeneration and Small Power Production Facilities</u>	<u>\$0.000258</u>
<u>47</u>	<u>Backup Power Service for Cogeneration and Small Power Production Facilities</u>	<u>\$0.000258</u>

**Elements of Recovery and Coordination with Base-Rate Recovery** 16 TAC §§ 25.182(d)(1) and (d)(6)

EPE's EECRF is calculated to recover EPE's forecasted annual energy-efficiency expenditures, proceeding expenses from immediately preceding EECRF dockets, a performance bonus, and EM&V expenses allocated to EPE by the Commission. The EECRF is also calculated to refund the preceding year's over-recovery.

EPE does not recover any energy-efficiency costs in its base rates.

EPE's EECRF is designed to provide only for energy charges for residential and commercial rate classes.

**EECRF Cost Caps** 16 TAC §§ 25.182(d)(7) and 25.181 (o)(10)(B)

To calculate its 2020 cost caps, EPE applied a 2.22% consumer-price-index adjustment to the base caps of \$0.001303 per kWh for the residential class and \$0.000815 per kWh for the commercial classes and calculated its EECRF cost caps for program year 2020 to be \$0.001332 for residential customers and \$0.000833 per kWh for the commercial customer groups.

EPE's 2020 EECRF costs that are subject to the cost cap for the residential customer group result in an EECRF charge of \$0.00      per kWh, which is below the residential cost



cap of \$0.001332 per kWh for 2020. However, the group rate of \$0.~~000941~~000938 per kWh for the commercial classes as revised to exclude the \$14.851 of rate case expenses, is above the commercial cost cap of \$0.000833 for 2020.

**~~Revised Cost Cap~~** ~~16 TAC §§ 25.181(e)(2) and 25.182(d)(7)~~

~~42. EPE requested that the Commission establish a revised cost cap for its commercial classes under 16 TAC § 25.181(e)(2).~~

~~43. If EPE's energy efficiency programs continue at the same level, the rates for the commercial customers will continue to exceed the cost cap for those customers.~~

~~44. EPE would have to reallocate funds to different programs that may not perform as well as current programs to stay within the cost cap for commercial customers.~~

~~45. It is not in the best interests of EPE's energy efficiency programs or the affected customer classes to reallocate funds to programs that may not perform as well.~~

~~46. EPE showed that attainment of the cost cap required by 16 TAC § 25.182(d)(7) is not reasonably possible, and good cause supports a higher EECRF cost cap for EPE's commercial customers in program year 2020.~~

**Over-Recovery** ~~16 TAC § 25.182(d)(2)~~

~~47-49. EPE requests to refund to each rate class the difference between the actual EECRF revenues and the actual costs for that class, which results in a net over-recovery.~~

~~48-50. EPE accurately calculated the over-recovery of 2018 program costs to be \$252,914 plus \$7,741 in interest for a total of \$260,655.~~

**Proceeding Expenses** ~~16 TAC § 25.182(d)(3)~~

~~51. As part of the application, EPE filed the affidavit of attorney Bret J. Slocum to support the reasonableness and necessity of its rate-case expenses incurred in its prior EECRF proceeding, Docket No. 48332, as well as some expenses from Docket No. 48297<sup>3</sup> and~~

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<sup>3</sup> *Commission Staff's Petition for a Declaratory Order Interpreting 16 Texas Administrative Code § 25.181*, Docket No. 48297, Order (Jun. 21, 2018).



Project No. 48692.<sup>4</sup> Based on his experience, Mr. Slocum opined that EPE's rate-case expenses of \$155,593 incurred in Docket No. 48332 were reasonable and necessary.

~~49-52.~~ On October 11, 2019, EPE filed a letter quantifying the amount associated with Docket No. 48297 and Project No. 48692 that was included in EPE's requested rate case expenses to be \$14,851. On October ~~XX~~23, 2019, EPE filed an affidavit in support of the October 11, 2019 filing for rate case expenses of \$140,742.

~~50-53.~~ On June 20, 2019, the City of El Paso filed the affidavit of attorney Norman J. Gordon in support of the reasonableness and necessity of its rate-case expenses for Docket No. 48332. Based on his experience, Mr. Gordon opined that the City of El Paso's rate-case expenses of \$48,181 incurred in Docket No. 48332 were reasonable and necessary.

**Performance Bonus Calculations** 16 TAC §§ 25.181(d)(1) and 25.182(e)

~~51-54.~~ Based on a weighted average cost of capital of 7.025%, \$80 avoided cost per kW, \$0.0~~3757~~~~5084~~ avoided cost per kWh, and a 2% inflation rate, the total present value of the avoided costs associated with the 2018 demand reductions and energy savings is \$13,230,694. EPE included the prior year's performance bonus and used total program costs of \$5,1~~24,06538.915~~, in accordance with its errata and the exclusion of \$14,851 of rate case expenses, for purposes of calculating the bonus for the 2018 program. The resulting net benefits are \$8,~~091.778~~106.629.

~~52-55.~~ In the agreement, EPE sought ~~the~~ the maximum allowable performance bonus under 16 TAC § 25.182(e), which is 10% of the net benefits of \$8,~~091.778~~106.629 achieved through its energy-efficiency incentive program costs, for exceeding its goal for calendar year 2018. The resulting performance bonus from this calculation is \$~~809.178~~10,663.

**Evaluation, Measurement, and Verification Expenses** 16 TAC § 25.181(o)

~~53-56.~~ The EM&V expenses that the Commission assigned to EPE for recovery in program year 2020 are \$58,364, and none of these costs have been recovered in a prior EECRF proceeding.

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<sup>4</sup> Rulemaking Proceeding to Amend 16 TAC § 25.181 and 16 TAC § 25.183, and Adopt New 16 TAC § 25.182, Relating to Energy Efficiency Cost Recovery Factor, Project No. 48692, Order Adopting Amendment to § 25.181, New § 25.182, and Amendment to § 25.183 as Approved at the March 13, 2019 Open Meeting (Mar. 18, 2019).

**Administrative and Research and Development Cost Caps** 16 TAC §§ 25.181(g) and (o)(10)(B)

EPE incurred \$ \_\_\_\_\_ in necessary administrative costs, including its own proceeding expenses \_\_\_\_\_, for the 2018 energy-efficiency programs to meet its goals; this amount was 5. \_\_\_\_ % of the total program costs. EPE did not incur any research and development costs for the 2018 energy-efficiency programs to meet its goals. Therefore, EPE's cumulative cost of administration and research and development was approximately 5. \_\_\_\_ % of the total program costs.

EPE's administrative costs for its 2018 energy-efficiency programs did not exceed 15% of the total program costs. EPE's research and development costs for its 2018 energy-efficiency programs did not exceed 10% of the total program costs. The cumulative cost of EPE's administrative and research and development costs for its 2018 energy-efficiency programs did not exceed 20% of the total program costs.

**Cost Effectiveness** 16 TAC § 25.181(d)

EPE used an avoided cost of capacity of \$80 per kW for 2018. EPE used Commission Staff's posted avoided cost of energy of \$ 0.0 \_\_\_\_\_ - per kWh for 2018.

EPE determined that its 2018 portfolio of energy-efficiency programs produced a benefit-cost ratio of 2.6, which exceeds the benefit-cost ratio of 1.0 or greater required by 16 TAC § 25.181(d).

EPE's demand-response pilot program was the one program that was not cost effective in 2018.

EPE is planning to make changes to the program for 2020, including expanding the number of program participants, replacing the up-front incentive with a performance incentive, and reducing the administrative costs.

EPE's forecasted 2020 energy-efficiency program costs of \$4,675,650 are a reasonable estimate of the costs necessary to provide energy-efficiency programs and meet EPE's goals for program year 2020.

**Total Cost Recovery** 16 TAC § 25.182(d)

EPE's net cost recovery of \_\_\_\_\_ —which consists of EPE's projected EM&V expenses to be recovered in 2020, EPE's net over-recovery of program year 2018 energy-

efficiency costs plus interest, EPE's performance bonus earned in 2018, and rate-case expenses from Docket No. 48332—is a reasonable amount.

**Rate Classes and Direct Assignment of Costs** *16 TAC § 25.182(d)(2)*

To the maximum extent possible, EPE directly assigned costs to each EECRF rate class that receives services under the programs.

EPE's proposed rate classes reflect the retail rate classes approved in EPE's most recent base-rate proceeding, excluding non-eligible customers.

The cotton gin and cogeneration rate classes each contain fewer than 20 customers and receive similar services under the same energy-efficiency programs. Combining the rate classes will ease the administration of cost recovery.

EPE showed that good cause supports combining EPE's cotton gin rate class with EPE's cogeneration rate class in 2020.

**Fostering of Competition Among Energy-Efficiency Service Providers** *16 TAC § 25.181(g)(2)*

EPE has adopted measures to foster competition among energy-efficiency service providers.

**Requirements for Standard Offer, Market Transformation, and Self-Delivered Programs** *16 TAC § 25.181(h)–(k)*

EPE's energy-efficiency program includes standard-offer and market-transformation programs.

**Incentive Payments** *16 TAC § 25.181(f)*

EPE's incentive payments do not exceed 100% of avoided cost.

**Affiliate Costs** *PURA § 36.058, 16 TAC §§ 25.181(c)(1)(I), 25.181(d)(10)(I), and 25.272(e)*

EPE does not have any affiliates.

**Energy-Efficiency Plan and Report** *16 TAC § 25.181(l)*

On April 1, 2019, EPE filed its 2019 energy-efficiency plan and report.

On July 19, 2019, EPE filed errata to its energy-efficiency plan and report.

**Low-Income Energy Efficiency** *16 TAC § 25.181(p)*

EPE is not an unbundled transmission and distribution utility.

**Outreach to Retail Electric Providers** 16 TAC § 25.181(r)

~~73.76.~~ EPE does not serve in an area in which customer choice is offered.

**Industrial Customer Exclusions** 16 TAC § 25.181(u)

~~74.77.~~ EPE received qualifying identification notices from industrial customers to exclude a total of 1.2 MW of peak demand industrial customers taking service at distribution voltage who elected to exclude themselves from EPE's energy-efficiency programs and provided notices under 16 TAC § 25.181(u) constituted an exclusion of 0.00096 MW from the demand reduction goal for EPE's energy-efficiency programs EECRF for program year 2020. Those excluded customers have been reflected in the EECRF calculations.

**Line Losses** 16 TAC §§ 25.181(e)(3)(B)

~~75.78.~~ To calculate its annual growth in demand for calendar year 2017 to the present, EPE used an 8.32% line-loss factor approved by the Commission in EPE's last fuel reconciliation proceeding, Docket No. 46308.<sup>5</sup>

**Billing Determinants** 16 TAC § 25.182(d)(10)(E)

~~79.~~ The estimate of billing determinants in calculating EPE's 2020 EECRF and the calculation of the 2020 EECRF tariff rider are reasonable.

**Good Cause Exception** 16 TAC 25.18149(2) and 25.182(d)(2)

~~80.~~ EPE requested that the Commission establish a revised cost cap for its commercial classes under 16 TAC 25.181(e)(2).

~~81.~~ If EPE's energy-efficiency programs continue at the same level, the rates for the commercial customers will continue to exceed the cost cap for those customers.

~~82.~~ EPE would have to reallocate funds to different programs that may not perform as well as current programs to stay within the cost cap for commercial customers.

~~83.~~ It is not in the best interests of EPE's energy-efficiency programs or the affected customer classes to reallocate funds to programs that may not perform as well.

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<sup>5</sup> Application of El Paso Electric Company to Reconcile Fuel Costs, Docket No. 46308, Order (Jun. 29, 2017).

**Informal Disposition** 16 TAC § 22.35(a)

More than 15 days have passed since completion of the notice provided in this docket.

Commission Staff requested a hearing but effectively withdrew that request by executing the agreement. No hearing is necessary.

The decision is not adverse to any party.

**II. Conclusions of Law**

The Commission makes the following conclusions of law.

1. EPE is a public utility as that term is defined in PURA<sup>6</sup> § 11.004(1) and an electric utility as that term is defined in PURA § 31.002(6).
2. The Commission has jurisdiction over this matter under PURA §§ 14.001, 32.001, 36.001, 36.204, and 39.905.
3. Under PURA § 39.905 and 16 TAC § 25.182(d)(8), an electric utility may file for an EECRF.
4. EPE complied with the requirement under 16 TAC § 25.182(d)(8) to apply by May 1 to adjust its EECRF effective January 1 of the following year.
5. The Commission processed the application in accordance with the requirements of PURA, the Administrative Procedure Act,<sup>7</sup> and Commission rules.
6. SOAH exercised jurisdiction over this proceeding in accordance with PURA § 14.053 and Texas Government Code § 2003.049.

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<sup>6</sup> Public Utility Regulatory Act, Tex. Util. Code §§ 11.001–66.016.

<sup>7</sup> Administrative Procedure Act, Tex. Gov't Code §§ 2001.001–.902.

7. EPE provided notice of the application in accordance with 16 TAC § 25.182(d)(13) and 16 TAC § 22.55 and filed an affidavit attesting to the completion of notice as required by 16 TAC § 25.182(d)(14).
8. EPE's application is sufficient under 16 TAC § 25.182(d)(10) and (11).
9. The hearing on the merits was set and notice of the hearing was given in compliance with Texas Government Code §§ 2001.051 and 2001.052.
10. EPE calculated its weather-adjusted average annual growth in demand in compliance with 16 TAC § 25.181(e)(3).
11. EPE has acquired a reduction of  
demand of residential and commercial customers in compliance with 16 TAC § 25.181(e)(1)( ) .
12. EPE's minimum energy-savings goal was calculated in compliance with 16 TAC § 25.181(e)(4).
13. EPE's portfolio of energy-efficiency programs effectively and efficiently achieves the goals set out in PURA § 39.905(a) and 16 TAC § 25.181 as required by 16 TAC § 25.181(e)(5).
14. EPE's proposed EECRF rate for residential customers complies with the requirements for cost caps under 16 TAC § 25.182(d)(7).
15. Under 16 TAC § 25.181(e)(2), there is good cause to grant EPE's request for an exception to the cap on the rates it can charge its commercial customers under 16 TAC § 25.182(d)(7)(C) to recover costs related to its 2020 energy-efficiency programs.
16. Under 16 TAC § 25.182(d)(2), there is good cause to combine EPE's cotton gin rate class with its cogeneration rate class in 2020.
17. EPE's request to refund \$260,655 to customers for its net over-recovery, including interest, of program year 2018 energy-efficiency costs complies with PURA § 39.905(b-1) and 16 TAC § 25.182(d)(1)(A) and (d)(2).
18. EECRF proceeding expenses are rate-case expenses.



19. The requirements of 16 TAC §§ 25.182(d)(3)(A) and 25.245 apply to the recovery of EECRF proceeding expenses.
20. EPE's 2018 rate-case expenses of \_\_\_\_\_ comply with PURA § 36.061(b)(2) and 16 TAC §§ 25.182(d)(3)(A) and 25.245.
21. The City of El Paso's 2018 rate-case expenses of \$48,181 comply with PURA § 33.023(a) and 16 TAC §§ 25.182(d)(3)(B) and 25.245.
22. EPE qualified for and accurately calculated its energy-efficiency performance bonus of \_\_\_\_\_ for its energy-efficiency achievements in program year 2018 as allowed by PURA § 39.905(b)(2) and in compliance with 16 TAC § 25.182(e).
23. The amounts and allocation of EPE's administration and research and development costs comply with 16 TAC § 25.181(g).
24. EPE's energy-efficiency programs adhere to the cost-effectiveness standards contained in 16 TAC § 25.181(d).
25. EPE's 2020 energy-efficiency program costs of \$4,675,650, not including EM&V expenses to be collected in 2020, to be recovered through the EECRF are reasonable estimates of the costs necessary to provide energy-efficiency programs in 2020 under PURA § 39.905 and 16 TAC § 25.182(d)(1).
26. EPE's cost recovery of \$ \_\_\_\_\_—which consists of EM&V expenses to be recovered in 2020, EPE's refund of its net over-recovery of program year 2018 energy-efficiency costs plus interest, EPE's performance bonus earned in 2018, EPE's rate-case expenses incurred in Docket No. 48332, and the City of El Paso's rate-case expenses incurred in Docket No. 48332—complies with PURA § 39.905 and 16 TAC § 25.182(d)(1).
27. EPE's proposed combination of the cotton gin rate class with the cogeneration rate class in program year 2020 complies with 16 TAC § 25.182(d)(2).
28. The assignments and allocations of EPE's proposed 2020 EECRF rates to each rate class are reasonable and comply with PURA § 39.905(b)(4) and 16 TAC § 25.182(d)(2).

29. EPE has adopted measures to foster competition among energy-efficiency service providers in compliance with 16 TAC § 25.181(g)(2).
30. EPE's standard offer and market transformation programs comply with PURA § 39.905(a)(3) and 16 TAC § 25.181(h) through (k).
31. EPE's incentive payments, which did not exceed 100% of avoided cost, comply with 16 TAC § 25.181(f).
32. EPE's load associated with industrial customers who provided qualifying identification notices were excluded from EPE's calculated demand-reduction goal in accordance with 16 TAC § 25.181(u).
33. EPE's proposed 2020 EECRF rates are just and reasonable under PURA § 36.003(a).
34. In accordance with PURA § 36.003(b), EPE's proposed 2020 EECRF rates are not unreasonably preferential, prejudicial, or discriminatory and are sufficient, equitable, and consistent in application to each consumer class.
35. The requirements for informal disposition under 16 TAC § 22.35 have been met in this proceeding.

### III. Ordering Paragraphs

In accordance with these findings of fact and conclusions of law, the Commission issues the following orders:

1. The Commission approves EPE's 2020 EECRF in the amount of \$5,400,000, which is composed of the following: (a) forecasted 2020 energy-efficiency program costs of \$4,675,650; (b) projected EM&V expenses of \$58,364 for program year 2020; (c) a performance bonus of \$1,000,000 for 2018 program achievements; (d) a credit of \$260,655 for the over-recovery, including interest, of 2018 program costs; and (e) rate-case expenses of \$1,000,000 for participation in Docket No. 48332 for EPE and \$48,181 for the City of El Paso).
2. The Commission approves the schedule of rates for EPE's EECRF tariff that is attached to the proposed order.



3. EPE is authorized to apply the EECRF tariff rider approved by this Order beginning on and after January 1, 2020.
4. Within ten days of the date of this Order, EPE must provide a clean copy of the EECRF tariff approved by this Order to central records to be marked *Approved* and filed in the Commission's tariff books.
5. Entry of this Order does not indicate the Commission's endorsement or approval of any principle or methodology that underlies the agreement and must not be regarded as precedential as to the appropriateness of any principle or methodology underlying the agreement.
6. The Commission denies all other motions and any other requests for general or specific relief that have not been expressly granted.

Signed at Austin, Texas the \_\_\_\_\_ day of \_\_\_\_\_, 2019.

**PUBLIC UTILITY COMMISSION OF TEXAS**

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**DEANN T. WALKER, CHAIRMAN**

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**ARTHUR C. D'ANDREA, COMMISSIONER**

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**SHELLY BOTKIN, COMMISSIONER**