



Control Number: 49496



Item Number: 55

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APPLICATION OF EL PASO
ELECTRIC COMPANY TO ADJUST
ITS ENERGY EFFICIENCY COST
RECOVERY FACTOR AND
ESTABLISH REVISED COST CAP

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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. 48332,¹ 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 filed 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.

¹ *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. 46831,² 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 filed 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 filed May 16, 2019, the SOAH ALJ granted the motion to intervene of the City of El Paso.
15. In SOAH Order No. 2 filed 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.

² *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 filed a preliminary order, which included a list of issues to be addressed in this proceeding.
23. In SOAH Order No. 3 filed 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 filed 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 filed 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.
27. At the November 14, 2019 open meeting, the Commission admitted the following into the evidentiary record: (a) exhibit RFG-01-FO reflecting the recalculation of EPE's energy

efficiency cost recovery factor removing \$14,851 from rate-case expenses and the recalculated performance bonus, (b) exhibit AGP-06-FO which recalculates the performance bonus to reflect the removal of \$14,851 from rate-case expenses, (c) exhibit RFG-04-FO which recalculates the commercial customer cap taking into account the change in rate-case expenses and the recalculated performance bonus, (d) EPE's response to Chairman Walker's memo filed on October 11, 2019, and (e) the affidavit of Bret J. Slocum in support of EPE's filing on October 11, 2019.

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

28. Since 2013, EPE's demand-reduction goal exceeded four-tenths of 1% of its summer weather-adjusted peak demand.
29. 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 demand-reduction goal. Thus, EPE's demand-reduction goal for 2020 is 11.16 MW, which is what it has been since 2011.
30. EPE projects that it will achieve 16.441 MW in demand reductions in program year 2020, which exceeds the minimum of 11.16 MW.
31. 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.
32. EPE's 2020 energy-savings goal using a 20% load-conservation factor is 19,552 megawatt-hours (MWh).
33. 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*

34. 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).

35. Under the agreement, EPE's EECRF would recover \$5,486,310 during program year 2020. That amount included 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.
36. 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.
37. Under the agreement, EPE's proposed 2020 rate-class factors are as follows:

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

38. Under the agreement, the signatories agreed on a revised cost cap for EPE's commercial classes in program year 2020.
39. On October 11, 2019, EPE filed a letter documenting a correction to the rate-case expenses EPE requested which removed unrecoverable expenses attributed to non-rate-case dockets. EPE identified a reduction of \$14,851 from its requested rate-case expenses.
40. On October 23, 2019, EPE filed schedules recalculating the final rates and revising its commercial rate cap, an affidavit in support of EPE's rate-case expense correction, and a motion to admit this additional documentation into evidence. No party opposed the motion.
41. The rate-case expense reduction modified EPE's EECRF to recover \$5,472,945 during program year 2020. The amount includes 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 \$188,923 (\$140,742 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 \$810,663.
42. The rate-case expense reduction modified EPE's proposed 2020 rate-class factors under the agreement as follows:

Rate No.	Description	EECRF (\$/kWh)
01	Residential	\$0.001009
02	Small Commercial	\$0.001169
07	Outdoor Recreational Lighting	\$0.000000
08	Governmental Street Lighting	\$0.000035
09	Governmental Traffic Signal	(\$0.000072)
11-TOU	Time-Of-Use Municipal Pumping	(\$0.000002)
WH	Water Heating	(\$0.000077)
22	Irrigation	(\$0.000008)
24	General	\$0.001017
25	Large Power (excludes transmission)	\$0.000677
34	Cotton Gin	\$0.000258
41	City and County	\$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

Elements of Recovery and Coordination with Base-Rate Recovery 16 TAC §§ 25 182(d)(1) and (d)(6)

43. 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.
44. EPE does not recover any energy-efficiency costs in its base rates.
45. EPE's EECRF is designed to provide only energy charges for residential and commercial rate classes.

EECRF Cost Caps 16 TAC §§ 25 182(d)(7) and 25 181 (o)(10)(B)

46. 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.
47. EPE's 2020 EECRF costs that are subject to the cost cap for the residential customer group result in an EECRF charge of \$0.001000 per kWh, which is below the residential cost cap

of \$0.001332 per kWh for 2020. However, the group rate of \$0.000938 per kWh for the commercial classes is above the commercial cost cap of \$0.000833 for 2020.

Over-Recovery *16 TAC § 25.182(d)(2)*

48. 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.
49. 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)*

50. 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. 48297³ and Project No. 48692.⁴ 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.
51. 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.
52. On October 11, 2019, EPE filed a letter correcting its requested rate-case expenses to exclude \$14,851 in unrecoverable expenses incurred during non-rate-case dockets.
53. On October 23, 2019, EPE filed Mr. Slocum's affidavit in support of EPE's October 11, 2019 letter.
54. EPE requests to recover rate-case expenses in the amount of \$140,742.

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

⁴ *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).

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

55. Based on a weighted average cost of capital of 7.025%, \$80 avoided cost per kW, \$0.03757 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 \$5,124,065, in accordance with its errata and rate-case expense reduction, for purposes of calculating the bonus for the 2018 program. The resulting net benefits are \$8,106,629.
56. In the agreement, EPE sought the maximum allowable performance bonus under 16 TAC § 25.182(e), which is 10% of the net benefits of \$8,106,629 achieved through its energy-efficiency incentive program costs, for exceeding its goal for calendar year 2018. The resulting performance bonus from this calculation is \$810,663.

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

57. 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.

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

58. EPE incurred \$238,310 in necessary administrative costs, including its own proceeding expenses, for the 2018 energy-efficiency programs to meet its goals; this amount was 5.5% 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 5.5% of the total program costs.
59. 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)

60. EPE used an avoided cost of capacity of \$80 per kW for 2018. EPE used Commission Staff's posted avoided cost of energy of \$ 0.03757 per kWh for 2018.
61. 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).
62. EPE's demand-response pilot program was the one program that was not cost effective in 2018.
63. 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.
64. 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)

65. EPE's net cost recovery of \$797,295—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)

66. To the maximum extent possible, EPE directly assigned costs to each EECRF rate class that receives services under the programs.
67. EPE's proposed rate classes reflect the retail rate classes approved in EPE's most recent base-rate proceeding, excluding non-eligible customers.
68. 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.

69. 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)

70. 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)

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

Incentive Payments 16 TAC § 25.181(f)

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

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

73. EPE does not have any affiliates.

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

74. On April 1, 2019, EPE filed its 2019 energy-efficiency plan and report.
75. On July 19, 2019, EPE filed errata to its energy-efficiency plan and report.

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

76. EPE is not an unbundled transmission and distribution utility.

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

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

Industrial Customer Exclusions 16 TAC § 25.181(u)

78. EPE's 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 0.0025 MW from the demand-reduction goal for EPE's EECRF for program year 2020. Those excluded customers have been reflected in the EECRF calculations.

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

79. 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. 46308.⁵

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

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

Good Cause Exceptions *16 TAC §§ 25.181(e)(2), and 25.182(d)(2)*

81. EPE requested that the Commission establish a revised cost cap for its commercial classes under 16 TAC § 25.181(e)(2).
82. 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.
83. 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.
84. 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.
85. 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.

Informal Disposition *16 TAC § 22.35(a)*

86. More than 15 days have passed since completion of the notice provided in this docket.
87. Commission Staff requested a hearing but effectively withdrew that request by executing the agreement. No hearing is necessary.
88. The decision is not adverse to any party.

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

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. EPE is a public utility as that term is defined in PURA⁶ § 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,⁷ and Commission rules.
6. SOAH exercised jurisdiction over this proceeding in accordance with PURA § 14.053 and Texas Government Code § 2003.049.
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 four-tenths of 1% of its summer weather-adjusted peak demand of residential and commercial customers in compliance with 16 TAC § 25.181(e)(1)(B), (e)(1)(C), (e)(1)(D), and (e)(3)(B).

⁶ Public Utility Regulatory Act, Tex. Util. Code §§ 11.001–66.016.

⁷ Administrative Procedure Act, Tex. Gov't Code §§ 2001.001–.902.

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 \$140,742 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 \$810,663 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 \$797,295—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 \$5,472,945, 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 \$810,663 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 \$188,923 for participation in Docket No. 48332 (\$140,742 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 are in exhibit A attached to the agreement.
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 21st day of November 2019.

PUBLIC UTILITY COMMISSION OF TEXAS


DEANN T. WALKER, CHAIRMAN


ARTHUR C. D'ANDREA, COMMISSIONER


SHELLY BOTKIN, COMMISSIONER