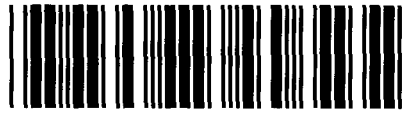


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DOCKET NO. 50575

**APPLICATION OF EL PASO
ELECTRIC COMPANY TO
IMPLEMENT SECOND UPDATED
REFUND TARIFF FOR FEDERAL
INCOME TAX RATE DECREASE IN
COMPLIANCE WITH DOCKET NO.
46831**

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**PUBLIC UTILITY COMMISSION
OF TEXAS**

COMMISSION STAFF’S FINAL RECOMMENDATION

COMES NOW the Staff (Staff) of the Public Utility Commission of Texas (Commission), representing the public interest and files this Final Recommendation. In support thereof, Staff shows the following:

I. BACKGROUND

On February 20, 2020, El Paso Electric Company (EPE) filed an application for approval to implement a second updated refund tariff for a federal income tax rate decrease in compliance with Docket No. 46831. EPE proposes no change to the existing federal tax refund factors, but does propose the inclusion of additional tariff language to clarify that the refund factors do not apply to riders, such as the transmission cost recovery factor or the distribution cost recovery factor. EPE states that the riders already incorporate the lower income tax rate.

On March 18, 2020, Order No. 2 was issued, establishing a deadline of May 11, 2020, for Staff to file a final recommendation or a request for hearing. This pleading is therefore timely filed.

II. RECOMMENDATION

Staff has reviewed the application and, as detailed in the attached memoranda of Jorge Ordonez in the Commission’s Rate Regulation Division, recommends that the application be approved.

III. CONCLUSION

Staff recommends that the application be approved.

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**PUBLIC UTILITY COMMISSION OF
TEXAS LEGAL DIVISION**

Rachelle Nicolette Robles
Division Director

/s/ Rashmin J. Asher
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DOCKET NO. 50575

CERTIFICATE OF SERVICE

I hereby certify that, unless otherwise ordered by the presiding officer, a true and correct copy of the foregoing document was transmitted by electronic mail to the parties of record on May 11, 2020 in accordance with the Order Suspending Rules issued in Docket No. 50664.

/s/ Rashmin J. Asher
Rashmin J. Asher

Public Utility Commission of Texas

Memorandum

TO: Rashmin Asher, Legal Division

FROM: Jorge Ordonez, Tariff & Rate Analysis, Rate Regulation Division

RE: **Docket No. 50575** – *Application of El Paso Electric Company to Implement Second Updated Refund Tariff for Federal Income Tax Rate Decrease in Compliance with Docket No. 46831*

DATE: May 11, 2020

Procedural Background

On February 20, 2020, El Paso Electric Company (EPE) filed for approval of the second updated refund tariff for federal income tax decrease in compliance with Docket No. 46831 (Second Updated Refund Tariff Filing), which will update the current refund tariff approved in Docket No. 49251 (First Updated Refund Tariff Filing).¹

Discussion

First Updated Refund Tariff Filing

In the Final Order in Docket No. 49251, the Commission approved a refund factor of 4.5515% as requested by EPE in its First Updated Refund Tariff Filing. The refund factor of 4.5515% was the result of removing the regulatory liability refund factor of 0.8592% from the refund factor of 5.4107% approved in Docket No. 48124, because the refund period of the regulatory liability ended on March 31, 2019 and was no longer needed beyond April 1, 2019.

Second Updated Refund Tariff Filing

In its Second Updated Refund Tariff Filing, EPE proposes no changes to the current refund factor of 4.5515%, but proposes the addition of language to the tariff to clarify that the refund factor does not apply to riders, such as the Transmission Cost Recovery Factor or the Distribution Cost Recovery Factor, which already incorporate the lower corporate income tax rate.

¹ *Application of El Paso Electric Company to Implement Refund Tariff for Federal Income Tax Rate Decrease in Compliance with Docket No. 46831, Docket No. 49251, Final Order (Jun. 27, 2019).*

Recommendation

Staff has reviewed and determined that EPE's Second Updated Refund Tariff Filing is reasonable and that *Schedule No. FTRF Federal Tax Refund Factor Update* in Exhibit A of EPE's Second Updated Refund Tariff Filing should be approved. Additionally, I recommend that EPE be required to file a "clean" copy of its *Schedule No. FTRF Federal Tax Refund Factor Update*, consistent with the Commission's Final Order in this docket. I further recommend that the clean copy of *Schedule No. FTRF Federal Tax Refund Factor Update* be stamped "Approved" by the Commission's Central Records Division and retained for future reference.