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**PUC DOCKET NO. 50806
SOAH DOCKET NO. 473-20-3633**

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

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PUBLIC UTILITY COMMISSION

OF TEXAS

ORDER

This Order addresses the application of El Paso Electric Company to adjust its energy-efficiency cost recovery factor (EECRF) and establish a revised cost cap. El Paso Electric filed an unopposed agreement between the parties in this proceeding. The Commission approves El Paso Electric's agreed EECRF 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. El Paso Electric Company is a Texas corporation registered with the Texas secretary of state under filing number 1073400.
2. El Paso Electric owns and operates for compensation in Texas equipment and facilities to produce, generate, transmit, distribute, sell, and furnish electricity in Texas.
3. El Paso Electric is required under certificate of convenience and necessity number 30050 to provide service to the public and retail electric utility service within its certificated service area.

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

4. On May 1, 2020, El Paso Electric filed an application to adjust its EECRF tariff, effective for bills issued on or after January 1, 2021, and to establish a revised cost cap for 2021.
5. No party objected to the sufficiency of the application.
6. In the application, El Paso Electric sought Commission approval to adjust its EECRF to recover \$5,977,584 during program year 2021. The amount included the following:

- (a) El Paso Electric's forecasted energy-efficiency costs of \$4,685,552 in program year 2021;
 - (b) projected evaluation, measurement, and verification (EM&V) expenses in the amount of \$57,378 for the evaluation of program year 2020;
 - (c) an adjustment of \$2,455 for El Paso Electric's net under-recovery, including interest, of program year 2019 energy-efficiency costs;
 - (d) a performance bonus of \$1,175,558; and
 - (e) rate-case expenses incurred in El Paso Electric's most recent EECRF proceeding, Docket No. 49496,¹ in the amount of \$56,641 (comprising \$46,364 incurred by El Paso Electric and \$10,277 incurred by the City of El Paso).
7. In the application, El Paso Electric sought a good cause exception to the cost cap for its commercial customers for 2021 and a good cause exception to combine the cotton gin rate class with the cogeneration rate class in 2021.
8. In State Office of Administrative Hearings (SOAH) Order No. 2 filed on June 12, 2020, the SOAH administrative law judge (ALJ) found the application sufficient.

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

9. On May 6, 2020, El Paso Electric sent notice of the application by first-class mail or email to all parties of record in El Paso Electric's most recent base-rate proceeding, Docket No. 46831,² which included all parties of record in El Paso Electric's last EECRF proceeding, Docket No. 49496, except for Commission Staff. Commission Staff was mistakenly omitted from the email notice sent on May 6, 2020; however, the application was filed with the Commission on May 1, 2020.
10. In an affidavit filed by El Paso Electric on June 3, 2020, Curtis Hutcheson, El Paso Electric's supervisor of regulatory case management, testified that notice had been provided as described in finding of fact 9.

¹ *Application of El Paso Electric Company to Adjust its Energy Efficiency Cost Recovery Factor and Establish Revised Cost Cap*, Docket No. 49496, Order (Nov. 21, 2019).

² *Application of El Paso Electric Company to Change Rates*, Docket No. 46831, Order (Dec. 18, 2017).

11. No party objected to the adequacy of notice of the application.
12. In SOAH Order No. 2 filed on June 12, 2020, the SOAH ALJ found the notice of the application sufficient.

Intervenors and Intervenor Alignment *16 TAC § 22 103–22 105*

13. Commission Staff participated in this docket.
14. In SOAH Order No. 2 filed on June 12, 2020, the SOAH ALJ granted motions to intervene filed by the City of El Paso and Texas Industrial Energy Consumers (TIEC).

Statements of Position and Testimony *16 TAC §§ 22 124 and 22 225*

15. As part of the application filed on May 1, 2020, El Paso Electric filed the direct testimonies with schedules and workpapers of Crystal A. Enoch, El Paso Electric's senior energy-efficiency coordinator, and Rene F. Gonzalez, a senior rate analyst for El Paso Electric. Also, as part of the application, El Paso Electric filed an affidavit by attorney Bret J. Slocum with attachments concerning El Paso Electric's rate-case expenses incurred in Docket No. 49496.
16. On July 6, 2020, the City of El Paso filed a statement of position. On July 6, 2020, the City of El Paso also filed an affidavit by attorney Norman J. Gordon regarding the City of El Paso's rate-case expenses incurred in Docket No. 49496.
17. On July 10, 2020, Commission Staff filed a statement of position and the memoranda of Therese Harris, Ruth Stark, and Adrian Narvaez.

Referral to SOAH for Hearing *16 TAC §§ 22 121 and 25 182(d)(9)*

18. On May 12, 2020, the Commission referred this proceeding to SOAH.
19. On May 29, 2020, the Commission filed a preliminary order, which included a list of issues to be addressed in this proceeding.
20. In SOAH Order No. 2 filed on June 12, 2020, the SOAH ALJ provided notice of a hearing on the merits set to begin at 10:00 a.m. on July 24, 2020 through videoconferencing.
21. On September 3, 2020, El Paso Electric filed an unopposed agreement between itself, the City of El Paso, and Commission Staff (collectively, the signatories). TIEC did not sign the agreement but also does not oppose it.

22. In SOAH Order No. 5 filed on September 11, 2020, the SOAH ALJ dismissed the case from SOAH's docket and remanded it to the Commission.

Evidentiary Record

23. In SOAH Order No. 5 filed on September 11, 2020, the SOAH ALJ admitted the following into the evidentiary record:
- (a) El Paso Electric's application, including the testimonies of Crystal A. Enoch and Rene F. Gonzalez and the affidavit of Bret J. Slocum, filed on May 1, 2020;
 - (b) El Paso Electric's proof of notice, filed on June 3, 2020;
 - (c) the affidavit of Norman J. Gordon, filed on July 6, 2020;
 - (d) Commission Staff's memoranda of Therese Harris, Ruth Stark, and Adrian Narvaez, filed on July 10, 2020; and
 - (e) the agreement and its attachments, filed on September 3, 2020.

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

24. El Paso Electric's 2021 demand-reduction goal is four-tenths of 1% of its summer weather-adjusted peak demand for residential and commercial customers; thus, its demand-reduction goal is 5.17 megawatts (MW) at the meter.
25. El Paso Electric's weather-adjusted average annual growth in demand for residential and commercial customers for the previous five years is 38.2 MW at the meter.
26. In El Paso Electric's 2011 EECRF application, Docket No. 39376,³ the Commission approved a demand-reduction goal of 11.16 MW and an energy-savings goal of 19,552 kilowatt-hours (kWh) for El Paso Electric in program year 2012. El Paso Electric's demand-reduction goal has been 11.16 MW every year since.
27. 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 except as adjusted under 16 TAC § 25.181(u) for industrial customer exclusions. Thus, El Paso Electric's demand-reduction goal for 2021 is 11.16 MW.

³ *Application of El Paso Electric Company for Approval to Revise Its Energy Efficiency Cost Recovery Factor and Request to Establish Revised Goals and Cost Caps*, Docket No. 39376, Order (Aug. 23, 2011).

28. El Paso Electric projects that it will achieve 16.691 MW in demand reductions in program year 2021, which exceeds the minimum of 11.16 MW.
29. The estimated savings to be achieved through El Paso Electric's 2021 programs for hard-to-reach customers is 800 kilowatts (kW), which is 7.17% of the proposed demand-reduction goal of 11.16 MW. The amount exceeds the 5% minimum required by 16 TAC § 25.181(e)(3)(F).
30. El Paso Electric forecasts that because of the mix of energy and demand savings achievable through the programs it will achieve energy savings of 23,479 MWh in program year 2021, which exceeds the minimum of 19,552 MWh.

Agreement *PURA § 14.054 and 16 TAC § 22.35*

31. Under the agreement, the signatories agreed on El Paso Electric's proposed EECRF with a reduction of \$75,000 for the residential class, which will be a permanent reduction to El Paso Electric's true-up of its cost for its 2019 residential programs.
32. Under the agreement, El Paso Electric's EECRF will recover \$5,902,584 during program year 2021. That amount includes the following:
 - (a) El Paso Electric's forecasted energy-efficiency costs of \$4,685,552 in program year 2021;
 - (b) projected EM&V expenses in the amount of \$57,378 for the evaluation of program year 2020;
 - (c) an adjustment of \$2,455 for El Paso Electric's net under-recovery, including interest, of program year 2019 energy-efficiency costs;
 - (d) a performance bonus of \$1,175,558;
 - (e) rate-case expenses incurred in Docket No. 49496 in the amount of \$56,641 (comprising \$46,364 incurred by El Paso Electric and \$10,277 incurred by the City of El Paso); and
 - (f) an agreed reduction of the residential class's EECRF revenue requirement in the amount of \$75,000.
33. Under the agreement, El Paso Electric's EECRF is effective the first billing cycle of its January 2021 billing month for its EECRF tariff.

34. Under the agreement, El Paso Electric's EECRF charges per kWh by rate class are as follows:

Rate No.	Rate Class	EECRF Charge
01	Residential	\$0.000979
02	Small commercial	\$0.000933
07	Outdoor recreational lighting	(\$0.000002)
08	Governmental street lighting	\$0.000302
09	Governmental traffic signal	\$0.000422
11-TOU	Time-of-use municipal pumping	\$0.000017
WH	Water heating	(\$0.000035)
22	Irrigation	\$0.000037
24	General	\$0.000928
25	Large power (excludes transmission)	\$0.001585
34	Cotton gin	\$0.000482
41	City and county	\$0.003493
46	Maintenance power service for cogeneration and small power production facilities	\$0.000482
47	Backup power service for cogeneration and small power production facilities	\$0.000482

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

35. El Paso Electric's EECRF is calculated to recover the preceding year's total under-recovery with the interest as well as El Paso Electric's forecasted annual energy-efficiency expenditures, a performance bonus, El Paso Electric's EECRF proceeding expenses from El Paso Electric's immediately preceding EECRF docket, and EM&V costs allocated to El Paso Electric by the Commission.
36. El Paso Electric does not recover any energy-efficiency costs in its base rates.
37. El Paso Electric'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)

38. Before applying the consumer-price-index adjustment, El Paso Electric used a base cost cap of \$0.001332 per kWh for the residential class and \$0.000833 per kWh for the commercial classes. El Paso Electric calculated its EECRF cost caps for the 2021 program

year to be \$0.001351 per kWh for the residential class and \$0.000845 per kWh for the commercial classes.

39. For the purpose of the cost caps, El Paso Electric's rate for the residential class is \$0.001003 per kWh, and El Paso Electric's group rate for the commercial classes is \$0.001091 per kWh.

Over- or Under-Recovery *PURA § 39 905(b-1) and 16 TAC § 25 182(d)(1)(A) and (d)(2)*

40. El Paso Electric requests to refund to or recover from each rate class the difference between El Paso Electric's actual EECRF revenues and its actual costs for that class, which results in a net under-recovery.
41. El Paso Electric accurately calculated its under-recovery of 2019 program costs to be \$2,352, plus interest of \$103.

Proceeding Expenses *16 TAC §§ 25 182(d)(3), 25 245*

42. As part of the application, El Paso Electric 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. 49496. Based on his experience, Mr. Slocum opined that El Paso Electric's rate-case expenses of \$46,364 incurred in Docket No. 49496 were reasonable.
43. On July 6, 2020, 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. 49496. Based on his experience, Mr. Gordon opined that the City of El Paso's rate-case expenses of \$10,277 incurred in Docket No. 49496 were reasonable and necessary.
44. The agreed amount of rate-case expenses incurred by El Paso Electric and the City of El Paso in Docket No. 49496 is reasonable and necessary.

Performance Bonus Calculations *16 TAC §§ 25 181(d)(1) and 25 182(d)-(e)*

45. In 2019, El Paso Electric's program costs were \$5,325,317, and the total present value of the avoided costs were \$18,729,956 on energy-efficiency programs.
46. Under 16 TAC § 25.182(e)(3), El Paso Electric sought the maximum allowable performance bonus, which is 10% of the net benefits of \$13,404,639 achieved through its

energy-efficiency incentive program costs, for exceeding its goal for calendar year 2019. The resulting performance bonus from this calculation is \$1,340,464. This amount was further reduced by \$164,906 to reflect the commercial customer group exceeding the cost cap for a final requested bonus of \$1,175,558.

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

47. El Paso Electric's share of the estimated total EM&V costs for the evaluation of program year 2020 is \$57,378, and to the maximum extent reasonably possible, it is directly assigned to each rate class that received services under its programs.

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

48. El Paso Electric incurred \$109,143 in necessary administrative costs, including its own proceeding expenses of \$46,364, and \$23,647 in research and development costs for the 2019 energy-efficiency programs to meet El Paso Electric's goals. Those amounts were 2.5% and 0.5%, respectively, of the total program costs for the previous year. Therefore, El Paso Electric's cumulative cost of administration and research and development was approximately 3% of the total program costs.
49. El Paso Electric's administrative costs did not exceed 15% of its total program costs for program year 2019. El Paso Electric's research and development costs did not exceed 10% of its total program costs for program year 2019. El Paso Electric's cumulative cost of administration and research and development did not exceed 20% of its total program costs for program year 2019.

Cost Effectiveness 16 TAC § 25.181(d)

50. El Paso Electric used an avoided cost of capacity of \$80 per kW for 2019. El Paso Electric used Commission Staff's posted avoided cost of energy of \$0.05084 per kWh for 2019.
51. El Paso Electric determined that its 2019 portfolio of energy-efficiency programs produced a benefit-cost ratio of 3.5, which exceeds the benefit-cost ratio of 1.0 or greater required by 16 TAC § 25.181(d).
52. El Paso Electric's demand-response pilot program was the only program that was not cost-effective in 2019.
53. El Paso Electric's demand-response pilot program concluded at the end of 2019. It is being

replaced by the residential load management program in 2020. El Paso Electric proposed the following changes to the program to make it more cost-effective: using a new implementer; opening enrollment to more participants; eliminating a \$125 upfront incentive; and reducing implementer device fees.

54. El Paso Electric's forecasted 2021 energy-efficiency program costs of \$4,685,552 are a reasonable estimate of the costs necessary to provide energy-efficiency programs and meet El Paso Electric's goals for program year 2021.

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

55. El Paso Electric's net cost recovery of \$1,292,032—which consists of El Paso Electric's projected EM&V expenses for the evaluation of program year 2020; El Paso Electric's net under-recovery, including interest, of program year 2019 energy-efficiency costs; El Paso Electric's performance bonus earned in 2019; and El Paso Electric's and the City of El Paso's rate-case expenses incurred in Docket No. 49496—is a reasonable amount.

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

56. To the maximum extent reasonably possible, El Paso Electric directly assigned costs to each rate class that receives services under the programs.
57. El Paso Electric's proposed rate classes reflect the retail rate classes approved in El Paso Electric's most recent base-rate proceeding, excluding non-eligible customers.

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

58. El Paso Electric 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)*

59. El Paso Electric's energy-efficiency programs include standard-offer and market-transformation programs.

Incentive Payments *16 TAC § 25.181(f)*

60. El Paso Electric's incentive payments for each of its customer classes do not exceed 100% of the avoided costs for that class.

Affiliate Costs *PURA § 36.058, 16 TAC §§ 25.181(c)(1), 25.182(d)(10)(I), and 25.272(e)*

61. El Paso Electric does not have any affiliates.

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

62. On April 1, 2020, El Paso Electric filed its 2020 energy-efficiency plan and report in the project⁴ annually designated for this purpose as required by 16 TAC §§ 25.181(l) and 25.183(d).

63. On July 15, 2020, El Paso Electric filed errata to its energy-efficiency plan and report in Project No. 50666. The application in this proceeding includes the energy-efficiency plan and report as corrected.

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

64. El Paso Electric is not an unbundled transmission and distribution utility and therefore is not required to have a targeted low-income energy-efficiency program.

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

65. El Paso Electric does not serve in an area in which customer choice is offered.

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

66. El Paso Electric's industrial customers taking service at distribution voltage who elected to exclude themselves from El Paso Electric's energy-efficiency programs and provided notices under 16 TAC § 25.181(u) constituted an exclusion of 0.0034 MW from the calculations of the demand-reduction goal for program year 2021 when applying reasonable line-loss factors as required by 16 TAC § 25.181(e)(3)(B). Those excluded customers have been reflected in the EECRF calculations.

Line Losses *16 TAC §§ 25.181(e)(3)(B) and 25.182(d)(10)(M)*

67. To calculate its annual growth in demand for calendar year 2017 to the present, El Paso Electric used an 8.32% line-loss factor approved by the Commission in El Paso Electric's last fuel reconciliation proceeding, Docket No. 46308.⁵

⁴ 2020 Energy Efficiency Plans and Reports under 16 TAC § 25.181, Project No. 50666.

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

68. The average line-loss factor used in calculating El Paso Electric's 2021 EECRF demand-reduction goal is reasonable.

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

69. The estimate of billing determinants in calculating El Paso Electric's 2021 EECRF and the calculation of the 2021 EECRF tariff rider are reasonable.

Good Cause Exceptions *16 TAC §§ 22.5(b), 22.35(b)(2), 25.181(e)(2) and 25.182(d)(2)*

70. El Paso Electric requested that the Commission establish a revised cost cap for its commercial classes under 16 TAC § 25.181(e)(2).
71. If El Paso Electric'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.
72. El Paso Electric 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.
73. It is not in the best interests of El Paso Electric's energy-efficiency programs or the affected customer classes to reallocate funds to programs that may not perform as well.
74. El Paso Electric 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 El Paso Electric's commercial customers in program year 2021.
75. El Paso Electric did not seek a good-cause exception to be eligible for a lower demand-reduction goal or a higher administrative spending cap under 16 TAC § 25.181(e)(2).
76. 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.
77. El Paso Electric showed that good cause supports combining El Paso Electric's cotton gin rate class with El Paso Electric's cogeneration rate class in 2021.
78. It is appropriate to consider this Order at the earliest open meeting available; therefore, good cause exists to waive the requirement in 16 TAC § 22.35(b)(2) that a proposed order be served on parties 20 days before the Commission is scheduled to consider the proposed

order in an open meeting.

Informal Disposition *16 TAC § 22.35(a)*

79. More than 15 days have passed since completion of the notice provided in this docket.
80. No hearing is necessary.
81. El Paso Electric, the City of El Paso, TIEC, and Commission Staff are the only parties to this proceeding.
82. All the parties to the proceeding either signed the agreement or did not oppose it.
83. The decision is not adverse to any party.

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. El Paso Electric is a public utility as that term is defined in Public Utility Regulatory Act (PURA)⁶ § 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 is required to file for an EECRF.
4. El Paso Electric 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. El Paso Electric provided notice of the application in accordance with 16 TAC § 25.182(d)(13) and 16 TAC § 22.55 and filed an affidavit regarding the completion of

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

⁷ Administrative Procedure Act, Tex. Gov't Code §§ 2001.001–.903.

- notice as required by 16 TAC § 25.182(d)(14).
8. El Paso Electric'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. El Paso Electric calculated its weather-adjusted average peak demand in compliance with 16 TAC § 25.181(e)(3).
 11. El Paso Electric 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), and (e)(3).
 12. El Paso Electric's 2021 demand-reduction goal complies with 16 TAC § 25.181(e)(1)(D).
 13. El Paso Electric calculated its minimum energy-savings goal in compliance with 16 TAC § 25.181(e)(4).
 14. El Paso Electric'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).
 15. El Paso Electric's EECRF uses only energy charges for recovery of energy-efficiency costs for residential and commercial rate classes included in the EECRF in compliance with 16 TAC § 25.182(d)(6).
 16. El Paso Electric's EECRF rate for residential customers complies with the requirements for cost caps under 16 TAC § 25.182(d)(7).
 17. Under 16 TAC § 25.181(e)(2), there is good cause to grant El Paso Electric'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.
 18. El Paso Electric's request to recover \$2,455 by rate class for El Paso Electric's net under-recovery of program year 2019 energy-efficiency costs complies with PURA § 39.905(b-1) and 16 TAC § 25.182(d)(1)(A) and (d)(2).
 19. EECRF proceeding expenses are rate-case expenses.

20. The requirements of 16 TAC §§ 25.182(d)(3)(A) and 25.245 apply to the recovery of EECRF proceeding expenses.
21. El Paso Electric's 2019 rate-case expenses of \$46,364 comply with PURA § 36.061(b)(2) and 16 TAC §§ 25.182(d)(3)(A) and 25.245.
22. The City of El Paso's 2019 rate-case expenses of \$10,277 comply with PURA § 33.023(a) and 16 TAC §§ 25.182(d)(3)(B) and 25.245.
23. El Paso Electric qualified for and accurately calculated its energy-efficiency performance bonus of \$1,175,558 for its energy-efficiency achievements in program year 2019 in compliance with the requirements of PURA § 39.905(b)(2) and 16 TAC § 25.182(e).
24. The amounts and allocation of El Paso Electric's administrative and research and development costs comply with 16 TAC § 25.181(g).
25. El Paso Electric's portfolio of energy-efficiency programs adheres to the cost-effectiveness standards contained in 16 TAC § 25.181(d).
26. El Paso Electric's 2021 energy-efficiency program costs of \$4,685,552 to be recovered through the EECRF are reasonable estimates of the costs necessary to provide energy-efficiency programs in 2021 under PURA § 39.905 and 16 TAC § 25.182(d)(1).
27. El Paso Electric's net cost recovery of \$1,292,032—which consists of the EM&V expenses allocated to El Paso Electric for the evaluation of program year 2020; El Paso Electric's surcharge of its net under-recovery of program year 2019 energy-efficiency costs; El Paso Electric's performance bonus earned in 2019; and El Paso Electric's and the City of El Paso's rate-case expenses incurred in Docket No. 49496—complies with PURA § 39.905 and 16 TAC § 25.182(d).
28. Under 16 TAC § 25.182(d)(2), there is good cause to combine El Paso Electric's cotton gin rate class with its cogeneration rate class in program year 2021.
29. The assignments and allocations of El Paso Electric's proposed 2021 EECRF rates to each rate class are reasonable and comply with PURA § 39.905(b)(4) and 16 TAC § 25.182(d)(2).
30. El Paso Electric has adopted measures to foster competition among energy-efficiency

- service providers in compliance with 16 TAC § 25.181(g)(2).
31. El Paso Electric's standard offer and market transformation programs comply with PURA § 39.905(a)(3) and 16 TAC § 25.181(h) through (k).
 32. El Paso Electric's incentive payments, which did not exceed 100% of avoided cost, comply with 16 TAC § 25.181(f).
 33. El Paso Electric's load associated with industrial customers who provided qualifying identification notices was excluded from El Paso Electric's calculated demand-reduction goal in accordance with 16 TAC § 25.181(u).
 34. El Paso Electric's proposed 2021 EECRF rates are just and reasonable under PURA § 36.003(a).
 35. In accordance with PURA § 36.003(b), El Paso Electric's proposed 2021 EECRF rates are not unreasonably preferential, prejudicial, or discriminatory and are sufficient, equitable, and consistent in application to each consumer class.
 36. There is good cause under 16 TAC § 22.5(b) to waive the requirement in 16 TAC § 22.35(b)(2) to serve a proposed order on all parties no less than 20 days before the Commission is scheduled to consider the proposed order in an open meeting.
 37. This proceeding meets the requirements for informal disposition in 16 TAC § 22.35.

III. Ordering Paragraphs

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

1. The Commission approves the agreed EECRF for El Paso Electric Company to the extent provided in this Order.
2. The Commission approves El Paso Electric's 2021 EECRF in the amount of \$5,902,584, which is composed of the following:
 - (a) El Paso Electric's forecasted energy-efficiency costs of \$4,685,552 in program year 2021;
 - (b) projected EM&V expenses of \$57,378 for the evaluation of program year 2021;

- (c) an adjustment of \$2,455 for El Paso Electric's net under-recovery, including interest, of program year 2019 energy-efficiency costs;
 - (d) a performance bonus of \$1,175,558;
 - (e) rate-case expenses incurred in Docket No. 49496 in the amount of \$56,641 (comprising \$46,364 incurred by El Paso Electric and \$10,277 incurred by the City of El Paso); and
 - (f) a reduction of the residential class's EECRF revenue requirement in the amount of \$75,000, which will be a permanent reduction to El Paso Electric's true-up of its cost for its 2019 residential programs.
- 3. The Commission approves El Paso Electric's EECRF tariff rider schedule attached to the parties' agreement as exhibit B.
 - 4. The Commission authorizes El Paso Electric to apply the EECRF tariff rider approved by this Order beginning on and after January 1, 2021.
 - 5. Within ten days of the date of this Order, El Paso Electric 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.
 - 6. Entry of this Order does not indicate the Commission's endorsement or approval of any principle or methodology that may underlie the agreement and must not be regarded as precedential as to the appropriateness of any principle or methodology underlying the agreement.
 - 7. 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 5th day of November 2020.

PUBLIC UTILITY COMMISSION OF TEXAS


DEANN T. WALKER, CHAIRMAN


ARTHUR C. D'ANDREA, COMMISSIONER


SHELLY BOTKIN, COMMISSIONER