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SOAH DOCKET NO. 473-21-2427
PUC DOCKET NO. 52081

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

EL PASO ELECTRIC COMPANY'S RESPONSE TO
CITY OF EL PASO'S FIRST REQUEST FOR INFORMATION
QUESTION NOS. CEP 1-1 THROUGH CEP 1-16

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CEP 1-1:

Refer to the Application at 3. Please explain the factors that are driving EPE's expectation that it cannot meet or exceed its demand reduction goals without increasing the commercial cost cap again.

RESPONSE:

Please see the Direct Testimonies of Crystal A. Enoch, page 14, lines 14 through 21, and Rene Gonzalez, page 10 through 12.

Preparer: Desmond Machuca

Title: Senior Energy Efficiency Analyst

Sponsor: Crystal A. Enoch

Title: Principal Energy Efficiency Program Analyst

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CEP 1-2:

Refer to the Application at 3. Please explain the factors that are driving EPE's expectation that it cannot meet or exceed its demand reduction goals without increasing the residential cost cap for the first time.

RESPONSE:

Please see the Direct Testimonies of Crystal A. Enoch, page 13, lines 24 through 30, page 14, lines 3 through 13, and page 15, lines 5 through 15, and Rene Gonzalez, page 10 through 12.

Preparer: Desmond Machuca

Title: Senior Energy Efficiency Analyst

Sponsor: Crystal A. Enoch

Title: Principal Energy Efficiency Program Analyst

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CEP 1-3:

Refer to the Application at 4. Please explain how EPE expects the bonus it earned for its 2020 performance might be reduced in order to avoid revising the cost caps.

RESPONSE:

A prospective adjustment of \$182,013 to the residential service portion of the 2020 energy efficiency bonus would achieve a projected residential cost cap for 2022 that is equal to the regulatory cap as defined by 16 TAC § 25.182(d)(7)(C). However, EPE does not expect to reduce the residential portion of its earned energy efficiency performance bonus for 2020 for two key reasons: (1) Docket No. 48332 established a backwards looking mechanism for reducing bonuses for the year in which the cost cap was not met and (2) a prospective method is inherently untenable due to the unknown and fluid nature of the final costs of the proposed program budget for any program year including program year 2022.

Preparer: Rene F. Gonzalez

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CEP 1-4:

Refer to the Direct Testimony of Crystal Enoch at 9. Please indicate how much of the \$300,000 budget for the FutureWise® Pilot MTP is directed at non-energy items for students, such as essential life skills and career development components. Also explain how this amount was determined.

RESPONSE:

The estimated \$300,000 budget is to cover the energy efficient products included in the kit along with program administrative costs. EPE directed \$0 of the \$300,000 budget for non-energy benefits of the FutureWise® kits.

Preparer: Crystal A. Enoch

Title: Principal Energy Efficiency Program Analyst

Sponsor: Crystal A. Enoch

Title: Principal Energy Efficiency Program Analyst

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CEP 1-5:

Refer to the Direct Testimony of Crystal Enoch at 16. Ms. Enoch testifies that an increase in the weighted average avoided cost of energy contributed to an increase to net benefits and an increase in the calculated performance bonus. §25.181(d)(3)(B) allows a utility in an area in which customer choice is not offered to petition the Commission for authorization to use an avoided cost of energy different from the avoided cost specified in the rule. Since the specified 2020 avoided energy cost is nearly twice the 2019 avoided cost, please explain if EPE petitioned the Commission to use a lower avoided energy cost in its net benefits calculation. If not, please explain why not.

RESPONSE:

El Paso Electric Company ("EPE") did not petition the Commission to use a lower avoided energy costs in its net benefits calculations. EPE utilized the filed ERCOT weighted average avoided costs of energy, as historically accepted and provided by the rule. EPE's approach to avoided energy cost has not changed in its net benefits calculation in its energy efficiency filings.

Preparer: Crystal A. Enoch

Title: Principal Energy Efficiency Program Analyst

Sponsor: Crystal A. Enoch

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CEP 1-6:

Refer to the Direct Testimony of Crystal Enoch, Exhibit CAE-01 at 12. Please explain how EV chargers would contribute to demand and energy savings under EPE's energy efficiency programs.

RESPONSE:

As stated in the Texas Technical Reference Manual, Volume 2, 2.5.10- ENERGY STAR[®] Electric Vehicle Supply Equipment "EVSE", demand and energy savings would come from the energy efficiency improvement of an ENERGY STAR[®] EVSE over a standard non-ENERGY STAR[®] EVSE. In particular, the ENERGY STAR[®] EVSE has efficiency gains during operating modes when the vehicle is plugged in but not charging and when not plugged in.

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Title: Principal Energy Efficiency Program Analyst

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CEP 1-7:

Refer to the Direct Testimony of Crystal Enoch, Exhibit CAE-01, Tables 5 and 6. Please explain the basis for expecting the Residential Marketplace Pilot MTP demand savings to double and energy savings to more than triple from 2021 to 2022, with no increase in the incentive budget.

RESPONSE:

With elimination of the Plan Year 2020 one time set up costs, El Paso Electric Company ("EPE") verified the estimated incentive budget of \$300,000 was sufficient for Plan Year 2022. The estimated incentive budget was based on Plan Year 2020 observed measure mix and average incentive per unit. EPE projected the number of units sold and estimated measure savings for Plan Year 2022 based on the measure mix, daily average number of units sold, and average demand and energy savings as verified by Tetra Tech (statewide Evaluation, Measurement and Verification contractor) for Plan Year 2020.

Preparer: Crystal A. Enoch

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CEP 1-8:

Refer to the Direct Testimony of Crystal Enoch, Exhibit CAE-01, Tables 5 and 6. Please explain the basis for increasing the Texas Appliance Recycling MTP incentive budget by \$10,000 from 2021 to 2022 with no corresponding increase in demand or energy savings.

RESPONSE:

There is actually no increase in the incentives for this program but a correction for a previous error. The \$10,000 of Administrative and R&D expense for the Texas Appliance Recycling MTP in 2021 was a carry-over clerical error and was allocated to incentives in 2022. The \$10,000 represented under the Administrative and R&D column in Table 6 for Plan Year 2021 is an implementer incentive and, as such, was moved to incentives for Plan Year 2022.

Preparer: Desmond Machuca

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Sponsor: Crystal A. Enoch

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CEP 1-9:

Refer to the Direct Testimony of Crystal Enoch, Exhibit CAE-01, Tables 5 and 6. EPE proposes to increase the Residential Load Management MTP by almost 50% from 2021 to 2022 and expects demand savings to increase by more than 60% and energy savings to increase more than 400% from 2021 to 2022. Please explain the changes to this program that supports the increase in incentive budget and expected savings.

RESPONSE:

El Paso Electric Company ("EPE") claims energy savings for thermostats sold that elect to enroll in the Residential Load Management Program. Participants can receive up to \$75 for the purchase and enrollment of a smart thermostat. As such, EPE projected sales of thermostats, estimated energy savings, and incentives for Plan Year 2022, based on the daily average number of thermostats sold in Plan Year 2020. Projected demand savings are based on the projected number of thermostats to be enrolled by June 1, 2022, based on the daily average number of thermostats enrolled during Plan Year 2020. Participants can receive an enrollment incentive of \$25 for an existing thermostat, and a \$25 participation incentive after completion of the peak season in years two and beyond. Projected enrollment and participation incentives were based on the daily average number of thermostats enrolled during Plan Year 2020.

Preparer: Crystal A. Enoch

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CEP 1-10:

Refer to the Direct Testimony of Crystal Enoch, Exhibit CAE-01, Table 6. Please explain the purpose for breaking out \$10,000 of Administrative and R&D expense separately for the Texas Appliance Recycling MTP in 2021.

RESPONSE:

See El Paso Electric Company's response to CEP 1-8.

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CEP 1-11:

Refer to the Direct Testimony of Crystal Enoch, Exhibit CAE-01, Table 6. Please provide a detailed breakdown of the proposed Administrative and R&D expenses for the 2021 and 2022 program years.

RESPONSE:

Please see the Direct Testimony of Crystal A. Enoch, page 9, lines 29 through 31 and page 10, lines 1 and 2. Administrative and R&D expenses are proposed, as such, EPE does not have a breakdown of proposed Administrative and R&D expenses for the 2021 and 2022 program years. As shown in Direct Testimony of Crystal A. Enoch, Exhibit CAE-01, Table 10 for Program Year 2020, EPE will reconcile actual Administrative and R&D expenses for Program Year 2021 and 2022, during the respective Energy Efficiency Plan and Reporting year. Also, please see El Paso Electric Company's response to Staff 1-6.

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CEP 1-12:

Refer to the Direct Testimony of Crystal Enoch, Exhibit CAE-01, Table 8. In 2019, EPE's Commercial programs exceeded projected demand savings by more than 50% and projected energy savings by more than 20%. In 2020, EPE's Commercial programs exceeded projected demand savings by more than 50% and projected energy savings by more than 40%.

- a. Since EPE exceeded its projected savings using revised cost caps, please explain why revised cost caps are necessary.
- b. What would have been EPE's Commercial demand and energy savings in 2019 and 2020 without the revised cost caps.

RESPONSE:

- a. The revised cost caps are necessary for El Paso Electric Company ("EPE") to maintain the same level of program funding for the commercial programs. EPE is unaware of any direction by the Commission for utilities to curtail programs if the utility has exceeded its goal. In addition, while EPE has been fortunate to have met and exceeded its goal in the past, there is substantial uncertainty regarding how successful programs will be in the future. Finally, the savings goals are the minimum, and utilities are encouraged to exceed their goal.
- b. EPE has not performed this calculation.

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CEP 1-13:

Refer to the Direct Testimony of Crystal Enoch, Exhibit CAE-01, Table 9. Please provide Administrative and R&D expenses separately for 2016 through 2020.

RESPONSE:

The Administrative and R&D expenses for 2016 through 2020 are shown below.

YEAR	ADMIN	R&D
2016	65,533.15	-0-
2017	42,606.05	306,365.62
2018	79,231.17	18,336.94
2019	62,778.91	23,646.50
2020	74,749.58	1,827.00

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CEP 1-14:

Refer to the Direct Testimony of Crystal Enoch, Exhibit CAE-01 at 29. Please provide 2020 EECRF revenues by rate class by month.

RESPONSE:

Please see Workpaper "WP 2020 Recorded EECRF" within Exhibit RFG-01, page 5 of 11.

Preparer: Rene F. Gonzalez

Title: Supervisor of Rates and Regulatory

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CEP 1-16:

Please explain if any program costs (incentives, admin or R&D) or demand or energy savings are allocated between the Texas and New Mexico jurisdictions. If so, please identify the cost or savings and explain the basis for the allocation.

RESPONSE:

No program costs, demand or energy savings are allocated between the Texas and New Mexico jurisdictions.

Preparer: Desmond Machuca

Title: Sr. Energy Efficiency Analyst

Sponsor: Crystal A. Enoch

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