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APPLICATION OF EL PASO ELECTRIC COMPANY FOR APPROVAL TO REVISE ITS ENERGY EFFICIENCY COST RECOVERY FACTOR AND REQUEST TO ESTABLISH REVISED COST CAPS OF TEXAS	**§**	**BEFORE THE STATE OFFICE OF ADMINSITRATIVE HEARINGS**

CITY OF EL PASO EXHIBIT LIST

Number	Description	Admitted
CEP 1	**Direct Testimony and Exhibits of Karl J. Nalepa (with errata p 11)**	
CEP 2	**El Paso Electric Company Response to CEP RFI 2-1 (one page)_**	
CEP 3	**El Paso Electric Company Response to CEP RFI 2-3 (one page)**	
CEP 4	**El Paso Electric Company Response to CEP RFI 2-8 (one page)**	
CEP 5	**El Paso Electric Company Response to CEP RFI 2-9) (One Page)**	
CEP 6	**El Paso Electric Company Response to CEP RFI 2-10) (One Page)**	

EPE has agreed to the authenticity of CEP Exhibits 2-6 (which are all EPE RFI answers)

Dated August 24,2021

Respectfully submitted,

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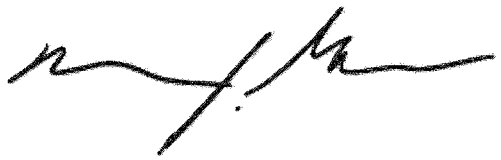

By:_____
Norman J. Gordon

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ATTACHMENTS

I. INTRODUCTION AND QUALIFICATIONS

Q. PLEASE STATE YOUR NAME, OCCUPATION AND ADDRESS.

A. My name is Karl J. Nalepa. I am President of ReSolved Energy Consulting, LLC ("REC"), an independent utility consulting company. My business address is 11044 Research Boulevard, Suite A-420, Austin, Texas 78759.

Q. ON WHOSE BEHALF ARE YOU PRESENTING TESTIMONY IN THIS PROCEEDING?

A. I am presenting testimony on behalf of the City of El Paso.

Q. PLEASE OUTLINE YOUR PROFESSIONAL EXPERIENCE AND EDUCATIONAL BACKGROUND.

A. I am, and have been, a partner in REC since acquiring the firm in July 2011. I joined R.J. Covington Consulting, REC's predecessor firm, in June 2003. I lead our firm's regulated market practice, where I represent the interests of clients in utility regulatory proceedings, prepare client cost studies, and develop client regulatory filings. Before joining REC, I served for more than five years as an Assistant Director at the Railroad Commission of Texas ("RRC"). In this position, I was responsible for overseeing the economic regulation of natural gas utilities in Texas, which included supervising staff casework, advising Commissioners on regulatory issues, and serving as a Technical Rate Examiner in regulatory proceedings. Prior to joining the RRC, I worked as an independent consultant advising clients on a broad range of electric and natural gas industry issues, and before that I spent five years as a supervising consultant with Resource Management

International, Inc. I also served for four years as a Fuel Analyst at the Public Utility Commission of Texas ("PUC" or "Commission"), where I evaluated fuel issues in electric utility rate filings, participated in electric utility-related rulemaking proceedings, and participated in the review of electric utility resource plans. My professional career began with eight years in the reservoir engineering department of Transco Exploration Company, which was an affiliate of Transco Gas Pipeline Company, a major interstate pipeline company.

I hold a Master of Science degree in Petroleum Engineering from the University of Houston, and a Bachelor of Science degree in Mineral Economics from The Pennsylvania State University. I am also a certified mediator. My Statement of Qualifications is included as Attachment A.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?

A. Yes, I have testified many times before the Commission as well as the RRC on a variety of regulatory issues. I have also provided testimony before the Louisiana Public Service Commission, Arkansas Public Service Commission, and Colorado Public Utilities Commission. A summary of my previously filed testimony is included as Attachment B. In addition, I have provided analysis and recommendations in numerous city-level regulatory proceedings that resulted in decisions without written testimony.

II. PURPOSE OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. The purpose of my testimony is to present certain recommendations regarding El Paso Electric Company's ("EPE" or the "Company") proposal to revise its Energy Efficiency Cost Recovery Factor ("EECRF") and to establish revised cost caps.

Q. WHAT PRELIMINARY ORDER ISSUES DO YOU ADDRESS IN YOUR TESTIMONY?

A. I address the following issues: 4, 5, 8 d.i., and 11 e from the Preliminary Order.[1]

4. Do the total 2022 EECRF costs, excluding evaluation, measurement, and verification costs, municipal rate-case expenses, and any interest amounts applied to under- or over-recoveries, exceed the EECRF cost caps prescribed in 16 TAC § 25.182(d)(7)? If so, did the utility request an exception to the EECRF cost caps under 16 TAC § 25.181(e)(2) and, if so, has the utility demonstrated that compliance with the EECRF cost caps is not reasonably possible and that good cause supports the higher EECRF cost caps?
a. Is the utility requesting in this application a performance bonus for a prior program year for which it has been granted a higher EECRF cost cap?
b. If so, were the factors that led to the utility being granted a higher EECRF cost cap for the prior program year similar to the factors that the utility is relying on to demonstrate that good cause supports a higher EECRF cost cap in this docket? If so, should the Commission consider the utility's prior performance in determining whether to establish a higher EECRF cost cap?

5. What amount of projected costs for the utility's portfolio of energy-efficiency programs should be recovered through the utility's 2022 EECRF?

8 d. i. Do the municipality's requested EECRF rate-case expenses comply with 16 TAC § 25.245(b)(1) through (6)?

11 e. Did the Commission grant a good-cause exception to establish a lower demand-reduction goal, higher administrative-spending cap, or higher EECRF cost cap for the utility for program year 2020?

[1] *Application of El Paso Electric Company for Approval to Revise Its Energy Efficiency Cost Recovery Factor and Request to Establish Revised Cost Caps.* Docket No. 52081, Order of Referral and Preliminary Order (May 25, 2021).

i. For program year 2020, what factors did the utility rely on to demonstrate that compliance with its demand-reduction goal, the administrative-spending cap, or the EECRF cost cap was not reasonably possible?

ii. Has the utility established actual occurrence of the factors relied on by the utility to demonstrate that compliance with the demand-reduction goal, administrative-spending cap, or EECRF cost cap was not reasonably possible?

iii. What other considerations, if any, should the Commission weigh in determining whether to reduce the utility's performance bonus?8

iii. Should the Commission deny the entire amount of the requested performance bonus? If not, what amount of the utility's requested performance bonus should be approved? In answering this issue, what are the parties' proposed methodologies for Commission approval of a portion of the bonus, and are the calculations and the data on which any proposed methodologies are based included in the evidentiary record?

Q. PLEASE SUMMARIZE YOUR FINDINGS AND RECOMMENDATIONS.

A. I have the following findings and recommendations regarding EPE's EECRF filing:

1. The FutureWise® MTP program provides certain non-energy content to students, and customers should not pay for such a program in an energy efficiency rider. EPE provided no way to verify the non-energy related portion of the budget, so I recommend that the entire FutureWise® MTP program budget be removed from EPE's request. This reduces EPE's proposed budget by $300,000.

2. It is not reasonable that EPE calculate its program net benefits using avoided costs that are not representative of the avoided costs in EPE's service area. Using the inflated avoided costs reflective of the ERCOT market, EPE's net benefits and corresponding performance bonus are greatly overstated. I recommend that EPE's bonus (before adjustment) be limited to the amount it would have otherwise been calculated under alternative avoided cost values. This amount is $681,615.

3. I recommend that the reduction to the bonus that EPE proposes because it has exceeded its commercial cost cap should be applied to the reduced bonus. The resulting adjusted bonus is $479,078.

III. PROPOSED 2022 ENERGY EFFICIENCY COST RECOVERY

Q. WHAT IS AN ENERGY EFFICIENCY COST RECOVERY FACTOR?

A. An EECRF allows a utility the opportunity for timely and reasonable cost recovery for expenditures made to satisfy PURA § 39.905[2] to provide for a cost-effective portfolio of energy efficiency programs pursuant to 16 Tex. Admin. Code ("TAC") § 25.181.

Q. WHAT IS EPE'S PURPOSE FOR FILING THIS CASE?

A. In its filing, EPE seeks recovery of $8,495,031 in energy efficiency costs through its 2022 EECRF. The Company proposed to modify its current EECRF to: (1) recover $5,129,232 in projected energy efficiency program costs for 2022; (2) procure a $2,783,387 performance bonus based on the Company's 2020 energy efficiency program performance; (3) collect prior year EECRF proceeding expenses of $38,682; (4) collect $486,514, including interest, for under-recovery of program costs collected in 2020; and (5) collect evaluation, measurement, and verification ("EM&V") costs of $57,216 allocated to EPE.[3]

Q. WHAT DEMAND SAVINGS GOAL IS EPE'S PROPOSED 2022 PROGRAM BUDGET INTENDED TO ACHIEVE?

A. EPE is requesting a demand savings goal of 11.16 MW for its 2022 program. This is the same goal used by EPE since 2011.[4]

Q. WHAT PROGRAMS WILL COMPRISE EPE'S PROPOSED ENERGY EFFICIENCY PROGRAM PORTFOLIO IN 2022?

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[2] Public Utility Regulatory Act, Tex. Util. Code Ann. § 39.905 (West 2016) ("PURA").

[3] Application at 2.

[4] Application at 2-3.

A. The Company is proposing to offer the following programs in 2022:[5]

Commercial
- Small Commercial Solutions MTP[6]
- Large C&I Solutions MTP
- Texas SCORE MTP
- Commercial Load Management SOP[7]
- Residential Marketplace MTP (Pilot)

Residential
- Residential Solutions MTP
- LivingWise® MTP
- FutureWise® MTP
- Texas Appliance Recycling MTP
- Residential Marketplace MTP (Pilot)
- Residential Load Management MTP

Hard-to-Reach
- Hard-to-Reach Solutions MTP

Q. DOES EPE PROPOSE ANY NEW PROGRAM OFFERINGS IN 2022?

A. Yes. EPE proposes to add the Residential FutureWise® MTP program in 2022. EPE asserts the program will prepare high school students for the future. EPE claims that under the program, students learn how to save money on electricity through energy conservation, providing energy benefits from participants' behavioral change, and installation of energy efficient products (e.g., smart lighting and advanced power strips) provided through its Future Wise® Kit.[8]

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[5] Direct Testimony of Crystal A. Enoch, Exhibit CAE-1, Table 5.

[6] 16 TAC §25.181(c)(37) *Market Transformation Program* ("MTP") -- Strategic programs intended to induce lasting structural or behavioral changes in the market that result in increased adoption of energy efficient technologies, services, and practices.

[7] 16 TAC §25.181(c)(55) *Standard Offer Program* ("SOP") -- A program under which a utility administers standard offer contracts between the utility and energy efficiency service providers.

[8] Direct Testimony of Crystal A. Enoch at 9.

EPE admits that the program also provides non-energy benefits to the students, such as essential life skills like learning how to read utility bills. Additionally, through career development exploration components, students are introduced to employment and career opportunities within the emerging green sector.[9]

Q. WILL EPE EXCEED THE COST CAPS ESTABLISHED IN THE RULE?

A. Yes. EPE claims that in order to operate its energy efficiency programs to accomplish its energy and demand goals, the rates for the residential and commercial customers are projected to exceed the cost caps set in the rule. Accordingly, EPE is requesting that the Commission establish revised cost caps for both the residential and commercial classes.[10]

Q. IS EPE REQUESTING THAT THE COST CAP FOR RESIDENTIAL SERVICE BE EXCEEDED SO THAT IT CAN COLLECT ITS CLAIMED BONUS?

A. Yes, it does. EPE witness Mr. Gonzalez makes the point clear that a purpose of its request to exceed the cost cap for residential customers is to allow for the collection of a performance bonus from residential customers.[11] Using the requested 2020 bonus as an example, the bonus amount attributable to residential customers is over 50% of the proposed program budget for residential customers in 2022.

Q. HOW IS EPE PROPOSING TO COLLECT ITS EECRF EXPENSES FROM CUSTOMERS?

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[9] *Id.*

[10] Application at 3.

[11] *See* Testimony of Rene F. Gonzalez at 11, *See* RFG-01 line 1.

A. EPE's proposed EECRF rates by class are included in Table 1:[12]

Table 1

Proposed EECRF Rates ($/kWh)

Rate	Rate Class	Current 2021 EECRF	Proposed 2022 EECRF	Change
01	residential	$0.000979	$0.001453	$0.000474
02	small commercial	$0.000933	$0.000290	($0.000643)
07	outdoor recreational lighting	($0.000002)	-	$0.000002
08	governmental street lighting	$0.000302	-	($0.000302)
09	governmental traffic signal	$0.000422	($0.000002)	($0.000424)
11-TOU	TOU municipal pumping	$0.000017	-	($0.000017)
15	electrolytic refining	-	-	-
21	water heating	($0.000035)	($0.000018)	$0.000017
22	irrigation	$0.000037	$0.011989	$0.011952
24	general	$0.000928	$0.001406	$0.000478
25	large power – sec. pri.	$0.001585	$0.003197	$0.001612
31	military reservation	-	-	-
34	cotton gin	$0.000482	$0.000082	($0.000400)
38	interruptible	-	-	-
41	city/county	$0.003493	$0.003001	($0.000492)

IV. FUTUREWISE® MTP

Q. DO YOU HAVE A CONCERN WITH THE FUTUREWISE MTP PROGRAM?

A. Yes. The FutureWise® MTP provides content unrelated to energy efficiency.

Q. WHAT IS THE BASIS FOR YOUR CONCERN?

A. EPE witness Ms. Enoch testifies that the FutureWise® MTP program in part provides non-energy benefits to students, such as essential life skills like learning how to read utility bills. Additionally, through career development exploration components, students

[12] Direct Testimony of Rene Gonzalez, Table 1.

are introduced to employment and career opportunities within the emerging green sector.[13]

Q. WHAT BUDGET IS EPE REQUESTING FOR THIS PROGRAM?

A. EPE is requesting a budget of $300,000 for the FutureWise® MTP.[14]

Q. DID EPE PROVIDE ANY REASON THAT CUSTOMERS SHOULD PAY FOR THE NON-ENERGY CONTENT OF THE FUTUREWISE® MTP?

A. No, it did not.

Q. IS IT REASONABLE FOR CUSTOMERS TO PAY FOR THIS PROGRAM?

A. No. Customers should not be expected to pay for a program that the Company acknowledges provides non-energy content.

Q. WHAT DO YOU RECOMMEND REGARDING THE FUTUREWISE® MTP?

A. EPE responded in discovery that the $300,000 budget for the FutureWise® MTP is to cover the energy efficient products included in the program kit along with program administrative costs, and EPE directed none of the $300,000 budget for non-energy benefits of the kits.[15] However, EPE did not explain what was specifically included in the FutureWise® kits so it is impossible to verify that none of the budget will be spent on non-energy benefits. Therefore, I recommend that the entire FutureWise® MTP program

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[13] Direct Testimony of Crystal A. Enoch at 9.

[14] *Id.*, Exhibit CAE-1, Table 6.

[15] Response to CEP RFI 1-4.

budget be removed from EPE's request. This reduces EPE's proposed program budget by $300,000.

V. PERFORMANCE BONUS ADJUSTMENT

Q. IS EPE REQUESTING A PERFORMANCE BONUS IN THIS CASE?

A. Yes. EPE claims it has earned a $3,649,575 performance bonus. The Company asserts that its 2020 energy efficiency programs achieved a 20,740 kW reduction in demand while its demand reduction goal for 2020 was 11,160 kW. EPE claims its achievement represents 186% of its goal, qualifying it for a performance bonus.[16]

Q. DID EPE MEET THE REQUIREMENTS PRESCRIBED IN THE RULE?

A. No. EPE's costs to exceed its demand goals exceeded the prescribed cost caps.

Q. DID THE COMMISSION APPROVE A 2020 REVISED COST CAP FOR EPE?

A. Yes. The Commission approved a revised commercial cost cap for 2020 in Docket No. 49496.[17]

Q. WHAT DOES THE RULE SAY WHEN A UTILITY EXCEEDS ITS COST CAPS?

A. The rule states that the Commission may reduce the bonus otherwise permitted under the rule for a utility with a lower goal, higher administrative spending cap, or higher cost cap

[16] Direct Testimony of Crystal A. Enoch at 16.

[17] Docket No. 49496, Final Order, CoL 15 (November 21, 2019).

established by the Commission. The bonus shall be considered in the EECRF proceeding in which the bonus is requested.[18]

Q. DID EPE PROPOSE AN ADJUSTMENT TO ITS PERFORMANCE BONUS IN LIGHT OF ITS HIGHER COST CAPS?

A. Yes. EPE requests an adjusted bonus of $2,783,387. Based on the Order in Docket No. 48332,[19] EPE reduce its calculated performance bonus by the percentage by which it exceeded the commercial cost caps.[20]

Q. DO YOU RECOMMEND ANY OTHER ADJUSTMENTS THAT WOULD IMPACT THE COMPANY'S REQUESTED PERFORMANCE BONUS?

A. Yes. The avoided costs against which EPE measured its program performance and requested bonus are not reasonable.

Q. DID EPE APPLY THE LATEST AVOIDED COSTS PUBLISHED BY THE COMMISSION?

A. Yes, it did. EPE applied an avoided capacity cost of $80 per kW-year and avoided energy cost of $0.11366 per kWh for 2020 to determine the demand and energy savings of its programs in 2020[21] and from those savings, EPE's resulting performance bonus.[22]

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[18] 16 TAC § 25.182(e)(4).

[19] Docket No. 48332, Final Order, Ordering Paragraph 7 (January 17, 2019).

[20] Direct Testimony of Rene F. Gonzalez at 12.

[21] Project No. 38578, Energy Efficiency Implementation Project Under 16 TAC § 25.181.

[22] Direct Testimony of Crystal A. Enoch, Exhibit CAE-6.

Q. WHY ARE THESE AVOIDED COSTS NOT REASONABLE?

A. The avoided costs are not reasonable because they are specific to the Texas Reliability Entity ("TRE") and Electric Reliability Council of Texas ("ERCOT"). EPE does not participate in TRE or ERCOT. Thus, any purported energy savings resulting from EPE's programs are not realistic based on the published avoided cost values.[23]

Q. WHY IS USING THE PROPER AVOIDED COSTS IMPORTANT?

A. An energy efficiency program is deemed to be cost effective only if the cost of the program is less than the benefits of the program.[24] The benefits of an energy efficiency program are determined by multiplying the capacity or energy saved under a program by the cost of the capacity or energy "avoided", or not needed, because of the demand or energy reduction. Therefore, the measurement of the avoided cost must represent the relevant area in which the demand or energy savings occurs. Otherwise, the resulting calculated benefits are meaningless.

Q. DID EPE ADDRESS THE CALCULATION OF AVOIDED COST IN THE COMMISSION'S ENERGY EFFICIENCY RULEMAKING?

A. Yes. In Project No. 37623, the Commission adopted an amendment to §25.181 related to Energy Efficiency Goals. The Order in that Docket noted that:[25]

> EPE and Entergy opposed the use of an arbitrary calculation of the avoided cost of energy as it does not reflect the utilities' actual costs. They noted these utilities are not in the ERCOT region, and there is no correlation between the market clearing price for

[23] Direct Testimony of Crystal A. Enoch, Exhibit CAE-6.

[24] 16 TAC §25.181 (d).

[25] *Rulemaking Proceeding to Amend Energy Efficiency Rules*, Project No. 37623, Order at 36 (August 9, 2010).

balancing energy in ERCOT and their avoided cost of energy. Entergy further stated that it is impractical to force one single set of avoided capacity and energy numbers, as they operate in discrete markets that each have distinct avoided energy costs based on different power prices, emission allowance costs, and natural gas costs. Entergy suggested the use of modified formulae for the non-ERCOT utilities, due to these differences in market conditions. Entergy urged the commission to allow non-ERCOT utilities to seek good cause exceptions or permit other methodologies for calculating avoided costs, because of the unique assumptions and market conditions that utilities encounter. Entergy believed that using a pre-defined and transparent avoided capacity and energy cost calculation methodology would be a flexible, accurate, and unambiguous means for estimating avoided costs to evaluate energy efficiency programs. Entergy noted that it is a part of a multi-state system that operates according to the principles of security-constrained economic dispatch, and thus flexibility is needed for them to administer the energy efficiency programs in a cost-effective manner.

Q. DOESN'T THE ENERGY EFFICIENCY RULE REQUIRE EPE TO USE THE COMMISSION'S PUBLISHED AVOIDED COSTS?

A. No, it does not. Based on the comments of EPE and Entergy, the Commission adopted a mechanism to address EPE's and Entergy's concerns.[26] While the default avoided cost of capacity and avoided cost of energy in the rule are the Commission's published values,[27] the rule allows a utility in an area in which customer choice is not offered, such as EPE, to petition the Commission for authorization to use an alternative avoided cost.[28]

Q. DID EPE PETITION THE COMMISSION TO USE AN ALTERNATIVE AVOIDED COST IN THIS CASE?

A. No, it did not.

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[26] *Id.* at 41.

[27] 16 TAC §25.181(d)(2)(A) and (d)(3)(A).

[28] 16 TAC §25.181(d)(2)(B) and (d)(3)(B).

Q. IF IT DID, HOW SHOULD THE ALTERNATIVE AVOIDED COSTS BE DETERMINED?

A. The energy efficiency rule specifies what alternative avoided costs should be used. The avoided cost of capacity shall be based on a generating resource or purchase in the utility's resource acquisition plan.[29] For a utility that does not participate in an energy market operated by a regional transmission organization, such as EPE, the avoided cost of energy may be based on the expected heat rate of the gas-turbine generating technology specified in the rule, multiplied by a publicly reported cost of natural gas.[30]

Q. WHAT ARE THE RESULTING AVOIDED COSTS DETERMINED THIS WAY?

A. The most recent generating facility approved for EPE by the Commission was Newman 6, a 228-MW gas-fired combustion turbine unit.[31] Using this unit as a proxy for the generating resource or purchase in the utility's resource acquisition plan and recognizing that this unit is consistent with the combustion turbine on which the Commission's avoided capacity cost of $80 per kW-year was based, the avoided cost of capacity would remain $80 per kW-year.

However, the avoided cost of energy would be significantly lower. The heat rate for the gas-turbine generating technology specified in the rule is 9,905 Btu/kWh.[32] Then, an appropriate publicly reported cost of natural gas is EPE's 2020 summer peak cost of gas. From its Fuel Cost Report filed with the Commission, EPE's average cost of natural

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[29] 16 TAC §25.181(d)(2)(B).

[30] 16 TAC §25.181(d)(3)(B)

[31] Docket No. 50277, Final Order, Ordering Paragraph 2 (October 16, 2020).

[32] U.S. Energy Information Administration, Cost and Performance Characteristics of New Generating Technologies, Annual Energy Outlook 2021, Table 1 (combustion turbine – industrial frame).

gas in September 2020 was $1.62 per MMBtu. So, the resulting avoided energy cost thus calculated is $0.01605 per kWh.[33]

Q. HOW DOES USING THE CORRECTED AVOIDED COST IMPACT EPE'S COST BENEFIT ANALYSIS AND RESULTING BONUS?

A. By substituting the corrected avoided costs into EPE's results calculator and bonus calculator, the net program benefits are reduced from $36.5 million to $6.8 million, and the bonus (before adjustment) is reduced from $3.6 million to $0.68 million, as seen on Exhibit KJN-1.[34]

Q. WHAT HAVE YOU CONCLUDED REGARDING EPE'S PROPOSED ENERGY PROGRAMS AND PERFORMANCE BONUS?

A. EPE's decision to not use avoided costs relevant to its service area would entitle it to a financial windfall with no real improvement in the performance of its programs from the prior year. It is not reasonable that EPE calculate its program net benefits using avoided costs that are not representative of the avoided costs in EPE's service area. EPE had the opportunity to substitute more realistic avoided cost values but did not. Using the inflated avoided costs reflective of the ERCOT market, EPE's net benefits and corresponding performance bonus are greatly overstated.

Q. WHAT IS YOUR RECOMMENDATION REGARDING EPE'S PERFORMANCE BONUS?

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[33] 9,905 Btu/kWh x $1.62/1,000,000 Btu = $0.016046/kWh.

[34] *Also see* Performance Incentive Calculator_KN WP.

A. I recommend that EPE's bonus (before adjustment) be limited to the amount it would have otherwise been calculated under alternative avoided cost values. This is $681,615. Furthermore, the reduction to the bonus that EPE proposes because it has exceeded its commercial cost cap should also be applied. The resulting adjusted bonus is $479,078, as seen on Exhibit KJN-2.[35]

VI. SUMMARY AND CONCLUSIONS

Q. PLEASE SUMMARIZE YOUR FINDINGS AND RECOMMENDATIONS.

A. I have the following findings and recommendations regarding EPE's EECRF filing:

1. The FutureWise® MTP program provides certain non-energy content to students, and customers should not pay for such a program in an energy efficiency rider. EPE provided no way to verify the non-energy related portion of the budget, so I recommend that the entire FutureWise® MTP program budget be removed from EPE's request. This reduces EPE's proposed budget by $300,000.

2. It is not reasonable that EPE calculate its program net benefits using avoided costs that are not representative of the avoided costs in EPE's service area. Using the inflated avoided costs reflective of the ERCOT market, EPE's net benefits and corresponding performance bonus are greatly overstated. I recommend that EPE's bonus (before adjustment) be limited to the amount it would have otherwise been calculated under alternative avoided cost values. This amount is $681,615.

3. I recommend that the reduction to the bonus that EPE proposes because it has exceeded its commercial cost cap should be applied to the reduced bonus. The resulting adjusted bonus is $479,078.

VII. RATE CASE EXPENSES

Q. HAVE YOU INCLUDED SUPPORT FOR THE CITY OF EL PASO'S EXPENSES INCURRED IN DOCKET NO. 50806, EPE'S PREVIOUS EECRF FILING?

A. Yes, I have provided a declaration from Mr. Norman J. Gordon addressing the City of El Paso's expenses in Docket No. 50806 as Attachment C to my testimony.

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[35] *Also see* Bonus Reduction Calculation _KN WP.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.

EXHIBIT KJN-1

Performance Incentive Calculator

Program Year 2020

Energy Efficiency Performance Bonus Calculator

	kW	kWh
Demand and Energy Goals	11,160	19,522,320
Actual Demand and Energy Savings	20,740	30,704,424
Reported/Verified Hard-to-Reach	*964*	
Program Costs (*excluding* bonus)	$5,077,812	
Performance Bonus	**$681,615**	

9%	**Hard-to-Reach Goal Met?**
	Bonus Calculation Details
186%	Percentage of Demand Reduction Goal Met (Reported kW/Goal kW)
157%	Percentage of Energy Reduction Goal Met (Reported kWh/Goal kWh)
TRUE	Met Requirements for Performance Bonus?
$12,704,625	Total Avoided Costs
$810,663	Docket No. 48297 requirement (add previous bonus to current year bonus calculation)
$5,888,475	Total Program Costs (*including* bonus)
$6,816,150	Net Benefits
$2,925,500	Calculated Bonus (((Achieved Demand Reduction/Demand Goal - 100%) / 2) * Net Benefits)
$681,615	Maximum Bonus Allowed (10% of Net Benefits)

Exhibit KJN-1
Page 1 of 1

EXHIBIT KJN-2

Bonus Reduction Calculation

TABLE 1: Excluding Bonus:

	Component	Total	Commercial	Residential	
1	Actual 2020 Program Costs	$ 4,983,108	$ 3,170,706	$ 1,812,402	
2	2018 EE Bonus	$ 810,663	$ 472,293	$ 338,370	
3	2018 EPE Proceeding Expenses	$ 188,923	$ 110,067	$ 78,856	
4	2018 Over Rrecovery	$ (260,655)	$ (33,066)	$ (227,589)	
5	Total EE Costs to be Recovered Subject to Cap	$ 5,722,039	$ 3,720,000	$ 2,002,039	Sum Lines 1-4
6	Actual 2020 Billed kWh	5,292,119,427	2,760,263,653	2,531,855,774	
7	Actual Costs Subject to Cap		$ 0.001348	$ 0.000791	Line 5 / Line 6
8	2020 Regulatory Energy Efficiency Cap		$ 0.000845	$ 0.001351	
9	Ratio of Regulatory Cap to Actual Costs		62.70%	170.85%	Line 8 / Line 7
10	2020 Bonus	$ 681,615	$ 542,988	$ 138,627	
11	2020 Bonus Reduction	$ (202,537)	$ (202,537)	$ -	Line 10 - Line 12
12	2020 Reduced Bonus	$ 479,078	$ 340,451	$ 138,627	Line 10 x Line 9

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

Source for 2020 Bonus: Performance Incentive Calculator_KN WP

ATTACHMENT A

STATEMENT OF QUALIFICATIONS

KARL J. NALEPA

Mr. Nalepa is an energy economist with more than 35 years of private and public sector experience in the electric and natural gas industries. He has extensive experience analyzing utility rate filings and resource plans with particular focus on fuel and power supply requirements, quality of fuel supply management, and reasonableness of energy costs. Mr. Nalepa developed peak demand and energy forecasts for public utilities and has forecast the price of natural gas in ratemaking and resource plan evaluations. He led a management and performance review of the Texas Public Utility Commission, and has conducted performance reviews and valuation studies of municipal utility systems. Mr. Nalepa previously directed the Railroad Commission of Texas' Regulatory Analysis & Policy Section, with responsibility for preparing timely natural gas industry analysis, managing ratemaking proceedings, mediating informal complaints, and overseeing consumer complaint resolution. He has prepared and defended expert testimony in both administrative and civil proceedings, and has served as a technical examiner in natural gas rate proceedings.

EDUCATION

1998	Certificate of Mediation Dispute Resolution Center, Austin
1989	NARUC Regulatory Studies Program Michigan State University
1988	M.S. - Petroleum Engineering University of Houston
1980	B.S. - Mineral Economics Pennsylvania State University

PROFESSIONAL HISTORY

2011 -	ReSolved Energy Consulting Partner
2003 - 2011	RJ Covington Consulting Managing Director
1997 – 2003	Railroad Commission of Texas Asst. Director, Regulatory Analysis & Policy
1995 – 1997	Karl J. Nalepa Consulting Principal
1992 – 1995	Resource Management International, Inc. Supervising Consultant
1988 – 1992	Public Utility Commission of Texas Fuels Analyst
1980 – 1988	Transco Exploration Company Reservoir and Evaluation Engineer

AREAS OF EXPERTISE

Regulatory Analysis

Electric Power: Analyzed electric utility rate, certification, and resource forecast filings. Assessed the quality of fuel supply management, and reasonableness of fuel costs recovered from ratepayers. Projected the cost of fuel and purchased power. Estimated the impact of environmental costs on utility resource selection. Participated in regulatory rulemaking activities. Provided expert staff testimony in a number of proceedings before the Texas Public Utility Commission.

As consultant, represent interests of municipal clients intervening in large utility rate proceedings through analysis of filings and presentation of testimony before the Public Utility Commission. Also assist municipal utilities in preparing and defending requests to change rates and other regulatory matters before the Public Utility Commission.

Natural Gas: Directed the economic regulation of gas utilities in Texas for the Railroad Commission of Texas. Responsible for monitoring, analyzing and reporting on conditions and events in the natural gas industry. Managed Commission staff representing the public interest in contested rate proceedings before the Railroad Commission, and acted as technical examiner on behalf of the Commission. Mediated informal disputes between industry participants and directed handling of customer billing and service complaints. Oversaw utility compliance filings and staff rulemaking initiatives. Served as a policy advisor to the Commissioners.

As consultant, represent interests of municipal clients intervening in large utility rate proceedings through analysis of filings and presentation of testimony before the cities and Railroad Commission. Also assist small utilities in preparing and defending requests to change rates and other regulatory matters before the Railroad Commission.

Litigation Support

Retained to support litigation in natural gas contract disputes. Analyzed the results of contract negotiations and competitiveness of gas supply proposals considering gas market conditions contemporaneous with the period reviewed. Supported litigation related to alleged price discrimination related to natural gas sales for regulated customers. Provided analysis of regulatory and accounting issues related to ownership of certain natural gas distribution assets in support of litigation against a natural gas utility. Supported independent power supplier in binding arbitration regarding proper interpretation of a natural gas transportation contract. Provided expert witness testimony in administrative and civil court proceedings.

Utility System Assessment

Led a management and performance review of the Public Utility Commission. Conducted performance reviews and valuation studies of municipal utility systems. Assessed ability to compete in the marketplace, and recommended specific actions to improve the competitive position of the utilities. Provided comprehensive support in the potential sale of a municipal gas system, including preparation of a valuation study and all activities leading to negotiation of contract for sale and franchise agreements.

Energy Supply Analysis

Reviewed system requirements and prepared requests for proposals (RFPs) to obtain natural gas and power supplies for both utility and non-utility clients. Evaluated submittals under alternative demand and market conditions, and recommended cost-effective supply proposals. Assessed supply strategies to determine optimum mix of available resources.

Econometric Forecasting

Prepared econometric forecasts of peak demand and energy for municipal and electric cooperative utilities in support of system planning activities. Developed forecasts at the rate class and substation levels. Projected price of natural gas by individual supplier for Texas electric and natural gas utilities to support review of utility resource plans.

Reservoir Engineering

Managed certain reserves for a petroleum exploration and production company in Texas. Responsible for field surveillance of producing oil and natural gas properties, including reserve estimation, production forecasting, regulatory reporting, and performance optimization. Performed evaluations of oil and natural gas exploration prospects in Texas and Louisiana.

PROFESSIONAL MEMBERSHIPS

Society of Petroleum Engineers
International Association for Energy Economics
United States Association for Energy Economics

SELECT PUBLICATIONS, PRESENTATIONS, AND TESTIMONY

"Summary of the USAEE Central Texas Chapter's Workshop entitled 'EPA's Proposed Clean Power Plan Rules: Economic Modeling and Effects on the Electric Reliability of Texas Region,'" with Dr. Jay Zarnikau and Mr. Neil McAndrews, USAEE Dialogue, May 2015

"Public Utility Ratemaking," EBF 401: Strategic Corporate Finance, The Pennsylvania State University, September 2013

"What You Should Know About Public Utilities," EBF 401: Strategic Corporate Finance, The Pennsylvania State University, October 2011

"Natural Gas Markets and the Impact on Electricity Prices in ERCOT," Texas Coalition of Cities for Fair Utility Issues, Dallas, October 2008

"Natural Gas Regulatory Policy in Texas," Hungarian Oil and Gas Policy Business Colloquium, U.S. Trade and Development Agency, Houston, May 2003

"Railroad Commission Update," Texas Society of Certified Public Accountants, Austin, April 2003

"Gas Utility Update," Railroad Commission Regulatory Expo and Open House, October 2002

"Deregulation: A Work in Progress," Interview by Karen Stidger, *Gas Utility Manager*, October 2002

"Regulatory Overview: An Industry Perspective," Southern Gas Association's Ratemaking Process Seminar, Houston, February 2001

"Natural Gas Prices Could Get Squeezed," with Commissioner Charles R. Matthews, *Natural Gas*, December 2000

"Railroad Commission Update," Texas Society of Certified Public Accountants, Austin, April 2000

"A New Approach to Electronic Tariff Access," Association of Texas Intrastate Natural Gas Pipeline Annual Meeting, Houston, January 1999

"A Texas Natural Gas Model," United States Association for Energy Economics North American Conference, Albuquerque, 1998

"Texas Railroad Commission Aiding Gas Industry by Updated Systems, Regulations," *Natural Gas,* July 1998

"Current Trends in Texas Natural Gas Regulation," Natural Gas Producers Association, Midland, 1998

"An Overview of the American Petroleum Industry," Institute of International Education Training Program, Austin, 1993

Direct testimony in PUC Docket No. 10400 summarized in *Environmental Externality,* Energy Research Group for the Edison Electric Institute, 1992

"God's Fuel - Natural Gas Exploration, Production, Transportation and Regulation," with Danny Bivens, Public Utility Commission of Texas Staff Seminar, 1992

"A Summary of Utilities' Positions Regarding the Clean Air Act Amendments of 1990," Industrial Energy Technology Conference, Houston, 1992

"The Clean Air Act Amendments of 1990," Public Utility Commission of Texas Staff Seminar, 1992

ATTACHMENT B

PREVIOUSLY FILED TESTIMONY

KARL J. NALEPA
TESTIMONY FILED

DKT NO.	DATE	REPRESENTING	UTILITY	PHASE	ISSUES
Before the Public Utility Commission of Texas					
51415	Mar 21	CARD	SWEPCO	Cost of Service	Cost Allocation
51381	Dec 20	Entergy Cities	Entergy Texas Inc.	GCRR	GCRR Methodology
51345	Oct 20	Denton Municipal Electric	Denton Municipal Electric	Interim TCOS	Wholesale Transmission Rate
51215	Mar 21	Office of Public Counsel	Entergy Texas Inc.	CCN	Public Interest Review
51100	Nov 20	Office of Public Counsel	Lubbock Power & Light	TCOS	Wholesale Transmission Rate
50997	Jan 21	CARD	SWEPCO	Fuel Reconciliation	Fuel Cost Recovery
50790	Jul 20	Office of Public Counsel	Entergy Texas, Inc.	Sale, Transfer, Merger	Public Interest Review
50714	May 20	Cities	Entergy Texas Inc.	DCRF	DCRF Methodology
50110	Dec 19	Denton Municipal Electric	Denton Municipal Electric	Interim TCOS	Wholesale Transmission Rate
49831	Feb 20	Xcel Municipalities	Southwestern Public Service	Cost of Service	Cost Allocation
49737	Jan 20	Office of Public Counsel	SWEPCO	CCN	Public Interest Review
49594	Jul 19	Oncor Cities	Oncor Electric Delivery	EECRF	EECRF Methodology
49592	Jul 19	AEP Cities	AEP Texas Inc.	EECRF	EECRF Methodology
49586	Jul 19	TNMP Cities	Texas-New Mexico Power	EECRF	EECRF Methodology
49583	Aug 19	Gulf Coast Coalition	CenterPoint Energy Houston	EECRF	EECRF Methodology
49496	Jun 19	City of El Paso	El Paso Electric	EECRF	EECRF Methodology
49494	Jul 19	AEP Cities	AEP Texas Inc.	Cost of Service	Plant Additions
49421	Jun 19	Office of Public Counsel	CenterPoint Energy Houston	Cost of Service	Cost of Service

DKT NO.	DATE	REPRESENTING	UTILITY	PHASE	ISSUES
49395	May 19	City of El Paso	El Paso Electric	DCRF	DCRF Methodology
49148	Apr 19	City of El Paso	El Paso Electric	TCRF	TCRF Methodology
49042	Mar 19	SWEPCO Cities	SWEPCO	TCRF	TCRF Methodology
49041	Feb 19	SWEPCO Cities	SWEPCO	DCRF	DCRF Methodology
48973	May 19	Xcel Municipalities	Southwestern Public Service	Fuel Reconciliation	Fuel / Purch Power Costs
48963	Dec 18	Denton Municipal Electric	Denton Municipal Electric	Interim TCOS	Wholesale Transmission Rate
48420	Aug 18	Gulf Coast Coalition	CenterPoint Energy Houston	EECRF	EECRF Methodology
48404	Jul 18	Cities	Texas-New Mexico Power	EECRF	EECRF Methodology
48371	Aug 18	Cities	Entergy Texas Inc.	Cost of Service	Cost of Service
48231	May 18	Cities	Oncor Electric Delivery	DCRF	DCRF Methodology
48226	May 18	Gulf Coast Coalition	CenterPoint Energy Houston	DCRF	DCRF Methodology
48222	Apr 18	Cities	AEP Texas Inc.	DCRF	DCRF Methodology
47900	Dec 17	Denton Municipal Electric	Denton Municipal Electric	Interim TCOS	Wholesale Transmission Rate
47527	Apr 18	Xcel Municipalities	Southwestern Public Service	Cost of Service	Cost of Service
47461	Dec 17	Office of Public Counsel	SWEPCO	CCN	Public Interest Review
47236	Jul 17	Cities	AEP Texas	EECRF	EECRF Methodology
47235	Jul 17	Cities	Oncor Electric Delivery	EECRF	EECRF Methodology
47217	Jul 17	Cities	Texas-New Mexico Power	EECRF	EECRF Methodology
47032	May 17	Gulf Coast Coalition	CenterPoint Energy Houston	DCRF	DCRF Methodology
46936	Oct 17	Xcel Municipalities	Southwestern Public Service	CCN	Public Interest Review
46449	Apr 17	Cities	SWEPCO	Cost of Service	Cost of Service

DKT NO.	DATE	REPRESENTING	UTILITY	PHASE	ISSUES
46348	Sep 16	Denton Municipal Electric	Denton Municipal Electric	Interim TCOS	Wholesale Transmission Rate
46238	Jan 17	Office of Public Counsel	Oncor Electric Delivery	STM	Public Interest Review
46076	Dec 16	Cities	Entergy Texas Inc.	Fuel Reconciliation	Fuel Cost
46050	Aug 16	Cities	AEP Texas	STM	Public Interest Review
46014	Jul 16	Gulf Coast Coalition	CenterPoint Energy Houston	EECRF	EECRF Methodology
45788	May 16	Cities	AEP-TNC	DCRF	DCRF Methodology
45787	May 16	Cities	AEP-TCC	DCRF	DCRF Methodology
45747	May 16	Gulf Coast Coalition	CenterPoint Energy Houston	DCRF	DCRF Methodology
45712	Apr 16	Cities	SWEPCO	DCRF	DCRF Methodology
45691	Jun 16	Cities	SWEPCO	TCRF	TCRF Methodology
45414	Feb 17	Office of Public Counsel	Sharyland	Cost of Service	Cost of Service
45248	May 16	City of Fritch	City of Fritch	Cost of Service (water)	Cost of Service
45084	Nov 15	Cities	Entergy Texas Inc.	TCRF	TCRF Methodology
45083	Oct 15	Cities	Entergy Texas Inc.	DCRF	DCRF Methodology
45071	Aug 15	Denton Municipal Electric	Denton Municipal Electric	Interim TCOS	Wholesale Transmission Rate
44941	Dec 15	City of El Paso	El Paso Electric	Cost of Service	CEP Adjustments
44677	Jul 15	City of El Paso	El Paso Electric	EECRF	EECRF Methodology
44572	May 15	Gulf Coast Coalition	CenterPoint Energy Houston	DCRF	DCRF Methodology
44060	May 15	City of Frisco	Brazos Electric Coop	CCN	Transmission Cost Recovery
43695	May 15	Pioneer Natural Resources	Southwestern Public Service	Cost of Service	Cost Allocation
43111	Oct 14	Cities	Entergy Texas Inc.	DCRF	DCRF Methodology

DKT NO.	DATE	REPRESENTING	UTILITY	PHASE	ISSUES
42770	Aug 14	Denton Municipal Electric	Denton Municipal Electric	Interim TCOS	Wholesale Transmission Rate
42485	Jul 14	Cities	Entergy Texas Inc.	EECRF	EECRF Methodology
42449	Jul 14	City of El Paso	El Paso Electric	EECRF	EECRF Methodology
42448	Jul 14	Cities	SWEPCO	TCRF	Transmission Cost Recovery Factor
42370	Dec 14	Cities	SWEPCO	Rate Case Expenses	Rate Case Expenses
41791	Jan 14	Cities	Entergy Texas Inc.	Cost of Service	Cost of Service/Fuel
41539	Jul 13	Cities	AEP Texas North	EECRF	EECRF Methodology
41538	Jul 13	Cities	AEP Texas Central	EECRF	EECRF Methodology
41444	Jul 13	Cities	Entergy Texas Inc.	EECRF	EECRF Methodology
41223	Apr 13	Cities	Entergy Texas Inc.	ITC Transfer	Public Interest Review
40627	Nov 12	Austin Energy	Austin Energy	Cost of Service	General Fund Transfers
40443	Dec 12	Office of Public Counsel	SWEPCO	Cost of Service	Cost of Service/Fuel
40346	Jul 12	Cities	Entergy Texas Inc.	Join MISO	Public Interest Review
39896	Mar 12	Cities	Entergy Texas Inc.	Cost of Service/ Fuel Reconciliation	Cost of Service/ Nat Gas/ Purch Power
39366	Jul 11	Cities	Entergy Texas Inc.	EECRF	EECRF Methodology
38951	Feb 12	Cities	Entergy Texas Inc.	CGS Tariff	CGS Costs
38815	Sep 10	Denton Municipal Electric	Denton Municipal Electric	Interim TCOS	Wholesale Transmission Rate
38480	Nov 10	Cities	Texas-New Mexico Power	Cost of Service	Cost of Service/Rate Design
37744	Jun 10	Cities	Entergy Texas Inc.	Cost of Service/ Fuel Reconciliation	Cost of Service/ Nat Gas/ Purch Power/ Gen
37580	Dec 09	Cities	Entergy Texas Inc.	Fuel Refund	Fuel Refund Methodology

DKT NO.	DATE	REPRESENTING	UTILITY	PHASE	ISSUES
36956	Jul 09	Cities	Entergy Texas Inc.	EECRF	EECRF Methodology
36392	Nov 08	Texas Municipal Power	Texas Municipal Power	Interim TCOS	Wholesale Transmission Rate
35717	Nov 08	Cities Steering Committee	Oncor Electric Delivery	Cost of Service	Cost of Service/Rate Design
34800	Apr 08	Cities	Entergy Gulf States	Fuel Reconciliation	Natural Gas/Coal/Nuclear
16705	May 97	North Star Steel	Entergy Gulf States	Fuel Reconciliation	Natural Gas/Fuel Oil
10694	Jan 92	PUC Staff	Midwest Electric Coop	Revenue Requirements	Depreciation/ Quality of Service
10473	Sep 91	PUC Staff	HL&P	Notice of Intent	Environmental Costs
10400	Aug 91	PUC Staff	TU Electric	Notice of Intent	Environmental Costs
10092	Mar 91	PUC Staff	HL&P	Fuel Reconciliation	Natural Gas/Fuel Oil
10035	Jun 91	PUC Staff	West Texas Utilities	Fuel Reconciliation Fuel Factor	Natural Gas Natural Gas/Fuel Oil/Coal
9850	Feb 91	PUC Staff	HL&P	Revenue Req. Fuel Factor	Natural Gas/Fuel Oil/ETSI Natural Gas/Coal/Lignite
9561	Aug 90	PUC Staff	Central Power & Light	Fuel Reconciliation Revenue Requirements Fuel Factor	Natural Gas Natural Gas/Fuel Oil Natural Gas
9427	Jul 90	PUC Staff	LCRA	Fuel Factor	Natural Gas
9165	Feb 90	PUC Staff	El Paso Electric	Revenue Requirements Fuel Factor	Natural Gas/Fuel Oil Natural Gas
8900	Jan 90	PUC Staff	SWEPCO	Fuel Reconciliation Fuel Factor	Natural Gas Natural Gas
8702	Sep 89 Jul 89	PUC Staff	Gulf States Utilities	Fuel Reconciliation Revenue Requirements Fuel Factor	Natural Gas/Fuel Oil Natural Gas/Fuel Oil Natural Gas/Fuel Oil

DKT NO.	DATE	REPRESENTING	UTILITY	PHASE	ISSUES
8646	May 89 Jun 89	PUC Staff	Central Power & Light	Fuel Reconciliation Revenue Requirements Fuel Factor	Natural Gas Natural Gas/Fuel Oil Natural Gas
8588	Aug 89	PUC Staff	El Paso Electric	Fuel Reconciliation	Natural Gas
Before the Railroad Commission of Texas					
05509	Dec 20	LDC, LLC	LDC, LLC	Cost of Service	Cost of Service/Rate Design
10928	Mar 20	TGS Cities	Texas Gas Service	Cost of Service	Cost of Service/Rate Design
10920	Feb 20	East Texas Cities Coalition	CenterPoint Energy Entex	Cost of Service	Cost of Service/Rate Design
10900	Nov 19	Cities Steering Committee	Atmos Energy Triangle	Cost of Service	Cost of Service
10899	Sep 19	NatGas, Inc.	NatGas, Inc.	Cost of Service	Cost of Service/Rate Design
10737	Jun 18	T&L Gas Co.	T&L Gas Co.	Cost of Service	Cost of Service/Rate Design
10622	Apr 17	LDC, LLC	LDC, LLC	Cost of Service	Cost of Service/Rate Design
10617	Mar 17	Onalaska Water & Gas	Onalaska Water & Gas	Cost of Service	Cost of Service/Rate Design
10580	Mar 17	Cities Steering Committee	Atmos Pipeline Texas	Cost of Service	Cost of Service/Rate Design
10567	Feb 17	Gulf Coast Coalition	CenterPoint Energy Entex	Cost of Service	Cost of Service/Rate Design
10506	Jun 16	City of El Paso	Texas Gas Service	Cost of Service	Cost of Service/Energy Efficiency
10498	Feb 16	NatGas, Inc.	NatGas, Inc.	Cost of Service	Cost of Service/Rate Design
10359	Jul 14	Cities Steering Committee	Atmos Energy Mid Tex	Cost of Service	Cost of Service/Rate Design
10295	Oct 13	Cities Steering Committee	Atmos Pipeline Texas	Revenue Rider	Rider Renewal
10242	Jan 13	Onalaska Water & Gas	Onalaska Water & Gas	Cost of Service	Cost of Service/Rate Design
10196	Jul 12	Bluebonnet Natural Gas	Bluebonnet Natural Gas	Cost of Service	Cost of Service/Rate Design
10190	Jan 13	City of Magnolia, Texas	Hughes Natural Gas	Cost of Service	Cost of Service/Rate Design

DKT NO.	DATE	REPRESENTING	UTILITY	PHASE	ISSUES
10174	Aug 12	Cities Steering Committee	Atmos Energy West Texas	Cost of Service	Cost of Service/Rate Design
10170	Aug 12	Cities Steering Committee	Atmos Energy Mid Tex	Cost of Service	Cost of Service/Rate Design
10106	Oct 11	Gulf Coast Coalition	CenterPoint Energy Entex	Cost of Service	Cost of Service/Rate Design
10083	Aug 11	City of Magnolia, Texas	Hughes Natural Gas	Cost of Service	Cost of Service/Rate Design
10038	Feb 11	Gulf Coast Coalition	CenterPoint Energy Entex	Cost of Service	Cost of Service/Rate Design
10021	Oct 10	AgriTex Gas, Inc.	AgriTex Gas, Inc.	Cost of Service	Cost of Service/Rate Design
10000	Dec 10	Cities Steering Committee	Atmos Pipeline Texas	Cost of Service	Cost of Service/Rate Design
9902	Oct 09	Gulf Coast Coalition	CenterPoint Energy Entex	Cost of Service	Cost of Service/Rate Design
9810	Jul 08	Bluebonnet Natural Gas	Bluebonnet Natural Gas	Cost of Service	Cost of Service/Rate Design
9797	Apr 08	Universal Natural Gas	Universal Natural Gas	Cost of Service	Cost of Service/Rate Design
9732	Jul 08	Cities Steering Committee	Atmos Energy Corp.	Gas Cost Review	Natural Gas Costs
9670	Oct 06	Cities Steering Committee	Atmos Energy Corp.	Cost of Service	Affiliate Transactions/ O&M Expenses/GRIP
9667	Nov 06	Oneok Westex Transmission	Oneok Westex Transmission	Abandonment	Abandonment
9598	Sep 05	Cities Steering Committee	Atmos Energy Corp.	GRIP Appeal	GRIP Calculation
9530	Apr 05	Cities Steering Committee	Atmos Energy Corp.	Gas Cost Review	Natural Gas Costs
9400	Dec 03	Cities Steering Committee	TXU Gas Company	Cost of Service O&M Expenses/Capital Costs	Affiliate Transactions/

DKT NO.	DATE	REPRESENTING	UTILITY	PHASE	ISSUES
Before the Louisiana Public Service Commission					
U-35359	Feb 20 Nov 20	PSC Staff	Dixie Electric Membership Corporation	Cost of Service	Cost of Service / FRP Renewal / AMS Certification Stipulation
U-34344/ U-34717	Apr 18	PSC Staff	Dixie Electric Member Corporation	Formula Rate Plan	Stipulation
U-34344	Jan 18	PSC Staff	Dixie Electric Member Corporation	Formula Rate Plan	Adjusted Revenues
U-33633	Nov 15	PSC Staff Entergy Gulf States Louisiana	Entergy Louisiana, LLC/	Resource Certification	Prudence
U-33033	Jul 14	PSC Staff Entergy Gulf States Louisiana	Entergy Louisiana, LLC/	Resource Certification	Revenue Requirement
U-31971	Nov 11	PSC Staff Entergy Gulf States Louisiana	Entergy Louisiana, LLC/	Resource Certification	Certification/Cost Recovery
Before the Arkansas Public Service Commission					
O7-105-U	Mar 08	Arkansas Customers & pipelines serving CenterPoint	CenterPoint Energy, Inc.	Gas Cost Complaint	Prudence / Cost Recovery
Before the Colorado Public Utilities Commission					
18A-0791E	Mar 19	Pueblo County	Black Hills Colorado Electric	Economic Development Rate	Tariff Issues

ATTACHMENT C

RELIED UPONS

Independent Statistics & Analysis
U.S. Energy Information Administration

February 2021

Cost and Performance Characteristics of New Generating Technologies, *Annual Energy Outlook 2021*

The tables presented below will be incorporated into the Electricity Market Module chapter of the U.S. Energy Information Administration's (EIA) *Annual Energy Outlook 2021* (AEO2021) Assumptions document. Table 1 represents EIA's assessment of the cost to develop and install various generating technologies used in the electric power sector. Generating technologies typically found in end-use applications, such as combined heat and power or roof-top solar photovoltaics (PV), will be described elsewhere in the Assumptions document. The costs shown in Table 1, except as noted below, are the costs for a typical facility for each generating technology before adjusting for regional cost factors. Overnight costs exclude interest accrued during plant construction and development. Technologies with limited commercial experience may include a technological optimism factor to account for the tendency to underestimate the full engineering and development costs for new technologies during technology research and development.

All technologies demonstrate some degree of variability in cost, based on project size, location, and access to key infrastructure (such as grid interconnections, fuel supply, and transportation). For wind and solar PV, in particular, the cost favorability of the lowest-cost regions compound the underlying variability in regional cost and create a significant differential between the unadjusted costs and the capacity-weighted average national costs as observed from recent market experience. To account for this difference, Table 1 shows a weighted average cost for both wind and solar PV, based on the regional cost factors assumed for these technologies in AEO2021 and the actual regional distribution of the builds that occurred in 2019.

Table 2 shows a full listing of the overnight costs for each technology and electricity region, if the resource or technology is available to be built in the given region. The regional costs reflect the impact of locality adjustments, including one to address ambient air conditions for technologies that include a combustion turbine and one to adjust for additional costs associated with accessing remote wind resources. Temperature, humidity, and air pressure can affect the available capacity of a combustion turbine, and EIA's modeling addresses these possible effects through an additional cost multiplier by region. Unlike most other generation technologies where fuel can be transported to the plant, wind generators must be located in areas with the best wind resources. Sites that are located near existing transmission with access to a road network or are located on lower development cost lands are generally built up first, after which additional costs may be incurred to access sites with less favorable characteristics. EIA represents this possibility through a multiplier applied to the wind plant capital costs that increases as the best sites in a region are developed.

Table 1. Cost and performance characteristics of new central station electricity generating technologies

Technology	First available year[1]	Size (MW)	Lead time (years)	Base overnight cost[2] (2020 $/kW)	Techno-logical optimism factor[3]	Total overnight cost[4,5] (2020 $/kW)	Variable O&M[6] (2020 $/MWh)	Fixed O&M (2020$/ kW-yr)	Heat rate[7] (Btu/kWh)
Ultra-supercritical coal (USC)	2024	650	4	3,672	1.00	3,672	4.52	40.79	8,638
USC with 30% carbon capture and sequestration (CCS)	2024	650	4	4,550	1.01	4,595	7.11	54.57	9,751
USC with 90% CCS	2024	650	4	5,861	1.02	5,978	11.03	59.85	12,507
Combined-cycle—single shaft	2023	418	3	1,082	1.00	1,082	2.56	14.17	6,431
Combined-cycle—multi shaft	2023	1,083	3	957	1.00	957	1.88	12.26	6,370
Combined-cycle with 90% CCS	2023	377	3	2,471	1.04	2,570	5.87	27.74	7,124
Internal combustion engine	2022	21	2	1,813	1.00	1,813	5.72	35.34	8,295
Combustion turbine—aeroderivative[8]	2022	105	2	1,169	1.00	1,169	4.72	16.38	9,124
Combustion turbine—industrial frame	2022	237	2	709	1.00	709	4.52	7.04	9,905
Fuel cells	2023	10	3	6,277	1.09	6,866	0.59	30.94	6,469
Nuclear—light water reactor	2026	2,156	6	6,034	1.05	6,336	2.38	122.26	10,455
Nuclear—small modular reactor	2028	600	6	6,183	1.10	6,802	3.02	95.48	10,455
Distributed generation—base	2023	2	3	1,560	1.00	1,560	8.65	19.46	8,935
Distributed generation—peak	2022	1	2	1,874	1.00	1,874	8.65	19.46	9,921
Battery storage	2021	50	1	1,165	1.00	1,165	0.00	24.93	NA
Biomass	2024	50	4	4,077	1.00	4,078	4.85	126.36	13,500
Geothermal[9,10]	2024	50	4	2,772	1.00	2,772	1.17	137.50	8,946
Municipal solid waste—landfill gas	2023	36	3	1,566	1.00	1,566	6.23	20.20	8,513
Conventional hydropower[10]	2024	100	4	2,769	1.00	2,769	1.40	42.01	NA
Wind[5]	2023	200	3	1,846	1.00	1,846	0.00	26.47	NA
Wind offshore[9]	2024	400	4	4,362	1.25	5,453	0.00	110.56	NA
Solar thermal[9]	2023	115	3	7,116	1.00	7,116	0.00	85.82	NA
Solar photovoltaic (PV) with tracking[5,9,11]	2022	150	2	1,248	1.00	1,248	0.00	15.33	NA
Solar PV with storage[9,11]	2022	150	2	1,612	1.00	1,612	0.00	32.33	NA

[1] Represents the first year that a new unit could become operational.

[2] Base cost includes project contingency costs.

[3] The technological optimism factor is applied to the first four units of a new, unproven design; it reflects the demonstrated tendency to underestimate actual costs for a first-of-a-kind unit.

[4] Overnight capital cost includes contingency factors and excludes regional multipliers (except as noted for wind and solar PV) and learning effects. Interest charges are also excluded. The capital costs represent current costs for plants that would come online in 2021.

[5] Total overnight cost for ind and solar PV technologies in the table are the average input value across all 25 electricity market regions, as weighted by the respective capacity of that type installed during 2019 in each region to account for the substantial regional variation in wind and solar costs (as shown in Table 4). The input value used for onshore wind in AEO2021 was $1,268 per kilowatt (kW), and for solar PV with tracking it was $1,232/kW, which represents the cost of building a plant excluding regional factors. Region-specific factors contributing to the substantial regional variation in cost include differences in typical project size across regions, accessibility of resources, and variation in labor and other construction costs throughout the country.

[6] O&M = Operations and maintenance.

[7] The nuclear average heat rate is the weighted average tested heat rate for nuclear units as reported on the Form EIA-860, *Annual Electric Generator Report*. No heat rate is reported for battery storage because it is not a primary conversion technology; conversion losses are accounted for when the electricity is first generated; electricity-to-storage losses are accounted for through the additional demand for electricity required to meet load. For hydropower, wind, solar, and geothermal technologies, no heat rate is reported because the power is generated without fuel combustion and no set British thermal unit conversion factors exist. The model calculates the average heat rate for fossil-fuel generation in each year to report primary energy consumption displaced for these resources.

[8] Combustion turbine aeroderivative units can be built by the model before 2022, if necessary, to meet a region's reserve margin.

[9] Capital costs are shown before investment tax credits are applied.

[10] Because geothermal and hydropower cost and performance characteristics are specific for each site, the table entries show the cost of the least expensive plant that could be built in the Northwest region for hydro and Great Basin region for geothermal, where most of the proposed sites are located.

[11] Costs and capacities are expressed in terms of net AC (alternating current) power available to the grid for the installed capacity.

Sources: Input costs are primarily based on a report provided by external consultants: Sargent & Lundy, December 2019. Hydropower site costs for non-powered dams were most recently updated for AEO2018 using data from Oak Ridge National Lab

Table 2. Total overnight capital costs of new electricity generating technologies by region

2020 dollars per kilowatt

	1	2	3	4	5	6	7	8	9	10	11	12	13
Technology	**TRE**	**FRCC**	**MISW**	**MISC**	**MISE**	**MISS**	**ISNE**	**NYCW**	**NYUP**	**PJME**	**PJMW**	**PJMC**	**PJMD**
Ultra-supercritical coal (USC)	3,412	3,512	3,838	3,939	3,985	3,531	4,255	NA	4,159	4,293	3,662	4,614	3,952
USC with 30% CCS	4,308	4,422	4,774	4,903	4,942	4,450	5,272	NA	5,167	5,306	4,594	5,640	4,939
USC with 90% CCS	5,642	5,786	6,173	6,381	6,387	5,841	6,764	NA	6,590	6,775	5,956	7,214	6,331
CC—single shaft	977	997	1,112	1,122	1,151	1,006	1,298	1,722	1,301	1,300	1,078	1,302	1,241
CC—multi shaft	851	872	989	1,006	1,032	882	1,134	1,554	1,115	1,140	934	1,196	1,054
CC with 90% CCS	2,410	2,432	2,599	2,605	2,645	2,455	2,729	3,091	2,667	2,707	2,489	2,822	2,593
Internal combustion engine	1,705	1,743	1,862	1,936	1,915	1,766	1,984	2,487	1,909	1,985	1,778	2,164	1,847
CT—aeroderivative	1,034	1,056	1,223	1,226	1,263	1,077	1,315	1,684	1,269	1,308	1,122	1,437	1,190
CT—industrial frame	626	639	742	746	768	653	801	1,033	771	797	680	877	723
Fuel cells	6,589	6,691	6,997	7,299	7,160	6,804	7,428	8,745	7,126	7,364	6,784	7,851	6,993
Nuclear—light water reactor	5,981	6,110	6,450	7,036	6,786	6,309	7,177	NA	6,696	7,013	6,199	7,711	6,451
Nuclear—small modular reactor	6,338	6,486	7,066	7,369	7,366	6,567	7,608	NA	7,246	7,623	6,648	8,506	6,904
Dist. generation—base	1,408	1,437	1,603	1,618	1,659	1,450	1,871	2,482	1,876	1,874	1,554	1,877	1,788
Dist. Generation—peak	1,657	1,692	1,959	1,965	2,024	1,727	2,108	2,698	2,034	2,096	1,798	2,303	1,907
Battery storage	1,165	1,168	1,151	1,207	1,168	1,192	1,201	1,196	1,169	1,173	1,162	1,177	1,173
Biomass	3,784	3,887	4,208	4,348	4,358	3,919	4,842	6,572	4,857	4,942	4,156	4,951	4,736
Geothermal	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
MSW—landfill gas	1,476	1,508	1,606	1,673	1,652	1,530	1,713	2,133	1,647	1,711	1,538	1,861	1,596
Conventional hydropower	4,040	4,935	1,963	1,305	2,657	3,932	1,819	NA	3,722	3,866	3,370	NA	3,420
Wind	2,477	NA	1,395	1,268	1,518	1,268	1,680	NA	2,049	1,680	1,268	1,846	1,750
Wind offshore	5,325	6,390	6,304	NA	6,529	NA	6,360	5,486	6,652	6,097	4,985	7,219	5,679
Solar thermal	6,865	6,969	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Solar PV with tracking	1,214	1,191	1,232	1,278	1,264	1,202	1,276	1,501	1,264	1,301	1,229	1,341	1,226
Solar PV with storage	1,561	1,577	1,624	1,677	1,653	1,593	1,687	1,917	1,656	1,690	1,588	1,757	1,643

	14	15	16	17	18	19	20	21	22	23	24	25
Technology	**SRCA**	**SRSE**	**SRCE**	**SPPS**	**SPPC**	**SPPN**	**SRSG**	**CANO**	**CASO**	**NWPP**	**RMRG**	**BASN**
Ultra-supercritical coal (USC)	3,533	3,586	3,634	3,557	3,779	3,597	3,748	NA	NA	3,971	3,712	3,873
USC with 30% CCS	4,454	4,496	4,563	4,466	4,713	4,508	4,703	NA	NA	4,942	4,653	4,828
USC with 90% CCS	5,852	5,904	5,974	5,821	6,117	5,863	6,098	NA	NA	6,398	6,008	6,287
CC—single shaft	993	1,005	1,036	1,004	1,066	995	978	1,432	1,399	1,138	922	996
CC—multi shaft	872	883	915	882	947	874	842	1,259	1,225	987	793	889
CC with 90% CCS	2,424	2,437	2,492	2,428	2,509	2,391	2,212	2,774	2,743	2,559	2,080	2,336
Internal combustion engine	1,776	1,781	1,812	1,763	1,858	1,781	1,798	2,155	2,116	1,916	1,775	1,900
CT—aeroderivative	1,071	1,081	1,121	1,079	1,155	1,087	981	1,381	1,347	1,211	949	1,082
CT— industrial frame	649	655	680	654	701	658	594	844	822	737	575	657
Fuel cells	6,853	6,848	6,942	6,728	7,010	6,789	6,884	7,887	7,796	7,209	6,751	7,191
Nuclear—light water reactor	6,390	6,340	6,546	6,135	6,487	6,133	6,361	NA	NA	6,885	6,162	6,893
Nuclear—small modular reactor	6,600	6,651	6,802	6,584	6,993	6,640	6,728	NA	NA	7,285	6,656	7,235
Dist. Generation—base	1,432	1,449	1,493	1,448	1,536	1,434	1,409	2,064	2,017	1,641	1,328	1,436
Dist. Generation—peak	1,717	1,732	1,797	1,729	1,852	1,741	1,572	2,213	2,158	1,941	1,521	1,734
Battery storage	1,203	1,186	1,201	1,159	1,167	1,153	1,180	1,213	1,216	1,193	1,155	1,201
Biomass	3,934	3,963	4,016	3,937	4,183	4,020	4,305	5,515	5,390	4,451	4,265	4,265
Geothermal	NA	NA	NA	NA	NA	NA	2,825	2,802	2,269	2,742	NA	2,772
MSW—landfill gas	1,539	1,541	1,568	1,525	1,605	1,539	1,555	1,857	1,825	1,655	1,534	1,642
Conventional hydropower	1,904	4,130	2,135	4,086	1,722	1,619	3,282	3,473	3,344	2,769	3,306	3,613
Wind	1,512	1,713	1,268	1,395	1,395	1,395	1,395	2,799	2,418	1,848	1,395	1,395
Wind offshore	4,907	NA	NA	NA	NA	NA	NA	8,224	8,628	6,170	NA	NA
Solar thermal	NA	NA	NA	6,934	7,203	6,864	7,193	8,473	8,367	7,656	6,912	7,671
Solar PV with tracking	1,251	1,188	1,228	1,190	1,237	1,199	1,211	1,348	1,341	1,241	1,225	1,236
Solar PV with storage	1,604	1,588	1,607	1,577	1,628	1,594	1,602	1,756	1,751	1,656	1,595	1,653

NA = not available; plant type cannot be built in the region because of a lack of resources, sites, or specific state legislation.

USC = ultra-supercritical, CCS = carbon capture and sequestration, CC = combined cycle, CT = combustion turbine, PV = photovoltaic, MSW = municipal solid waste

Electricity Market Module region map

Source: U.S. Energy Information Administration, Office of Electricity, Coal, Nuclear and Renewables Analysis

Notes: Costs include contingency factors, regional cost, and ambient conditions multipliers. Interest charges are excluded. The costs are shown before investment tax credits are applied.

Control Number: 50448

Item Number: 74

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PROJECT NO. 50448

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2020 ELECTRIC UTILITIES FUEL COST AND USE INFORMATION PURSUANT TO SUBST. R. 25.82 AND 25.238	**§**	**PUBLIC UTILITY COMMISSION OF TEXAS**

EL PASO ELECTRIC COMPANY'S MONTHLY FUEL REPORT SEPTEMBER 2020

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Contact Information

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EL PASO ELECTRIC COMPANY
FUEL COST REPORT
FOR THE MONTH OF September 2020

Current System Fuel Factor 0 012273

TOTAL SYSTEM FUEL/PURCHASED POWER COSTS	ACCOUNT	RECONCILABLE	NON-RECONCILABLE	TOTAL
Fuel Cost	501	$ 6,496,102	$ -	$ 6,496,102
Nox Emmissions	509	9,375	3,912	13,287
Nuclear Fuel Cost	518	3,839,035	-	3,839,035
Other Fuel Cost	547	1,330,748	-	1,330,748
Purchased Power Cost	555	6,895,726	1,424,649	8,320,375
TOTAL SYSTEM COST		$ 18,570,986	$ 1,428,561	$ 19,999,547
Less Sales for Resale Revenue	447	14,785,337	462,266	15,247,603
NET SYSTEM COST		$ 3,785,649	$ 966,295	$ 4,751,944
Texas Retail Allocator		0 7957456045	0 7957456045	0 7957456045
		$ 3,012,414	$ 768,925	$ 3,781,339
Direct Assigned Texas Environmental Consumables	502	24,817	6,370	31,187
Recovery of Coal Reclamation Costs	501	55,044	-	55,044
TEXAS RETAIL FUEL/PURCHASED POWER COST		$ 3,092,275	$ 775,295	$ 3,867,570

TEXAS RETAIL FUEL FACTOR-RELATED REVENUES	ACCOUNT	REVENUES	MWH SALES
Residential	440	$ 3,879,088	314,180
Commercial & Industrial	442	3,424,635	279,835
Street & Highway	444	38,306	3,091
Public Authorities	445	1,347,302	110,848
TOTAL TEXAS RETAIL		$ 8,689,331	707,954

OVER/(UNDER)-RECOVERY OF COSTS	ACCOUNT	OVER (UNDER) RECOVERY	OVER (UNDER) INTEREST	OVER (UNDER) TOTAL
Interest Rate (%)			2 35%	
Beginning Cumulative Fuel Recovery Balance	182	$ (10,857,984)	$ 7,178	$ (10,850,806)
Fuel Over/(Under) Entry This Month	182	5,597,056	(21,024)	5,576,032
Fuel Surcharge/(Refund) Entry This Month Docket #50940	182	(6,064)	-	(6,064)
Ending Cumulative Fuel Recovery Balance		$ (5,266,992)	$ (13,846)	$ (5,280,838)

Note Amounts may not add or tie due to rounding

EL PASO ELECTRIC COMPANY
FUEL EFFICIENCY REPORT
FOR THE MONTH OF September 2020 Time Period 720 Hrs

	PLANT/SOURCE	NDC MW	MWH	MMBTU	COST	% CF	HR	$/MMBTU	$/MWH	% MIX
NUCLEAR	Palo Verde 1	211	149,871	1,544,994	$1,392,442	98 65%	10 309	$0 901	$9 291	19 46%
	Palo Verde 2	211	150,464	1,546,652	1,178,536	99 04%	10 279	$0 762	$7 833	19 54%
	Palo Verde 3	211	149,007	1,546,631	1,268,057	98 08%	10 380	$0 820	$8 510	19 35%
	Prior Period Adjustments					0 00%	0 000	$0 000	$0 000	0 00%
	TOTAL NUCLEAR	633	449,342	4,638,277	$3,839,035	98 59%	10 322	$0 828	$8 544	58 34%
GAS/OIL	Copper	64	(3)	0	3,655	-0 01%	0 000	$0 000	$0 000	0 00%
	Newman	752	314,024	3,081,237	5,381,443	58 00%	9 812	$1 747	$17 137	40 77%
	Rio Grande	276	91,722	1,090,661	1,309,605	46 16%	11 891	$1 201	$14 278	11 91%
	Montana	354	59,213	569,970	1,132,147	23 23%	9 626	$1 986	$19 120	7 69%
	Prior Period Adjustments				0	0 00%	0 000	$0 000	$0 000	0 00%
	TOTAL GAS/OIL	1,446	464,956	4,741,868	7,826,850	44 66%	10 199	$1 651	$16 834	60 37%
	TOTAL NET GENERATION	2,079	914,298	9,380,145	$11,665,885	61 08%	10 259	$1 244	$12 759	118 71%
PURCHASES	FIRM COGEN			N/A		N/A	N/A	N/A	$0 000	0 00%
	NON-FIRM COGEN			N/A		N/A	N/A	N/A	$0 000	0 00%
	Prior Period Adjustments			N/A		N/A	N/A	N/A	$0 000	0 00%
	TOTAL COGEN		0	N/A	$0	N/A	N/A	N/A	$0 000	0 00%
	OTHER FIRM			N/A		N/A	N/A	N/A	$0 000	0 00%
	OTHER NON-FIRM		(144,113)	N/A	(7,889,611)	N/A	N/A	N/A	$0 000	-18 71%
	Prior Period Adjustments			N/A	$0	N/A	N/A	N/A	$0 000	0 00%
	TOTAL OTHER		(144,113)	N/A	($7,889,611)	N/A	N/A	N/A	$0 000	-18 71%
	TOTAL PURCHASES		(144,113)	N/A	($7,889,611)	N/A	N/A	N/A	$0 000	-18 71%
	NET INTERCHANGE			N/A		N/A	N/A	N/A	$0 000	0 00%
	NET TRANSMISSION (WHEELING)			N/A		N/A	N/A	N/A	$0 000	0 00%
	SYSTEM TOTAL AT THE SOURCE		770,185	N/A	$3,776,275	N/A	N/A	N/A	$4 903	100 00%
DISPOSITION	Sales to Ultimate Consumer		893,434						$0 000	116 00%
OF ENERGY	Sales for Resale		5,401						$0 000	0 70%
	Energy Furnished Without Charge								$0 000	0 00%
	Energy used by Utility		956						$0 000	0 12%
	Electric Dept Only								$0 000	0 00%
	TOTAL @ THE METER		899,791		$0				$0 000	116 83%
	Total Energy Losses		(129,606)							-16 83%
	Percent Losses		-16 83%							
FUEL OIL	Copper	N/A	0	0	$0	N/A	0 000	$0 000	$0 000	0 00%
(Included in the	Newman	N/A	0	0	0	N/A	0 000	$0 000	$0 000	0 00%
above generation)	Rio Grande	N/A	0	0	0	N/A	0 000	$0 000	$0 000	0 00%
	Prior Period Adjustments	N/A	0	0	0	N/A	0 000	$0 000	$0 000	0 00%
	TOTAL FUEL OIL	N/A	0	0	$0	N/A	0 000	$0 000	$0 000	0 00%

EL PASO ELECTRIC COMPANY
FUEL PURCHASE REPORT
FOR THE MONTH OF September 2020

Supplier	Fuel Type	Purchase Type	Expiration Date	PLANT NAME	(A) MMBTU	(A) Cost	$/MMBTU
BP Energy Company	NG	Spot		Copper	0	0	$0 000
Conoco Phillips Co	NG	Spot		Copper	0	0	$0 000
Eco-Energy	NG	Spot		Copper	0	0	$0 000
Koch Energy Services	NG	Spot		Copper	0	0	$0 000
Morgan Stanley	NG	Spot		Copper	0	0	$0 000
Oneok	NG	Firm		Copper	0	0	$0 000
Sequent Energy Manageme	NG	Firm		Copper	0	0	$0 000
Sequent Energy Manageme	NG	Spot		Copper	0	0	$0 000
Texas Gas Service	NG	Spot		Copper	0	112	$0 000
Prior Period Adjustments	NG	N/A		Copper	0	0	$0 000
			Total Plant -->	Copper	0	$112	$0 000
AEP Energy Services	NG	Spot		Newman	0	0	$0 000
Apache Corporation	NG	Spot		Newman	34,734	55,629	$1 602
Aquila Energy	NG	Spot		Newman	0	0	$0 000
BNP Paribas Energy	NG	Spot		Newman	0	0	$0 000
BNP Paribas Energy	NG	Firm		Newman	0	0	$0 000
BP Energy Company	NG	Spot		Newman	334,585	469,103	$1 402
BP Energy Company	NG	Firm		Newman	0	0	$0 000
Burlington Res Trading	NG	Spot		Newman	0	0	$0 000
Castleton Commodities	NG	Spot		Newman	1,665	2,027	$1 218
Citigroup	NG	Spot		Newman	0	0	$0 000
Coastal Gas Marketing	NG	Spot		Newman	0	0	$0 000
Concord Energy LLC	NG	Spot		Newman	0	0	$0 000
Conoco Phillips Co	NG	Spot		Newman	180,431	117,972	$0 654
DB Energy	NG	Spot		Newman	0	0	$0 000
Duke Energy Trading & Marl	NG	Firm		Newman	0	0	$0 000
Duke Energy Trading & Marl	NG	Spot		Newman	0	0	$0 000
Eco-Energy	NG	Spot		Newman	885,320	611,531	$0 691
EDF Trading North America	NG	Spot		Newman	0	0	$0 000
Freepoint Commodities	NG	Spot		Newman	0	0	$0 000
Koch Energy Services	NG	Spot		Newman	407,687	442,805	$1 086
Merril Lynch	NG	Spot		Newman	0	0	$0 000
Mieco Inc	NG	Spot		Newman	19,701	28,763	$1 460
Morgan Stanley	NG	Firm		Newman	0	0	$0 000
Morgan Stanley	NG	Spot		Newman	974,676	1,403,154	$1 440
National Fuel Marketing	NG	Spot		Newman	0	0	$0 000
National Fuel Marketing	NG	Firm		Newman	0	0	$0 000
Noble Gas & Power	NG	Spot		Newman	0	0	$0 000
Oneok	NG	Spot		Newman	0	0	$0 000
Oneok	NG	Firm		Newman	0	0	$0 000
Pacific Summit Energy LLC	NG	Spot		Newman	0	0	$0 000
PanCanadian Energy Srvc	NG	Firm		Newman	0	0	$0 000
Sempra Energy Trading	NG	Spot		Newman	0	0	$0 000
Sequent Energy Manageme	NG	Spot		Newman	0	0	$0 000
Sequent Energy Manageme	NG	Firm		Newman	0	0	$0 000
Shell North America	NG	Spot		Newman	172,764	256,117	$1 482
Tristar Gas Marketing Co	NG	Firm		Newman	0	0	$0 000
TXU Portfolio Mgmt Co	NG	Spot		Newman	0	0	$0 000
UBS	NG	Spot		Newman	0	0	$0 000
United Energy Trading	NG	Spot		Newman	0	0	$0 000
Wells Fargo	NG	Spot		Newman	0	0	$0 000
Prior Period Adjustments	NG	N/A		Newman	0	0	$0 000
			Total Plant -->	Newman	3,011,562	$3,387,101	$1 125
AEP Energy Services	NG	Spot		Rio Grande	0	0	$0 000
Apache Corporation	NG	Spot		Rio Grande	0	0	$0 000
Apache Corporation	NG	Firm		Rio Grande	0	0	$0 000
Arizona Public Service Co	NG	Spot		Rio Grande	0	0	$0 000
BNP Paribas Energy	NG	Spot		Rio Grande	0	0	$0 000
BNP Paribas Energy	NG	Firm		Rio Grande	0	0	$0 000
BP Energy Company	NG	Spot		Rio Grande	0	0	$0 000
Burlington Res Trading	NG	Spot		Rio Grande	0	0	$0 000
Castleton Commodities	NG	Spot		Rio Grande	0	0	$0 000
Citigroup	NG	Spot		Rio Grande	0	0	$0 000
Concord	NG	Spot		Rio Grande	0	0	$0 000
Conoco Phillips Co	NG	Spot		Rio Grande	750,000	22,772	$0 030
DB Energy	NG	Spot		Rio Grande	0	0	$0 000
Duke Energy Trading & Marl	NG	Spot		Rio Grande	0	0	$0 000
Duke Energy Trading & Marl	NG	Firm		Rio Grande	0	0	$0 000
Eco-Energy	NG	Spot		Rio Grande	0	0	$0 000
EDF Trading North America	NG	Spot		Rio Grande	0	0	$0 000
EnCana Energy Services	NG	Spot		Rio Grande	0	0	$0 000
E-Prime, Inc Firm	NG	Firm		Rio Grande	0	0	$0 000
Freepoint Commodities	NG	Spot		Rio Grande	0	0	$0 000
Industrial Energy Applicatior	NG	Spot		Rio Grande	0	0	$0 000

EL PASO ELECTRIC COMPANY
FUEL PURCHASE REPORT
FOR THE MONTH OF September 2020

Supplier	Fuel Type	Purchase Type	Expiration Date	PLANT NAME	(A) MMBTU	(A) Cost	$/MMBTU
K N Marketing, L P	NG	Firm		Rio Grande	0	0	$0 000
Kimball Energy Corp	NG	Spot		Rio Grande	0	0	$0 000
Koch Energy Services	NG	Spot		Rio Grande	0	0	$0 000
Merril Lynch	NG	Spot		Rio Grande	0	0	$0 000
Mieco Inc	NG	Spot		Rio Grande	0	0	$0 000
Morgan Stanley	NG	Spot		Rio Grande	0	0	$0 000
National Fuel Marketing	NG	Spot		Rio Grande	0	0	$0 000
Noble Gas & Power	NG	Spot		Rio Grande	0	0	$0 000
Oneok Energy Services	NG	Spot		Rio Grande	0	0	$0 000
Oneok Energy Services	NG	Firm		Rio Grande	0	0	$0 000
Pacific Summit Energy LLC	NG	Spot		Rio Grande	0	0	$0 000
PNM Energy Marketing	NG	Firm		Rio Grande	0	0	$0 000
Sempra Energy Trading	NG	Spot		Rio Grande	0	0	$0 000
Sequent Energy Manageme	NG	Spot		Rio Grande	0	0	$0 000
Shell North America	NG	Spot		Rio Grande	0	0	$0 000
UBS	NG	Spot		Rio Grande	0	0	$0 000
United Energy Trading	NG	Spot		Rio Grande	300,000	723,786	$2 413
Wells Fargo	NG	Spot		Rio Grande	0	0	$0 000
Prior Period Adjustments	NG	Spot		Rio Grande	0	0	$0 000
			Total Plant -->	Rio Grande	1,050,000	$746,558	$0 711
Apache Corporation	NG	Spot		Montana	7,974	12,770	$1 602
BP Energy Company	NG	Spot		Montana	76,807	107,687	$1 402
Castleton Commodities	NG	Spot		Montana	382	465	$1 218
Citigroup	NG	Spot		Montana	0	0	$0 000
Concord Energy	NG	Spot		Montana	0	0	$0 000
Conoco Phillips Co	NG	Spot		Montana	41,419	27,081	$0 654
Eco-Energy	NG	Spot		Montana	308,758	316,608	$1 025
EDF Trading North America	NG	Spot		Montana	0	0	$0 000
Freepoint Commodities	NG	Spot		Montana	0	0	$0 000
Koch Energy Services	NG	Spot		Montana	93,588	101,650	$1 086
Merrill Lynch	NG	Spot		Montana	0	0	$0 000
Mieco Inc	NG	Spot		Montana	4,522	6,603	$1 460
Morgan Stanley	NG	Spot		Montana	223,745	322,106	$1 440
Noble Gas & Power	NG	Spot		Montana	0	0	$0 000
Pacific Summit Energy LLC	NG	Spot		Montana	0	0	$0 000
Sequent Energy Manageme	NG	Spot		Montana	0	0	$0 000
Shell North America	NG	Spot		Montana	39,659	58,794	$1 482
United Energy Trading	NG	Spot		Montana	0	0	$0 000
Wells Fargo	NG	Spot		Montana	0	0	$0 000
Prior Period Adjustments	NG	Spot		Montana	0	0	$0 000
			Total Plant -->	Montana	796,855	$953,764	$1 197
Sequent Energy Manageme	NG	Transport		Copper	N/A	0	
Oneok	NG	Transport		Copper	N/A	0	
Franchise Fees	NG			Copper	N/A	0	
Storage Fees	NG			Copper	N/A	0	
El Paso Natural Gas	NG	Transport		Newman	N/A	1,358,855	
Sequent Energy Manageme	NG	Transport		Newman	N/A	0	
Oneok	NG	Transport		Newman	N/A	253,898	
Franchise Fees	NG			Newman	N/A	25,894	
Storage Fees	NG			Newman	N/A	77,615	
El Paso Natural Gas	NG	Transport		Rio Grande	N/A	523,123	
Storage Fees	NG			Rio Grande	N/A	24,753	
El Paso Natural Gas	NG	Transport		Montana	N/A	311,937	
Oneok	NG	Transport		Montana	N/A	153,946	
Franchise Fees	NG			Montana	N/A	15,700	
Storage Fees	NG			Montana	N/A	31,890	
Prior Period Adjustments	NG	N/A			N/A	0	
Total Transportation, Franchise Fees, and Storage Charges					N/A	$2,777,611	
			TOTAL NATURAL GAS		4,858,417	$ 7,865,145	$1 619

Notes
(A) Represents MMBTU and dollars from invoices for fuel delivered in the reporting month

EL PASO ELECTRIC COMPANY
MONTHLY PEAK DEMAND AND SALES REPORT
FOR THE MONTH OF September 2020

TOTAL SYSTEM DATA

SYSTEM PEAK (MW) 1,864 NATIVE PEAK 1,870

	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	ALL OTHER RETAIL	WHOLESALE	MONTHLY SYSTEM TOTALS	NET SALES OFF-SYSTEM
SALES (MWH) (1)	403,657	246,408	93,250	150,119	5,401	898,835	144,113
REVENUES ($)(2)	48,725,239	26,929,956	5,201,408	13,158,019	343,537	94,358,159	7,889,611
No BILLS	389,845	43,385	48	6,719	1	439,998	26

TEXAS SYSTEM ONLY DATA

SYSTEM PEAK (MW) N / A

	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	ALL OTHER RETAIL	WHOLESALE	MONTHLY SYSTEM TOTALS	NET SALES OFF-SYSTEM
SALES (MWH) (1)	314,180	193,386	86,449	113,940	5,401	713,356	N/A
REVENUES ($)(2)	39,500,314	21,845,963	4,680,460	10,356,575	343,537	76,726,849	N/A
No BILLS	299,396	32,676	39	5,181	1	337,293	N/A

NOTES (1) All Sales (Mwh) amounts shown exclude unbilled and prior period adjustment Mwh sales for the month
(2) All revenue amounts shown exclude unbilled, deferred fuel, surcharge and rider revenues, and prior period adjustment fuel revenues for the month

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

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

ATTACHMENT D

DECLARATION OF MR. NORMAN J. GORDON

REGARDING RATE CASE EXPENSES

SOAH NO. 473-21-2427

PUC DOCKET NO. 52081

APPLICATION OF EL PASO ELECTRIC COMPANY TO REVISE ITS ENERGY EFFICENCY COST RECOVERY FACTOR AND ESTABLISH A REVISED COST CAP	**§**	**BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS**

DECLARATION OF NORMAN J. GORDON

THE STATE OF OHIO)
)
COUNTY OF CUYAHOGA)

BEFORE ME, the undersigned authority, on this day personally appeared NORMAN J. GORDON, known to me to be the person whose name is subscribed hereto, and being by me duly sworn, upon his oath, stated as follows:

1. My name is Norman J. Gordon. My business address is PO Box 8, El Paso, Texas, 79940. I am over eighteen years of age and I am not disqualified from making this Declaration. I declare under penalty of perjury that the information in this declaration provided under Chapter 132 Texas Civil Practice and Remedies Code is true and correct.

2. I am an attorney licensed in the States of Texas and Illinois, and numerous federal courts. I received my undergraduate degree and law degree from University of Illinois at Urbana-Champaign. I have been in private practice of law in El Paso since completing my military obligation with the Judge Advocate General's Corps of the United States Army in 1974. I am board certified in Civil Trial Law by the Texas Board of Legal Specialization and have been so certified since 1983. One of the areas of my practice is in the area of utility regulation. Since 1978, I have been lead counsel for parties in many major rate cases, rule making proceedings, and other administrative dockets before City Councils, the Railroad Commission of Texas, the Public Utility Commission of Texas, State District Courts, United States Bankruptcy Court, and Texas Appellate Courts, including the Supreme Court of Texas. I have filed testimony on rate case expense issues in cases before Railroad Commission of Texas. I have filed testimony and testified as an expert witness on rate case expenses in cases before the Public Utility Commission of Texas. I have also taught principles of regulation to members of the Public Utility Regulation Board of the City of El Paso, an advisory board on utility matters.

3. I became a sole practitioner in February 2019. Prior to February 2019, I was a shareholder in the El Paso firm of Mounce, Green Myers, Safi, Paxson & Galatzan, A

Professional Corporation, from October 2003 until February 2019. Prior to that time my private practice was with the El Paso law firm of Diamond Rash Gordon & Jackson, P.C., for 29 years where I was a shareholder.

4. The City of El Paso ("City") engaged me to act as outside counsel for it in EPEC's prior EECRF case, PUC Docket 50806 SOAH No. 473-20-3633

5. In connection with the case, I billed a total of $6,965.00 in fees. There were no expenses. The description of services is provided in the attached invoices, by day, attorney and services performed. The invoice and support are attached to this Affidavit as Attachment "A" and incorporated herein. There were no charges for first class travel or hotel expense. There is no markup on the expenses.

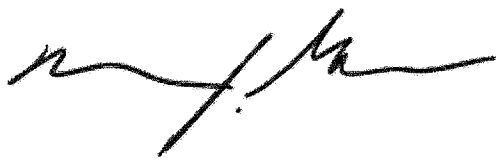
7. The total of fees and expenses is $6,965.00.

8. I am familiar with the hourly rates charged by others in Texas with similar or less experience for similar work, through the cases in which I have acted as counsel and through the cases in which I have filed testimony. The hourly rates charged by me of $350.00 was reasonable.

9. All of the work done by me was necessary and reasonable with respect to both time and amount considering the nature, extent, and difficulty of the work, the originality of the issues presented including the nature of the issues raised and addressed by the City in this proceeding, and the amount of time spent by and charges by others for work of a similar nature in this and other proceedings. The expenses incurred were all reasonable and necessary for the presentation and prosecution of the City's case.

Further Declarant Says Not.

Dated July 15, 2021



Norman J. Gordon

ATTACHMENT A TO DECLARATION OF NORMAN J. GORDON

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 SECOND REQUEST FOR INFORMATION
QUESTION NOS. CEP 2-1 THROUGH CEP 2-10

CEP 2-1:

Refer to the Rebuttal testimony of Crystal A. Enoch at Page 3-4, Please identify whether the kit container, or the items in the kit bear the name of and/or a logo of El Paso Electric Company.

RESPONSE:

The El Paso Electric Company name and logo are on the kit container. Some kit items may include the El Paso Electric Company name and/or logo.

Preparer: Desmond Machuca Title: Senior Energy Efficiency Analyst

Sponsor: Crystal A. Enoch Title: Principal Energy Efficiency Program Analyst

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

APPLICATION OF EL PASO	§	PUBLIC UTILITY COMMISSION
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RECOVERY FACTOR AND	§	
ESTABLISH REVISED COST CAP	§	

EL PASO ELECTRIC COMPANY'S RESPONSE TO
CITY OF EL PASO'S SECOND REQUEST FOR INFORMATION
QUESTION NOS. CEP 2-1 THROUGH CEP 2-10

CEP 2-3:

Refer to the Rebuttal testimony of Crystal A. Enoch at page 3-4, Please provide a list of the contents of the kit other than the advanced power strip, the WiFi connected KED Light Bulb and A-19 light bulb.

RESPONSE:

Other than the advanced power strip, the WiFi connected KED Light Bulb and the A-19 light bulb, the kit contains the installation instructions, a student's interactive notebook, a teacher book, a parent pledge form, and a teacher evaluation form.

Preparer: Desmond Machuca Title: Senior Energy Efficiency Analyst

Sponsor: Crystal A. Enoch Title: Principal Energy Efficiency Program Analyst

SOAH DOCKET NO. 473-21-2427
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APPLICATION OF EL PASO	§	PUBLIC UTILITY COMMISSION
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ITS ENERGY EFFICIENCY COST	§	OF TEXAS
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EL PASO ELECTRIC COMPANY'S RESPONSE TO
CITY OF EL PASO'S SECOND REQUEST FOR INFORMATION
QUESTION NOS. CEP 2-1 THROUGH CEP 2-10

CEP 2-8:

Refer to the Rebuttal testimony of Crystal A. Enoch at page 4. Please identify each year in which the bonus was reduced due to EPE using the ERCOT avoided cost?

RESPONSE:

The referenced statement in the question (rebuttal testimony of witness Enoch at page 4, lines 28 to 30), "the increase in the posted avoided costs will increase the bonus for all of the Texas utilities this year for the same level of performance, just as a lower avoided cost in the past has reduced the bonus for the same level of performance," is an observation of the affects the avoided cost has on the size of a utility's performance bonus. As the ERCOT avoided cost fluctuates, the amount of the incentive bonus fluctuates. The statement in the testimony was made in response to Mr. Nalepa's statement that the use of the posted 2020 ERCOT avoided cost of energy would lead to a financial windfall with no increase in performance. The results are not properly characterized as either a windfall or a shortfall if the result is either an increased or decreased bonus.

EPE's bonus, for the same level of performance it achieved in 2020, would have been less using ERCOT avoided costs for each of the performance years 2014 to 2019 (the years for which the Staff has posted the avoided cost of energy). Similarly, for example, for performance year 2016, the posted avoided cost for energy was $0.05088/kWh, while for 2017, the posted avoided cost of energy went down to $0.03989/kWh. So, if EPE had the same level of performance, meaning the same amount of kWh in excess of the goal, in 2016 and 2017, EPE would have received a reduced bonus for 2017 from what it would have received for 2016 because of the reduced avoided cost of energy for ERCOT.

EPE has not calculated for any year what its bonus would have been had it sought an exception to use an avoided cost of energy other than the commission filed ERCOT avoided costs.

Preparer: Crystal A. Enoch Title: Principal Energy Efficiency Program Analyst

Sponsor: Crystal A. Enoch Title: Principal Energy Efficiency Program Analyst

SOAH DOCKET NO. 473-21-2427
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APPLICATION OF EL PASO	§	PUBLIC UTILITY COMMISSION
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EL PASO ELECTRIC COMPANY'S RESPONSE TO
CITY OF EL PASO'S SECOND REQUEST FOR INFORMATION
QUESTION NOS. CEP 2-1 THROUGH CEP 2-10

CEP 2-9:

Refer to the Rebuttal testimony of Crystal A. Enoch at page 4-4 Please provide the basis including the calculations for the statement that EPE is not receiving a more generous bonus than other Texas Utilities for its level of performance.

RESPONSE:

A calculation was not performed, nor necessary, for purposes of the cited statement. It is simply an observation that under the Commission's Energy Efficiency Rule, 16 Tex. Admin. Code §25.182(e), the performance bonus is calculated using a specific formula, and EPE used the same avoided cost for determining benefits as every other utility subject to that rule.

Preparer: Crystal A. Enoch Title: Principal Energy Efficiency Program Analyst

Sponsor: Crystal A. Enoch Title: Principal Energy Efficiency Program Analyst

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EL PASO ELECTRIC COMPANY'S RESPONSE TO
CITY OF EL PASO'S SECOND REQUEST FOR INFORMATION
QUESTION NOS. CEP 2-1 THROUGH CEP 2-10

CEP 2-10:

Refer to the Rebuttal testimony of Crystal A. Enoch at page 5-6, Please identify the mechanism by which any party can challenge EPE's decision to utilize the ERCOT avoided cost.

RESPONSE:

El Paso Electric Company's ("EPE") is unaware of a mechanism by which any party can challenge EPE's decision to utilize the ERCOT avoided cost. EPE is authorized to use the ERCOT-calculated avoided cost of energy under 16 TAC § 25.181(d)(3)(A). A party can challenge the Staff's posted avoided cost of energy calculated by ERCOT as permitted by 16 TAC § 25.181(d)(3)(A).

Preparer: Crystal A. Enoch Title: Principal Energy Efficiency Program Analyst

Sponsor: Crystal A. Enoch Title: Principal Energy Efficiency Program Analyst