



Filing Receipt

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SOAH DOCKET NO. 473-21-2606
PUC DOCKET NO. 52195

APPLICATION OF EL PASO	§	BEFORE THE STATE OFFICE
ELECTRIC COMPANY TO CHANGE	§	
RATES	§	OF
	§	
	§	ADMINISTRATIVE HEARINGS

**COMMISSION STAFF’S SIXTH REQUEST FOR INFORMATION TO
EL PASO ELECTRIC COMPANY
QUESTION NOS. STAFF 6-1 THROUGH 6-24**

Pursuant to 16 Texas Administrative Code (TAC) § 22.144 of the Commission’s Procedural Rules, the Staff of the Public Utility Commission of Texas (Staff) requests that El Paso Electric Company (EPE) by and through its attorney of record, provide the following information and answer the following question(s) under oath. The question(s) shall be answered in sufficient detail to fully present all of the relevant facts, within the time limit provided by the Presiding Officer or within 20 days, if the Presiding Officer has not provided a time limit. Please copy the question immediately above the answer to each question. These question(s) are continuing in nature, and if there is a relevant change in circumstances, submit an amended answer, under oath, as a supplement to your original answer. State the name of the witness in this cause who will sponsor the answer to the question and can vouch for the truth of the answer.

Provide responses to the Requests for Information by filing with the Commission solely through the Interchange on the Commission's website and provide notice, by email, to all other parties that the pleading or document has been filed with the Commission, unless otherwise ordered by the presiding officer pursuant to the Order Suspending Rules in Docket No. 50664.

Dated: August 17, 2021

Respectfully submitted,
**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Rachelle Nicolette Robles
Division Director

Rashmin J. Asher
Managing Attorney

/s/ Rashmin J. Asher for Robert Dakota Parish

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CERTIFICATE OF SERVICE

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record on August 17, 2021 in accordance with the Order Suspending Rules filed in Project No. 50664.

/s/ Rashmin J. Asher for Robert Dakota Parish
Robert Dakota Parish

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DEFINITIONS

- 1) "EPE," "Company," or "you" refers to El Paso Electric Company and any person acting or purporting to act on their behalf, including without limitation, attorneys, agents, advisors, investigators, representatives, employees or other persons.

- 2) "Document" includes any written, recorded, or graphic matter, however produced or reproduced, including but not limited to correspondence, telegrams, contracts, agreements, notes in any form, memoranda, diaries, voice recording tapes, microfilms, pictures, computer media, work papers, calendars, minutes of meetings or other writings or graphic matter, including copies containing marginal notes or variations of any of the foregoing, now or previously in your possession. In the event any documents requested by this Request for Information have been transferred beyond the Company's control, describe the circumstances under which the document was destroyed or transferred and provide an exact citation to the subject document. In the event that documents containing the exact information do not exist, but documents do exist which contain portions of the required information or which contain substantially similar information, then the definition of "documents" shall include the documents which do exist and these documents will be provided.

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INSTRUCTIONS

- 1) Pursuant to 16 TAC § 22.144(c)(2), Staff requests that answers to the requests for information be made under oath.
- 2) Please copy the question immediately above the answer to each question. State the name of the witness in this cause who will sponsor the answer to the question and can vouch for the truth of the answer.
- 3) These questions are continuing in nature, and if there is a relevant change in circumstances, submit an amended answer, under oath, as a supplement to your original answer.
- 4) Words used in the plural shall also be taken to mean and include the singular. Words used in the singular shall also be taken to mean and include the plural.
- 5) The present tense shall be construed to include the past tense, and the past tense shall be construed to include the present tense.
- 6) If any document is withheld under any claim of privilege, please furnish a list identifying each document for which a privilege is claimed, together with the following information: date, sender, recipients or copies, subject matter of the document, and the basis upon which such privilege is claimed.
- 7) Pursuant to 16 TAC § 22.144(h)(4), if the response to any request is voluminous, please provide a detailed index of the voluminous material.
- 8) Staff requests that each item of information be made available as it is completed, rather than upon completion of all information requested.

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**COMMISSION STAFF'S SIXTH REQUEST FOR INFORMATION TO
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QUESTION NOS. STAFF 6-1 THROUGH 6-24**

Rate Case Expenses

Please provide the following information regarding all requested rate case expenses for El Paso Electric Company (EPE) through July 31, 2021. If provided previously, please provide a cross-reference identifying the specific RFI response or other Commission filing that contains this information. Please update each of the requested schedules monthly for additional rate case expenses incurred.

Staff 6-1 Please provide for EPE:

- a) a summary schedule of total rate case expenses by vendor within each discipline (legal, engineering, accounting, etc.) with subtotals for each month: estimated expenses, expenses incurred and paid to date, expenses incurred and not paid to date, remaining estimated expenditures, and specific areas of work by vendor;
- b) an explanation of the basis for any estimated rate case expenses requested and when the estimated expenses are expected to be incurred; and,
- c) assurance that the total amounts provided in response to item (a) equal your total requested rate case expenses.

Staff 6-2 Please provide a detailed schedule of, and justification for, each individual whose hourly billing rate is \$500 an hour or greater. The schedule should include the vendor name, individual's name, individual's title, number of hours billed, and specific work areas. Please attach applicable invoices and receipts.

Staff 6-3 Please provide an affidavit signed by each consultant stating that the rate charged is the normal hourly billing rate charged by the consultant, is comparable to the hourly rate charged by other consultants for similar services provided to other Texas utilities, and is the normal hourly billing rate charged by the consultant for services to non-regulated entities.

Staff 6-4 Please provide a detailed schedule of, and justification for, any charges included in requested rate case expenses which result from a single person billing in excess of 12 hours per day.

- Staff 6-5** Please provide a detailed schedule of, and justification for, any charges included in requested rate case expenses which result from a hotel or lodging rate in excess of \$100 per night. Please attach applicable invoices and receipts.
- Staff 6-6** Please provide a schedule of, and justification for, any charges included in requested rate case expenses which result from the use of non-commercial aircraft. Also, please provide a detailed narrative comparing the total cost per person flying on non-commercial aircraft to the cost per person for commercial airfare (based on the same travel date and itinerary). Please attach applicable invoices and receipts.
- Staff 6-7** Please provide a schedule of, and justification for, any charges included in requested rate case expenses which result from first class air travel. Please attach applicable invoices and receipts.
- Staff 6-8** Please provide a schedule of, and justification for, any charges included in requested rate case expense which result from luxury items, such as limousine services, sporting events, alcoholic drinks, hotel movies, or other entertainment. Please attach applicable invoices and receipts.
- Staff 6-9** Please provide a schedule of, and justification for, any charges included in requested rate case expenses resulting from meals which cost in excess of \$25 per person per meal. Please attach applicable invoices and receipts.
- Staff 6-10** Please describe in detail your selection procedure for consultants. For each category of consultant (legal, accounting, engineering, etc.), state whether your selection procedures include provisions for:
- a) review of the prior work products of each consultant;
 - b) determination that the rate does not exceed the normal hourly billing rate charged by the vendor to other clients;
 - c) an analysis of the rates charged by comparable consultants for similar services provided to other Texas utilities; and,
 - d) competitive bidding for each contract--If competitive bidding is used, please describe the factors considered in evaluation and acceptance of bids.
- Staff 6-11** Prior to submission of rate case expenses to the Commission, has the Company performed a detailed review of all rate case expenses (including internal expenses, as well as outside consultants' expenses) to:
- a) determine that invoice terms and amounts are in agreement with contract specifications?
 - b) determine that contract limits have not been exceeded?
 - c) determine that adequate supporting documentation was provided for each charge for professional or secretarial services, travel expenses, and

miscellaneous expenses (consistent with documentation requirements specified above)?

- d) verify the mathematical accuracy of each invoice?
- e) determine that the calculation of the charges is correct?
- f) determine that the individual charges and rates are reasonable?
- g) determine that the amount of each service (e.g., number of hours billed) is reasonable?
- h) determine that there is no double-billing of charges?
- i) determine that each invoice was approved for payment by an appropriate person before payment was actually made?

For each item listed above, please describe in detail the procedures for making such a determination.

Staff 6-12 Prior to submission of rate case expenses to the Commission, was a detailed review of all rate case expenses (including internal expenses, as well as outside consultants' expenses) performed to:

- a) determine that none of the charges included in requested rate case expenses have been included in other cost of service amounts included in the Rate Filing Package?
- b) determine that none of the charges included in requested rate case expenses should have been directly assigned to other jurisdictions?
- c) determine that any allocation of charges between jurisdictions is reasonable?
- d) determine that none of the charges included in requested rate case expenses have been recovered through reimbursement for other expenses?

For each item listed above, please describe in detail the procedures for making such a determination.

Staff 6-13 For each category of rate case expenses specified in the Summary of Rate Case Expense Schedule, please provide a schedule of all exceptions noted upon review of the rate case expenses. The schedule should be presented in the following format:

Vendor ID.	Invoice No.	Explanation of Exception	How Exception Was Cleared
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Staff 6-14 Are payments to outside consultants delayed or invoices rejected if adequate supporting documentation is not provided? Please explain.

Staff 6-15 Is any amount or retainer withheld from payments to outside consultants? If yes, please provide details. Please explain.

- Staff 6-16** Have any outside parties (e.g., independent auditors) or internal auditors performed a review of the requested rate case expenses? If so, please describe the review performed and provide copies of the working papers prepared during this review.
- Staff 6-17** Do you have the contractual right to perform audits of consultant's expenses? If you do have this right, have you audited any consultants currently included in rate case expenses? If so, please identify the consultants audited, the procedures performed and the results of the audit.
- Staff 6-18** Do you have any procedures for evaluating total costs for rate case expenses (actual vs. budgeted costs)? If so, please describe these procedures.
- Staff 6-19** For all requested rate case expenses, please provide details of any instances in which more than one law firm or other consultant was engaged to provide similar services for the same aspect of the rate case. Please provide evidence that such charges did not result from a duplication of services.
- Staff 6-20** Please list individually by entity, person, and amount any salaries, wages, employee benefits, or other payroll-related items which are included in requested rate case expenses.
- Staff 6-21** Has the Company excluded all expenses which are included in another component of requested cost of service for this Docket (such as payroll or lease expense) from its requested rate case expenses? If not, please provide a schedule listing the expenses and a detailed explanation.
- Staff 6-22** Are any charges included in requested rate case expenses for legal or other services provided by your employees? If yes, provide a schedule by employee showing the total amount included in rate case expenses, and a detailed description of how the amount was determined (e.g., based on actual salary, based on comparable outside consultants' billing rates, etc.). Provide justification for any charges in excess of your actual costs.
- Staff 6-23** Are any Company or consultant internal overhead charges included in requested rate case expenses? If yes, provide a schedule by type of overhead expense showing the total amount included in rate case expenses, and a detailed description of how the amount was determined (e.g., based on actual costs, based on market prices, etc.). Provide justification for any charges in excess of your actual costs.
- Staff 6-24** Please identify and list any charges included in the requested rate case expenses which are contingent upon a certain outcome. For example, any payments, bonuses or incentives based on a specific event or result would be included in this schedule. Conversely, any reimbursements the Company will receive due to a negative outcome would also be included.