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

EL PASO ELECTRIC COMPANY'S RESPONSE TO THE UNIVERSITY OF TEXAS AT EL PASO'S SECOND REQUEST FOR INFORMATION QUESTION NOS. UTEP 2-1 THROUGH UTEP 2-9

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UTEP 2-1:

Please provide the following information for University of Texas at El Paso ("UTEP") accounts by class for the test year:

a. Total number of customers;
b. Total energy usage;
c. Total demand usage;
d. Total base rate revenues;
e. Total fuel revenues;
f. Total revenues;
g. Average load factor; and
h. Average Power factor.

RESPONSE:

Please see UTEP 2-1, Attachment 1 – HSPM.

Preparer: Manuel Carrasco Title: Manager – Rate Research

Sponsor: Manuel Carrasco Title: Manager – Rate Research

PUBLIC

UTEP 2-1 Attachment 1 is a CONFIDENTIAL and/or HIGHLY SENSITIVE PROTECTED MATERIALS attachment.

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UTEP 2-2:

Please perform a detailed bill impact analysis for UTEP accounts, taking service under the Large Power Service and comparing the rates these accounts are currently paying to the proposed rates.

RESPONSE:

Please see UTEP 2-2, Attachments 1 and 2– Highly Sensitive Protected Materials.

Preparer: Elizabeth Moreno Title: Staff Rate Analyst – Rates and Regulatory

Sponsor: Manuel Carrasco Title: Manager – Rate Research

PUBLIC

UTEP 2-2 Attachments 1 and 2 are CONFIDENTIAL and/or HIGHLY SENSITIVE PROTECTED MATERIALS attachments.

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UTEP 2-3:

Please refer to page 6 of 11 of Exhibit MC-6 of Mr. Manuel Carrasco's direct testimony and explain the reasons why the summer on-peak energy charge for Large Power Service at transmission voltage level increases by about 44%, while those for Large Power Service at secondary voltage level and at primary voltage level experience a 0.12% decrease and a 5% increase, respectively.

RESPONSE:

Load factors are used in the calculation of on-peak energy charges. In the rate design for this filing, El Paso Electric Company ("EPE") took a more equitable approach in determining the on-peak energy price adder by using load factors by voltage levels within the rate class, as compared to the rate design in EPE's prior rate case rate design, which used the overall rate class load factor.

Please refer to Page 42 of 76 of WP/Q-7. EPE's load data for the single customer billed for transmission voltage under Large Power Service shows a significantly lower load factor at 67.14%, as compared to the average load factors of customers billed for secondary and primary voltages, 92.23% and 89.89%, respectively.

The overall rate class load factor in EPE's prior rate case used in the Large Power Service rate design was 92.59%. Compared to load factors used in this rate case, particularly for the transmission voltage service, shows how load factor played a significant role in the 44% increase in the summer on-peak energy charge for Large Power Service at transmission voltage level.

Preparer: Manuel Carrasco Title: Manager – Rate Research

Sponsor: Manuel Carrasco Title: Manager – Rate Research

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UTEP 2-4:

Please refer to page 6 of 11 of Exhibit MC-6 of Mr. Manuel Carrasco's direct testimony and answer the following questions:

a. Explain in detail how the Summer on-peak energy charge and the Summer off-peak energy charge for Large Power Service at transmission voltage level were determined.
b. Explain in detail how the Summer on-peak energy charge and the Summer off-peak energy charge for Large Power Service at primary voltage level were determined.
c. Explain in detail how the Summer on-peak energy charge and the Summer off-peak energy charge for Large Power Service at second voltage level were determined.

RESPONSE:

Please refer to El Paso Electric Company's response to UTEP 2-3, which describes how the on-peak energy price adders were determined. The off-peak energy charge is the "catch-all" price category that includes any cost not recovered by the customer, demand, and on-peak energy price adder components.

Preparer: Manuel Carrasco Title: Manager – Rate Research

Sponsor: Manuel Carrasco Title: Manager – Rate Research

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UTEP 2-5:

Please refer to page 6 of 11 of Exhibit MC-6 of Mr. Manuel Carrasco's direct testimony and answer the following questions:

a. Explain in detail how the Summer demand charge and the non-Summer demand charge for Large Power Service at transmission voltage level were determined.
b. Explain in detail how the Summer demand charge and the non-Summer demand charge for Large Power Service at primary voltage level were determined.
c. Explain in detail how the Summer demand charge and the non-Summer demand charge for Large Power Service at second voltage level were determined.

RESPONSE:

a. Please see Page 43 of 76 of WP/Q-7, El Paso Electric's ("EPE") rate design workpaper filed in this rate case. A higher demand charge during the summer months provides customers a more accurate price signal that recognizes the cost of the higher loads experienced during summer months. The Large Power Service rate design includes a $4.62 per kilowatt ("kW") differential between both seasons to account for this higher cost in the summer. The $4.62 per kW per month is 25% of EPE's on-peak recovery of its incremental capacity cost. To arrive at the Summer demand charge, the $4.62 per kW is added to the cap-adjusted demand-related component unit cost for each voltage level, after those unit costs have been adjusted for the cost recovery through the $4.62 per kW.

   The non-Summer demand charge is determined by subtracting the cost recovery brought about by the $4.62 per kW, described in the paragraph above, from the cap-adjusted demand-related component unit costs.

b. Please see EPE's response to UTEP 2-5 a. A similar approach is applied to determine the seasonal demand charges for Large Power Service at primary voltage level.

c. Please see EPE's response to UTEP 2-5 a. A similar approach is applied to determine the seasonal demand charges for Large Power Service at secondary voltage level.

Preparer: Manuel Carrasco Title: Manager – Rate Research

Sponsor: Manuel Carrasco Title: Manager – Rate Research

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UTEP 2-6:

Please refer to lines 27 and 28 on page 27 of Mr. Manuel Carrasco's direct testimony and answer the following questions:

a. What is the percentage of EPE's incremental capacity cost that EPE uses to develop the TOD on-peak period energy price adder for the Large Power Service at transmission voltage? Explain in detail how the percentage was determined.
b. What is the percentage of EPE's incremental capacity cost that EPE uses to develop the TOD on-peak period energy price adder for the Large Power Service at primary voltage? Explain in detail how the percentage was determined.
c. What is the percentage of EPE's incremental capacity cost that EPE uses to develop the TOD on-peak period energy price adder for the Large Power Service at secondary voltage? Explain explain in detail how the percentage was determined.

RESPONSE:

a. Please refer to page 42 of 76 in WP/Q-7.[1] The percentage of El Paso Electric Company's ("EPE") incremental capacity cost that was used to develop the Large Power Service TOD on-peak period energy price adder for all voltage levels is 65%.

As explained in the Direct Testimony of EPE witness Manuel Carrasco, the percentage of EPE's incremental capacity cost by class that the TOD on peak period energy price adders are based on are a part of EPE's tools in its rate design process. If the percentages are set too high, rate shock is introduced and, if the percentages are set too low, the intended effect of the on-peak period charges will be insufficient. The 65% for Large Power Service is consistent with what was used in EPE's rate design of the on-peak energy price adders in its prior rate case filings. Originally, to determine the Large Power

[1] WP/Q-7 is El Paso Electric's rate design workpaper filed in this proceeding and filed as WP Q-7(a) in native file form.

Service on-peak period energy price adder was set at 60% of EPE's avoided cost.[2] That percentage increased to 65% of avoided cost in EPE's 2015 Rate Case.[3]

b. Please see EPE's response to UTEP 2-6 a, above.

c. Please see EPE's response to UTEP 2-6 a, above.

Preparer: Manuel Carrasco Title: Manager – Rate Research

Sponsor: Manuel Carrasco Title: Manager – Rate Research

[2] *See Application of El Paso Electric to Change Rates, to Reconcile Ruel Costs, to Establish Formula-Based Fuel Factors, and to Establish an Energy Efficiency Cost Recovery Factor*, Docket No. 37690, Direct Testimony of EPE witness Evan Evans (Dec. 9, 2009).

[3] *See Application of El Paso Electric Company to Change Rates*, Docket No. 44941, Direct Testimony of EPE witness James Schichtl (Aug. 10, 2015).

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UTEP 2-7:

Please refer to lines 17 through 28 on page 27 of Mr. Manuel Carrasco's direct testimony and answer the following questions:

a. Does EPE have any combustion turbine other than the Rio Grande Unit 9?
b. If the response to (a) is yes, please identify all of EPE's other owned combustion turbines.
c. If the response to (a) is yes, please explain the reasons why EPE uses the Rio Grande Unit 9 to develop the incremental capacity cost, instead of any of EPE's other owned combustion turbines.

RESPONSE:

a. Yes.

b. Please refer to Table JKO-1 in the Direct Testimony of EPE witness J. Kyle Olson.

c. EPE ("El Paso Electric") first used this generation unit for rate design purposes in EPE's 2012 Rate Case.[1] In EPE's last rate cases in Texas and New Mexico, EPE relied on the costs for the Rio Grande Unit 9 to estimate the incremental capacity cost used in rate design, and thus, EPE used the same unit's costs in this rate case filing for consistency.

Preparer: Manuel Carrasco Title: Manager – Rate Research

Sponsor: Manuel Carrasco Title: Manager – Rate Research

[1] *See Application of El Paso Electric Company to Change Rates and to Reconcile Fuel Costs*, Docket No. 40094, Direct Testimony of EPE witness Evan D. Evans (February 1, 2012).

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UTEP 2-8:

Please refer to lines 19 through 22 on page 81 of Mr. Manuel Carrasco's direct testimony and explain in detail how the $830,360 excess ADIT refund was allocated to each rate class.

RESPONSE:

Please refer to Exhibit MC-8 of the Direct Testimony of El Paso Electric Company ("EPE") witness Manuel Carrasco. The $830,360 excess accumulated deferred income taxes (ADIT) refund was allocated to each rate class using the NETPLT allocator from EPE's cost of service study.

Preparer: Manuel Carrasco — Title: Manager – Rate Research

Sponsor: Manuel Carrasco — Title: Manager – Rate Research
Adrian Hernandez — Senior Rate Analyst – Rates

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UTEP 2-9:

Please refer to lines 5 through 19 on page 83 of Mr. Manuel Carrasco's direct testimony and answer the following questions:

a. Explain in detail how an allocation of $2,196,060 COVID-19 related expenses to Texas jurisdiction was determined.
b. Explain in detail how the $2,196,060 COVID-19 related expense was allocated among Texas Retail rate classes.

RESPONSE:

a. Please refer to the direct testimonies of El Paso Electric's ("EPE") witnesses Jennifer I. Borden and Cynthia S. Prieto for discussions of the regulatory asset that was set up to account for COVID-19 costs. Through the cost-of-service cost allocation process, $2,781,774 of total company amortization expenses for this regulatory asset was allocated to Texas and to the Other jurisdictions. The Texas allocation amounted to $2,196,060 through the application of the jurisdictional LABOR allocator to that total company amount. Please refer to the Direct Testimony of EPE witness Adrian Hernandez for a discussion on the development of the LABOR allocator.

b. Like the jurisdictional allocation discussed above, a LABOR allocator was applied to allocate the Texas jurisdictional amount of $2,196,060 among the Texas retail rate classes.

Preparer: Manuel Carrasco — Title: Manager – Rate Research

Sponsor: Manuel Carrasco — Title: Manager – Rate Research
Adrian Hernandez — Senior Rate Analyst – Rates

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CONFIDENTIALITY STATEMENT UNDER SECTION 4 OF THE PROTECTIVE ORDER

The undersigned attorney for El Paso Electric Company (EPE) submits this statement under section 4 of the Protective Order entered in this case. Materials provided in the responses to the following questions in The University of Texas at El Paso's second set of discovery are exempt from public disclosure pursuant to sections 552.110 of the Public Information Act (PIA) and section 32.101(c) of the Public Utility Regulatory Act as the information contained in those responses consists of customer information that is considered highly sensitive trade secrets.

RFI	Attachment	Designation
UTEP 2-1	Attachment 1	HSPM
UTEP 2-2	Attachment 1	HSPM
UTEP 2-2	Attachment 2	HSPM

The undersigned counsel for EPE has reviewed the information described above sufficiently to state in good faith that the information is exempt from disclosure under the PIA and merits the confidential designation given to it.

Respectfully submitted,

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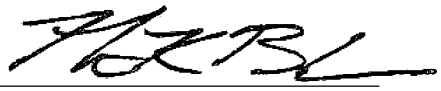
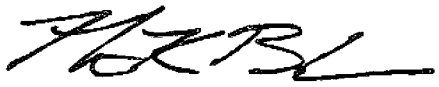
By: 
Matthew K. Behrens

ATTORNEYS FOR EL PASO ELECTRIC COMPANY

CERTIFICATE OF SERVICE

I certify that a true and correct copy of this document was served by email on all parties of record on August 18, 2021.



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