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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	§	OF
RATES	§	ADMINISTRATIVE HEARINGS

COMMISSION STAFF'S SEVENTH REQUEST FOR INFORMATION TO
EL PASO ELECTRIC COMPANY
QUESTION NOS. STAFF 7-1 THROUGH 7-7

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 27, 2021

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

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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 27, 2021 in accordance with the Order Suspending Rules filed in Project No. 50664.

/s/ Forrest Smith
Forrest Smith

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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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QUESTION NOS. STAFF 7-1 THROUGH 7-7**

- Staff 7-1** Please refer to Schedule B-1 and WP B-1, Adjustments to Rate Base, Working Cash. Please provide EPE's calculation of the (\$3,405,792) working cash amount with a reconciliation to Exhibit DSD-2 to Daniel Dane's testimony which shows a working cash allowance of (\$3,903,773). Please also include a detailed explanation and calculation of the "Reconciling adjustment" that appears on line 41 of Exhibit DSD-2 and any similar adjustment included in the reconciliation provided in response to this question.
- Staff 7-2** Please refer to testimony of Cynthia Prieto at page 16, line 29 which states "The CC&B system reduced the time between when a meter is read and when a bill is sent, which improved cash flow and is reflected in reduced cash working capital requirements." Please reconcile this statement with the increase in revenue lag days from 40.6 days in EPE's last rate case (Docket No. 46831, Schedule E-4) to 44.4 days in the current case (Schedule E-4, Exhibit DSD-2).
- Staff 7-3** Please refer to WP A-3, Adj. 7, COVID-19 costs, page 2 of 2. Please provide a detailed calculation of the \$944,710 amount identified as forfeited discounts.
- Staff 7-4** Please refer to the response to CEP 1-27. Please provide the referenced 2022 retirement dates for Rio Grande Unit 7 and Newman Units 1 and 2. Are the dates referenced in this response the dates certain for the retirement of each unit?
- Staff 7-5** Please separately provide the gross plant balance for the Rio Grande Unit 7 and Newman Units 1 and 2 as well as the accumulated depreciation for each unit. For each of these units, please also provide all other costs by unit by FERC account that are reflected in EPE's requested cost of service including, but not limited to, operations and maintenance expense, depreciation expense, insurance expense, and non-reconcilable fuel expense.
- Staff 7-6** Please refer to the testimony of Cynthia Prieto at page 26, line 27 which states, "the Company's total amortization will change annually as ADIT begins to reverse for each asset and vintage" and page 27, line 8 which explains that "the Company has forecasted its amortization of protected excess ADIT from the TCJA for the years 2020, 2021, and 2022." Please provide the amounts and associated detailed calculations of EPE's forecasted amortization of protected excess ADIT for each of the years beginning in 2020 and ending in 2026. Please also provide the actual amount of protected excess ADIT for calendar year 2020 when the tax return is filed. If the actual amortization of protected excess ADIT for 2020 is different from the projection for 2020, please provide a detailed reconciliation and explanation.

Staff 7-7 Please refer to the testimony of Cynthia Prieto at page 27, beginning at line 22 which states, “In other words, instead of a tax liability that the company expected, before the enactment of the TCJA, to pay back to the government at the then-current 35% tax rate, this amount represents a deferred income tax asset – or expected future savings – that must now be recovered from customers.” Does this mean that the change in tax rate from 35% to 21% caused a deferred tax liability to change to a deferred tax asset? If so, please provide a detailed explanation and calculations for how the decrease in tax rate caused the change from a tax liability to a tax asset.