



## Filing Receipt

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

**THE UNITED STATES DEPARTMENT OF DEFENSE AND ALL OTHER FEDERAL  
EXECUTIVE AGENCIES' FIRST REQUEST FOR INFORMATION  
TO EL PASO ELECTRIC COMPANY**

The United States Department of Defense and all other Federal Executive Agencies (“DoD/FEA”) requests that El Paso Electric Company (“EPE or Company”) provide the following information and answer the following questions under oath. Please present your responses in accordance with the requirements of P.U.C. PROC. R. 22.144. Responses to DoD/FEA’s First Request for Information should be provided to undersigned counsel.

September 23, 2021

Respectfully submitted,

/s/ Kyle J Smith  
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**CERTIFICATE OF SERVICE**

I, Kyle J Smith, representative for DoD/FEA, hereby certify that a copy of DoD/FEA's First Request for Information to El Paso Electric Company was served on all parties of record in this proceeding on September 23, 2021 by electronic mail.

/s/ Kyle J Smith  
Kyle J Smith

**PUC DOCKET NO. 52195**

**DoD/FEA First Request for Information to El Paso Electric Company**

**DoD/FEA 1-1 through DoD/FEA 1-43**

- DoD/FEA 1-1.** Please confirm that the Company has not included any short-term debt in its calculation of its Weighted Average Cost of Capital ("WACC") of 7.985%.
- DoD/FEA 1-2.** Regarding the Rio Grande Resources Trust II (RGRT) as described on page 7, lines 1-2 and 23-24 of Ms. Budtke's Direct Testimony, "... the RGRT debt is excluded from rate base..." and "The cost of nuclear fuel, along with the RGRT financing costs, is recovered through EPE's fuel factor."
- a. Please explain why the Company's Revolving Credit facility (RCF) - Commitment Fees are included in rate base; and
  - b. Why are these fees not considered an expense and/or included in EPE's fuel factor?
- DoD/FEA 1-3.** Please confirm that the adjustment to Miscellaneous General Expenses for \$571,211 for the Company's RCF - Commitment Fees, as requested by the Company to be included in the Test Year revenue requirement level, is the amount on a total Company basis (reference Table LDB-4 of Ms. Budtke's Direct Testimony, page 19). Otherwise, please clarify.
- DoD/FEA 1-4.** Please refer to *Request for Information (RFI) OPUC 03-03 Atatchemnt 1*. Please provide monthly amounts of the RCF - Commitment Fees and monthly unused balance subject to the RCF - Commitment Fees, i.e., the amount out of the \$400 million allotment by month/quarter that is used as the basis for the determination of RCF - Commitment Fees.
- DoD/FEA 1-5.** In reference to *RFI FEA 1-4* above, please indicate whether the RCF - Commitment Fees are assessed on the unused portion of the amounts shown in Column C or Column D of the file *RFI OPUC 03-03 Atatchemnt 1*.
- DoD/FEA 1-6.** Please reconcile the amounts shown on page 5 of Ms. Budtke's Direct Testimony of \$192.3 million of short-term borrowing outstanding at the end

of the Test Year (comprised of \$121.0 million for working capital or general purposes and \$71.3 million for nuclear fuel) with the amounts shown in the file *RFI OPUC 03-03\_Atatchemnt 1*.

- DoD/FEA 1-7.** From the amounts on page 5 of Ms. Budtke's Direct Testimony, as referenced in *RFI FEA 1-6* above, please indicate whether the RCF - Commitment Fees are based on the unused portion of the \$192.3 million or the \$71.3 million. For reference, are the RCF - Commitment Fees calculated as the difference between the \$400 million and the \$121.0 million, or only the \$71.3 million?
- DoD/FEA 1-8.** Please reconcile the amount shown on *Table LDB-4* in Ms. Budtke's Direct Testimony, page 19, of \$73,594,000 for the highest level of borrowing for nuclear fuel during the Test Year with the amounts shown in the file *RFI OPUC 03-03\_Atatchemnt 1*.
- DoD/FEA 1-9.** Has the Company ever borrowed the total balance available in the RCF? If so, please provide that history.
- DoD/FEA 1-10.** Is the RCF fee tied to an interest rate index, market, or any other index?
- DoD/FEA 1-11.** Please provide the effective RCF fee rate for each of the quarters shown in the file *RFI OPUC 03-03\_Atatchemnt 1*, or the last eight quarters.
- DoD/FEA 1-12.** Please provide a brief explanation as to why the RCF fee changed for any of the time periods in the file *RFI OPUC 03-03\_Atachment 1* (if applicable).
- DoD/FEA 1-13.** Please provide copies of contractual or other documentation that provide the basis for determining the RCF fee level charged to the Company, and that would provide the basis for how the fee can change over time.
- DoD/FEA 1-14.** Please refer to file *TIEC 1-7\_Attachment 01\_Confidential*. Please provide the annual funding source for the Nuclear Fuel line item. If available, please provide the amounts on a monthly basis.

- DoD/FEA 1-15.** Please refer to the file *TIEC 1-7\_Attachment 01\_Confidential*. Please provide the annual amount of funding from the RCF broken down by Nuclear Fuel funding, and other items (by line item indicating, separately, generation, transmission, distribution, or general capital projects funding). Please show the amounts requested above on a gross and net of pay-down basis. If available, please provide the amounts on a monthly basis.
- DoD/FEA 1-16.** Please provide copies of all Commission Orders or Commission guidance from Project No. 50664, or elsewhere, that the Company is relying upon for its proposals to recover COVID-19 costs.
- DoD/FEA 1-17.** Please confirm or deny FEA’s understanding that the Company has included a return on equity, as well as interest recovery, when calculating the accrued balance amounts to be recovered through the COVID-19 regulatory asset. Please explain.
- DoD/FEA 1-18.** Has the Commission, in Project No. 50664, made a decision allowing or disallowing utilities to include a return on equity in the “carrying costs” of the regulatory asset related to COVID-19 cost recovery? If allowed, please provide a copy of the language.
- DoD/FEA 1-19.** Please refer to the file *WP B-1 Adj 03 Reg Assets and Liab*, “Tab Adj 3 pg 2”, column (d) labeled “Compound Interest at 7.725%  $((1+0.07725)^{(1/12))-1$  (A)”. Please confirm or deny that the monthly rate shown of 0.00622022 includes both interest and a return on equity.
- DoD/FEA 1-20.** Please refer to the file *WP B-1 Adj 03 Reg Assets and Liab*, “Tab Adj 3 pg 2”, column (b) labeled “Monthly Activity”. Please provide an explanation, supporting documentation and files to explain how the annual amount was apportioned to each month. For example, how did the Company determine that for the month of August 2020 \$1,167,728.98 was the appropriate monthly activity?

- DoD/FEA 1-21.** Please provide any and all supporting documentation for the calculation of the adjustment 450000 - FORFEITED DISCOUNTS of \$944,710 included in the file *WP A-3 Adj 07 COVID-19 Costs* (“Tab 2. Adj 7 P2” Line 31).
- DoD/FEA 1-22.** Please refer to *RFI STAFF 5-5*. Please indicate whether the Company performed analyses on any other cost savings related to COVID-19, besides those shown in *WP A-3 Adj 07 COVID-19 Costs* and *RFI STAFF 5-5*. For example, did the Company analyze lower utility service costs at Company buildings due to COVID-19? Please provide documentation for all analyses performed, to include correspondence, press releases, presentations, and all other materials related to potential cost savings due to the pandemic.
- DoD/FEA 1-23.** Please refer to *Table MC-7* in Carrasco Direct Testimony, page 13, which shows an adjustment of \$844,298 to Operating Revenues for Late Payment Fees to normalize the amounts for the Test Year due to COVID-19. Then, refer to the file *WP A-3 Adj 07 COVID-19 Costs*, which shows the Late Payment Fee amount for inclusion in the COVID-19 regulatory asset of \$944,710 (“Tab 2. Adj 7 P2” Line 31). Please explain why the adjustments are not the same between base rates and the regulatory asset, as is the case, for example, with Operating Expenses (\$3,987,723 adjustment on Line 25).
- DoD/FEA 1-24.** Please provide the amount of monthly Late Payment Fees assessed by the Company for each month of the Test Year by rate class. Please include and separately identify the amounts actually assessed, and the amounts that would have been assessed absent the PUCT Orders Granting Exceptions to Certain Rules in Project No. 50664. Please also provide the amount of monthly Late Payment Fees collected by the Company for each month of the Test Year.
- DoD/FEA 1-25.** Please provide supporting documentation for the calculation of the bad debt expense adjustment charged to expenses of \$803,227 included in the file *WP A-3 Adj 07 COVID-19 Costs* (“Tab 2. Adj 7 P2” Column I, Line 20).

- DoD/FEA 1-26.** Please provide supporting documentation for the calculation of the bad debt expense adjustment included in the COVID-19 rider of \$3,213,000 included in the file *WP A-3 Adj 07 COVID-19 Costs* (“Tab 2. Adj 7 P2” Line 27).
- DoD/FEA 1-27.** Please provide a reconciliation of the \$4,016,247 for bad debt expense attributable to COVID-19 (referenced in Prieto Direct Testimony, p. 17) with the amounts shown on Schedule G-3. In other words, how was the \$4,016,247 calculated using data from Schedule G-3? If the amount was not calculated based on data from Schedule G-3, please provide supporting documentation for the calculation.
- DoD/FEA 1-28.** Please confirm or deny that, in totality, the Company is seeking gross (Company-basis) recovery of \$6,062,276 of bad debt expense in this case (excluding carrying costs and other adjustments for requested revenues) through base rates and the COVID-19 rider, and that the amount reflects inclusion of \$2,046,029 in base rates from operating expenses (net of accounts 904000-CUST-UNCOLLECTIBLE ACCOUNTS and 904000-COVID-19 ADJ ONLY), and the inclusion of bad debt in the COVID-19 rider of \$4,016,247. If no, please provide the amount of bad debt expense that the Company is seeking recovery for in base rates and through the COVID-19 rider (excluding carrying costs, and other adjustments for requested revenues).
- DoD/FEA 1-29.** Does the Company have an installment payment plan, deferred payment plan, or similar program in place for customers to enter into arrangements to pay past due amounts? If yes, please provide a file that shows the following:
- a. Description of program;
  - b. Number of customers enrolled in the program, by month, by rate class, for the last 36 months through the present; and
  - c. Dollar amount of the monthly cumulative balance in the program (to reflect the net cumulative balance after consideration of new customers entering the program and pay-downs).



- DoD/FEA 1-30.** Please refer to *FEA 1-28* and *FEA 1-29* above. Did the Company make any adjustments, due to its deferred payment plan, to its request for inclusion of \$4,016,247 of bad debt expense in the COVID-19 rider?
- DoD/FEA 1-31.** Please refer to the file *WP A-03, Adjustment No. 01 – Revenue Requirement & Uncollectibles*, “Tab Uncollectible P2”. Please provide supporting documentation for the calculation of the system uncollectible rates of 0.002592 and 0.003609.
- DoD/FEA 1-32.** With the filing of the updated *Schedule G-3* for the 45-day update, is the Company anticipating updating the calculations of the COVID-19 rider in this application or a true-up? As applicable, please:
- a. Describe and provide the anticipated calculation changes to the rider; and
  - b. Explain the significant variance in total uncollectible expense for the month of March 2021 of \$2,582,000.
- DoD/FEA 1-33.** As referenced in Prieto Direct Testimony, page 37 line 31 through page 38, line 4. Please provide a detailed description of how the bad debt true-up for the COVID-19 rider will work. To help FEA understand the adjustment, please provide an illustrative example of the calculations using an illustrative amount of post-test-year bad debt change. Please confirm or deny that the true-up will only be applicable to bad debt expenses and not to other expenses. If no, please provide an illustrative example of how the true-up would work for other post-test-year non-bad debt expenses.
- DoD/FEA 1-34.** For the last 36 months up to the present, please provide a file that shows the total number of accounts and corresponding dollar amounts that were past due (in arrears). Please provide the information by aging category (0-30 days, 31-60 days, 61-90 days, and over 90 days), and by rate class. Please also provide the monthly number of accounts by rate class and corresponding dollar amounts for accounts reported as charge-offs.

- DoD/FEA 1-35.** Reference the response to *RFI UTEP 2-9, subpart b*. Please provide supporting documentation for the determination of the LABOR allocator as used to allocate the COVID-19 rider recovery among the Texas retail rate classes.
- DoD/FEA 1-36.** Reference the response to *RFI TIEC 2-1, subpart b*. The response indicates that the files *TIEC 02-02, Attachment 3* and *EPE Regulatory Case Working Model - As Filed - Dkt 52195* can be linked together. However, both files, when downloaded, do not have any placeholders for linking. Thus, FEA believes that the linkage cannot be completed without further assistance from the Company. Because of this, FEA is requesting that the Company please provide new copies of the files with the linkage between the files already included. Please also provide a new copy of the Excel file *Exhibit MC-4* with linkage to the two aforementioned files.
- DoD/FEA 1-37.** Reference the response to *RFI TIEC 2-1*. Are the files *TIEC 2-2, Attachment 1*, and *TIEC 2-2, Attachment 3* different? If yes, please describe the differences. If yes, please provide a new file *TIEC 2-2, Attachment 1* and corresponding linked copy of *EPE Regulatory Case Working Model - As Filed - Dkt 52195* and linked copy of *Exhibit MC-4*.
- DoD/FEA 1-38.** Please indicate whether the differences in proposed revenues from *Exhibit MC-4* and *Schedule Q.07.00* are due to rounding, or explain the reason for the differences. For example, *Exhibit MC-4*, “Tab P-6 Capping,” Cell D22, shows the cap-allocated R01 revenue requirement as \$310,823,371 while *Schedule Q.07.00*, “Tab Q-7 11-17 Base Proposed” shows it as \$310,833,147 (cell F14).
- DoD/FEA 1-39.** A review of *Schedule Q.07.00* shows that the revenue proof for proposed revenues (“Tab Q-7 11-17 Base Proposed”, line nos. 327-340) for Rate No. 38 does not include the revenues for power factor adjustments or for Suppl Fran. Fees, as is the case for the revenue proof for current base rates. *Schedule Q-8-8*, page 83, and Carrasco’s Direct Testimony at page 60

reference that the Power Factor Adjustment and Rider Provisions for this rate schedule are still applicable. Please explain why the proposed revenue proof file does not show any revenues that are proposed to be collected from these charges. If applicable, please update *Schedule Q.07.00* to include these revenues.

- DoD/FEA 1-40.** Please provide supporting files showing the source data used to calculate the ratios E1, D1, and D2 for *Exhibit MC-5* for the Test Year.
- DoD/FEA 1-41.** Reference the response to *RFI VS 1-14*. Please add a column to the table within the response, providing the rate class identification under which each of the nine customers receives firm service, e.g., “Rate 25 Large Power.”
- DoD/FEA 1-42.** Please indicate whether any of the provisions of the Coronavirus Aid, Relief, and Economic Security Act (Public Law 116–136) provided any tax benefits to the Company. For example, indicate whether the provision to increase tax deductions for net operating losses for years 2018 through 2020 benefited the Company. If yes, please describe how the Company has incorporated the tax benefits in its filing.
- DoD/FEA 1-43.** Please indicate if the Company received any government or external financial assistance (e.g., local, state, or Federal) related to the COVID-19 pandemic. If yes, please describe how the Company has incorporated the received financial benefits in its filing.