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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

EL PASO ELECTRIC COMPANY'S RESPONSE TO
COMMISSION STAFF'S TENTH REQUEST FOR INFORMATION
QUESTION NOS. STAFF 10-1 THROUGH STAFF 10-2

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STAFF 10-1:

Please provide a detailed description of EPE's proposed revenue distribution and rate design methodologies if the Commission approves a revenue requirement that differs from EPE's proposed revenue requirement. Please describe the methodology that would be used to set rates for each tariff.

RESPONSE:

If the Commission approves a revenue requirement that significantly differs from El Paso Electric Company's ("EPE") proposed revenue requirement, EPE will revisit the revenue distribution including reconsideration of placing limits on the revenue increase or decrease to any rate class. The revenue distribution will consider the result of the class cost-of-service analysis under the Commission-approved revenue requirement and EPE's proposal will be to move toward each rate class contributing sufficient revenue to cover the cost of serving that rate class. In no instance will EPE propose an increase to any originally capped rate class that exceeds the Cap/Floor Revenue Increase % shown in Table MC-8 of the Direct Testimony of EPE witness Manuel Carrasco. EPE will not propose a decrease that is greater than what the revised class cost-of-service analysis indicates.

The Commission-approved revenue requirement will provide the target revenue for the rate design of each rate class. To the extent possible, EPE will again propose a rate design that helps achieve the primary goals listed and described in the Direct Testimony of EPE witness Manuel Carrasco. Customer and demand charges will be proposed such that they collect and are aligned toward the full recovery of the customer-related and demand-related costs, respectively. Demand and energy charge pricing differentials will likely be maintained as originally propose in order that effective incentives are provided to customers to shift load or reduce peak consumption during the summer season.

Preparer: Manuel Carrasco

Title: Manager – Rate Research

Sponsor: Manuel Carrasco
James Schichtl

Title: Manager – Rate Research
Vice President – Regulatory and
Governmental Affairs

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STAFF 10-2:

Please explain why EPE is proposing to reduce the monthly minimum charges applicable to non-grandfathered distributed generation customers.

RESPONSE:

Please see page 40, lines 1 through 16, of the Direct Testimony of EPE witness Manuel Carrasco. The Monthly Minimum Charge is proposed to consist of two components: the proposed customer charge and a component that reflects distribution system-related cost of the rate class.¹ Based on the proposed customer charges and distribution system-related costs in this proceeding, the data indicated the monthly minimum charge should be set a level that is less than the currently effective Monthly Minimum Charge.

Preparer: Manuel Carrasco

Title: Manager – Rate Research

Sponsor: Manuel Carrasco

Title: Manager – Rate Research

¹ The distribution system-related cost component is determined by multiplying the distribution system-related cost per kW by the rate class average non-coincident demand (in kW) per customer. Please refer to workpaper WP Q-7(a) for the mathematical calculations.