



## 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	§	OF
RATES	§	ADMINISTRATIVE HEARINGS

EL PASO ELECTRIC COMPANY'S RESPONSE TO  
TEXAS INDUSTRIAL ENERGY CONSUMERS'  
SIXTH REQUEST FOR INFORMATION  
QUESTION NO. TIEC 6-1

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SIXTH REQUEST FOR INFORMATION  
QUESTION NO. TIEC 6-1 THROUGH TIEC 6-1

TIEC 6-1:

Please refer to WP A-3 Adj 21 Miscellaneous General Expenses, the “2020 Comm Fees” tab.

- a. How did EPE determine that it required an RCF sized at \$400 million?
- b. Please provide the outstanding balance of borrowings made under the RCF by month from January 2017 through the most recent month for which information is available.
- c. Please cite to any Commission orders that explicitly approved the inclusion of RCF commitment fees in rates.
- d. Why is the highest level of Nuclear Fuel borrowing subtracted from the \$400 million RCF balance to calculate the commitment fees EPE is requesting in rates?
- e. How are the interest expense and commitment fees for the nuclear fuel balance recovered?

RESPONSE:

- a. El Paso Electric established its \$400 million Revolving Credit Facility (“RCF”) to provide (i) the flexibility to fund capital expenditures that are required due to the growth in EPE’s service territory, (ii) flexibility in the timing of seeking long-term capital from the capital markets, (iii) adequate liquidity in times of rapidly changing market prices for natural gas and purchased power, and (iv) contingency funds for unseen events such as the COVID-19 pandemic. Prudent financial practices require that EPE have sufficient liquidity to support such business activities at all times.

As described in the direct testimony of Lisa Budtke, page3, EPE expects to expend \$309 million to \$340 million in construction expenditures annually between 2021 and 2025. EPE will fund all of these expenditures with internally generated funds and borrowings on the RCF until they are refinanced with common stock equity and long-term debt. The timing of long-term debt issuances is based upon market conditions and dependent on when economically sized debt issuances can be supported.

EPE seeks to maintain a minimum of \$100 million in RCF funds to support liquidity requirements to maintain its investment grade bond ratings and for unanticipated contingencies. In the past, EPE has been required to borrow significant amounts from the RCF (over \$90 million) to finance under-recovered fuel and purchased power costs due to price increases until the Texas fixed fuel factor could be revised to reflect higher fuel costs and under-recovered amounts. In addition, in 2020, EPE borrowed \$50 million from the RCF to maintain a minimum cash balance due to market uncertainties during the economic lockdowns at the start of the COVID-19 pandemic.

While the size of the RCF is not based upon a specific quantification, the \$400 million RCF is required to support the interim financing of EPE's construction program, support financing of nuclear fuel by RGRT, and provide for unused funds for cash contingencies.

- b. Please refer to TIEC 6-1 Attachment 1 for the outstanding balance of borrowings made under the RCF by month from January 2017 through August 2021.
- c. Please refer to PUCT Docket No. 40443 (Application of Southwestern Electric Power Company for Authority to Change Rates and Reconcile Fuel Costs). The Commission approved SWEPCO's recovery of \$940,637 of credit line fees in its cost of service. See findings of fact Nos. 186 and 187 in the Order on Rehearing in that docket. The Commission explained that SWEPCO's incurrence of the credit line fees supported SWEPCO's short-term financing on terms that were beneficial to the company and its customers.
- d. Since all Rio Grande Resources Trust II ("RGRT") debt is excluded from rate base, only non-RGRT commitment fees have been requested in rates. The highest RGRT nuclear fuel borrowing amount during the test year was subtracted from the \$400 million RCF balance to estimate the amount of funds available for EPE to borrow on the RCF. This reduction ensures that the requested commitment fees relate only to non-RGRT debt.
- e. The interest expense and commitment fees for the nuclear fuel balance are recovered through EPE's fixed fuel factor as nuclear fuel is burned. This is explained in the Direct Testimony of EPE Witness Lisa D. Budtke beginning on page 16. Please also refer to Schedule C-6.10.

Preparer: Richard Gonzalez  
Alejandra Montalvo

Title: Manager-Cash Management & Investor  
Relations  
Staff Accountant – Regulatory Accounting

Sponsor: Lisa Budtke  
Jennifer Borden

Title: Director-Treasury Services & Investor  
Relations  
Director-Regulatory Accounting

Month Number	El Paso Electric RCF Balance at Month End	RGRT RCF Balance at Month End	Total RCF Balance at Month End
201701	51,000,000.00	28,405,000.00	79,405,000.00
201702	72,000,000.00	30,702,000.00	102,702,000.00
201703	94,000,000.00	40,141,000.00	134,141,000.00
201704	102,000,000.00	29,951,000.00	131,951,000.00
201705	131,000,000.00	38,652,000.00	169,652,000.00
201706	140,000,000.00	38,841,000.00	178,841,000.00
201707	117,000,000.00	29,014,000.00	146,014,000.00
201708	97,000,000.00	83,948,000.00	180,948,000.00
201709	77,000,000.00	90,805,000.00	167,805,000.00
201710	62,000,000.00	81,460,000.00	143,460,000.00
201711	69,000,000.00	88,026,000.00	157,026,000.00
201712	85,000,000.00	88,427,000.00	173,427,000.00
201801	104,000,000.00	78,980,000.00	182,980,000.00
201802	122,000,000.00	82,312,000.00	204,312,000.00
201803	144,000,000.00	88,945,000.00	232,945,000.00
201804	152,000,000.00	79,521,000.00	231,521,000.00
201805	167,000,000.00	88,488,000.00	255,488,000.00
201806	56,000,000.00	24,407,000.00	80,407,000.00
201807	36,000,000.00	15,576,000.00	51,576,000.00
201808	-	19,029,000.00	19,029,000.00
201809	-	19,329,000.00	19,329,000.00
201810	-	23,799,000.00	23,799,000.00
201811	-	25,655,000.00	25,655,000.00
201812	23,000,000.00	26,152,000.00	49,152,000.00
201901	103,000,000.00	18,462,000.00	121,462,000.00
201902	120,000,000.00	23,026,000.00	143,026,000.00
201903	173,000,000.00	29,903,000.00	202,903,000.00
201904	184,500,000.00	19,695,000.00	204,195,000.00
201905	111,500,000.00	25,912,000.00	137,412,000.00
201906	133,500,000.00	27,226,000.00	160,726,000.00
201907	122,000,000.00	18,565,000.00	140,565,000.00
201908	94,000,000.00	21,072,000.00	115,072,000.00
201909	77,000,000.00	22,782,000.00	99,782,000.00
201910	52,000,000.00	26,258,000.00	78,258,000.00
201911	52,000,000.00	27,408,000.00	79,408,000.00
201912	84,000,000.00	29,747,000.00	113,747,000.00
202001	106,000,000.00	20,907,000.00	126,907,000.00
202002	117,000,000.00	25,180,000.00	142,180,000.00
202003	207,000,000.00	33,741,000.00	240,741,000.00
202004	212,000,000.00	27,750,000.00	239,750,000.00
202005	239,000,000.00	30,899,000.00	269,899,000.00
202006	256,000,000.00	31,001,000.00	287,001,000.00
202007	278,000,000.00	22,055,000.00	300,055,000.00
202008	254,000,000.00	69,545,000.00	323,545,000.00
202009	61,000,000.00	73,519,000.00	134,519,000.00
202010	64,000,000.00	64,856,000.00	128,856,000.00
202011	89,000,000.00	65,001,000.00	154,001,000.00
202012	121,000,000.00	71,201,000.00	192,201,000.00
202101	155,000,000.00	63,853,000.00	218,853,000.00
202102	173,000,000.00	66,456,000.00	239,456,000.00
202103	179,000,000.00	68,117,000.00	247,117,000.00
202104	99,000,000.00	62,818,000.00	161,818,000.00
202105	143,000,000.00	65,548,000.00	208,548,000.00
202106	154,000,000.00	66,104,000.00	220,104,000.00
202107	192,000,000.00	57,477,000.00	249,477,000.00
202108	149,000,000.00	59,578,000.00	208,578,000.00

The following files are not convertible:

TIEC 06-01\_Attachment 1.xlsx

Please see the ZIP file for this Filing on the PUC Interchange in order to access these files.

Contact [centralrecords@puc.texas.gov](mailto:centralrecords@puc.texas.gov) if you have any questions.