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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
VINTON STEEL, LLC'S FOURTH REQUEST FOR INFORMATION
QUESTION NOS. VS 4-1 THROUGH VS 4-2

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VS 4-1:

For the past four applications to change rates (including Docket No. 52195), filed by EPE, please provide the rates of return, and relative rates of return for each class under the present and proposed rates.

RESPONSE:

El Paso Electric Company's ("EPE") filed rate applications in Docket Nos. 52195, 46831, 40094, and 37690 include jurisdictional cost of service ("JCOS") and class cost of service ("CCOS") studies which reflect the Company's existing and requested revenue requirement and rate of return. These studies are summarized at the rate class level in Schedule P filed with each application.

Schedule P-1.3 summarizes annual base revenue, jurisdictional rate of return and class relative rates for return under existing rates. Schedule P-1.4 summarizes the same information based on EPE's proposed JCOS, CCOS, and rate of return. Because all classes are shown at full cost of service, rates of return by rate class equal the jurisdictional rate of return (see Exhibit AH-4 to the Direct testimony of EPE witness Hernandez).

EPE utilizes these COS studies and cost-based rate class revenue requirements as the starting point for revenue distribution and rate design. However, because in all of the referenced cases EPE has proposed to deviate from cost-based class revenue requirements, EPE's applications do not include rate class relative rates of return for proposed rates and EPE has not calculated the rate class relative rates of return for the rates proposed in those applications except for this proceeding. See EPE's response to FMI's 1- 14.

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VS 4-2:

For the last three applications to change rates, (excluding Docket No. 52195), filed by EPE, please provide the rates of return, and relative rates of return for each class under the final approved rates.

RESPONSE:

Please see El Paso Electric Company's response to VS 4-1. Because each of EPE's last three applications to change rates (Docket Nos. 46831, 40094, and 37690) were resolved by settlements which, among other things, determine rate class revenue requirements outside of the cost of service, no relative rates of return by rate class were calculated under the approved final rates. In addition, none of the final orders in these settlements include an explicit adopted rate of return or class cost of service study for purposes of setting the revenue requirement in those cases or designing rates.

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