



## 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'  
SEVENTH REQUEST FOR INFORMATION  
QUESTION NO. TIEC 7-1

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TIEC 7-1:

Follow-up to EPE Response to Staff 5-6.

- a. In Attachment 1 to this response, APS differentiates between incremental costs incurred as a consequence of the COVID-19 pandemic and non-incremental pandemic costs.
  - i. Are both the incremental and non-incremental COVID-related costs included in the per-books entry of \$42,735,916 shown in WP/A-3, Adjustment No. 6, page 1? If not, please explain and indicate where these costs are included in the workpapers.
  - ii. Do the non-incremental costs represent costs that would be billed to EPE by APS for operation of the PVNGS even if the pandemic had not occurred? If no, please explain, since APS states that these costs as "are not considered additive."
  - iii. Does the Palo Verde COVID-19 cost component of \$1,546,840, shown in WP/A-3, Adjustment No. 7, page 2, include forecasted non-incremental costs?
  - iv. If the answer to subpart iii. is affirmative, please explain why EPE is including non-incremental costs in its COVID regulatory asset.
- b. Please refer to Attachment 2 of this response.
  - i. Were are all of the COVID-related costs shown in Attachment 2 incurred directly in the provision of service at PVNGS? If no, please explain.
  - ii. Were any of the costs shown in Attachment 2 allocated to PVNGS from other APS activities? If yes, please explain.

- iii. Did APS identify any expense reductions associated with the pandemic (e.g., travel costs) that were allocable to PVNGS? If not, has APS offered an explanation as to why not? If yes, were these expense reductions passed on to EPE, and if so, how?
- iv. Has APS performed a similar monthly calculation of its COVID-related expenses from March 2020 through December 2020 for its non-PVNGS operations? If yes, please provide.

RESPONSE:

a.

- i. Both the incremental and non-incremental COVID-related costs are included in the per-books entry of \$42,735,916 shown in WP/A-3, Adjustment No. 6, page 1.
- ii. The non-incremental costs represent costs that would be billed to El Paso Electric Company ("EPE") by Arizona Public Service ("APS") for operation of the Palo Verde Generating Station ("PVGS") even if the pandemic had not occurred but that were identified by APS as COVID-related.
- iii. The PVGS COVID-19 cost component of \$1,546,840, shown in WP/A-3, Adjustment No. 7, page 2, includes eleven months of actual costs and one month of forecasted costs for December 2020. The PVGS COVID-19 costs include both incremental and non-incremental costs.
- iv. EPE included non-incremental costs related to PVGS in its COVID regulatory asset because in compliance with FERC audit report in Docket No. PA19-3-000, these are considered Operations and Maintenance costs to EPE. These costs were adjusted out of cost of service and into the COVID-19 regulatory asset in WP/A-3, Adjustment No. 7.

b.

- i. All of the COVID-related costs shown in Staff 5-6, Attachment 2, were incurred directly in the provision of service at PVGS.
- ii. None of the costs shown in Staff 5-6, Attachment 2, were allocated to PVGS from other APS activities.
- iii. APS just recently identified expense reductions associated with the pandemic specifically related to travel. An amount of approximately \$440,000 was allocated to EPE related to these COVID savings. These savings were not included as an offset to COVID costs included in Adjustment No. 7 because they were not known

at that time. However, these savings were passed on to EPE through the PVGS monthly invoices during 2020, therefore they reduced the cost of service in the rate filing package.

- iv. Yes, APS performed a monthly calculation of COVID-related expenses for March 2020 through December 2020 for all of its operations. Please see table below for the monthly total for COVID-related expenses for all APS operations, including PVGS.

	COVID expenses
March	\$2,455,364
April	6,775,592
May	6,265,237
June	3,972,269
July	2,811,125
August	2,468,652
September	3,974,102
October	2,263,432
November	3,809,080
December	8,861,408
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	\$43,656,261

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