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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 THIRTEENTH REQUEST FOR INFORMATION
QUESTION NOS. STAFF 13-1 THROUGH STAFF 13-3

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

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STAFF 13-1:

Please refer to WP-B-1 - Adj 01 Plant in Service, Page 3, Column (d) Incentive Compensation.

- a) Please provide detailed calculations by incentive plan type (ACBP, LTIP, etc.) for the adjustments to plant in service totaling \$10,073,841.
- b) Are the adjustments to plant in service the amounts for the test year only? If more than the test year is included in the proposed adjustments, please provide the amounts included by plan by year. If not included in the calculation of the proposed adjustments, please provide the total financial-based incentive compensation capitalized to plant in service in the same format by plan by year since the end of the test year in Docket No. 46831.
- c) Do the proposed adjustments to plant in service for incentive compensation include any adjustments for capitalized Palo Verde financial-based incentive compensation? If not, please provide the amount of Palo Verde financial-based incentive compensation capitalized to plant in service in the same format by plan type by year since the end of the test year in Docket No. 46831.

RESPONSE:

- a) See Staff 13-1, Attachment 1, for the detailed calculations of the capitalized incentive compensation adjustment to plant in service totaling \$10,073,841.
- b) No, Staff 13-1, Attachment 1, reflects the capitalized incentive compensation charged to CWIP, by year, since the second half of 2009.
- c) No. For years 2016 – 2018, 20% of the incentives were related to financial performance. The table below shows the total Palo Verde amounts during that time period that were capitalized based on that financial performance. For years 2019 – 2020, only incentives

for Vice Presidents and levels above were based on financial performance, none of which were capitalized, as reflected in the table below.

Total PV 2016	Total PV 2017	Total PV 2018	Total PV 2019	Total PV 2020	EPE Share 2016	EPE Share 2017	EPE Share 2018	EPE Share 2019	EPE Share 2020
\$464,092	\$500,917	\$324,931	\$0.00	\$0.00	\$73,327	\$79,145	\$51,339	\$0.00	\$0.00

Preparer: Mariana Gamez
Victor Martinez

Title: Senior Accountant – Plant Accounting
Manager – Resource Planning, Resource
Management Regulatory & Quality
Assurance

Sponsor: Larry J. Hancock
Todd A. Horton

Title: Manager – Plant Accounting
Senior Vice President –Site Operations
(Palo Verde Generating Station)

El Paso Electric Company
Information for Capitalized Incentive
Compensation Adjustment (Financial Portion)
As of December 31, 2020

Financial Portion of Bonus Capitalized to PIS (a)	Year Test																											Total PIS Adjustment @ 2019Q2					
	2019																																
	2020																																
	2021																																
2009 Bonus Targets (Dec 2009)	6 ME Dec Composite Dep Rate	2010 Bonus Targets	2010 Composite Dep Rate	2011 Bonus Targets	2011 Composite Dep Rate	2012 Bonus Targets	4ME 2012Q4 Composite Dep Rate	8ME 2012Q2 Composite Dep Rate	2013 Bonus Targets	2013 Composite Dep Rate	2014 Bonus Targets	2014 Composite Dep Rate	9ME 2015Q9 Composite Dep Rate	3ME 2015Q2 Composite Dep Rate	3ME 2015Q12 Composite Dep Rate	2016 Bonus Targets	2016 Composite Dep Rate	6ME 2017Q5 Bonus Targets	6ME 2017Q6 Composite Dep Rate	3ME 2017Q9 Bonus Targets	3ME 2017Q10 Composite Dep Rate	3ME 2017Q12 Bonus Targets	3ME 2017Q12 Composite Dep Rate	12ME 2018Q2 Bonus Targets	12ME 2018Q2 Composite Dep Rate	12ME 2019Q2 Bonus Targets	12ME 2019Q2 Composite Dep Rate	Total PIS Adjustment @ 2019Q2	2012 Bonus Targets	12ME 2020Q2 Composite Dep Rate	Total PIS Adjustment @ 2020Q2		
CMP - Steam Production	\$ 516	2.80%	1,850	4.90%	(668)	4.80%	1,211	4.30%	2,164	3.61%	1,580	4.16%	416	3.61%	1,580	4.16%	416	3.61%	2,495	2.16%	2,130	2.04%	2,084	2.04%	42,863	2.26%	41,205	2.26%	115,164	2.26%	15,468	2.26%	\$ 15,468
CMP - Other Production	-	10.03%	23,757	4.16%	6,354	4.16%	18,494	4.16%	5,221	4.16%	39,351	4.16%	5,221	4.16%	39,351	4.16%	5,221	4.16%	2,924	2.19%	3,438	2.19%	943	2.19%	21,370	2.19%	30,880	2.19%	250,049	40,277	2.19%	289,328	
CMP - Transmission	3,488	1.74%	121,663	2.02%	136,696	2.02%	70,992	1.83%	12,378	1.83%	66,397	1.83%	12,378	1.83%	130,997	1.83%	12,378	1.83%	37,118	1.27%	50,937	1.26%	94,318	1.26%	187,407	1.26%	215,577	1.26%	1,262,788	227,793	1.26%	1,490,572	
CMP - NM Distribution	16,157	2.73%	216,706	2.04%	242,095	2.04%	173,648	2.09%	59,341	2.09%	29,351	2.09%	10,471	2.09%	129,741	2.06%	143,147	2.06%	55,957	2.04%	139,305	2.04%	120,680	2.04%	323,437	2.04%	1,674,770	225,342	2.04%	1,900,112			
CMP - TX Distribution	41,727	2.73%	489,629	2.09%	431,315	2.09%	350,981	2.41%	2,098	2.09%	98,205	2.09%	192,883	2.09%	264,091	2.09%	373,263	1.70%	115,054	1.70%	149,930	1.72%	357,101	1.72%	508,857	1.72%	798,984	1.72%	4,143,638	516,988	1.72%	4,660,626	
CMP - General	42,277	2.80%	287,648	4.26%	222,118	4.26%	1,093	3.20%	1,210	3.20%	61,292	3.20%	1,210	3.20%	211,328	3.20%	1,210	3.20%	54,147	4.02%	67,821	4.02%	278,329	4.02%	321,418	4.02%	1,030,787	4.02%	1,418,575	177,787	4.02%	1,596,362	
CMP - Intangible	421	10.00%	(8,556)	20.00%	14,032	20.00%	12,478	20.00%	11,739	20.00%	10,039	20.00%	24,023	20.00%	22,712	20.00%	125,122	7.96%	38,829	7.96%	38,829	7.96%	31,215	7.96%	61,201	7.96%	119,538	7.96%	451,806	90,063	7.96%	541,869	
Grand Total	\$ 62,557	\$ 838,064	\$ 1,097,174	\$ 633,632	\$ 120,019	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	

																Test Year																		
	Cumulative CIC - Based on 1/2 year convention (b)	6ME Dec 2009 Cumulative Depreciable CIC in PIS	Dec 2010 Cumulative Depreciable CIC in PIS	2011 Cumulative Depreciable CIC in PIS	2012 Cumulative Depreciable CIC in PIS	2013 Cumulative Depreciable CIC in PIS	2014 Cumulative Depreciable CIC in PIS	9ME 201509 Cumulative Depreciable CIC in PIS	3ME 201512 Cumulative Depreciable CIC in PIS	2016 Cumulative Depreciable CIC in PIS	6ME 201706 Cumulative Depreciable CIC in PIS	3ME 201709 Cumulative Depreciable CIC in PIS	3ME 201712 Cumulative Depreciable CIC in PIS	12ME 201812 Cumulative Depreciable CIC in PIS	12ME 201912 Cumulative Depreciable CIC in PIS	12ME 202012 Cumulative Depreciable CIC in PIS	Dep'r Exp Adj for 'T' Ended 202012																	
CWIP - Steam Production	\$	258	\$	1,341	\$	1,883	\$	1,328	\$	1,597	\$	1,800	\$	2,850	\$	3,849	\$	7,104	\$	12,446	\$	16,532	\$	17,574	\$	46,288	\$	91,472	\$	136,398	\$	3,110		
CWIP - Other Production		-		11,879		26,834		39,353		51,205		73,491		110,520		140,736		173,547		194,956		196,675		197,147		211,484		237,809		273,188		5,883		
CWIP - Transmission		1,744		64,414		193,689		287,533		472,753		378,605		539,038		686,090		721,509		812,032		953,508		1,066,000		1,155,000		1,165,000		1,178,445		17,945		
CWIP - NM Distribution		8,079		124,510		353,810		561,782		683,276		802,186		957,738		1,013,808		1,041,798		927,364		1,013,808		1,041,798		1,111,439		1,290,988		1,510,651		1,787,441		36,044
CWIP - TX Distribution		20,865		285,654		741,002		1,342,805		1,940,870		2,687,266		3,484,778		4,402,778		5,222,736		6,042,778		6,862,778		7,682,778		8,502,778		9,322,778		10,142,778		10,962,778		78,717
CWIP - General		124		(2,234)		256,468		281,043		(2,234)		104,178		230,452		215,053		257,859		215,053		257,859		257,859		257,859		257,859		257,859		257,859		8,126
CWIP - Intangible		211		(4,382)		(2,139)		23,264		34,182		60,557		148,498		229,473		244,455		246,083		246,083		246,083		246,083		306,667		392,037		486,832		28,647
Grand Total	\$	31,278	\$	482,089	\$	1,445,208	\$	2,305,611	\$	2,682,437	\$	2,809,910	\$	3,319,604	\$	3,620,626	\$	4,108,651	\$	4,688,872	\$	5,084,208	\$	5,483,872	\$	5,884,208	\$	6,114,115	\$	7,413,937	\$	9,151,154	\$	209,544 (e)

Dep Expense Adj - Based on 1/2 yr convention (c)	2010-2019															Total AD Adjustment (200907 - 201912)	12ME 202012 Depr Exp Adj	Total AD Adjustment (200907 - 202012)																												
	6ME Dec 2009 Depr Exp Adj	2010 Depr Exp Adj	2011 Depr Exp Adj	4 ME Apr12 2012 Depr Exp Adj	8 ME Dec 2012 Depr Exp Adj	2013 Depr Exp Adj	2014 Depr Exp Adj	9ME 201509 Depr Exp Adj	3ME 201512 Depr Exp Adj	2016 Depr Exp Adj	6ME 201706 Depr Exp Adj	3ME 201709 Depr Exp Adj	3ME 201712 Depr Exp Adj	12ME 201812 Depr Exp Adj	12ME 201912 Depr Exp Adj																															
CWIP - Steam Production	\$	4	\$ 66	\$	82	\$	22	\$ 32	\$	58	\$	65	\$	72	\$	33	\$	153	\$	134	\$	104	\$	100	\$	1,055	\$	2,004	\$	4,056	\$	3,110	\$	7,166												
CWIP - Other Production					1,120					548				1,464				3,601		2,135		1,977		1,079		4,832		5,006		31,278		5,983		87,960												
CWIP - Transmission					1,201					3,600				4,420				6,028		4,273		5,019		4,773		12,563		17,548		68,406		86,735		1,790,405												
CWIP - NM Distribution					110					13,892				14,936				18,011		10,392		15,313		5,688		26,336		30,886		165,291		36,464		201,754												
CWIP - TX Distribution					285					6,806				18,003				30,697		28,605		19,287		10,084		53,135		64,331		337,346		75,717		413,083												
CWIP - General					6					(72)				3,498				6,405		7,878		4,440		1,370		4,123		12,934		73,833		31,278		106,271												
CWIP - Intangible					11					(463)				1,483				7,422		11,839		1,483		1,637		108,033		180,477		38,647		44,881		1,000,690												
Grand Total					\$ 430					\$ 10,426				\$ 34,088				\$ 19,121		\$ 35,426		\$ 63,381		\$ 70,186		\$ 81,216		\$ 20,878		\$ 83,516		\$ 27,841		\$ 112,941		\$ 27,961		\$ 131,559		\$ 161,918		\$ 799,345		\$ 205,544		\$ 3,006,690

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STAFF 13-2:

Please refer to WP-B-1 - Adj 02 Accumulated Depreciation, page 3, Column (d) Incentive Compensation.

- a) Please provide detailed calculations of the adjustments to accumulated depreciation totaling \$1,005,890.
- b) Are the adjustments to accumulated depreciation the amounts for the test year only? If more than the test year is included in the proposed adjustments, please provide the amounts included by year. If not included in the calculation of the proposed adjustments, please provide the total financial-based incentive compensation included in accumulated depreciation in the same format by year since the end of the test year in Docket No. 46831.
- c) Do the proposed adjustments to accumulated depreciation for incentive compensation include any adjustments for capitalized Palo Verde financial-based incentive compensation? If not, please provide the amounts of Palo Verde financial-based incentive compensation included in accumulated depreciation in the same format by year since the end of the test year in Docket No. 46831.

RESPONSE:

- a) See Attachment 1 included with El Paso Electric Company's ("EPE") response to Staff 13-1.
- b) No. Staff 13-1, Attachment 1, reflects the accumulated depreciation calculated on the capitalized incentive compensation by year since the second half of 2009.
- c) No. Reference is made to EPE's response to Staff 13-1 (c). For years 2016 – 2018, 20% of the incentives were related to financial performance. For years 2019 – 2020, only incentives for Vice Presidents and levels above were based on financial performance, none of which were capitalized. Please refer to EPE's response to CEP 10-18, parts e and f, and

the table below. The table below reflects accumulated depreciation recorded on capitalized incentive compensation for years 2016-2018 and capitalized by EPE.

2016	2017	2018
\$(10,999)	\$(9,552)	\$(4,584)

Preparer: Mariana Gamez
Victor Martinez

Title: Senior Accountant – Plant Accounting
Manager – Resource Planning, Resource
Management Regulatory & Quality
Assurance

Sponsor: Larry J. Hancock
Todd A. Horton

Title: Manager – Plant Accounting
Senior Vice President –Site Operations
(Palo Verde Generating Station)

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STAFF 13-3:

Please provide the amount of all non-qualified pension payments capitalized to plant in service by FERC account since the Docket No. 46831 test year end and included in EPE' s requested rate base. Please also provide the amount of any associated accumulated depreciation. If there are no capitalized non-qualified pension payments for the referenced period included in EPE' s requested rate base, please provide a detailed calculation and reference to the adjustment where such amounts were removed from the request.

RESPONSE:

Please refer to El Paso Electric Company's ("EPE") response to Staff 12-1 for all non-qualified pension payments capitalized to plant in service by FERC account since the Docket No. 46831 test year end and included in EPE' s requested rate base. Estimated accumulated depreciation on the non-qualified pension payments capitalized to plant amounted to (\$100,508).

Preparer: Barbara J. Torres

Title: Principal Plant Accountant

Sponsor: Larry J. Hancock

Title: Manager – Plant Accounting

The following files are not convertible:

STAFF 13-01_Attachment 1.xlsx

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Contact centralrecords@puc.texas.gov if you have any questions.