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<b>APPLICATION OF EL PASO</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>ELECTRIC COMPANY TO CHANGE</b>	<b>§</b>	
<b>RATES</b>	<b>§</b>	<b>OF TEXAS</b>

**DIRECT TESTIMONY BY INTERVENOR LOCAL 960 OF  
THE INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS,  
AFL-CIO**

Pursuant to the Presiding Administrative Law Judges Christiaan Siano, Ross Henderson, and Srinivas Behara's SOAH Order No. 2 (dated June 29, 2021), Intervenor Local 960 of the International Brotherhood of Electrical Workers, AFL-CIO hereby submits Direct Testimony in this matter.

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<b>RATES</b>	<b>§</b>	<b>OF TEXAS</b>

DIRECT TESTIMONY

OF

DAVID K. BAZAR

FOR

INTERVENOR LOCAL 960 OF

THE INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS,

AFL-CIO

October 22, 2021

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1 **I. INTRODUCTION**

2 **Q1. Please state your name and business address.**

3 A1. David K. Bazar. My business address is 3211 E. Yandell Drive, El Paso, Texas 79903.

4  
5 **Q2. Please describe your present position, background, and experience.**

6 A2. I am the Business Manager for Local Union 960 of the International Brotherhood of  
7 Electrical Workers, AFL-CIO ("IBEW Local 960"). The position of Business Manager is  
8 an elected union position. I was elected to this position first in June 2020. Although all  
9 IBEW local unions have a President, the principal officer of the Local is the Business  
10 Manager. *See* Constitution of the International Brotherhood of Electrical Workers, AFL-  
11 CIO, Article 17, § 8. I was also President of IBEW Local 960 for two terms, from 2007  
12 to 2013.

13 Additionally, I have been employed by El Paso Electric ("EPE") as a lineman for over  
14 thirty-four years.

15  
16 **Q3. Have you previously testified before the Commission?**

17 A3. No.

18  
19 **Q4. What is IBEW Local 960?**

20 A4. IBEW Local 960 is the duly elected and recognized exclusive bargaining agent for several  
21 hundred employees of EPE. IBEW Local 960 is the exclusive representative of, but not  
22 limited to, EPE's power plant operators, power plant insulators, power plant mechanics,  
23 power plant electricians, power plant laboratory technicians, power plant vibration

specialists, lineman, inspectors of wiring and metering, equipment operators, operations and maintenance technicians, electrical technicians, substation electricians, transmission fleet technicians, meter technicians, equipment operators, and customer service representatives.

IBEW Local 960 and EPE have a long series of collective bargaining agreements dating back to 1944, concerning rates of pay, wages, hours of employment, and other terms and conditions of employment.

**Q5. Does IBEW Local 960 have a stake in this proceeding, other than in its capacity as a labor organization?**

A5. Yes. As a lessee of a property in the EPE service territory, IBEW Local 960 is a customer of EPE and is impacted as such by EPE's application.

## **II. PURPOSE OF TESTIMONY**

**Q6. What is the purpose of your testimony?**

A6. I am generally testifying in support of EPE's application for a rate hike. In particular, I explain:

1. why the proposed rate hike is in the public interest;
2. why rate relief will afford EPE the ability to attract, retain, and replace the skilled workers it needs to provide safe and reliable service;
3. why EPE's tax savings resulting from the Tax Cuts and Job Act of 2017, Pub. L. 115-97 ("TCJA") should be used by EPE to invest in its workers; and

4. why EPE should be allowed to impose the new surcharge tariff for purposes of recovering COVID-19 related costs.

### III. EL PASO ELECTRIC'S PROPOSED RATE HIKE IS IN THE PUBLIC INTEREST

**Q7. Why is the proposed rate hike in the public interest?**

A7. It is in the interest of utility customers to have a highly skilled workforce providing them safe and reliable service. EPE is competing for a talented workforce, particularly when it comes to linemen, substation electricians, and those working in generation. Indeed, this is one portion of the job market in which demand outstrips supply. EPE likewise agrees. In 2015, EPE noted that it expected to lose thirty percent (30%) of its linemen from 2015 to 2020. *See* KFOX14, “EPE prepares for linemen shortage as Baby boomer retire”, 7 Dec. 2015, accessible at <https://kfoxtv.com/archive/epe-prepares-for-linemen-shortage-as-baby-boomer-retire>.

Unless EPE can provide a highly competitive employment package, EPE and the public will suffer. It costs a great deal of money for EPE to attract, hire, train, and maintain a highly skilled workforce to do critically important work. Thus, IBEW Local 960 submits, it is in the interests of utility customers to pay something more than rock-bottom prices for electric service.

IBEW Local 960 firmly believes that EPE's requested rate increase will enable it to meet the ongoing challenge of hiring and maintaining this skilled workforce.

///

1 **Q8. What challenges does EPE face by its aging workforce, and how do you suggest that**  
2 **it meet these challenges?**

3 A8. In 2015, the former human resources director of EPE noted that a growing number of  
4 employees were reaching retirement age, heightening the need for EPE to train and recruit  
5 younger El Pasoans to take on jobs that are dangerous and require years of training. *See*  
6 KFOX14, “EPE prepares for linemen shortage as Baby boomer retire”, 7 Dec. 2015,  
7 accessible at [https://kfoxtv.com/archive/epe-prepares-for-linemen-shortage-as-baby-](https://kfoxtv.com/archive/epe-prepares-for-linemen-shortage-as-baby-boomer-retire)  
8 [boomer-retire](https://kfoxtv.com/archive/epe-prepares-for-linemen-shortage-as-baby-boomer-retire).

9  
10 Likewise, the U.S. Bureau of Labor Statistics has reported this year that although there  
11 has been limited employment growth in the area of lineman, it projects that nationally  
12 there will be 23,300 job openings *annually* and most of these will be the result of needing  
13 to replace workers who chose to change occupations or exit the labor force, including to  
14 retire.

15 Ensuring that EPE has groomed workers who can replace its retirees is not an inexpensive  
16 endeavor. EPE cannot simply hire new employees upon the retirement of current ones.  
17 For skilled positions, such as journeyman lineman and journeyman electrician, the period  
18 of apprenticeship is four years. Thus, there must be a significant period of overlap between  
19 the service periods of retirees and their replacements.

20 EPE must expend a substantial amount of money to train employees to ensure that they  
21 become fully qualified and at least minimally capable of replacing more seasoned  
22 employees. To this end, EPE has incurred costs for apprentice programs during the test  
23 year. This includes its investment in programs such as the Doña Ana Community College  
24



1 Line Worker Certification Program. Direct Test. of EPE Witness, Cynthia S. Prieto (June  
2 2021) at 32:09-07.

3 The Doña Ana Community College Line Worker Certification Program consists of two-  
4 semester course work with physical, technical field training, followed by a ten-week  
5 working internship with an electric utility. Direct Test. of EPE Witness, R. Clay Doyle  
6 (June 2021) at 3:27-4:27. EPE has reported that this program has been successful in  
7 attracting and retaining individuals to EPE’s skilled workforce. *Id.* at 4:20-27 (“Most of  
8 the students that successfully complete their [Doña Ana Community College Line-  
9 worker] Certification (including their 10-week working internship with EPE) have hired  
10 on to EPE full-time and joined EPE's Lineman Apprenticeship program.”)

11  
12 To this end, IBEW Local 960 proposes that EPE receive substantial dedicated funds—  
13 over and above what EPE presently seeks in the form of rate relief—to enable it to  
14 continue and expand these programs and efforts which enable it to increase its hiring. We  
15 propose that the mechanism by which these efforts are funded is in the form of a customer  
16 charge, and further, that EPE track and report annually the actual level of new hiring and  
17 the overall staffing levels for linemen, substation electricians, and those working in  
18 generation.

19  
20 ///

21 ///

1 **Q9. Do you agree with EPE witness, Cynthia S. Prieto's direct testimony that is**  
2 **important that EPE's overall compensation packages be competitive with its peers**  
3 **in the utility industry?**

4 A9. Yes, I do. As she explained, the nature of the work done by EPE's employees is highly  
5 technical and requires a workforce with professional and technical skills. *Id.* at 4:26-5:07.  
6 In addition to the need to replace new employees, including lineman, substation  
7 electricians, and those working in generation, EPE needs to provide a competitive  
8 compensation package that enables it to *retain* these employees.

9  
10 **Q10. Do you support EPE's requested return on equity ("ROE") of 10.3%?**

11 A10. IBEW Local 960 supports requested ROE of 10.3%. EPE has produced evidence that its  
12 proposed ROE calculations meet the legal standards of fairness, reasonableness, current  
13 and prospective capital market conditions, ROE models, and investors return  
14 requirements, as well as its regulatory, business and financial risks. *See* Direct Test. of  
15 EPE Witness, Jennifer E. Nelson at pages 2:01-54:24.

16 IBEW Local 960 concurs with EPE's determination that this ROE would enable EPE to  
17 attract capital at reasonable rates under a variety of economic and financial market  
18 conditions, which in turn empowers EPE to continue providing affordable, reliable, and  
19 safe utility services to customers. IBEW Local 960 shares EPE's position that the  
20 proposed ROE of 10.3% is a reasonable and conservative estimate of the cost of equity.

21 ///

22 ///

**Q11. Does IBEW Local 960 support EPE's recommendation to essentially provide the Excess ADIT from the TCJA to customers?**

The TCJA’s stated purpose was not to provide lower electric bills for rate payers but, instead, the stated purpose of the Jobs Act, as articulated by President Trump’s White House, was to create a “GREATER OPPORTUNITY FOR WORKERS: The Tax Cuts and Jobs Act will help spur more business growth and *job creation*, benefiting American workers.”<sup>1</sup> (emphasis added). Another of the stated purposes for the Jobs Act was for “REVITALIZING COMMUNITIES: The Tax Cuts and Jobs Act signed into law by President Donald J. Trump will expand economic opportunity in underserved communities.”<sup>2</sup>

Numerous Congressional leaders, including the then-Speaker of the U.S. House of Representatives, Paul Ryan, made similar remarks over a number of months including, in a tweet on April 19, 2018, where he observed that “American businesses are using their tax savings to reinvest in their workers.”

<sup>2</sup> *Id.*

Here, EPE is proposing to return to its customers the unamortized excess ADIT relating to the TCJA through a federal income tax specific rate over a period of four years. Direct Test. of EPE Witness, Cynthia S. Prieto (June 2021) at 28:18-29:02. However, in line with the purpose of the TCJA, those savings should be, at least in part, reinvested in workers. As such IBEW Local 960 respectfully submits that EPE should be investing a fraction of the unamortized excess ADIT from the TCJA in its workers. For example, it could be used to hire workers or give pay increases to its current workers, which, in turn, would make EPE more competitive with its peers when it comes to its ability to attract and retain its skilled workforce.

**V. EPE PROPOSED SURCHARGE TARIFF FOR COVID-19 RELATED COSTS**

**Q12. Does IBEW Local 960 support EPE's proposed surcharge tariff to recover COVID-19 related costs?**

A12. Yes. As explained by EPE witness, Cynthia S. Prieto, in her direct testimony, EPE was significantly impacted by COVID-19 during the test year. *Id.* at 35:27-36:07. Specifically, EPE's employees had to adjust to remote work routines, new safety protocols, and stresses of the national health emergency while continuing to provide reliable service to customers. *Id.* at 36:01-07. Moreover, EPE had to incur increased administrative and other operational costs primarily related to additional cleaning services, supplies, and increased medical costs for testing, treatment and consulting. *Id.* at 36:15-23.

IBEW Local 960 agrees that these mandatory requirements were needed to keep the workforce safe and enable them to continue providing reliable services to customers. As

1 such, IBEW Local 960 supports EPE's proposed surcharge tariff to recover COVID-19  
2 related costs.

3  
4 **VI. CONCLUSION**

5 **Q12. Is there anything else you wish to add?**

6 A12. Yes. Pursuant to 16 Texas Administrative Code § 22.124(a), IBEW Local 960 provides  
7 that in all other material aspects, it supports EPE's application.

8 **Q13. Does this conclude your direct testimony?**

9 A13. Yes.

10  
11  
12 Respectfully submitted,  
13 Lubin & Enoch, P.C.

14 /s/ Nicholas J. Enoch

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**CERTIFICATE OF SERVICE**

I certify that a true and correct copy of the foregoing document was efiled with the Public Utility Commission and was served on all Intervenors in this proceeding on this 22nd day of October 2021 by facsimile, electronic mail, or first class, U.S. Mail.

/s/ Clara S. Acosta, Esq.