



Control Number: 52195



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SOAH DOCKET NO. 473-21-2606

PUC DOCKET NO. 52195

2021 JUN 28 PM 2: 25

APPLICATION OF EL PASO
ELECTRIC COMPANY TO CHANGE
RATES

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§

PUBLIC UTILITY COMMISSION
FILING CLERK
OF TEXAS

**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO
EL PASO ELECTRIC COMPANY
QUESTION NOS. STAFF 1-1 THROUGH 1-48**

Pursuant to 16 Texas Administrative Code (TAC) § 22.144 of the Commission's Procedural Rules, the Staff of the Public Utility Commission of Texas (Staff) requests that El Paso Electric Company (EPE) by and through its attorney of record, provide the following information and answer the following question(s) under oath. The question(s) shall be answered in sufficient detail to fully present all of the relevant facts, within the time limit provided by the Presiding Officer or within 20 days, if the Presiding Officer has not provided a time limit. Please copy the question immediately above the answer to each question. These question(s) are continuing in nature, and if there is a relevant change in circumstances, submit an amended answer, under oath, as a supplement to your original answer. State the name of the witness in this cause who will sponsor the answer to the question and can vouch for the truth of the answer.

Provide responses to the Requests for Information by filing with the Commission solely through the Interchange on the Commission's website and provide notice, by email, to all other parties that the pleading or document has been filed with the Commission, unless otherwise ordered by the presiding officer pursuant to the Order Suspending Rules in Docket No. 50664.

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Dated: June 28, 2021

Respectfully submitted,
**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

Rachelle Nicolette Robles
Division Director

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CERTIFICATE OF SERVICE

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record on June 28, 2021 in accordance with the Order Suspending Rules filed in Project No. 50664.

/s/ Robert Parish
Robert Dakota Parish

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DEFINITIONS

- 1) "EPE," "Company," or "you" refers to El Paso Electric Company and any person acting or purporting to act on their behalf, including without limitation, attorneys, agents, advisors, investigators, representatives, employees or other persons.
- 2) "Document" includes any written, recorded, or graphic matter, however produced or reproduced, including but not limited to correspondence, telegrams, contracts, agreements, notes in any form, memoranda, diaries, voice recording tapes, microfilms, pictures, computer media, work papers, calendars, minutes of meetings or other writings or graphic matter, including copies containing marginal notes or variations of any of the foregoing, now or previously in your possession. In the event any documents requested by this Request for Information have been transferred beyond the Company's control, describe the circumstances under which the document was destroyed or transferred and provide an exact citation to the subject document. In the event that documents containing the exact information do not exist, but documents do exist which contain portions of the required information or which contain substantially similar information, then the definition of "documents" shall include the documents which do exist and these documents will be provided.

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INSTRUCTIONS

- 1) Pursuant to 16 TAC § 22.144(c)(2), Staff requests that answers to the requests for information be made under oath.
- 2) Please copy the question immediately above the answer to each question. State the name of the witness in this cause who will sponsor the answer to the question and can vouch for the truth of the answer.
- 3) These questions are continuing in nature, and if there is a relevant change in circumstances, submit an amended answer, under oath, as a supplement to your original answer.
- 4) Words used in the plural shall also be taken to mean and include the singular. Words used in the singular shall also be taken to mean and include the plural.
- 5) The present tense shall be construed to include the past tense, and the past tense shall be construed to include the present tense.
- 6) If any document is withheld under any claim of privilege, please furnish a list identifying each document for which a privilege is claimed, together with the following information: date, sender, recipients or copies, subject matter of the document, and the basis upon which such privilege is claimed.
- 7) Pursuant to 16 TAC § 22.144(h)(4), if the response to any request is voluminous, please provide a detailed index of the voluminous material.
- 8) Staff requests that each item of information be made available as it is completed, rather than upon completion of all information requested.

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**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO
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QUESTION NOS. STAFF 1-1 THROUGH 1-48**

Taxes Other Than Income Taxes

- Staff 1-1** Please provide a copy of the Texas Franchise Tax Form due to the Texas Comptroller of Public Accounts on May 15, 2020. If the Company has prepared a draft of the Texas Franchise Tax form to be filed by May 15, 2020, provide a copy of such draft. If the Company has filed for an extension, provide a copy of the request for an extension.
- Staff 1-2** Provide copies of the quarterly Texas Gross Receipts Tax Reports that were filed during the test year and for each quarter subsequent to the test year.
- Staff 1-3** Please provide a copy of the Company's most recent PUC Assessment Tax Report and the amount of the payment due.
- Staff 1-4** Please provide the Company's FICA Form 941 for all quarters during and subsequent to the test year. Please update this response as additional quarterly reports are filed.
- Staff 1-5** Please provide a copy of the Company's most recently filed FUTA tax Form 940.
- Staff 1-6** For the tax form provided in Staff 1-5 above, provide the number of employees for which the FUTA tax was paid.
- Staff 1-7** Has the Company or its affiliates protested property tax valuations in Texas in the past five years? If yes, provide the results of such protests and any documents related to the result.
- Staff 1-8** For any current property tax valuation protest(s), provide documents related to such protest(s).
- Staff 1-9** With regards to the calculation of property tax expense, does the Company apply a CWIP and/or obsolescence factor to its gross plant in service balance? If yes, provide those factors for the test year and previous four calendar years.
- Staff 1-10** Is the Company's CWIP subject to any ad valorem taxes? If so, state whether the taxes are expensed or capitalized. Provide the amount of ad valorem tax associated with any requested CWIP adjustments. If the Company has included the associated expense in its requested revenue requirement, please identify where.

- Staff 1-11** Does the Company pay taxes on plant leased to others? If so, is the Company reimbursed for these taxes paid?
- Staff 1-12** Does the Company's request for ad valorem taxes include taxes on property values deemed imprudent by the Commission? If so, please identify the amount of taxes and the associated plant balance.
- Staff 1-13** Does the Company's request for ad valorem taxes include taxes on property which is not used and useful in providing utility service? If so, please identify the amount of taxes and the associated plant balance.
- Staff 1-14** Provide the following regarding the Company's ad valorem taxes:
1. Total taxes paid for the prior two calendar years in Texas and all other jurisdictions.
 2. Accounting distribution of taxes paid in each state for the prior two calendar years (expense, capital, and other by FERC account).
 3. Total gross and net book values upon which such taxes were assessed and paid in each jurisdiction for the prior two calendar years. Distinguish by component as applicable (plant in service, materials and supplies, CWIP, etc.)
 4. Property taxes charged to electric expenses for each month of the test year by FERC account.
- Staff 1-15** Describe in detail the assessment of property taxes by Texas and other states on fuel as well as materials and supplies.
- Staff 1-16** Does the Company take advantage of all ad valorem tax discounts available? If not, why not?

Payroll

- Staff 1-17** Has the Company experienced any reductions in force since the end of the test year or does the Company anticipate any reductions in force during the rate year? If yes, please describe and quantify.
- Staff 1-18** Please provide a narrative description of any and all programs that the Company and/or its parent company has instituted which resulted in a decrease to the Company's number of employees since the beginning of the test year.
- Staff 1-19** Please provide a narrative description of any and all programs that the Company and/or its parent company has instituted which could result in a decrease to the Company's number of employees after the end of the test year.

- Staff 1-20** Please quantify the savings which have been achieved or that are expected to be achieved from programs to reduce the number of employees of the Company and/or its parent company.
- Staff 1-21** Does the Company have a written severance policy? If yes, please provide a copy of the policy. If no, please explain why not and provide details of any non-written policies that are utilized by the Company.
- Staff 1-22** Has the Company included any non-qualified pension payments in its request? If so, please provide by FERC account and identify as Company direct or affiliate allocated. Please provide the amounts expensed as well as the amounts capitalized.
- Staff 1-23** Please provide by FERC account, the dollar amount of direct payroll expensed during the test year.
- Staff 1-24** Please provide by FERC account, the dollar amount of affiliate/allocated payroll expensed during the test year.
- Staff 1-25** Does the Company's requested revenue requirement include any amounts for moving allowances, signing bonuses, or severance packages? If so, please specify by type, amount, and FERC account.
- Staff 1-26** Reference the Company's response to Staff 1-25. Please provide the level of moving allowances, signing bonuses, and severance payments for the previous three calendar years and the current calendar year to date.
- Staff 1-27** Please provide a copy of the Company's policy for payments of moving allowances and signing bonuses.
- Staff 1-28** Does the Company's requested revenue requirement include amounts for executive perquisites such as financial planning and tax gross-ups? If so, please provide an explanation of the types of perquisites included, a copy of the Company's policies regarding the payment of such perquisites, and the amount of such payments included in the revenue requirement by FERC account.
- Staff 1-29** Please provide the payroll expense percentages for the test year and each of the three years prior to the test year for the Company and for each affiliated company with payroll included in the revenue requirement.
- Staff 1-30** Please explain if the Company included any post-test year pay increases in its pro forma revenue requirement.
- Staff 1-31** Please provide the payroll by pay period for the test year through latest available date for each employee group with a separate payroll annualization calculation in the Company's exhibits, and showing for each pay period the number of employees, the amount of base pay, the amount of overtime pay, the overtime hours, the amount of incentives paid, and the amount of other pay. Please provide this information separately for the Company and for each affiliate of the Company. Please provide

this response in Excel compatible format with all formulas fully functional and intact.

Staff 1-32 Please provide the pro forma payroll for each employee group with a separate payroll annualization calculation in the Company's exhibits, and showing for each payroll group the number of employees, the amount of base pay, the amount of overtime pay, the overtime hours, the amount of incentives paid, and the amount of other pay. Please provide this information separately for the Company and for each affiliate of the Company. Please provide this response in Excel compatible format with all formulas fully functional and intact.

Staff 1-33 Please provide the payroll for the test year and each of the three years preceding the test year, showing for average number of employees, the amount of base pay, the amount of overtime pay, the overtime hours, the amount of incentives paid, and the amount of other pay. Please provide this information separately for the Company and for each affiliate of the Company. Please provide this response in Excel compatible format with all formulas fully functional and intact.

Staff 1-34 Please provide the Company's policy regarding pay increases, and explain if the Company grants general pay increases, if the general pay increases are granted on the same date for all qualifying employees, an explanation of the alternative dates if that is used instead of a uniform increase date, if the individual increases are based on merit, and the different methods are used to determine the amount pay increases for each payroll group (contract, management's decision, etc.).

Staff 1-35 If pay increases are granted on a uniform date for groups of employees, please provide the dates each general pay increase was granted during the test year, identify the applicable payroll groups for each pay increase, and for each identified payroll group provide the number of employees and base pay by payroll period in the test year and for each pay period following the test year through the latest available date.

Staff 1-36 If pay increases are granted on a uniform date for groups of employees, please provide the dates each general pay increase was granted in each of the three years preceding the test year, and for each applicable payroll group provide the base pay in the twelve months preceding and following each pay increase.

Audits

Staff 1-37 Please provide a list of internal and external audits performed for the Company for the previous three calendar years by its internal and external auditors.

Outside Services

Staff 1-38 Reference Schedule G-8. Please provide the historical level of outside services expenses in the FERC 900 accounts for the previous three calendar years and the current calendar year to date.

- Staff 1-39** Are there any duplications of effort for any of the outside services? Is the same function performed by two or more vendors? If so, please detail.
- Staff 1-40** Are there any items included in outside services for which the Company has been reimbursed? If yes, please provide documentation.
- Staff 1-41** Do any of the outside services represent legislative advocacy expenses? If so, please detail.
- Staff 1-42** Do any of the outside services relate to rate case expenses that should be amortized or surcharged? If yes, please provide details.
- Staff 1-43** Please provide copies of contracts, invoices, or other third-party documentation for each outside service employed by the Company in excess of \$250,000 as shown on Schedule G-8.
- Staff 1-44** Please provide an analysis identifying each vendor with costs exceeding \$150,000 in the outside services expense account in the test year. For each vendor, provide the service provided by the vendor, the amount included in test year expenses, and any adjustments related to the test year level of expenses related to the vendor, and the amounts paid to the vendor in each of the two years prior to the test year.

Leases and Rents

- Staff 1-45** Please provide a schedule of all leases and rentals in place during and subsequent to the test year. Include the lease term, monthly payment, address, business purpose, expiration date, and whether or not the lease will be renewed. For each lease, please provide the amount requested in the Company's revenue requirement by FERC account.

Accounting Changes

- Staff 1-46** Please identify all changes in accounting policy since the Company's last rate case in Texas in which the Company has changed from expensing certain costs to capitalizing them or vice versa. Provide internal documentation of such policy changes. For each change, identify the number of dollars in each year since the change in accounting policy took place.

Procurement Card

- Staff 1-47** Does the Company's requested cost of service include procurement card purchases? If so, please list those purchases by FERC account and amount as well as provide the location of each in the rate filing package. Each item should detail the amount that was directly billed to the Company and the amount that was allocated from an affiliate. Please provide the information on CD.
- Staff 1-48** Please provide the Company's procurement card policies.