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**SOAH DOCKET NO. 473-21-2606
PUC DOCKET NO. 52195**

**APPLICATION OF EL PASO
ELECTRIC COMPANY TO
CHANGE RATES**

**§ BEFORE THE STATE OFFICE
§ OF
§ ADMINISTRATIVE HEARINGS**

**CITY OF EL PASO'S RESPONSES TO
EL PASO ELECTRIC COMPANY'S FIRST REQUEST FOR INFORMATION TO
CITY OF EL PASO EPE-1 to EPE 17**

EPE's Requests for Information were served on November 5, 2021. Pursuant to the scheduling Order, the 5th working day after November 5, 2021 is November 15, 2021.

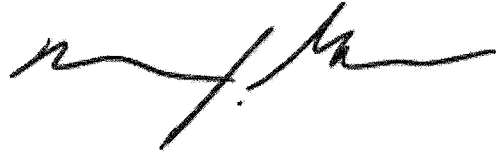
Dated: November 15, 2021.

Respectfully submitted,

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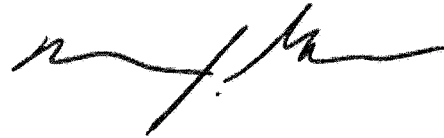
Attorneys for the City of El Paso



By: _____
Norman J. Gordon

Certificate of Service

I certify that a true and correct copy of this document was served by e-mail and/or US mail on all parties of record in this proceeding on November 15, 2021.



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EPE 1-1 Mr. Lawton states on page 51, lines 5-7 of his direct testimony, "...more important the direct assignment of all these solar resources to only New Mexico customers is very questionable. It is unusual that EPE would plan and develop system resources such that only certain jurisdictions could largely benefit from solar facilities."

What is Mr. Lawton's understanding of the history of why the solar resources in question were procured by EPE?

RESPONSE: Mr. Lawton has not studied the "history of why the solar resources were procured by EPE. Mr. Lawton is aware of New Mexico's Energy Transition Act requiring 50% renewable energy by 2030 and 100% carbon free by 2045.

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EPE 1-2 Mr. Lawton recommends that: "For these reasons I have recommended that the proposed adjustment to recognize specifically assigned solar facilities in the jurisdictional allocator be denied." (page 52, lines 9-11 of Mr. Lawton's direct testimony). Please confirm that Mr. Lawton's recommendation and the City of El Paso's position is that the solar resources in question should be treated as system resources and the cost for them should be fully allocated as a system resource. If not, please explain.

RESPONSE: Mr. Lawton's position is that the solar resources in question should be treated like all other system resources and the costs be allocated like all other system resources.

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EPE 1-3 What is Mr. Lawton's understanding of the net impact on Texas jurisdictional costs of treating the solar resources referenced in EPE 1-2 as system resources, the cost of which is fully allocated, in contrast to the treatment proposed by EPE of directly assigning these resources?

RESPONSE: Mr. Lawton has not modeled the requested calculation. Mr. Lawton would point out that the cost differences are not issue determinative of the far-reaching policy implications of the Company's proposed specific assignment of solar facilities.

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EPE 1-4. Admit or deny that it is typical in a rate proceeding to adjust test-year sales for both the year-end number of customers and to normalize the effects of weather. If denied, please explain.

RESPONSE: Admitted.

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EPE 1-5. Admit or deny that with regard to the adjustment for test-year sales for year-end customers, if the year-end number of customers is greater than the average, it is not known with precision the amount of electricity additional customers would have used had they been customers for the entire year and therefore it is estimated. If denied, please explain.

RESPONSE: Denied. In Mr. Johnson's opinion, this request does not correctly state the intent of a year-end customer adjustment. For most customer classes, the adjustment is not intended to identify the annual usage of the specific customers who were added by the end of year. In the mass customer classes (such as Residential and Small General) the intent is to quantify a year end value of customer count based on average monthly usage of customers in the class. The calculation is based on average class customer usage which is a known incurred value, rather than an estimate. The adjustment is necessary because year-end values are used for plant and rate base.

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EPE 1-6. With regard to the customer adjustment, admit or deny that the accepted annualization adjustment for the test-year end number of customers adjusts test-year revenues by *estimating* the impact on revenues of the change in number of customers. If denied, please explain.

RESPONSE: Denied. Please see the answer to EPE1-5. For the mass customer classes, the inputs are known incurred values rather than estimates. The explanation in EPE 1-5 is applicable.

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EPE 1-8. Admit or deny that both the weather adjustment and the customer adjustment, though standard known and measurable adjustments to the test-year, are based on estimates. If denied, please explain.

RESPONSE: Denied. Please see the explanations provided for 1-5 thru 1-7. As noted therein, for mass customer classes, the customer adjustment is based on known actual data for year-end customers and average class usage per customer. For the weather adjustment, historic actual monthly weather data is known, and the weather model produces statistical probability regarding the accuracy of the adjustment based on the actual weather data.

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EPE 1-9. Admit or deny that the Commission's RFP Section O-1.4 explicitly allows the utility to provide adjusted test-year data by rate class based on "estimates." If denied, please explain.

RESPONSE: Denied in part. The request is an incomplete description. According to the RFP Sec. O-1.4 form, the Company may use estimates "if the actual data is unavailable."

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EPE 1-10. If a class loses customers during the test-year such that the test-year end is less than the average, does Mr. Johnson consider the customer annualization adjustment to be a lost-revenue adjustment for that class? Explain your answer.

RESPONSE: No. "Lost Revenue Adjustment" (LRA) is a term of art applied to reductions caused by specific energy efficiency programs. For example, if customers reduced consumption during the test year, a LRA would attempt to differentiate consumption reductions due to energy efficiency from reductions due to any other factors such as weather or economic factors.

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EPE 1-11. Admit or deny that in the case cited by Mr. Johnson on page 12, footnote 1, Docket No. 38213, the issue considered by the Commission with regard to CenterPoint's proposed Lost Revenue Adjustment Mechanism ("LRAM") was limited to whether the LRAM should be included in setting EECRF rates. If denied, please explain.

RESPONSE: Denied in part. The Commission's reasoning is not "limited" to the LRAM applied to an EECRF. The cited supplemental preliminary order ruled on CenterPoint's request to recover the LRAM through EECRF rates. However, the order addressed the general policy issues underlying a LRAM. In doing so, the Commission's legal conclusion is not limited to Sec. 39.905 (authorizing an EECRF) but also concludes that Sec. 36.204 does not provide a basis for LRAM.

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EPE 1-12. Admit or deny that the Commission reasoned in its preliminary order in Docket No. 38213, cited by Mr. Johnson on page 3 of his direct testimony, that “[t]he receipt of less revenue than the utility projected is not spending or an expenditure made to satisfy the reduction in the annual growth of demand required by PURA § 39.905 and may not, therefore, be recovered through its EECRF.”

RESPONSE: Admitted. The referenced statement is one of the bases included in the supplemental preliminary order.

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EPE 1-13. Admit or deny that with regard to Docket No. 38339, the adjustment to CenterPoint's 2009 test-year revenues that CenterPoint was requesting included projected savings from its energy efficiency programs for two years after the test-year (2010 and 2011). If denied, please explain.

RESPONSE: Denied in part. Although CenterPoint's testimony may have provided that option to the Commission, the Application filed by CenterPoint provides the following description of the relevant requested relief, which is not exactly the same as stated in the request:

"CenterPoint Houston is therefore requesting approval of an adjustment to Rider EECRF to recover in 2011...(4) \$1,436,550 in lost revenue due to verified and reported 2009 energy savings; reduced by a regulatory liability in the amount of \$504,858."

Docket No. 38339 Application for Change in Rates, Exhibit B Notice of Rate Change Request.

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EPE 1-14. Admit or deny that with regard to the Proposal for Decision in Docket No. 49421, cited and quoted by Mr. Johnson on pages 12-13 of his direct testimony, the Commission explicitly stated that it “does not adopt the proposal for decision.” (at page 2 of the Order in Docket No. 49421). If denied, please explain.

RESPONSE: Admitted. As discussed on page 13 of Mr. Johnson’s testimony, the parties to the proceeding entered into a black box settlement prior to Commission consideration of the PFD.

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EPE 1-15 Mr. Lawton states on Bates page 54, lines 13-15 of his direct testimony, "I recognize that different jurisdictions have different requirements that impact planning, but these differing planning requirements should not shift costs to other jurisdictional customers." Does Mr. Lawton believe that the cost associated with New Mexico's solar requirements should be shared by both jurisdictions?

RESPONSE: Yes, but it must be understood that New Mexico's solar requirements are not limited to solar facilities.

For example, assuming the following hypothetical; 1. El Paso Electric determines the system needs additional capacity. 2. Also assume El Paso Electric after analysis and planning determines the system resource should be a natural gas combined cycle facility capable of burning hydrogen at some future date. 3. Assume the New Mexico jurisdiction with renewable energy resource requirements denies the CCN for the new plant. 4. Assume the Texas jurisdiction approves the CCN for the system resource addition.

The New Mexico portion of this new system resource should not be imposed on Texas customers because of New Mexico's solar (renewable energy resource requirements).

As shown in the above hypothetical cost shifting is not limited to solar resources but impacts non-renewable resource allocations across the system.

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EPE 1-16 Is Mr. Lawton aware that New Mexico bears the cost of the New Mexico dedicated solar resources?

RESPONSE: Yes, Mr. Lawton is aware. Also Mr. Lawton is aware that New Mexico is not allocated a reasonable amount of system resources through the jurisdictional allocation process employed by the Company.

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EPE 1-17 Is Mr. Lawton aware of any other multijurisdictional-serving utilities that have built dedicated solar facilities for a specific jurisdiction?

RESPONSE: Mr. Lawton has not performed an analysis of any other multijurisdictional-serving utilities that have built dedicated solar facilities for a specific jurisdiction.

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