



## Filing Receipt

**Received - 2021-11-16 02:24:34 PM**  
**Control Number - 52195**  
**ItemNumber - 380**

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

<b>APPLICATION OF EL PASO ELECTRIC COMPANY TO CHANGE RATES</b>	<b>§ § §</b>	<b>BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS</b>
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**TEXAS INDUSTRIAL ENERGY CONSUMERS' RESPONSE TO CITY OF EL PASO'S  
FIRST REQUEST FOR INFORMATION**

Texas Industrial Energy Consumers ("TIEC") files the following responses to the First Request for Information ("RFI") to TIEC filed by City of El Paso ("CEP"). The request was filed at the Commission and received by TIEC on November 8, 2021. TIEC's responses to specific questions are set for as follows, in the order of the questions asked. Pursuant to 16 T.A.C. § 22.144(c)(2)(F), these responses may be treated as if they were filed under oath.

Respectfully submitted,

O'MELVENY & MYERS LLP

/s/ Benjamin B. Hallmark

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**ATTORNEYS FOR TEXAS INDUSTRIAL  
ENERGY CONSUMERS**

**CERTIFICATE OF SERVICE**

I, Christian E. Rice, Attorney for TIEC, hereby certify that a copy of this document was served on all parties of record in this proceeding on this 16<sup>th</sup> day of November, 2021 by electronic mail, facsimile, and/or First Class, U.S. Mail, Postage Prepaid.

*/s/ Christian E. Rice*

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Christian E. Rice

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**CEP-TIEC 1-1.** With respect to the NARUC Cost Allocation Manual's discussion of the Average & Excess method (Higgins at page 20), please confirm that the Manual's description of the Average & Excess method is based upon utilizing non- coincident peak demands rather than coincident peak demands. If the answer is not confirmed, please specify the text of the NARUC Cost Allocation Manual which discusses the use of the Average and Excess method with 4CP inputs.

**Response:**

Confirmed.

**Preparer:** Kevin C. Higgins

**Sponsor:** Kevin C. Higgins

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**CEP-TIEC 1-2.** Mr. Higgins contends at page 23 that O&M accounts 519, 520, 523, 22 530, 531, and 532 should be allocated on a demand basis. Please identify any other electric utilities which allocate those accounts to customer classes on the basis of demand.

**Response:**

Mr. Higgins has not undertaken an exhaustive review of the allocation methods used by other utilities for these accounts. However, Mr. Higgins is aware that Arizona Public Service Company classifies Accounts 519, 520, 523, and 532 as demand production. (Arizona Corporation Commission Docket No. E-01345A-19-0236, workpaper of Leland Snook, LRS\_WP2DR Cost of Service Study, pp. 55-57.)

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**CEP-TIEC 1-3.** On page 24, Mr. Higgins states that the generation load dispatch allocation approved for the ETI case in footnote 71 is consistent with his recommendation in this case. Please identify specific findings in the Commission order for the ETI proceeding which supports his statement.

**Response:**

Docket No. 48371 was resolved by a settlement agreement that did not specify an allocation method for Account 556. According to ETI witness Richard E. Lain’s Rebuttal Testimony in Docket No. 48371, page 8, “[T]he Commission has established precedent for ETI that these expenses are to be allocated using the Average & Excess-4 Coincident Peak (“A&E-4CP”) method for Accounts 556 and 561 [...] In its recent base rate applications, ETI has complied with the Commission’s prior rulings in ETI cases.” Mr. Lain cites to Application of Entergy Texas, Inc. for Authority to Change Rates, Reconcile Fuel Costs, and Obtain Deferred Accounting Treatment, Docket No. 39896, Order on Rehearing, Findings of Fact Nos. 183-185 (Nov. 11, 2012).

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**CEP-TIEC 1-4.** With respect to EPE's "local" 115 kV transmission lines, please explain Mr. Higgins' understanding as to whether these are radial lines which are installed to serve specific 115 kV customers.

**Response:**

It is Mr. Higgins' understanding that EPE's local 115 kV transmission lines are network facilities and not radial lines that were installed to serve specific 115 kV customers.

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**CEP-TIEC 1-5.** With respect to Mr. Higgins' recommendation to exclude 115 kV customers from the allocation of the 69 kV transmission lines, please explain whether he would propose excluding customers taking service below 115 kV in the allocation of 115 kV lines.

**Response:**

No, Mr. Higgins does not recommend excluding customers who take service below 115 kV from the allocation of 115 kV costs because EPE's distribution voltage customers routinely utilize the 115 kV transmission system. See, for example, EPE's 2015 Integrated Resource Plan for the period 2015-2034 (July 16, 2015), p. 35: "Once on the local 115 kV transmission system, the power is distributed to EPE local customers through substations that step the voltage down to the distribution voltage level and out across the EPE distribution system."

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**CEP-TIEC 1-6.** Based on Mr. Higgins recommendation, what percentage of 115 kV costs would be allocated to customers taking service at 115 kV?

**Response:**

Mr. Higgins does not challenge EPE's allocation of 115 kV transmission costs based on the 4CP method. Based on Schedule O-01.04, customers served at 115 kV comprise approximately 6.6% of the Texas firm 4CP at source.

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**CEP-TIEC 1-7.** With respect to Mr. Higgins' recommended customer allocation of contributions and donations at page 27, is this allocation applied to all expenses in Account 930.2 or only to the contributions and donations included in that account. If it is applicable to only a portion of Account 930.2, please identify the percentage of Account 930.2 which would be allocated on a customer basis.

**Response:**

Mr. Higgins' recommendation is limited to the contributions and donations portion of Account 930.2. EPE includes \$1,260,720 in contributions and donations expense in its revenue requirement (WP A-3 Adj 26). According to EPE Regulatory Case Working Model – As Filed – Dkt 52195, "Jurisdiction Allocation" tab, rows 1455-1474, \$4,585,547.56 in adjusted expenses are recorded in Account 930.2, which are allocated using several different allocation factors. Contributions and donations comprise approximately 27.5% of this total.

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**CEP-TIEC 1-8.** Is the Company's allocation of Account 930.2 on a labor basis consistent with the NARUC Cost Allocation Manual? If no, please explain the basis for the answer

**Response:**

The NARUC Manual indicates that one option for allocating Account 930.2 (Miscellaneous General Expenses) is based on Labor – Salary and Wages. Mr. Higgins believes that if the Commission determines that contributions and donations expense should be included in rates, allocation based on customer count is appropriate based on the specific nature of these costs. However, Mr. Higgins recently became aware that EPE announced that it intends to remove contributions and donations from its revenue requirement in this proceeding (Direct Testimony of Mark E Garrett, pp. 30-32).

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**Sponsor:** Kevin C. Higgins