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

REBUTTAL TESTIMONY

OF

JENNIFER I. BORDEN

FOR

EL PASO ELECTRIC COMPANY

NOVEMBER 19, 2021

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EXHIBITS

JIB-1R	List of Rate Base and Cost of Service Adjustments
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1 **I. Introduction and Qualifications**

2 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

3 A. My name is Jennifer I. Borden. My business address is 100 North Stanton Street, El Paso,
4 Texas 79901.

5
6 Q. HOW ARE YOU EMPLOYED?

7 A. I am employed by El Paso Electric Company ("EPE" or "Company") as Director-
8 Regulatory Accounting.

9
10 Q. ARE YOU THE SAME JENNIFER I. BORDEN WHO SUBMITTED DIRECT
11 TESTIMONY?

12 A. Yes, I am.
13

14 **II. Purpose and Organization of Rebuttal Testimony**

15 Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

16 A. The purpose of my rebuttal testimony is to present EPE's revised total Company revenue
17 requirement request and respond to certain proposals to adjust total Company rate base or
18 cost of service by Public Utility Commission of Texas ("Staff") witness Ruth Stark and
19 Freeport-McMoran Incorporated ("FMI") witness Billie LaConte.

20 I present certain total Company rate base and cost of service rebuttal adjustments
21 (1) that intervenor and Staff witnesses propose and EPE agrees with, and (2) that no
22 intervenor or Staff witness addresses but the need for which was disclosed in response to
23 discovery or in my direct testimony.

24 Adjustments to rate base and cost of service not addressed in my testimony are
25 addressed by the corresponding witness as listed on Exhibit JIB-1R, List of Rate Base and
26 Cost of Service Adjustments, and summarized later in this testimony.
27

28 Q. HOW IS YOUR REBUTTAL TESTIMONY ORGANIZED?

29 A. The substance of the remainder of my rebuttal testimony is divided into three sections.

30 In Section III, I provide a summary of all total Company rate base and cost of
31 service adjustments supported by me or other EPE witnesses in rebuttal testimony. I

1 address certain total Company rate base and cost of service adjustments that intervenor and
2 Staff witnesses propose that EPE agrees with.

3 In Section IV, I address other total Company rate base and cost of service
4 adjustments that should be made—that is, those not addressed in Section III.

5 In Section V, I present the Company's revised total Company revenue requirement
6 request. Exhibit JIB-2R, which includes a revised Schedule A and revised Schedule B-1,
7 contains the entirety of total Company rate base and cost of service adjustments that should
8 be made —both those mentioned in Section III and Section IV-- and their effect on EPE's
9 revenue requirement request. The goal of this approach is to capture every adjustment that
10 EPE realized through the discovery and rebuttal processes, along with their effects on the
11 requested rate base and cost of service.
12

13 **III. Rate Base and Cost of Service Adjustments Proposed by Intervenor and Staff**
14 **Witnesses with Which EPE Agrees**

15 Q. DO YOU HAVE A LIST OF EVERY TOTAL COMPANY RATE BASE OR COST OF
16 SERVICE ADJUSTMENT PROPOSED BY STAFF AND INTERVENOR WITNESSES
17 WITH WHICH EPE AGREES?

18 A. Yes, I do. It is contained on Exhibit JIB-1R, List of Rate Base and Cost of Service
19 Adjustments. Exhibit JIB-1R identifies the EPE rebuttal witness who addresses the
20 adjustments in their testimony. Exhibit JIB-1R also includes adjustments that Staff and
21 intervenor witnesses do not address but that should be made. Next, I will discuss the
22 adjustments I address.
23

24 **A. Removal of Regulatory Asset - Rate Case Expenses**

25 Q. DID ANY WITNESS RECOMMEND A REDUCTION IN THE AMOUNT OF
26 UNAMORTIZED RATE CASE EXPENSES INCLUDED IN RATE BASE?

27 A. Yes. Staff witness Ms. Stark recommends that an adjustment be made to remove
28 unamortized rate case expenses included in the Company's rate base. In making this
29 recommendation, Ms. Stark relies on prior Commission decisions in Docket Nos. 22355
30 and 30706 where the Commission rejected the inclusion of such costs in rate base and did
31 not allow the Company to earn a return on those costs.

1 FMI witness Ms. LaConte also addresses rate case expenses. Ms. LaConte
2 proposes that EPE not be allowed to include unamortized rate case expenses as a regulatory
3 asset and earn a return on the unamortized portion in this proceeding. Ms. LaConte states
4 that a significant portion of EPE's requested rate case expenses are based on estimates and
5 therefore EPE should not be allowed to include them in rate base. She further proposes
6 that EPE be allowed to recover actual expenses incurred through the conclusion of this case
7 over four years through a surcharge, and that any rate case costs incurred after the
8 conclusion of this case be requested in EPE's next base rate case.
9

10 Q. DO YOU AGREE WITH THE RECOMMENDED ADJUSTMENT TO RATE CASE
11 EXPENSES INCLUDED IN RATE BASE?

12 A. Yes. I agree that \$4,087,168 related to rate case expenses included as a regulatory asset in
13 the Company's request will be removed from rate base. See the testimony of EPE witness
14 James Schichtl for further discussion of the amount of rate case expenses to be recovered
15 and EPE's revised request to recover these costs through a separate rider, rather than
16 through base rates.
17

18 Q. WHAT OTHER ADJUSTMENTS HAVE BEEN MADE IN EPE'S REBUTTAL
19 TESTIMONY AND WHAT EPE WITNESS SPONSORS EACH ADJUSTMENT?

20 A. Table JIB-1 below summarizes the cost of service and rate base rebuttal adjustments
21 proposed by intervenor and Staff witnesses with which EPE agrees and identifies which
22 EPE witness provides support in their rebuttal testimony. In addition to the cost of service
23 and rate base adjustments listed in the table below, EPE witness Manuel Carrasco discusses
24 various revenue related adjustments in his rebuttal testimony. The cost of service, rate base
25 and revenue adjustments are reflected in the revised total Company Schedules A and B-1,
26 both of which are provided in my Exhibit JIB-2R.

27 /

28 /

29 /

30 /

31 /

Table JIB-1				
Rebuttal Adjustment	Intervenor/Staff Witness	Total Company Amount (COS)	Total Company Amount (Rate Base)	EPE Witness
Increase to COS due to final pension & benefit costs for 2021	M. Garrett/Hopingardner	\$1,207,255		Prieto
Increase to COS related to COVID-19 costs	Salcedo/Stark	902,940		Prieto
Remove Amortization of Regulatory Asset - COVID-19	Salcedo/Stark	(2,781,774)		Prieto
Remove Amortization of Rate Case Expenses	LaConte/Stark	(1,154,276)		Schichtl
Remove Newman Oil Clean-up Costs	Cannady	(27,445)		Olson
Remove Contributions and Donations	M. Garrett/Hopingardner	(1,260,720)		Prieto
Remove Regulatory Asset - Rate Case Expenses	LaConte/Stark		\$(4,087,168)	Schichtl/Borden
Remove Regulatory Asset - COVID-19	Salcedo/Stark		(5,563,549)	Prieto
Remove Newman Fuel Oil Inventory from Rate Base	Cannady		(654,858)	Olson

IV. Other Rate Case/Cost of Service Adjustments that Should be Made

Q. HAS EPE IDENTIFIED OTHER ADJUSTMENTS TO RATE BASE OR COST OF SERVICE THAT SHOULD BE MADE?

A. Yes, it has. These are identified on Exhibit JIB-1R. Through the discovery process and in my direct testimony these adjustments were disclosed as being necessary, but they were not proposed by any Intervenor or Staff witness. I discuss the need for these adjustments below.

A. Differences Identified between WP A-3 and Individual Adjustments

Q. WHAT ARE THE ADJUSTMENTS THAT EPE IDENTIFIED IN DIRECT TESTIMONY AS BEING NECESSARY BUT WERE NOT ADDRESSED BY INTERVENOR OR STAFF WITNESSES?

A. As discussed in my direct testimony, EPE identified differences between Workpaper ("WP") A-3 and the following individual adjustment workpapers:

1. WP A-3, Adjustment No. 1, Operating Revenues and Uncollectible Expense, in the amount of \$54,958;
2. WP A-3, Adjustment No. 13, Miscellaneous Generation O&M, in the amount of negative \$43,648;

1 3. WP A-3, Adjustment No. 17, Revenue Related Taxes, in the amount of \$5,858; and

2 4. WP A-3, Adjustment No. 23, Advertising Expense, in the amount of \$28,412.

3 The effect of these differences resulted in an overstatement of \$45,580 in the
4 requested cost of service. This overstatement has been corrected in the revenue requirement
5 revised for rebuttal. Adjustment Nos. 1 and 17 are dependent on all other cost of service and
6 rate base adjustments; therefore, the rebuttal revisions made to those adjustments differ from
7 the amounts identified in my direct testimony listed above. Please refer to Exhibit JIB-1R for
8 the rebuttal adjustment amounts.
9

10 **B. Correction to Rate Base Related to New Mexico Regulatory Asset**

11 Q. WHAT IS ANOTHER ADJUSTMENT THAT EPE IDENTIFIED AS BEING
12 NECESSARY BUT THAT WAS NOT ADDRESSED BY INTERVENOR OR STAFF
13 WITNESSES?

14 A. EPE identified in the response to Staff's request for information, Staff 5-8 Attachment 1,
15 that \$127,326 related to New Mexico regulatory assets was incorrectly removed from rate
16 base twice. First, it was directly assigned to the New Mexico jurisdiction, and then it was
17 inadvertently adjusted out via WP B-1 Adjustment No. 3 - Regulatory Assets and
18 Liabilities. To correct this mistake, EPE increased total Company regulatory assets by
19 \$127,326 in its rebuttal rate base.
20

21 **V. EPE'S Revised Revenue Requirement Request**

22 Q. HAVE YOU PREPARED EPE'S REVISED REVENUE REQUIREMENT REQUEST?

23 A. Yes, Exhibit JIB-2R, which includes Revised Schedule A and Schedule B-1, shows the
24 overall revised total Company cost of service of \$963,490,047, or a reduction of
25 \$4,449,350, resulting from the adjustments to which EPE agrees and the adjustments the
26 Company previously identified. The revised overall total Company revenue deficiency is
27 \$47,722,451.
28

29 **VI. Conclusion**

30 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

31 A. Yes, it does.

	(a)	(b)	(c)	(d)	(e)	(f)
Line No.	Rebuttal Adjustment	Intervenor/Staff Witness	Revenue Adjustments	Total Company Amount (COS)	Total Company Amount (Rate Base)	EPE Witness
<u>Intervenor and Staff Witnesses Proposed Adjustments</u>						
1	Increase to COS due to final pension & benefit costs for 2021	M. Garrett/Hopingardner		1,207,255		Prieto
2	Increase to COS related to COVID-19 costs	Salcedo/Stark		902,940		Prieto
3	Remove Amortization of Regulatory Asset - COVID-19	Salcedo/Stark		(2,781,774)		Prieto
4	Remove Amortization of Rate Case Expenses	LaConte/Stark		(1,154,276)		Schichtl
5	Remove Newman Oil Clean up costs	Cannady		(27,445)		Olson
6	Remove Contributions and Donations	M. Garrett/Hopingardner		(1,260,720)		Prieto
7	Remove Regulatory Asset - Rate Case Expenses	LaConte/Stark			(4,087,168)	Schichtl
8	Remove Regulatory Asset - COVID-19	Salcedo/Stark			(5,563,549)	Prieto
9	Remove Newman Fuel Oil Inventory from Rate Base	Cannady			(654,858)	Olson
<u>Necessary Adjustments Identified by EPE</u>						
	Differences between WP A-3 and Adjustment 13 - Production					
10	O&M Expense			43,647		Borden
11	Differences between WP A-3 and Adjustment 23 - Advertising			(28,412)		Borden
12	Correction to rate base related to New Mexico regulatory assets				127,326	Borden
<u>Revised Flow Through Adjustments</u>						
13	Revenue Related Taxes			(184,311)		Prieto
14	Uncollectible Expense			(66,313)		Prieto
15	Federal Income Taxes			(161,762)		Prieto
16	State Income Taxes			(13,129)		Prieto
17	Return on Rate Base			(925,050)		
18	Cash Working Capital (Lead/Lag Study)				(1,406,242)	Dane
19	Total change in Requested Revenue Requirement (COS) and Rate Base			<u>\$ (4,449,350)</u>	<u>\$ (11,584,491)</u>	
<u>Revenue Related Adjustments</u>						
20	Correction to Texas revenues for billing determinants related to Ft. Bliss and to Rate No. 25 - Univeristy Discounts	Blank	(1,689,865)			Carrasco

Line No.	(a) Description	(b) Total Per Books	(c) Adjustments	(d) As Adjusted	(e) Adjustments	(f) As Adjusted (Rebuttal)	(g) Adjust. Ref.	(h) As Adjusted (As Filed)	(i) Rebuttal Adjustments
	Operating Revenues								
	Sales Revenues								
	Base Rate Revenues								
1	Base (A)	\$ 657,089,912	\$ 5,686,206	\$ 662,776,119	\$ 48,443,085	\$ 711,219,204	A-3 PG 1	\$ 715,497,938	\$ (4,278,734)
2	Non-firm	3,781,799	361,503	4,143,302	-	4,143,302	A-3 PG 1	4,313,918	(170,616)
3	Total Base Rate Revenues	660,871,711	6,047,709	666,919,420	48,443,085	715,362,505		719,811,855	(4,449,350)
4	Fuel Revenues from Retail Sales	123,082,683	(8,573,524)	114,509,158	-	114,509,158	A-3 PG 1	114,502,235	6,923
5	Other Sales For Resale Fuel Revenues	83,695,755	(61,032)	83,634,723	-	83,634,723	A-3 PG 1	83,641,647	(6,923)
6	Total Fuel Revenues	206,778,438	(8,634,556)	198,143,882	-	198,143,882		198,143,882	-
7	Other Sales For Resale Non-Fuel Revenues	2,722,610	-	2,722,610	-	2,722,610		2,722,610	-
8	Other Sales Margins Retained by EPE	2,467,543	-	2,467,543	-	2,467,543		2,467,543	-
9	Provision for Rate Refund	-	-	-	-	-		-	-
10	Total Sales Revenues	872,840,301	(2,586,847)	870,253,455	48,443,085	918,696,540		923,145,890	(4,449,350)
11	Other Operating Revenues	44,669,844	844,298	45,514,142	(720,634)	44,793,508	A-3 PG 1	44,793,508	-
12	Total Operating Revenues	917,510,145	(1,742,549)	915,767,596	47,722,451	963,490,047		967,939,397	(4,449,350)
	Operating Expenses								
	Operation & Maintenance Expenses								
	Fuel and Purchased Power								
13	Reconcilable	200,521,598	(2,377,716)	198,143,882	-	198,143,882	A-3 PG 2	198,143,882	-
14	Non-Reconcilable	1,763,715	(0)	1,763,715	-	1,763,715		1,763,715	-
15	Total Fuel and Purchased Power	202,285,314	(2,377,717)	199,907,597	-	199,907,597		199,907,597	-
16	Other Operation & Maintenance	326,345,754	(11,082,618)	315,263,137	123,680	315,386,817	A-3 PGS 3-5	315,770,140	(383,324)
17	Total Operation & Maintenance Expenses	528,631,068	(13,460,334)	515,170,734	123,680	515,294,414		515,677,737	(383,324)
18	Regulatory Debits and Credits	2,238,525	-	2,238,525	-	2,238,525	A-3 PG 6	5,020,299	(2,781,774)
19	Depreciation & Amortization Expense	106,473,349	20,170,460	126,643,809	-	126,643,809	A-3 PG 6	126,643,809	-
20	Decommissioning and Accretion Expense	9,847,575	(9,709,472)	138,103	-	138,103	A-3 PG 7	138,103	-
21	Taxes Other Than Income Taxes	74,646,717	(62,835)	74,583,882	2,116,933	76,700,815	A-3 PG 8	76,885,126	(184,311)
22	Current Income Taxes								
23	Federal	13,269,006	2,942,333	16,211,340	8,911,025	25,122,365	A-3 PG 9	25,284,127	(161,762)
24	State	1,969,463	253,386	2,222,849	1,012,104	3,234,953	A-3 PG 10	3,248,082	(13,129)
25	Total Current Income Taxes	15,238,470	3,195,719	18,434,189	9,923,129	28,357,318		28,532,209	(174,891)
26	Deferred Income Taxes								
27	Federal	11,912,289	(4,768,757)	7,143,532	-	7,143,532	A-3 PG 9	7,143,532	-
28	State	767,269	490,253	1,257,522	-	1,257,522	A-3 PG 10	1,257,522	-
29	Other								
30	Total Deferred Income Taxes	12,679,557	(4,278,504)	8,401,053	-	8,401,053		8,401,053	-
31	Amortization of Investment Tax Credits	(1,619,640)	(235,895)	(1,855,535)	-	(1,855,535)	A-3 PG 9	(1,855,535)	-
32	Total Operating Expenses	\$ 748,135,621	\$ (4,380,862)	\$ 743,754,759	\$ 12,163,742	\$ 755,918,501		\$ 759,442,801	\$ (3,524,300)
33	Operating Income (Return)	\$ 169,374,524	\$ 2,638,313	\$ 172,012,838	\$ 35,558,709	\$ 207,571,547		\$ 208,496,597	\$ (925,050)
34	Total Cost of Service	\$ 917,510,145	\$ (1,742,549)	\$ 915,767,596	\$ 47,722,451	\$ 963,490,047		\$ 967,939,397	\$ (4,449,350)
35	Rate Base (Schedule B-1)	\$ 2,834,249,477	\$ (235,400,809)	\$ 2,598,848,668	\$ 591,635	\$ 2,599,440,303		\$ 2,611,024,794	\$ (11,584,491)
36	Rate of Return on Rate Base	5.976%		6.619%		7.985%		7.985%	0.000%

Note:

(A) As discussed in EPE witness Carrasco's testimony, base revenues include TCRF, DCRF and FTRF rider revenues.

Amounts may not add or tie to other schedules due to rounding.

EL PASO ELECTRIC COMPANY
2021 TEXAS RATE CASE FILING
REVISED SCHEDULE B-1: TOTAL COMPANY RATE BASE
SPONSOR: CYNTHIA S. PRIETO / JENNIFER I. BORDEN
PREPARER: DENISE PEREZ
FOR THE TEST YEAR ENDED DECEMBER 31, 2020

EXHIBIT JIB-2R
REVISED - SCHEDULE B-1
PAGE 1 OF 1

Line No.	(a) Description	(b) Test Year Actual Per Books (Total Company and Total Electric) (1)	(c) Adjustments	(d) Adjusted Rate Base	(e) To Reflect Rate Relief	(f) Requested Rate Base	(g) Adjustment Reference	(h) (As Filed) Requested Rate Base	(i) Rebuttal Adjustments
Rate Base									
1	Plant in Service	\$ 5,516,676,909	\$ (826,190,837)	\$ 4,690,486,072	\$ -	\$ 4,690,486,072	WP/B-1 PG 1	\$ 4,690,486,072	\$ -
2	Accum Depreciation & Amortization	(2,468,590,939)	892,375,951	(1,576,214,988)	-	(1,576,214,988)	WP/B-1 PG 2	(1,576,214,988)	-
	Net Plant In Service	3,048,085,970	66,185,114	3,114,271,084	-	3,114,271,084		3,114,271,084	-
Additions to Rate Base									
3	CWIP	214,062,220	(214,062,220)	-	-	-	WP/B-1 PG 3	-	-
4	Working Cash	-	(5,403,669)	(5,403,669)	591,635	(4,812,034)	WP/B-1 PG 4	(3,405,792)	(1,406,242)
5	Fuel Inventory	1,759,613	(664,652)	1,094,961	-	1,094,961	WP/B-1 PG 5	1,749,819	(654,858)
6	Nuclear Fuel	125,676,192	(125,676,192)	-	-	-	WP/B-1 PG 6	-	-
7	Materials & Supplies	65,512,878	(3,971,823)	61,541,055	-	61,541,055	WP/B-1 PG 5	61,541,055	-
8	Prepayments	18,997,423	(328,587)	18,668,836	-	18,668,836	WP/B-1 PG 5	18,668,836	-
9	Coal Reclamation Asset	2,744,081	(2,744,081)	-	-	-	WP/B-1 PG 6	-	-
10	Regulatory Assets	19,073,068	(10,050,014)	9,023,054	-	9,023,054	WP/B-1 PG 6	18,546,445	(9,523,391)
11	Accumulated Deferred Income Taxes	178,281,620	(45,788,329)	132,493,290	-	132,493,290	WP/B-1 PG 8	132,493,290	-
12	Tax Regulatory Assets	49,972,874	(33,901,646)	16,071,228	-	16,071,228	WP/B-1 PG 7	16,071,228	-
13	Miscellaneous Deferred Debits	6,697,300	(1,944,163)	4,753,137	-	4,753,137	WP/B-1 PG 6	4,753,137	-
	Total Additions to Rate Base	682,777,268	(444,535,377)	238,241,892	591,635	238,833,527		250,418,018	(11,584,491)
Deductions to Rate Base									
14	Customer Deposits	(8,321,655)	-	(8,321,655)	-	(8,321,655)	WP/B-1 PG 6	(8,321,655)	-
15	Regulatory Liabilities	(26,009,854)	26,009,854	-	-	-	WP/B-1 PG 6	-	-
16	Tax Regulatory Liabilities	(288,569,266)	4,944,037	(283,625,229)	-	(283,625,229)	WP/B-1 PG 7	(283,625,229)	-
17	Customer Advances - Construction	(31,754,536)	-	(31,754,536)	-	(31,754,536)	WP/B-1 PG 6	(31,754,536)	-
18	Accumulated Deferred Income Taxes	(541,958,450)	111,995,562	(429,962,888)	-	(429,962,888)	WP/B-1 PG 8	(429,962,888)	-
19	Accumulated Deferred ITC - Pre 1971	-	-	-	-	-		-	-
	Total Deductions from Rate Base	(896,613,761)	142,949,454	(753,664,308)	-	(753,664,308)		(753,664,308)	-
20	Total Rate Base	\$ 2,834,249,477	\$ (235,400,809)	\$ 2,598,848,668	\$ 591,635	\$ 2,599,440,303		\$ 2,611,024,794	\$ (11,584,491)
21	Return on Rate Base					207,571,547		208,496,597	(925,050)
22	Rate of Return on Rate Base					7.985%		7.985%	

(1) Total Company and Total Electric are the same.

Amounts may not add or tie to other schedules due to rounding.

The following files are not convertible:

Exhibit JIB-1R FINAL.xlsx

Exhibit JIB-2R FINAL.xlsx

Please see the ZIP file for this Filing on the PUC Interchange in order to access these files.

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