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Addendum StartPage: 0

SOAH DOCKET NO. 473-21-2606

PUC DOCKET NO. 52195

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APPLICATION OF EL PASO
ELECTRIC COMPANY TO CHANGE
RATES

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BEFORE THE STATE OFFICE
OF
ADMINISTRATIVE HEARINGS

**OFFICE OF PUBLIC UTILITY COUNSEL'S
SECOND REQUEST FOR INFORMATION TO
EL PASO ELECTRIC COMPANY**

Pursuant to 16 Texas Administrative Code ("TAC") § 22.144, the Office of Public Utility Counsel ("OPUC") submits this Second Request for Information to El Paso Electric Company ("EPE"). OPUC requests that EPE provide answers to the request for information under oath as required by 16 TAC § 22.144(c)(2)(F) within the timeframe specified in the procedural schedule in this proceeding. OPUC further requests that EPE provide an answer to the questions and sub-questions in the order listed below with sufficient detailed information to provide a complete and accurate answer to each question and sub-question.

Definitions

1. "EPE," the "Company," "Applicant," "You," and "Your" refer to El Paso Electric Company and its affiliates, subsidiaries, 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" and "documents" include any written, recorded, filmed, or graphic matter, whether produced, reproduced, or on paper, cards, tape, film, electronic facsimile, computer storage device, or any other media, including, but not limited to, electronic mail (e-mail), memoranda, notes, analyses, minutes, records, photographs, correspondence, telegrams, diaries, bookkeeping entries, financial statements, tax returns, checks, check stubs, reports, studies, charts, graphs, statements, notebooks, handwritten notes, applications, contracts, agreements, books, pamphlets, periodicals, appointment calendars, records and recordings of oral conversations, work papers, observations, commercial practice manuals, reports, summaries of interviews, reports of consultants, appraisals,

forecasts, tape recordings, or any form of recording that is capable of being transcribed into written form.

Instructions

1. The Definitions, Instructions, and Claim of Privilege sections set forth in this request for information apply to these questions.
2. In providing an answer to each question, please furnish all of the information that is in your possession, custody, or control, as defined by Texas Rules of Civil Procedure (Tex. R. Civ. Proc.) 192.7(b), including information in the possession, custody, or control of your affiliates, subsidiaries, and any person acting or purporting to act on their behalf, including without limitation, attorneys, agents, advisors, investigators, representatives, employees, or other persons.
3. Please answer each question based upon your knowledge, information, or belief, and state whether each answer is based upon your knowledge, information, or belief.
4. If you have possession, custody, or control, as defined by Tex. R. Civ. Proc. 192.7(b), of an original requested document, please produce the original requested document or a complete copy of the original requested document and all copies that are different in any way from the original requested document, whether by interlineation, receipt stamp, or notation.
5. If you do not have possession, custody, or control of an original requested document, please produce copies of the document, however made, in your possession, custody, or control. If any requested document is not in your possession, custody, or control, please explain why the document is not in your possession, custody, or control and provide the current location and custodian of the requested document or any copy, summary, or other form of the requested document thereof.
6. If there is any confusion about a question, please contact the undersigned counsel for clarification.
7. In providing your response to a question, please start each response on a separate page and type, at the top of the page, the question that is being answered by the response.
8. As part of the response to each question, please state, at the bottom of the answer to the question, the name and job position of each person(s) who participated in any way, other than by providing clerical assistance, in the preparation of the answer to the question. If

the question has sub-parts, please identify each person(s) by name and job position that participated in any way, other than by providing clerical assistance, in the preparation of the answer for each sub-part of the question.

9. Please state the name of the witness in this docket who will sponsor the answer to the question and/or sub-part of the question and who will swear to the truthfulness of the answer to the question and/or sub-part of the question.
10. Please provide individual responses to questions as each response becomes available, rather than waiting to provide all of the responses to the questions at the same time.
11. These questions are continuing in nature. If there is a change in circumstances or facts or if you receive or generate additional information that changes your answer to a question between the time of your original response and the time of the hearing, then you should submit, under oath, a supplemental response to your earlier answer to the question.
12. If you consider any question to be unduly burdensome, or if the response would require the production of a voluminous amount of material, please contact the undersigned counsel, as soon as possible, to discuss the situation and try to resolve the issue. Furthermore, if you object to any question on the grounds that the question seeks confidential information, or on any other grounds, please contact the undersigned counsel, as soon as possible, to discuss the situation and try to resolve the issue.
13. If the response to any question is voluminous, please make available all of the voluminous material at a designated location in Austin. Please provide a detailed index for the voluminous material with your response to the question to enable efficient review of the material. The index should include information sufficient to locate each individual document by page, file, and box number, date of each document, title of each document, description of each document if no document title exists, name of the preparer of each document, and length of each document.
14. If the requested information is included in previously furnished exhibits, workpapers, or responses to other discovery inquiries or otherwise, in hard copy or electronic format, please furnish specific references thereto, including Bates Stamp page citations and detailed cross-references to the previously furnished information.

15. If a question requests the production of copyrighted material, you may provide a list of such material, including the title, publisher, author, edition, and page references relied on or otherwise relevant to the question.

Claim of Privilege

If any document is withheld under any claim of privilege, please provide a list that identifies each document for which a privilege is being claimed, including the date, sender, recipient(s) of the privileged document, recipient(s) of copies of the privileged document, subject matter of the privileged document, and the basis upon which a privilege is being claimed by the Company.

SOAH Docket No. 473-21-2606
PUC Docket No. 52195
OPUC's Second Request for Information to
El Paso Electric Company

- 2-1. Please refer to the Direct Testimony of Mr. Larry Hancock, Exhibit LJH-2. Please provide a breakdown of each project addition by Federal Energy Regulatory Commission ("FERC") Account. Please include a notation as to whether each project is included in the jurisdictional allocation between New Mexico and Texas or whether the plant addition is solely related to either New Mexico operations or Texas operations.
- 2-2. Please refer to the Direct Testimony of Mr. Hancock, Exhibit LJH-2. Please provide a detailed description of the Customer Care and Billing System ("CC&B") and the various modules that have been added since its initial development. In your response, please include the original in-service date of the CC&B and initial costs as well as the cost and in-service dates of each of the upgrades or module additions by year. Finally, provide the depreciation or amortization rate that is being used for the CC&B and the associated docket number in which the depreciation or amortization rate was approved.
- 2-3. Please refer to the Direct Testimony of Mr. Hancock, Exhibit LJH-2. Please provide a detailed description of the Energy Management System Replacement software, including the functionality of the various modules. Please include in your response the software that this investment replaces, the vintage of the replaced software, and any adjustment that was made in this filing to retire the previous software that performed any of these management functions. Finally, provide the depreciation or amortization rate that is being used for the Energy Management System Replacement software and the associated docket number in which the depreciation or amortization rate was approved.
- 2-4. Please refer to the Direct Testimony of Mr. Hancock, Exhibit LJH-2. Please provide a detailed description of the Isleta Pueblo land rights renewal project. Please include in your response a copy of any agreement that underlies the acquisition of the land rights. Also provide the investment amount for the Isleta Pueblo land rights prior to this project, including the gross amount, the balance after any amortization, and any adjustments made to remove this amount from the rate filing package.
- 2-5. Please refer to the Direct Testimony of Mr. Hancock, Exhibit LJH-2. Please provide a detailed breakdown of the categories of costs and related amounts that are included in Project No. SF007. Categories of costs should include but not be limited to the following:
 - a. Desks;
 - b. Chairs;
 - c. Artwork;
 - d. Flooring;
 - e. Kitchen and/or bathroom upgrades;
 - f. Communications or technical systems upgrades (e.g. phone system, internet cabling or fixtures, other office systems); and
 - g. Other (with descriptions).

SOAH Docket No. 473-21-2606
PUC Docket No. 52195
OPUC's Second Request for Information to
El Paso Electric Company

- 2-6.** Please refer to the Direct Testimony of Ms. Cynthia Prieto, page 12. Please provide the actual February 2021 total base payroll costs broken down between capitalized payroll and expensed payroll. Please include in your response the total number of employees who were included in the February base payroll costs.
- 2-7.** Please refer to the Direct Testimony of Ms. Prieto, page 7. Please provide a copy of each of the short-term incentive ("STI") compensation plans and the long-term incentive ("LTI") compensation plans offered to EPE employees. In your response, please identify the total number of employees who are eligible to receive awards from each of the compensation plans.
- 2-8.** Please refer to the Direct Testimony of Ms. Prieto, page 6. Please confirm or deny that the bargaining employees are eligible to receive incentive compensation from the Company's STI and LTI compensation plans. If confirm, please provide the amounts related to the STI compensation plan and the LTI compensation plan that are included in the proposed revenue requirement. In your response, please identify the average percentage of target that was paid to all bargaining employees.
- 2-9.** Please refer to the Direct Testimony of Ms. Prieto, page 7. Please provide the following information related to the STI compensation awarded to each employee during the test year:
- a. Incentive plan used to compute the award;
 - b. Date of the annual award;
 - c. Total annual incentive compensation awarded to the employee during the test year;
 - d. Base salary amount and month on which the awarded incentive compensation was computed for the annual award;
 - e. Additional incentive compensation payments made at times other than at the annual award date and dates of such payments;
 - f. Annual target percentage for each employee;
 - g. Actual percentage awarded during the test year for each employee and confirmation on whether the pay was greater than 100% of target; and
 - h. Reconciliation of the amounts included in the adjusted test year to those awarded during the test year.
- 2-10.** Please refer to the Direct Testimony of Ms. Prieto, page 12. Please provide the number of employees by month who were included in the monthly payroll expense during the test year and for each month thereafter through the most recent information available.

SOAH Docket No. 473-21-2606
PUC Docket No. 52195
OPUC's Second Request for Information to
El Paso Electric Company

- 2-11.** Please refer to the Direct Testimony of Ms. Prieto, page 8. Please provide the Board of Directors' meeting notes, and formal presentations or other documents provided by any third-party compensation consultants related to the approval of both annual and long-term incentive compensation for each of the last five years.
- 2-12.** Please refer to the Direct Testimony of Ms. Prieto, page 9. Please provide a detailed explanation of the benefits and associated expenses that are included in the requested revenue requirements with respect to the following:
- a. Employee Awards;
 - b. Company sponsored events for employees (provide descriptions);
 - c. Parking;
 - d. Special;
 - e. Old Sick Bank;
 - f. Professional Fees; and
 - g. Electric Vehicle.

Please be sure to show the amount that is included as Operations and Maintenance ("O&M") expense and the amount that was capitalized during the test year.

- 2-13.** Please refer to the Direct Testimony of Ms. Prieto, page 10. Please provide the total amount of any supplemental pension benefits offered to executive or management employees that is included in both the O&M expenses and capitalized expenses during the test year. Please include in your response a description of the differences between the Supplemental Executive Retirement Plan and the Excess Benefit Plan.
- 2-14.** Please refer to the Rate Filing Package, WP/A-3, Adjustment No. 4, sponsored by Ms. Prieto. Please provide a reconciliation for the capitalization ratio used for benefits to the ratio used for payroll and incentive expense. Please include in your response an explanation as to why these two capitalization ratios are different.
- 2-15.** Please refer to the Rate Filing Package, Schedule G-7.9(a), sponsored by Ms. Prieto. Please provide copies of any Internal Revenue Service ("IRS") rulings or responses to private letter ruling requests by the Company concerning the appropriate classification as protected or unprotected excess accumulated deferred federal income taxes ("ADFIT") related to the following:
- a. Repair Allowances;
 - b. Contributions in Aid of Construction ("CIAC");
 - c. Capitalized costs and interest;
 - d. Section 174 Research and Experimental Expenditures

SOAH Docket No. 473-21-2606
PUC Docket No. 52195
OPUC's Second Request for Information to
El Paso Electric Company

- e. Net Operating Loss ("NOL"), Federal; and
- f. NOL, State.

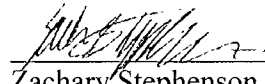
If the Company did not rely on an IRS ruling or response to a Company request for a private letter ruling, please provide the basis for the proposed treatment in this case.

- 2-16.** Please refer to the Direct Testimony of Ms. Prieto, page 22. Please provide a detailed calculation of the removal of excess ADFIT related to ADFIT that was not previously included in rates. Please provide this information by FERC account and with a description of the costs that gave rise to the ADFIT.

July 2, 2021

Respectfully submitted,

Chris Ekoh
Interim Public Counsel
State Bar No. 06507015

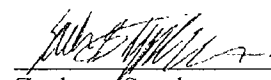


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ATTORNEYS FOR THE
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CERTIFICATE OF SERVICE
SOAH DOCKET NO. 473-21-2606
PUC DOCKET NO. 52195

I hereby certify that a copy of the foregoing document was served on all parties of record in this proceeding on this 2nd day of July 2021 by facsimile, electronic mail, and/or first class, U.S. Mail.



Zachary Stephenson