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

REBUTTAL TESTIMONY

OF

CYNTHIA S. PRIETO

ON BEHALF OF

EL PASO ELECTRIC COMPANY

NOVEMBER 19, 2021

## TABLE OF CONTENTS

SUBJECT	PAGE
I. Introduction.....	1
II. Purpose of Rebuttal Testimony .....	1
III. Rebuttal to CEP Witness Garrett.....	2
IV. Rebuttal to OPUC Witness Cannady.....	11
V. Rebuttal to City of DOD Witness Salcedo.....	19
VI. Rebuttal to TIEC Witness Higgins.....	21
VII. Rebuttal to STAFF Witness Hopingardner .....	22
IX. Rebuttal to STAFF Witness Stark .....	27
X. Conclusions.....	28

## EXHIBITS

CSP-1R – El Paso Electric Company's Response to OPUC RFI No. 12-1
CSP-2R – WP/A3 – Adjustment No. 4 – Pension and Benefit Costs – revised for Rebuttal
CSP-3R – El Paso Electric Company's Response to OPUC RFI No. 12-2
CSP-4R – El Paso Electric Company's Response to CEP RFI No. 16-4
CSP-5R – El Paso Electric Company's Response to Staff RFI No. 12-9
CSP-6R – El Paso Electric Company's Response to OPUC RFI No. 2-15
CSP-7R – WP/A3 – Adjustment No. 7 – COVID-19 Costs – revised for Rebuttal
CSP-8R – WP/A3 – Adjustment No. 26 – Recoverable Advertising and Contribution Expenses – revised for Rebuttal

1 **I. Introduction**

2 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

3 A. My name is Cynthia S. Prieto. My business address is 100 North Stanton Street, El Paso,  
4 Texas 79901.

5  
6 Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

7 A. I am employed by El Paso Electric Company ("EPE" or "the Company") as Vice President  
8 and Controller.

9  
10 Q. ARE YOU THE SAME CYNTHIA S. PRIETO WHO SUBMITTED DIRECT  
11 TESTIMONY?

12 A. Yes, I am.  
13

14 **II. Purpose of Rebuttal Testimony**

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

16 A. The purpose of my rebuttal testimony is to rebut Direct Testimony filed by (i) City of  
17 El Paso ("CEP") witness Mr. Mark Garrett on the subjects of the treatment of the  
18 Company's Covid-19 regulatory asset, the Company's requested level of salaries and  
19 employee benefits, associated payroll taxes, the Company's charitable contributions, and  
20 the amortization of the excess accumulated deferred income tax ("ADIT") produced by the  
21 Tax Cut and Jobs Act of 2017 ("TCJA"); (ii) Department of Defense ("DOD") witness  
22 Mr. Felipe A. Salcedo on the subject of the Company's Covid-19 regulatory asset;  
23 (iii) Office of Public Utility Counsel ("OPUC") witness Ms. Constance T. Cannady on the  
24 issues of the Company's requested levels of payroll expense and employee benefits,  
25 associated payroll taxes, and the Company's proposed amortization of it excess ADIT;  
26 (iv) Texas Industrial Electric Consumers ("TIEC") witness Mr. Kevin C. Higgins on the  
27 topics of the Company's requested levels of salaries and wages and employee benefits;  
28 (v) International Brotherhood of Electrical Workers ("IBEW") witness Mr. David K.  
29 Bazar regarding his recommended treatment of the Company's excess ADIT; and  
30 (vi) Public Utility Commission ("Commission" or "PUCT") Staff witnesses Diane  
31 Hopingardner and Ruth Stark on the subjects of requested levels of salaries and wages and



1 employee benefits, charitable contributions, federal and state income tax expense, and the  
2 Company's COVID-19 regulatory asset.

3  
4 Q. ARE THERE ANY OTHER ISSUES ADDRESSED BY YOUR REBUTTAL  
5 TESTIMONY?

6 A. Yes. I adopt the Direct Testimony of Sean Ihorn in this proceeding and will respond to  
7 any issues addressed by Mr. Ihorn in this rate case. Moreover, I have responded to Staff  
8 and Intervenor recommendations relating to Mr. Ihorn's testimony and/or supporting  
9 schedules in this rebuttal testimony.

10  
11 **III. Rebuttal to CEP Witness Garrett**

12 Q. WHAT ARE MR. GARRETT'S RECOMMENDATIONS WITH REGARD TO THE  
13 LEVEL OF SALARIES AND WAGES THE COMPANY HAS REQUESTED?

14 A. First, Mr. Garrett recommends that fifty percent of the non-financial based Short-Term  
15 Incentive Plan ("STIP") amounts be removed from cost of service in addition to the  
16 financial based STIP amounts that the Company has already removed. Second, Mr. Garrett  
17 recommends that employee incentive compensation associated with the Palo Verde  
18 Generating Station ("PVGS") be removed from cost of service. Next, Mr. Garrett  
19 recommends that the entire cost of the Company's Supplemental Executive Retirement  
20 Plan ("SERP") and Excess Benefit Plan be excluded from cost of service. Mr. Garrett also  
21 recommends that post-test year pay increases, although known and measurable, be  
22 excluded from the annualization calculation of salary and wage expense in the Company's  
23 cost of service. Last, Mr. Garrett recommends a reduction in payroll tax expense related  
24 to his proposed adjustments to salary and wage expense.

25  
26 Q. DO YOU AGREE WITH MR. GARRETT'S RECOMMENDATION TO REMOVE  
27 FIFTY PERCENT OF THE NON-FINANCIAL BASED INCENTIVE  
28 COMPENSATION FROM COST OF SERVICE?

29 A. No. In calculating the amount of the STIP award included in the Company's requested  
30 payroll expense, the Company removed all of the STIP award specifically related to  
31 financial incentives, including amounts related to operations and maintenance ("O&M")

1 expense containment. This resulted in the removal of 50% of the total STIP award from  
2 the Company's requested salary and wage expense. As a result, the Company only included  
3 STIP in its requested payroll expense that relate to operational (i.e., non-financial)  
4 measures of customer satisfaction, reliability, and compliance, which directly benefit  
5 ratepayers.

6  
7 Q. IS MR. GARRETT CORRECT THAT THE SHORT-TERM INCENTIVE  
8 COMPENSATION EXPENSE AMOUNTS ARE DEPENDENT ON AN EARNINGS  
9 PER-SHARE TARGET?

10 A. Not entirely. Although the payment of the annual bonus plan is contingent on achieving a  
11 minimum net income ("NI") threshold, the threshold is part of the Company's overall policy  
12 to ensure that funds will be available to pay any bonuses awarded. The mere existence of  
13 a NI threshold, which is incidental to the non-financially based incentive compensation, is  
14 not a reasonable justification to exclude EPE's requested amounts of incentive  
15 compensation. Mr. Garrett is wrong when he states that the EPS threshold is intended to  
16 increase shareholder earnings and that the overall goal of the incentive plan is to increase  
17 corporate earnings. Instead, the NI threshold is an incidental aspect of the plan designed  
18 to ensure that the Company has the resources necessary to fund the bonus. The Company's  
19 plan requires that each individual employee meet individual goals to receive a payment  
20 under the plan. The individual employee goals relate to the performance of their duties  
21 and are generally operational goals including goals for safety, reliability, and customer  
22 satisfaction.

23  
24 Q. WILL THE COMPANY BE HARMED IF MR. GARRETT'S PROPOSED  
25 ADJUSTMENT IS ADOPTED?

26 A. Yes. Exclusion of the operational (nonfinancial) component of the STIP is unjust and  
27 would harm the Company. The Company is requesting inclusion of only the nonfinancial  
28 component of the STIP, which is based on measures of reliability, customer satisfaction,  
29 and compliance and is not intended to increase corporate earnings. The nonfinancial  
30 portions of the STIP incent individual employee behavior that is job-related and that

benefits ratepayers. Therefore, Mr. Garrett's adjustment to salary and wage expense for the removal of an additional 50% of the STIP award should be rejected.

Q. WHY DO YOU DISAGREE WITH MR. GARRETT'S PROPOSAL TO SIMPLY IGNORE POST-TEST YEAR INCREASES IN THE COMPANY'S WAGES AND SALARIES WHEN DETERMINING PAYROLL EXPENSE?

A. Mr. Garrett asserts in his Direct Testimony that it is not appropriate to adhere to a test year cut-off for rate base, operating expenses, depreciation, taxes, and revenues, but extend the test year for payroll expense. Further, he accuses the Company of calculating the payroll expense in a "piecemeal fashion that adjusts only for pay raises without basic offsetting adjustments productivity improvements and turnover."<sup>1</sup> Neither of these assertions by Mr. Garrett are factual. First, the Company has made known and measurable adjustments to all components of the rate case, as allowed by the Commission. In fact, the Company made a known and measurable adjustment to reduce benefit expense related to its pension and retirement plans based on the 2021 actuarially determined expense amounts and Mr. Garrett did not object to this adjustment. The Company's adjustment to annualize salary and wage expense to include merit increases effective in January 2021 for non-officer non-union employees and February 2021 for officers was both known and measurable at the time the current rate case was filed. The Commission precedent on known and measurable changes, especially related to payroll expense is well established. In fact, in one of the cases cited by Mr. Garrett for his adjustments to the STIP, SERP, and Excess Benefit Plan costs, the Commission ordered<sup>2</sup>:

191. SWEPCO's proposed base payroll is based on the salaries of its employees for the final pay period at the end of the test year (annualization) plus post-test-year test-year pay increase of 3.5%, for which all increases were approved and then implemented by April 2017.

192. Because these payroll increases were awarded in 2017, they represent appropriate known and measurable changes.

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<sup>1</sup> Direct Testimony of Mark E. Garrett, p. 21.

<sup>2</sup> PUC Docket No. 46449, SOAH Docket No. 473-17-1764, page 34.

1           193. SWEPCO's calculation in this proceeding matches the adjustment approved  
2           in Docket No. 40443, which is to annualize salaries of employees on the payroll at  
3           the end of the test year and then apply a known and measurable increase that was  
4           awarded post-test year.

5  
6           In the above-quoted SWEPCO case, the test-year end was June 30, 2016. The merit  
7           increases were not effective until April 2017, and yet the Commission still accepted the  
8           payroll increases as appropriate known and measurable changes. In comparison, the  
9           Company's requested payroll adjustment occurred in the two months (January and  
10          February) immediately following the end of the test year. Moreover, the Company did not  
11          request merit increases for union employees, which were effective in September 2021, in  
12          its known and measurable adjustment to payroll expense, although it could have done so  
13          and been consistent with Commission precedent. Therefore, both of Mr. Garrett's  
14          adjustments to test year salary and wage expense should be rejected.

15  
16       Q.     SHOULD THE COMPANY REDUCE ITS PAYROLL EXPENSE DUE TO THE  
17               RETIREMENT INCENTIVE PROGRAM AS IMPLIED BY MR. GARRETT?

18       A.     No. The retirement incentive program offered to retirement-eligible employees by the  
19               Company in August 2021, as referred to by Mr. Garrett in his footnote 29, will not decrease  
20               either the headcount or payroll costs of the Company. The Company provided a response  
21               to CEP RFI No. 16-4 which states that both the headcount and salary and wage expense  
22               projected for 2022 is higher than the amounts requested in cost of service in this filing.<sup>3</sup>  
23               The retirement incentive plan was offered for operational purposes to allow the Company  
24               to manage the departure of retirement eligible employees. In fact, the retirement incentive  
25               program will cost the Company approximately \$7.2 million, and the Company has not  
26               requested this cost in this case.

27  
28       Q.     DO YOU AGREE WITH MR. GARRETT'S ADJUSTMENT TO PAYROLL TAX  
29               EXPENSE?

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<sup>3</sup> Exhibit CSP-4R.

1 A. No. As indicated above, the Company does not agree with any of Mr. Garrett's adjustment  
2 to salary and wage expense, therefore there should be no corresponding adjustment to  
3 payroll tax expense.  
4

5 Q. DO YOU AGREE WITH MR. GARRETT'S PROPOSAL TO REMOVE ALL SERP AND  
6 EXCESS BENEFIT PLAN EXPENSE FROM THE COMPANY'S COST OF SERVICE?

7 A. No. Mr. Garrett's reasoning for disallowing SERP and Excess Benefit Plan costs from the  
8 Company's cost of service is flawed. He indicates that when these plan costs are excluded  
9 from cost of service, it results in a "sharing" of overall pension costs between the ratepayers  
10 and shareholders. However, as explained by Mr. Garrett, the retirement benefits payable  
11 under the Company's retirement income plan ("RIP") are limited by the Internal Revenue  
12 Code. Because of this limitation, supplemental benefit plans for officers, like the SERP  
13 and Excess Benefit Plan, are often created by companies to provide the same proportional  
14 share of retirement benefits to officers as are provided to all other employees. The level of  
15 salary and wages for officers and the level of retirement benefit costs for non-officer  
16 employees is unchallenged and unaddressed by the testimony of any party in this case and  
17 is reasonable and necessary for the provision of utility service. Since the level of retirement  
18 benefits is based on the salary level of each employee, all retirement plan costs should also  
19 be included in cost of service as reasonable and necessary and should not be "shared" by  
20 ratepayers and shareholders.

21 Additionally, Mr. Garrett asserts that the SERP and Excess Benefit Plan costs are  
22 "discretionary costs of the shareholders designed to attract, retain and reward highly  
23 compensated employees. Further, because officers of any corporation have a fiduciary  
24 duty to the corporation, these individuals are required to put the interests of the corporation  
25 first."<sup>4</sup> In this case, Mr. Garrett is again mistaken because the interests of the Company's  
26 owners and ratepayers are directly aligned in that the Company's owners and ratepayers  
27 both benefit from having highly qualified officers to direct the operations of the Company  
28 to provide reliable service at a reasonable price.  
29

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<sup>4</sup> Direct Testimony of Mark E. Garrett, p. 18.

1 Q. ON WHAT GROUNDS DOES MR. GARRETT JUSTIFY REMOVING PVGS  
2 INCENTIVE COMPENSATION FROM THE COMPANY'S COST OF SERVICE?

3 A. First, Mr. Garrett states that the underlying nature of the incentive compensation makes it  
4 excludable from cost of service due to the Commission's policy on financially based  
5 incentive compensation. Then he quotes the Direct Testimony of EPE witness David  
6 Hawkins and states "the Palo Verde O&M budget must be unanimously approved by all of  
7 the owners."<sup>5</sup> Mr. Garrett asserts that due to this unanimous consent, the Company has  
8 sufficient power over any part of the O&M budget, including financial incentives, and  
9 presumably could therefore exclude these costs from the Company's reimbursement to APS  
10 for the Company's share of costs. Regarding long-term incentive compensation,  
11 Mr. Garrett asserts that the long-term incentive compensation should be excluded because  
12 it only provides a benefit to the company's shareholders and not its customers and that the  
13 interests of the shareholders and customers can be divergent and are not always the same.  
14

15 Q. DO YOU AGREE WITH HIS ASSERTIONS IN THIS REGARD?

16 A. No. Mr. Garrett's understanding of the Company's obligations under the Arizona Nuclear  
17 Power Project Participation Agreement ("Participation Agreement") is inaccurate. PVGS  
18 is operated by APS for the benefit of the participants under the framework outlined in the  
19 Participation Agreement. The Participation Agreement states that the owners will share  
20 the costs of operating PVGS in proportion to their respective ownership share. Section 11  
21 of the Participation Agreement addresses operation and maintenance costs stating in part,  
22 "Operation and maintenance costs of ANPP shall include all payments made and  
23 obligations incurred by the Operating Agent for or in connection with the performance of  
24 Operating Work." While incentive compensation is not distinguished from the other  
25 components of operating costs, it is clearly connected with the performance of Operating  
26 Work and is a cost of doing business. There is no basis in the Participation Agreement that  
27 would allow the Company to withhold any amount of the reasonable costs incurred by APS  
28 for the operation of PVGS. As such, these costs are properly included in the Company's  
29 cost of service in this case.  
30

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<sup>5</sup> Direct Testimony of Mark E. Garrett, p. 11.

1 Q. DO YOU AGREE THAT EPE CUSTOMERS AND OWNERS HAVE A DIFFERENT  
2 INTEREST REGARDING PVGS COSTS?

3 A. No. In the case of costs charged by APS for the operation of PVGS, the interests of EPE's  
4 customers and owners are exactly the same. The Company seeks to incur only a reasonable  
5 amount of operating costs associated with the provision of reliable power from PVGS. The  
6 Company has processes and procedures in place to review the operating cost budget of  
7 APS for PVGS before it is adopted and to closely follow actual operating costs versus  
8 budgeted costs throughout the year. As Company witness Todd Horton established in his  
9 direct testimony (page 34), the costs paid by EPE to APS for the operation of PVGS are  
10 reasonable and prudent to provide safe, clean, reliable, and efficient power to EPE's  
11 customers.  
12

13 Q. DOES THE COMPANY HAVE THE ABILITY TO CONTROL THE COMPENSATION  
14 POLICIES OF ITS VENDORS?

15 A. No. Much like other vendors that the Company may employ that may include incentive  
16 payments imbedded within the price the Company pays for goods and services, incentive  
17 payments paid by APS to PVGS employees are a cost of the service provided to the  
18 Company. Just as in purchasing services from other vendors, the Company evaluates  
19 whether the level of cost compares reasonably to the benefit provided by that service. To  
20 be clear, it is the compensation policies of APS, a company unaffiliated with EPE, that are  
21 at issue in this instance. The Company is not able to directly control the APS employees  
22 who are part of PVGS or APS's compensation policies.  
23

24 Q. IS MR. GARRETT CORRECT IN HIS REASONING FOR RECOMMENDING THAT  
25 THE AMOUNT OF FORFEITED DISCOUNTS BE REMOVED FROM THE  
26 COMPANY'S COVID-19 REGULATORY ASSET?

27 A. No. Forfeited discounts are specifically related to fees charged by the Company to  
28 customers for the non-payment of their bills. These revenues are used to offset base rate  
29 revenues in the revenue requirement, and therefore represent a reduction in base revenue.  
30 If the forfeited discount revenue is not collected, the Company's return is reduced.  
31 Mr. Garrett's quote from the Commission's Order in Project No. 50664 states that "the

1 Commission authorizes each electric, water, and sewer utility to record as a regulatory asset  
2 expenses resulting from the effects of COVID-19, including but not limited to nonpayment  
3 of qualified customer bills...<sup>6</sup> The Company relied on this Order when determining which  
4 expenses to include in the regulatory asset for COVID-19. By not allowing the Company  
5 to collect forfeited discounts forgone as a result of the Commission's Order during the  
6 pandemic, the Company has not been able to fully recover \$944,710 of its costs as set forth  
7 in Docket No. 46831, the Company's last base rate case. Therefore, it is reasonable and  
8 necessary that these costs be included in the COVID-19 regulatory asset and be recovered  
9 in the future.

10  
11 Q. WITH REGARD TO THE AMORTIZATION OF EXCESS ADIT RESULTING FROM  
12 THE TCJA, MR. GARRETT PROPOSES TO RECLASSIFY CERTAIN AMOUNTS OF  
13 EXCESS ADIT AS "UNPROTECTED." CAN YOU EXPLAIN THIS PROPOSED  
14 RECLASSIFICATION?

15 A. Yes. Mr. Garrett recommended that three specific excess ADIT balances, capitalized costs  
16 and interest, repair allowance, and section 174 R&D, be reclassified from protected excess  
17 ADIT to unprotected excess ADIT. Mr. Garrett believes that these three amounts did not  
18 result from the use of accelerated depreciation methods and therefore should not be  
19 classified as protected excess ADIT.

20  
21 Q. DO YOU AGREE THAT THIS RECLASSIFICATION SHOULD BE MADE?

22 A. No, for several reasons. The Company separated excess ADIT into plant-related and non-  
23 plant related items. The Company explained in its response to OPUC RFI No. 2-15,  
24 included as Exhibit CSP-6R, that all plant-related balances, whether considered "protected"  
25 or "unprotected", are included in the Company's PowerTax asset software module. The  
26 PowerTax module reverses both the plant-related ADIT and excess ADIT using the  
27 Average Rate Assumption Method ("ARAM"). The ARAM is an established and  
28 consistent calculation recognized by both the Internal Revenue Service and state  
29 Regulatory Commissions to calculate the amortization of excess ADIT. The Company  
30 used the ARAM on all plant-related excess ADIT to allow for the use of an established,

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<sup>6</sup> Direct Testimony of Mark E. Garrett, page 33.



consistent, and transparent methodology for all types of plant-related excess ADIT. The Federal Energy Regulatory Commission ("FERC") has allowed this treatment in several cases and specifically stated in Southern California Edison's proposal to amortize both "protected" and "unprotected" plant-related amounts that it "is just and reasonable because the proposed methodology is consistent with Internal Revenue Service tax normalization rules and Commission precedent."<sup>7</sup> As stated in Exhibit CSP-6R, the net amount of excess ADIT for plant-related excess ADIT that is considered "unprotected" is approximately \$1.6 million which represents less than 1% of the total excess ADIT balance, and does not have a material impact on the calculation of the average life of the unprotected excess ADIT or the amortization of the protected excess ADIT. The detail of the plant-related ADIT that is "unprotected" is:

	Test Year	Line No. on
<u>EDIT Description</u>	<u>Period balance</u>	<u>WP G-7.9(a).03</u>
Capitalized Costs and Interest	(\$11,556,216)	6
CIAC	(4,496,045)	7
NOL Carryforward-Federal	(19,729,224)	17
NOL Carryforward-State	248,483	18
Repair Allowance	31,726,272	35
Section 174 R&D	<u>5,493,842</u>	36
Total	<u>\$ 1,687,112</u>	

However, instead of considering the full amount for this class of items, Mr. Garrett's adjustment considered only a portion of these plant-related excess ADIT amounts as "unprotected" amounts in his proposal which resulted in a larger adjustment to the calculation of the amortization of excess ADIT included in the rider than is warranted. Had he included the proper amounts of plant-related items in his adjustment, as explained above, his adjustment would have been negligible. For these reasons, Mr. Garrett's adjustment to the amortization of excess ADIT should be rejected.

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<sup>7</sup> Southern California Edison Co., 166 FERC paragraph 61,006 (2016) at P 23 (SCE Order).

1 Q. FINALLY, MR. GARRETT RECOMMENDS THE REMOVAL OF CHARITABLE  
2 CONTRIBUTIONS FROM THE COST OF SERVICE. DO YOU AGREE WITH HIS  
3 RECOMMENDATION?

4 A. Yes. In the Company's response to Staff's RFI No. 12-9, included as Exhibit CSP-5R, the  
5 Company withdrew its request to include charitable contributions in its cost of service. I  
6 have included the removal of \$1,260,720 in charitable contributions from cost of service  
7 in Adjustment No. 26 – Recoverable Advertising, Contributions and Donations, included  
8 as Exhibit CSP-8R.

9  
10 **IV. Rebuttal to OPUC Witness Cannady**

11 Q. CAN YOU PLEASE SUMMARIZE THE ADJUSTMENTS MS. CANNADY  
12 PROPOSES TO MAKE TO THE COMPANY'S REQUESTED LEVEL OF SALARY  
13 AND WAGE EXPENSE?

14 A. Ms. Cannady proposes three adjustments to the Company's requested level of salary and  
15 wage expense. The first proposed adjustment is to calculate the payments in lieu of paid  
16 time off ("PTO") sell-backs using a three-year average. The second proposed adjustment  
17 is to use the actual payroll expense ratio for the test year as compared to the payroll expense  
18 ratio budgeted for 2021 utilized by the Company. Finally, the last adjustment to salary and  
19 wage expense proposed by Ms. Cannady is to reduce the amount of the STIP compensation,  
20 which I discuss in greater detail below.

21  
22 Q. DO YOU OBJECT TO MS. CANNADY'S RECOMMENDATION TO USE AVERAGE  
23 PTO SELL BACKS WHEN DETERMINING SALARIES AND WAGES INSTEAD OF  
24 THE BUDGETED 2021 LEVEL THAT YOU RECOMMEND?

25 A. Yes. Ms. Cannady recommends the use of an "annualized level of payments in lieu of  
26 PTO" which would be "based on the average of the annual amounts shown for the calendar  
27 years 2017 through 2020" due to the "noted fluctuations of the annual payments in lieu of  
28 PTO for the period 2017 through the test year end."<sup>8</sup> The reduction in salary and wage  
29 expense proposed by Ms. Cannady for the annual PTO results in a decrease of \$26,584.  
30 However, what Ms. Cannady fails to consider in her recommendation is that other salary

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<sup>8</sup> Direct Testimony of Constance T. Cannady, p. 20.

1 and wage amounts have also fluctuated during the period 2017 to 2020 and no  
2 annualization was used by the Company or proposed by Ms. Cannady. For example, the  
3 level of overtime pay that is included in the Company's calculation of salary and wage  
4 expense is \$8,034,427, which represents the expense in the test year 2020. However, if  
5 this amount were to be annualized for 2017 to 2020, using the amounts on Schedule G-1.1  
6 in column (c), the overtime pay would be \$8,044,982, an increase of \$10,555.  
7 Additionally, the STIP compensation included in the Company's calculation of salary and  
8 wage expense of \$5,372,127 represents the expense for the test year 2020. If this amount  
9 were to be annualized for 2017 to 2020, the STIP would be \$5,667,130, an increase of  
10 \$295,003. Given the fact that salary and wage expense generally increase year-over-year  
11 due to inflationary and merit increases, using annualized salary and wage amounts over a  
12 three or four-year period does not result in the inclusion of a fair and equitable salary and  
13 wage expense in the Company's request. The salary and wage expense requested by the  
14 Company represents the test year salary and wage expense adjusted for known and  
15 measurable changes, which is the standard recognized and utilized by the Commission.  
16 Therefore, Ms. Cannady's adjustment to payments in lieu of PTO should be rejected by the  
17 Commission.

18  
19 Q. WHY DO YOU DISAGREE WITH MS. CANNADY'S PROPOSAL TO USE THE  
20 ACTUAL 2021 PAYROLL EXPENSE RATIO IN DETERMINING SALARIES AND  
21 WAGES INSTEAD OF THE EXPECTED 2021 RATIO THAT YOU RECOMMEND?

22 A. In Ms. Cannady's testimony, she states that she will "apply the actual payroll expense ratio  
23 for the test year."<sup>9</sup> However, the payroll expense ratio she has included in her calculation  
24 is the actual ratio for the period January 2021 to June 2021 of 74.74%, not the actual payroll  
25 expense ratio for the test year of 76.50%.<sup>10</sup> The Company used the expected payroll  
26 expense ratio for the year 2021 of 74.95% to calculate the requested salary and wage  
27 expense rather than the test year ratio of 76.50%, or a four-year average of 76.13%, because  
28 the Company expected capitalized wages to be higher in 2021 due to the level of capital  
29 projects expected. The 74.95% was calculated using the capital costs expected for the

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<sup>9</sup> Direct Testimony of Constance T. Cannady, p. 20.

<sup>10</sup> Direct Testimony of Constance T. Cannady, Attachment G, EPE Response to OPUC RFI No. 8-3 (100% - 23.50% = 76.50%).

1 entire year, not just the period from January to June. Typically, capitalized costs are lower  
2 in the second half of the year as compared to the first half of the year due to the completion  
3 of projects that are started in the previous year and completed in the current year.  
4 Therefore, Ms. Cannady's change in the payroll expense ratio should be rejected.  
5

6 Q. DO YOU AGREE WITH MS. CANNADY'S RECOMMENDATION TO REMOVE  
7 \$1,597,778 OF THE NON-FINANCIAL BASED STIP COMPENSATION FROM COST  
8 OF SERVICE?

9 A. No, I do not. Ms. Cannady's reduction in the STIP is comprised of two components. The  
10 first component is a reduction of \$522,216 to limit the STIP amounts paid to each employee  
11 to their individual target percentage or their actual award, if it was less than target. The  
12 Company's STIP award is calculated individually for each employee in a two-step process.  
13 First, the employee's annual wages are multiplied by their bonus award percentage, which  
14 is determined by the salary level of the employee. This bonus award is then multiplied by  
15 a weighting factor which is based upon the employee's annual performance evaluation.  
16 Employees can receive from 0% to 115% of their target bonus award based upon their  
17 performance evaluation. However, the total of the individual STIP awards paid to each  
18 employee do not exceed the STIP award established for the Company as a whole. The  
19 Company has utilized this method for many years, including in the previous rate cases in  
20 Docket Nos. 46831 and 44941, to provide incentives for all employees to achieve high  
21 performance levels. Ms. Cannady's calculation reduced only the individual awards that  
22 were more than 100% but did not increase the individual awards that were less than 100%  
23 to their full value. Ms. Cannady's adjustment does not consider the total amount of the  
24 STIP award and therefore should be rejected.  
25

26 Q. CAN YOU PLEASE DESCRIBE MS. CANNADY'S SECOND ADJUSTMENT TO THE  
27 STIP?

28 A. Yes. Ms. Cannady's second adjustment to the STIP is to reduce the overall STIP by an  
29 additional \$1,598,778 to take into consideration the requirement that the NI threshold must  
30 be achieved before any STIP incentive compensation will be paid.  
31

1 Q. DOES THE COMPANY AGREE WITH MS. CANNADY'S SECOND ADJUSTMENT  
2 TO THE STIP?

3 A. No. As previously stated, although the payment of the STIP is contingent on achieving a  
4 minimum NI threshold, the threshold is part of the Company's overall policy to ensure that  
5 funds are available to pay bonuses. The NI threshold is an incidental aspect of the plan  
6 designed to ensure that the Company has the resources necessary to fund the bonus. The  
7 mere existence of the NI threshold, which is incidental to the non-financially based STIP  
8 awards, is not a reasonable justification to exclude EPE's requested STIP amounts. The  
9 Company's STIP is based on achieving a minimum NI level (33%), controlling operations  
10 and maintenance ("O&M") expenses (17%), achieving customer satisfaction and call  
11 center ratings (20%), and three reliability factors (30%). Ms. Cannady indicates in her  
12 testimony that the Company has removed 33% of the test year STIP award related to  
13 financially based compensation and she proposes that another 33% be removed to account  
14 for the use of the NI "trigger". However, the Company actually removed 50% of the test  
15 year STIP amounts in order to remove all financially based amounts including those related  
16 to the NI goal (33%) and the O&M cost goal (17%). The STIP amounts requested by the  
17 Company include only the portions related to operational goals based on customer  
18 satisfaction and reliability. The Commission's rulings cited by both Ms. Cannady and  
19 Mr. Garrett repeatedly state that incentive compensation awarded to achieve operational  
20 measures is reasonable and necessary to the provision of electric service. The Company  
21 has complied with Commission rulings and has removed all financially based incentive  
22 compensation which includes 50% of the STIP and 100% of the long-term incentive plan,  
23 and therefore Ms. Cannady's adjustment to salary and wage expense for the STIP should  
24 be rejected.

25  
26 Q. CAN YOU PLEASE SUMMARIZE THE ADJUSTMENTS MS. CANNADY  
27 PROPOSES TO MAKE TO THE COMPANY'S REQUESTED LEVEL OF EMPLOYEE  
28 BENEFIT EXPENSE?

29 A. Ms. Cannady proposes to remove all of the Company's requested costs related to the SERP  
30 and Excess Benefit Plan from employee benefit expense.

1 Q. DO YOU AGREE WITH MS. CANNADY'S PROPOSAL TO REMOVE ALL SERP  
2 AND EXCESS BENEFIT PLAN EXPENSES FROM THE COMPANY'S COST OF  
3 SERVICE?

4 A. No. As I explained in my Direct Testimony (p. 11), the SERP ensured that executive  
5 officers at the Company during its bankruptcy proceedings remained at the Company  
6 during its reorganization, which provided a direct benefit to ratepayers through the  
7 revaluation of EPE's generating assets. As explained by Company witness Larry J.  
8 Hancock in his Direct Testimony (page 23), current customers are benefiting from a  
9 \$203 million reduction in rate base in this case alone from the revaluation of EPE's  
10 generating assets which resulted from the bankruptcy. The savings from the asset  
11 revaluation more than offsets the cost of the SERP, both of which resulted from the  
12 bankruptcy. The SERP was closed to new participants in 1996, and in 2004 the Excess  
13 Benefit Plan was created for current officers. Because both plans are non-qualified plans,  
14 there is no investment fund for the plans. This means that all costs of the plans are paid on  
15 an annual basis and are not offset by earnings from investments which is the case for  
16 qualified plans like the RIP. The annual cost of both the SERP and Excess Benefit Plan is  
17 determined using the same actuarial method and economic assumptions as those used for  
18 the RIP. Ms. Cannady's states that "there are no guarantees that the SERP benefits will be  
19 paid to the participants. Any funding provided by ratepayers would not specifically be  
20 used to pay SERP benefits but would be used as the Company's general funds. In essence,  
21 any payment by ratepayers for the SERP benefits plan is cost-free capital to the Company,  
22 without any requirement that it is actually used to pay for SERP benefits."<sup>11</sup> She is  
23 incorrect. The SERP and the Excess Benefit Plan are legal plans. The Company has an  
24 obligation to make payments under these plans and, as required by GAAP, has recorded a  
25 liability on its balance sheet related to both plans. As Ms. Cannady points out, the cost for  
26 both plans included in the Company's request is higher than the cost of the retirement plan  
27 for all other employees. This is due to the fact that, as I stated earlier, these plans do not  
28 have investment funds whose earnings and increases in market values would offset the  
29 annual plan costs. The Company competes with utilities across the United States, both

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<sup>11</sup> Direct Testimony of Constance T. Cannady, p. 31.

1 publicly traded and privately owned, and its recruiting and retention efforts for executive  
2 officers must include the Excess Benefit Plan to allow the participants a benefit similar to  
3 other employees on a proportional basis. The recruiting and retention of officers directly  
4 benefits ratepayers by providing leadership that is focused on providing reliable, quality  
5 service at affordable prices and meeting the growing demand for green energy. The SERP  
6 and Excess Benefit Plan costs are reasonable and necessary to provide utility service and  
7 should be included in the Company's cost of service. Ms. Cannady's adjustment to exclude  
8 these costs from cost of service should be rejected.

9  
10 Q. DO YOU AGREE WITH THE TOTAL TEST YEAR SERP COST MS. CANNADY  
11 QUOTED IN HER DIRECT TESTIMONY?

12 A. No. On page 29 of her Direct Testimony, Ms. Cannady states that the total test year cost  
13 for the SERP was \$4,824,919. However, the actual test year cost for the SERP was  
14 \$1,070,819 as listed in WP A-3, Adjustment No. 4 – Pensions and Benefits on workpaper  
15 E1 in cell G16. Ms. Cannady mistakenly used the amount in cell G13 of this workpaper  
16 which represents the test year cost of the Company's retirement income plan.

17  
18 Q. DO YOU AGREE WITH MS. CANNADY'S PROPOSAL TO REMOVE AMOUNTS OF  
19 CAPITALIZED NON-QUALIFIED RETIREMENT PLAN BENEFITS FROM RATE  
20 BASE?

21 A. No. Because the cost of the SERP and Excess Benefit Plans is reasonable and necessary  
22 to provide utility service as discussed above, the capitalized portion of these costs should  
23 be allowed in rate base and Ms. Cannady's adjustment to remove them should be rejected.

24  
25 Q. MS. CANNADY ALSO RECOMMENDS REMOVAL OF OTHER EMPLOYEE  
26 BENEFITS FROM THE COST OF SERVICE; BENEFITS SUCH AS PARKING, EV  
27 CREDITS, AND OTHERS. DO YOU AGREE?

28 A. No. Her calculation is wrong. Also, her rationale is wrong. First, the amount quoted by  
29 Ms. Cannady on page 34 of her Direct Testimony of \$322,338 is not accurate. In response  
30 to OPUC RFI No. 12-12<sup>12</sup>, the Company provided a list of other employee benefits, which

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<sup>12</sup> Exhibit CSP-3R.

1 totaled \$439,802. At the bottom of that RFI, the Company also showed that it had already  
2 reduced the amount included in its request for other employee benefits by \$161,182, or  
3 37%. This results in the net amount of other employee benefits requested in cost of service  
4 of only \$278,620. The total of the specific benefits excluded by Ms. Cannady equal only  
5 \$245,327 (the sum of employee awards of \$57,650 + company sponsored events for  
6 employees of \$114,944 + parking of \$61,566 + electric vehicle costs of \$11,117 as listed  
7 in Exhibit CSP-3R), which when reduced by 37% for the portion already excluded by the  
8 Company, net to only \$154,556.

9 Notwithstanding Ms. Cannady's incorrect calculation, the Company does not agree  
10 with the exclusion of any of the amounts included in its requested pension and benefits  
11 expense as other employee benefits. First, employee appreciation awards,  
12 company-sponsored events, parking subsidies and other miscellaneous employee benefits  
13 are part of the cost of doing business for most companies, including utilities, and are  
14 therefore reasonable and necessary. Second, only employees that work at the Company  
15 headquarters are required to pay for parking. Because these employees are not paid more  
16 than similar employees at other locations, the Company subsidizes approximately 25% of  
17 the cost of parking for approximately 200 employees. Most companies that have offices  
18 in downtown El Paso either pay for or subsidize parking for their employees or provide a  
19 shuttle service for their employees from free or lower cost parking lots outside the  
20 downtown area. Paying for 25% of the cost of parking is much less expensive than  
21 increasing the salaries of these employees to cover the entire cost of parking, providing a  
22 shuttle service, or purchasing a parking lot in downtown El Paso for the use of employees.  
23 The parking subsidy costs are therefore reasonable and necessary. Last, the Company has  
24 been promoting carbon-reduction programs for several years. As a leader of carbon-  
25 reduction efforts in our service territory, the Company began promoting the use of electric  
26 vehicles as a way to reduce carbon-emissions. The Company wanted to set the example  
27 for the communities it serves by encouraging employees to drive electric vehicles and  
28 promote their use in our region. Reducing carbon emissions benefits ratepayers in our  
29 service territory and these costs should be included in cost of service.



1 Q. MS. CANNADY ALSO OBSERVES THAT THE COMPANY MADE CHANGES TO  
2 THE STRUCTURE OF ITS OPEB PLAN IN 2020 THAT WILL RESULT IN TAX  
3 SAVINGS. AS A RESULT, SHE RECOMMENDS A CORRESPONDING  
4 REDUCTION IN OPEB PLAN EXPENSE. DO YOU AGREE?

5 A. No. As the Company pointed out in its response to CEP RFI No. 3-15, which was included  
6 as Attachment N to Ms. Cannady's Direct Testimony, benefit plan costs requested in cost  
7 of service are based on actuarially determined plan costs, not on actual premiums or  
8 expenses incurred during the plan year. In fact, Section 36.065 of the Public Utility  
9 Regulatory Act states that "the regulatory authority shall include in the rates of an electric  
10 utility expenses for pension and other postemployment benefits, as determined by actuarial  
11 or other similar studies in accordance with generally accepted accounting principles." The  
12 actuarial study for the OPEB included future tax savings from the changes in the structure  
13 and therefore no further adjustment is needed. Therefore, the adjustment proposed by Ms.  
14 Cannady should be rejected.  
15

16 Q. DID THE COMPANY RECEIVE THE FINAL 2021 ACTUARIAL STUDIES FOR THE  
17 BENEFIT PLANS REQUESTED BY MS. CANNADY IN HER DIRECT TESTIMONY?

18 A. Yes. The Company received the final actuarial studies for all four of its benefit plans and  
19 provided them in its response to OPUC RFI 12-1 as Attachment 1, which I have included  
20 as Exhibit CSP-1R to my testimony. The final actuarial studies were completed on  
21 August 13, 2021 for 2021. The studies increase the net periodic benefit costs related to the  
22 Company's retirement plans from a reduction in expense of \$4,304,623 to a reduction of  
23 \$3,097,368. Because these costs were calculated for the 2021 year, the year rates from  
24 Docket No. 52195 would be effective, I have included the net increase in benefit costs of  
25 \$1,207,255 in the revised cost of service and the revised WP3 – Adjustment No. 4 –  
26 Pension and Benefits, included as Exhibit CSP-2R to my testimony.  
27

28 Q. MS. CANNADY ALSO RECOMMENDS REDUCING THE COMPANY'S 401(K)  
29 EMPLOYEE BENEFIT COSTS TO REFLECT SALARY CHANGES. SHOULD THE  
30 COMMISSION ADOPT THIS RECOMMENDATION?

1 A. No. As discussed previously, the Company does not agree with any of the adjustments to  
2 salary and wage expense proposed by Ms. Cannady, and therefore rejects the decrease  
3 proposed by Ms. Cannady to the 401(k) employee benefit costs.  
4

5 Q. LIKE MR. GARRETT, MS. CANNADY ALSO PROPOSES TO ADJUST  
6 ASSOCIATED PAYROLL TAXES FOR THE PROPOSED ADJUSTMENTS TO  
7 WAGES AND SALARIES. DO YOU AGREE WITH THIS RECOMMENDATION?

8 A. No. The adjustment proposed by Ms. Cannady for payroll taxes is \$649,213, which  
9 represents over 35% of her associated adjustments to wages and salaries of \$1,848,592.  
10 Ms. Cannady's effective tax rate for payroll tax adjustments is significantly higher than the  
11 effective tax rate for payroll taxes requested by the Company in this filing of 5.92%  
12 (Payroll tax expense of \$5,122,464 on WP A3, Adjustment No. 16 divided by total  
13 annualized salaries and wages expense of \$86,460,85 on WP A3, Adjustment No. 3 –  
14 Salaries and Wages). As discussed previously, the Company does not agree with any of  
15 the adjustments to salary and wage expense proposed by Ms. Cannady, and therefore  
16 rejects the decrease proposed by Ms. Cannady to associated payroll tax costs.  
17

18 Q. WITH REGARD TO THE AMORTIZATION OF EXCESS ADIT RESULTING FROM  
19 THE TCJA, MS. CANNADY, LIKE MR. GARRETT, PROPOSES TO RECLASSIFY  
20 CERTAIN AMOUNTS OF EXCESS ADIT TO THE "UNPROTECTED" CATEGORY.  
21 DO YOU AGREE?

22 A. No. Like Mr. Garrett, Ms. Cannady has only included a portion of the plant-related excess  
23 ADIT balances that are considered "unprotected". Therefore, like Mr. Garrett, she grossly  
24 overstates the adjustment to the excess ADIT included in the rider and her adjustment  
25 should be rejected.  
26

## 27 **V. Rebuttal to City of DOD Witness Salcedo**

28 Q. WHAT ARE MR. SALCEDO'S VARIOUS RECOMMENDATIONS WITH REGARD  
29 TO THE COMPANY'S COVID-19 REGULATORY ASSET?

30 A. Mr. Salcedo proposes the removal of the COVID-19 regulatory asset \$8,345,323 and  
31 carrying costs of \$199,870 included in the regulatory asset from regulatory assets in rate

1 base. Additionally, he proposes the removal of the cost savings of \$768,725, realized by  
2 the Company during 2020, from the regulatory asset, which would result in an increase to  
3 the amount included in the rider and a decrease to cost of service included in the revenue  
4 requirement in this case. Last, Mr. Salcedo recommends increasing the recovery period  
5 for the COVID-19 rider to five years.

6  
7 Q. DO YOU AGREE WITH MR. SALCEDO'S REQUEST FOR THE COMMISSION TO  
8 EXCLUDE THE REGULATORY ASSET FROM RATE BASE?

9 A. Yes. The Company has agreed to remove the regulatory asset related to COVID-19 from  
10 rate base. The removal of the COVID-19 regulatory asset from rate base is reflected in the  
11 Company's revised Schedule B-1: Total Company Rate Base, provided by EPE witness  
12 Borden in her rebuttal Exhibit JIB-2R.

13  
14 Q. MR. SALCEDO ALSO RECOMMENDS A FIVE-YEAR AMORTIZATION FOR  
15 COVID-19 RIDER AMOUNTS. DOES THE COMPANY AGREE WITH THIS  
16 RECOMMENDATION?

17 A. Yes. The Company agrees that the COVID-19 rider amortization should be calculated over  
18 a five-year period.

19  
20 Q. DO YOU ALSO AGREE WITH MR. SALCEDO'S RECOMMENDATION THAT THE  
21 COMMISSION NOT ALLOW THE COMPANY TO EARN A RETURN ON THE  
22 AMOUNT OF THE REGULATORY ASSET?

23 A. The Company has removed the COVID-19 regulatory asset from rate base. However, the  
24 Company has included carrying costs for the COVID-19 rider amount from the period  
25 March 2020, the date at which COVID-19 costs were first incurred, to October 2026, the  
26 final collection date of the COVID-19 rider using a five-year period. The adjustment to  
27 the COVID-19 rider is included as WP A3 – Adjustment No. 7 – COVID-19 Costs,  
28 included as Exhibit CSP-7R, and the revised amortization and carrying costs are included  
29 on page 3.

1 Q. WITH REGARD TO COVID-19'S IMPACT ON THE COMPANY'S COST OF  
2 SERVICE, MR. SALCEDO REQUESTS THE COMMISSION TO PERMANENTLY  
3 REDUCE THE COMPANY'S COST OF SERVICE FOR THE SAVINGS THE  
4 COMPANY REALIZED DURING THE TEST YEAR AS A RESULT OF THE  
5 PANDEMIC. IS HE CORRECT?

6 A. No. The temporary cost reduction the Company experienced during the test year as a result  
7 of the pandemic is not permanent. The Company has already experienced a higher level  
8 of costs in 2021 for travel and office supplies than were incurred in 2020 during the  
9 pandemic. However, the Company has proposed an annual true-up of COVID-19 costs,  
10 net of savings, as a component of the COVID-19 rider and will include any additional  
11 savings in those calculations. It is therefore not reasonable to reduce the Company's cost  
12 of service for the COVID-19 savings in this filing.  
13

#### 14 VI. Rebuttal to TIEC Witness Higgins

15 Q. PLEASE DESCRIBE TIEC'S WITNESS MR. HIGGINS'S RECOMMENDATIONS  
16 WITH RESPECT TO THE COMPANY'S REQUESTED LEVEL OF SALARY AND  
17 WAGES AND EMPLOYEE BENEFITS EXPENSE.

18 A. Like Mr. Garrett and Ms. Cannady, Mr. Higgins proposes the disallowance of SERP and  
19 Excess Benefit Plan costs in the Company's cost of service. Additionally, like Mr. Garrett,  
20 Mr. Higgins proposes to remove incentive compensation for PVGS from the Company's  
21 cost of service.  
22

23 Q. DO YOU AGREE WITH HIS PROPOSAL TO ADJUST SALARY AND WAGE  
24 EXPENSE TO REMOVE PALO VERDE INCENTIVE PAYMENTS FROM THE  
25 COMPANY'S COST OF SERVICE?

26 A. No. As stated in the discussion of Mr. Garrett's proposal to remove incentive compensation  
27 from PVGS costs, there is a difference between the incentive plans of the Company, which  
28 have a financially-based component and is viewed by the Commission as benefiting  
29 shareholders, and incentive plan amounts passed-through as operational costs by APS,  
30 whose services directly benefit customers.  
31

1 Q. IS MR. HIGGINS CORRECT IN HIS RECOMMENDATION TO REMOVE THE COST  
2 OF THE SERP AND EXCESS BENEFIT PLAN EXPENSE FROM COST OF SERVICE?

3 A. No. As discussed above in my discussion of Mr. Garrett's and Ms. Cannady's similar  
4 recommendations, the Company believes that the SERP and Excess Benefit Plan costs are  
5 reasonable and necessary.  
6

7 **VII. Rebuttal to IBEW Witness Bazar**

8 Q. WHAT IS IBEW WITNESS MR. BAZAR'S RECOMMENDATION WITH REGARD  
9 TO THE COMPANY'S AMORTIZATION OF EXCESS ADIT CREATED BY THE  
10 TCJA?

11 A. Mr. Bazar proposes that EPE should "retain a fraction of the excessive revenue collected  
12 due to the reduction in the federal income tax and reinvest it in its workforce."<sup>13</sup>  
13

14 Q. DO YOU AGREE WITH HIS RECOMMENDATION?

15 A. No. Although the Company generally agrees that the TCJA was created to spur business  
16 growth and job creation, the TCJA is very specific on its treatment of excess ADIT. In  
17 general, most companies benefit from lower federal income tax rates and can use these  
18 savings to invest in their workers. However, EPE is a regulated utility, and as such, its  
19 costs, including income taxes, are reflected in rates paid by customers. Therefore, when  
20 income taxes are reduced, these savings must be passed back to customers. Similarly, when  
21 tax rates are reduced, amounts of excess ADIT should be returned to customers. In fact, in  
22 Docket Nos. 46831 and 47945, the Commission ordered EPE to record all excess ADIT  
23 that resulted from the TCJA as a regulatory liability. Retaining a portion of the excess  
24 ADIT to reinvest in EPE's workforce would be a violation of the Commission's orders and  
25 as such, Mr. Bazar's recommendation should be rejected.  
26

27 **VII. Rebuttal to STAFF Witness Hopingardner**

28 Q. CAN YOU PLEASE SUMMARIZE THE ADJUSTMENTS MS. HOPINGARDNER  
29 PROPOSES TO MAKE TO THE NON-QUALIFIED RETIREMENT INCOME PLANS  
30 INCLUDED IN THE COMPANY'S REQUESTED REVENUE REQUIREMENT?

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<sup>13</sup> Direct Testimony of David K. Bazar, page 7.

1 A. Ms. Hopingardner proposes the removal of \$1,970,713 from the Company's cost of service  
2 for costs related to the SERP and the Excess Benefit Plan.

3  
4 Q. DO YOU AGREE WITH MS. HOPINGARDNER'S RECOMMENDATION TO  
5 DEDUCT \$1,970,713 IN NON-QUALIFIED RETIREMENT EXPENSES FROM THE  
6 COMPANY'S COST OF SERVICE?

7 A. No. As I discussed previously, the Company established the Excess Benefit Plan, as it  
8 previously offered the SERP, to provide a proportional retirement benefit to officers in  
9 comparison to other employees. These benefits are reasonable and necessary to attract and  
10 retain officers that lead EPE in providing reliable service at reasonable rates to EPE's  
11 customers.

12  
13 Q. DO YOU OBJECT TO MS. HOPINGARDNER'S RECOMMENDATION TO REMOVE  
14 \$89,827 IN CONSTRUCTION WORK IN PROGRESS ("CWIP")?

15 A. Yes. CWIP balances are not allowed by the Commission as an addition to rate base and  
16 the Company has not included them in rate base in this case. To the extent that  
17 Ms. Hopingardner's adjustment attempts to remove CWIP amounts from rate base that  
18 were never included, it is inappropriate. To the extent it attempts to remove CWIP amounts  
19 prior to any future transfer to plant in service, it addresses amounts that are not at issue in  
20 this case (but may be at issue in a future case) and is improper. Therefore, the Company  
21 does not agree to Ms. Hopingardner's adjustment to CWIP or rate base.

22  
23 Q. DO YOU DISAGREE WITH MS. HOPINGARDNER'S RECOMMENDATION TO  
24 REMOVE THE CAPITALIZED PORTION OF THE COMPANY'S NON-QUALIFIED  
25 RETIREMENT PLAN EXPENSES THAT HAVE BEEN ADDED TO PLANT IN  
26 SERVICE SINCE SEPTEMBER 2016 IN THE AMOUNT OF \$2,041,715?

27 A. Yes. As stated previously, the Company strongly believes that the costs associated with  
28 the SERP and Excess Benefit Plan are reasonable and necessary, and therefore rejects  
29 Ms. Hopingardner's adjustment to remove these costs from rate base.

1 Q. IS MS. HOPINGARDNER CORRECT TO SUGGEST REMOVAL OF THE  
2 CORRESPONDING PAYROLL TAXES ASSOCIATED WITH THE SERP AND  
3 EXCESS BENEFIT PLAN IN THE AMOUNT OF \$46,418?

4 A. No. Since the Company rejects the adjustment to remove the SERP and Excess Benefit  
5 Plan costs from its cost of service, it also rejects Ms. Hopingardner's adjustment to remove  
6 the corresponding payroll taxes from cost of service.  
7

8 Q. DOES DOCKET NO. 39896 (CITED BY MS. HOPINGARDNER) SUPPORT  
9 REMOVAL OF THE COMPANY'S EXECUTIVE RETIREMENT PLANS FROM ITS  
10 COST OF SERVICE?

11 A. No. The Company's facts are different than the facts present in that case. The Company's  
12 SERP was established as a result of the Company's bankruptcy, which directly benefitted  
13 customers through the reduction of generation asset values included in rate base. As I  
14 previously stated, the Company's current customers continue to benefit from a \$203 million  
15 reduction in rate base in this case and therefore, the costs related to those customer savings  
16 should also be included in the cost of service in this case.  
17

18 Q. DO YOU AGREE WITH MS. HOPINGARDNER'S RECOMMENDATION TO  
19 REMOVE \$1,312,437 IN CHARITABLE CONTRIBUTIONS FROM THE REVENUE  
20 REQUIREMENT?

21 A. No. Ms. Hopingardner mistakenly removed the total amount spent by the Company in the  
22 test year, \$1,312,437, which was never included in cost of service. The Company's request  
23 included only \$1,260,720 in charitable contributions as allowed pursuant to 16 TAC  
24 Section 25.231(b)(1)(E). As previously discussed, the Company has agreed to remove the  
25 entire \$1,260,720 of charitable contributions from cost of service in WP A3, Adjustment  
26 No. 26 – Advertising, Contributions and Donations, included in Exhibit CSP-8R.  
27

28 Q. PLEASE DESCRIBE MS. HOPINGARDNER'S RECOMMENDATIONS REGARDING  
29 THE COMPANY'S LONG-TERM INCENTIVE COMPENSATION?

1 A. Like Mr. Garrett, Ms. Hopingardner recommends the removal of payroll expenses incurred  
2 for PVGS for the long-term incentive plan for APS, the operator of PVGS from both cost  
3 of service (\$500,862) and rate base (\$203,811).  
4

5 Q. IS MS. HOPINGARDNER CORRECT IN DESCRIBING THESE COMPENSATION  
6 AMOUNTS AS FINANCIAL MEASURES?

7 A. No. As explained above, payroll expense for PVGS is incurred by APS, the operator of  
8 PVGS, and charged to each owner based on its ownership percentage. EPE does not have  
9 the ability to determine the long-term incentive compensation policies of its vendors,  
10 including APS. Although a portion of the long-term incentive compensation for APS may  
11 or may not be based on financial measures of APS, this compensation is not influenced by  
12 or in any way tied to EPE's financial success. Costs incurred for PVGS are strictly  
13 operational, similar to other vendors that provide solar energy, transmission and  
14 distribution services, and other consulting services, and are therefore reasonable and  
15 necessary to provide utility service to customers.  
16

17 Q. DO YOU AGREE WITH MS. HOPINGARDNER'S ADJUSTMENT TO THE  
18 COMPANY'S REQUESTED COSTS RELATING TO THE TEXAS GROSS RECEIPTS  
19 TAX AND THE PUCT ASSESSMENT TAX?

20 A. No. Although the Company agrees with the effective tax rates used by Ms. Hopingardner  
21 for the Texas Gross Receipts Tax and PUCT Assessment Tax in calculating the revenue  
22 related taxes from her changes to the revenue requirement, the Company does not agree  
23 with all the underlying revenue requirement adjustments and therefore, the Company does  
24 not agree with the adjustments to Texas Gross Receipts tax and the PUCT Assessment tax  
25 made by Ms. Hopingardner.  
26

27 Q. DID MS. HOPINGARDNER MAKE ANY OTHER ADJUSTMENTS TO THE  
28 COMPANY'S TAXES OTHER THAN INCOME TAX EXPENSE AMOUNT THAT  
29 ARE NOT DISCUSSED IN HER TESTIMONY?

30 A. Yes. Ms. Hopingardner made an adjustment to the Texas Occupancy and Street Rental  
31 revenue-related tax based upon her adjustments to the revenue requirement.



1  
2 Q. DOES THE COMPANY AGREE WITH MS. HOPINGARDNER'S ADJUSTMENT TO  
3 THE TEXAS OCCUPANCY AND STREET RENTAL TAX?

4 A. No. As discussed above, the Company does not agree with the underlying revenue  
5 requirement adjustments made by Ms. Hopingardner and therefore does not agree with her  
6 adjustment to the Texas Occupancy and Street Rental revenue-related tax.  
7

8 Q. DO YOU AGREE WITH MS. HOPINGARDNER'S ADJUSTMENT TO THE  
9 COMPANY'S FEDERAL INCOME TAX EXPENSE AMOUNT?

10 A. No. In Staff Schedule V, the adjustment for Other Permanent Differences that was  
11 calculated by the Company is not included in Ms. Hopingardner's calculation.  
12 Ms. Hopingardner did not include a discussion of her removal of this adjustment in her  
13 testimony and the Company does not agree that this adjustment should be removed.  
14

15 Q. DO YOU AGREE WITH MS. HOPINGARDNER'S ADJUSTMENT TO THE  
16 COMPANY'S STATE INCOME TAX EXPENSE AMOUNT?

17 A. No. The calculation of state income tax expense in Staff's revenue requirement includes  
18 only the portion related to the Texas Margin tax but excludes state income taxes from  
19 Arizona and New Mexico. Income taxes from each state are allocated to Texas because  
20 the assets generating the taxable income provide service to all of EPE's customers, not just  
21 customers in the state in which the asset is located. Income tax expenses from each state  
22 are allocated to customers in each jurisdiction based upon net rate base. Likewise, income  
23 taxes paid in Texas, New Mexico and Arizona are based upon total company income and  
24 then apportioned to each jurisdiction based upon the value of assets in each jurisdiction  
25 and other factors. An example that illustrates this point is the payment of income taxes in  
26 Arizona. EPE does not provide service to any retail customers in Arizona, but because  
27 PVGS is located in Arizona, EPE pays income taxes in Arizona. As a result, EPE allocates  
28 income taxes in Arizona to customers in Texas that receive electricity from PVGS.  
29 Ms. Hopingardner included only revised income taxes from Texas in her revenue  
30 requirement and removed all income taxes from New Mexico and Arizona and therefore  
31 her adjustment to state income taxes should be rejected.

1  
2 **IX. Rebuttal to STAFF Witness Stark**

3 Q. CAN YOU PLEASE SUMMARIZE MS. STARK'S RECOMMENDATION WITH  
4 RESPECT TO THE REQUESTED COVID-19 REGULATORY ASSET?

5 A. First, Ms. Stark proposes that the forfeited discounts included in the COVID-19 regulatory  
6 asset of \$944,710, and the associated carrying costs of \$28,983, be removed. Additionally,  
7 she recommends that the COVID-19 regulatory asset be removed from rate base and the  
8 Company's costs related to COVID-19, including all carrying costs, be recovered in the  
9 proposed rider (tariff). Ms. Stark also proposes that the one-year of amortization of the  
10 COVID-19 regulatory asset that the Company included in cost of service be removed. Last,  
11 Ms. Stark recommends that any additional COVID-19 expenses be submitted for review  
12 prior to inclusion in future annual true-ups of the COVID-19 rider, however she is not clear  
13 who would perform this review or in what time period the review would be performed.  
14

15 Q. DO YOU AGREE WITH MS. STARK'S RECOMMENDATION TO REDUCE THE  
16 COVID-19 REGULATORY ASSET BY (\$973,693) FOR UNASSESSED LATE  
17 PAYMENT FEES AND ASSOCIATED CARRYING CHARGES FOR COMMERCIAL  
18 AND INDUSTRIAL CUSTOMERS THAT SHE SAYS WERE NOT COVERED BY  
19 THE COMMISSION ORDER?

20 A. No. Although the Commission's Order only required the continued suspension of late fees  
21 on residential customers, the Company made the decision to continue the suspension of  
22 these charges for small commercial and industrial customers from May to October 2020.  
23 The Company believes that its decision complies with the intent of the Commission's  
24 Order, which was to assist customers in the Company's service territory to recover from  
25 the negative financial impacts of COVID-19.  
26

27 Q. DO YOU OBJECT TO MS. STARK'S RECOMMENDATION THAT THE CARRYING  
28 CHARGES ON THE UNAMORTIZED BALANCE SHOULD BE INCLUDED IN THE  
29 COVID-19 TARIFF SO THAT ALL COVID-19 RELATED COSTS ARE RECOVERED  
30 IN ONE PLACE?

1 A. No. The Company has agreed to collect all carrying costs related to the COVID-19 rider  
2 (tariff) in the rider and I have included the revised carrying costs in WP A3, Adjustment  
3 No. 7R – COVID-19 costs, included in Exhibit CSP-7R.  
4

5 Q. SHOULD THE COMMISSION ADOPT MS STARK'S RECOMMENDATION TO  
6 REDUCE THE COMPANY'S REQUESTED RATE BASE BY (\$2,781,774) TO  
7 REMOVE THE COVID-19 REGULATORY ASSET AMORTIZATION?

8 A. Yes. As previously discussed, the Company has agreed to move all COVID-19 costs to  
9 the rider.  
10

11 Q. DO YOU AGREE WITH MS. STARK'S RECOMMENDATION THAT ADDITIONAL  
12 COVID-19 EXPENSES ONLY BE ADDED TO THE TARIFF AFTER REVIEW AND  
13 APPROVAL DURING THE ANNUAL TRUE-UP?

14 A. Yes. The Company would agree to the review of additional COVID-19 expenses, net of  
15 savings, during the annual true-up as long as the review was performed in a timely manner  
16 and included costs and savings included in this filing.  
17

18 Q. DO YOU DISAGREE WITH MS. STARK'S RECOMMENDATION TO CREDIT  
19 EXCESS ADIT OF \$295,223 (INCLUDING UNPROTECTED AND STUB PERIOD  
20 PROTECTED AMOUNTS) TO THE AMOUNT OWED BY RATEPAYERS AS A  
21 RESULT OF THE RELATE-BACK DATE OF NOVEMBER 3, 2021 RATHER THAN  
22 RECOVERING THIS AMOUNT THROUGH A SEPARATE RIDER OVER FOUR  
23 YEARS?

24 A. The Company would agree to credit excess ADIT to the amount owed by ratepayers as a  
25 result of the relate-back period (i.e., the period between the date rates would have been  
26 effective and the date the rates are implemented after the Commission's final order) as long  
27 as the excess ADIT ordered by the Commission did not exceed the relate-back revenues.  
28

## 29 X. Conclusions

30 Q. WOULD YOU PLEASE SUMMARIZE YOUR REBUTTAL TESTIMONY AND  
31 CONCLUSIONS IN RESPONSE TO STAFF AND INTERVENOR WITNESSES?

1 A. Yes. The recommendations by Staff and Intervenor witnesses to reduce/adjust the  
2 Company's requested level of payroll and employee benefits costs (and associated payroll  
3 taxes) should be rejected. The costs requested by the Company are reasonable, directly  
4 related to the reliable provision of service to customers, and consistent with Commission  
5 precedent. Moreover, the recommendations of other witnesses to reclassify certain excess  
6 ADIT accounts from protected to unprotected should be rejected. The requested  
7 adjustments recommended by the other parties relating to the Company's requested federal  
8 income tax, state income tax, and other state tax costs should likewise be rejected. The  
9 Company agrees to remove the COVID-19 regulatory asset from rate base and agrees to  
10 remove its charitable contributions from the cost of service.  
11

12 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

13 A. Yes.

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

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

EL PASO ELECTRIC COMPANY'S RESPONSE TO  
OFFICE OF PUBLIC UTILITY COUNSEL'S  
TWELFTH REQUEST FOR INFORMATION  
QUESTION NOS. OPUC 12-1 THROUGH OPUC 12-2

OPUC 12-1:

Please refer to Rate Filing Package, Schedule G-2 and Schedule G-2.1. Please provide copies of the most recent actuarial studies for each of EPE's benefit plans.

RESPONSE:

Please refer to WP/G-2.1 UPDATE, pages 7 through 76, on the 45-day update to the Rate Filing Package and OPUC 12-1, Attachment 1, for the most recent actuarial studies for each of El Paso Electric Company's benefit plans.

Preparer: En Li

Title: Manager – Financial Accounting

Sponsor: Cynthia S. Prieto

Title: Vice President – Controller

EL PASO ELECTRIC COMPANY  
2021 TEXAS RATE CASE FILING  
OPERATION AND MAINTENANCE EXPENSE  
EMPLOYEE PENSIONS AND BENEFITS  
SPONSOR: CYNTHIA S. PRIETO  
PREPARER: MYRNA A. ORTIZ  
FOR THE TEST YEAR ENDED DECEMBER 31, 2020

WP/ A-3  
ADJUSTMENT NO.4  
PAGE 1 of 26

(a)		(b)
Line No.	Description	Total Amount
	<u>Employee Pensions and Benefits</u> <u>FERC Account No. 926000</u>	
1	Expense Amount, As Adjusted	\$ 12,212,460
	Less:	
2	Amount Per Book	<u>17,787,906 (A)</u>
3	Expense Adjustment	<u>\$ (5,575,446)</u>

Note:

(A) Excluding COVID-19 Related Medical Expenses

Total FERC Account No. 926	\$ 18,332,362
COVID-19 Related Medical Expenses	<u>(544,456) (B)</u>
Per Book Pensions and Benefits excluding COVID-19 related costs	<u>\$ 17,787,906</u>

(B) Removal of COVID-19 related medical expenses. Please see Schedule A-3 Adjustment No. 7 for further details.

Justification for requested adjustment:

Adjust various pension and benefit costs to reflect latest actuarial study costs reflecting current expense levels.  
The 401k costs were adjusted to reflect the Company's current contribution levels.  
Removal of out of period medical expense rebates received during the test period.  
Removal of Paid Time Off (PTO) Accrual and retiree PTO sell back.  
Compensation for the long-term incentive plan and employment.  
separation agreements were removed from Test Year Period costs.

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

EL PASO ELECTRIC COMPANY  
2021 TEXAS RATE CASE FILING  
OPERATION AND MAINTENANCE EXPENSE  
EMPLOYEE PENSIONS AND BENEFITS  
SPONSOR: CYNTHIA S. PRIETO  
PREPARER: MYRNA A. ORTIZ  
FOR THE TEST YEAR ENDED DECEMBER 31, 2020

WP-A/A-3/B1  
WP/ A-3  
ADJUSTMENT NO.4  
PAGE 2 of 26

	(a)	(b)	(c)	(d)
Line No.	Description	Test Year Per Book	Adjustment	As Adjusted
1	Other Postemployment Benefits	\$ (4,386,340)	\$ (1,827,611) (A)	\$ (6,213,951)
2	401 K Savings Plan	3,930,336	(256,930) (B)	3,673,406
3	Retirement Income Plan	3,681,139	(256,209) (A)	3,424,930
4	Dental Insurance	187,131	-	187,131
5	Long & Short Term Disability	332,920	-	332,920
6	Long Term Incentive Plan	1,248,518	(1,248,518) (C)	-
7	Medical Expenses	10,249,422	161,907 (D)	10,411,329
8	Life Insurance	118,075	-	118,075
9	Other Employee Benefits	2,567,160	(2,288,540) (E)	278,620
10	Employment Separation Agreements	(140,455)	140,455 (F)	-
11	Total	<u>\$ 17,787,906</u>	<u>\$ (5,575,446)</u>	<u>\$ 12,212,460</u>

Notes:

- (A) Adjust various pension and benefit costs to reflect latest actuarial study costs reflecting current expense levels.
- (B) The 401k costs were adjusted to reflect the Company's current contribution levels.
- (C) Removal of compensation for the long-term incentive plan.
- (D) Removal of out of period medical expense rebates received during the test period.
- (E) Removal of Paid Time Off (PTO) Accrual and retiree PTO sell back.
- (F) Removal of costs related to employment separation agreements.

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

EL PASO ELECTRIC COMPANY  
2021 TEXAS RATE CASE FILING  
EMPLOYEE PENSIONS AND BENEFITS  
SPONSOR: CYNTHIA S. PRIETO  
PREPARER: MYRNA A. ORTIZ  
FOR THE TEST YEAR ENDED DECEMBER 31, 2020

WP-A/A-3/B1  
WP/ A-3  
ADJUSTMENT NO.4  
PAGE 3 OF 26

EL PASO ELECTRIC COMPANY  
OPERATION AND MAINTENANCE EXPENSE  
INTERNAL WORKPAPER- ADJUSTMENTS by CAP RATE  
EMPLOYEE PENSIONS AND BENEFITS

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
		Benefit Plans' Non-Service Cost Components of NPBC (1)	Amounts Eligible for Capitalization (1)	Cap Rate	(b) * (e)	(b) - (f)	Adjustment to NPBC Per Updated Estimate (Net of Cap)	Other Adjustments	Adjusted Expense
Line No.	Description	Total Per Book Costs			2020 EPE Per Book - Capitalized Amount	2020 EPE Per Book- Net Amount			
1	Other Postemployment Benefits	(3,674,030)	(6,426,529)	2,752,499	25.54%	712,310	(4,386,340)	(1,827,611)	(1)-(2)
2	401 K Savings Plan	5,302,570	-	5,302,570	25.54%	1,372,234	3,930,336		(6,213,951)
3	Retirement Income Plan	6,840,829	(5,368,801)	12,209,630	25.54%	3,159,690	3,681,139	(256,209)	(3)-(4)
4	Dental Insurance	252,466	-	252,466	25.54%	65,335	187,131		3,673,406
5	Long & Short Term Disability	449,156	-	449,156	25.54%	116,236	332,920		3,424,930
6	Long Term Incentive Plan	1,684,424	-	1,684,424	25.54%	435,906	1,248,518	(1,248,518)	187,131
7	Medical Expenses	13,827,897	-	13,827,897	25.54%	3,578,476	10,249,422	161,907	332,920
8	Life Insurance	159,300	-	159,300	25.54%	41,225	118,075		-
9	Other Employee Benefits	3,463,457	-	3,463,457	25.54%	896,297	2,567,160	(2,288,540)	10,411,329
10	Employment Separation Agreements	(140,455)	-	(140,455)	0.00%	-	(140,455)	140,455	118,075
11	Total EPE Pensions & Benefits	28,165,614	(11,795,330)	39,960,944		10,377,708	17,787,906	(2,083,820)	278,620
12	Four Corners	0					0		-
13	Medical Expenses - COVID-19	544,456				17,787,906	(2,083,820)	(3,491,626)	12,212,460
14	Total Pensions & Benefits	28,710,070							-
15	Capitalized Benefits	(10,377,708)							-
16	Total	18,332,362							-
17	Medical Expenses - COVID-19	(544,456)							-
18		17,787,906							-

(1) Upon adoption of ASU 2017-07, Compensation-Retirement Benefits, effective January 1, 2018, the Company continued to record all components of net periodic benefit cost as an operating expense in its regulatory-basis financial statements, but has elected to conform to the GAAP capitalization policy, which is that only the service cost component is eligible for capitalization. This change results in a decrease to the Company's cost of service of approximately \$3.0 million (\$11,795,330 x 25.54%). This change also results in an increase to the Company's rate base of approximately \$3.0 million (\$11,795,330 x 25.54%).

2021 Actuarial Estimate updated to August 13, 2021 actuarial report	(Gross NPBC)	Service Cost Component of NPBC	Net of Cap on Service Cost Component
RIP	4,484,232	12,701,901	1,240,166
Excess	1,045,465	234,653	985,535
SERP	1,011,637	-	1,011,637
	6,541,334	12,936,554	3,237,338 (3)
OPEB	(5,441,233)	3,498,330	(6,334,706) (1)
	1,100,101	16,434,884	(3,097,368)
2020 Actual Per GL/Actuarial	(Gross NPBC)	Service Cost Component of NPBC	Net of Cap on Service Cost Component
RIP	4,591,228	11,628,833	1,621,224
Excess	900,686	273,327	830,878
SERP	1,041,445	-	1,041,445
	6,533,359	11,902,160	3,493,547 (4)
OPEB	(3,848,723)	2,577,806	(4,507,095) (2)
	2,684,636	14,479,966	(1,013,548)

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

WP-A/A-3/B1  
WP/ A-3  
ADJUSTMENT NO.4  
PAGE 3 OF 26



EL PASO ELECTRIC COMPANY  
2021 TEXAS RATE CASE FILING  
OPERATION AND MAINTENANCE EXPENSE  
EMPLOYEE PENSIONS AND BENEFITS  
SPONSOR: CYNTHIA S. PRIETO  
PREPARER: MYRNA A. ORTIZ  
FOR THE TEST YEAR ENDED DECEMBER 31, 2020

WP-A/A-3/B1  
WP/ A-3  
ADJUSTMENT NO.4  
PAGE 4 OF 26

**EL Paso Electric Company**  
**Calculation of Benefits and A&G Capitalization Rate**  
**FOR THE TEST YEAR ENDED DECEMBER 31, 2020**

		<u>FERC 926000</u>		
	RAP Expense per GL	\$	18,332,362	
Less:				
JE 5211	Benefits Capitalized	\$	(9,835,039)	
JE 5051	A&G Capitalized	\$	(542,669)	
			<u>\$ 28,710,070</u>	
	Less:			
	Benefits Not Capitalized	\$	140,455	(Employment Separation Agreements)
	Payroll	\$	-	
	Palo Verde	\$	-	
	Non-Service Cost			
	Components of Benefit			
	Plans	\$	11,795,330	
	Expense (before capitalization)	\$	<u>40,645,855</u>	
		<b>Expense Total</b>		
		<u>Before Capitalization</u>		<u>% of Total</u>
JE 5211	Benefits Capitalized	9,835,039	40,645,855	24.20%
JE 5051	A&G Capitalized	542,669	40,645,855	1.34%
	Total % Benefits and A&G Capitalized			<u>25.54%</u>

EL PASO ELECTRIC COMPANY  
2021 TEXAS RATE CASE FILING  
OPERATION AND MAINTENANCE EXPENSE  
EMPLOYEE PENSIONS AND BENEFITS  
SPONSOR: CYNTHIA S. PRIETO  
PREPARER: MYRNA A. ORTIZ  
FOR THE TEST YEAR ENDED DECEMBER 31, 2020

WP-A/A-3/B1  
WP/ A-3  
ADJUSTMENT NO.4  
PAGE 5 OF 26

Capitalized Benefits

CR Query Report El Paso Electric		
Account	GL Journal Category	Amount
926000	5051-CAPITALIZED A&G EXP	(\$542,668.68)
926000	5211-BENEFITS-CAPITAL	(\$9,835,039.15)
		<u>(\$10,377,707.83)</u>
<b>CRITERIA</b> Account = 926000 Amount Type = Actuals Company in (Company 98 Rollup) (Structure 2) GL Journal Category like 5211%, 5051% Month Number like 2020%		

JE 5051	(542,668.68)
JE 5211	(9,835,039.15)
	<u>(10,377,707.83)</u>

EL PASO ELECTRIC COMPANY  
 2021 TEXAS RATE CASE FILING  
 OPERATION AND MAINTENANCE EXPENSE  
 EMPLOYEE PENSIONS AND BENEFITS  
 SPONSOR: CYNTHIA S. PRIETO  
 PREPARER: MYRNA A. ORTIZ  
 FOR THE TEST YEAR ENDED DECEMBER 31, 2020

WP-A/A-3/B1  
 WP/ A-3  
 ADJUSTMENT NO.4  
 PAGE 6 OF 26

**PV & FC**

<b>Account</b>	<b>GL Journal Category</b>	<b>Amount</b>
926000	6194-ACCR/FC EXP	\$0.00
926000	6198-FC EXP ADJ	\$0.00
	Total Four Corners	\$0.00
926000	6804-PALO VERDE O&M ACCR	\$5,977,000.00
926000	6807-PALO VERDE O&M ADJ	(\$2,375,285.53)
926000	6101-PRE-TAX MISC ADJ	(\$3,601,714.47)
	Total Palo Verde	\$0.00
<b>TOTAL</b>		<b>\$0.00</b>

<b>CR Query Report El Paso Electric</b>			
<b>Account</b>	<b>Project</b>	<b>GL Journal Category</b>	<b>Amount</b>
926000 - EMPLOYEE PENSIONS & BEN	GP750 - GEN-PALO VERDE O & M	6101-PRE-TAX MISC ADJ	(\$3,601,714.47)
926000 - EMPLOYEE PENSIONS & BEN	GP750 - GEN-PALO VERDE O & M	6804-PALO VERDE O&M ACCR	\$5,977,000.00
926000 - EMPLOYEE PENSIONS & BEN	GP750 - GEN-PALO VERDE O & M	6807-PALO VERDE O&M ADJ	(\$2,375,285.53)
			<b>\$0.00</b>
<b>CRITERIA</b>			
CRITERIA			
Account = 926000			
Amount Type = Actuals			
Company in {Company 98 Rollup} (Structure 2)			
Month Number like 2020%			
Project = GP750			

WP-A/A-3/B1  
 WP/ A-3  
 ADJUSTMENT NO.4  
 PAGE 6 OF 26

EL PASO ELECTRIC COMPANY  
 2021 TEXAS RATE CASE FILING  
 OPERATION AND MAINTENANCE EXPENSE  
 EMPLOYEE PENSIONS AND BENEFITS  
 SPONSOR: CYNTHIA S. PRIETO  
 PREPARER: MYRNA A. ORTIZ  
 FOR THE TEST YEAR ENDED DECEMBER 31, 2020

WP-A/A-3/B1  
 WP/ A-3  
 ADJUSTMENT NO.4  
 PAGE 7 OF 26

**Summary of AC 926000 by Project**

Account	Account Description	Project	Project Description	Amount	Amount Rounded	
926000	EMPLOYEE PENSIONS & BEI AP761	PENSIONS		4,824,918.74	4,824,919	a
926000	EMPLOYEE PENSIONS & BEI AP762	401K		5,302,569.54	5,302,570	
926000	EMPLOYEE PENSIONS & BEI AP763	OPEB		(3,674,029.76)	(3,674,030)	
926000	EMPLOYEE PENSIONS & BEI AP764	SERP		1,070,819.08	1,070,819	a
926000	EMPLOYEE PENSIONS & BEI AP765	EXCESS BENEFIT PLAN		945,091.00	945,091	a
926000	EMPLOYEE PENSIONS & BEI AP766	MEDICAL INSURANCE		13,827,897.18	13,827,897	
926000	EMPLOYEE PENSIONS & BEI AP767	LIFE INSURANCE		159,299.79	159,300	
926000	EMPLOYEE PENSIONS & BEI AP768	DENTAL INSURANCE		252,466.38	252,466	
926000	EMPLOYEE PENSIONS & BEI AP769	LT & ST DISABILITY INSURANCE		449,155.69	449,156	
926000	EMPLOYEE PENSIONS & BEI AP770	STK RELATED BENEFITS		1,684,423.95	1,684,424	
926000	EMPLOYEE PENSIONS & BEI Various	PALO VERDE		-	-	
926000	EMPLOYEE PENSIONS & BEI Various	FOUR CORNERS		-	-	1
926000	EMPLOYEE PENSIONS & BEI Various	CAPITALIZED BENEFITS		(10,377,707.83)	(10,377,708)	
926000	EMPLOYEE PENSIONS & BEI Various	OTHER EMPLOY BENEFITS		3,867,458.31	3,867,458	2
				<u>18,332,362.07</u>	<u>18,332,362</u>	
Added by Reg Accounting				Remove PV	544,456	
				Rounding	<u>17,787,906</u>	
				Schedule G-15	<u>18,332,362</u>	
				Variance	(544,456)	
						RIP = Sum of (a) = 6,840,829
						Four Corners Proj GF700 - tab f2
						<u>1</u> -
						Total Four Corners <u>-</u>
						2 3,867,458.31
						Four Corners Proj GF700 - tab f2
						Total other employee benefits <u>3,867,458.31</u>

WP-A/A-3/B1  
 WP/ A-3  
 ADJUSTMENT NO.4  
 PAGE 7 OF 26

EL PASO ELECTRIC COMPANY  
2021 TEXAS RATE CASE FILING  
OPERATION AND MAINTENANCE EXPENSE  
EMPLOYEE PENSIONS AND BENEFITS  
SPONSOR: CYNTHIA S. PRIETO  
PREPARER: MYRNA A. ORTIZ  
FOR THE TEST YEAR ENDED DECEMBER 31, 2020

Project	Project Description	Account	Account Description	Amount
AP700	LABOR CLEARING PROJECT	926000	EMPLOYEE PENSIONS & BEN	\$0.00
AP701	LABOR - CWP CLEARING PROJECT	926000	EMPLOYEE PENSIONS & BEN	\$0.00
AP751	PAYRL DEDUCT CLEAR	926000	EMPLOYEE PENSIONS & BEN	(\$746.75)
AP753	PAYRL CORP BONUS BLANKET	926000	EMPLOYEE PENSIONS & BEN	\$0.00
AP759	PAYRL-OTH PAYRL BLANKET	926000	EMPLOYEE PENSIONS & BEN	\$0.00
AP760	BENEFITS CLEARING	926000	EMPLOYEE PENSIONS & BEN	(\$40,328,854.43)
AP761	PENSIONS	926000	EMPLOYEE PENSIONS & BEN	\$4,824,918.74
AP762	401K	926000	EMPLOYEE PENSIONS & BEN	\$5,302,569.54
AP763	OPEB	926000	EMPLOYEE PENSIONS & BEN	(\$3,674,029.76)
AP764	SERP	926000	EMPLOYEE PENSIONS & BEN	\$1,070,819.08
AP765	EXCESS BENEFIT PLAN	926000	EMPLOYEE PENSIONS & BEN	\$945,091.00
AP766	MEDICAL INSURANCE	926000	EMPLOYEE PENSIONS & BEN	\$13,827,897.18
AP767	LIFE INSURANCE	926000	EMPLOYEE PENSIONS & BEN	\$159,299.79
AP768	DENTAL INSURANCE	926000	EMPLOYEE PENSIONS & BEN	\$252,466.38
AP769	LT & ST DISABILITY INSURANCE	926000	EMPLOYEE PENSIONS & BEN	\$449,155.69
AP770	STK RELATED BENEFITS	926000	EMPLOYEE PENSIONS & BEN	\$1,684,423.95
AP780	OTHER EMPLY BENEFITS	926000	EMPLOYEE PENSIONS & BEN	\$3,666,882.95
AP799	A & G CLEARING	926000	EMPLOYEE PENSIONS & BEN	(\$542,668.68)
AP811	MEDICAL PANDEMIC READINESS	926000	EMPLOYEE PENSIONS & BEN	\$544,456.00
BB700	BILLING EXPENSE BLANKET	926000	EMPLOYEE PENSIONS & BEN	\$442,733.19
CN007	CUST SERV-NM-FACILITY SER	926000	EMPLOYEE PENSIONS & BEN	\$5,553.86
CN700	CUST SERV-NM EXP BLANKET	926000	EMPLOYEE PENSIONS & BEN	\$491,026.67
CT007	CUST SERV-TX-FACILITY SER	926000	EMPLOYEE PENSIONS & BEN	\$1,106.52
CT700	CUST SERV-TX EXP BLANKET	926000	EMPLOYEE PENSIONS & BEN	\$2,140,258.22
DN007	DISTRIB-NM-FACIL SERV BKT	926000	EMPLOYEE PENSIONS & BEN	\$3,164.79
DN012	DISTRIB-NM-ENVIRON BLNKET	926000	EMPLOYEE PENSIONS & BEN	\$512.70
DN061	NM RESIDENTIAL CONSTRUCTION	926000	EMPLOYEE PENSIONS & BEN	\$7,211.50
DN062	NM DISTRIBUTION BETTERMENT	926000	EMPLOYEE PENSIONS & BEN	\$2,962.76
DN063	NM SUBSTATION BETTERMENT	926000	EMPLOYEE PENSIONS & BEN	\$5.46
DN064	NM LIGHTING	926000	EMPLOYEE PENSIONS & BEN	\$462.02
DN065	NM DISTRIBUTION DAMAGE	926000	EMPLOYEE PENSIONS & BEN	\$41.68
DN069	NM COMMERCIAL CONSTRUCTION	926000	EMPLOYEE PENSIONS & BEN	\$6,759.16
DN161	LAS CRUCES UG CABLE REPL BLKT	926000	EMPLOYEE PENSIONS & BEN	\$0.00
DN178	TALAVERA SUB. GETAWAYS AND FEEDERS	926000	EMPLOYEE PENSIONS & BEN	\$0.00
DN198	Jornada Feeders	926000	EMPLOYEE PENSIONS & BEN	\$0.00
DN700	DISTRIB-NM-BUS SEG EXP	926000	EMPLOYEE PENSIONS & BEN	\$367,422.55
DN720	DISTRIB-NM-OTHER BLANKET	926000	EMPLOYEE PENSIONS & BEN	\$313,322.93
DN811	DISTR NM PANDEMIC READINESS	926000	EMPLOYEE PENSIONS & BEN	\$11,280.06
DR182	TX DISTRIBUTION CRF FILING	926000	EMPLOYEE PENSIONS & BEN	\$10,897.31
DT007	DISTRIB-TX-FACILITY SERV	926000	EMPLOYEE PENSIONS & BEN	\$13,076.97
DT012	DISTRIB-TX-ENVIRON BLANKT	926000	EMPLOYEE PENSIONS & BEN	\$205.00
DT061	TX RESIDENTIAL CONSTRUCTION	926000	EMPLOYEE PENSIONS & BEN	\$4,101.59
DT062	TX DISTRIBUTION BETTERMENT	926000	EMPLOYEE PENSIONS & BEN	\$3,243.15
DT063	TX SUBSTATION BETTERMENT	926000	EMPLOYEE PENSIONS & BEN	\$23,118.63
DT064	TX LIGHTING	926000	EMPLOYEE PENSIONS & BEN	\$114,680.57
DT065	TX DISTRIBUTION DAMAGE	926000	EMPLOYEE PENSIONS & BEN	\$3,448.83
DT069	TX COMMERCIAL CONSTRUCTION	926000	EMPLOYEE PENSIONS & BEN	\$17,922.95
DT132	DYER-SHEARMAN RELAY REPLACE (CD)	926000	EMPLOYEE PENSIONS & BEN	\$1,393.77
DT182	SE1 SUBSTATION-PENDALE SUB	926000	EMPLOYEE PENSIONS & BEN	\$54.44
DT186	LEO SUB 115 K CONV & GETAWY UPGRADE	926000	EMPLOYEE PENSIONS & BEN	\$1,041.40
DT189	TEXAS AREA 4KV CONVERSIONS	926000	EMPLOYEE PENSIONS & BEN	\$0.00
DT194	SUNSET 69KV-4KV XFMR-REG-FEEDR REPL	926000	EMPLOYEE PENSIONS & BEN	\$159.60
DT230	MESA-18 RECONDUCTOR	926000	EMPLOYEE PENSIONS & BEN	\$0.00
DT270	GLOBAL REACH SUB FEEDERS	926000	EMPLOYEE PENSIONS & BEN	\$0.00
DT282	LEO GETAWAYS	926000	EMPLOYEE PENSIONS & BEN	\$0.00
DT288	TRANSMOUNTAIN (NW-3) GTWYS/FEEDER	926000	EMPLOYEE PENSIONS & BEN	\$0.00
DT307	DYER-13 AND DYER-14 GETAWAY UPGRADE	926000	EMPLOYEE PENSIONS & BEN	\$0.00
DT309	HORIZON 12 EXTENSION	926000	EMPLOYEE PENSIONS & BEN	\$0.40
DT314	TWO WAY DIST CAPACITOR COMMUNICATIN	926000	EMPLOYEE PENSIONS & BEN	\$0.00
DT355	NEW FELIPE 21 FEEDER	926000	EMPLOYEE PENSIONS & BEN	\$0.00
DT369	PELLICANO T2 FEEDERS	926000	EMPLOYEE PENSIONS & BEN	\$0.00
DT426	GRID AUTOMATION AND VISIBILITY	926000	EMPLOYEE PENSIONS & BEN	\$49,635.40
DT700	DISTRIB-TX-BUS SEG EXP	926000	EMPLOYEE PENSIONS & BEN	\$2,474,562.58
DT701	DISTRIB-TX-TRAIN BLANKET	926000	EMPLOYEE PENSIONS & BEN	\$14,202.89
DT710	DISTRIB-TX-SAFETY BLANKET	926000	EMPLOYEE PENSIONS & BEN	\$5,445.21
DT720	DISTRIB-TX-OTHER BLANKET	926000	EMPLOYEE PENSIONS & BEN	\$819,220.09
DT723	SAFETY ENHANCEMENT PROJECT	926000	EMPLOYEE PENSIONS & BEN	\$971.92
DT750	DISTRIB-TX-JOBING BLNKET	926000	EMPLOYEE PENSIONS & BEN	\$1,598.60
DT811	DISTR TX PANDEMIC READINESS	926000	EMPLOYEE PENSIONS & BEN	\$55,842.00
FR770	FERC COST OF SERVICE GENERAL	926000	EMPLOYEE PENSIONS & BEN	\$9,230.35
GC003	GEN-COPPER BLANKET	926000	EMPLOYEE PENSIONS & BEN	\$955.19
GC007	GEN-COPPER-FACILITY SERV BLKT	926000	EMPLOYEE PENSIONS & BEN	\$560.09
GC012	GEN-COPPER-ENVIRON BLNKET	926000	EMPLOYEE PENSIONS & BEN	\$37.63
GC700	GEN-COPPER O&M BLANKET	926000	EMPLOYEE PENSIONS & BEN	\$176.98
GC720	GEN-CO-ROUTINE-TURB/GEN/EXCITER	926000	EMPLOYEE PENSIONS & BEN	\$20,810.78
GC723	GEN-CO-ROUTINE-ELEC AUXILIARIES	926000	EMPLOYEE PENSIONS & BEN	\$599.21
GC726	GEN-CO-ROUTINE-WATER PROCESSING	926000	EMPLOYEE PENSIONS & BEN	\$1,645.00
GC727	GEN-CO-ROUTINE-CONTROLS	926000	EMPLOYEE PENSIONS & BEN	\$1,249.85
GC728	GEN-CO-ROUTINE-STRUCTURES	926000	EMPLOYEE PENSIONS & BEN	\$4,088.76
GC729	GEN-CO-ROUTINE-PLANT COMMON	926000	EMPLOYEE PENSIONS & BEN	(\$5,760.73)
GC740	GEN-CO-NON ROUT-TURB/GEN/EXCITER	926000	EMPLOYEE PENSIONS & BEN	\$24,804.66
GC747	GEN-CO-NON ROUT-CONTROLS	926000	EMPLOYEE PENSIONS & BEN	\$382.95
GC748	GEN-CO-NON ROUT-STRUCTURES	926000	EMPLOYEE PENSIONS & BEN	\$434.35
GC749	GEN-CO-NON ROUT-PLANT COMMON	926000	EMPLOYEE PENSIONS & BEN	\$8,599.42
GC750	GEN-CO-UNPLAN OUT-TURB/GEN/EXCITER	926000	EMPLOYEE PENSIONS & BEN	\$385.65
GC760	GEN-CO-MAJOR-TURB/GEN/EXCITER	926000	EMPLOYEE PENSIONS & BEN	\$4,424.37
GC767	GEN-CO-MAJOR-CONTROLS	926000	EMPLOYEE PENSIONS & BEN	\$247.65
GE180	MONTANA COMMON	926000	EMPLOYEE PENSIONS & BEN	\$394.09

EL PASO ELECTRIC COMPANY  
2021 TEXAS RATE CASE FILING  
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EMPLOYEE PENSIONS AND BENEFITS  
SPONSOR: CYNTHIA S. PRIETO  
PREPARER: MYRNA A. ORTIZ  
FOR THE TEST YEAR ENDED DECEMBER 31, 2020

Project	Project Description	Account	Account Description	Amount
GE800	MPS -FAC SVC - O&M ONLY	926000	EMPLOYEE PENSIONS & BEN	\$2,831.20
GG700	GEN-BUS SEG EXP BLANKET	926000	EMPLOYEE PENSIONS & BEN	\$534,856.73
GG701	GEN-BUS SEG TRAIN BLANKET	926000	EMPLOYEE PENSIONS & BEN	\$1,134.66
GG720	RESOURCE PLANNING	926000	EMPLOYEE PENSIONS & BEN	\$222,557.47
GG750	GEN-TX FUEL	926000	EMPLOYEE PENSIONS & BEN	\$13,921.55
GG799	GEN-STORES CLEARING	926000	EMPLOYEE PENSIONS & BEN	\$305,003.55
GG800	GEN-EXPANSION UNIT PRELIM. STUDIES	926000	EMPLOYEE PENSIONS & BEN	\$26,563.53
GM001	GEN - MONTANA O&M BLANKET	926000	EMPLOYEE PENSIONS & BEN	\$176,336.56
GM002	MONTANA CAPITAL BLANKET	926000	EMPLOYEE PENSIONS & BEN	\$240.00
GM012	GEN-MPS-ENVIRON BLANKET	926000	EMPLOYEE PENSIONS & BEN	\$18.95
GM700	GEN-MKTG-BUS SEG EXP	926000	EMPLOYEE PENSIONS & BEN	\$901,955.01
GM720	GEN-MPS-ROUTINE-TURB/GEN/EXCITER	926000	EMPLOYEE PENSIONS & BEN	\$198,948.94
GM723	GEN-MPS-ROUTINE-ELEC AUXILIARIES	926000	EMPLOYEE PENSIONS & BEN	\$58,541.74
GM725	GEN-MPS-ROUTINE-WATER/COOL TOWER	926000	EMPLOYEE PENSIONS & BEN	\$9,168.88
GM726	GEN-MPS-ROUTINE-WATER PROCESSING	926000	EMPLOYEE PENSIONS & BEN	\$22,669.12
GM727	GEN-MPS-ROUTINE-CONTROLS	926000	EMPLOYEE PENSIONS & BEN	\$9,876.75
GM728	GEN-MPS-ROUTINE-STRUCTURES	926000	EMPLOYEE PENSIONS & BEN	\$18,031.86
GM729	GEN-MPS-ROUTINE-PLANT COMMON	926000	EMPLOYEE PENSIONS & BEN	\$241,771.53
GM753	GEN-MPS-UNPLAN OUT-ELEC AUXILIARIES	926000	EMPLOYEE PENSIONS & BEN	\$2,035.99
GM759	GEN-MPS-UNPLANNED-PLANT COMMON	926000	EMPLOYEE PENSIONS & BEN	\$495.87
GM811	MONTANA PANDEMIC READINESS	926000	EMPLOYEE PENSIONS & BEN	\$5,560.81
GN003	GEN-NEWMAN BLANKET	926000	EMPLOYEE PENSIONS & BEN	\$1,119,524.38
GN007	GEN-NEWM-FACILITY SERV BLKT	926000	EMPLOYEE PENSIONS & BEN	\$9,130.49
GN012	GEN-NEWM-ENVIRON BLNKT	926000	EMPLOYEE PENSIONS & BEN	\$1,317.64
GN184	NW U4 GT2 INSTRUMENTATION UPGRADES	926000	EMPLOYEE PENSIONS & BEN	\$1,392.36
GN185	NW U4 GT1 INSTRUMENTATION UPGRADES	926000	EMPLOYEE PENSIONS & BEN	\$2,655.44
GN700	GEN-NEWMAN O&M BLANKET	926000	EMPLOYEE PENSIONS & BEN	\$274,394.88
GN701	GEN-NEWM-TRAINING BLNKT	926000	EMPLOYEE PENSIONS & BEN	\$121,429.03
GN710	GEN-NEWM-SAFETY BLNKT	926000	EMPLOYEE PENSIONS & BEN	\$4,416.64
GN720	GEN-NM-ROUTINE-TURB/GEN/EXCITER	926000	EMPLOYEE PENSIONS & BEN	\$326,911.02
GN721	GEN-NM-ROUTINE-BOILER (HRSG)	926000	EMPLOYEE PENSIONS & BEN	\$124,565.74
GN722	GEN-NM-ROUTINE-BOILER SUPPORT AUX	926000	EMPLOYEE PENSIONS & BEN	\$60,067.49
GN723	GEN-NM-ROUTINE-ELEC AUXILIARIES	926000	EMPLOYEE PENSIONS & BEN	\$30,145.26
GN724	GEN-NM-ROUTINE-CONDENSATE SYSTEM	926000	EMPLOYEE PENSIONS & BEN	\$14,182.46
GN725	GEN-NM-ROUTINE-WATER/COOL TOWER	926000	EMPLOYEE PENSIONS & BEN	\$107,140.61
GN726	GEN-NM-ROUTINE-WATER PROCESSING	926000	EMPLOYEE PENSIONS & BEN	\$90,700.44
GN727	GEN-NM-ROUTINE-CONTROLS	926000	EMPLOYEE PENSIONS & BEN	\$91,228.02
GN728	GEN-NM-ROUTINE-STRUCTURES	926000	EMPLOYEE PENSIONS & BEN	\$79,989.35
GN729	GEN-NM-ROUTINE-PLANT COMMON	926000	EMPLOYEE PENSIONS & BEN	(\$74,810.88)
GN740	GEN-NM-NON ROUT-TURB/GEN/EXCITER	926000	EMPLOYEE PENSIONS & BEN	\$55,289.88
GN741	GEN-NM-NON ROUT-BOILER (HRSG)	926000	EMPLOYEE PENSIONS & BEN	\$17,152.50
GN742	GEN-NM-NON ROUT-BOILER SUPPORT AUX	926000	EMPLOYEE PENSIONS & BEN	\$8,715.53
GN743	GEN-NM-NON ROUT-ELEC AUXILIARIES	926000	EMPLOYEE PENSIONS & BEN	\$973.82
GN744	GEN-NM-NON ROUT-CONDENSATE SYSTEM	926000	EMPLOYEE PENSIONS & BEN	\$3,686.80
GN745	GEN-NM-NON ROUT-WATER/COOL TOWER	926000	EMPLOYEE PENSIONS & BEN	\$4,016.20
GN746	GEN-NM-NON ROUT-WATER PROCESSING	926000	EMPLOYEE PENSIONS & BEN	\$410.61
GN747	GEN-NM-NON ROUT-CONTROLS	926000	EMPLOYEE PENSIONS & BEN	\$9,800.41
GN748	GEN-NM-NON ROUT-STRUCTURES	926000	EMPLOYEE PENSIONS & BEN	\$106.79
GN749	GEN-NM-NON ROUT-PLANT COMMON	926000	EMPLOYEE PENSIONS & BEN	\$58,110.82
GN750	GEN-NM-UNPLAN OUT-TURB/GEN/EXCITER	926000	EMPLOYEE PENSIONS & BEN	\$6,691.89
GN751	GEN-NM-UNPLAN OUT-BOILER (HRSG)	926000	EMPLOYEE PENSIONS & BEN	\$3,528.50
GN752	GEN-NM-UNPLAN OUT-BOILER SUPPORT AUX	926000	EMPLOYEE PENSIONS & BEN	\$1,894.50
GN753	GEN-NM-UNPLAN OUT-ELEC AUXILIARIES	926000	EMPLOYEE PENSIONS & BEN	\$163.19
GN754	GEN-NM-UNPLAN OUT-WATER/COOL TOWER	926000	EMPLOYEE PENSIONS & BEN	\$84.64
GN755	GEN-NM-UNPLAN OUT-WATER/COOL TOWER	926000	EMPLOYEE PENSIONS & BEN	\$292.69
GN757	GEN-NM-UNPLAN OUT-CONTROLS	926000	EMPLOYEE PENSIONS & BEN	\$669.13
GN758	GEN-NM-UNPLAN OUT-STRUCTURES	926000	EMPLOYEE PENSIONS & BEN	\$164.04
GN760	GEN-NM-MAJOR-TURB/GEN/EXCITER	926000	EMPLOYEE PENSIONS & BEN	\$15,491.99
GN780	GEN-NM-MINOR-TURB/GEN/EXCITER	926000	EMPLOYEE PENSIONS & BEN	\$8,235.74
GN811	NEWMAN PANDEMIC READINESS	926000	EMPLOYEE PENSIONS & BEN	\$31,405.47
GP700	GEN-PV-BUS SEG EXP BLNKT	926000	EMPLOYEE PENSIONS & BEN	\$62,360.16
GP750	GEN-PALO VERDE O & M	926000	EMPLOYEE PENSIONS & BEN	\$0.00
GR007	GEN-RG-FACILITY SERV BLKT	926000	EMPLOYEE PENSIONS & BEN	\$10,703.72
GR012	GEN-RG-ENVIRON BLANKET	926000	EMPLOYEE PENSIONS & BEN	\$227.35
GR014	GEN-RG BLANKET	926000	EMPLOYEE PENSIONS & BEN	\$995,732.95
GR163	RIO GRANDE RACETRACK DRIVE ENTRANCE	926000	EMPLOYEE PENSIONS & BEN	\$1,620.74
GR169	RG U8 DRUM LEVEL UPGRADE	926000	EMPLOYEE PENSIONS & BEN	(\$25.14)
GR176	RG U8 FEED WATER REGULATORS UPGRADE	926000	EMPLOYEE PENSIONS & BEN	\$1,528.75
GR177	RG DCS CIP CYBER IMPRVMTS	926000	EMPLOYEE PENSIONS & BEN	\$43.66
GR180	UNIT 7 GENERATOR REWIND/HRDW REPLCM	926000	EMPLOYEE PENSIONS & BEN	\$87.15
GR700	GEN-RG O&M BLANKET	926000	EMPLOYEE PENSIONS & BEN	\$237,727.91
GR701	GEN-RG-TRAINING BLANKET	926000	EMPLOYEE PENSIONS & BEN	\$57,494.43
GR710	GEN-RG-SAFETY BLANKET	926000	EMPLOYEE PENSIONS & BEN	\$3,024.26
GR720	GEN-RG-ROUTINE-TURB/GEN/EXCITER	926000	EMPLOYEE PENSIONS & BEN	\$142,218.53
GR721	GEN-RG-ROUTINE-BOILER (HRSG)	926000	EMPLOYEE PENSIONS & BEN	\$100,225.03
GR722	GEN-RG-ROUTINE-BOILER SUPPORT AUX	926000	EMPLOYEE PENSIONS & BEN	\$43,681.35
GR723	GEN-RG-ROUTINE-ELEC AUXILIARIES	926000	EMPLOYEE PENSIONS & BEN	\$15,913.19
GR724	GEN-RG-ROUTINE-CONDENSATE SYSTEM	926000	EMPLOYEE PENSIONS & BEN	\$21,617.38
GR725	GEN-RG-ROUTINE-WATER/COOL TOWER	926000	EMPLOYEE PENSIONS & BEN	\$67,379.39
GR726	GEN-RG-ROUTINE-WATER PROCESSING	926000	EMPLOYEE PENSIONS & BEN	\$43,518.27
GR727	GEN-RG-ROUTINE-CONTROLS	926000	EMPLOYEE PENSIONS & BEN	\$37,607.75
GR728	GEN-RG-ROUTINE-STRUCTURES	926000	EMPLOYEE PENSIONS & BEN	\$15,888.44
GR729	GEN-RG-ROUTINE-PLANT COMMON	926000	EMPLOYEE PENSIONS & BEN	\$11,289.26
GR750	GEN-RG-UNPLAN OUT-TURB/GEN/EXCITER	926000	EMPLOYEE PENSIONS & BEN	\$636.22
GR751	GEN-RG-UNPLAN OUT-BOILER (HRSG)	926000	EMPLOYEE PENSIONS & BEN	\$4,865.98
GR753	GEN-RG-UNPLAN OUT-ELEC AUXILIARIES	926000	EMPLOYEE PENSIONS & BEN	\$2,233.54
GR757	GEN-RG-UNPLAN OUT-CONTROLS	926000	EMPLOYEE PENSIONS & BEN	\$428.90
GR760	GEN-RG-MAJOR-TURB/GEN/EXCITER	926000	EMPLOYEE PENSIONS & BEN	\$0.00

EL PASO ELECTRIC COMPANY  
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EMPLOYEE PENSIONS AND BENEFITS  
SPONSOR: CYNTHIA S. PRIETO  
PREPARER: MYRNA A. ORTIZ  
FOR THE TEST YEAR ENDED DECEMBER 31, 2020

Project	Project Description	Account	Account Description	Amount
GR811	RIO GRANDE PANDEMIC READINESS	926000	EMPLOYEE PENSIONS & BEN	\$18,688.46
GS123	NMSU SOLAR PLUS STORAGE PROJECT	926000	EMPLOYEE PENSIONS & BEN	(\$274.20)
GS700	SOLAR PRELIMINARY STUDIES	926000	EMPLOYEE PENSIONS & BEN	\$2,376.55
GS703	NM SOLAR PRELIMINARY STUDIES	926000	EMPLOYEE PENSIONS & BEN	\$16,371.18
HA700	INTERNAL AUDIT BLANKET	926000	EMPLOYEE PENSIONS & BEN	\$141,861.99
HE700	EXTERNAL AFFAIRS MANAGEMENT	926000	EMPLOYEE PENSIONS & BEN	\$332,990.90
HL700	CORP-LEGAL-BUS SEG EXP	926000	EMPLOYEE PENSIONS & BEN	\$757,538.49
HM700	CORP-MGMT-BUS SEG BLNKT	926000	EMPLOYEE PENSIONS & BEN	\$616,177.68
HP700	CORPORATE PLANNING BLANKET	926000	EMPLOYEE PENSIONS & BEN	\$633,455.27
HS700	CORP-SERVICES-BUS SEG EXP	926000	EMPLOYEE PENSIONS & BEN	\$1,075.26
HS750	CORP SERV-CORP COSTS	926000	EMPLOYEE PENSIONS & BEN	(\$88,356.11)
HS780	CORPORATE OUTAGE BLANKET	926000	EMPLOYEE PENSIONS & BEN	\$0.00
MN004	METERING-NM BLANKET	926000	EMPLOYEE PENSIONS & BEN	\$460,770.84
MN811	METERING NM PANDEMIC READINESS	926000	EMPLOYEE PENSIONS & BEN	\$3,635.71
MT004	METERING-TX BLANKET	926000	EMPLOYEE PENSIONS & BEN	\$317,548.96
MT811	METERING TX PANDEMIC READINESS	926000	EMPLOYEE PENSIONS & BEN	\$6,758.71
SA700	SS-FINANCE & ACCTG EXP	926000	EMPLOYEE PENSIONS & BEN	\$1,296,991.73
SA701	SS-FINANCE & ACCTG-TRAIN	926000	EMPLOYEE PENSIONS & BEN	\$2,637.35
SA750	SS-FN&AC-XTRNL ACTG/RPTG	926000	EMPLOYEE PENSIONS & BEN	\$167,395.86
SB700	SS - FINANCE BLANKET	926000	EMPLOYEE PENSIONS & BEN	\$493,024.61
SC050	OPERATIONAL TECH NETWORK CAP BLKT	926000	EMPLOYEE PENSIONS & BEN	\$247.40
SCI44	High Speed Irradiance Stations	926000	EMPLOYEE PENSIONS & BEN	\$183.76
SCI46	VERIFICATION & INTEG LAB BLNKT	926000	EMPLOYEE PENSIONS & BEN	\$9,668.86
SCI52	BORDER STEEL COMMO UPGRADES	926000	EMPLOYEE PENSIONS & BEN	\$207.88
SC700	SS-COMMUNICA EXP BLNKT	926000	EMPLOYEE PENSIONS & BEN	\$224,384.78
SC800	ADVANCED METERING	926000	EMPLOYEE PENSIONS & BEN	\$77,011.48
SD700	LAND MANAGEMENT BLANKET	926000	EMPLOYEE PENSIONS & BEN	\$146,037.47
SE012	SS-ENVIRONMENTAL BLNKT	926000	EMPLOYEE PENSIONS & BEN	\$708.07
SE700	SS-ENVIRON EXP BLNKT	926000	EMPLOYEE PENSIONS & BEN	\$313,901.59
SF007	SS-FACILITY SERVICES BLKT	926000	EMPLOYEE PENSIONS & BEN	\$36,698.87
SF700	SS-FACILITY SERV EXP BLKT	926000	EMPLOYEE PENSIONS & BEN	\$139,215.35
SF701	SS-FACILITY SERV-TRAIN	926000	EMPLOYEE PENSIONS & BEN	\$65.86
SF800	EDOC - FAC SVC- O&M ONLY	926000	EMPLOYEE PENSIONS & BEN	\$22,319.55
SH700	SS-HR EXPENSE BLANKET	926000	EMPLOYEE PENSIONS & BEN	\$828,786.02
SI700	SS-MATERIALS MGMT EXP BKT	926000	EMPLOYEE PENSIONS & BEN	\$245,760.36
SK700	CLAIMS/RISK MGMT BLANKET	926000	EMPLOYEE PENSIONS & BEN	\$338,869.04
SM700	SS-MANAGEMENT EXP BLNKT	926000	EMPLOYEE PENSIONS & BEN	\$139,576.26
SN700	SS - NERC COMPLIANCE	926000	EMPLOYEE PENSIONS & BEN	\$282,621.80
SR700	SS-REGULATORY EXP BLNKT	926000	EMPLOYEE PENSIONS & BEN	\$559,154.10
SS007	SS-EDOC FACILITY SERV BLANKET	926000	EMPLOYEE PENSIONS & BEN	\$357.10
SS105	LIVE LINK SYSTEM BLANKET	926000	EMPLOYEE PENSIONS & BEN	\$0.00
SS150	NEW WEST SIDE FACILITY	926000	EMPLOYEE PENSIONS & BEN	\$21.74
SS190	Security Operations Center	926000	EMPLOYEE PENSIONS & BEN	\$249.52
SS224	GENERATION OPERATIONS CMMS PROJECT	926000	EMPLOYEE PENSIONS & BEN	\$2,106.77
SS228	UNMANNED AIRCRAFT SYSTEMS PROJECT	926000	EMPLOYEE PENSIONS & BEN	\$8,458.91
SS800	NERC CIP VERSION 5	926000	EMPLOYEE PENSIONS & BEN	\$172.40
SS801	Mexico Opportunities	926000	EMPLOYEE PENSIONS & BEN	\$56.14
SS811	SHARED SERV PANDEMIC READINESS	926000	EMPLOYEE PENSIONS & BEN	\$553,418.65
ST043	EMS SUPPORT BLANKET	926000	EMPLOYEE PENSIONS & BEN	\$76,862.41
ST700	SS-IT EXPENSE BLANKET	926000	EMPLOYEE PENSIONS & BEN	\$852,825.40
SU700	SS-SUPPORT SERVICES EXP	926000	EMPLOYEE PENSIONS & BEN	\$64,616.38
SV799	SS-TRANSPORTATION CLEARING	926000	EMPLOYEE PENSIONS & BEN	\$637,241.41
SY700	SS-SAFETY EXPENSE BLNKT	926000	EMPLOYEE PENSIONS & BEN	\$309,514.31
TA015	TRANSMISSION-AIP BLANKET	926000	EMPLOYEE PENSIONS & BEN	\$1,444.25
TH015	TRANSMISSION-345KV BLNKT	926000	EMPLOYEE PENSIONS & BEN	\$51,338.40
TH110	ALPS RELY REPLCMNT-TSS VOTING SCHEM	926000	EMPLOYEE PENSIONS & BEN	\$0.00
TH750	TRANS-EIP PROJECT	926000	EMPLOYEE PENSIONS & BEN	\$52,837.84
TH760	TRANS-SWNMT PROJECT	926000	EMPLOYEE PENSIONS & BEN	\$41,221.37
TL015	TRANS-BELOW 345KV BKT	926000	EMPLOYEE PENSIONS & BEN	\$160,600.36
TL126	NEWMAN 115 KV BKR REPL&UPGRADE U/S	926000	EMPLOYEE PENSIONS & BEN	\$0.00
TL182	AIRPORT 115KV RING BUS	926000	EMPLOYEE PENSIONS & BEN	\$0.00
TL247	TXDOT TRANSMISSION LINE MODFCATIONS	926000	EMPLOYEE PENSIONS & BEN	\$38.84
TL269	LUN-DIA LUN-AFT GROUNDS FLOATING	926000	EMPLOYEE PENSIONS & BEN	\$1,424.86
TL298	TXDOT STRC REPLC HWY 62 PHASE 2	926000	EMPLOYEE PENSIONS & BEN	\$160.05
TP015	TRANSMISSION-PV TRANS	926000	EMPLOYEE PENSIONS & BEN	\$0.00
TS015	TRANSMISSION-SYS OPS BLKT	926000	EMPLOYEE PENSIONS & BEN	\$2,426,397.02
TS063	TRANS SUBSTATION IMPROVEMENTS	926000	EMPLOYEE PENSIONS & BEN	(\$36.60)
TS065	RELAY UPGRADES TRANS SUBS BLANKET	926000	EMPLOYEE PENSIONS & BEN	\$344.08
TS102	EMS SYSTEM UPGRADE OR REPL	926000	EMPLOYEE PENSIONS & BEN	\$17,841.93
TS151	AMRAD SUBST SVC CONTROLLER REPLC	926000	EMPLOYEE PENSIONS & BEN	\$0.00
TS760	FACILITY & IMPACT STUDY	926000	EMPLOYEE PENSIONS & BEN	\$11,627.92
TT007	TRANS-FACILITY SERVICES	926000	EMPLOYEE PENSIONS & BEN	\$9,701.19
TT060	NERC COMPLIANCE ACTIVITY - TRANS	926000	EMPLOYEE PENSIONS & BEN	\$166,035.10
TT700	TRANSMISSION-BUS SEG EXP	926000	EMPLOYEE PENSIONS & BEN	\$94,732.00
TT701	TRANSMISSION-TRAINING BKT	926000	EMPLOYEE PENSIONS & BEN	\$32,315.52
TT710	TRANSMISSION-SAFETY BLNKT	926000	EMPLOYEE PENSIONS & BEN	\$5,967.95
TT740	DRONE PROGRAM	926000	EMPLOYEE PENSIONS & BEN	\$3,611.66
TT811	TRANSMISSION PANDEMIC READINESS	926000	EMPLOYEE PENSIONS & BEN	\$19,887.18
WM700	NM MGMT EXPENSE BLANKET	926000	EMPLOYEE PENSIONS & BEN	\$30,158.78
WR719	2019 NEW MEXICO RATE CASE	926000	EMPLOYEE PENSIONS & BEN	\$19,519.69
WR720	2020 NM RATE CASE	926000	EMPLOYEE PENSIONS & BEN	\$225,324.33
WR760	NM COST OF SERVICE GENERAL	926000	EMPLOYEE PENSIONS & BEN	\$31,059.64
WS784	NM TRANSPORTATION CLEARING	926000	EMPLOYEE PENSIONS & BEN	\$48,419.44
XM700	TX MGMT EXPENSE BLANKET	926000	EMPLOYEE PENSIONS & BEN	\$137,544.20
XM701	TX MGMT-TRAINING BLANKET	926000	EMPLOYEE PENSIONS & BEN	\$1,258.54
XR750	TX COST OF SERVICE GENERAL	926000	EMPLOYEE PENSIONS & BEN	\$48,423.92
XS700	TX SS EXPENSE BLANKET	926000	EMPLOYEE PENSIONS & BEN	\$272,130.03
XS799	TX SS-STORES CLEARING	926000	EMPLOYEE PENSIONS & BEN	\$463,634.02

EL PASO ELECTRIC COMPANY  
2021 TEXAS RATE CASE FILING  
OPERATION AND MAINTENANCE EXPENSE  
EMPLOYEE PENSIONS AND BENEFITS  
SPONSOR: CYNTHIA S. PRIETO  
PREPARER: MYRNA A. ORTIZ  
FOR THE TEST YEAR ENDED DECEMBER 31, 2020

EL PASO ELECTRIC COMPANY  
2021 TEXAS RATE CASE FILING  
FOR THE TEST YEAR ENDED DECEMBER 31, 2020

Other Employee Benefits Detail Break-Down

	Other Employee Benefits Per Books Costs	Removal of Employment Separation Agreements	Other Employee Benefits Excluding Employment Separation Agreements	Cap Rate	Capitalized Amounts	Other Employee Benefits including Paid Time Off (PTO) Accrual and Retiree PTO Sell Back, net of capitalized amounts	Removal of PTO Accrual and Retiree Sell Back	Other Employee Benefits, net of capitalized amounts
Other Employee Benefits:								
Employment Separation Agreements	(140,455)	140,455	0		-	-		-
Paid Time Off (PTO) Accrual	1,965,189		1,965,189	25.54%	501,909	1,463,280	(1,463,280)	-
Employee Appreciation/Awards	181,680		181,680	25.54%	46,401	135,279		135,279
Company Sponsored Events for Employee	155,146		155,146	25.54%	39,624	115,522		115,522
Tuition Reimbursement	124,729		124,729	25.54%	31,856	92,873		92,873
Parking	83,063		83,063	25.54%	21,214	61,849		61,849
Retiree PTO Sell Back	1,108,327		1,108,327	25.54%	283,067	825,260	(825,260)	-
Four Corners	0	0	0	25.54%	-	-		-
Other	389,779		389,779	25.54%	(27,774)	417,553		417,553
	<u>3,867,458</u>	<u>140,455</u>	<u>4,007,913</u>		<u>896,297</u>	<u>3,111,616</u>	<u>(2,288,540)</u>	<u>823,076</u>

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



EL PASO ELECTRIC COMPANY  
 2021 TEXAS RATE CASE FILING  
 OPERATION AND MAINTENANCE EXPENSE  
 EMPLOYEE PENSIONS AND BENEFITS  
 SPONSOR: CYNTHIA S. PRIETO  
 PREPARER: MYRNA A. ORTIZ  
 FOR THE TEST YEAR ENDED DECEMBER 31, 2020

Row Labels	Sum of Amount	
AP700 - LABOR CLEARING PROJECT	-	
AP701 - LABOR - CWIP CLEARING PROJECT	9,835,039.15	
AP751 - PAYRL DEDUCT CLEAR	(746.75)	
AP753 - PAYRL CORP BONUS BLANKET	-	
AP759 - PAYRL-OTH PAYRL BLANKET	-	
AP780 - OTHER EMPLY BENEFITS		
AP7800990001 - ACCTG-PAY-OTHER BEN-TUITION AID	124,728.58	
AP7800990002 - ACCTG-PAY-OTHER BEN-CHRISTMAS	97,325.34	A
AP7800990003 - ACCTG-PAY-OTHER BEN-PICNIC	19,844.86	A
AP7800990004 - ACCTG-PAY-OTHER BEN-SERVICE AWARDS	77,779.30	B
AP7800990007 - ACCTG-PAY-OTHER BEN-SPECIAL	103,900.61	B
AP7800990010 - ACCTG-PAY-OTHER BEN-EMPLOYEE MEETNG	37,975.91	A
AP7800990020 - ACCTG-PAY-OTHER BEN-VAC/PTO	1,965,188.98	Σ A = 155,146.11
AP7800990021 - ACCTG-PAY-OTHER BEN-PTO SELL RETIRE	1,108,327.10	Σ B = 181,679.91
AP7800990025 - ACCTG-PAY-OTHER BEN-OLD SICK BANK	(7,419.75)	
AP7800990030 - ACCTG-PAY-OTHER BEN-DIV PARKING	83,063.38	
AP7800990100 - ACCTG-PAY-OTHER BEN-PROF FEES	41,170.43	
AP7800990012 - ACCTG-PAY-OTHER BEN-ELEC VEHICLE	14,998.21	1,108,327.10
AP780 - OTHER EMPLY BENEFITS Total	3,666,882.95	
BB700 - BILLING EXPENSE BLANKET	442,733.19	
CN007 - CUST SERV-NM-FACILITY SER	5,553.86	
CN700 - CUST SERV-NM EXP BLANKET	491,026.67	
CT007 - CUST SERV-TX-FACILITY SER	1,106.52	
CT700 - CUST SERV-TX EXP BLANKET	2,140,258.22	
DN007 - DISTRIB-NM-FACIL SERV BKT	3,164.79	
DN012 - DISTRIB-NM-ENVIRON BLNKET	512.70	
DN061 - NM RESIDENTIAL CONSTRUCTION	7,211.50	
DN062 - NM DISTRIBUTION BETTERMENT	2,962.76	
DN063 - NM SUBSTATION BETTERMENT	5.46	
DN064 - NM LIGHTING	462.02	
DN065 - NM DISTRIBUTION DAMAGE	41.68	
DN069 - NM COMMERCIAL CONSTRUCTION	6,759.16	
DN700 - DISTRIB-NM-BUS SEG EXP	367,422.55	
DT007 - DISTRIB-TX-FACILITY SERV	13,076.97	
DT012 - DISTRIB-TX-ENVIRON BLANKT	205.00	
DT061 - TX RESIDENTIAL CONSTRUCTION	4,101.59	
DT062 - TX DISTRIBUTION BETTERMENT	3,243.15	
DT063 - TX SUBSTATION BETTERMENT	23,118.63	
DT064 - TX LIGHTING	114,680.57	
DT069 - TX COMMERCIAL CONSTRUCTION	17,922.95	
DT186 - LEO SUB 115 K CONV & GETAWY UPGRADE	1,041.40	
DT270 - GLOBAL REACH SUB FEEDERS	-	
DT282 - LEO GETAWAYS	-	
DT314 - TWO WAY DIST CAPACITOR COMMUNICATIN	-	
DT355 - NEW FELIPE 21 FEEDER	-	
DT700 - DISTRIB-TX-BUS SEG EXP	2,474,562.58	
DT701 - DISTRIB-TX-TRAIN BLANKET	14,202.89	
DT710 - DISTRIB-TX-SAFETY BLANKET	5,445.21	
DT750 - DISTRIB-TX-JOBING BLNKT	1,598.60	
FR770 - FERC COST OF SERVICE GENERAL	9,230.35	
GC003 - GEN-COPPER BLANKET	955.19	
GC012 - GEN-COPPER-ENVIRON BLNKT	37.63	
GC720 - GEN-CO-ROUTINE-TURB/GEN/EXCITER	20,810.78	
GC723 - GEN-CO-ROUTINE-ELEC AUXILIARIES	599.21	
GC726 - GEN-CO-ROUTINE-WATER PROCESSING	1,645.00	
GC727 - GEN-CO-ROUTINE-CONTROLS	1,249.85	
GC728 - GEN-CO-ROUTINE-STRUCTURES	4,088.76	

EL PASO ELECTRIC COMPANY  
 2021 TEXAS RATE CASE FILING  
 OPERATION AND MAINTENANCE EXPENSE  
 EMPLOYEE PENSIONS AND BENEFITS  
 SPONSOR: CYNTHIA S. PRIETO  
 PREPARER: MYRNA A. ORTIZ  
 FOR THE TEST YEAR ENDED DECEMBER 31, 2020

Row Labels	Sum of Amount
GC729 - GEN-CO-ROUTINE-PLANT COMMON	(5,760.73)
GC750 - GEN-CO-UNPLAN OUT-TURB/GEN/EXCITER	385.65
GG700 - GEN-BUS SEG EXP BLANKET	534,856.73
GG720 - RESOURCE PLANNING	222,557.47
GG750 - GEN-TX FUEL	13,921.55
GM001 - GEN - MONTANA O&M BLANKET	176,336.56
GM012 - GEN-MPS-ENVIRON BLANKET	18.95
GM700 - GEN-MKTG-BUS SEG EXP	901,955.01
GN003 - GEN-NEWMAN BLANKET	1,119,524.38
GN012 - GEN-NEWM-ENVIRON BLNKT	1,317.64
GN701 - GEN-NEWM-TRAINING BLNKT	121,429.03
GN710 - GEN-NEWM-SAFETY BLNKT	4,416.64
GN720 - GEN-NM-ROUTINE-TURB/GEN/EXCITER	326,911.02
GN721 - GEN-NM-ROUTINE-BOILER (HRSG)	124,565.74
GN722 - GEN-NM-ROUTINE-BOILER SUPPORT AUX	60,067.49
GN723 - GEN-NM-ROUTINE-ELEC AUXILIARIES	30,145.26
GN724 - GEN-NM-ROUTINE-CONDENSATE SYSTEM	14,182.46
GN725 - GEN-NM-ROUTINE-WATER/COOL TOWER	107,140.61
GN726 - GEN-NM-ROUTINE-WATER PROCESSING	90,700.44
GN727 - GEN-NM-ROUTINE-CONTROLS	91,228.02
GN728 - GEN-NM-ROUTINE-STRUCTURES	79,989.35
GN729 - GEN-NM-ROUTINE-PLANT COMMON	(74,810.88)
GN740 - GEN-NM-NON ROUT-TURB/GEN/EXCITER	55,289.88
GN748 - GEN-NM-NON ROUT-STRUCTURES	106.79
GN750 - GEN-NM-UNPLAN OUT-TURB/GEN/EXCITER	6,691.89
GN751 - GEN-NM-UNPLAN OUT-BOILER (HRSG)	3,528.50
GN752 - GEN-NM-UNPLN OUT-BOILER SUPPORT AUX	1,894.50
GN753 - GEN-NM-UNPLAN OUT-ELEC AUXILIARIES	163.19
GN754 - GEN-NM-UNPLAN OUT-WATER/COOL TOWER	84.64
GN755 - GEN-NM-UNPLAN OUT-WATER/COOL TOWER	292.69
GN757 - GEN-NM-UNPLAN OUT-CONTROLS	669.13
GN758 - GEN-NM-UNPLAN OUT-STRUCTURES	164.04
GN760 - GEN-NM-MAJOR-TURB/GEN/EXCITER	15,491.99
GN780 - GEN-NM-MINOR-TURB/GEN/EXCITER	8,235.74
GP700 - GEN-PV-BUS SEG EXP BLNKT	62,360.16
GR007 - GEN-RG-FACILITY SERV BLKT	10,703.72
GR012 - GEN-RG-ENVIRON BLANKET	227.35
GR014 - GEN-RG BLANKET	995,732.95
GR701 - GEN-RG-TRAINING BLANKET	57,494.43
GR710 - GEN-RG-SAFETY BLANKET	3,024.26
GR720 - GEN-RG-ROUTINE-TURB/GEN/EXCITER	142,218.53
GR721 - GEN-RG-ROUTINE-BOILER (HRSG)	100,225.03
GR722 - GEN-RG-ROUTINE-BOILER SUPPORT AUX	43,681.35
GR723 - GEN-RG-ROUTINE-ELEC AUXILIARIES	15,913.19
GR724 - GEN-RG-ROUTINE-CONDENSATE SYSTEM	21,617.38
GR725 - GEN-RG-ROUTINE-WATER/COOL TOWER	67,379.39
GR726 - GEN-RG-ROUTINE-WATER PROCESSING	43,518.27
GR727 - GEN-RG-ROUTINE-CONTROLS	37,607.75
GR728 - GEN-RG-ROUTINE-STRUCTURES	15,888.44
GR729 - GEN-RG-ROUTINE-PLANT COMMON	11,289.26
GR750 - GEN-RG-UNPLAN OUT-TURB/GEN/EXCITER	636.22
GR751 - GEN-RG-UNPLAN OUT-BOILER (HRSG)	4,865.98
HA700 - INTERNAL AUDIT BLANKET	141,861.99
HE700 - EXTERNAL AFFAIRS MANAGEMENT	332,990.90
HL700 - CORP-LEGAL-BUS SEG EXP	757,538.49
HM700 - CORP-MGMT-BUS SEG BLNKT	616,177.68
HP700 - CORPORATE PLANNING BLANKET	633,455.27

EL PASO ELECTRIC COMPANY  
 2021 TEXAS RATE CASE FILING  
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 EMPLOYEE PENSIONS AND BENEFITS  
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 PREPARER: MYRNA A. ORTIZ  
 FOR THE TEST YEAR ENDED DECEMBER 31, 2020

Row Labels	Sum of Amount
HS700 - CORP-SERVICES-BUS SEG EXP	1,075.26
HS750 - CORP SERV-CORP COSTS	
HS7500901012 - CORPORATE SER-DONATIONS IN KIND	14,722.23
HS7500901013 - UNITED WAY - PTO	11,687.22
HS7500901110 - CORPORATE SER-CIVIC/POLIT/LEGIS-TX	10,111.73
HS7500901610 - CORPORATE SER-EMPLOYEE SETTLEMENT	(140,455.40)
HS7500901860 - CBA NEGOTIATIONS	67.42
HS7502901111 - CORP SER-CIVIC/POLITICAL/LEGIS-NM	4,040.63
HS7500901203 - AMS/AMI DEPLOYMENT PLAN PROJECT	430.97
HS7500901255 - BULK-POWER SYSTEM - EXEC ORDER	11,039.09
HS750 - CORP SERV-CORP COSTS Total	(88,356.11)
HS780 - CORPORATE OUTAGE BLANKET	(0.00)
MN004 - METERING-NM BLANKET	460,770.84
MT004 - METERING-TX-BLANKET	317,548.96
SA700 - SS-FINANCE & ACCTG EXP	1,296,991.73
SA701 - SS-FINANCE & ACCTG-TRAIN	2,637.35
SA750 - SS-FN&AC-XTRNL ACTG/RPTG	167,395.86
SB700 - SS - FINANCE BLANKET	493,024.61
SC700 - SS-COMMUNICA EXP BLNKT	224,384.78
SE012 - SS-ENVIRONMENTAL BLNKT	708.07
SE700 - SS-ENVIRON EXP BLNKT	313,901.59
SF007 - SS-FACILITY SERVICES BLKT	36,698.87
SF700 - SS-FACILITY SERV EXP BLKT	139,215.35
SF701 - SS-FACILITY SERV-TRAIN	65.86
SF800 - EDOC - FAC SVC- O&M ONLY	22,319.55
SH700 - SS-HR EXPENSE BLANKET	828,786.02
SI700 - SS-MATERIALS MGMT EXP BKT	245,760.36
SK700 - CLAIMS/RISK MGMT BLANKET	338,869.04
SM700 - SS-MANAGEMENT EXP BLNKT	139,576.26
SN700 - SS - NERC COMPLIANCE	282,621.80
SR700 - SS-REGULATORY EXP BLNKT	559,154.10
SS007 - SS-EDOC FACILITY SERV BLANKET	357.10
SS150 - NEW WEST SIDE FACILITY	21.74
SS800 - NERC CIP VERSION 5	172.40
SS801 - Mexico Opportunities	56.14
ST043 - EMS SUPPORT BLANKET	76,862.41
ST700 - SS-IT EXPENSE BLANKET	852,825.40
SU700 - SS-SUPPORT SERVICES EXP	64,616.38
SV799 - SS-TRANSPORTATION CLEARING	637,241.41
SY700 - SS-SAFETY EXPENSE BLNKT	309,514.31
TA015 - TRANSMISSION-AIP BLANKET	1,444.25
TH015 - TRANSMISSION-345KV BLNKT	51,338.40
TH110 - ALPS RELY REPLCMNT-TSS VOTING SCHEM	-
TH750 - TRANS-EIP PROJECT	52,837.84
TH760 - TRANS-SWNMT PROJECT	41,221.37
TL015 - TRANS-BELOW 345KV BKT	160,600.36
TP015 - TRANSMISSION-PV TRANS	-
TS015 - TRANSMISSION-SYS OPS BLKT	2,426,397.02
TS063 - TRANS SUBSTATION IMPROVEMENTS	(36.60)
TS760 - FACILITY & IMPACT STUDY	11,627.92
TT007 - TRANS-FACILITY SERVICES	9,701.19
TT060 - NERC COMPLIANCE ACTIVITY - TRANS	166,035.10
TT700 - TRANSMISSION-BUS SEG EXP	94,732.00
TT701 - TRANSMISSION-TRAINING BKT	32,315.52
TT710 - TRANSMISSION-SAFETY BLNKT	5,967.95
WM700 - NM MGMT EXPENSE BLANKET	30,158.78
WR760 - NM COST OF SERVICE GENERAL	31,059.64

EL PASO ELECTRIC COMPANY  
 2021 TEXAS RATE CASE FILING  
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 EMPLOYEE PENSIONS AND BENEFITS  
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 PREPARER: MYRNA A. ORTIZ  
 FOR THE TEST YEAR ENDED DECEMBER 31, 2020

Row Labels	Sum of Amount
WS784 - NM TRANSPORTATION CLEARING	48,419.44
XM700 - TX MGMT EXPENSE BLANKET	137,544.20
XR750 - TX COST OF SERVICE GENERAL	48,423.92
XS700 - TX SS EXPENSE BLANKET	272,130.03
XS799 - TX SS-STORES CLEARING	463,634.02
AP811 - MEDICAL PANDEMIC READINESS	
AP8110990001 - MEDICAL COVID EXPENSES	544,456.00
AP811 - MEDICAL PANDEMIC READINESS Total	544,456.00
DN161 - LAS CRUCES UG CABLE REPL BLKT	(0.00)
DN178 - TALAVERA SUB. GETAWAYS AND FEEDERS	-
DN198 - Jornada Feeders	-
DN720 - DISTRIB-NM-OTHER BLANKET	313,322.93
DN811 - DISTR NM PANDEMIC READINESS	11,280.06
DR182 - TX DISTRIBUTION CRF FILING	10,897.31
DT065 - TX DISTRIBUTION DAMAGE	3,448.83
DT132 - DYER-SHEARMAN RELAY REPLACE (CD)	1,393.77
DT182 - SE1 SUBSTATION-PENDALE SUB	54.44
DT189 - TEXAS AREA 4KV CONVERSIONS	-
DT194 - SUNSET 69KV-4KV XFMR-REG-FEEDR REPL	159.60
DT230 - MESA-18 RECONDUCTOR	-
DT288 - TRANSMOUNTAIN (NW-3) GTWYS/FEEDER	-
DT307 - DYER-13 AND DYER-14 GETAWAY UPGRADE	-
DT309 - HORIZON 12 EXTENSION	0.40
DT369 - PELLICANO T2 FEEDERS	-
DT426 - GRID AUTOMATION AND VISIBILITY	49,635.40
DT720 - DISTRIB-TX-OTHER BLANKET	819,220.09
DT723 - SAFETY ENHANCEMENT PROJECT	971.92
DT811 - DISTR TX PANDEMIC READINESS	55,842.00
GC007 - GEN-COPPER-FACILITY SERV BLKT	560.09
GC700 - GEN-COPPER O&M BLANKET	176.98
GC740 - GEN-CO-NON ROUT-TURB/GEN/EXCITER	24,804.66
GC747 - GEN-CO-NON ROUT-CONTROLS	382.95
GC748 - GEN-CO-NON ROUT-STRUCTURES	434.35
GC749 - GEN-CO-NON ROUT-PLANT COMMON	8,599.42
GC760 - GEN-CO-MAJOR-TURB/GEN/EXCITER	4,424.37
GC767 - GEN-CO-MAJOR-CONTROLS	247.65
GE180 - MONTANA COMMON	394.09
GE800 - MPS -FAC SVC - O&M ONLY	2,831.20
GG701 - GEN-BUS SEG TRAIN BLANKET	1,134.66
GG799 - GEN-STORES CLEARING	305,003.55
GG800 - GEN-EXPANSION UNIT PRELIM. STUDIES	26,563.53
GM002 - MONTANA CAPITAL BLANKET	240.00
GM720 - GEN-MPS-ROUTINE-TURB/GEN/EXCITER	198,948.94
GM723 - GEN-MPS-ROUTINE-ELEC AUXILIARIES	58,541.74
GM725 - GEN-MPS-ROUTINE-WATER/COOL TOWER	9,168.88
GM726 - GEN-MPS-ROUTINE-WATER PROCESSING	22,669.12
GM727 - GEN-MPS-ROUTINE-CONTROLS	9,876.75
GM728 - GEN-MPS-ROUTINE-STRUCTURES	18,031.86
GM729 - GEN-MPS-ROUTINE-PLANT COMMON	241,771.53
GM753 - GEN-MPS-UNPLAN OUT-ELEC AUXILIARIES	2,035.99
GM759 - GEN-MPS-UNPLANNED-PLANT COMMON	495.87
GM811 - MONTANA PANDEMIC READINESS	5,560.81
GN007 - GEN-NEWM-FACILITY SERV BLKT	9,130.49
GN184 - NW U4 GT2 INSTRUMENTATION UPGRADES	1,392.36
GN185 - NW U4 GT1 INSTRUMENTATION UPGRADES	2,655.44
GN700 - GEN-NEWMAN O&M BLANKET	274,394.88
GN741 - GEN-NM-NON ROUT-BOILER (HRSG)	17,152.50



EL PASO ELECTRIC COMPANY  
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 PREPARER: MYRNA A. ORTIZ  
 FOR THE TEST YEAR ENDED DECEMBER 31, 2020

Row Labels	Sum of Amount
GN742 - GEN-NM-NON ROUT-BOILER SUPPORT AUX	8,715.53
GN743 - GEN-NM-NON ROUT-ELEC AUXILIARIES	973.82
GN744 - GEN-NM-NON ROUT-CONDENSATE SYSTEM	3,686.80
GN745 - GEN-NM-NON ROUT-WATER/COOL TOWER	4,016.20
GN746 - GEN-NM-NON ROUT-WATER PROCESSING	410.61
GN747 - GEN-NM-NON ROUT-CONTROLS	9,800.41
GN749 - GEN-NM-NON ROUT-PLANT COMMON	58,110.82
GN811 - NEWMAN PANDEMIC READINESS	31,405.47
GP750 - GEN-PALO VERDE O & M	(3,601,714.47)
GR163 - RIO GRANDE RACETRACK DRIVE ENTRANCE	1,620.74
GR169 - RG U8 DRUM LEVEL UPGRADE	(25.14)
GR176 - RG U8 FEED WATER REGULATORS UPGRADE	1,528.75
GR177 - RG DCS CIP CYBER IMPRVMENTS	43.66
GR180 - UNIT 7 GENERATOR REWIND/HRDW REPLCM	87.15
GR700 - GEN-RG O&M BLANKET	237,727.91
GR753 - GEN-RG-UNPLAN OUT-ELEC AUXILIARIES	2,233.54
GR757 - GEN-RG-UNPLAN OUT-CONTROLS	428.90
GR760 - GEN-RG-MAJOR-TURB/GEN/EXCITER	-
GR811 - RIO GRANDE PANDEMIC READINESS	18,688.46
GS123 - NMSU SOLAR PLUS STORAGE PROJECT	(274.20)
GS700 - SOLAR PRELIMINARY STUDIES	2,376.55
GS703 - NM SOLAR PRELIMINARY STUDIES	16,371.18
MN811 - METERING NM PANDEMIC READINESS	3,635.71
MT811 - METERING TX PANDEMIC READINESS	6,758.71
SC050 - OPERATIONAL TECH NETWORK CAP BLKT	247.40
SC144 - High Speed Irradiance Stations	183.76
SC146 - VERIFICATION & INTEG LAB BLNKT	9,668.86
SC152 - BORDER STEEL COMMO UPGRADES	207.88
SC800 - ADVANCED METERING	77,011.48
SD700 - LAND MANAGEMENT BLANKET	146,037.47
SS105 - LIVE LINK SYSTEM BLANKET	-
SS190 - Security Operations Center	249.52
SS224 - GENERATION OPERATIONS CMMS PROJECT	2,106.77
SS228 - UNMANNED AIRCRAFT SYSTEMS PROJECT	8,458.91
SS811 - SHARED SERV PANDEMIC READINESS	553,418.65
TL126 - NEWMAN 115 KV BKR REPL&UPGRADE U/5	-
TL182 - AIRPORT 115KV RING BUS	-
TL247 - TXDOT TRANSMISSION LINE MODFCATIONS	38.84
TL269 - LUN-DIA LUN-AFT GROUNDS FLOATING	1,424.86
TL298 - TXDOT STRC REPLC HWY 62 PHASE 2	160.05
TS065 - RELAY UPGRADES TRANS SUBS BLANKET	344.08
TS102 - EMS SYSTEM UPGRADE OR REPL	17,841.93
TS151 - AMRAD SUBST SVC CONTROLLER REPLC	-
TT740 - DRONE PROGRAM	3,611.66
TT811 - TRANSMISSION PANDEMIC READINESS	19,887.18
WR719 - 2019 NEW MEXICO RATE CASE	19,519.69
WR720 - 2020 NM RATE CASE	225,324.33
XM701 - TX MGMT-TRAINING BLANKET	1,258.54
<b>Grand Total</b>	<b>40,594,598.27</b>

EL PASO ELECTRIC COMPANY  
2021 TEXAS RATE CASE FILING  
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EMPLOYEE PENSIONS AND BENEFITS  
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PREPARER: MYRNA A. ORTIZ  
FOR THE TEST YEAR ENDED DECEMBER 31, 2020

WP-A/A-3/B1  
WP/ A-3  
ADJUSTMENT NO.4  
PAGE 17 OF 26

Account	Project	Work Order	Charging Cost Center	Charging Expense Type	GL Journal Category	Amount	
926000 - EMPLOYEE PENSIONS & BEN	HS750 - CORP SERV-CORP COSTS	HS7500901610 - CORPORATE SER-EMPLOYEE SETTLEMENT	9990 - 9990 ACCT - BENEFITS	250 - BENEFITS	6240-ACCRETION SP TERM	22,496.00	A
926000 - EMPLOYEE PENSIONS & BEN	HS750 - CORP SERV-CORP COSTS	HS7500901610 - CORPORATE SER-EMPLOYEE SETTLEMENT	8000 - 8000 OUTSIDE LEGAL COST: 199 - SETTLEMENTS		6036-CASH - SMALL RECPT	(162,951.40)	A Σ A = (140,455.40)
						(140,455.40)	

WP-A/A-3/B1  
WP/ A-3  
ADJUSTMENT NO.4  
PAGE 18 OF 26

Exhibit CSP-2R  
Page 18 of 26

GL Journal Category	Amount
5210-BEN CWIP PYRL RATIO	30,493,815.28
5212-BENEFITS	(30,493,815.28)
5210-BEN CWIP PYRL RATIO	9,835,039.15
6002-ARM-MISC	(432.71)
6036-CASH - SMALL RECPT	(314.04)
5208-OTHER PAYRL	428,479.58
6211-PY BONUS PAYMENT	(428,479.58)
5208-OTHER PAYRL	44,806.80
6211-PY BONUS PAYMENT	(44,806.80)
5208-OTHER PAYRL	51,408.02
6211-PY BONUS PAYMENT	(51,408.02)
5208-OTHER PAYRL	79,566.24
6211-PY BONUS PAYMENT	(79,566.24)
5208-OTHER PAYRL	53,732.68
6211-PY BONUS PAYMENT	(53,732.68)
5208-OTHER PAYRL	57,950.63
6211-PY BONUS PAYMENT	(57,950.63)
5208-OTHER PAYRL	64,198.61
6211-PY BONUS PAYMENT	(64,198.61)
5208-OTHER PAYRL	58,728.09
6211-PY BONUS PAYMENT	(58,728.09)
5208-OTHER PAYRL	26,825.21
6211-PY BONUS PAYMENT	(26,825.21)
5208-OTHER PAYRL	147,120.00
6211-PY BONUS PAYMENT	(147,120.00)
5208-OTHER PAYRL	131,012.93
6211-PY BONUS PAYMENT	(131,012.93)
5208-OTHER PAYRL	56,527.60
6211-PY BONUS PAYMENT	(56,527.60)
5208-OTHER PAYRL	45,892.19
6211-PY BONUS PAYMENT	(45,892.19)
5208-OTHER PAYRL	124,000.00
6211-PY BONUS PAYMENT	(124,000.00)
5208-OTHER PAYRL	137,037.96
6211-PY BONUS PAYMENT	(137,037.96)
5208-OTHER PAYRL	43,343.43
6211-PY BONUS PAYMENT	(43,343.43)
5208-OTHER PAYRL	48,593.96
6211-PY BONUS PAYMENT	(48,593.96)
5208-OTHER PAYRL	53,373.01
6211-PY BONUS PAYMENT	(53,373.01)
5208-OTHER PAYRL	37,196.74
6211-PY BONUS PAYMENT	(37,196.74)
5208-OTHER PAYRL	29,771.45
6211-PY BONUS PAYMENT	(29,771.45)
5208-OTHER PAYRL	148,000.00
6211-PY BONUS PAYMENT	(148,000.00)
5208-OTHER PAYRL	36,999.53
6211-PY BONUS PAYMENT	(36,999.53)
5208-OTHER PAYRL	40,790.57
6211-PY BONUS PAYMENT	(40,790.57)
5208-OTHER PAYRL	132,798.70
6211-PY BONUS PAYMENT	(132,798.70)
5208-OTHER PAYRL	34,479.50
6211-PY BONUS PAYMENT	(34,479.50)
5208-OTHER PAYRL	34,813.69
6211-PY BONUS PAYMENT	(34,813.69)



EL PASO ELECTRIC COMPANY  
 2021 TEXAS RATE CASE FILING  
 OPERATION AND MAINTENANCE EXPENSE  
 EMPLOYEE PENSIONS AND BENEFITS  
 SPONSOR: CYNTHIA S. PRIETO  
 PREPARER: MYRNA A. ORTIZ  
 FOR THE TEST YEAR ENDED DECEMBER 31, 2020

WP-A/A-3/B1  
 WP/ A-3  
 ADJUSTMENT NO.4  
 PAGE 20 OF 26

Account	Project	Work Order	Charging Cost Center	Charging Expense Type	GL Journal Category	Amount
926000 - EMPLOYEE PENSIONS & BEN	AP780 - OTHER EMPLOYE BENEFITS	AP7800990020 - ACCTG-PAY-OTHER BEN-VAC/PTO	9990 - 9990 ACCT - BENEFITS	250 - BENEFITS	6205-PTO ACCRUAL	1,965,188.98
926000 - EMPLOYEE PENSIONS & BEN	AP780 - OTHER EMPLOYE BENEFITS	AP7800990020 - ACCTG-PAY-OTHER BEN-VAC/PTO	9990 - 9990 ACCT - BENEFITS	250 - BENEFITS	6102-ALLOC ADJUSTMENT	-
						1,965,188.98

EL PASO ELECTRIC COMPANY  
 2021 TEXAS RATE CASE FILING  
 OPERATION AND MAINTENANCE EXPENSE  
 EMPLOYEE PENSIONS AND BENEFITS  
 SPONSOR: CYNTHIA S. PRIETO  
 PREPARER: MYRNA A. ORTIZ  
 FOR THE TEST YEAR ENDED DECEMBER 31, 2020

WP-A/A-3/B1  
 WP/A-3  
 ADJUSTMENT NO.4  
 PAGE 21 OF 26

Estimated Pension/OPEB Cost for Fiscal Year 2021 provided by Willis Towers Watson

WillisTowersWatson				
The information contained in this exhibit is incomplete without the supporting letter.				
El Paso Electric Company				
Pension Plan Name	Total Pension	RIP	Excess Benefit Plan	SERP
Disclosure for Fiscal Year Ending 31-Dec-20 under US GAAP	USD	USD	USD	USD
Reconciliation of Net Balances				
A Reconciliation of Prior Service Cost/(Credit) Bases				
1 Net amount at prior fiscal year end	(13,543,615)	(13,475,378)	(68,237)	0
2 Amortization amount	3,506,144	3,467,078	39,066	0
3 Plan amendments	0	0	0	0
4 Effect of curtailments	0	0	0	0
5 Other events	0	0	0	0
6 Net amount at current fiscal year end	(10,037,471)	(10,008,300)	(29,171)	0
B Reconciliation of Net Loss/(Gain)				
1 Net amount at prior fiscal year end	131,775,715	121,621,980	4,088,255	6,065,480
2 Amount recognized	(8,823,441)	(7,889,804)	(295,931)	(637,706)
3 Experience loss/(gain)	7,022,854	2,862,989	967,035	3,192,830
4 Effect of curtailments	0	0	0	0
5 Effect of settlements	0	0	0	0
6 Other events	0	0	0	0
7 Net amount at current fiscal year end	129,975,128	116,595,165	4,759,359	8,620,604
Summary and Comparison of Benefit Cost and Cash Flows				
	31-Dec-21	31-Dec-21	31-Dec-21	31-Dec-21
A Total Benefit Cost				
1 Employer service cost	12,442,532	12,158,445	284,087	0
2 Interest cost	9,241,496	8,726,743	289,556	225,197
3 Expected return on plan assets	(23,085,023)	(23,085,023)	0	0
4 Subtotal	(1,400,995)	(2,199,835)	573,643	225,197
5 Net prior service cost/(credit) amortization	(3,496,249)	(3,467,078)	(29,171)	0
6 Net loss/(gain) amortization	10,493,495	9,273,655	433,400	786,440
7 Subtotal	6,997,246	5,806,577	404,229	786,440
8 Net periodic benefit cost/(income)	5,596,251	3,606,742	977,872	1,011,637
9 Curtailment gain or loss	0	0	0	0
10 Settlement gain or loss	0	0	0	0
11 Special/contractual termination benefits	0	0	0	0
12 Total benefit cost	5,596,251	3,606,742	977,872	1,011,637

	2021 Estimated NPBC	2021 Service Cost
RIP	3,606,742	12,158,445
Excess	977,872	284,087
SERP	1,011,637	-
OPEB	(5,914,588)	3,165,476

Willis Towers Watson

The information contained in this exhibit is incomplete without the supporting letter.

El Paso Electric Company	
OPRB	
Disclosure for Fiscal Year Ending 31-Dec-20 under US GAAP	US Dollars
Reconciliation of Net Balances	
A Reconciliation of Prior Service Cost/(Credit) Bases	
1 Net amount at prior fiscal year end	(23,472,150)
2 Amortization amount	3,093,254
3 Plan amendments	0
4 Effect of curtailments	0
5 Other events	0
6 Net amount at current fiscal year end	(20,378,896)
B Reconciliation of Net Loss/(Gain)	
1 Net amount at prior fiscal year end	(38,139,439)
2 Amount recognized	2,727,822
3 Experience loss/(gain)	(19,143,592)
4 Effect of curtailments	0
5 Effect of settlements	0
6 Other events	0
7 Net amount at current fiscal year end	(54,555,209)
Summary and Comparison of Benefit Cost and Cash Flows	
31-Dec-21	
A Total Benefit Cost	
1 Employer service cost	3,165,476
2 Interest cost	1,020,994
3 Expected return on plan assets	(3,281,473)
4 Subtotal	904,997
5 Net prior service cost/(credit) amortization	(3,093,254)
6 Net loss/(gain) amortization	(3,726,331)
7 Subtotal	(6,819,585)
8 Net periodic postretirement benefit cost/(income)	(5,914,588)
9 Curtailment gain or loss	0
10 Settlement gain or loss	0
11 Special/contractual termination benefits	0
12 Total benefit cost	(5,914,588)

WP-A/A-3/B1  
 WP/A-3  
 ADJUSTMENT NO.4  
 PAGE 21 OF 26

EL PASO ELECTRIC COMPANY  
 2021 TEXAS RATE CASE FILING  
 OPERATION AND MAINTENANCE EXPENSE  
 EMPLOYEE PENSIONS AND BENEFITS  
 SPONSOR: CYNTHIA S. PRIETO  
 PREPARER: MYRNA A. ORTIZ  
 FOR THE TEST YEAR ENDED DECEMBER 31, 2020

WP-A/A-3/B1  
 WP/ A-3  
 ADJUSTMENT NO.4  
 PAGE 22 OF 26

Source: Schedule G-15 from RMS (Draft 03.04.21)

EL PASO ELECTRIC COMPANY 2021 TEXAS RATE CASE FILING SCHEDULE G-15: MONTHLY O&M EXPENSE SPONSOR: JENNIFER I. BORDEN / CYNTHIA S. PRIETO PREPARER: MYRNA A. ORTIZ / MELODY BOISSEUER FOR THE TEST YEAR ENDED DECEMBER 31, 2020										SCHEDULE G-15 PAGE 12 OF 12
Line No.	FERC Acct.	(a) Description	(m) December	(n) Total	(o) Payroll Expense	(p) Other Expense	(q) Per Book Total	(r) Non-Payroll Adjustments	(s) Payroll Adjustment (B)	(t) As Adjusted Total
<u>Administrative &amp; General Expense</u>										
<u>Operation</u>										
107	920000	Administrative & General Salaries	2,836,144	31,939,633	31,939,633	0	31,939,633	0	0	31,939,633
108	921000	Office Supplies & Expenses	746,006	5,473,363	0	5,473,363	5,473,363	0	0	5,473,363
109	923000	Outside Services Employed	1,505,763	15,916,521	0	15,916,521	15,916,521	0	0	15,916,521
110	924000	Property Insurance	427,783	4,852,276	0	4,852,276	4,852,276	0	0	4,852,276
111	924000	Property Insurance - PV	1,181,083	0	0	0	0	0	0	0
112	925000	Injuries & Damages	211,468	3,644,212	0	3,644,212	3,644,212	0	0	3,644,212
113	925000	Injuries & Damages - PV	(540,596)	0	0	0	0	0	0	0
114	926000	Employee Pensions & Benefits	1,812,039	18,332,362	0	18,332,362	18,332,362	0	0	18,332,362
115	926000	Employee Pensions & Benefits - PV	(3,658,101)	0	0	0	0	0	0	0
116	928000	Regulatory Commission Expenses	2,063,656	13,218,765	0	13,218,765	13,218,765	0	0	13,218,765
117	928000	Regulatory Commission Expenses - PV	(2,405,316)	0	0	0	0	0	0	0
118	930100	General Advertising Expenses	582,265	1,693,142	0	1,693,142	1,693,142	0	0	1,693,142
119	930200	Miscellaneous General Expenses	14,439	3,015,826	0	3,015,826	3,015,826	0	0	3,015,826
120	930200	Miscellaneous General Expenses - PV	(11,662,451)	427,467	0	427,467	427,467	0	0	427,467
121	931000	Rents	36,480	406,234	0	406,234	406,234	0	0	406,234
122		Total Operation	(7,069,338)	98,919,801	31,939,633	66,980,168	98,919,801	0	0	98,919,801
123	935000	Maintenance of General Plant	488,941	9,520,823	230,131	9,290,692	9,520,823	0	0	9,520,823
124		Total Administrative & General Expense	(6,580,397)	108,440,624	32,169,764	76,270,860	108,440,624	0	0	108,440,624
125		Total Operation & Maintenance Expense	53,189,240	\$ 528,631,061	\$ 83,537,342	\$ 444,769,546	\$ 528,631,061	\$ (0)	\$ 0	\$ 528,631,061

Totals per schedule G-15  
 Employee Pensions & Benefits 18,332,362  
 Employee Pensions & Benefits - PV 0

WP-A/A-3/B1  
 WP/ A-3  
 ADJUSTMENT NO.4  
 PAGE 22 OF 26

WP-A/A-3/B1  
WP/ A-3  
ADJUSTMENT NO.4  
PAGE 23 OF 26

858,940	Compensation for Performance Shares
(219,373)	Less capitalized amount
<u>639,567</u>	

Exhibit CSP-2R  
Page 23 of 26

EL PASO ELECTRIC COMPANY  
2021 TEXAS RATE CASE FILING  
OPERATION AND MAINTENANCE EXPENSE  
EMPLOYEE PENSIONS AND BENEFITS  
SPONSOR: CYNTHIA S. PRIETO  
PREPARER: MYRNA A. ORTIZ  
FOR THE TEST YEAR ENDED DECEMBER 31, 2020

WP-A/A-3/B1  
WP/A-3  
ADJUSTMENT NO.4  
PAGE 24 OF 26

Queries for OPEB and Pension Benefits (SERVICE COSTS ONLY)

CR Query Report El Paso Electric		
Account	Project	Amount
926000 - EMPLOYEE PENSIONS & BEN	AP763 - OPEB	(\$3,848,723.00)
		<b>(\$3,848,723.00)</b>
<b>CRITERIA</b> Account = 926000 Amount Type = Actuals Company in (Company 98 Rollup) (Structure 2) GL Journal Category = 6236-OTHR PST RET BEN-106 Month Number like 2020% Project = AP763		

(3,848,723)

CR Query Report El Paso Electric		
Account	Project	Amount
926000 - EMPLOYEE PENSIONS & BEN	AP761 - PENSIONS	\$4,591,228.00
		<b>\$4,591,228.00</b>
<b>CRITERIA</b> Account = 926000 Amount Type = Actuals Company in (Company 98 Rollup) (Structure 2) GL Journal Category like 6239% Month Number like 2020%		

4,591,228

CR Query Report El Paso Electric		
Account	Project	Amount
926000 - EMPLOYEE PENSIONS & BEN	AP765 - EXCESS BENEFIT PLAN	\$900,686.00
		<b>\$900,686.00</b>
<b>CRITERIA</b> Account = 926000 Amount Type = Actuals Company in (Company 98 Rollup) (Structure 2) GL Journal Category = 6231-EXCESS BENEFIT PLAN Month Number like 2020% Project = AP765		

900,686

CR Query Report El Paso Electric		
Account	Project	Amount
926000 - EMPLOYEE PENSIONS & BEN	AP764 - SERP	\$1,041,445.00
		<b>\$1,041,445.00</b>
<b>CRITERIA</b> Account = 926000 Amount Type = Actuals Company in (Company 98 Rollup) (Structure 2) GL Journal Category = 6248-SUP PMSN EXP-SUP RET Month Number like 2020% Project = AP764		

1,041,445

Breakout of NPBC for 2020					
	RIP	Excess	SERP	OPEB	Total
Service Cost	11,628,833	273,327		2,577,806	14,479,966
Interest Cost	11,517,230	370,494	403,739	1,848,918	14,140,381
Expected Return on Assets	(22,977,561)			(2,454,371)	(25,431,932)
Amort of (Gains)/Losses	7,889,804	295,931	637,706	(2,727,822)	6,095,619
Amort of Prior Service (Credit) Cost	(3,467,078)	(39,066)		(3,093,254)	(6,599,398)
	4,591,228	900,686	1,041,445	(3,848,723)	2,684,636
Non-Service Cost Components	(7,037,605)	627,359	1,041,445	(6,426,529)	(11,795,330)

EL PASO ELECTRIC COMPANY  
2021 TEXAS RATE CASE FILING  
OPERATION AND MAINTENANCE EXPENSE  
EMPLOYEE PENSIONS AND BENEFITS  
SPONSOR: CYNTHIA S. PRIETO  
PREPARER: MYRNA A. ORTIZ  
FOR THE TEST YEAR ENDED DECEMBER 31, 2020

WP-A/A-3/B1  
WP/ A-3  
ADJUSTMENT NO.4  
PAGE 25 OF 26

El Paso Electric Company  
Calculation of 401(k) Expenses

Description	Amount	
Test year 401(k) expense	\$ 5,302,570	Gross 401(k)
Divided by: Test year gross payroll including non-financial incentive compensation	<u>\$ 123,977,778</u>	(Adj 3 p3, less Adj 3, pg 8)
401(k) expense percent of payroll	4.277033%	
Times: Requested gross payroll and non- financial incentive compensation	<u>\$ 115,346,201</u>	(Adj 3, p2, lines 10+13)
Requested 401(k) expense	\$ 4,933,394.64	
Benefit O&M %	<u>74.46%</u>	(1 - cap rate)
	3,673,406	
Less: Test year expense	<u>\$ 3,930,336</u>	
Adjustment to 401(k) expense	<u><u>(256,930)</u></u>	

EL PASO ELECTRIC COMPANY  
2021 TEXAS RATE CASE FILING  
OPERATION AND MAINTENANCE EXPENSE  
EMPLOYEE PENSIONS AND BENEFITS  
SPONSOR: CYNTHIA S. PRIETO  
PREPARER: MYRNA A. ORTIZ  
FOR THE TEST YEAR ENDED DECEMBER 31, 2020

WP-A/A-3/B1  
WP/ A-3  
ADJUSTMENT NO.4  
PAGE 26 OF 26

<b>El Paso Electric Company</b>			
<b>Envision RX Quarterly Rebates</b>			
<b>Test Year Ended December 31, 2020</b>			
<b>Period</b>	<b>Actives</b>	<b>Retirees*</b>	<b>Total</b>
<b>Prior to Test Year</b>	<b>217,441.73</b>	<b>\$ 17,104.10</b>	<b>\$ 234,545.83</b>
<b>During Test Year</b>	<b>517,100.68</b>	<b>\$ 69,308.82</b>	<b>\$ 586,409.50</b>
<b>*Amounts designated as rebates for Retirees were credited to the trust.</b>			
	<b>Total Rebate</b>	<b>Actives</b>	<b>Month Booked</b>
Q3'19 Rebate	\$ 122,921.66	114,423.78	202003
Q4'19 Rebate	\$ 111,624.17	103,017.95	202002
Q1'20 Rebate	\$ 299,485.90	266,489.34	202009
Q2'20 Rebate	\$ 286,923.60	250,611.34	202012

\$217,441.73 relates to EnvisionRx rebates for Q3 2019-Q4 2019 recorded during 2020 for actives.

Adj to medical expenses for current test year	217,442
Cap rate	25.54%
	<u>55,535</u>
Net of cap	<u><u>161,907</u></u>

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

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

EL PASO ELECTRIC COMPANY'S RESPONSE TO  
OFFICE OF PUBLIC UTILITY COUNSEL'S SECOND REQUEST FOR INFORMATION  
QUESTION NOS. OPUC 2-1 THROUGH OPUC 2-16

OPUC 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.

RESPONSE:

The following provides a detailed explanation of the benefits and associated expenses that are included in El Paso Electric's ("EPE") revenue requirement.

- a. Awards for Company employees for service anniversaries and other events.
- b. Costs for EPE employee meetings and parties.
- c. Parking costs for employees at the Stanton Tower.
- d. Expenses related to EPE's Employee Assistance Program, Volunteers in Action Program, Veteran employee events, and EPE merchandise.
- e. Sick leave for employees hired prior to January 1, 1998.
- f. Professional fees related to compensation agreements.
- g. Incentive payments to employees for the purchase of certain electric vehicles.



The capitalized amounts and amounts included as Operations and Maintenance Expense (“O&M”) for the test year period and the amount included in the Company’s request are as follows:

Description	Capitalized Amounts	O&M Expenses
Employee Awards	\$ 20,129	\$ 57,650
Company sponsored events for employees	40,152	114,994
Parking	21,497	61,566
Special	26,890	77,011
Old Sick Bank	(1,920)	(5,500)
Professional Fees	10,655	30,515
Electric Vehicle	3,881	11,117
Tuition Aid	32,280	92,449
	<u>153,564</u>	<u>439,802</u>
WP/A-3, Adjustment No. 4 Benefits related to above items		<u>(161,182)</u>
Other Employee Benefits included in Revenue Requirement	<u>\$ 153,564</u>	<u>\$ 278,620</u>

Preparer: Mark A. Myers  
En Li

Title: Associate Accountant – Payroll  
Manager – Financial Accounting

Sponsor: Cynthia S. Prieto

Title: Vice President – Controller

7SOAH DOCKET NO. 473-21-2606  
PUC DOCKET NO. 52195

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

EL PASO ELECTRIC COMPANY'S RESPONSE TO  
CITY OF EL PASO'S SIXTEENTH REQUEST FOR INFORMATION  
QUESTION NOS. CEP 16-1 THROUGH CEP 16-9

CEP 16-4:

El Paso Electric has offered retirement incentives to several of its employees and explained that the employees will be replaced with other positions. If any replacements for participating employees have not been identified or quantified in response to the previous question, please provide the starting base pay for the position being vacated.

RESPONSE:

The 2022 employee headcount is budgeted at approximately 1200 employees which is comparable to the current level. Additionally, the projected salaries and wages for 2022 is higher than the salaries and wages requested in this filing.

Preparer: Robert M. Almanzan

Title: Senior Director – Human Resources

Sponsor: Cynthia S. Prieto

Title: Vice President – Controller

SSOAH DOCKET NO. 473-21-2606  
PUC DOCKET NO. 52195

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

EL PASO ELECTRIC COMPANY'S RESPONSE TO  
COMMISSION STAFF'S TWELFTH REQUEST FOR INFORMATION  
QUESTION NOS. STAFF 12-1 THROUGH STAFF 12-11

STAFF 12-9:

**Contributions and Donations**

Reference Schedule G-04.02-(a). Please provide supporting documentation and detailed descriptions of the following:

Books are Gems  
Dona Ana Community College  
New Mexico State University Foundation  
STTE Foundation  
YSLETA Education Foundation

RESPONSE:

Staff counsel has agreed to withdraw this question because EPE is withdrawing its request to include charitable contributions in its cost of service.

Preparer: Alejandra Guevara

Title: Senior Accountant – Technical

Sponsor: Cynthia S. Prieto

Title: Vice President – Controller

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

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

EL PASO ELECTRIC COMPANY'S RESPONSE TO  
OFFICE OF PUBLIC UTILITY COUNSEL'S SECOND REQUEST FOR INFORMATION  
QUESTION NOS. OPUC 2-1 THROUGH OPUC 2-16

OPUC 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
- 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.

RESPONSE:

El Paso Electric Company ("EPE") did not rely on an IRS ruling and has not requested a private letter ruling regarding the classification of the above items for the calculation of the amortization of excess ADFIT. EPE classified each of the above items as protected for the calculation of the amortization of excess ADFIT. Although the above items were not subject to accelerated federal tax depreciation, they are included in EPE's PowerTax module which EPE uses to calculate tax depreciation and the amortization of excess ADFIT. EPE made the decision not to separate these items in the PowerTax module due to the net amount of excess ADFIT for these items of \$1.6 million, compared to the balances subject to accelerated depreciation of \$210 million (0.76%), in order to facilitate the ease of the calculation. The net amount of excess ADFIT for these items did not have a material impact

on the calculation of the average life of the unprotected excess ADFIT or the amortization of the protected excess ADFIT.

Preparer: Tammy Henderson

Title: Manager - Tax

Sponsor: Cynthia S. Prieto

Title: Vice President - Controller

EL PASO ELECTRIC COMPANY  
 2021 TEXAS RATE CASE FILING  
 OPERATION AND MAINTENANCE EXPENSE  
 COVID-19 RELATED COSTS  
 SPONSOR: CYNTHIA S. PRIETO  
 PREPARER: MYRNA A. ORTIZ  
 FOR THE TEST YEAR ENDED DECEMBER 31, 2020

WP/ A-3  
 ADJUSTMENT NO. 7  
 PAGE 1 OF 3

(a)		(b)
Line No.	Description	Total Amount
	COVID-19 Related Costs Various FERC Account Nos.	
1	Expense Amount, As Adjusted	\$ -
	Less:	
2	Amount Per Book	3,084,783 (A)
3	Expense Adjustment	\$ (3,084,783) (B)

Note:

(A) Includes COVID-19 related costs only.

(B) Test Year Adjustments:

506000	(82,700)
524000	(643,900)
549000	(36,076)
556000	(2,935)
566000	(9,598)
586000	(1,885)
588000	(77,018)
903000	(131,276)
904000	(803,227)
921000	(632,746)
923000	(118,966)
926000	(544,456)
	<u>\$ (3,084,783)</u>

Justification for requested adjustment:

On March 26, 2020, the PUCT issued in Docket No 50664, an order authorizing electric utilities to record as regulatory assets, expenses resulting from the effects of COVID-19, including but not limited to, non-payment of qualified customer bills. Therefore, the Company is removing these test year costs from Cost of Service and requesting these amounts be recovered in a separate rider.

See the testimony of EPE witness Cynthia S. Prieto.

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

EL PASO ELECTRIC COMPANY  
2021 TEXAS RATE CASE FILING  
OPERATION AND MAINTENANCE EXPENSE  
INTERNAL WORKPAPER - COSTS RELATED TO COVID-19 PANDEMIC  
SPONSOR: CYNTHIA S. PRIETO  
PREPARER: MYRNA A. ORTIZ  
FOR THE TEST YEAR ENDED DECEMBER 31, 2020

WP/ A-3  
ADJUSTMENT NO. 7  
PAGE 2 OF 3

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Line No.	Account and Description	Palo Verde Costs (1)	Operational Support (2)	Safety (3)	Customer Support (4)	Medical Costs (5)	Information Technology (6)	Costs Savings (7)	Bad Debt Expense	Total
1	506000 - MISC STEAM POWER EXP	\$ -	\$ 5,118	\$ 77,582	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82,700
2	524000 - MISC NUCLEAR POWER EXP	1,083,900	-	-	-	-	-	(440,000)	-	643,900
3	549000 - MISC OTHER POWER GEN EXP	-	12,493	23,583	-	-	-	-	-	36,076
4	556000 - SYSTM CONTROL & LOAD DISP	-	-	2,935	-	-	-	-	-	2,935
5	566000 - MISC TRANSMISSION EXP	-	1,540	8,058	-	-	-	-	-	9,598
6	586000 - METER EXPENSES	-	-	1,885	-	-	-	-	-	1,885
7	588000 - MISC DISTR EXPENSE	-	15,863	61,154	-	-	-	-	-	77,018
8	903000 - CUST RECORDS & COLL EXP	-	451	11,863	111,957	-	7,005	-	-	131,276
9	904000 - UNCOLLECTIBLE ACCOUNTS	-	-	-	-	-	-	-	803,227	(8) 803,227
10	921000 - OFFICE SUPPLIES & EXP	-	235,356	1,061,103	31,639	-	73,375	(768,725)	-	632,746
11	923000 - OUTSIDE SVS EMPLOYED	-	66,078	14,143	-	-	38,745	-	-	118,966
12	926000 - EMPLOYEE PENSIONS & BEN	-	-	-	-	544,456	-	-	-	544,456
13	COVID-19 related costs included in Cost of Service	1,083,900	336,900	1,262,305	143,596	544,456	119,125	(1,208,725)	803,227	3,084,783
14	182399 - OTHER REGULATORY ASSETS	-	-	-	-	-	-	-	3,213,020	(9) 3,213,020
15	Total COVID-19 expenses	\$ 1,083,900	\$ 336,900	\$ 1,262,305	\$ 143,596	\$ 544,456	\$ 119,125	\$ (1,208,725)	\$ 4,016,247	6,297,803
16	450000 - FORFEITED DISCOUNTS									944,710 (10)
17	Total COVID-19 rider request									\$ 7,242,513

Notes:

- O&M charges from APS identified as COVID-19 related, including outside services and materials and supplies costs.
- Security, medical consulting, food and accommodations (i.e. beds, freezers, washers, dryers, televisions).
- Personal protective equipment, janitorial services, disinfectants, etc.
- Mailings and notices related to COVID-19.
- Medical claims and testing costs for COVID-19 incurred between March 2020 and November 2020.
- Third party support, software (webex and cell service), computer peripherals (headsets, printers, cables), added due to COVID-19.
- Costs savings identified for Palo Verde site travel, office supplies and training and travel when comparing 2020 to 2019 costs.
- COVID-19 related bad debts charged to expense.
- COVID-19 related bad debts charged to regulatory assets.
- Late payment fees not assessed to customers between March 2020 and October 2020 per PUCT orders.

EL PASO ELECTRIC COMPANY  
2021 TEXAS RATE CASE FILING  
OPERATION AND MAINTENANCE EXPENSE  
COVID-19 RELATED COSTS  
SPONSOR: CYNTHIA S. PRIETO  
PREPARED BY: MYRNA A. ORTIZ  
FOR THE TEST YEAR ENDED DECEMBER 31, 2020

WP/ A-3  
ADJUSTMENT NO. 07  
PAGE 3 OF 3

Calculation of total COVID-19 rider with interest cost:

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Line	Month	Monthly Activity	Cumulative Principal Balance	Compound Interest at 7.725% (((1+0.07725*(1/12))-1)*(A))	Interest	Cumulative Interest	Cumulative Total	Total COVID- 19 Rider Amount
1	Jan-20	\$ -	\$ -	0.00622022	\$ -	\$ -	\$ -	\$ -
2	Feb-20	-	-	0.00622022	-	-	-	-
3	Mar-20	407,729	407,729	0.00622022	-	-	407,729	-
4	Apr-20	204,399	612,128	0.00622022	2,536	2,536	614,664	-
5	May-20	433,587	1,045,715	0.00622022	3,823	6,360	1,052,075	-
6	Jun-20	844,118	1,889,833	0.00622022	6,544	12,904	1,902,737	-
7	Jul-20	685,246	2,575,079	0.00622022	11,835	24,739	2,599,818	-
8	Aug-20	1,066,609	3,641,688	0.00622022	16,171	40,911	3,682,599	-
9	Sep-20	1,413,298	5,054,986	0.00622022	22,907	63,817	5,118,804	-
10	Oct-20	543,844	5,598,830	0.00622022	31,840	95,657	5,694,488	-
11	Nov-20	1,123,542	6,722,372	0.00622022	35,421	131,078	6,853,451	-
12	Dec-20	520,141	7,242,513	0.00622022	42,630	173,708	7,416,221	-
13	Jan-21	-	7,242,513	0.00622022	46,131	219,839	7,462,352	-
14	Feb-21	-	7,242,513	0.00622022	46,417	266,256	7,508,769	-
15	Mar-21	-	7,242,513	0.00622022	46,706	312,963	7,555,478	-
16	Apr-21	-	7,242,513	0.00622022	46,997	359,959	7,602,472	-
17	May-21	-	7,242,513	0.00622022	47,289	407,248	7,649,762	-
18	Jun-21	-	7,242,513	0.00622022	47,583	454,832	7,697,345	-
19	Jul-21	-	7,242,513	0.00622022	47,879	502,711	7,745,224	-
20	Aug-21	-	7,242,513	0.00622022	48,177	550,888	7,793,401	-
21	Sep-21	-	7,242,513	0.00622022	48,477	599,365	7,841,878	-
22	Oct-21	-	7,242,513	0.00622022	48,778	648,143	7,890,656	-
23	Nov-21	(120,709)	7,121,805	0.00622022	49,082	696,954	7,939,599	157,979
24	Dec-21	(120,709)	7,001,096	0.00622022	48,404	671,088	7,672,184	157,979
25	Jan-22	(120,709)	6,880,388	0.00622022	47,723	681,540	7,561,928	157,979
26	Feb-22	(120,709)	6,759,679	0.00622022	47,037	691,306	7,450,985	157,979
27	Mar-22	(120,709)	6,638,970	0.00622022	46,347	700,383	7,339,353	157,979
28	Apr-22	(120,709)	6,518,262	0.00622022	45,652	708,765	7,227,027	157,979
29	May-22	(120,709)	6,397,553	0.00622022	44,954	716,448	7,114,001	157,979
30	Jun-22	(120,709)	6,276,845	0.00622022	44,251	723,429	7,000,273	157,979
31	Jul-22	(120,709)	6,156,136	0.00622022	43,543	729,701	6,885,837	157,979
32	Aug-22	(120,709)	6,035,428	0.00622022	42,831	735,262	6,770,690	157,979
33	Sep-22	(120,709)	5,914,719	0.00622022	42,115	740,107	6,654,826	157,979
34	Oct-22	(120,709)	5,794,011	0.00622022	41,395	744,231	6,538,242	157,979
35	Nov-22	(120,709)	5,673,302	0.00622022	40,669	747,630	6,420,932	157,979
36	Dec-22	(120,709)	5,552,593	0.00622022	39,940	750,299	6,302,892	157,979
37	Jan-23	(120,709)	5,431,885	0.00622022	39,205	752,234	6,184,119	157,979
38	Feb-23	(120,709)	5,311,176	0.00622022	38,467	753,430	6,064,606	157,979
39	Mar-23	(120,709)	5,190,468	0.00622022	37,723	753,883	5,944,351	157,979
40	Apr-23	(120,709)	5,069,759	0.00622022	36,975	753,588	5,823,347	157,979
41	May-23	(120,709)	4,949,051	0.00622022	36,223	752,540	5,701,590	157,979
42	Jun-23	(120,709)	4,828,342	0.00622022	35,465	750,734	5,579,077	157,979
43	Jul-23	(120,709)	4,707,634	0.00622022	34,703	748,167	5,455,901	157,979
44	Aug-23	(120,709)	4,586,925	0.00622022	33,936	744,833	5,331,758	157,979
45	Sep-23	(120,709)	4,466,216	0.00622022	33,165	740,727	5,206,944	157,979
46	Oct-23	(120,709)	4,345,508	0.00622022	32,388	735,845	5,081,353	157,979
47	Nov-23	(120,709)	4,224,799	0.00622022	31,607	730,182	4,954,981	157,979
48	Dec-23	(120,709)	4,104,091	0.00622022	30,821	723,732	4,827,823	157,979
49	Jan-24	(120,709)	3,983,382	0.00622022	30,030	716,492	4,699,874	157,979
50	Feb-24	(120,709)	3,862,674	0.00622022	29,234	708,456	4,571,130	157,979
51	Mar-24	(120,709)	3,741,965	0.00622022	28,433	699,619	4,441,584	157,979
52	Apr-24	(120,709)	3,621,257	0.00622022	27,628	689,976	4,311,233	157,979
53	May-24	(120,709)	3,500,548	0.00622022	26,817	679,523	4,180,071	157,979
54	Jun-24	(120,709)	3,379,839	0.00622022	26,001	668,253	4,048,093	157,979
55	Jul-24	(120,709)	3,259,131	0.00622022	25,180	656,163	3,915,294	157,979
56	Aug-24	(120,709)	3,138,422	0.00622022	24,354	643,246	3,781,669	157,979
57	Sep-24	(120,709)	3,017,714	0.00622022	23,523	629,499	3,647,212	157,979
58	Oct-24	(120,709)	2,897,005	0.00622022	22,686	614,915	3,511,920	157,979
59	Nov-24	(120,709)	2,776,297	0.00622022	21,845	599,489	3,375,786	157,979
60	Dec-24	(120,709)	2,655,588	0.00622022	20,998	583,217	3,238,805	157,979
61	Jan-25	(120,709)	2,534,880	0.00622022	20,146	566,093	3,100,972	157,979
62	Feb-25	(120,709)	2,414,171	0.00622022	19,289	548,111	2,962,282	157,979
63	Mar-25	(120,709)	2,293,463	0.00622022	18,426	529,266	2,822,729	157,979
64	Apr-25	(120,709)	2,172,754	0.00622022	17,558	509,554	2,682,308	157,979
65	May-25	(120,709)	2,052,045	0.00622022	16,685	488,968	2,541,013	157,979
66	Jun-25	(120,709)	1,931,337	0.00622022	15,806	467,503	2,398,940	157,979
67	Jul-25	(120,709)	1,810,628	0.00622022	14,921	445,154	2,255,792	157,979
68	Aug-25	(120,709)	1,689,920	0.00622022	14,031	421,915	2,111,835	157,979
69	Sep-25	(120,709)	1,569,211	0.00622022	13,136	397,781	1,966,962	157,979
70	Oct-25	(120,709)	1,448,503	0.00622022	12,235	372,746	1,821,248	157,979
71	Nov-25	(120,709)	1,327,794	0.00622022	11,329	346,804	1,674,598	157,979
72	Dec-25	(120,709)	1,207,086	0.00622022	10,416	319,950	1,527,035	157,979
73	Jan-26	(120,709)	1,086,377	0.00622022	9,499	292,178	1,378,555	157,979
74	Feb-26	(120,709)	965,668	0.00622022	8,575	263,482	1,229,151	157,979
75	Mar-26	(120,709)	844,960	0.00622022	7,646	233,857	1,078,817	157,979
76	Apr-26	(120,709)	724,251	0.00622022	6,710	203,297	927,549	157,979
77	May-26	(120,709)	603,543	0.00622022	5,770	171,796	775,339	157,979
78	Jun-26	(120,709)	482,834	0.00622022	4,823	139,349	622,193	157,979
79	Jul-26	(120,709)	362,126	0.00622022	3,870	105,949	468,074	157,979
80	Aug-26	(120,709)	241,417	0.00622022	2,912	71,590	313,007	157,979
81	Sep-26	(120,709)	120,709	0.00622022	1,947	36,268	156,975	157,979
82	Oct-26	(120,709)	(0)	0.00622022	976	(28)	(28)	157,979
83		\$ (0)			\$ 2,236,199		\$ 9,478,740	

(A) Monthly carrying cost factor is computed using the formula  $(1 + i)^{1/12} - 1$ ; where  $i = 7.725\%$ , the weighted average cost of capital approved in the Final Order in EPE's 2017 Texas Rate Case, Docket No. 46831.

Principal	\$ 7,242,513
Interest	2,236,199
Total Covid-19 Regulatory Asset	9,478,712
Amortization period	5 years
Amortization per year	\$ 1,895,742



EL PASO ELECTRIC COMPANY  
 2021 TEXAS RATE CASE FILING  
 OPERATION AND MAINTENANCE EXPENSE  
 RECOVERABLE ADVERTISING, CONTRIBUTION AND  
 DONATION EXPENSES  
 SPONSOR: JENNIFER I. BORDEN  
 PREPARER: DENISE PEREZ  
 FOR THE TEST YEAR ENDED DECEMBER 31, 2020

WP/ A-3  
 ADJUSTMENT NO. 26  
 PAGE 2 OF 2

EL PASO ELECTRIC COMPANY  
 2021 TEXAS RATE CASE FILING  
 SCHEDULE G-4: SUMMARY OF ADVERTISING, CONTRIBUTIONS & DONATIONS  
 SPONSOR: JENNIFER I. BORDEN/CYNTHIA S. PRIETO  
 PREPARER: DENISE PEREZ  
 FOR THE TEST YEAR ENDED DECEMBER 31, 2020

SCHEDULE G-4  
 PAGE 1 OF 1

Copy

Line No.	FERC Account (A)	Category	Schedule No.	Test Year Amount	Other Reference
1		Advertising	G-4.1	\$ 1,637,980	
2		Contributions/Donations	G-4.2	<u>1,312,437</u>	
3		Total Test Year Expenses Subject to 0.3% Limitation		<u>\$ 2,950,417</u>	
<u>TEST PURSUANT TO 16 TAC § 25.231 (b)(1)(E).</u>					
ADVERTISING, CONTRIBUTION & DONATION LIMITATION					
4		Applicable Test Year Revenues		\$ 967,939,397	
5		% Limitation	x	<u>0.003</u>	
6		Dollar Limitation	a) \$	2,903,818	
7		Total Test Year Advertising Expense, above	b)	<u>1,637,980</u>	
8		Allowable amount of Contributions and Donations		1,265,838	
9		Revenue Requirement Adjustment		<u>(5,118)</u>	
10		Contributions and Donations included in Cost of Service		<u>\$ 1,260,720</u>	(B)

EL PASO ELECTRIC COMPANY  
2021 TEXAS RATE CASE FILING  
OPERATION AND MAINTENANCE EXPENSE  
RECOVERABLE ADVERTISING & CONTRIBUTION EXPENSES  
SPONSOR: JENNIFER I. BORDEN  
PREPARER: DENISE PEREZ  
FOR THE TEST YEAR ENDED DECEMBER 31, 2020

WP/ A-3  
ADJUSTMENT NO. 26  
PAGE 1 OF 2

(a)		(b)
Line No.	Description	Amount
	Recoverable Advertising, Contributions and Donations Adjustment to FERC Account No. 930200	
1	Total Advertising per book	\$ 1,637,980 (A)
2	Total Advertising costs requested	1,637,980
3	Adjustment	\$ -

Note:

(A) No contributions and donations are being requested.

Justification for Requested Adjustment

To include advertising, contributions and donations costs up to the allowable amount to be recovered as calculated pursuant to 16 TAC § 25.231 (b)(1)(E).  
See COPY of Schedule G-4 on page 2.

The following files are not convertible:

Exhibit CSP-2R.xlsx

Exhibit CSP-7R.xlsx

Exhibit CSP-8R.xlsx

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

Contact [centralrecords@puc.texas.gov](mailto:centralrecords@puc.texas.gov) if you have any questions.