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SOAH DOCKET NO. 473-21-2606
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APPLICATION OF EL PASO ELECTRIC COMPANY TO CHANGE RATES	**§** **§** **§**	**BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS**

CITY OF EL PASO'S RESPONSES TO
FREEPORT MCMORAN Inc.'s FIRST REQUEST FOR INFORMATION TO
CITY OF EL PASO FMI 1-1---FMI 1-3

Freeport McMoRan's First Requests for Information were served on November 23, 2021. Pursuant to the scheduling Order, the 5th working day after November 23, 2021 is December 3, 2021.

Dated: December 3, 2021.

Respectfully submitted,

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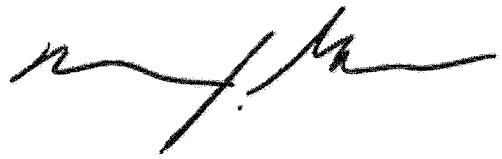
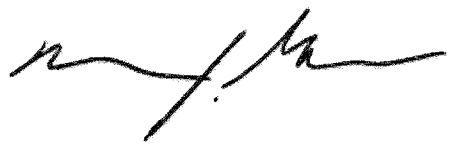


By:_____
Norman J. Gordon

Certificate of Service

I certify that a true and correct copy of this document was served by e-mail and/or US mail on all parties of record in this proceeding on December 3, 2021.



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CITY OF EL PASO'S RESPONSES TO FREEPORT MCMORAN's FIRST REQUEST FOR INFORMATION TO CITY OF EL PASO FMI 1-1---FMI 1-3

FMI 1-1 Referring to page 6:

a. Explain how Mr. Johnson defines and state the specific numerical criteria for determining "a reasonable range" in deciding what load factor to use with the AED-4CP formula.

b. State whether Mr. Johnson believes the average demand is measured based on the amount of energy consumed (adjusted for losses) during a single calendar year.

RESPONSE:

(a) As stated in his testimony, he is referring to a threshold range of reasonableness as applied to the AED methodology. Inasmuch as the AED methodology purports to combine both class energy and class demand to produce the AED allocation factor, logically the AED allocation factor for a class should lie between the class's energy and demand allocation factors. An AED allocation factor which does not meet this test will produce results either above both the energy and demand factors or below both the energy and demand factors. Numerically, this threshold criteria means that the percentage contribution of both energy and demand factors to the AED result is a positive number equal to or below 100%. As a result, the AED load factor which is more likely to produce AED results within this range should be selected.

(b) Yes. The average demand percentages used in the tables on page 7 of his testimony are based on the class average demand shown on Ex. JP-2.

Prepared and Sponsored by Clarence Johnson

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CHANGE RATES	**§**	**ADMINISTRATIVE HEARINGS**

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FREEPORT MCMORAN's FIRST REQUEST FOR INFORMATION TO
CITY OF EL PASO FMI 1-1---FMI 1-3

FMI 1-2 Referring to page 7:

a. State Mr. Johnson's definition of high load factor on lines 8-11.

b. What is the basis for Mr. Johnson's opinion that the three industrial classes cited on pages 6-7 all have high load factors?

RESPONSE:

(a) "High load factor" in the context of page 7 means that the classes generally are expected to have a load factor in excess of the system average load factor.

(b) The 4CP load factors for Electric Refining, Large Power Service, and Petroleum Refining are 65%, 73%, and 89%, respectively. (Source: Schedule P-07 Errata 2) These load factor are well in excess of system average 4CP load factor.

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FMI 1-3 Referring to page 18, does the use of average demand in applying the AED-4CP method result in allocating the majority of load dispatch expense on an energy basis? If Mr. Johnson disagrees, explain how average demand does not assign costs throughout the year the same as an energy allocator.

RESPONSE:

No. Although average demand appears to be an input to the AED-4CP formula, the use of "excess demand" (defined as peak demand minus average demand) in the formula algebraically eliminates any effective recognition of average demand. (The simple explanation is that the AED formula sums Average Demand and Excess Demand, and, by definition, Average Demand plus Excess Demand equals Peak Demand.) For this reason, the NARUC Cost Allocation Manual advises against using coincident demands in the AED formula if the intent is to recognize energy use (as the Manual says it should be).

The deviations from this algebraic result are based on eliminating negative excess demands for the lighting classes. This convention (setting negative excess demands to zero) causes non-lighting classes' AED-4CP factors to deviate somewhat from the measure of peak demand. However, these deviations do not equate to applying an energy allocation factor.

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