

TA-222
(06-19/16)

NOTICE OF FINAL ORDER

Notice of Final Order

A PROPERTY OWNER HAS A RIGHT TO APPEAL IN DISTRICT COURT AN APPRAISAL REVIEW BOARD ORDER DETERMINING A PROTEST AS PROVIDED BY TEXAS TAX CODE CHAPTER 42. TO APPEAL SUCH AN ORDER TO DISTRICT COURT, A PARTY MUST FILE A PETITION FOR REVIEW WITH THE DISTRICT COURT WITHIN 60 DAYS AFTER THE PARTY RECEIVES NOTICE THAT A FINAL ORDER HAS BEEN ENTERED FROM WHICH AN APPEAL MAY BE HAD OR AT ANY TIME AFTER THE HEARING BUT BEFORE THE 60-DAY DEADLINE. A PROPERTY OWNER ALSO HAS A RIGHT TO APPEAL IN DISTRICT COURT A DETERMINATION OF AN APPRAISAL REVIEW BOARD ON A MOTION FILED UNDER SECTION 25.25, TEXAS TAX CODE. THE LAW PROVIDES THAT TO FILE SUIT TO COMPEL AN APPRAISAL REVIEW BOARD TO ORDER A CHANGE IN THE APPRAISAL ROLL UNDER SECTION 25.25, A PARTY MUST FILE SUIT WITHIN 60 DAYS AFTER THE PARTY RECEIVES NOTICE OF THE APPRAISAL REVIEW BOARD'S DETERMINATION OF A MOTION UNDER SECTION 25.25 OR A DETERMINATION THAT THE PROPERTY OWNER HAS FAILED TO COMPLY WITH THE PRE-PAYMENT REQUIREMENTS. FAILURE TO TIMELY FILE A PETITION BARS AN APPEAL TO DISTRICT COURT.

A PARTY OTHER THAN A PROPERTY OWNER, IN ORDER TO EXERCISE THE PARTY'S RIGHT TO APPEAL AN ORDER OF AN APPRAISAL REVIEW BOARD, MUST FILE A WRITTEN NOTICE OF APPEAL WITHIN 15 DAYS AFTER THE DATE THE PARTY RECEIVES THIS NOTICE OR, IN THE CASE OF A TAXING UNIT, WITHIN 15 DAYS AFTER THE DATE THE TAXING UNIT RECEIVES NOTICE PURSUANT TO SECTION 41.07, TEXAS TAX CODE.

For more information regarding appeal to district court, you should consult Texas Tax Code, Chapter 42 and the clerk of the court. If you need legal advice, you should consult an attorney.

As an alternative to filing an appeal to district court, a property owner may appeal through binding arbitration an appraisal review board order determining a protest filed under Section 41.41(a)(1) or (2) of the Texas Tax Code concerning the appraised or market value of property if:

- (1) the property qualifies as the owner's residence homestead under Section 11.13 of the Texas Tax Code; or
- (2) the appraised or market value, as applicable, of the property as determined by the order is \$5 million or less.

To appeal an appraisal review board order through binding arbitration, a property owner must file with the appraisal district not later than the 60th day after the date the property owner receives notice of the order:

- (1) a completed request for binding arbitration, a copy of which is enclosed with this notice; and
- (2) an applicable arbitration deposit made payable to the Comptroller in the amount provided under Tax Code Chapter 41A.

For more information regarding appeal through binding arbitration, you should consult Texas Tax Code, Chapter 41A and Comptroller Rule 9.4251-9.4266. If you need legal advice, you should consult an attorney.

As an alternative to filing an appeal to district court, certain property owners may appeal to the State Office of Administrative Hearings (SOAH) an appraisal review board order determining a protest concerning the appraised or market value of property brought under Section 41.41(a)(1) or (2) of the Texas Tax Code if the appraised or market value, as applicable, of the property that was the subject of the protest, as determined by the appraisal review board order, is more than \$1 million.

To appeal an appraisal review board order to SOAH, a property owner must file with the chief appraiser of the appraisal district not later than the 30th day after the date the property owner receives notice of the order:

- (1) a completed notice of appeal to SOAH, a copy of which is enclosed with this notice; and
- (2) not later than the 90th day after the date the property owner receives the notice of order a deposit of \$1,500 made payable to SOAH must be filed with the appraisal district

For more information regarding appeal to SOAH, you should consult Texas Government Code, Chapter 2003 and related SOAH rules. If you need legal advice, you should consult an attorney.

It is important to note that the pendency of an appeal, whether to district court, through binding arbitration, or to the State Office of Administrative Hearings, does not affect the delinquency date for the taxes on the property subject to the appeal. For more specific information, consult the applicable statutes and rules.

Chairman, Appraisal Review Board

Signed on 07/08/20

sign
here →



2020 TAX STATEMENT



MARIA O. PASILLAS, RTA
CITY OF EL PASO TAX ASSESSOR COLLECTOR
221 N. KANSAS, STE 300
EL PASO, TX 79901

PH: (915) 212-0106 FAX: (915) 212-0107 www.elpasotexas.gov/tax-office

Certified Owner:

EL PASO ELECTRIC COMPANY
100 N STANTON ST
EL PASO, TX 79901-1463

Legal Description:

39 MILLS S 160 75 FT OF W 120 FT & ALY
ADJ & E 150 FT OF S 145 FT & 193 91 SQ
FT ADJ TO NWC

Account No: M473-999-0390-0900

Prop. ID. No.:390162

Legal Acres: 1 0204

Parcel Address:112 N STANTON ST

As of Date: 06/30/2021

Print Date: 06/30/2021

Market Value		Appraised Value	Assessed Value	Capped Value	Homesite Value	Agricultural Market Value	Non-Qualifying Value
Land	Improvement						
\$2,222,400	\$10,603,124	\$12,825,524	\$12,825,524	\$0	\$0	\$0	\$12,825,524
Taxing Unit		Assessed Value (100%)	Exemptions		Taxable Value	Tax Rate	Tax
			Code	Amount			
CITY OF EL PASO		\$12,825,524		\$0 00	\$12,825,524	0 9073010	\$116,366 11
EL PASO ISD		\$12,825,524		\$0 00	\$12,825,524	1 3183500	\$169,085 30
COUNTY OF EL PASO		\$12,825,524		\$0 00	\$12,825,524	0 4889970	\$62,716 43
Amount saved by additional sales tax revenue \$14 796 94							
EL PASO COMMUNITY COLLEGE		\$12,825,524		\$0 00	\$12,825,524	0 1398590	\$17,937 65
UNIVERSITY MEDICAL CENTER		\$12,825,524		\$0 00	\$12,825,524	0 2677470	\$34,339 96
DOWNTOWN MGMT DISTRICT		\$12,825,524		\$0 00	\$12,825,524	0 1200000	\$15,390 63

Total Tax: \$415,836 08

Total Tax Paid to date: \$415,836 08

Total Tax Remaining: \$0 00

Exemptions:

AMOUNT DUE IF PAID BY:

06/30/2021 15%	08/02/2021 18%	08/31/2021 19%	09/30/2021 20%	11/01/2021 21%	11/30/2021 22%
\$0 00	\$0 00	\$0 00	\$0 00	\$0 00	\$0 00

FOR CHANGES IN MAILING ADDRESS/OWNERSHIP OR ISSUES CONCERNING VALUE/EXEMPTIONS OR RENDITIONS, PLEASE CONTACT THE CENTRAL APPRAISAL DISTRICT AT 915 780-2131. PLEASE VISIT OUR WEBSITE TO PAY ONLINE AT www.elpasotexas.gov/tax-office OR PAY BY PHONE AT (915) 212-0106

School Information:

EL PASO ISD 2020 M&O 1.0547500 I&S .26360000 Total 1.3183500 2019 M&O 1.0683500 I&S .20000000 Total 1.2683500

PLEASE CUT AT THE DOTTED LINE AND RETURN THIS PORTION WITH YOUR PAYMENT.

4 1 71



Print Date: 06/30/2021

PLEASE NOTE YOUR ACCOUNT NUMBER ON YOUR CHECK AND MAKE CHECKS PAYABLE TO:



TAX ASSESSOR-COLLECTOR
PO BOX 2992
EL PASO, TEXAS 79999-2992
915 212-0106



M473-999-0390-0900
EL PASO ELECTRIC COMPANY
100 N STANTON ST
EL PASO, TX 79901-1463

AMOUNT PAID:

\$ _____.

202000390162

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El Paso County - 327th District Court

CAUSE NO. _____

EL PASO ELECTRIC COMPANY,	§	IN THE DISTRICT COURT OF
	§	
Plaintiff,	§	
	§	
v.	§	EL PASO COUNTY, TEXAS
	§	
EL PASO CENTRAL APPRAISAL	§	
DISTRICT	§	
	§	
Defendant.	§	____ JUDICIAL DISTRICT

**PLAINTIFF'S ORIGINAL PETITION FOR
REVIEW OF APPRAISAL REVIEW BOARD ORDER**

Plaintiff El Paso Electric Company ("Plaintiff"), files this Original Petition for Review of Appraisal Review Board Order against Defendant, El Paso Central Appraisal District ("Defendant" or "Appraisal District"), and would show the Court the following:

I. DISCOVERY CONTROL PLAN

1. Plaintiff intends to conduct Level 2 discovery pursuant to Texas Rule of Civil Procedure 190.3.

II. PARTIES

2. Plaintiff is the current owner, lessee or operator of property located in El Paso County, Texas, and listed on the Appraisal District's appraisal roll.

3. Defendant, located in El Paso County, Texas, is duly organized, and is acting pursuant to the laws of Texas. Defendant may be served with process by serving its Chief Appraiser, Dinah L. Kilgore, or any officer or employee of the Appraisal District present at the appraisal office at a time when it is open for business with the public. The Appraisal District's office is located at 5801 Trowbridge Drive, El Paso, Texas 79925.

III. JURISDICTION AND VENUE

4. The Court has subject-matter jurisdiction over this matter pursuant to section 42.01 and 42.21(a) and (h) of the Texas Tax Code and because the amount in controversy exceeds this Court's minimum jurisdictional requirements.

5. Venue is proper in El Paso County under section 42.22 of the Texas Tax Code.

6. Pursuant to Texas Rule of Civil Procedure 47(c), Plaintiff is seeking monetary relief of \$100,000 or less (attorneys' fees) and other non-monetary, equitable relief (correction of the property's value on the appraisal roll).

IV. RELEVANT FACTS

7. The property owned by Plaintiff, which is the subject of this cause, is located in El Paso County, Texas, and is further identified by Defendant, as follows (the "Property"):

<u>Account Number</u>	<u>Property Address</u>
390162	112 North Stanton Street

8. The Appraisal District notified Plaintiff that the value of the Property was appraised as follows for the 2020 tax year:

<u>Account Number</u>	<u>Noticed Value</u>
390162	\$17,612,780

9. Plaintiff timely filed with the appraisal review board ("ARB") a notice of protest of the valuation given the Property by the Chief Appraiser because the determination of the appraised value of the Property was (1) excessive under section 42.25; and (2) unequal in comparison with other similar property in the appraisal district under section 42.26 of the Texas Tax Code.

10. The ARB determined the protest and made its order in which the appraised value of the Property was determined to be as follows for 2020:

<u>Account Number</u>	<u>Final Value</u>
390162	\$12,825,524

The ARB transmitted to Plaintiff the notice of issuance of the order. Plaintiff now appeals that order, a copy of which is attached hereto as Exhibit A.

V. CLAIMS, CAUSES OF ACTION, AND REMEDIES

A. Violation of the Texas Property Tax Code

11. Plaintiff re-alleges and incorporates by reference all facts and allegations set forth above as though they were fully set forth herein.

12. As determined by the ARB, the appraised value for tax year 2020 exceeds the appraised value required by law under section 42.25 of the Texas Tax Code.

13. The Property's appraised value also exceeds the median appraised value of a reasonable number of comparable properties appropriately adjusted. Plaintiff requests that the Court reduce the Property's appraised value on the Appraisal District's appraisal roll for tax year 2020, as authorized by section 42.26 of the Texas Tax Code.

14. Without the support of the clear and convincing evidence required by section 23.01(e) of the Texas Tax Code, the Appraisal District's increase of the appraised value of the Property for the 2020 tax year is in violation of the Texas Tax Code. The levying of a tax on the Property based on the incorrect valuations is excessive, unequal, and will cause injury to Plaintiff.

B. Attorneys' Fees and Costs

15. Defendant's wrongful conduct has compelled Plaintiff to employ the services of Ryan Law Firm PLLC to protect its rights in this lawsuit. Pursuant to section 42.29 of the Texas

Tax Code, Plaintiff is entitled to recover from Defendant its reasonable attorneys' fees incurred pursuing its claims. Plaintiff is further entitled to an award of all costs incurred pursuant to section 42.07 of the Texas Tax Code.

VI. CONDITIONS PRECEDENT

16. All conditions precedent to a trial *de novo* before this Court have been performed or have occurred. All administrative remedies have been exhausted, the agency decision is final and appealable, and Plaintiff is entitled to a trial *de novo* of the ARB's order.

17. At this time, Plaintiff intends to pay the full amount of the tax assessment, but is unable to make a final decision at this time. If a decision is made to pay a lesser amount of taxes than the amounts billed, notices of the amount of taxes to be paid will be filed with the Court.

VII. REQUEST FOR JURY TRIAL

18. Pursuant to Texas Rule of Civil Procedure 216, Plaintiff requests that this case be set for a jury trial. Plaintiff will tender the appropriate jury fee in accordance with Rule 216.

VIII. REQUEST FOR DISCLOSURE

19. Pursuant to Rule 194 of the Texas Rules of Civil Procedure, Plaintiff requests Defendant to disclose (separately, fully, and in writing) the information or material described in Rule 194.2. Defendant is requested to serve its responses, including copies of all relevant documents and other tangible items, on Plaintiff's counsel at Ryan Law Firm PLLC located at 13155 Noel Road, Suite 1850, Dallas, Texas 75240.

IX. PRAYER

Plaintiff El Paso Electric Company prays that Defendant be cited to appear and answer, and that on final trial, the Court award judgment in favor of Plaintiff and against Defendant:

- (1) Fixing the appraised value of the Property in accordance with requirements of law pursuant to section 42.24(1) of the Texas Tax Code;

- (2) Determining that the appraised value of the Property, according to the appraisal roll, exceeds the appraised values required by law, and ordering a reduction of the appraised value pursuant to section 42.25 of the Texas Tax Code;
- (3) Determining that the Property is appraised unequally in comparison to the appraisal of other property in the Appraisal District, and ordering the appraised value reduced pursuant to section 42.26 of the Texas Tax Code;
- (4) Entering the orders necessary to ensure equal treatment under the law for Plaintiff under section 42.24(2) of the Texas Tax Code;
- (5) Awarding Plaintiff all costs incurred in this appeal pursuant to section 42.07 of the Texas Tax Code;
- (6) Awarding Plaintiff reimbursement for reasonable attorneys' fees from Defendant pursuant to section 42.29 of the Texas Tax Code;
- (7) Entering other orders necessary to preserve rights protected by and impose duties required by law pursuant to section 42.24(3) of the Texas Tax Code; and
- (8) Awarding Plaintiff all such further relief, in law or in equity, to which it may be entitled.

Respectfully Submitted,

Ryan Law Firm, PLLC
P.O. Box 802882
Dallas, Texas 75380-2882
Ph: 972.250.6363
Fax: 972.250.3599

By: /s/ Brittany Dumas
Kory L. Ryan
State Bar No. 24068065
Kory.Ryan@ryanlawyers.com
Kevin C. Watters
State Bar No. 24099512
Kevin.Watters@ryanlawyers.com
Michael P. Moore
State Bar No. 24075587
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Jeffrey L. Nanson
State Bar No. 24098166
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Derrick Gay
State Bar No. 24105059
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Brittany E. Dumas
State Bar No. 24101713
Brittany.Dumas@ryanlawyers.com
Emily Seale
State Bar No. 24093125
Emily.Seale@ryanlawyers.com
Nicolas C. Jeter
State Bar No. 24116570
Nicolas.Jeter@ryanlawyers.com

ATTORNEYS FOR PLAINTIFF

EXHIBIT A

Plaintiff Name	Account Number	2020 Notice Value	2020 Final ARB Value
El Paso Electric Company	390162	\$17,612,780	\$12,825,524

TA-221
(11-16/14)

ORDER DETERMINING PROTEST

Appraisal Review Board for:
EL PASO CENTRAL APPRAISAL DISTRICT
5801 TROWBRIDGE DR

EL PASO, TX 79925-3345

522599
RYAN LLC
221 N KANSAS ST STE 2101

EL PASO, TX 79901-1400

Appraisal Review Board
EL PASO CENTRAL APPRAISAL DISTRICT

Account #: M47399903900900

Case #: 2020-7318

Prop ID: 390162

Legal Desc: 39 MILLS S 160.75 FT OF W 120 FT & ALY
ADJ & E 150 FT OF S 145 FT & 193.91 SQ FT
ADJ TO NWC

ORDER DETERMINING PROTEST

On June 19, 2020, the Appraisal Review Board of EL PASO County, Texas, heard the protest of RYAN LLC concerning the appraisal records for tax year 2020.

The Board delivered proper notice of the date, time, and place of the hearing. The property owner or agent and the chief appraiser of the appraisal district were given the opportunity to testify and to present evidence. After considering the evidence and arguments presented at the hearing, the Board has determined that the protest concerned the following action(s) permitted by Section 41.41(a), Tax Code:

- Q01 (Incorrect appraised (market) value)
- Q02 (Value is unequal compared with other properties)
- Q06 (Exemption was denied, modified or cancelled)
- Q13 (Temporary disaster damage exemption was denied or modified)
- Q14 (Incorrect damage assessment r

Based on the evidence, the ARB makes the following determination(s):

The appraisal records are not correct and should be changed.

Appraiser Assigned Value: \$
ARB Assigned Market: \$12,825,524
ARB Assigned Equity: \$17,612,802

If an ARB determination is not shown for a protested issue, it was withdrawn before or during the protest hearing.

The Appraisal Review Board therefore ORDERS that:

The chief appraiser shall make changes to the appraisal records concerning this property and the values shall remain as follows:

	ARB Submitted**	Final Values*
EXEMPTIONS:		
LAND AG/TIM MARKET:	\$0	\$0
LAND HOMESTEAD VALUE:	\$0	\$0
LAND NON HOMESITE:	\$2,222,400	\$2,222,400
IMPROVEMENT VALUE:	\$15,390,380	\$10,603,124
TOTAL MARKET VALUE:	\$17,612,780	\$12,825,524
TOTAL APPRAISED VALUE:	\$17,612,780	\$12,825,524
TOTAL ASSESSED VALUE:	\$17,612,780	\$12,825,524

*If changes to the appraisal records are ordered due to a determination of excessive appraised or market value and also a determination of unequal appraisal, the lower of the two determinations shall be shown in the appraisal records.

** as shown in the appraisal records submitted to the board by the chief appraiser under Section 25.22 or 25.23

TA-775
(12-16/3)

NOTICE OF FINAL ORDER WITH FORM FOR NOTICE OF APPEAL

Appraisal Review Board for:
EL PASO CENTRAL APPRAISAL DISTRICT
5801 TROWBRIDGE DR

EL PASO, TX 79925-3345

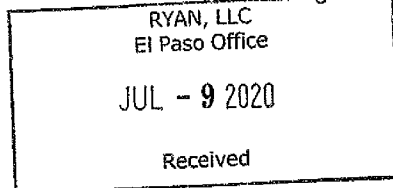
522599
RYAN LLC
221 N KANSAS ST STE 2101

EL PASO, TX 79901-1400

Case #: 2020-7318

Prop ID: 390162

Legal Desc: 39 MILLS S 160.75 FT OF W 120 FT & ALY
ADJ & E 150 FT OF S 145 FT & 193.91 SQ FT
ADJ TO NWC



Date: 07/08/20

NOTICE OF FINAL ORDER

THE APPRAISAL REVIEW BOARD HAS MADE A FINAL DECISION ON YOUR PROTEST. A COPY OF THE ORDER DETERMINING THE PROTEST IS ENCLOSED WITH THIS NOTICE.

YOU HAVE A RIGHT TO APPEAL THIS ORDER TO THE DISTRICT COURT. IF YOU WANT TO APPEAL AND HAVE QUESTIONS, YOU SHOULD CONSULT AN ATTORNEY. PLEASE SEE THE FULL NOTICE OF FINAL ORDER ON PAGE 3 FOR GROUNDS FOR APPEAL AND FILING A PETITION. IF YOU DO APPEAL AND YOUR CASE IS PENDING, YOU MUST PAY THE AMOUNT OF TAXES NOT IN DISPUTE OR THE AMOUNT OF TAXES DUE ON THE PROPERTY UNDER THE ARB ORDER, WHICHEVER IS LOWER, TO EACH TAXING UNIT BEFORE TAXES FOR THE YEAR BECOME DELINQUENT.

TA-222
(06-19/16)

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To appeal an appraisal review board order to SOAH, a property owner must file with the chief appraiser of the appraisal district not later than the 30th day after the date the property owner receives notice of the order:

- (1) a completed notice of appeal to SOAH, a copy of which is enclosed with this notice; and
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For more information regarding appeal to SOAH, you should consult Texas Government Code, Chapter 2003 and related SOAH rules. If you need legal advice, you should consult an attorney.

It is important to note that the pendency of an appeal, whether to district court, through binding arbitration, or to the State Office of Administrative Hearings, does not affect the delinquency date for the taxes on the property subject to the appeal. For more specific information, consult the applicable statutes and rules.

Chairman, Appraisal Review Board

Signed on 07/08/20

sign
here →

Michael R. Briggs

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
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-48

STAFF 1-8:

Taxes Other Than Income Taxes

For any current property tax valuation protest(s), provide documents related to such protest(s).

RESPONSE:

Please see response to Staff 1-7, Attachment 1.

Preparer: Tamera Henderson

Title: Manager – Tax

Sponsor: Sean M. Ihorn

Title: Director – Tax

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

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COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-48

STAFF 1-9:

Taxes Other Than Income Taxes

With regards to the calculation of property tax expense, does the Company apply a CWIP and/or obsolescence factor to its gross plant in service balance? If yes, provide those factors for the test year and previous four calendar years.

RESPONSE:

No, El Paso Electric Company does not apply a construction work in progress and/or obsolescence factor to its gross plant in service balance for the calculation of property taxes.

Preparer: Tamera Henderson

Title: Manager – Tax

Sponsor: Sean M. Ihorn

Title: Director – Tax

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

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QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-48

STAFF 1-10:

Taxes Other Than Income Taxes

Is the Company's CWIP subject to any ad valorem taxes? If so, state whether the taxes are expensed or capitalized. Provide the amount of ad valorem tax associated with any requested CWIP adjustments. If the Company has included the associated expense in its requested revenue requirement, please identify where.

RESPONSE:

Certain portions of El Paso Electric Company's ("Company") construction work in progress ("CWIP") are subject to ad valorem taxes. The taxes assessed on CWIP are not capitalized. There were no CWIP adjustments in the requested filing. The Company has not included ad valorem taxes assessed on CWIP in the requested revenue requirement.

Preparer: Tamera Henderson

Title: Manager – Tax

Sponsor: Sean M. Ihorn

Title: Director – Tax

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

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RATES	§	ADMINISTRATIVE HEARINGS

EL PASO ELECTRIC COMPANY'S RESPONSE TO
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QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-48

STAFF 1-11:

Taxes Other Than Income Taxes

Does the Company pay taxes on plant leased to others? If so, is the Company reimbursed for these taxes paid?

RESPONSE:

Yes, El Paso Electric Company ("Company") pays taxes on plant leased to others. The Company is reimbursed for ad valorem taxes paid as part of the rent charged to the lessee. The revenue on plant leased to others is credited to FERC Account 454, Rent from Electric Property.

Preparer: Tamera Henderson

Title: Manager – Tax

Sponsor: Sean M. Ihorn

Title: Director – Tax

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

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ELECTRIC COMPANY TO CHANGE	§	OF
RATES	§	ADMINISTRATIVE HEARINGS

EL PASO ELECTRIC COMPANY'S RESPONSE TO
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-48

STAFF 1-12:

Taxes Other Than Income Taxes

Does the Company's request for ad valorem taxes include taxes on property values deemed imprudent by the Commission? If so, please identify the amount of taxes and the associated plant balance.

RESPONSE:

Because El Paso Electric Company ("Company") has no property deemed imprudent by the Commission, the Company's request for ad valorem taxes does not include taxes on property values deemed imprudent by the Commission.

Preparer: Tamera Henderson

Title: Manager – Tax

Sponsor: Sean M. Ihorn

Title: Director – Tax

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
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-48

STAFF 1-13:

Taxes Other Than Income Taxes

Does the Company's request for ad valorem taxes include taxes on property which is not used and useful in providing utility service? If so, please identify the amount of taxes and the associated plant balance.

RESPONSE:

Because El Paso Electric Company ("Company") does not have any property that is not used and useful in providing utility service, the Company's request for ad valorem taxes does not include taxes on property that is not used and useful in providing utility service.

Preparer: Tamera Henderson

Title: Manager – Tax

Sponsor: Sean M. Ihorn

Title: Director – Tax

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
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-48

STAFF 1-14:

Taxes Other Than Income Taxes

Provide the following regarding the Company's ad valorem taxes:

1. Total taxes paid for the prior two calendar years in Texas and all other jurisdictions.
2. Accounting distribution of taxes paid in each state for the prior two calendar years (expense, capital, and other by FERC account).
3. Total gross and net book values upon which such taxes were assessed and paid in each jurisdiction for the prior two calendar years. Distinguish by component as applicable (plant in service, materials and supplies, CWIP, etc.)
4. Property taxes charged to electric expenses for each month of the test year by FERC account.

RESPONSE:

1. Please see Staff 1-14 Attachment 1, lines 1 through 12.
2. Please see Staff 1-14 Attachment 1, lines 1 through 12.
3. Please see Staff 1-14 Attachment 1, lines 13 through 38.
4. Please see Staff 1-14 Attachment 1, lines 39 through 51.

Preparer: Tamera Henderson

Title: Manager – Tax

Sponsor: Sean M. Ihorn

Title: Director – Tax

Line No	(a) Jurisdiction	(b) FERC Account	(c) 2019	(d) 2020
RESPONSE TO NUMBER 1 AND 2 PARAGRAPHS				
	<u>Property Taxes Paid</u>			
1	New Mexico	408 1	\$ 3,442,327	3,462,535
2	New Mexico	107	-	-
3	TOTAL NEW MEXICO		<u>3,442,327</u>	<u>3,462,535</u>
4	Texas	408 1	15,272,227	16,649,274
5	Texas	107	-	-
6	TOTAL TEXAS		<u>15,272,227</u>	<u>16,649,274</u>
7	Arizona	408 1	7,152,266	6,797,212
8	Arizona	107	-	-
9	TOTAL ARIZONA		<u>7,152,266</u>	<u>6,797,212</u>
10	All Jurisdictions	408 1	25,866,820	26,909,021
11	All Jurisdictions	107	-	-
12	TOTAL		<u>\$ 25,866,820</u>	<u>\$ 26,909,021</u>
RESPONSE TO NUMBER 3 PARAGRAPH				
13	<u>Book Values at January 1</u>			
14	Gross Plant	101-106,114		
15	Texas		\$ 2,299,202,294	\$ 2,451,356,863
16	New Mexico		822,680,022	851,968,498
17	Arizona		2,029,731,506	2,065,698,735
18	TOTAL GROSS PLANT		<u>\$ 5,151,613,822</u>	<u>\$ 5,369,024,096</u>
19	Accum Depreciation	108,110,111,115		
20	Texas		\$ (692,622,035)	\$ (730,922,275)
21	New Mexico		(328,531,256)	(341,552,050)
22	Arizona		(1,291,528,078)	(1,309,510,539)
23	TOTAL ACCUM DEPRECIATION		<u>\$ (2,312,681,369)</u>	<u>\$ (2,381,984,864)</u>
24	Net Plant			
25	Texas		\$ 1,606,580,259	\$ 1,720,434,588
26	New Mexico		494,148,766	510,416,448
27	Arizona		738,203,428	756,188,196
28	TOTAL NET PLANT		<u>\$ 2,838,932,453</u>	<u>\$ 2,987,039,232</u>
29	CWIP (a)	107		
30	Texas		\$ 97,045,538	\$ 94,106,055
31	New Mexico		27,216,990	21,205,755
32	Arizona		45,064,701	42,539,189
33	TOTAL CWIP		<u>\$ 169,327,229</u>	<u>\$ 157,850,999</u>
34	Materials & Supplies	151, 154, 163		
35	Texas		\$ 25,087,270	\$ 29,489,668
36	New Mexico		4,591,139	6,109,963
37	Arizona		29,236,067	29,917,785
38	TOTAL MATERIAL & SUPPLIES		<u>\$ 58,914,476</u>	<u>\$ 65,517,416</u>

(a) As indicated in the Company's response to Staff 1-10, the Company has not included ad valorem taxes assessed on CWIP in the requested revenue requirement

RESPONSE TO NUMBER 4 PARAGRAPH

		(a)	(b)	(c)	(d)	(e)
		Property Taxes Charged to Electric Expenses by month in Test Year				
		FERC Account 408 1			Total Property	
		New Mexico	Texas	Arizona	Taxes Charged	
39	January 2020	\$ 401,150	\$ 1,504,735	\$ 584,151	\$	2,490,036
40	February 2020	401,150	1,504,534	584,151		2,489,835
41	March 2020	401,150	1,508,602	584,151		2,493,903
42	April 2020	401,150	1,504,532	574,741		2,480,423
43	"May 2020	401,150	1,593,245	584,151		2,578,546
44	June 2020	401,150	1,522,274	584,151		2,507,575
45	July 2020	401,150	1,522,274	584,151		2,507,575
46	August 2020	401,150	1,522,274	584,151		2,507,575
47	September2020	401,150	1,522,274	319,789		2,243,213
48	October 2020	401,150	1,521,012	554,777		2,476,939
49	November 2020	(524,982)	1,522,148	554,777		1,551,943
50	Dec-20	316,954	970,724	554,788		1,842,466
51	Total	\$ 3,803,472	\$ 17,718,628	\$ 6,647,929	\$	28,170,030

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
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-48

STAFF 1-15:

Taxes Other Than Income Taxes

Describe in detail the assessment of property taxes by Texas and other states on fuel as well as materials and supplies.

RESPONSE:

Assessment of Property Taxes on Fuels:

Texas – Property taxes are assessed on the value of gas stored at Keystone Gas Storage on December 31st of each year by Winkler County.

New Mexico – No taxes are assessed on the value of the fuel stored at any locations in New Mexico.

Arizona – No taxes are assessed on the value of fuel stored at any locations in Arizona.

Assessment of Property Taxes on Materials and Supplies:

Texas – Property taxes are assessed on the market value of materials and supplies as of January 1st of each year.

New Mexico – No property taxes are assessed on materials and supplies used in New Mexico.

Arizona – Materials and supplies are valued at 100% of cost. Property taxes are assessed on materials and supplies on hand at December 31st of each year.

Preparer: Tamera Henderson

Title: Manager – Tax

Sponsor: Sean M. Ihorn

Title: Director – Tax

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
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-48

STAFF 1-16:

Taxes Other Than Income Taxes

Does the Company take advantage of all ad valorem tax discounts available? If not, why not?

RESPONSE:

El Paso Electric Company applies all available ad valorem discounts.

Preparer: Tamera Henderson

Title: Manager – Tax

Sponsor: Sean M. Ihorn

Title: Director – Tax

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
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-48

STAFF 1-17:

Payroll

Has the Company experienced any reductions in force since the end of the test year or does the Company anticipate any reductions in force during the rate year? If yes, please describe and quantify.

RESPONSE:

El Paso Electric Company ("EPE") does not have programs designed to reduce its number of employees. Please see EPE's responses to CEP 2-8 and CEP 2-9.

Preparer: Robert M. Almanzan

Title: Senior Director – Human Resources

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
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-48

STAFF 1-18:

Payroll

Please provide a narrative description of any and all programs that the Company and/or its parent company has instituted which resulted in a decrease to the Company's number of employees since the beginning of the test year.

RESPONSE:

El Paso Electric Company ("Company") does not have programs designed to reduce its number of employees. Please see the Company's response to CEP 2-8.

Preparer: Robert M. Almanzan

Title: Senior Director – Human Resources

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
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-48

STAFF 1-19:

Payroll

Please provide a narrative description of any and all programs that the Company and/or its parent company has instituted which could result in a decrease to the Company's number of employees after the end of the test year.

RESPONSE:

El Paso Electric Company ("Company") does not have programs designed to reduce its number of employees. Please see the Company's response to CEP 2-8.

Preparer: Robert M. Almanzan

Title: Senior Director – Human Resources

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
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-48

STAFF 1-20:

Payroll

Please quantify the savings which have been achieved or that are expected to be achieved from programs to reduce the number of employees of the Company and/or its parent company.

RESPONSE:

El Paso Electric Company ("Company") does not have programs designed to reduce its number of employees. Please see the Company's response to CEP 2-8.

Preparer: Robert M. Almanzan

Title: Senior Director – Human Resources

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
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-48

STAFF 1-21:

Payroll

Does the Company have a written severance policy? If yes, please provide a copy of the policy. If no, please explain why not and provide details of any non-written policies that are utilized by the Company.

RESPONSE:

El Paso Electric Company does not have a written or unwritten severance policy. Severance issues are determined on a case by case basis.

Preparer: Robert M. Almanzan

Title: Senior Director – Human Resources

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
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-48

STAFF 1-22:

Payroll

Has the Company included any non-qualified pension payments in its request? If so, please provide by FERC account and identify as Company direct or affiliate allocated. Please provide the amounts expensed as well as the amounts capitalized.

RESPONSE:

The request includes amounts for El Paso Electric Company's ("Company") nonqualified pension costs in FERC account 926 as well as amounts charged to FERC account 107 that were closed to plant in service during the test year. Amounts recorded by the Company for its Excess Benefit Plan ("Excess") and Supplemental Retirement Plan ("SERP") are shown below. All requested amounts are Company direct costs. There were no affiliate pension costs allocated during the test year.

<u>FERC Account</u>	<u>Excess</u>	<u>SERP</u>	<u>Total</u>
926 - Employee Pensions and Benefits	\$937,304	\$1,033,409	\$1,970,713
107 - Construction Work in Progress	82,225	7,602	89,827

Preparer: Karen Baca

En Li

Title: Senior Accountant – Technical
Accounting
Manager – Financial Accounting

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
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-48

STAFF 1-23:

Payroll

Please provide by FERC account, the dollar amount of direct payroll expensed during the test year.

RESPONSE:

Please see pages 3 through 6 of WP/A-3, Adjustment 3 Salaries.

Preparer: Magdalena Rodriguez

Title: Supervisor – Payroll

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
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-48

STAFF 1-24:

Payroll

Please provide by FERC account, the dollar amount of affiliate/allocated payroll expensed during the test year.

RESPONSE:

El Paso Electric Company had no affiliate/allocated payroll expenses during the test year.

Preparer: Mark A. Myers
Magdalena Rodriguez

Title: Associate Accountant – Payroll
Supervisor – Payroll

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
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-48

STAFF 1-25:

Payroll

Does the Company's requested revenue requirement include any amounts for moving allowances, signing bonuses, or severance packages? If so, please specify by type, amount, and FERC account.

RESPONSE:

El Paso Electric Company's requested revenue requirement does not include any amounts for the payments of moving allowances, signing bonuses, or severance packages.

Preparer: Magdalena Rodriguez

Title: Supervisor – Payroll

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
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-48

STAFF 1-26:

Payroll

Reference the Company's response to Staff 1-25. Please provide the level of moving allowances, signing bonuses, and severance payments for the previous three calendar years and the current calendar year to date.

RESPONSE:

Please refer to El Paso Electric Company's response to Staff 1-25.

Preparer: Magdalena Rodriguez

Title: Supervisor – Payroll

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
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-48

STAFF 1-27:

Payroll

Please provide a copy of the Company's policy for payments of moving allowances and signing bonuses.

RESPONSE:

El Paso Electric Company ("Company" or "EPE") does not have written policies for signing bonuses. The Company considers a signing bonus as recruiting incentives and determines the reasonableness of each request on a case by case basis. The relocation policy applies to newly hired employees that remain employed for a minimum of 12 months and relocate from a location greater than 100 miles from their EPE work location. Please see Staff 1-27, Attachment 1, which contains a copy of the Company's Relocation Allowance Policy.

Preparer: Robert M. Almanzan

Title: Senior Director – Human Resources

Sponsor: Cynthia S. Prieto

Title: Vice President – Controller



Relocation Allowance Policy

Purpose:

To stay competitive with local, regional, and utility industry markets to attract and recruit talented and qualified candidates for employment. El Paso Electric (EPE) may offer eligible candidates accepting a contingent offer for employment certain Relocation Benefits.

Policy:

To receive these benefits, qualifications must be met as outlined in this policy and the relocating candidate must sign a **Relocation Expense Reimbursement Agreement**. This guideline applies to newly hired employees that relocate and remain employed for a minimum of twelve (12) months from a location greater than one hundred (100) miles outside of their work location. Relocation estimates must be approved by the Human Resources Supervisor and Director before the candidate relocates to El Paso.

Eligibility:

To be eligible for relocation benefits, the distance between the candidate's current location greater than one hundred (100) miles outside of El Paso.

At least **one** of the following criteria also must be met:

- New hire accepts a full-time position and has accepted to relocate to the El Paso area
- Position meets the Difficult to Fill definition:
 - High-demand position resulting in labor shortage
 - Requisition that have had multiple postings without a viable candidate
 - Business-identified "key and critical" position

Reimbursement Benefits:

The reimbursement costs for employee and family to travel from the old location to the new location may include the following:

- Mileage covered for up to 2 cars
- Meals
- Lodging
- Rental of U-Haul
- Moving Supplies
- Shipping of Belongings
- Moving Company
- Interim living housing expense (lodging costs only) for up to 30 days
- Storage of household goods for up to 30 calendar days
- Rental/Lease Cancellation Fee
- Airfare
- Rental Car



Relocation Allowance Policy

	Hourly Employee or New College Graduate	Professional or Supervisory Level	Manager, Director, Senior Professional, or Hard to fill
Relocation Allowance Limit:	Maximum \$2,500	Maximum \$5,000	Maximum \$15,000*
Mileage covered for up to 2 cars; rates for reimbursement will be 57.5 cents for every mile	X	X	X
Meals- \$50 per day per person relocating	X	X	X
Lodging needed for travel to El Paso from current location	X	X	X
Rental of U-Haul and cost of moving supplies	X	X	X
Rental/Lease Cancellation Fees	X	X	X
Storage of household goods for up to 30 calendar days		X	X
Moving Company or Shipment of Household Goods (may be arranged by EPE)			X
Interim living housing expense (lodging costs only) for up to 30 days			X
Pre-move House/Apartment Hunting Trip - One trip not to exceed three days. Will include airfare, reasonable lodging and meal expense			X

*Any amount above \$15,000 must be approved by the VP- Human Resources.

Documentation:

All original receipts and invoices must be submitted upon the employee's first date of employment for processing.

Taxes:

All Relocation Benefits are taxable. The Company will report Relocation Benefits through Payroll and the amounts reflected in pay stubs and year end W-2. For actual tax advice, a tax accountant or advisor should be consulted.



Relocation Allowance Policy

Repayment:

Relocation Benefits will need to be repaid if the employee separates from the Company for any reason other than layoff within twelve (12) months from the first day worked as a new hire, the employee will be required to reimburse the Company for all expenses paid by the Company related to that relocation. If the employee voluntarily leaves prior to the completion of one year of employment, the employee will be responsible to reimburse and pay EPE on a prorated basis.

Relocation Expense Reimbursement Agreement

I, _____ understand El Paso Electric (EPE) will pay for reasonable moving expenses which I incur in relocating and beginning employment with EPE.

I understand my employment with EPE is at-will and not based on any specific duration or term of service.

I understand that that if I separate from EPE for any reason other than layoff within twelve (12) months from my first day of employment I will be required to reimburse EPE for all expenses related to relocation. If I voluntarily leaves prior to the completion of one year of employment, I will be responsible to reimburse and pay EPE on a prorated basis for all expenses related to relocation.

I understand that all Relocation Benefits are taxable and EPE will report Relocation Benefits through Payroll and the amounts will be reflected in my pay stubs and year end W-2.

Printed Name

Signature

Date

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
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-48

STAFF 1-28:

Payroll

Does the Company's requested revenue requirement include amounts for executive perquisites such as financial planning and tax gross-ups? If so, please provide an explanation of the types of perquisites included, a copy of the Company's policies regarding the payment of such perquisites, and the amount of such payments included in the revenue requirement by FERC account.

RESPONSE:

El Paso Electric Company's requested revenue requirement does not include executive perquisites.

Preparer: Magdalena Rodriguez

Title: Supervisor – Payroll

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
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-48

STAFF 1-29:

Payroll

Please provide the payroll expense percentages for the test year and each of the three years prior to the test year for the Company and for each affiliated company with payroll included in the revenue requirement.

RESPONSE:

Please refer to El Paso Electric Company's response to CEP 2-07 at Attachment 1, column (f).

Preparer: Magdalena Rodriguez

Title: Supervisor – Payroll

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
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-48

STAFF 1-30:

Payroll

Please explain if the Company included any post-test year pay increases in its pro forma revenue requirement.

RESPONSE:

Please see El Paso Electric Company's response to CEP 2-12.

Preparer: Magdalena Rodriguez

Title: Supervisor – Payroll

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
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-48

STAFF 1-31:

Payroll

Please provide the payroll by pay period for the test year through latest available date for each employee group with a separate payroll annualization calculation in the Company's exhibits, and showing for each pay period the number of employees, the amount of base pay, the amount of overtime pay, the overtime hours, the amount of incentives paid, and the amount of other pay. Please provide this information separately for the Company and for each affiliate of the Company. Please provide this response in Excel compatible format with all formulas fully functional and intact.

RESPONSE:

Please refer El Paso Electric Company's response to CEP 2-5, Attachment 1 and CEP 2-6, Attachment 1 for the requested information. The Company has not incurred any affiliate payroll costs.

Preparer: Magdalena Rodriguez

Title: Supervisor – Payroll

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
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-48

STAFF 1-32:

Payroll

Please provide the pro forma payroll for each employee group with a separate payroll annualization calculation in the Company's exhibits, and showing for each payroll group the number of employees, the amount of base pay, the amount of overtime pay, the overtime hours, the amount of incentives paid, and the amount of other pay. Please provide this information separately for the Company and for each affiliate of the Company. Please provide this response in Excel compatible format with all formulas fully functional and intact.

RESPONSE:

Please see WP A-3, Adjustment No. 3 Salaries for the requested information. The Company has not incurred any affiliate payroll costs.

Preparer: Magdalena Rodriguez

Title: Supervisor – Payroll

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
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-48

STAFF 1-33:

Payroll

Please provide the payroll for the test year and each of the three years preceding the test year, showing for average number of employees, the amount of base pay, the amount of overtime pay, the overtime hours, the amount of incentives paid, and the amount of other pay. Please provide this information separately for the Company and for each affiliate of the Company. Please provide this response in Excel compatible format with all formulas fully functional and intact.

RESPONSE:

Please refer to Schedule G-1.1, G-1.5, and G-1.6 for the information requested above. El Paso Electric Company has not incurred any affiliate payroll costs.

Preparer: Magdalena Rodriguez

Title: Supervisor – Payroll

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
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-48

STAFF 1-34:

Payroll

Please provide the Company's policy regarding pay increases, and explain if the Company grants general pay increases, if the general pay increases are granted on the same date for all qualifying employees, an explanation of the alternative dates if that is used instead of a uniform increase date, if the individual increases are based on merit, and the different methods are used to determine the amount pay increases for each payroll group (contract, management's decision, etc.).

RESPONSE:

Please see El Paso Electric Company's ("Company") response to CEP 2-11 for the Company's policy regarding pay increases. Pay increases are set contractually for bargaining employees and are annually in September in the current Collective Bargaining Agreement. Pay increases for non-union employees are effective in the first pay period of each calendar year, which generally begins in the last two weeks of the prior calendar year. Pay increases for officers are effective at a date established by the People and Remuneration Committee of the Board of Directors, which are generally in the first quarter of each calendar year.

Preparer: Robert M. Almanzan

Title: Senior Director – Human Resources

Sponsor: Cynthia S. Prieto

Title: Vice President – Controller

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

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ELECTRIC COMPANY TO CHANGE	§	OF
RATES	§	ADMINISTRATIVE HEARINGS

EL PASO ELECTRIC COMPANY'S RESPONSE TO
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-48

STAFF 1-35:

Payroll

If pay increases are granted on a uniform date for groups of employees, please provide the dates each general pay increase was granted during the test year, identify the applicable payroll groups for each pay increase, and for each identified payroll group provide the number of employees and base pay by payroll period in the test year and for each pay period following the test year through the latest available date.

RESPONSE:

Please refer to Staff 1-35, Attachment 1 for the information requested above.

Preparer: Magdalena Rodriguez

Title: Supervisor – Payroll

Sponsor: Cynthia S. Prieto

Title: Vice President – Controller

Line No.	Pay Period End Dates	Pay Increase Effective Dates by Group	Executive		Union		Non-Union	
			1/1/2020 (updated on 2/5/20)		8/31/2020 (updated on 9/4/20)		12/21/2020 (updated on 12/29/20)	
			# of Employees	Base Pay	# of Employees	Base Pay	# of Employees	Base Pay
1	1/5/2020		14	4,050,000.00	426	30,863,289.60	696	62,397,154.54
2	1/19/2020		14	4,050,000.00	427	30,799,433.60	700	62,709,464.08
3	2/2/2020		14	4,050,000.00	430	31,031,249.60	702	62,876,570.43
4	2/16/2020		14	4,207,500.00	427	30,833,233.60	699	62,547,482.34
5	3/1/2020		14	4,207,500.00	426	30,751,905.60	701	62,745,266.02
6	3/15/2020		14	4,207,500.00	426	30,751,905.60	701	62,745,266.02
7	3/29/2020		14	4,219,500.00	420	30,371,660.80	696	62,377,333.75
8	4/12/2020		14	4,219,500.00	421	30,418,398.40	697	62,435,333.75
9	4/26/2020		14	4,219,500.00	421	30,418,398.40	697	62,435,333.75
10	5/10/2020		14	4,219,500.00	424	30,587,564.80	694	62,184,053.69
11	5/24/2020		14	4,219,500.00	423	30,598,630.40	693	62,145,642.49
12	6/7/2020		14	4,219,500.00	425	30,738,510.40	701	62,548,440.77
13	6/21/2020		14	4,219,500.00	426	30,870,798.40	709	63,067,137.49
14	7/5/2020		14	4,219,500.00	423	30,652,481.60	707	62,803,707.96
15	7/19/2020		14	4,219,500.00	423	30,652,481.60	707	62,803,707.96
16	8/2/2020		14	4,219,500.00	422	30,713,675.20	712	63,034,539.13
17	8/16/2020		14	4,219,500.00	421	30,709,203.20	712	63,034,539.13
18	8/30/2020		14	4,219,500.00	420	30,683,619.20	710	63,031,615.36
19	9/13/2020		15	4,969,500.11	426	30,930,993.60	701	62,498,149.00
20	9/27/2020		15	4,969,500.11	426	30,930,993.60	701	62,498,149.00
21	10/11/2020		13	4,142,500.00	434	32,280,832.22	705	62,737,261.74
22	10/25/2020		13	4,142,500.00	434	32,321,829.02	705	62,814,617.81
23	11/8/2020		12	3,717,500.00	434	32,420,691.42	705	62,861,158.77
24	11/22/2020		12	3,717,500.00	434	32,455,947.42	705	62,908,573.64
25	12/6/2020		12	3,717,500.00	434	32,465,141.02	706	62,915,611.42
26	12/20/2020		12	3,717,500.00	434	32,471,006.62	705	62,842,130.32
27	1/3/2021		12	3,747,500.00	435	32,527,603.42	709	64,857,394.93
28	1/17/2021		12	3,747,500.00	435	32,527,603.42	709	64,857,394.93
29	1/31/2021		12	3,747,500.00	435	32,574,694.62	709	64,880,981.37
30	2/14/2021		12	3,747,500.00	431	32,340,155.31	708	65,027,396.30
31	2/28/2021		12	3,843,500.00	432	32,455,096.11	711	65,312,754.95
32	3/14/2021		12	3,843,500.00	432	32,524,214.51	711	65,246,866.12
33	3/28/2021		12	3,843,500.00	432	32,524,214.51	711	65,246,866.12
34	4/11/2021		11	3,608,500.00	430	32,477,144.11	715	65,183,241.26
35	4/25/2021		10	3,364,500.00	429	32,429,574.51	722	65,686,924.13
36	5/9/2021		10	3,364,500.00	428	32,457,696.11	718	65,249,199.24
37	5/23/2021		10	3,364,500.00	428	32,457,696.11	718	65,249,199.24
38	6/6/2021		10	3,364,500.00	429	32,464,289.71	732	65,713,211.94
39	6/20/2021		10	3,364,500.00	429	32,464,289.71	732	65,713,211.94
40	7/4/2021		10	3,364,500.00	426	32,182,241.71	742	65,788,036.72

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
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-48

STAFF 1-36:

Payroll

If pay increases are granted on a uniform date for groups of employees, please provide the dates each general pay increase was granted in each of the three years preceding the test year, and for each applicable payroll group provide the base pay in the twelve months preceding and following each pay increase.

RESPONSE:

Please refer to Staff 1-36, Attachment 1 for the dates and base pay for each of the three years preceding the test year.

Preparer: Magdalena Rodriguez

Title: Supervisor – Payroll

Sponsor: Cynthia S. Prieto

Title: Vice President – Controller

Pay Increase Effective Dates by Group	Executive						Union						Non-Union					
	01/01/2017		01/01/2018		01/01/2019		09/03/2017		09/03/2018		09/03/2019		12/25/2017		12/24/2018		12/23/2019	
	Base Pay Before	Base Pay After	Base Pay Before	Base Pay After	Base Pay Before	Base Pay After	Base Pay Before	Base Pay After	Base Pay Before	Base Pay After	Base Pay Before	Base Pay After	Base Pay Before	Base Pay After	Base Pay Before	Base Pay After	Base Pay Before	Base Pay After
	4,411,000.00	4,579,000.00	4,618,000.00	4,822,000.00	4,771,000.00	4,888,000.00	27,747,075.20	28,592,262.40	28,405,644.80	29,287,918.40	29,432,852.80	30,590,726.40	55,902,476.57	57,502,458.69	57,539,358.30	59,266,095.89	60,551,655.25	62,397,154.54

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
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-48

STAFF 1-37:

Audits

Please provide a list of internal and external audits performed for the Company for the previous three calendar years by its internal and external auditors.

RESPONSE:

Please see below for internal and external audits performed for the Company for the previous three calendar years by its internal and external auditors.

Internal:

Completed in 2017:

1. 2016-SOX 2016 Annual Sarbanes-Oxley Compliance Procedures
2. 2016-ACBP Annual Cash Bonus Plan Audit
3. 2016-01 PowerPlan Regulatory Implementation Audit
4. 2017-04 Enterprise Identity Management Controls (Special Review)
5. 2017-03 Operational Technology Coordination of Systems and Cyber Security Assessment (Special Review)
6. 2017-CONT Contract Management Audit
7. 2017-01 CC&B Upgrade Project Management Audit
8. 2017-EXPP Officer Business Unit Expense Account/Pcard Audit

Completed in 2018:

9. 2017-SOX 2017 Annual Sarbanes-Oxley Compliance Procedures
10. 2017-ACBP Annual Cash Bonus Plan Audit
11. 2017-02 Quality Review of New Service Process Audit
12. 2018-CONT Contract Management Audit
13. 2018-02 Copper Cable Inventory Follow-Up Audit

14. 2018-CASH Payment Center Cash Audit
15. 2018-10 Annual Routine Compliance Filings Audit
16. 2018-01 SP OT Recommendations Status Update (Special Project)
17. 2018-EXPP Officer and Business Unit Expense Account/P-Card Audit
18. 2018-04 SP Generation Maintenance and Outage Prevention Effort - Milestone Tracking (Special Project)
19. 2018-03 T&D Maintenance Strategy Audit
20. 2018-07 SP Leasing Standard - Milestone Tracking (Special Project)
21. 2018-09 SP Enterprise Password Management Assessment (Special Project)

Completed in 2019:

22. 2018-SOX 2018 Annual Sarbanes-Oxley Compliance Procedures
23. 2018-ACBP Annual Cash Bonus Plan Audit
24. 2019-CASH Payment Center Cash Audit
25. 2019-04 Financial Planning & Budgeting Audit
26. 2019-01 Supply Chain Management Special Review
27. 2019-06 SP Employee Expense and Vehicle Policy Assessment (Special Project)
28. 2018-05 Human Resources Information System Implementation Audit
29. 2019-07 Time and Labor Analytics Special Review
30. 2019-02 Power Generation Training Audit

Completed in 2020:

31. 2019-SOX 2019 Annual Sarbanes-Oxley Compliance Procedures
32. 2019-03 Maximo Generation Implementation Audit
33. 2019-ACBP Annual Cash Bonus Plan Audit
34. 2020-EXPP Expense Report/P-Card Audit
35. 2020-03 NIST_C2M2 Security Mapping Update (Special Review)

External:

1. 2017 Integrated Audit Opinion
2. 2017 FERC Form 1 Audit Opinion
3. 2017 401(k) Non-Union Audit Opinion
4. 2017 401(k) Union Audit Opinion
5. 2017 Retirement Income Plan Audit Opinion
6. 2017 Retiree Welfare Plan Audit Opinion
7. 2018 Integrated Audit Opinion
8. 2018 FERC Form 1 Audit Opinion
9. 2018 401(k) Non-Union Audit Opinion
10. 2018 401(k) Union Audit Opinion
11. 2018 Retirement Income Plan Audit Opinion
12. 2018 Retiree Welfare Plan Audit Opinion

13. 2019 Integrated Audit Opinion
14. 2019 FERC Form 1 Audit Opinion
15. 2019 401(k) Non-Union Audit Opinion
16. 2019 401(k) Union Audit Opinion
17. 2019 Retirement Income Plan Audit Opinion
18. 2019 Retiree Welfare Plan Audit Opinion
19. August 2014-August 2017 WECC Compliance Audit (in conjunction with the NERC Audit) – Completed in December 2020
20. August 2017-August 2020 WECC Compliance Audit (in conjunction with the NERC Audit) – Completed in December 2017
21. FERC Audit for January 2016 to June 2020 – Completed in January 2021

Preparer: Julissa I. Reza
En Li

Title: Director – Internal Audit
Manager – Financial Accounting

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
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-48

STAFF 1-38:

Outside Services

Reference Schedule G-8. Please provide the historical level of outside services expenses in the FERC 900 accounts for the previous three calendar years and the current calendar year to date.

RESPONSE:

Please see below for outside services expenses in FERC 900 accounts for the time periods requested.

<u>Year</u>	<u>Amount</u>
2017	\$ 24,413,777
2018	\$ 33,841,440
2019	\$ 35,814,420
January 2021 - March 2021	\$ 10,581,802

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
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-48

STAFF 1-39:

Outside Services

Are there any duplications of effort for any of the outside services? Is the same function performed by two or more vendors? If so, please detail.

RESPONSE:

No, there are no duplications of effort for any of the outside services, nor is the same function being performed by two or more vendors. Although El Paso Electric Company uses several vendors who provide similar services (e.g., HVAC, electrical or engineering), each vendor is contracted to perform specific work, therefore, there are no duplications of effort.

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
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-48

STAFF 1-40:

Outside Services

Are there any items included in outside services for which the Company has been reimbursed? If yes, please provide documentation.

RESPONSE:

No, El Paso Electric Company has not been reimbursed for any items reported as outside services.

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
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-48

STAFF 1-41:

Outside Services

Do any of the outside services represent legislative advocacy expenses? If so, please detail.

RESPONSE:

No, there are no legislative advocacy expenses represented in outside services.

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
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-48

STAFF 1-42:

Outside Services

Do any of the outside services relate to rate case expenses that should be amortized or surcharged? If yes, please provide details.

RESPONSE:

No, there are no amounts included in outside services that are related to rate case expenses that should be amortized or surcharged.

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
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-48

STAFF 1-43:

Outside Services

Please provide copies of contracts, invoices, or other third-party documentation for each outside service employed by the Company in excess of \$250,000 as shown on Schedule G-8.

RESPONSE:

By Agreement of counsel, Staff has limited this request to vendors of outside services in excess of \$1 million as shown on Schedule G-8. Staff has also agreed that El Paso Electric Company ("EPE" or "Company") exclude Duggins Wren Mann & Romero from this request.

There are four vendors on Schedule G-8 with amounts in excess of \$1 million as follows:

- a) KPMG, LLP (line 266) is the external auditor for the Company. The engagement letter for the audit of the 2020 financial statements is included in Staff 1-43, Attachment 2 - Highly Sensitive Protected Material. The fees related to the Company's merger with IIF that are referenced in the engagement letter were charged to FERC account 426.5 and are not included in the amounts listed in Schedule G-8. Differences between the amounts in the engagement letter and the final amounts in Schedule G-8 are primarily related to travel costs and additional procedures performed related to the audit that were not included in the engagement letter.
- b) Securitas Security Services USA Inc. (lines 403, 404, 407 and 554-557) provides security services for several of the Company's locations. The contract with Securitas is included in Staff 1-43, Attachment 1 - Highly Sensitive Protected Material (Voluminous), at pages 72 to 118.
- c) Dyonyx and Dyopath LLC (lines 27, 28, 425-429, 577 and 578) is the information technology services firm engaged by the Company. During the test year, Dyonyx changed its name to Dyopath LLC. The contracts with Dyonyx and Dyopath LLC are

included in Staff 1-43, Attachment 1 - Highly Sensitive Protected Material (Voluminous), at pages 1-59.

- d) Outsource Connection Inc (line 539) is used by the Company to provide call center employees during peak periods. The invoices paid to Outsource Connection during the test year are in Staff 1-43 Attachment 1 - Highly Sensitive Protected Material (Voluminous), at pages 60-71.

Additionally, line 585 on Schedule G-8 summarizes all software hosting and maintenance vendors. No individual vendor was paid more than \$400,000 in the test year.

Preparer: Alejandra Guevara

Title: Senior Accountant – Technical

Sponsor: Cynthia S. Prieto

Title: Vice President – Controller

PUBLIC

STAFF 1-43 Attachment 1 is CONFIDENTIAL and/or HIGHLY SENSITIVE PROTECTED MATERIALS attachment and VOLUMINOUS.

EL PASO ELECTRIC COMPANY

SOAH Docket No. 473-21-2606
PUC Docket No. 52195
STAFF'S 1st, Q. No. STAFF 1-43
Attachment 2

PUBLIC

STAFF 1-43 Attachment 2 is CONFIDENTIAL and/or HIGHLY SENSITIVE PROTECTED MATERIALS attachment.

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
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-48

STAFF 1-44:

Outside Services

Please provide an analysis identifying each vendor with costs exceeding \$150,000 in the outside services expense account in the test year. For each vendor, provide the service provided by the vendor, the amount included in test year expenses, and any adjustments related to the test year level of expenses related to the vendor, and the amounts paid to the vendor in each of the two years prior to the test year.

RESPONSE:

By Agreement of counsel, Staff has limited this request to vendors of outside services in excess of \$250,000 as shown on Schedule G-8.

Please refer to Staff 1-44 Attachment 1, which includes an analysis of vendor costs exceeding \$250,000 in outside service expense in the test year and amounts paid to the vendor in each of the two years prior to the test year.

See also El Paso Electric Company's response to CEP 3-5.

Preparer: Alejandra Guevara

Title: Senior Accountant – Technical

Sponsor: Cynthia S. Prieto

Title: Vice President – Controller

Line No		(a)	(b)	(c)	(d)	(e)	(f)	
Line No	Line on Sch G-8	Vendor	2018	2019	2020	Adjustment	2020 Requested	Description
1	477-478	AT & T	\$ 523,289	\$ 484,780	\$ 455,917		\$ 455,917	Telecommunication, Cable and Satellite Services
2	339	Baker Botts LLP	706,516	1,181,235	543,325		543,325	Various Legal Services
3	21	CultureSpan Marketing	331,876	552,047	451,317		451,317	Marketing Consulting Services
4	26,351-352	Duggins Wren Mann & Romero LLP	844,207	565,215	677,213		677,213	Various Legal Services
5	27,325-327	Dyonix	5,582,180	4,668,974	3,907,769		3,907,769	Information Technology Consulting Services
6	466	Dyonix	-	186,590	92,574		92,574	System Hosting Services
7	467	Dyopath LLC (1)	-	-	1,311,377		1,311,377	Information Technology Consulting Services
8	30-31	Energy & Environmental Economics Inc	-	52,936	497,066		497,066	Environmental Service
9	402	Fiserv Inc	303,128	308,855	315,473		315,473	Bill Processing Services
10	412	Holguins Electric Company	-	-	78,929		78,929	Electcnal Services & Supplies - Meter Reading
11	413	Holguins Electric Company	614,166	700,870	789,607		789,607	Electcnal Services & Supplies - Service Work
12	359-360	Jackson Walker LLP	386,053	596,545	570,372		570,372	Various Legal Services
13	317	JP Morgan Chase	145,790	164,286	214,450		214,450	Bank Services
14	419	JP Morgan Chase	307,646	293,330	287,655		287,655	Bill Payment Processing
15	195	KPMG LLP	1,719,700	1,720,000	1,354,524	(70,200)	1,284,324	External Audit Services
16	318-320	Maintenance Unlimited Inc (2)	-	304,909	511,109		511,109	Janitorial Services
17	366	Montgomery & Andrews PA	-	80,111	483,197		483,197	Various Legal Services
18	59-60, 368-370	Nuschler, Robin M Esq	302,774	496,879	559,328		559,328	Various Legal Services
19	539	Outsource Connection Inc	1,570,800	1,588,200	1,573,700		1,573,700	Call Center Support
20	541-542	Pinnacle Data Systems LLC	948,358	908,477	654,860		654,860	Computing Product Services
21	418	Pricewaterhouse Coopers LLP	571,421	302,756	17,947	(17,947)	-	Internal Auditing Services
22	473	Pricewaterhouse Coopers LLP	439,521	408,275	270,755		270,755	Accounting Services
23	379	Pricewaterhouse Coopers LLP	263,555	274,246	41,627		41,627	Section 404 Services (Internal Controls)
24	380	Protiviti Inc	-	-	231,693		231,693	Section 404 Services (Internal Controls)
25	419	Protiviti Inc	-	-	147,089	191,591	338,680	Internal Auditing Services
26	311-312, 446-449	Securitas Security Services USA Inc	1,386,603	1,355,568	1,461,916		1,461,916	Security Services
27	607	Verizon Wireless	821,516	846,775	795,329		795,329	Telecommunication, Cable and Satellite Services
28		Total Outside Services	\$ 17,769,099	\$ 18,041,859	\$ 18,296,118	\$ 103,444	\$ 18,399,562	

Notes

- (1) In 2020, Dyonix changed its name to Dyopath LLC
(2) Maintenance Unlimited Inc replaced Western Janitorial Service beginning March 2019. Total janitorial services paid to Western Janitorial Service in 2018 was \$346,748 and \$77,368 in 2019.

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

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
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-48

STAFF 1-45:

Leases and Rents

Please provide a schedule of all leases and rentals in place during and subsequent to the test year. Include the lease term, monthly payment, address, business purpose, expiration date, and whether or not the lease will be renewed. For each lease, please provide the amount requested in the Company's revenue requirement by FERC account.

RESPONSE:

Please see STAFF 1-45, Attachment 1 for all leases and rentals in place during and subsequent to the test year, as well as for the lease term, monthly payment, address, business purpose, expiration date, and whether or not the lease will be renewed. The amount requested in El Paso Electric Company's revenue requirement by FERC account is also included in STAFF 1-45, Attachment 1.

Preparer: Sean M. Ihorn

Title: Director – Tax

Sponsor: Cynthia S. Prieto

Title: Vice President – Controller

Leases and Rentals in Place During the Testing and Subsequent Year									
FERC	Account	Vendor	Test Year Amount	Lease Term	Monthly Rent Payment	Address	Business Purpose	Expiration Date	Expected Renewal?
507 - Rents									
		ACTenviro	\$ 15,625	Daily	N/A	Various	Equipment/tools for daily operations	Various	Yes, as needed
		Bowen Ranch, LLC	217	Expensed as incurred	N/A	Various	Used for daily operations.	N/A	No
		C&E Industrial Services	3,069	Daily	N/A	Various	Equipment/tools for daily operations	Various	Yes, as needed
		Complete Reprographics Inc.	2,635	Expensed as incurred	N/A	Various	Used for daily operations.	N/A	Yes, as needed
		El Paso Sanitation Systems	4,029	Daily	N/A	Various	Used for daily operations.	N/A	Yes, as needed
		ITC Insulation Technology Company	86,032	Daily	N/A	Various	Used for daily operations.	N/A	Yes, as needed
		Mobile Mini Solutions	2,362	Daily	N/A	Various	Used for daily operations.	N/A	Yes, as needed
		Montgomery & Andrews PA	299	Expensed as incurred	N/A	N/A	Used for daily operations.	N/A	Yes, as needed
		Mountain View Golf Carts, LLC	412	Daily	N/A	Various	Equipment/tools for daily operations	N/A	Yes, as needed
		United Rentals	20,724	Daily	N/A	Various	Equipment/tools for daily operations	Various	Yes, as needed
		El Paso Water Utilities	519,795	25 Years	43,316.25	City of El Paso, El Paso County, TX	Buffer Zone Area for the Newman Power Plant	Jun-2033	To be reviewed
	507 Total as adjusted		655,198						
550 - Rents									
		Department of the Air Force	4,067	31 years	338.92	Portion of Holloman Air Force base, Otero County, New Mexico	Ground lease related to a solar power production facility	Sep-2047	To be reviewed
		Mobile Mini Solutions	1,109	Expensed as incurred	N/A	Various	Used for daily operations.	N/A	Yes, as needed
		United Rentals	90,927	Expensed as incurred	N/A	Various	Equipment/tools for daily operations	Various	Yes, as needed
		Crane Service, Inc.	94,836	Expensed as incurred	N/A	Various	Equipment/tools for daily operations	Various	Yes, as needed
	550 Total as adjusted		190,939						
567 - Rents									
		Bureau of Land Management	44,947	Various	Various	Various	Access easements and rights of way.	Various	Yes, as needed
		Canutillo Independent School District	700	Monthly	\$700	75' South of La Mesa Street, El Paso, TX	Temporary substation	End of month each month	No
		Crown Communication LLC	(1,159)	5 Years	(\$97)	NM MYNDUS-Site#801470-Lease#269362 Tower Rental	Tower rental (adjustment to reclassify expense)	Apr-2021	Yes
		KDBC TV	692	1 year	\$58	Franklin Mtn. Comanche Peak	Comanche Mountain Tower Lease	Auto Renewal	Yes
		KFOX-TV	8,973	Annual	\$748	Franklin Mtn. Comanche Peak	Franklin mountain tower lease	Auto Renewal	Yes
		New Mexico State Land Office	10,078	Various	Various	Otero and Dona Ana Counties, New Mexico	Land leases	Various	Yes
		Otero County Electric Co	2,160	Expensed as incurred	N/A	N/A	Daily operation use	N/A	(b)
		Pinnacle Towers LLC	1,159	5 years	\$97	Buck Mtn.-Site#871382-Lease#156099 Tower Rental	Tower rental	Oct-2021	Yes
		Public Service Company of New Mexico	774	40 years	\$64	4201 Edith Blvd. NE, MS ES01, Albuquerque, NM 87107	Long Ridge Cell Site Lease	Oct-2028	Yes
		Public Service Company of New Mexico	955	Expensed as incurred	N/A	Buck Mtn. Tower	Used for daily operations.	N/A	(b)
		Railroad Management Company LLC	4,118	Annual	Various	Various	Access license fees	Various	Yes, as needed
		Texas General Land Office	1,955	10 Years	\$391.00	Various	Daily operation	May-2020	Yes
		The University of Texas System Board of Regents	12,864	10 years	\$1,072	San Elizario, Texas	Power line Easement	Oct-2025	Yes
		Western New Mexico Telephone Co Inc	120	Annual	\$10	Mangus Mtn.	Mangus Mountain Radio Repeater	Auto Renewal	Yes
		Ruly's Mobile Welding, Inc.	2,165	Expensed as incurred	\$2,165	Various	Forklift rental	N/A	(b)
		Salt River Project (a)	26,291	50 Years	N/A	N/A	ANPP Valley Transmission System Project	Oct-2028	To be reviewed
		Greenwood, Berdina	1,152	5 Years	\$100	Section 7, Township 4 South Range, Range 1 East	Lease of storage space for daily operations.	Jan-2026	To be reviewed
	567 Total as adjusted		117,943						
589 - Rents									
		Bureau of Land Management	19,842	Various	Various	Various	Easement	Various	Yes, as needed
		Crown Communication LLC	(1,159)	5 years	\$902	NM MYNDUS-Site#801470-Lease#269362 Tower Rental	Tower rental (adjustment to reclassify expense)	Apr-2021	Yes
		Doble Engineering Company	149,056	1 Year	\$12,421	1430 Vanderbilt, El Paso, TX 79935	Daily operation	Jul-2021	Yes
		El Paso County Water & Impr Dist No 1	20,000	1 Year	\$1,667	EPCWID Property - District Wide	Access to construct, operate and maintain El Paso Electric Company's Electrical system	Jan-2021	Yes
		KDBC TV	692	1 year	\$58	Franklin Mtn. Comanche Peak	Comanche Mountain Tower Lease	Auto Renewal	Yes
		KFOX-TV	8,973	Annual	\$748	Franklin Mtn. Comanche Peak	Franklin mountain tower lease	Auto Renewal	Yes
		New Mexico State Land Office	12,163	Various	Various	Various	Rights of way/easements	Various	Yes, as needed
		Pinnacle Towers LLC	1,159	5 Years	\$97	Buck Mtn.-Site#871382-Lease#156099 Tower Rental	Tower rental	Oct-2021	Yes

Public Service Company of New Mexico	774	40 Years	\$64.46	4201 Edith Blvd. NE MS E501, Albuquerque, NM 87107	Long Ridge Cell Site Lease	Oct-2028	Yes
Public Service Company of New Mexico	955	Expensed as incurred	\$79.59	Buck Mtn. Tower	Used for daily operations.	N/A	(b)
Railroad Management Company LLC	9,438	Annual	Various	Various	Access license fees	Various	Yes, as needed
Texas General Land Office	386	Various	Various	Various	Access easements and rights of way.	Various	Yes, as needed
USAED Fort Worth	601	Various	\$25.00	Fort Bliss, Texas	Easements	Various	Yes, as needed
Western New Mexico Telephone Co Inc	120	Annual	\$10	Mangus Mtn.	Mangus Mountain Radio Repeater	Auto Renewal	Yes
Elephant Butte Irrigation District	61,747	Various	Various	Various	Right of use permit fees	Various	Yes, as needed
BNSF Railway Company	6,419	Various	Various	Various	Rights of way/licenses	Various	Yes, as needed
San Saba Pecan LP	33,255	5 Years	\$2,771	1655 W. Amador, Las Cruces, Dona Ana County, New Mexico	Storage facility for station vehicle, equipment and inventory	May-2017	No
Trinity Properties, LLC	-	Annual	\$6,000	2820 Las Vegas Court, Las Cruces, NM	Storage facility for station vehicle, equipment and inventory	Feb-2022	Yes
Complete Reprographics Inc.	332	Expensed as incurred	N/A	N/A	Used for daily operations.	N/A	Yes, as needed
United Parcel Service	1,131	Expensed as incurred	N/A	N/A	Used for daily operations.	N/A	(b)
Other	15,252	Expensed as incurred	N/A	N/A	Used for daily operations.	N/A	(b)
589 Total as adjusted	341,134						
931 - Rents							
AFIAA WFT LLC	63,240	5 years	Year 1 - \$2,864.39 Year 2 - \$3,677.71 Year 3 - \$3,778.85 Year 4 - \$3,882.76 Year 5 - \$3,989.54	400 West 15th St., Austin, TX 78701	External Affairs Office building	Oct-2024	Yes
Bureau of Land Management	5,778	Various	Various	Various	Right of Way/Easement	Various	Yes, as needed
300 Galisteo Association	7,335	Expensed as incurred	N/A	300 Galisteo, Suite 105 Santa Fe, NM	Office association dues	N/A	(b)
CAPITALIZED A&G	(18,678)	N/A	N/A	N/A	N/A	N/A	(c)
Crown Communication LLC	34,083	5 Years	\$2,840	NM MYNDUS-Site#801470-Lease#269362	Tower rental	Apr-2021	Yes
Hendricks, HC	2,690	5 Years	\$35.00	GNAT site, NM	Right of way GNAT site	Apr-2020	Yes
J & S Enterprises	3,386	10 Years	\$282	Sierra Blanca, TX	Easement Quitman Repeater	Feb-2022	Yes
KDBC TV	9,643	Monthly	\$804	Franklin Mtn. Comanche Peak	Comanche Mountain Tower Lease	Auto Renewal	Yes
KFOX-TV	8,973	Annual	\$748	Franklin Mtn. Comanche Peak	Franklin mountain tower lease	Auto Renewal	Yes
Pinnacle Towers LLC	43,131	5 Years	\$3,594	Buck Mtn.-Site#871382-Lease#156099	Tower rental	Oct-2021	Yes
Public Service Company of New Mexico	787	40 years	\$142	4201 Edith Blvd. NE MS E501, Albuquerque, NM 87107	Long Ridge Cell Site Lease	Oct-2028	Yes
Public Service Company of New Mexico	44	Expensed as incurred	\$3.66	Buck Mtn. Tower	Used for daily operations.	N/A	(b)
Spectrum Technologies	120,598	6 Years	\$10,050	100 N. Stanton, El Paso, TX 79901	Copier equipment/software	Dec-2024	Yes, as needed
Walker, Dennis and Rebecca D	2,760	5 Years	\$230	Sierra Blanca, TX 79851	Easement Quitman Repeater	Aug-2021	Yes
Western New Mexico Telephone Co Inc	120	1 Year	\$10	314 W. Yankee St, Silver City, NM 88062	Mangus Mountain Radio Repeater	Auto Renewal	Yes
Pitney Bowes Global Financial Services	2,779	Expensed as incurred	N/A	300 Galisteo, Suite 206 Santa Fe, NM	Postage meter rental	N/A	(b)
SPPlus/Central Parking	2,252	Expensed as incurred	N/A	Austin, TX	Austin office parking	N/A	(b)
Penasco Valley Telephone Coop Inc	1,403	Annual	\$117	4011 West Main, Artesia, NM 88210	GNAT Site Lease	Dec-2017	Yes
Fastwave.Biz	5,561	5 Years	\$313	Lookout Point, Dona Ana County, NM	Lookout Peak tower lease	Aug-2022	Yes
		5 Years	\$150	Twin Peak, Dona Ana County, NM	Twin Peak tower lease		
Gillihan, Michael L	101,516	5 Years	\$5,000	400 Anthony Dr, Anthony, NM 88021	General offices leasing	Sep-2021	Yes, as needed
		5 Years	\$3,700			Aug-2022	
Pecos County State Bank	250	3 years	\$250	1800 Broadway, Suite 316, Van Horn, TX	Space lease for customer payment kiosk	May-2023	Yes, as needed
H&H Dinero Tree	3,872	Expensed as incurred	N/A	Various	Delivery assistance	N/A	(b)
Other	4,712	Expensed as incurred	N/A	N/A	Used for daily operations.	Various	(b)
931 Total as adjusted	406,234						
Rent and Leases Grand Total	\$ 1,711,448						

- (a) Lease agreement as a project participant.
(b) These recurring costs would be incurred as part of the Company's normal operations with this particular vendor or another vendor who provides similar services.
(c) Various lease costs capitalized.

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

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EL PASO ELECTRIC COMPANY'S RESPONSE TO
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-48

STAFF 1-46:

Accounting Changes

Please identify all changes in accounting policy since the Company's last rate case in Texas in which the Company has changed from expensing certain costs to capitalizing them or vice versa. Provide internal documentation of such policy changes. For each change, identify the number of dollars in each year since the change in accounting policy took place.

RESPONSE:

Please refer to discussion below on all changes in accounting policy which El Paso Electric Company ("Company") has changed from expensing certain costs to capitalizing them or vice versa since the Company's last Texas rate case which had a test year ended September 30, 2016.

In March 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Updates ("ASU") 2017-07, Compensation - Retirement Benefits (Topic 715) Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost, which requires that only the service cost component of net benefit cost is eligible for capitalization in assets. The Company adopted ASU 2017-07 effective January 1, 2018. The Company records all components of net periodic pension cost as an operating expense in its financial statements. The impact of the change in capitalization policy was \$2.9 million, \$2.8 million, and \$2.7 million for the years ended December 31, 2020, 2019, and 2018 respectively. The cumulative impact of the change in capitalization policy, effective January 1, 2018, resulted in additional capitalized benefits cost of \$8.4 million as of December 31, 2020. Please see Staff 1-46, Attachment 1 for internal documentation of this policy change.

In August 2018, the FASB issued ASU 2018-15, Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract (Topic 350). ASU 2018-15 aligns the requirements for capitalizing implementation costs for a cloud

computing arrangement with the requirements for capitalizing implementation costs for an internal use software license. Implementation costs for a cloud computing arrangement is required to be capitalized or expensed based on the nature of the costs and the project's stage in which they are incurred by applying the existing guidance for internal use software implementation costs. Capitalized costs for a cloud computing arrangement are presented on the same line of the balance sheet as any related prepaid amounts for the arrangement, while amortization of those costs are presented on the same line of the income statement as the related hosting fees. As permitted by the standard, the Company was an early-adopter and implemented this guidance on a prospective basis in the third quarter of 2018. The impact of the change in capitalization policy was of \$0.3 million, \$1.4 million, and \$4.5 million for the years ended December 31, 2020, 2019, and 2018 respectively. The cumulative impact of the change in capitalization policy, effective in third quarter of 2018, resulted in additional capitalized cost of \$6.2 million as of December 31, 2020. Please see Staff 1-46, Attachment 2 for internal documentation of this policy change.

Preparer: En Li

Title: Manager – Financial Accounting

Sponsor: Cynthia S. Prieto

Title: Vice President – Controller



Memo

To: Accounting files of El Paso Electric Company

From: Bill Simon

cc: Russell Gibson, Myrna Ortiz

Date: May 14, 2018

Re: Implementation of ASU 2017-07, Compensation-Retirement Benefits (Topic 715) Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost

Background:

In March 2017, the FASB issued ASU 2017-07, Compensation-Retirement Benefits (Topic 715) Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost (See Attachment 1). ASU 2017-07 amends Accounting Standards Codification 715, Compensation - Retirement Benefits, to require companies to present the service cost component of net benefit cost in the income statement line items where compensation cost is reported. ASU 2017-07 requires companies to present all other components of net benefit cost separately from the line item(s) that includes the service cost and outside of any subtotal of operating income. In addition, only the service cost component are eligible for capitalization in assets. The amendments in ASU 2017-07 became effective on January 1, 2018, and the Company adopted ASU 2017-07 beginning on this date. The amendments in ASU 2017-07 will be applied retrospectively for the income statement presentation of the service cost component and the other components of net benefit costs and prospectively, beginning on January 1, 2018, for the capitalization of the service cost component.

Accounting Analysis:

Retrospective restatements:

In order to facilitate the retrospective treatment required by the standard, the Company has recorded journal entries for each month in 2016 and 2017 to reflect the income statement presentation of the various components. The transition requirements under ASU 2017-07 allowed for "a practical expedient that permits an employer to use the amounts disclosed in its pension and other postretirement benefit plan note for the prior comparative periods as the estimation basis for applying the retrospective presentation requirements. Disclosure that the practical expedient was used is required." The Company elected to use the practical expedient for the restatements recorded in 2016 and 2017, and disclosed the use of the practical expedient in Note A of its March 31, 2018 10-Q. The Company also disclosed the impact of the retrospective treatment on various income statement lines.

Classification of Administrative Costs under ASU 2017-07:

Prior to the adoption of ASU 2017-07, certain administrative costs including investment management fees and Pension Benefit Guarantee Corporation fees were classified as a reduction of return on plan assets in the

Company's financial statement disclosures. Prior to the adoption of ASU 2017-07, classification between categories within net periodic pension cost had no accounting significance, as all components net periodic pension cost were recorded as an operating expense and were eligible for capitalization. None of the definitions under the new U.S. Generally Accepted Accounting Principles ("GAAP") relating to the various components of net periodic pension costs included these types of administrative costs. Finance management believes that these types of costs are operating expenses and most closely relate to the service cost of administering the benefit plans. As such, the Company has elected on a prospective basis beginning January 1, 2018 to account for these administrative costs as a component of service cost.

Regulatory-Basis Financial Statements:

The Company prepares regulatory-basis (RAP) financial statements which are presented in accordance with the accounting requirements of the Federal Energy Regulatory Commission (the "FERC") as set forth in its applicable Uniform System of Accounts and published accounting releases which is a comprehensive basis of accounting other than GAAP. In response to industry inquiries surrounding the impact of the implementation of ASU 2017-07 for GAAP purposes, the FERC issued accounting guidance under Docket No. A18-1-000 on December 28, 2017 (see Attachment 2). The FERC guidance addressed three specific questions that impacted the Company's implementation of ASU 2017-07 in our regulatory-basis financial statements:

- How should the Company account for its retirement plans for FERC reporting purposes?

FERC determined that the Company should continue to record all components of net periodic pension cost in FERC account 926 to promote comparability between utilities. As such, the Company will continue to record all components of net periodic pension cost as an operating expense in FERC account 926 in its RAP financial statements. The GAAP reclassifications related to non-service cost components will be recorded on a GAAP only basis and will become a RAP/GAAP difference in the Company's financial reporting.

- Is it appropriate for the Company to capitalize the service cost component of its retirement plans using the method prescribed under ASU 2017-07, whereby only the service cost component of net periodic pension cost is eligible to be capitalized?

The FERC determined that utilities may elect to capitalize only the service cost component of benefit costs as prescribed in ASU 2017-07. The Company has elected to conform to the GAAP capitalization policy, as management believes it is more reflective of current operating expenses as noted by the FASB, and will disclose this election beginning with its March 31, 2018 FERC Form 3Q.

- What are the required disclosures or filings to the FERC related to changes that the Company makes in its accounting practice in response to ASU 2017-07?

Based on FERC's determinations, the Company will be required to disclose the change in accounting practice with respect to capitalization of the election above in its quarterly and annual FERC Form filings, as well as the potential rate impacts resulting from this change on both rate base and current period cost of service expenses. The FERC further noted that similar disclosures should be made in future rate filings. Finally, the FERC noted a potential risk in changing the capitalization policy going forward in order to influence rate outcomes, and therefore would require the Company to seek FERC approval in order to change the policy in the future. As noted above, the Company will disclose the election to adopt the GAAP capitalization policy in its March 31, 2018 FERC Form 3Q, and will further disclose the rate impacts resulting from this change in capitalization policy on its rate base and cost of service in future regulatory filings as required. While the Company believes that its regulators are likely to accept the change in policy in that it has been allowed by the FERC, the outcome of future rate proceedings relative to this change cannot be predicted. In the event that one or both of the Company's regulatory jurisdictions reject the new capitalization policy in the next rate case proceeding, the Company would likely be required to record a regulatory liability and track the differences resulting from the change in capitalization policy resulting from such a finding.

Attachment 1



ASU 2017-07.xps

Attachment 2



Accounting
Guidance AI18-1-006



Memo

To: El Paso Electric ASC 350 Implementation Workpapers

From: Sean Ihorn

cc: Russell Gibson, Bill Simon

Date: September 30, 2018 (as updated May 5, 2019)

Re: ASU 2018-15 Implementation Summary Memorandum

Purpose: Pursuant to Control 21.02.05.01, this memorandum serves as a summary of the El Paso Electric's ("EPE" or "Company") analysis and implementation of ASU 2018-15, Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract (Subtopic 350-40).

Accounting policy and understanding of the new standard:

ASU 2018-15 was reviewed to gain an appropriate level of understanding to properly adopt the standard. This involved studying the ASU itself, as well as editorial content prepared by subject matter experts including participating in various webcasts that included discussion of the ASU. The new standard is not expected to have companywide impact, as such, a formal steering committee oversight process was not used. Implementation of the new standard will be documented as part of this memorandum subject to review by the Controller.

Analysis of the provisions of the new standard¹:

ASU 2018-15 provides guidance regarding the capitalization of implementation costs in cloud computing arrangements that may not involve the provision of a software license. The guidance aligns the accounting for capitalizing implementation costs in a cloud computing arrangement with those for capitalizing costs incurred to develop or obtain internal-use software.

350-40-20 (definition of a hosting arrangement): In connection with accessing and using software products, an arrangement in which the customer of the software does not currently have possession of the software; rather, the customer accesses and uses the software on an as-needed basis.

350-10-05-3d (arrangements in scope of the subtopic): Internal-use software subtopic 350-40 provides guidance on accounting for the cost of computer software developed or obtained for internal use and hosting arrangements obtained for internal use

¹ In this section EPE has included certain key excerpts from the ASC in italicized, bold text

350-40-25-18 (when to capitalize implementation costs): entity shall apply the guidance of this subsection as though the hosting arrangement that is a service contract were an internal use computer software project to determine when implementation costs of a hosting arrangement that is a service contract are and are not capitalized.

350-40-30-1 (capitalizable costs): costs of computer software developed or obtained for internal use that shall be capitalized include only the following: a) external direct costs of materials and services consumed in developing or obtaining the software (including fees paid to develop during the application development stage, costs to obtain the software from 3rd parties, travel expense incurred by employees in their duties directly associated with developing software) b) payroll and related costs for employees who are directly associated with the project during the development stage c) interest costs incurred during development

350-40-35-13 (amortization of implementation costs): capitalized costs shall be amortized over the term of the associated hosting arrangement on a straight-line basis

350-40-45-1 (presentation of amortization): presented in the same line item in the income statement as the expense for fees for the associated hosting arrangement

350-40-45-2 (presentation of capitalized costs): presented in the same line item in the balance sheet that a prepayment of the fees associated for the associated hosting arrangement

350-40-45-3 (classification of cash flows): classify cash flows from capitalized implementation costs in the same manner as the cash flows for the fees for the associated hosting arrangement

As part of the implementation of ASU 2018-15, the Company reviewed expense type 088, system hosting services, and determined that existing prepayments related to hosted software arrangements are included in account 165-prepayments, with the expense allocated to various expense accounts depending on the users of the arrangement. Expense accounts included 506-miscellaneous steam power expense, 566-miscellaneous transmission expense, 588-miscellaneous distribution expense, 902-meter reading expense, 903-customer records & collection expense, 921-office supplies & expense, 923-outside services employed, and 935-maintenance of general plant.

Presentation under Generally Accepted Accounting Principles ("GAAP"):

Upon implementation of the new standard, for purposes of reporting under GAAP, eligible implementation costs during the application development phase are required to be capitalized to the same account containing any prepayments related to the hosting arrangement and amortized over the life of the related hosting arrangement per ASC 350-40-35-13 on a straight-line basis, beginning at the point the Company obtains the right to access the hosted software. Amortization of the implementation costs will be allocated to those expense accounts associated with the monthly or annual service costs for the related hosting arrangement. The term over which the capitalized costs will be amortized will include the fixed noncancelable term of the service contract, as impacted by any periods covered by options to renew or early terminate that the Company expects to exercise, as well as any options in which exercise is under the control of the software vendor.

For purposes of reporting under Regulatory Accounting Principles ("RAP"), eligible implementation costs will be capitalized to the appropriate 300 series plant utility accounts, most likely utility account 303, miscellaneous intangible plant. Amortization of the costs will be recognized in account 404, amortization of limited-term electric plant on a straight-line basis over a term of, generally, 5 years.

The above treatment for GAAP and RAP purposes is consistent with industry consensus related to implementation of the new standard and is also consistent with the observations of FERC staff as discussed during the EEI/AGA FERC Accounting Liaison Meeting on August 7, 2018.

Transition to the new standard, including cumulative adjustment:

As part of the assessment process, the Company elected to early adopt ASU 2018-15. The Company also chose to apply the prospective transition approach per ASC 350-40-65-3. This approach was documented and approved by the Controller and Assistant Controller based upon approval of this memorandum. By choosing the prospective transition approach, the Company determined that a cumulative effect adjustment would not be applicable.

Disclosures:

Pursuant to the Company's existing disclosure controls, disclosures related to the implementation project were reviewed and approved. Additionally, post implementation, on-going disclosures, related to subtopic 350-40 will be reviewed and approved by management following the Company's general disclosure controls.

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

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ELECTRIC COMPANY TO CHANGE	§	OF
RATES	§	ADMINISTRATIVE HEARINGS

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COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-48

STAFF 1-47:

Procurement Card

Does the Company's requested cost of service include procurement card purchases? If so, please list those purchases by FERC account and amount as well as provide the location of each in the rate filing package. Each item should detail the amount that was directly billed to the Company and the amount that was allocated from an affiliate. Please provide the information on CD.

RESPONSE:

Counsel for the Public Utility Commission of Texas Staff has agreed to an extension of 10 days for this response.

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

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ELECTRIC COMPANY TO CHANGE	§	OF
RATES	§	ADMINISTRATIVE HEARINGS

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COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-48

STAFF 1-48:

Procurement Card

Please provide the Company's procurement card policies.

RESPONSE:

Please see Staff 1-48, Attachment 1 for the policy that was in effect during the test year.

Preparer: Robert Duran

Title: Manager – Materials Management

Sponsor: Cynthia S. Prieto

Title: Vice President – Controller

Table of Contents

1. Purpose	1
2. Scope	2
3. Policy	2
3.1. Specific Business Rules Statement	3
3.2. Authorized Transactions	3
3.3. Unauthorized Transactions	4
3.4. Cardholder Information Guide	5
3.4.1. Account Maintenance	5
3.4.2. Card Usage	5
3.4.3. Preferred Vendors vs. Vendors Not Accepting VISA	6
3.4.4. Single Transaction and Monthly Limits and Restrictions	6
3.4.5. Reconciliation of Purchases	8
3.4.6. Receipt Retention (Invoices and Receipts)	9
3.4.7. Documentation and IRS Requirements	9
3.4.8. Meal Expense Types	10
3.4.9. Sales Tax	10
3.4.10. Disputed Unauthorized/Incorrect or Fraudulent Charges	10
4. Definitions/Acronyms	11
5. Key Party Responsibilities	12
5.1. Purchasing Cardholders	12
5.2. Purchasing Section	15
5.3. Managers/Supervisors	15
5.4. Site Coordinator	16
5.5. Supply Chain Management	16
5.6. Cash Management	16
5.7. Tax Department	16
5.8. Audit Function	17
5.9. Regulatory	17
5.10. JPMorgan PaymentNet Team Members	17
6. Disciplinary Actions	17
7. Frequently Asked Questions	19
8. Purchasing Card Program Support Personnel Contact Information	21
9. IMPORTANT – For Lost or Stolen Cards	21
10. View Transactions	21
11. Procedures	22
12. Revision and Approval History	23

1. Purpose

To provide an effective alternative method for the procurement of low-dollar purchases not covered under approved Purchase Orders, Contracts, or Preferred Supplier arrangements. The Cardholder Policy and Procedures Manual (Purchasing Card Program) provides a corporate-wide purchasing and payment program to simplify the procurement and payment process. This gives users greater flexibility and reduces total acquisition costs. The Purchasing Card

Program is designed to better support El Paso Electric's (EPE's) operating needs, shorten the amount of time required to secure goods and reduce the cost of processing purchase orders and invoices for each individual transaction. In addition, it provides employees with the ability to handle small purchases without delays and reduce petty cash reimbursements

2. Scope

The Purchasing Card Program will detail employee and department responsibilities with regard to the appropriate use of the purchasing card (P-Card). Specifically, it will detail cardholder and departmental responsibilities, as well as authorized and unauthorized transactions, important cardholder information, and frequently asked questions with regard to the Purchasing Card Program. The objectives of the Purchasing Card Program are to inform all employees of the rules and specific procedures related to the Purchasing Card Program to ensure compliance with all EPE Company Policies, as well as Internal Revenue Service (IRS) documentation requirements with regard to business expense transactions

3. Policy

The intent of issuing a P-Card is to empower employees with both the responsibility and means to effectively handle low-dollar transactions. These transactions are typically those where the involvement of purchasing results in added administrative expense. An employee may request a P-Card if it is required for the employee to perform his/her job duties and responsibilities. If it is determined that an employee will need a P-Card to perform his/her job duties and responsibilities, the employee may initiate a P-Card Program New Request Workflow to request the card. Please refer to the P-Card Frequently Asked Questions (FAQs) on the Supply Chain Management (SCM) page on EPE's Intranet site to view a step-by-step guide on how to create and submit a P-Card Workflow. Employees may use the P-Card to purchase commodities up to \$2,500 per purchase and travel expenses up to \$2,500 per purchase, depending on the employee's established approval limits. Please refer to the Single Transaction and Monthly Limits and Restrictions section for more information on credit limits.

FOR ANSWERS ON WHETHER TO USE THE P-CARD OR A PURCHASE ORDER TO SECURE GOODS, please call (915) 521-4413 and ask to speak to a buyer for clarification.

The potential benefits of the program have been recognized and are mentioned above. However, the success of the program will be determined, in part, on whether employees' carry out their responsibilities as cardholders.

The purchasing process and purchasing program incurs risks, and these risks are managed by establishing a controlled process that has formal reviews and periodic audits. The Purchasing Card Program is a controlled process with most of the responsibility for control placed at the cardholder, and cardholder's management.

The P-Card issued in the employee's name is the property of EPE and is only to be used for Company business purposes. If used in accordance with these rules, EPE will be responsible for the purchases made on the P- Card. Although the card is issued in the employee's name, its use does not affect the employee's personal credit in any way

3.1. Specific Business Rules Statement

Expenditure of Company resources requires the utilization of a controlled process. While the use of purchasing cards is intended to simplify the procurement process, it is still a controlled process. Responsibility for control resides with the employee to whom the card is issued and the employee's supervisor/manager

3.2. Authorized Transactions

With regards to the specific use of the P-Card, the following purchases are authorized transactions, if stated requirements are met:

1. Computers/Software/Supplies: The purchase of work stations is not authorized. Computers/Software/Supplies can be purchased using a P-Card only by Information Technology personnel with specific authorization.
2. Rentals: Rentals cannot include equipment operators; Rental agreements must have proper legal review and Senior Vice President (SVP) signature for execution prior to payment or rental equipment delivery. In addition, all rental agreements must be reported to Financial Accounting via the Lease Accounting Workflow.
3. Fleet Automotive Parts and Supplies: Except in emergencies, may only be conducted and approved by employees of the Fleet Department.
4. Donations: May only be conducted by employees of the Public, Government & Customer Affairs Department with prior SVP or higher level executive approval.
5. Medical Care. May only be conducted or approved by employees of the Legal, Safety, or HR Departments.
6. Subscriptions: Authorized with appropriate management concurrence.
7. Gifts:
 - a. Please confirm with HR regarding guidelines for gifts and awards.
 - b. Please confirm with Tax and Payroll regarding taxable employee benefits.

8. Benefits: all employee benefits, including gifts, may have taxable consequences and must have proper approval from Employee Benefits and Payroll.

3.3. Unauthorized Transactions

With regards to the specific use of the P-Card, the following purchases are not authorized under the Purchasing Card Program:

1. Purchase of items stored in Inventory Management/Warehouse locations by employees outside of SCM. The P-Card will be used for small dollar commodity purchases generally less than \$2,500 or a group of items totaling up to \$2,500. These items may be one-time transactions or routine purchases and not available through the warehouse system or standard purchase orders
2. Employees are not allowed to conduct business with related party companies in which EPE Board members have a financial interest:
 - a. SCM will communicate changes to the Related Third-Party list.
 - b. Employees are responsible for checking the SCM intranet site for updates regarding the related party companies.
3. Hazardous materials or chemicals requiring an MSDS by employees outside of SCM
4. Cash Advances.
5. Payroll Expenses.
6. Personal Use.
7. Multiple transactions for a Single Purchase:
 - a. Defined as: multiple transactions which would cumulatively permit purchase of an item (or items) valued in excess of the standard \$2,500 transaction limit or preauthorized single limit defined for the card. **DO NOT SPLIT THE COST OF ITEM(S) TO CIRCUMVENT THIS LIMIT.**
 - b. The only exceptions to this single transaction limit must be authorized and approved via the P-Card One-Time Increase Workflow by the cardholder's supervisor and SCM.
8. Professional service fees (such as attorneys, accountants and architects).

Policy violations and/or processing of unauthorized transactions listed above may result in one or more of the disciplinary actions listed in the **DISCIPLINARY ACTIONS** section of this manual.

3.4. Cardholder Information Guide

3.4.1. Account Maintenance

If there is a need to change any information regarding an employee's account, employees will be required to submit a P-Card Permanent Change Workflow. The Workflow must be approved by the employee's Supervisor/Manager and by SCM. Please note that any change to an employee's account will also require proper justification and supporting documentation.

3.4.2. Card Usage

- A. The P-Card can be used for authorized purchases at any merchant that accepts VISA, except as the Company otherwise directs. There is no other special terminal or equipment needed by the VISA merchant to process a purchasing card transaction.
- B. Detailed transaction records showing items purchased and taxes paid are required by government and Company Policy and could be beneficial to the cardholder, in problem resolution discussions with vendors.
- C. Each time employees use their P-Card, they must request the original receipt:
 - a. An original receipt or customer's copy is required as documentation for all P-Card and Out-of-Pocket business expense transactions. The original receipt must detail all items purchased, as well as applicable sales tax.
 - b. A receipt showing only the gross amount with no supporting detail is not acceptable.
 - c. Some local vendors mistakenly believe that EPE P-Card transactions are exempt from sales tax. However, vendors must charge tax on ALL taxable transactions and the amount of tax must be detailed on the original receipt.
- D. When using the P-Card, cardholders should emphasize to the merchant that an invoice **MUST NOT** be sent to the Accounts Payable Department. An invoice sent to Accounts Payable may result in a duplicate payment.
- E. For orders placed through phone, fax, mail, and/or internet, cardholders will be responsible for instructing the supplier to send a detailed receipt or invoice directly to them **NOT** the Accounts Payable Department.
 - a. Invoice/receipt should show what was purchased, and the amount of taxes paid.
 - b. This receipt will be used to complete the monthly statement reconciliation in iExpense.

Cardholder Policy and Procedures Manual

- F. P-Card transactions for the prior month will be transferred to EPE's Oracle iExpense system the first week of each month. Each user must verify each charge and enter appropriate accounting information for each purchase in Oracle iExpense.

Choosing the proper accounting information is the responsibility of the cardholder. If you have any accounting questions, please contact your Financial Systems and Budgeting representative. Budget representative names can be accessed at

<http://epeonline/departments/financial-systems-budgeting>.

In addition, a listing of Expense Types can be accessed at

<http://epeonline/page/expense-types>.

- G. To keep card number confidential, cardholders must instruct vendors to always omit any visual reference to the P-Card account number when processing billing correspondence, (e.g., packing slips, invoices, or shipping documents).
- H. Unlike personal credit cards, the JPMorganChase VISA Purchasing Card Program creates corporate liability. Personal credit history has not been taken into account when a card is issued in an employee's name. The Cash Management Department is responsible for paying the Program Bill each month.

3.4.3. Preferred Vendors vs. Vendors Not Accepting VISA

- A. Cardholders must note that not every supplier will accept VISA. However, as purchasing card programs become more and more popular, suppliers will want to accommodate their customers by accepting VISA as a method of payment.
- B. Employees should contact the P-Card Administrator if there is a vendor they wish to deal with, who does not accept VISA. The Administrator will work with JPMorgan Chase to communicate EPE's desire to use VISA, as well as the benefits of accepting VISA. Alternatively, the cardholder may advise the vendor to contact its local bank for details of becoming a VISA member. It usually takes about thirty (30) days to complete the process. It will be to our benefit if as many suppliers as possible become VISA merchants.

3.4.4. Single Transaction and Monthly Limits and Restrictions

- A. Managers will assign and approve a monthly credit limit for each cardholder. There will also be a single transaction limit placed on each employee's card for purchases and travel, which means the card, will be declined if an attempt is made to purchase more than this set amount.

Standard P-Card Single Transaction Limits

Commodity \$2,500

Travel \$2,500

- B. NOTE TO CARDHOLDERS: As noted in Section 3.3, do not split a purchase to avoid the single transaction limit. Instead, if employees believe the single transaction limit will prevent optimum usage of the Purchasing Card Program, they may discuss their concerns with their manager. If it is determined that an employee's single transaction limit should be increased in order for them to perform their job responsibilities, the employee must submit a P-Card Temporary Change Workflow. Supporting documentation must be provided for said change, as well as proper justification, and the employee's Supervisor or Manager must provide approval.
- C. In addition to the single transaction limit, every cardholder has a total monthly dollar limit assigned to his/her account. Limits vary by cardholder, if employees believe their monthly limit is insufficient to perform their job responsibilities, they should discuss an increase with their managers. If it is determined that an employee's monthly dollar limit should be increased in order for them to perform their job responsibilities, the employee must submit a P-Card Permanent Change Workflow. Supporting documentation must be provided for said change, and the employee's Supervisor or Manager must provide approval.
- D. The JPMorganChase VISA Purchasing Card Program also allows for Merchant Category blocking. If a particular Merchant Category is blocked (i.e. jewelry stores, health clubs, cash advances, etc.), and an employee attempts to use their card at said merchant, the purchase will be declined. Merchant Category Codes (MCC) that block the use of certain types of vendors have been programmed into each card. Management has made an effort to ensure that the vendors/suppliers used during the normal course of business are not restricted.

Employee's should contact the P-Card Administrator if their card is refused at a merchant where he/she believes it should have been accepted, the employee should call JPMorganChase Customer Service at 1-800-316-6056 to determine the reason for refusal. Depending on the result of the inquiry, employees may want to discuss the issue further with their managers.

- E. IMPORTANT: All requests for changes in limitations and restrictions must be made by submitting a P-Card Permanent Change Workflow. JPMorganChase Bank will not change existing cardholder limits and restrictions until approved by the P-Card Administrator.

3.4.5. Reconciliation of Purchases

- A. Employees who accept their P-Card agree to submit a complete expense report with scanned copies of the appropriate documentation on time to the Company's Cash Management Department via Oracle iExpense.
- B. Expense Reports in Oracle iExpense are available for review and processing on or around the 4th business day of the month. Upon receiving email notification, employees should review their charges in Oracle iExpense to ensure that all of the transactions posted are legitimate charges made by the employee. Email alerts will continue periodically until all charges have been included in the expense report by the cardholder or their designated alternate and submitted for approval.
- C. Employees must include a copy of their monthly P-Card statement, and a scanned copy of all associated receipts with their Expense Report. It is the cardholder's responsibility to review their on-line transactions, compare to their monthly statement, select the proper accounting information, and forward for review and approval.
 - a. Employees must scan all hard copy receipts into PDF format and upload all receipts or other documentation in Oracle iExpense for their P-Card verification or Expense Report.
 - i. Hotel – hotel folio
 - ii. Car Rental – rental car agreement plus P-Card receipt.
 - iii. Meals/Entertainment – itemized P-Card receipt or cash register receipts (including restaurant tear tabs).
 - iv. Receipts for all miscellaneous expenses (except for miscellaneous tips such as for bellman and maids).
 - b. Cardholders may view their P-Card transactions on PaymentNet: <https://www.paymentnet.jpmmorgan.com>. PaymentNet allows the cardholder to view and print statements, view daily transactions, and dispute charges. The Organizational ID for EPE is US63319. For login inquiries call (915) 521-4413
- D. When reconciling P-Card charges used during business travel, a copy of the approved Travel Request Authorization Workflow (TRAW) form must be included in the Oracle iExpense reconciliation.
- E. A scanned copy of the original receipt for each transaction is required.
- F. All on-line reconciliation entries must be completed by the 20th day of each month.
- G. Supervisors and managers are responsible for reviewing and approving their employees' expense reports in Oracle iExpense by the 25th day of the month.

3.4.6. Receipt Retention (Invoices and Receipts)

- A. Cardholders are required to keep receipts of all purchases made.
 - a. This includes orders placed via phone, fax, internet or mail. A receipt must be requested detailing merchandise price, sales tax, freight, etc., to be included with the goods mailed/shipped. (A merchant should not reject this request, as it is a VISA policy).
 - b. All receipts must be saved and matched to the employee's monthly statements.
- B. It is extremely important to request and retain detailed receipts of purchase(s) since it is the only original documentation that shows whether sales tax was paid.
- C. Receipts are VERY IMPORTANT. Reconciliation of monthly statements will not be possible without the proper receipts. Scanned copies of receipts and invoices are required for Company records. A detailed receipt is VERY important as it serves as proof of what was purchased and whether or not tax was paid. The receipt provides proof of compliance with local, state, and federal tax laws.
- D. Standard reimbursement policies require retention of receipts or other proof of purchase, record keeping is not an extraordinary requirement. Please refer to question #7 in the FAQ Section 7 for what to do in case of a lost receipt.
- E. P-Card records are subject to internal and external audit. It is essential to adhere to the above record-keeping guidelines.

3.4.7. Documentation and IRS Requirements

- A. The following information is required to meet IRS substantiation requirements for business expenses or meals.
- B. Business meal expenses require a receipt and the following documentation for IRS purposes and must be entered with the expense report:
 - a. Detailed receipt to include individual items ordered, exact amount and date of the expense, including tips.
 - b. Documentation of date, time and place of meal or entertainment.
 - c. Detailed description of business purpose of expense item.
- C. Acceptable descriptions include, but are not limited to:
 - a. "Lunch with John Doe to go over departmental policies"
 - b. Full names of individuals present, and company represented if applicable, (plus signature and title/area of responsibility of approving member of upper management, if required); and
 - c. Expenses must be charged to the P-Card of the most senior member of the party.

3.4.8. Meal Expense Types

- A. Business meal documentation includes the date, time, location, and amount of business meal, including the tip, and the full names of individuals present, and the company represented if other than EPE (plus signature and title/area of responsibility of approving member of upper management, if required). In-town meals should be charged to expense type 010.
- B. Out-of-town meals should be charged to expense type 025.
- C. Employee appreciation meals, service recognition meals, departmental and divisional holiday parties should be charged to expense type 194.

NOTE: When cash is paid for (out-of-pocket) expenses, an additional tab is required to be filled out in iExpense for reimbursement of expenses.

3.4.9. Sales Tax

- A. Suppliers are required to include tax at the time of the purchase. Sales tax must be paid on all transactions. This is not possible when a purchase is made from an out-of-state supplier not authorized to collect tax in the state where items are used or bought. A receipt with \$0 tax paid is the only way the Tax Department knows that a taxable transaction has not been taxed. Tax Department will accrue tax to comply with all applicable tax laws.
- B. For questions concerning Sales Tax issues, contact the Tax Department at (915) 521-4653.
- C. Merchants are required by tax authorities to include the applicable sales tax at the time of purchase. The amount of tax depends on a variety of factors including the state, county, and city where the goods are purchased.
- D. All merchandise charges should include the applicable sales tax.

3.4.10. Disputed Unauthorized/Incorrect or Fraudulent Charges

- A. If employees find discrepancies between their receipt(s) and their bank statement, it is imperative that they address the issue immediately! Depending on the type of discrepancy, employees will need to contact either the merchant or JPMorganChase Customer Service.
- B. If the employee believes the merchant has charged them incorrectly or if employees have outstanding issues, they must first contact the merchant and try to resolve the error or problem.
 - a. If the matter is resolved directly with the merchant, and the error involved an overcharge, a credit adjustment should be requested from the merchant and should appear on the next statement.
 - b. The employee should highlight a disputed double charge on the statement as a reminder to verify that the correct credit is applied. It

Cardholder Policy and Procedures Manual

is the employee's responsibility to verify whether a credit is applied to their account.

- C. If the merchant disagrees that there should be an adjustment, employees should immediately dispute the charge through one of the following:
 - a. **PHONE** – Call the customer service number on the back of the card [1-800-316-6056].
 - b. **EMAIL** – Send an email to the P-Card Administrator and include: employee's name, the last four digits of his/her account (e.g. the last four digits of the card number), reason for dispute, merchant information, amount, receipt (if applicable).
 - c. **ONLINE** – In PaymentNet, under to Transactions, find and click on the transaction in question, select "Dispute" button.
 - d. For questions, concerns, please contact the EPE P-Card Administrator at (915) 521-4413.
- D. Any fraudulent charge (i.e. a charge that appears on a statement that was not authorized by the cardholder) must be reported immediately to JPMorganChase Customer Service and the EPE P-Card Administrator. Prompt reporting of any such charge will prevent the Company from being held responsible in most instances.
- E. Disputed charges must be received by JPMorganChase within 60 days of the statement date. Failure to act promptly once an error is discovered may result in EPE, and perhaps the cardholder, being liable for goods not purchased. Although JPMorganChase acts as the arbitrator in any dispute, cardholders should never assume that a dispute will be resolved in their favor.
- F. If the issue is not resolved with the bank, contact the EPE P-Card Administrator.

4. Definitions/Acronyms

Livelihood – is a web-based collaboration and document management system.

Material Safety Data Sheet (MSDS) - is a document that contains information on the potential health effects of exposure to chemicals, or other potentially dangerous substances, and on safe working procedures when handling chemical products.

Oracle iExpense - is a travel and expenses solution that streamlines and automates travel expense management.

Purchasing Card (P-Card) – is the company credit card for employees and it allows them to transact small business-related purchases for EPE.

PaymentNet - an integrated technology that provides a P-Card holder information on all JP Morgan credit card transactions.

Personal expenses - Personal expenses are not permissible business expenses. Examples of personal expenses include in-room movies, non-business-related reading materials, alcoholic beverages, and laundry services.

Travel Request Authorization Workflow (TRAW) - The employee completes the form and initiates the workflow in Livelink. The TRAW is then routed to the Supervisor/Manager, Assistant Vice President or Vice President for approval, as well the Senior Vice Presidents or CEO if the travel request exceeds the \$3,000 threshold level.

5. Key Party Responsibilities

5.1. Purchasing Cardholders

As cardholders, employees are required to maintain integrity, arms-length impartiality, and mutual respect with suppliers. Upon receiving their P- Cards, employees agree to use the P-Card solely in compliance with all Company policies. Employees will also have additional responsibilities when buying commodities and will be required to comply with the procedures established in this Purchasing Card Program, as well as all Company Policies.

By acknowledging the EPE Card Cardholder Agreement, and by receiving the P-Card, employees understand, and agree to comply with, the following responsibilities:

- Cardholders must conduct themselves in a manner consistent with the highest professional, ethical and legal standards in accordance with the Company's Code of Ethics policy.
- Any gratuity offered by a supplier in an attempt to influence a purchasing decision, or which may be perceived as such, shall be politely refused.
- Cardholders must safeguard confidential information revealed by suppliers in the course of doing business. Such information includes prices, proposals, contract terms, sources of supply, and other information that a supplier would identify as confidential or proprietary. Cardholders shall not discuss problems, disputes or any other information which may reflect

Cardholder Policy and Procedures Manual

negatively on a supplier with any other person, unless that person is an EPE employee who needs the information in order to properly perform his/her job.

- Cardholders may not participate in any transaction in which they or a member of their family has a personal or financial interest, whether direct or indirect. Should there be any questions concerning this statement, please contact the P-Card Administrator or the Program Administrator for clarification. If there is a conflict of interest, it will be the cardholder's responsibility to notify the Office of General Counsel (ext. 2018) or Corporate Compliance (ext. 2230).
- Cardholders may not participate in any transaction with a company in which an EPE Board member has a personal or financial interest ("Related Party Companies"). A list of Related Party Companies is available on the SCM page on EPE's intranet site ("Important Notice to P-Card Users – Related Person Transaction Policy"). Any updates to the Related Party Companies list will be provided via email and posted on the SCM intranet site.
 - Should there be any questions concerning the statement above, or to request a copy of the list of Related Party Companies, please contact the P-Card Administrator or the Program Administrator.
 - **IMPORTANT:** If an employee has violated this policy, it will be their responsibility to notify the Office of General Counsel (ext. 2018) or Corporate Compliance (ext. 2230).

Cardholders also understand, and agree that, they must also follow the additional responsibilities listed below:

- Complete the required P-Card Policies and Procedures training prior to receiving and using their card.
- Training will be assigned through Cornerstone to each new cardholder once their P-Card New Request Workflow has been approved by their Management and by the Sr. Director of SCM.
 - Obtain a receipt at the point of purchase and verify it for accuracy.
 - Call the toll-free number on the back of the card in order to activate card upon receipt– the card will then be ready to use.
- Merchants must include Sales Tax on any and all purchases, if the item(s) is/are taxable (merchant will know). Even merchants with a Direct Pay certificate from EPE should include tax on taxable P-Card purchases.
- Contact the Tax Department for guidance on any compensation or benefit provided to an employee.

Cardholder Policy and Procedures Manual

- Ensure that all transactions posted to their account are legitimate purchases made by the employee on behalf of the Company.
- Contact the PaymentNet Customer Service and the P-Card Administrator for any billing discrepancies that cannot be resolved with the supplier. The bank will place these charges in dispute. If a cardholder cannot resolve a disputed charge with the supplier, the cardholder will be responsible for disputing the charge through any of the following means within 60 days of the initial charge:
 - Phone – Call the customer service number on the back of the P-Card and notify the P-Card Administrator of your call.
 - Email – Send an email to the P-Card Administrator and include: name, the last four digits of the P-Card account (e.g. the last four digits of the card number), reason for dispute, merchant information, amount, receipt (if applicable).
 - Online – In PaymentNet, go to Transactions, find and click on the transaction in question, select “Dispute” button; employee must also notify the P-Card Administrator.
 - Complete a Change Workflow to document changes (e.g. name, address, and/ or division / department changes).
 - Create an expense report for all transactions in Oracle iExpense by the 20th of each month.
- Transaction data will be available in iExpense on or around the 4th business day of the month employees will be notified by email when the transactions are available for processing. Download and save a copy of the monthly statement from PaymentNet.
- Statement will be available on the 6th day of each month.
- Contact SCM at (915) 521-4413 for access.
- Scan the appropriate receipts or invoices for all purchases that correspond with the P-Card statement.
- Prepare and process P-Card expense report, with scanned monthly statement and appropriate receipts attached, noting appropriate accounting information in Oracle iExpense.
- Submit monthly P-Card expense report with scanned copies of the appropriate bank statement and the associated receipts to Supervisor/Manager for approval through iExpense by the 20th of each month.
- Expense reports must be reviewed for compliance and approved by management on or before the 25th of each month. Call PaymentNet

Customer Service immediately regarding lost or stolen cards at 1-800-270-7760.

- Also report lost or stolen cards to the P-Card Program Administrator.
 - Use the P-Card in accordance with Company policies and procedures and maintain card security.
 - Complete the annual P-Card Training refresher course to stay up to date with P-Card Policies and Procedures.
- For questions, concerns, or further explanation, contact the EPE P-Card Administrator at (915) 521-4413.

Violations of any of the responsibilities listed above may result in one or more of the disciplinary actions listed in Section 6.

5.2. Purchasing Section

Purchasing will request new P-Cards from the bank, update cardholder profiles on-line, and establish policies and procedures and periodic verification that the Purchasing Card Program is a controlled process that is not being used to circumvent established purchasing programs or is contrary to sound business practices. Purchasing will:

- Oversee the Purchasing Card Program design, setup, communication and administration.
- Act as primary contact with the bank, track progress and report program results to management.
- Expand the program through creative card usage.
- Work with cardholders and site coordinators in reconciling errors, billing disputes, unauthorized use, card loss/misplacement/theft.
- Purchasing will work closely with Accounting, Corporate Tax, Audit Services and Cash Management departments to determine the best practices for EPE to utilize.

5.3. Managers/Supervisors

- Designate and manage cardholders within a department and recommend purchasing limits and controls for the department.
- Ensure proper card usage through monthly review of P-Card statements and receipts attached to Oracle iExpense.
- Managers will receive an email notification when an expense report is sent for approval.
- Provide electronic approval to Expense Reports, which includes review of statement and receipts.

5.4. Site Coordinator

This includes individuals at each site who verify and accumulate monthly reconciliation statements and related information to provide on-site support to cardholders.

5.5. Supply Chain Management

- Oversee the Purchasing Card Program design, setup, communication, and administration.
- Assign orientation training to all cardholders.
- Training will be assigned to new cardholders through Cornerstone.
- New P-Cards will be mailed to the Executive Assistant of the Chief Financial Officer.
- Process Workflow requests for account maintenance and verify that any change requiring approval has been properly authorized.
- Assist cardholders with supplier disputes and other related problems.
- Create and maintain a file for each cardholder that contains the completed P-Card New Request Workflow, or the original Purchasing Card Application request, and all subsequent documentation related to card issuance and ongoing maintenance.
- Act as the primary contact for JPMorganChase.
- Track progress and report program results to management.
- Expand the program through creative card usage in compliance with Company policies and procedures.
- Work with cardholders and site coordinators in reconciling errors, billing disputes, unauthorized use of card, card loss/misplacement/theft, address change, name change, account closure and/or card replacement.

5.6. Cash Management

- Transfer funds to pay JPMorganChase.
- Post charges to the Accounting System.
- Maintain electronic copies of Invoices, Receipts and Statements in Oracle iExpense in accordance with the Records Management Policy.
- Administer iExpense module used to process Expense Reports.

5.7. Tax Department

- Provide tax-related consultation to all purchasing cardholders. (Policy is for cardholders to pay tax at time of purchase). If you have any questions concerning Sales Tax issues, contact the Tax Department at (915) 521-4653.
- Coordinate tax audits on purchases through the Purchasing Card Program.

- Periodically review Company transactions to evaluate compliance with P-Card policy to pay tax at time of purchase; propose solutions to any noncompliance situations. When a cardholder is not in compliance, Tax will notify the Program Administrator and will encourage the responsible Department Manager to resolve the issue.

5.8. Audit Function

Conduct routine audits to ensure honest and forthright business conduct and system/operating procedural compliance.

5.9. Regulatory

Ensure all charges are properly identified for regulatory requirements.

5.10. JPMorgan PaymentNet Team Members

- Program Consultant – Implement the Purchasing Card Program, including reporting infrastructure.
- Account Manager – Work with the Company's Program Administrator on the day-to-day servicing needs of the program.
- Cardholder Customer Service – BANK - Available 24 hours a day, 365 days a year, for all cardholder needs:
 - 1-800-316-6056.
 - Customer Service Representatives provide account information to cardholders upon verification of personal information. Customer Service Representatives assist with the following:
 - General Inquiry
 - Account balance and status
 - Spending limit availability
 - Payment due dates and mailing addresses
 - Dispute status
 - Duplicate statement requests
 - Statement transactions
 - Maintenance Functions
 - Card activation
 - File lost/stolen card report
 - File non-receipt report
 - Manual authorization

6. Disciplinary Actions

FAILURE TO USE THE PURCHASING CARD IN ACCORDANCE WITH THE COMPANY'S POLICIES AND PROCEDURES, AS WELL AS THE POLICIES AND PROCEDURES ESTABLISHED IN THIS PURCHASING CARD

PROGRAM, WILL RESULT IN A VIOLATION, WHICH MAY INCLUDE, BUT IS NOT LIMITED TO, ONE OR MORE OF THE FOLLOWING DISCIPLINARY ACTIONS:

- **DISCIPLINARY ACTION STEP-LIST (for circumventing P-Card Single Transaction Limit):**
 - First Offense: Delinquent cardholders, and responsible Supervisor/Manager, will be notified via email by the P-Card Administrator.
 - Second Offense: Delinquent cardholders will be required to re-take the P-Card Policies and Procedures Training in Cornerstone and must complete by the assigned due date.
 - Third Offense: Failure to follow the procedures mentioned above, and/or for repeated offenses, will result in the Program Administrator canceling the employee's P-Card. If this occurs, the card may only be reissued with approval from the Chief Financial Officer.
- **DISCIPLINARY ACTION STEP-LIST (for failing to submit the monthly Expense Report):**
 - First Offense: Delinquent cardholders, and responsible Supervisor/Manager, will be notified by the Cash Management Department. If documentation is not received within a reasonable amount of time, the next level of management and executive management will be notified.
 - Second Offense: Delinquent cardholders will be required to re-take the P-Card Policies and Procedures Training in Cornerstone and must complete by the assigned due date.
 - Third Offense: Failure to follow the procedures mentioned above may result in the Program Administrator canceling the employee's P-Card. If this occurs, the card may only be reissued with approval from the Chief Financial Officer.
- **REVOCATION OF THE P-CARD (with or without the above mentioned disciplinary action step-list)**. If this occurs, the card may only be reissued with approval from the Chief Financial Officer.
- **CRIMINAL PROSECUTION AND/OR CIVIL PROCEEDINGS**
The Company may seek criminal prosecution and/or institute civil proceedings in connection with any policy violations
- **TERMINATION OF EMPLOYMENT**
*Please refer to the SPECIFIC BUSINESS RULES STATEMENT section of this manual to review Authorized and Unauthorized Transactions

7. Frequently Asked Questions

1. I lost my card/someone stole my card, what do I do?
 - a. Cardholders are responsible for the security of their card and any purchases made to their account. If a cardholder believes their card has been lost or stolen, they should immediately report this information to JPMorganChase Customer Service at 1-800-316-6056.
 - i. Immediately, after reporting to Customer Service, cardholders must inform the P-Card Administrator.
 - ii. It is extremely important to act promptly in the event of a lost or stolen card to avoid Company liability for fraudulent transactions.
 - b. As with a personal charge card, the account number of a reported lost or stolen card will no longer be active after notifying the bank. A new card will be issued upon the request, and a new card should arrive within 5 to 7 business days.
 - i. Replacement cards can be rushed or overnighted, however there is a \$25.00 fee to do so.
 - ii. Under emergency circumstances this fee can be waived.
2. Can another employee use my card?
 - a. NO! Each P-Card will be embossed with the individual employee's name. The employee is responsible for the proper use of his/her card. Under no circumstance should an employee utilize another's P-Card.
3. I will be transferring to another department/location, what should I do?
 - a. If, and when, an employee is transferred to another department/location, they will be required to submit a P-Card Permanent Change Workflow to document the new manager's approval of the employee's P-Card within a week of the transfer date. Should there be any questions on how to submit a Permanent Change Workflow, please contact the P-Card Administrator (915) 521-4413.
4. Can the P-Card be used outside of the United States?
 - a. Yes. The JPMorganChase Purchasing Card is accepted worldwide. Purchases can be made in any currency and billed in U.S. dollars. The currency, as well as the foreign exchange rate utilized, is stated for each transaction on your statement.
 - b. Employees who are planning to travel outside of the United States should contact the JPMorganChase Customer Service to notify them

Cardholder Policy and Procedures Manual

any trips. Employees should provide the JPMorganChase Customer Service with the following information: Country of travel, and Dates of travel.

5. Who pays the bill?
 - a. Suppliers will be paid through the electronic banking network by the bank. In most cases the supplier will be paid within two to three days of the transaction. Cardholders should only need to present their Purchasing Card for the supplier to be paid.
 - b. Cash Management will make one monthly payment directly to JPMorganChase for all card purchases. JPMorganChase Bank will submit a single monthly invoice to EPE that will include all activity on all cards for the billing period. If used in accordance with these rules, EPE will be responsible for the purchases made on the P-Card.
6. What are the consequences for submitting late expense reports?
 - a. Failure to create a complete expense report in Oracle iExpense by the 20th day of the month or failure to acquire the proper management approval by the 25th day of the month will result in the following:
 - i. First Offense: Delinquent cardholders, and responsible Supervisor/Manager, will be notified. If documentation is not received within a reasonable amount of time the next level of management and executive management will be notified.
 - ii. Second Offense: Delinquent cardholders will be required to re-take the P-Card Policies and Procedures Training in Cornerstone and must complete by the assigned due date.
 - iii. Third Offense: Failure to follow the procedures mentioned above may result in the Program Administrator canceling the P-Card. **If this occurs, the card can only be reissued with approval from the Chief Financial Officer.**
7. I lost my receipt(s), what should I do?
 - a. If a receipt is lost, employees should try to get a copy of it from the supplier.
 - b. If it becomes impossible to obtain a receipt copy from the supplier, employees must then complete a "Missing Receipt Form". The form may be found on the SCM page on the EPE Intranet at: <http://epeonline/page/p-card-forms-and-links>.
 - c. The form must include the employee's name, his/her department, location, the type of transaction, reason for missing receipt, a description of the expense, dollar amount, business purpose, and must be signed by both the employee and the authorized approver.

This form will need to be scanned and submitted in lieu of the detailed receipt in the monthly expense report.

8. I accidentally made a non-business charge on my P-Card, what should I do?
 - a. If the P-Card is used for non-business charges, employees must do the following:
 - i. Fill out the Personal Expenses Reconciliation Memo form (can be found on the SCM's page on the Intranet at <http://epeonline/page/p-card-forms-and-links>.
 - ii. Have their Supervisor/Manager sign the form once completed.
 - iii. Scan a copy of the form (and their personal check in the amount of the transaction in question) and add to the month's Expense Report as if it were a receipt.
 - iv. Write "Personal" on the invoice and use your regular cost center.
 - v. After submitting the Expense Report, employee must turn in the hard copy form, and their personal check or money order to Cash Management at Loc. 122.
 - vi. Examples include movies or extra days charged on hotel bills and meal costs incurred when a spouse accompanies an employee on a business trip.

8. Purchasing Card Program Support Personnel Contact Information

Program Administrator.....	X2066
P-Card Administrator	X4413
Manager, Cash Management & Investor Relations.....	X2236
Cash Management Supervisor	X5961
Oracle-Related Issues	X5900

9. IMPORTANT – For Lost or Stolen Cards

1. **CALL THE BANK IMMEDIATELY AT 1-800-316-6056.** Bank Customer Service Representatives are available 24 hours a day, 365 days a year.
2. **Notify the P-Card Administrator at (915) 521-4413.**

10. View Transactions

PaymentNet allows the cardholder to view and print statements, view daily transactions, and/or dispute charges. Cardholders may log into their accounts via: <https://www.paymentnet.ipmorgan.com>. The Organizational ID for EPE is

US63319. For login inquiries please contact the Purchasing Card Administrator at (915) 521-4413.

11. Procedures

Monthly P-Card charges are available for processing in Oracle iExpense by the first week of each month (on or around the 4th business day of each month). Cardholders will receive an email request to enter accounting data and to process their P-Card transactions via iExpense. Email alerts will continue periodically until all charges have been processed in iExpense and submitted for approval by the cardholder or their designated alternate. All transactions must be submitted for approval by the 20th of each month. By accepting the P-Card, employee agrees to submit the proper documentation, on time, via Oracle iExpense.

Management approvals must be completed in Oracle iExpense by the 25th of each month. Approving managers are responsible for reviewing all P-Card transactions, along with the proper documentation in Oracle iExpense, and ensuring compliance with P-Card Policies and Procedures, as well as Company Policies. For more detailed information on card use and maintenance, please refer to the General Guidelines section of this manual.

As set forth in the Purchasing Card Cardholder Agreement, failure to use the P-Card in accordance with the Company's policies and this agreement will result in revocation of the P-Card and appropriate disciplinary action, which may include termination of employment. Additionally, the Company may seek criminal prosecution and/or institute civil proceedings in connection with policy violations.

Cardholder Policy and Procedures Manual

12. Revision and Approval History

Revision History			Approvers	
Effective Date	Revision Number	Description of Change	Owner	Executive Sponsor
07/17/2017	2.0	<p>Section 3.2(4) Donations – Assigns responsibility to the Public Government & Customer Affairs to conduct donations.</p> <p>Section 3.4.7(C)(c) – “Most senior member of the party must charge expense to their P-Card.”</p> <p>Section 3.4.2(F) – Incorporates language regarding the use of proper accounting information.</p>	Supply Chain Management	Bill Stiller
08/26/2019	2.1	<p>Section 3.2(2) Rentals – Incorporates language noting entry of lease agreements into the Lease Accounting Workflow.</p> <p>Revision of standard P-Card single transaction limit from \$1,000 to \$2,500 per EPE Purchasing Policies and Procedures.</p> <p>Formatting corrections and edited language brevity</p>	Supply Chain Management	Nathan T. Hirschi, SVP, Chief Financial Officer

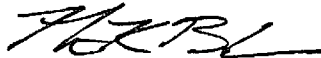
SOAH DOCKET NO. 473-21-2606
DOCKET NO. 52195

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

CONFIDENTIALITY STATEMENT UNDER
SECTION 4 OF THE PROTECTIVE ORDER

The undersigned attorney for El Paso Electric Company (EPE) submits this statement under the section 4 of the Protective Order entered in this case. Materials provided in the responses to Staff 1-43 (Attachments 1 and 2) are exempt from public disclosure pursuant to sections 552.101 and 552.110 of the Public Information Act. The responses contain information on business operations and financial information that is commercially sensitive and not otherwise readily available to the public. The undersigned counsel for EPE has reviewed the information described above sufficiently to state in good faith that the information is exempt from disclosure under the PIA and merits the confidential designation given to it.

Respectfully Submitted,



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Line No	(a) Jurisdiction	(b) FERC Account	(c) 2019	(d) 2020
RESPONSE TO NUMBER 1 AND 2 PARAGRAPHS				
	<u>Property Taxes Paid</u>			
1	New Mexico	408 1	\$ 3,442,327	3,462,535
2	New Mexico	107	-	-
3	TOTAL NEW MEXICO		<u>3,442,327</u>	<u>3,462,535</u>
4	Texas	408 1	15,272,227	16,649,274
5	Texas	107	-	-
6	TOTAL TEXAS		<u>15,272,227</u>	<u>16,649,274</u>
7	Arizona	408 1	7,152,266	6,797,212
8	Arizona	107	-	-
9	TOTAL ARIZONA		<u>7,152,266</u>	<u>6,797,212</u>
10	All Jurisdictions	408 1	25,866,820	26,909,021
11	All Jurisdictions	107	-	-
12	TOTAL		<u>\$ 25,866,820</u>	<u>\$ 26,909,021</u>
RESPONSE TO NUMBER 3 PARAGRAPH				
13	<u>Book Values at January 1</u>			
14	Gross Plant	101-106,114		
15	Texas		\$ 2,299,202,294	\$ 2,451,356,863
16	New Mexico		822,680,022	851,968,498
17	Arizona		2,029,731,506	2,065,698,735
18	TOTAL GROSS PLANT		<u>\$ 5,151,613,822</u>	<u>\$ 5,369,024,096</u>
19	Accum Depreciation	108,110,111,115		
20	Texas		\$ (692,622,035)	\$ (730,922,275)
21	New Mexico		(328,531,256)	(341,552,050)
22	Arizona		(1,291,528,078)	(1,309,510,539)
23	TOTAL ACCUM DEPRECIATION		<u>\$ (2,312,681,369)</u>	<u>\$ (2,381,984,864)</u>
24	Net Plant			
25	Texas		\$ 1,606,580,259	\$ 1,720,434,588
26	New Mexico		494,148,766	510,416,448
27	Arizona		738,203,428	756,188,196
28	TOTAL NET PLANT		<u>\$ 2,838,932,453</u>	<u>\$ 2,987,039,232</u>
29	CWIP (a)	107		
30	Texas		\$ 97,045,538	\$ 94,106,055
31	New Mexico		27,216,990	21,205,755
32	Arizona		45,064,701	42,539,189
33	TOTAL CWIP		<u>\$ 169,327,229</u>	<u>\$ 157,850,999</u>
34	Materials & Supplies	151, 154, 163		
35	Texas		\$ 25,087,270	\$ 29,489,668
36	New Mexico		4,591,139	6,109,963
37	Arizona		29,236,067	29,917,785
38	TOTAL MATERIAL & SUPPLIES		<u>\$ 58,914,476</u>	<u>\$ 65,517,416</u>

(a) As indicated in the Company's response to Staff 1-10, the Company has not included ad valorem taxes assessed on CWIP in the requested revenue requirement

RESPONSE TO NUMBER 4 PARAGRAPH

	(a)	(b)	(c)	(d)	(e)
	Property Taxes Charged to Electric Expenses by month in Test Year				
		FERC Account 408 1			Total Property Taxes Charged
		New Mexico	Texas	Arizona	
39	January 2020	\$ 401,150	\$ 1,504,735	\$ 584,151	\$ 2,490,036
40	February 2020	401,150	1,504,534	584,151	2,489,835
41	March 2020	401,150	1,508,602	584,151	2,493,903
42	April 2020	401,150	1,504,532	574,741	2,480,423
43	"May 2020	401,150	1,593,245	584,151	2,578,546
44	June 2020	401,150	1,522,274	584,151	2,507,575
45	July 2020	401,150	1,522,274	584,151	2,507,575
46	August 2020	401,150	1,522,274	584,151	2,507,575
47	September2020	401,150	1,522,274	319,789	2,243,213
48	October 2020	401,150	1,521,012	554,777	2,476,939
49	November 2020	(524,982)	1,522,148	554,777	1,551,943
50	Dec-20	316,954	970,724	554,788	1,842,466
51	Total	\$ 3,803,472	\$ 17,718,628	\$ 6,647,929	\$ 28,170,030

Line No.	Pay Period End Dates	Pay Increase Effective Dates by Group	Executive		Union		Non-Union	
			1/1/2020 (updated on 2/5/20)		8/31/2020 (updated on 9/4/20)		12/21/2020 (updated on 12/29/20)	
			# of Employees	Base Pay	# of Employees	Base Pay	# of Employees	Base Pay
1	1/5/2020		14	4,050,000.00	426	30,863,289.60	696	62,397,154.54
2	1/19/2020		14	4,050,000.00	427	30,799,433.60	700	62,709,464.08
3	2/2/2020		14	4,050,000.00	430	31,031,249.60	702	62,876,570.43
4	2/16/2020		14	4,207,500.00	427	30,833,233.60	699	62,547,482.34
5	3/1/2020		14	4,207,500.00	426	30,751,905.60	701	62,745,266.02
6	3/15/2020		14	4,207,500.00	426	30,751,905.60	701	62,745,266.02
7	3/29/2020		14	4,219,500.00	420	30,371,660.80	696	62,377,333.75
8	4/12/2020		14	4,219,500.00	421	30,418,398.40	697	62,435,333.75
9	4/26/2020		14	4,219,500.00	421	30,418,398.40	697	62,435,333.75
10	5/10/2020		14	4,219,500.00	424	30,587,564.80	694	62,184,053.69
11	5/24/2020		14	4,219,500.00	423	30,598,630.40	693	62,145,642.49
12	6/7/2020		14	4,219,500.00	425	30,738,510.40	701	62,548,440.77
13	6/21/2020		14	4,219,500.00	426	30,870,798.40	709	63,067,137.49
14	7/5/2020		14	4,219,500.00	423	30,652,481.60	707	62,803,707.96
15	7/19/2020		14	4,219,500.00	423	30,652,481.60	707	62,803,707.96
16	8/2/2020		14	4,219,500.00	422	30,713,675.20	712	63,034,539.13
17	8/16/2020		14	4,219,500.00	421	30,709,203.20	712	63,034,539.13
18	8/30/2020		14	4,219,500.00	420	30,683,619.20	710	63,031,615.36
19	9/13/2020		15	4,969,500.11	426	30,930,993.60	701	62,498,149.00
20	9/27/2020		15	4,969,500.11	426	30,930,993.60	701	62,498,149.00
21	10/11/2020		13	4,142,500.00	434	32,280,832.22	705	62,737,261.74
22	10/25/2020		13	4,142,500.00	434	32,321,829.02	705	62,814,617.81
23	11/8/2020		12	3,717,500.00	434	32,420,691.42	705	62,861,158.77
24	11/22/2020		12	3,717,500.00	434	32,455,947.42	705	62,908,573.64
25	12/6/2020		12	3,717,500.00	434	32,465,141.02	706	62,915,611.42
26	12/20/2020		12	3,717,500.00	434	32,471,006.62	705	62,842,130.32
27	1/3/2021		12	3,747,500.00	435	32,527,603.42	709	64,857,394.93
28	1/17/2021		12	3,747,500.00	435	32,527,603.42	709	64,857,394.93
29	1/31/2021		12	3,747,500.00	435	32,574,694.62	709	64,880,981.37
30	2/14/2021		12	3,747,500.00	431	32,340,155.31	708	65,027,396.30
31	2/28/2021		12	3,843,500.00	432	32,455,096.11	711	65,312,754.95
32	3/14/2021		12	3,843,500.00	432	32,524,214.51	711	65,246,866.12
33	3/28/2021		12	3,843,500.00	432	32,524,214.51	711	65,246,866.12
34	4/11/2021		11	3,608,500.00	430	32,477,144.11	715	65,183,241.26
35	4/25/2021		10	3,364,500.00	429	32,429,574.51	722	65,686,924.13
36	5/9/2021		10	3,364,500.00	428	32,457,696.11	718	65,249,199.24
37	5/23/2021		10	3,364,500.00	428	32,457,696.11	718	65,249,199.24
38	6/6/2021		10	3,364,500.00	429	32,464,289.71	732	65,713,211.94
39	6/20/2021		10	3,364,500.00	429	32,464,289.71	732	65,713,211.94
40	7/4/2021		10	3,364,500.00	426	32,182,241.71	742	65,788,036.72

Pay Increase Effective Dates by Group	Executive						Union						Non-Union					
	01/01/2017		01/01/2018		01/01/2019		09/03/2017		09/03/2018		09/03/2019		12/25/2017		12/24/2018		12/23/2019	
	Base Pay Before	Base Pay After	Base Pay Before	Base Pay After	Base Pay Before	Base Pay After	Base Pay Before	Base Pay After	Base Pay Before	Base Pay After	Base Pay Before	Base Pay After	Base Pay Before	Base Pay After	Base Pay Before	Base Pay After	Base Pay Before	Base Pay After
	4,411,000.00	4,579,000.00	4,618,000.00	4,822,000.00	4,771,000.00	4,888,000.00	27,747,075.20	28,592,262.40	28,405,644.80	29,287,918.40	29,432,852.80	30,590,726.40	55,902,476.57	57,502,458.69	57,539,358.30	59,266,095.89	60,551,655.25	62,397,154.54

Line No	Line on Sch G-8	(a) Vendor	(b) 2018	(c) 2019	(d) 2020	(e) Adjustment	(f) 2020 Requested	Description
1	477-478	AT & T	\$ 523,289	\$ 484,780	\$ 455,917		\$ 455,917	Telecommunication, Cable and Satellite Services
2	339	Baker Botts LLP	706,516	1,181,235	543,325		543,325	Various Legal Services
3	21	CultureSpan Marketing	331,876	552,047	451,317		451,317	Marketing Consulting Services
4	26,351-352	Duggins Wren Mann & Romero LLP	844,207	565,215	677,213		677,213	Various Legal Services
5	27,325-327	Dyonix	5,582,180	4,668,974	3,907,769		3,907,769	Information Technology Consulting Services
6	466	Dyonix	-	186,590	92,574		92,574	System Hosting Services
7	467	Dyopath LLC (1)	-	-	1,311,377		1,311,377	Information Technology Consulting Services
8	30-31	Energy & Environmental Economics Inc	-	52,936	497,066		497,066	Environmental Service
9	402	Fiserv Inc	303,128	308,855	315,473		315,473	Bill Processing Services
10	412	Holguins Electric Company	-	-	78,929		78,929	Electrical Services & Supplies - Meter Reading
11	413	Holguins Electric Company	614,166	700,870	789,607		789,607	Electrical Services & Supplies - Service Work
12	359-360	Jackson Walker LLP	386,053	596,545	570,372		570,372	Various Legal Services
13	317	JP Morgan Chase	145,790	164,286	214,450		214,450	Bank Services
14	419	JP Morgan Chase	307,646	293,330	287,655		287,655	Bill Payment Processing
15	195	KPMG LLP	1,719,700	1,720,000	1,354,524	(70,200)	1,284,324	External Audit Services
16	318-320	Maintenance Unlimited Inc (2)	-	304,909	511,109		511,109	Janitorial Services
17	366	Montgomery & Andrews PA	-	80,111	483,197		483,197	Various Legal Services
18	59-60, 368-370	Nuschler, Robin M Esq	302,774	496,879	559,328		559,328	Various Legal Services
19	539	Outsource Connection Inc	1,570,800	1,588,200	1,573,700		1,573,700	Call Center Support
20	541-542	Pinnacle Data Systems LLC	948,358	908,477	654,860		654,860	Computing Product Services
21	418	Pricewaterhouse Coopers LLP	571,421	302,756	17,947	(17,947)	-	Internal Auditing Services
22	473	Pricewaterhouse Coopers LLP	439,521	408,275	270,755		270,755	Accounting Services
23	379	Pricewaterhouse Coopers LLP	263,555	274,246	41,627		41,627	Section 404 Services (Internal Controls)
24	380	Protiviti Inc	-	-	231,693		231,693	Section 404 Services (Internal Controls)
25	419	Protiviti Inc	-	-	147,089	191,591	338,680	Internal Auditing Services
26	311-312, 446-449	Securitas Security Services USA Inc	1,386,603	1,355,568	1,461,916		1,461,916	Security Services
27	607	Verizon Wireless	821,516	846,775	795,329		795,329	Telecommunication, Cable and Satellite Services
28		Total Outside Services	<u>\$ 17,769,099</u>	<u>\$ 18,041,859</u>	<u>\$ 18,296,118</u>	<u>\$ 103,444</u>	<u>\$ 18,399,562</u>	

Notes

- (1) In 2020, Dyonix changed its name to Dyopath LLC
- (2) Maintenance Unlimited Inc. replaced Western Janitorial Service beginning March 2019. Total janitorial services paid to Western Janitorial Service in 2018 was \$346,748 and \$77,368 in 2019.

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

Leases and Rentals in Place During the Testing and Subsequent Year									
FERC	Account	Vendor	Test Year Amount	Lease Term	Monthly Rent Payment	Address	Business Purpose	Expiration Date	Expected Renewal?
507 - Rents									
		ACTenviro	\$ 15,625	Daily	N/A	Various	Equipment/tools for daily operations	Various	Yes, as needed
		Bowen Ranch, LLC	217	Expensed as incurred	N/A	Various	Used for daily operations.	N/A	No
		C&E Industrial Services	3,069	Daily	N/A	Various	Equipment/tools for daily operations	Various	Yes, as needed
		Complete Reprographics Inc.	2,635	Expensed as incurred	N/A	Various	Used for daily operations.	N/A	Yes, as needed
		El Paso Sanitation Systems	4,029	Daily	N/A	Various	Used for daily operations.	N/A	Yes, as needed
		ITC Insulation Technology Company	86,032	Daily	N/A	Various	Used for daily operations.	N/A	Yes, as needed
		Mobile Mini Solutions	2,362	Daily	N/A	Various	Used for daily operations.	N/A	Yes, as needed
		Montgomery & Andrews PA	299	Expensed as incurred	N/A	N/A	Used for daily operations.	N/A	Yes, as needed
		Mountain View Golf Carts, LLC	412	Daily	N/A	Various	Equipment/tools for daily operations	N/A	Yes, as needed
		United Rentals	20,724	Daily	N/A	Various	Equipment/tools for daily operations	Various	Yes, as needed
		El Paso Water Utilities	519,795	25 Years	43,316.25	City of El Paso, El Paso County, TX	Buffer Zone Area for the Newman Power Plant	Jun-2033	To be reviewed
	507 Total as adjusted		655,198						
550 - Rents									
		Department of the Air Force	4,067	31 years	338.92	Portion of Holloman Air Force base, Otero County, New Mexico	Ground lease related to a solar power production facility	Sep-2047	To be reviewed
		Mobile Mini Solutions	1,109	Expensed as incurred	N/A	Various	Used for daily operations.	N/A	Yes, as needed
		United Rentals	90,927	Expensed as incurred	N/A	Various	Equipment/tools for daily operations	Various	Yes, as needed
		Crane Service, Inc.	94,836	Expensed as incurred	N/A	Various	Equipment/tools for daily operations	Various	Yes, as needed
	550 Total as adjusted		190,939						
567 - Rents									
		Bureau of Land Management	44,947	Various	Various	Various	Access easements and rights of way.	Various	Yes, as needed
		Canutillo Independent School District	700	Monthly	\$700	75' South of La Mesa Street, El Paso, TX	Temporary substation	End of month each month	No
		Crown Communication LLC	(1,159)	5 Years	(\$97)	NM MYNDUS-Site#801470-Lease#269362 Tower Rental	Tower rental (adjustment to reclassify expense)	Apr-2021	Yes
		KDBC TV	692	1 year	\$58	Franklin Mtn. Comanche Peak	Comanche Mountain Tower Lease	Auto Renewal	Yes
		KFOX-TV	8,973	Annual	\$748	Franklin Mtn. Comanche Peak	Franklin mountain tower lease	Auto Renewal	Yes
		New Mexico State Land Office	10,078	Various	Various	Otero and Dona Ana Counties, New Mexico	Land leases	Various	Yes
		Otero County Electric Co	2,160	Expensed as incurred	N/A	N/A	Daily operation use	N/A	(b)
		Pinnacle Towers LLC	1,159	5 years	\$97	Buck Mtn.-Site#871382-Lease#156099 Tower Rental	Tower rental	Oct-2021	Yes
		Public Service Company of New Mexico	774	40 years	\$64	4201 Edith Blvd. NE, MS ES01, Albuquerque, NM 87107	Long Ridge Cell Site Lease	Oct-2028	Yes
		Public Service Company of New Mexico	955	Expensed as incurred	N/A	Buck Mtn. Tower	Used for daily operations.	N/A	(b)
		Railroad Management Company LLC	4,118	Annual	Various	Various	Access license fees	Various	Yes, as needed
		Texas General Land Office	1,955	10 Years	\$391.00	Various	Daily operation	May-2020	Yes
		The University of Texas System Board of Regents	12,864	10 years	\$1,072	San Elizario, Texas	Power line Easement	Oct-2025	Yes
		Western New Mexico Telephone Co Inc	120	Annual	\$10	Mangus Mtn.	Mangus Mountain Radio Repeater	Auto Renewal	Yes
		Ruly's Mobile Welding, Inc.	2,165	Expensed as incurred	\$2,165	Various	Forklift rental	N/A	(b)
		Salt River Project (a)	26,291	50 Years	N/A	N/A	ANPP Valley Transmission System Project	Oct-2028	To be reviewed
		Greenwood, Berdina	1,152	5 Years	\$100	Section 7, Township 4 South Range, Range 1 East	Lease of storage space for daily operations.	Jan-2026	To be reviewed
	567 Total as adjusted		117,943						
589 - Rents									
		Bureau of Land Management	19,842	Various	Various	Various	Easement	Various	Yes, as needed
		Crown Communication LLC	(1,159)	5 years	\$902	NM MYNDUS-Site#801470-Lease#269362 Tower Rental	Tower rental (adjustment to reclassify expense)	Apr-2021	Yes
		Doble Engineering Company	149,056	1 Year	\$12,421	1430 Vanderbilt, El Paso, TX 79935	Daily operation	Jul-2021	Yes
		El Paso County Water & Impr Dist No 1	20,000	1 Year	\$1,667	EPCWID Property - District Wide	Access to construct, operate and maintain El Paso Electric Company's Electrical system	Jan-2021	Yes
		KDBC TV	692	1 year	\$58	Franklin Mtn. Comanche Peak	Comanche Mountain Tower Lease	Auto Renewal	Yes
		KFOX-TV	8,973	Annual	\$748	Franklin Mtn. Comanche Peak	Franklin mountain tower lease	Auto Renewal	Yes
		New Mexico State Land Office	12,163	Various	Various	Various	Rights of way/easements	Various	Yes, as needed
		Pinnacle Towers LLC	1,159	5 Years	\$97	Buck Mtn.-Site#871382-Lease#156099 Tower Rental	Tower rental	Oct-2021	Yes

Public Service Company of New Mexico	774	40 Years	\$64.46	4201 Edith Blvd. NE MS E501, Albuquerque, NM 87107	Long Ridge Cell Site Lease	Oct-2028	Yes
Public Service Company of New Mexico	955	Expensed as incurred	\$79.59	Buck Mtn. Tower	Used for daily operations.	N/A	(b)
Railroad Management Company LLC	9,438	Annual	Various	Various	Access license fees	Various	Yes, as needed
Texas General Land Office	386	Various	Various	Various	Access easements and rights of way.	Various	Yes, as needed
USAED Fort Worth	601	Various	\$25.00	Fort Bliss, Texas	Easements	Various	Yes, as needed
Western New Mexico Telephone Co Inc	120	Annual	\$10	Mangus Mtn.	Mangus Mountain Radio Repeater	Auto Renewal	Yes
Elephant Butte Irrigation District	61,747	Various	Various	Various	Right of use permit fees	Various	Yes, as needed
BNSF Railway Company	6,419	Various	Various	Various	Rights of way/licenses	Various	Yes, as needed
San Saba Pecan LP	33,255	5 Years	\$2,771	1655 W. Amador, Las Cruces, Dona Ana County, New Mexico	Storage facility for station vehicle, equipment and inventory	May-2017	No
Trinity Properties, LLC	-	Annual	\$6,000	2820 Las Vegas Court, Las Cruces, NM	Storage facility for station vehicle, equipment and inventory	Feb-2022	Yes
Complete Reprographics Inc.	332	Expensed as incurred	N/A	N/A	Used for daily operations.	N/A	Yes, as needed
United Parcel Service	1,131	Expensed as incurred	N/A	N/A	Used for daily operations.	N/A	(b)
Other	15,252	Expensed as incurred	N/A	N/A	Used for daily operations.	N/A	(b)
589 Total as adjusted	341,134						
931 - Rents							
AFIAA WFT LLC	63,240	5 years	Year 1 - \$2,864.39 Year 2 - \$3,677.71 Year 3 - \$3,778.85 Year 4 - \$3,882.76 Year 5 - \$3,989.54	400 West 15th St., Austin, TX 78701	External Affairs Office building	Oct-2024	Yes
Bureau of Land Management	5,778	Various	Various	Various	Right of Way/Easement	Various	Yes, as needed
300 Galisteo Association	7,335	Expensed as incurred	N/A	300 Galisteo, Suite 105 Santa Fe, NM	Office association dues	N/A	(b)
CAPITALIZED A&G	(18,678)	N/A	N/A	N/A	N/A	N/A	(c)
Crown Communication LLC	34,083	5 Years	\$2,840	NM MYNDUS-Site#801470-Lease#269362	Tower rental	Apr-2021	Yes
Hendricks, HC	2,690	5 Years	\$35.00	GNAT site, NM	Right of way GNAT site	Apr-2020	Yes
J & S Enterprises	3,386	10 Years	\$282	Sierra Blanca, TX	Easement Quitman Repeater	Feb-2022	Yes
KDBC TV	9,643	Monthly	\$804	Franklin Mtn. Comanche Peak	Comanche Mountain Tower Lease	Auto Renewal	Yes
KFOX-TV	8,973	Annual	\$748	Franklin Mtn. Comanche Peak	Franklin mountain tower lease	Auto Renewal	Yes
Pinnacle Towers LLC	43,131	5 Years	\$3,594	Buck Mtn.-Site#871382-Lease#156099	Tower rental	Oct-2021	Yes
Public Service Company of New Mexico	787	40 years	\$142	4201 Edith Blvd. NE MS E501, Albuquerque, NM 87107	Long Ridge Cell Site Lease	Oct-2028	Yes
Public Service Company of New Mexico	44	Expensed as incurred	\$3.66	Buck Mtn. Tower	Used for daily operations.	N/A	(b)
Spectrum Technologies	120,598	6 Years	\$10,050	100 N. Stanton, El Paso, TX 79901	Copier equipment/software	Dec-2024	Yes, as needed
Walker, Dennis and Rebecca D	2,760	5 Years	\$230	Sierra Blanca, TX 79851	Easement Quitman Repeater	Aug-2021	Yes
Western New Mexico Telephone Co Inc	120	1 Year	\$10	314 W. Yankee St, Silver City, NM 88062	Mangus Mountain Radio Repeater	Auto Renewal	Yes
Pitney Bowes Global Financial Services	2,779	Expensed as incurred	N/A	300 Galisteo, Suite 206 Santa Fe, NM	Postage meter rental	N/A	(b)
SPPlus/Central Parking	2,252	Expensed as incurred	N/A	Austin, TX	Austin office parking	N/A	(b)
Penasco Valley Telephone Coop Inc	1,403	Annual	\$117	4011 West Main, Artesia, NM 88210	GNAT Site Lease	Dec-2017	Yes
Fastwave.Biz	5,561	5 Years	\$313	Lookout Point, Dona Ana County, NM	Lookout Peak tower lease	Aug-2022	Yes
		5 Years	\$150	Twin Peak, Dona Ana County, NM	Twin Peak tower lease		
Gillihan, Michael L	101,516	5 Years	\$5,000	400 Anthony Dr, Anthony, NM 88021	General offices leasing	Sep-2021	Yes, as needed
		5 Years	\$3,700			Aug-2022	
Pecos County State Bank	250	3 years	\$250	1800 Broadway, Suite 316, Van Horn, TX	Space lease for customer payment kiosk	May-2023	Yes, as needed
H&H Dinero Tree	3,872	Expensed as incurred	N/A	Various	Delivery assistance	N/A	(b)
Other	4,712	Expensed as incurred	N/A	N/A	Used for daily operations.	Various	(b)
931 Total as adjusted	406,234						
Rent and Leases Grand Total	\$ 1,711,448						

- (a) Lease agreement as a project participant.
(b) These recurring costs would be incurred as part of the Company's normal operations with this particular vendor or another vendor who provides similar services.
(c) Various lease costs capitalized.