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

**CITY OF EL PASO'S AMENDED
CORRECTIONS AND EXCEPTIONS TO THE PROPOSED ORDER**

The City of El Paso ("City") files this response to the Commission Counsel's Request for Corrections and Exceptions to the Proposed Order as served on August 26, 2022.

1. Finding of Fact No. 15 should be amended to reflect that the base rate increase filed in rebuttal does not include the rate case expenses or COVID 19 expense amortization (rider) which EPE agreed in rebuttal would not be part of base rates, but would be included as riders. (Rebuttal testimony of James Schichtl, page 2 of 14, EPE Ex. 41 page is attached). Thus FOF 15 should reflect that the COVID-19 and rate case expenses which EPE agreed would be recovered in riders should be in addition to the base rate increase. This addition does not change anything in the rest of the proposed order. The City proposes that FOF 15 should be amended to read:

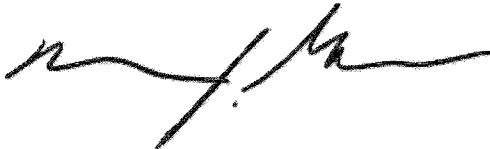
FOF 15 In its rebuttal testimony filed on November 19, 2021, El Paso Electric agreed to shift COVID-19 expenses and rate case expenses out of base revenues into separate riders and reduced its requested increase Texas retail base-rate revenues to \$35,693,538, after accounting for zeroed out revenues that El Paso Electric is already recovering through its DCRF and TCRF and excluding non-firm base revenue.

Wherefore, premises considered the City recommends that the PO be amended to reflect the change to FOF 15.

Respectfully submitted,

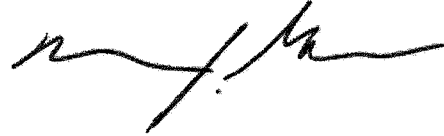
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Norman J. Gordon

Certificate of Service

I certify that a true and correct copy of this document was served by e-mail and/or US mail on all parties of record in this proceeding on September 6, 2022.

A handwritten signature in black ink, appearing to read 'N. J. Gordon', written over a horizontal line.

Norman J. Gordon

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

REBUTTAL TESTIMONY

OF

JAMES SCHICHTL

FOR

EL PASO ELECTRIC COMPANY

NOVEMBER 19, 2021

1 testimony. After reflecting agreed changes to miscellaneous revenues and the shifting of
2 COVID-19 and rate case expenses out of base rates into separate riders for recovery,
3 EPE's total adjusted base revenue requirement request is now \$34.973 million. EPE
4 witness Manuel Carrasco explains the determination of the rate riders agreed to by EPE
5 in rebuttal.
6

7 Q. IS EPE PRESENTING REBUTTAL FROM ANY WITNESSES WHO DID NOT FILE
8 DIRECT TESTIMONY FOR EPE?

9 A. Yes. Mr. Paul M. Normand, a Principal with Management Applications Consulting, Inc.
10 ("MAC"), provides rebuttal testimony in support of EPE's filed "2017 Analysis of System
11 Losses", which he produced. Because the 2017 loss study was filed in PUCT Docket No.
12 50058 and adopted by final order in that case, EPE did not file testimony in support of the
13 study in this case. In spite of that fact, several parties have attacked the approved loss
14 study and its use by EPE, some going so far as to recommend the loss factors determined
15 there not be used. Mr. Normand explains in his rebuttal how the issues raised by these
16 parties are inaccurate and the factors developed in the loss study and previously approved
17 by the Commission should be accepted for use in this case.
18

19 III. Summary of EPE Rebuttal

20 Q. PLEASE SUMMARIZE THE COLLECTIVE POSITIONS OF THE STAFF AND
21 INTERVENORS FROM EPE'S PERSPECTIVE.

22 A. Taken as a whole, the positions of Staff and intervenors would significantly reduce or
23 even eliminate the revenue deficiency identified by EPE in its filed case. The City of
24 El Paso for example is recommending a base rate reduction of over \$10.8 million. Staff
25 and the parties taking a position regarding return on equity ("ROE") are recommending a
26 rate below the range of ROE's approved by the Public Utility Commission of Texas
27 ("PUCT") in five of the six cases decided since 2018 where an ROE was adopted.¹ The
28 slowing of cost recovery through longer amortizations or depreciation rate changes and
29 significant disallowances to other test year expenses, including those incurred in response

¹ RRA Regulatory Focus, S&P Global Market Intelligence, November 4, 2021.