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Received - 2022-08-02 02:33:13 PM
Control Number - 53551
ItemNumber - 27

SOAH DOCKET NO. 473-22-2610

PUC DOCKET NO. 53551

APPLICATION OF EL PASO ELECTRIC	§	BEFORE THE STATE OFFICE
COMPANY FOR APPROVAL TO	§	
REVISE ITS ENERGY EFFICIENCY	§	OF
COST RECOVERY FACTOR AND	§	
ESTABLISH REVISED COST CAPS	§	ADMINISTRATIVE HEARINGS

DIRECT TESTIMONY

OF

KARL J. NALEPA

ON BEHALF OF THE

CITY OF EL PASO

AUGUST 2, 2022

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Attachment E	Declaration of Mr. Norman J. Gordon Regarding Rate Case Expenses in Docket 52081

Workpapers

1 **I. INTRODUCTION AND QUALIFICATIONS**

2 **Q. PLEASE STATE YOUR NAME, OCCUPATION AND ADDRESS.**

3 A. My name is Karl J. Nalepa. I am a partner in, and President of ReSolved Energy
4 Consulting, LLC (“REC”), an independent utility consulting company. My business
5 address is 11044 Research Boulevard, Suite A-420, Austin, Texas 78759.

6
7 **Q. ON WHOSE BEHALF ARE YOU PRESENTING TESTIMONY IN THIS**
8 **PROCEEDING?**

9 A. I am presenting testimony on behalf of the City of El Paso.

10
11 **Q. PLEASE OUTLINE YOUR PROFESSIONAL EXPERIENCE AND**
12 **EDUCATIONAL BACKGROUND.**

13 A. I am, and have been, a partner in REC since acquiring the firm in July 2011. I joined R.J.
14 Covington Consulting, REC’s predecessor firm, in June 2003. I lead our firm’s regulated
15 market practice, where I represent the interests of clients in utility regulatory proceedings,
16 prepare client cost studies, and develop client regulatory filings. Before joining REC, I
17 served for more than five years as an Assistant Director at the Railroad Commission of
18 Texas (“RRC”). In this position, I was responsible for overseeing the economic
19 regulation of natural gas utilities in Texas, which included supervising staff casework,
20 advising Commissioners on regulatory issues, and serving as a Technical Rate Examiner
21 in regulatory proceedings. Prior to joining the RRC, I worked as an independent
22 consultant advising clients on a broad range of electric and natural gas industry issues,
23 and before that I spent five years as a supervising consultant with Resource Management

1 International, Inc. I also served for four years as a Fuel Analyst at the Public Utility
2 Commission of Texas (“PUC” or “Commission”), where I evaluated fuel issues in
3 electric utility rate filings, participated in electric utility-related rulemaking proceedings,
4 and participated in the review of electric utility resource plans. My professional career
5 began with eight years in the reservoir engineering department of Transco Exploration
6 Company, which was an affiliate of Transco Gas Pipeline Company, a major interstate
7 pipeline company.

8 I hold a Master of Science degree in Petroleum Engineering from the University
9 of Houston, and a Bachelor of Science degree in Mineral Economics from The
10 Pennsylvania State University. I am also a certified mediator. My Statement of
11 Qualifications is included as Attachment A.

12
13 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?**

14 A. Yes, I have testified many times before the Commission as well as the RRC on a variety
15 of regulatory issues. I have also provided testimony before the Louisiana Public Service
16 Commission, Arkansas Public Service Commission, and Colorado Public Utilities
17 Commission. A summary of my previously filed testimony is included as Attachment B.
18 In addition, I have provided analysis and recommendations in numerous city-level
19 regulatory proceedings that resulted in decisions without written testimony.

20
21 **II. PURPOSE OF TESTIMONY**

22 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

1 A. The purpose of my testimony is to present certain recommendations regarding El Paso
2 Electric Company's ("EPE" or the "Company") proposal to revise its Energy Efficiency
3 Cost Recovery Factor ("EECRF") and to establish revised cost caps.
4

5 **Q. WHAT PRELIMINARY ORDER ISSUES DO YOU ADDRESS IN YOUR**
6 **TESTIMONY?**

7 A. I address the following issues: 4, 5, and 8 from the Preliminary Order.¹

8 4. Do the total 2023 EECRF costs, excluding evaluation, measurement, and verification
9 costs, municipal rate-case expenses, and any interest amounts applied to under- or over-
10 recoveries, exceed the EECRF cost caps prescribed in 16 TAC § 25.182(d)(7)? If so, did the
11 utility request an exception to the EECRF cost caps under 16 TAC § 25.181(e)(2) and, if so,
12 has the utility demonstrated that compliance with the EECRF cost caps is not reasonably
13 possible and that good cause supports the higher EECRF cost caps?
14

15 a. Is the utility requesting in this application a performance bonus for a prior program
16 year for which it has been granted a higher EECRF cost cap?
17

18 b. If so, were the factors that led to the utility being granted a higher EECRF cost cap
19 for the prior program year similar to the factors that the utility is relying on to
20 demonstrate that good cause supports a higher EECRF cost cap in this docket? If so,
21 should the Commission consider the utility's prior performance in determining
22 whether to establish a higher EECRF cost cap?
23

24 5. What amount of projected costs for the utility's portfolio of energy-efficiency programs
25 should be recovered through the utility's 2023 EECRF?
26

27 a. Are these costs reasonable estimates of the costs necessary to provide energy-
28 efficiency programs and to meet the utility's goals under 16 TAC § 25.181(e)?
29

30 b. Is the cost to the utility of the utility's portfolio of energy-efficiency programs less
31 than or equal to the benefits of the programs under 16 TAC § 25.181(d)?
32

33 8. Were the costs recovered by the utility through its EECRF for program year 2021
34 reasonable and necessary to reduce demand growth or energy consumption?
35
36

¹ *Application of El Paso Electric Company for Approval to Revise Its Energy Efficiency Cost Recovery Factor and Establish Revised Cost Caps*. Docket No. 53551, Order of Referral and Preliminary Order (May 4, 2022).

1 d. Does the EECRF application include, as administrative costs or otherwise, any
2 municipality's EECRF rate-case expenses for the immediately previous EECRF
3 proceeding?
4

5 i. Do the municipality's requested EECRF rate-case expenses comply with 16
6 TAC § 25.245(b)(1) through (6)?
7

8 ii. Using the factors of 16 TAC § 25.245(c)(1) through (6), what amount of
9 rate-case expenses actually and reasonably incurred by the municipality, if
10 any, does a preponderance of the evidence support?
11

12 iii. Should any of the municipality's rate-case expenses be disallowed under
13 16 TAC § 25.245(d)? If so, how should the disallowance be calculated?
14

15 iv. What amount, if any, of the municipality's rate-case expenses should the
16 Commission award under PURA § 33.023(b) that are not excluded by PURA
17 § 36.062?
18

19 **Q. PLEASE SUMMARIZE YOUR FINDINGS AND RECOMMENDATIONS.**

20 **A.** I have the following findings and recommendations regarding EPE's EECRF filing:

- 21 1. EPE has not shown that its incentive payments to program implementers are
22 reasonable and necessary and thus the payments should be excluded from EPE's
23 requested EECRF. The amount known in 2021 was \$1,428,841. In addition, I
24 recommend that in future EECRF filings EPE provide sufficient support for
25 incentives paid to implementers so the Commission can determine whether the
26 payments are reasonable.
27
- 28 2. EPE has historically not spent its entire approved Admin or R&D budgets.
29 Applying the percentage amount not spent yields a reduction of \$21,354 to EPE's
30 proposed 2023 Admin budget and reduction of \$21,045 to EPE's proposed R&D
31 budget. The total reduction is \$42,399. I recommend this amount be removed
32 from the proposed EECRF.
33
- 34 3. EPE is requesting that the Commission grant it a good cause exception to exceed
35 its allowed residential cost cap in 2023. I found that a modest adjustment to EPE's
36 program portfolio can be made to reduce the program budget by \$675,028 and
37 still allow it to meet and exceed its demand reduction goal and earn a performance
38 bonus while still remaining within its allowed cost cap. I recommend that the
39 Commission adopt my program adjustments.
40
- 41 4. The City of El Paso's and ReSolved Energy Consulting's rate case expenses
42 incurred in Docket No. 52081 were reasonable and necessary and should be
43 allowed.
44

1 **III. PROPOSED 2022 ENERGY EFFICIENCY COST RECOVERY**

2 **Q. WHAT IS AN ENERGY EFFICIENCY COST RECOVERY FACTOR?**

3 A. An EECRF allows a utility the opportunity for timely and reasonable cost recovery for
4 expenditures made to satisfy PURA § 39.905² to provide for a cost-effective portfolio of
5 energy efficiency programs pursuant to 16 Tex. Admin. Code (“TAC”) § 25.181.

6
7 **Q. WHAT IS EPE’S PURPOSE FOR MAKING THIS FILING?**

8 A. In its filing, EPE seeks recovery of \$7,969,507 in energy efficiency costs through its
9 2023 EECRF. The Company proposed to modify its current EECRF to: (1) recover
10 \$5,325,552 in projected energy efficiency program costs for 2023; (2) procure a
11 \$2,200,669 performance bonus based on the Company’s 2021 energy efficiency program
12 performance; (3) collect prior year EECRF proceeding expenses of \$85,367; (4) collect
13 \$290,647, including interest, for under-recovery of program costs collected in 2021; and
14 (5) collect evaluation, measurement, and verification (“EM&V”) costs of \$67,272
15 allocated to EPE.³

16
17 **Q. WHAT DEMAND SAVINGS GOAL IS EPE’S PROPOSED 2023 PROGRAM**
18 **BUDGET INTENDED TO ACHIEVE?**

19 A. EPE is requesting a demand savings goal of 11.16 MW for its 2023 program. This is the
20 same goal used by EPE since 2011.⁴

21

² Public Utility Regulatory Act, Tex. Util. Code Ann. § 39.905 (West 2016) (“PURA”).

³ Application at 2.

⁴ Application at 2-3.

Q. WHAT PROGRAMS WILL COMPRISE EPE’S PROPOSED ENERGY EFFICIENCY PROGRAM PORTFOLIO IN 2023?

A. The Company is proposing to offer the following programs in 2023:⁵

Commercial

- Small Commercial Solutions MTP⁶
- Large C&I Solutions MTP
- Texas SCORE MTP
- Commercial Load Management SOP⁷
- Residential Marketplace MTP (Pilot)

Residential

- Residential Solutions MTP
- LivingWise® MTP
- FutureWise® MTP
- Texas Appliance Recycling MTP
- Residential Marketplace MTP (Pilot)
- Residential Load Management MTP

Hard-to-Reach

- Hard-to-Reach Solutions MTP

Q. DOES EPE PROPOSE ANY NEW PROGRAM OFFERINGS IN 2023?

A. No. EPE plans to offer the same programs in 2023 as it did in 2022. However, EPE is proposing revised budgets for its Residential Load Management and Texas SCORE MTP Programs.⁸

Q. WILL EPE EXCEED THE COST CAPS ESTABLISHED IN THE RULE?

⁵ Direct Testimony of Crystal A. Enoch, Exhibit CAE-1, Table 5.

⁶ 16 TAC §25.181(c)(37) *Market Transformation Program* (“MTP”) -- Strategic programs intended to induce lasting structural or behavioral changes in the market that result in increased adoption of energy efficient technologies, services, and practices.

⁷ 16 TAC §25.181(c)(55) *Standard Offer Program* (“SOP”) -- A program under which a utility administers standard offer contracts between the utility and energy efficiency service providers.

⁸ Direct Testimony of Crystal A. Enoch at 10.

A. Yes. EPE claims that in order to operate its energy efficiency programs to accomplish its energy and demand goals, the rates for the residential and commercial customers are projected to exceed the cost caps set in the rule. Accordingly, EPE is requesting that the Commission establish revised cost caps for both the residential and commercial classes.⁹

Q. IS EPE REQUESTING THAT THE COST CAP FOR RESIDENTIAL SERVICE BE EXCEEDED SO THAT IT CAN COLLECT ITS CLAIMED BONUS?

A. Yes, it does. EPE witness Mr. Silva makes the point clear that a purpose of EPE's request to exceed the cost cap for residential customers is to allow for the collection of a performance bonus from residential customers.¹⁰ Using the requested 2021 bonus as an example, the bonus amount attributable to residential customers is nearly 50% of the proposed program budget for residential customers in 2023.

Q. HOW IS EPE PROPOSING TO COLLECT ITS EECRF EXPENSES FROM CUSTOMERS?

A. EPE's current and proposed EECRF rates by class are included in Table 1:¹¹

Table 1
Current and Proposed EECRF Rates (\$/kWh)

Rate	Rate Class	Current 2022 EECRF	Proposed 2023 EECRF	Change
01	residential	\$0.001453	\$0.001724	\$0.000271
02	small commercial	\$0.000290	\$0.000457	\$0.000167
07	outdoor recreational lighting	-	\$0.001948	\$0.001948

⁹ Application at 3.

¹⁰ See Testimony of Victor H. Silva at 11 and Exhibit RFG-01 line 1.

¹¹ Direct Testimony of Victor H. Silva, Table 1.

08	governmental street lighting	-	\$0.000002	\$0.000002
09	governmental traffic signal	(\$0.000002)	\$0.000011	\$0.000013
11-TOU	TOU municipal pumping	-	(\$0.000001)	(\$0.000001)
15	electrolytic refining	-	-	-
21	water heating	(\$0.000018)	(\$0.000020)	(\$0.000002)
22	irrigation	\$0.011989	\$0.002547	(\$0.009442)
24	general	\$0.001406	\$0.001455	\$0.000049
25	large power – sec. pri.	\$0.003197	\$0.002060	(\$0.001137)
31	military reservation	-	-	-
34	cotton gin	\$0.000082	\$0.000379	\$0.000297
38	interruptible	-	-	-
41	city/county	\$0.003001	\$0.000222	(\$0.002779)

IV. PROGRAM IMPLEMENTER INCENTIVES

Q. DO YOU HAVE A CONCERN WITH THE INCENTIVES EPE PAYS TO ITS PROGRAM IMPLEMENTERS?

A. Yes. A significant portion of the total energy efficiency program incentives are paid to program implementers rather than to EPE customers.

Q. WHAT IS THE BASIS FOR YOUR CONCERN?

A. EPE provided a breakdown between customer payment and implementer payment for five of its energy efficiency programs. A summary of the payments is shown in Table 2:

Table 2

Breakdown of Program Incentive Payments, 2021

Program	Customer Incentive	Implementer Incentive	Total Incentive
Small Commercial Solutions MTP ¹²	\$291,500	\$169,028	\$460,528
Large Commercial & Industrial Solutions MTP ¹³	\$489,844	\$525,088	\$1,014,932

¹² Response to CEP RFI 1-2.

¹³ Response to CEP RFI 1-3.

Texas SCORE MTP ¹⁴	\$147,518	\$380,861	\$528,379
Appliance Recycling MTP ¹⁵	\$60,480	\$125,760	\$186,240
Residential Load Management MTP ¹⁶	\$321,725	\$228,104	\$549,829
Total	\$1,311,067	\$1,428,841	\$2,739,908

Table 2 reveals that of the five programs reviewed, on average, more than 50% of program incentives are paid to the implementer, NOT the customer.¹⁷ In addition, EPE describes the implementer incentives as a combination of fixed-fee and performance-based compensation to the implementer to deliver on the contracted demand savings goal.¹⁸ Thus, not only does EPE earn a performance bonus if it meets its demand goals, but the implementers do as well.

Q. DID EPE PROVIDE ANY TESTIMONY OR OTHER SUPPORT IN ITS APPLICATION FOR THE LEVEL OF PAYMENTS MADE TO PROGRAM IMPLEMENTERS?

A. No. EPE described staffing and other challenges that implementers have faced in EPE's service area,¹⁹ training and support that implementers provide to agencies seeking to participate in energy efficiency programs,²⁰ and the request for proposals ("RFP")

¹⁴ Response to CEP RFI 1-4.

¹⁵ Response to CEP RFI 1-5.

¹⁶ Response to CEP RFI 1-6.

¹⁷ \$1,428,841 / \$2,739,908 = 52%.

¹⁸ See for example, EPE's response to CEP RFI 1-2.

¹⁹ Direct Testimony of Crystal A. Enoch at 15.

²⁰ *Id.* at 15-16.

1 process used to select program implementers.²¹ Confidential Exhibit CAE-7 provides
2 total incentives by program and a list of implementers that receive more than 5% of
3 EPE's incentive payments, but no information on how much of the incentives for each
4 program are paid to implementers or how those payments are determined.

5
6 **Q. IS IT REASONABLE FOR CUSTOMERS TO PAY FOR THE INCENTIVES**
7 **PAID TO PROGRAM IMPLEMENTERS?**

8 A. It may be reasonable that program implementers share in the total incentives paid under
9 each energy efficiency program. In fact, §25.181(a)(3) states a purpose of the energy
10 efficiency goal is that:

11 *each electric utility annually provides...incentives sufficient for residential and*
12 *commercial customers, retail electric providers, and energy efficiency service providers*
13 *to acquire additional cost-effective energy efficiency...*

14 However, §25.181(f) requires that:

15
16 *The incentive payments shall be set by each utility with the objective of achieving its*
17 *energy and demand savings goals at the lowest reasonable cost per program.*
18

19 EPE has not established what is the criteria to make such incentive payments to
20 implementers and has provided no support for the amounts that have been paid. This is
21 especially so given that the amounts paid to implementers exceed the amounts paid to
22 customers. Furthermore, EPE has not explained why implementers are entitled to a
23 performance bonus paid on top of the bonus earned by EPE. Thus, there is no basis to
24 find that the payments are reasonable and result in the lowest reasonable cost per program
25 as required by the rule.

²¹ *Id.* at 17-18.

1
2 **Q. WHAT IS THE IMPACT OF PAYING TOO MUCH TO PROGRAM**
3 **IMPLEMENTERS?**

4 A. Paying an incentive to an implementer does not guarantee that an energy efficiency
5 program is implemented by an end user. Furthermore, a payment to an implementer may
6 take those funds away from incentives otherwise paid to end users. The net effect of
7 shifting incentive payments from end user to implementer may increase the cost of a
8 program without a corresponding demand reduction. This contravenes the intent of the
9 energy efficiency goals.

10
11 **Q. WHAT DO YOU RECOMMEND REGARDING INCENTIVE PAYMENTS TO**
12 **IMPLEMENTERS?**

13 A. For the 2021 energy efficiency programs where we know the incentive payments made to
14 implementers, I recommend that the amounts paid to implementers be removed from the
15 EECRF. As presented in Table 2, This amount is \$1,428,841. In addition, I recommend
16 that in future EECRF filings EPE provide sufficient support for its incentives paid to
17 implementers so the Commission can determine whether the payments are reasonable.

18
19 **V. ADMINISTRATIVE AND RESEARCH & DEVELOPMENT COSTS**

20 **Q. IS EPE ENTITLED TO RECOVERY OF ADMINISTRATIVE AND RESEARCH**
21 **& DEVELOPMENT COSTS IN ITS EECRF?**

22 A. Yes. The cost of a program includes the cost of incentives, EM&V contractor costs, any
23 shareholder bonus awarded to the utility, and actual or allocated research and

1 development and administrative costs.²² But administrative costs may include only
2 reasonable and necessary costs incurred by a utility to deliver its energy efficiency
3 programs.²³

4
5 **Q. IS EPE REQUESTING ADMINISTRATIVE AND RESEARCH &**
6 **DEVELOPMENT COSTS IN ITS EECRF?**

7 A. Yes. EPE is requesting \$87,793 in Administrative (“Admin”) costs and \$25,000 in
8 Research & Development (“R&D”) costs in its EECRF.²⁴

9
10 **Q. ARE THESE COST ESTIMATES REASONABLE?**

11 A. No. EPE’s requested cost estimates are not reasonable or necessary.

12
13 **Q. WHAT IS THE BASIS FOR YOUR CONCLUSION THAT THE COSTS ARE**
14 **NOT REASONABLE OR NECESSARY?**

15 A. I compared EPE’s approved Admin and R&D costs for the most recently completed four-
16 year period (2018 – 2021) to its actual expenditures during the same period and found
17 that EPE underspent its Admin budget by an average of 24% over those four years and
18 underspent its R&D budget by 84% over the same period.²⁵ Thus I expect that EPE
19 would again underspend the budgeted amounts if approved.

20

²² §25.181(d)(1).

²³ §25.181(g)(1).

²⁴ Direct Testimony of Crystal A. Enoch, Exhibit CAE-1, Table 6.

²⁵ See Nalepa workpaper 2022 *EPE Budget to Actual Comparison*.

1 **Q. WHAT IS THE IMPACT OF APPROVING ADMIN AND R&D BUDGETS THAT**
2 **WILL NOT BE ENTIRELY SPENT?**

3 A. The impact of approving Admin and R&D budgets that will not be entirely spent is that
4 rates will be higher than necessary for EPE to implement its energy efficiency programs.
5 Although there is a process built into the EECRF that reconciles actual expenditures to
6 revenues collected, rates paid (and revenues collected) in one year are only reconciled
7 and potentially refunded in a subsequent EECRF filing made two years later. Although
8 interest is paid on the balance, this amounts to a forced loan from ratepayers to the utility.
9

10 **Q. WHAT DO YOU RECOMMEND?**

11 A. Applying the percentage reductions I developed earlier to EPE's proposed 2023 Admin
12 and R&D budgets yields a reduction of \$21,354 to the Admin budget and reduction of
13 \$21,045 to the R&D budget. The total reduction is \$42,399. I recommend this amount be
14 removed from the proposed EECRF.
15

16 **VI. REQUEST TO EXCEED COST CAPS**

17 **Q. IS EPE REQUESTING A GOOD CAUSE EXCEPTION TO EXCEED ITS**
18 **ALLOWED COST CAPS?**

19 A. Yes. EPE is requesting that the Commission establish revised cost caps for both the
20 residential and commercial classes.²⁶
21

22 **Q. WHY IS EPE REQUESTING AN EXCEPTION?**

²⁶ Application at 3.

1 A. EPE states several reasons why it asserts an exception should be granted:²⁷

- 2 1. EPE's proposal to continue with the same megawatt goal as it has had in previous
3 years is consistent with the rule that a utility's demand reduction goal in any year
4 shall not be lower than its goal for the prior year,
5
- 6 2. it may not be reasonably possible for EPE to comply with the requirement that its
7 demand reduction goal not be lower than the previous year's goal without
8 continuing to exceed the Commission's cost cap for residential and commercial
9 customers,
10
- 11 3. For the residential customer group, a revised cost cap will allow EPE to continue
12 to meet or exceed its required goal in the most productive manner, continue to
13 strive to meet the commercial cost cap, and recover the bonus EPE has earned for
14 its 2021 performance,
15
- 16 4. EPE does not believe it is in the best interest to reduce the bonus it earned for its
17 2021 performance in order to avoid revising the cost caps,
18

19 **Q. HAS THE COMMISSION APPROVED REVISED COST CAPS FOR EPE IN**
20 **THE PAST?**

21 A. Yes. The Commission approved a revised commercial cost cap for EPE in each of the last
22 few years.²⁸ The Commission first approved a revised residential cost cap in EPE's most
23 recent EECRF.²⁹
24

25 **Q. EPE CLAIMS TO NEED TO REVISE ITS RESIDENTIAL COST CAP TO MEET**
26 **ITS DEMAND REDUCTION GOALS AND EARN A BONUS. DO YOU AGREE?**

²⁷ *Id.* at 3-4.

²⁸ See most recently, Docket No. 52081, Final Order, CoL 17 (December 16, 2021), Docket No. 50806, Final Order, CoL 17 (November 5, 2020), Docket No. 49496, Final Order, CoL 15 (November 21, 2019), Docket No. 48332, Final Order, CoL 12 (January 17, 2019), Docket No. 47125, Final Order, CoL 7 (February 15, 2018).

²⁹ Docket No. 52081, Final Order, CoL 17 (December 16, 2021).

1 A. No. I reviewed EPE's energy efficiency programs and found that a modest revision to its
2 programs will still allow EPE to meet and exceed its demand goals and consequently earn
3 a bonus.

4
5 **Q. PLEASE DESCRIBE WHAT YOU FOUND.**

6 A. I first determined the amount that EPE's proposed residential program costs exceeded the
7 allowed residential cost cap. This amount is \$675,028.³⁰ I then determined the least cost-
8 effective residential programs by calculating the average incentive cost per kW saved for
9 each program.³¹ I found that EPE's *FutureWise MTP* and *LivingWise MTP* programs had
10 the highest average cost per kW saved of \$2,830 per kW and \$1,732 per kW,
11 respectively. This compares to the average cost across all residential programs of \$110
12 per kW. The total incentive cost of these two programs for 2023 is \$646,346.³² Since the
13 total amount that EPE's programs exceed the allowed cost cap is \$675,028, eliminating
14 these two programs result in exceeding the cost cap by only \$28,682.³³ EPE's Texas
15 Appliance Recycling MTP has the third highest average cost per kW saved, so the
16 remaining excess cap amount can be found by reducing EPE's *Texas Appliance*
17 *Recycling MTP* program incentives by a little more than 10%.³⁴ This process eliminates
18 the need for a good cause exception to the allowed residential cost cap.

19

³⁰ See Nalepa workpaper 2022 *Cost Cap Comparison*.

³¹ See Nalepa workpaper 2022 *Program Cost per kW Saved*.

³² Direct Testimony of Crystal A. Enoch, Exhibit CAE-1, Table 6.

³³ \$675,028 - \$646,346 = \$28,682.

³⁴ From Exhibit CAE-1, Table 6, \$28,682 / \$255,000 = 11.2%.

1 **Q. HOW DOES YOUR RECOMMENDED PROGRAM ADJUSTMENTS AFFECT**
2 **EPE'S ABILITY TO MEET ITS DEMAND GOAL?**

3 A. Recall that EPE's demand goal is 11.16 MW. EPE projects that the savings under its
4 proposed program portfolio is 31.207 MW.³⁵ The demand savings lost by removing
5 EPE's *FutureWise MTP*, *LivingWise MTP*, and 11% of its *Texas Appliance Recycling*
6 *MTP* programs would be approximately 328 kW.³⁶ Thus, EPE's adjusted projected
7 demand savings drops from 31.207 MW to 30.879 kW. This is still well above EPE's
8 demand goal and more than 50% above its 2022 projected demand savings.³⁷

9
10 **Q. WOULD EPE STILL EARN A PERFORMANCE BONUS FOR EXCEEDING ITS**
11 **DEMAND GOALS UNDER YOUR RECOMMENDATION?**

12 A. Yes. EPE would still earn a performance bonus under my recommendation.

13
14 **Q. WHAT DO YOU RECOMMEND?**

15 A. The energy efficiency rules require a utility to implement demand reduction programs
16 subject to specific cost caps. Only a good cause exception to exceed the caps may be
17 considered. EPE asserts that it would not be able to meet its residential demand goals or
18 earn a performance bonus absent a good cause exception to exceed the residential cost
19 cap. I have demonstrated that a modest adjustment to EPE's proposed demand reduction
20 programs can be made to reduce the program budget by \$675,028 while still allowing

³⁵ Direct Testimony of Crystal A. Enoch, Exhibit CAE-1, Table 5.

³⁶ From Exhibit CAE-1, Table 5, $200 \text{ kW} + 106 \text{ kW} + (11.2\% \times 195 \text{ kW}) = 328 \text{ kW}$.

³⁷ From Exhibit CAE-1, Table 5, $[(31,207 \text{ kW} - 328 \text{ kW}) - 19,827 \text{ kW}] / 19,827 \text{ kW} = 55.7\%$.

1 EPE to meet and exceed its demand goal and to earn a performance bonus for doing so. I
2 recommend that the Commission adopt my program adjustments.

4 VII. SUMMARY AND CONCLUSIONS

5 Q. PLEASE SUMMARIZE YOUR FINDINGS AND RECOMMENDATIONS.

6 A. I have the following findings and recommendations regarding EPE's EECRF filing:

- 7 1. EPE has not shown that its incentive payments to program implementers are
8 reasonable and necessary and thus the payments should be excluded from EPE's
9 requested EECRF. The amount known in 2021 was \$1,428,841. In addition, I
10 recommend that in future EECRF filings EPE provide sufficient support for
11 incentives paid to implementers so the Commission can determine whether the
12 payments are reasonable.
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- 14 2. EPE has historically not spent its entire approved Admin or R&D budgets.
15 Applying the percentage amount not spent yields a reduction of \$21,354 to EPE's
16 proposed 2023 Admin budget and reduction of \$21,045 to EPE's proposed R&D
17 budget. The total reduction is \$42,399. I recommend this amount be removed
18 from the proposed EECRF.
19
- 20 3. EPE is requesting that the Commission grant it a good cause exception to exceed
21 its allowed residential cost cap in 2023. I found that a modest adjustment to EPE's
22 program portfolio can be made to reduce the program budget by \$675,028 and
23 still allow it to meet and exceed its demand reduction goal and earn a performance
24 bonus while still remaining within its allowed cost cap. I recommend that the
25 Commission adopt my program adjustments.
26
- 27 4. The City of El Paso's and ReSolved Energy Consulting's rate case expenses
28 incurred in Docket No. 52081 were reasonable and necessary and should be
29 allowed.
30

31 VIII. RATE CASE EXPENSES

32 Q. HAVE YOU INCLUDED SUPPORT FOR THE CITY OF EL PASO'S EXPENSES 33 INCURRED IN DOCKET NO. 52081, EPE'S PREVIOUS EECRF FILING?

34 A. Yes, I have provided a declaration addressing ReSolved Energy Consulting, LLC's
35 expenses in Docket No. 52081 as Attachment D to my testimony. I have also provided a

1 declaration from Mr. Norman J. Gordon addressing the City of El Paso's expenses in
2 Docket No. 52081 as Attachment E to my testimony.

3

4 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

5 A. Yes, it does.

ATTACHMENT A
STATEMENT OF QUALIFICATIONS

KARL J. NALEPA

Mr. Nalepa is an energy economist with more than 40 years of private and public sector experience in the electric and natural gas industries. He has extensive experience analyzing utility rate filings and resource plans with particular focus on fuel and power supply requirements, quality of fuel supply management, and reasonableness of energy costs. Mr. Nalepa developed peak demand and energy forecasts for public utilities and has forecast the price of natural gas in ratemaking and resource plan evaluations. He led a management and performance review of the Texas Public Utility Commission and has conducted performance reviews and valuation studies of municipal utility systems. Mr. Nalepa previously directed the Railroad Commission of Texas' Regulatory Analysis & Policy Section, with responsibility for preparing timely natural gas industry analysis, managing ratemaking proceedings, mediating informal complaints, and overseeing consumer complaint resolution. He has prepared and defended expert testimony in both administrative and civil proceedings and has served as a technical examiner in natural gas rate proceedings.

EDUCATION

- 1998 Certificate of Mediation
 Dispute Resolution Center, Austin
- 1989 NARUC Regulatory Studies Program
 Michigan State University
- 1988 M.S. - Petroleum Engineering
 University of Houston
- 1980 B.S. - Mineral Economics
 Pennsylvania State University

PROFESSIONAL HISTORY

- 2011 - ReSolved Energy Consulting
 Partner
- 2003 - 2011 RJ Covington Consulting
 Managing Director
- 1997 – 2003 Railroad Commission of Texas
 Asst. Director, Regulatory Analysis & Policy
- 1995 – 1997 Karl J. Nalepa Consulting
 Principal
- 1992 – 1995 Resource Management International, Inc.
 Supervising Consultant
- 1988 – 1992 Public Utility Commission of Texas
 Fuels Analyst
- 1980 – 1988 Transco Exploration Company
 Reservoir and Evaluation Engineer

AREAS OF EXPERTISE

Regulatory Analysis

Electric Power: Analyzed electric utility rate, certification, and resource forecast filings. Assessed the quality of fuel supply management, and reasonableness of fuel costs recovered from ratepayers. Projected the cost of fuel and purchased power. Estimated the impact of environmental costs on utility resource selection. Participated in regulatory rulemaking activities. Provided expert staff testimony in a number of proceedings before the Texas Public Utility Commission.

As consultant, represent interests of municipal clients intervening in large utility rate proceedings through analysis of filings and presentation of testimony before the Public Utility Commission. Also assist municipal utilities in preparing and defending requests to change rates and other regulatory matters before the Public Utility Commission.

Natural Gas: Directed the economic regulation of gas utilities in Texas for the Railroad Commission of Texas. Responsible for monitoring, analyzing and reporting on conditions and events in the natural gas industry. Managed Commission staff representing the public interest in contested rate proceedings before the Railroad Commission, and acted as technical examiner on behalf of the Commission. Mediated informal disputes between industry participants and directed handling of customer billing and service complaints. Oversaw utility compliance filings and staff rulemaking initiatives. Served as a policy advisor to the Commissioners.

As consultant, represent interests of municipal clients intervening in large utility rate proceedings through analysis of filings and presentation of testimony before the cities and Railroad Commission. Also assist small utilities in preparing and defending requests to change rates and other regulatory matters before the Railroad Commission.

Litigation Support

Retained to support litigation in natural gas contract disputes. Analyzed the results of contract negotiations and competitiveness of gas supply proposals considering gas market conditions contemporaneous with the period reviewed. Supported litigation related to alleged price discrimination related to natural gas sales for regulated customers. Provided analysis of regulatory and accounting issues related to ownership of certain natural gas distribution assets in support of litigation against a natural gas utility. Supported independent power supplier in binding arbitration regarding proper interpretation of a natural gas transportation contract. Provided expert witness testimony in administrative and civil court proceedings.

Utility System Assessment

Led a management and performance review of the Public Utility Commission. Conducted performance reviews and valuation studies of municipal utility systems. Assessed ability to compete in the marketplace, and recommended specific actions to improve the competitive position of the utilities. Provided comprehensive support in the potential sale of a municipal gas system, including preparation of a valuation study and all activities leading to negotiation of contract for sale and franchise agreements.

Energy Supply Analysis

Reviewed system requirements and prepared requests for proposals (RFPs) to obtain natural gas and power supplies for both utility and non-utility clients. Evaluated submittals under alternative demand and market conditions, and recommended cost-effective supply proposals. Assessed supply strategies to determine optimum mix of available resources.

Econometric Forecasting

Prepared econometric forecasts of peak demand and energy for municipal and electric cooperative utilities in support of system planning activities. Developed forecasts at the rate class and substation levels. Projected price of natural gas by individual supplier for Texas electric and natural gas utilities to support review of utility resource plans.

Reservoir Engineering

Managed certain reserves for a petroleum exploration and production company in Texas. Responsible for field surveillance of producing oil and natural gas properties, including reserve estimation, production forecasting, regulatory reporting, and performance optimization. Performed evaluations of oil and natural gas exploration prospects in Texas and Louisiana.

PROFESSIONAL MEMBERSHIPS

Society of Petroleum Engineers
International Association for Energy Economics
United States Association for Energy Economics

SELECT PUBLICATIONS, PRESENTATIONS, AND TESTIMONY

- “Summary of the USAEE Central Texas Chapter’s Workshop entitled ‘EPA’s Proposed Clean Power Plan Rules: Economic Modeling and Effects on the Electric Reliability of Texas Region,’” with Dr. Jay Zarnikau and Mr. Neil McAndrews, USAEE Dialogue, May 2015
- “Public Utility Ratemaking,” EBF 401: Strategic Corporate Finance, The Pennsylvania State University, September 2013
- “What You Should Know About Public Utilities,” EBF 401: Strategic Corporate Finance, The Pennsylvania State University, October 2011
- “Natural Gas Markets and the Impact on Electricity Prices in ERCOT,” Texas Coalition of Cities for Fair Utility Issues, Dallas, October 2008
- “Natural Gas Regulatory Policy in Texas,” Hungarian Oil and Gas Policy Business Colloquium, U.S. Trade and Development Agency, Houston, May 2003
- “Railroad Commission Update,” Texas Society of Certified Public Accountants, Austin, April 2003
- “Gas Utility Update,” Railroad Commission Regulatory Expo and Open House, October 2002
- “Deregulation: A Work in Progress,” Interview by Karen Stidger, *Gas Utility Manager*, October 2002
- “Regulatory Overview: An Industry Perspective,” Southern Gas Association’s Ratemaking Process Seminar, Houston, February 2001
- “Natural Gas Prices Could Get Squeezed,” with Commissioner Charles R. Matthews, *Natural Gas*, December 2000
- “Railroad Commission Update,” Texas Society of Certified Public Accountants, Austin, April 2000
- “A New Approach to Electronic Tariff Access,” Association of Texas Intrastate Natural Gas Pipeline Annual Meeting, Houston, January 1999
- “A Texas Natural Gas Model,” United States Association for Energy Economics North American Conference, Albuquerque, 1998
- “Texas Railroad Commission Aiding Gas Industry by Updated Systems, Regulations,” *Natural Gas*, July 1998
- “Current Trends in Texas Natural Gas Regulation,” Natural Gas Producers Association, Midland, 1998
- “An Overview of the American Petroleum Industry,” Institute of International Education Training Program, Austin, 1993
- Direct testimony in PUC Docket No. 10400 summarized in *Environmental Externality*, Energy Research Group for the Edison Electric Institute, 1992
- “God’s Fuel - Natural Gas Exploration, Production, Transportation and Regulation,” with Danny Bivens, Public Utility Commission of Texas Staff Seminar, 1992
- “A Summary of Utilities’ Positions Regarding the Clean Air Act Amendments of 1990,” Industrial Energy Technology Conference, Houston, 1992
- “The Clean Air Act Amendments of 1990,” Public Utility Commission of Texas Staff Seminar, 1992

ATTACHMENT B
PREVIOUSLY FILED TESTIMONY

**KARL J. NALEPA
TESTIMONY FILED**

DKT NO.	DATE	REPRESENTING	UTILITY	PHASE	ISSUES
<u>Before the Public Utility Commission of Texas</u>					
53436	May 22	TNMP Cities	Texas-New Mexico Power	DCRF	DCRF Methodology
53034	Jul 22	Xcel Municipalities	Southwestern Public Service	Fuel Reconciliation	Fuel Cost Recovery
52728	May 22	Office of Public Counsel	City of College Station	TCOS	Wholesale Transmission Rate
52487	Mar 22	Office of Public Counsel	Entergy Texas Inc.	CCN	Public Interest Review
52485	Mar 22	Office of Public Counsel	Southwestern Public Service	CCN	Public Interest Review
52195	Oct 21	City of El Paso	El Paso Electric	Cost of Service	Cost of Service Model
52194	July 21	Cities	CenterPoint Energy Houston	EECRF	EECRF Methodology
52178	July 21	Cities	Oncor Electric Delivery	EECRF	EECRF Methodology
52081	July 21	City of El Paso	El Paso Electric	EECRF	EECRF Methodology
52067	July 21	Cities	Entergy Texas Inc.	EECRF	EECRF Methodology
51997	Aug 21	Office of Public Counsel	Entergy Texas, Inc.	System Restoration Costs	Cost Review
51802	Aug 21	Xcel Municipalities	Southwestern Public Service	Cost of Service	Cost Allocation
51415	Mar 21	CARD	SWEPCO	Cost of Service	Cost Allocation
51381	Dec 20	Entergy Cities	Entergy Texas Inc.	GCRR	GCRR Methodology
51345	Oct 20	Denton Municipal Electric	Denton Municipal Electric	Interim TCOS	Wholesale Transmission Rate
51215	Mar 21	Office of Public Counsel	Entergy Texas Inc.	CCN	Public Interest Review
51100	Nov 20	Office of Public Counsel	Lubbock Power & Light	TCOS	Wholesale Transmission Rate
50997	Jan 21	CARD	SWEPCO	Fuel Reconciliation	Fuel Cost Recovery

DKT NO.	DATE	REPRESENTING	UTILITY	PHASE	ISSUES
50790	Jul 20	Office of Public Counsel	Entergy Texas, Inc.	Sale, Transfer, Merger	Public Interest Review
50714	May 20	Cities	Entergy Texas Inc.	DCRF	DCRF Methodology
50110	Dec 19	Denton Municipal Electric	Denton Municipal Electric	Interim TCOS	Wholesale Transmission Rate
49831	Feb 20	Xcel Municipalities	Southwestern Public Service	Cost of Service	Cost Allocation
49737	Jan 20	Office of Public Counsel	SWEPCO	CCN	Public Interest Review
49594	Jul 19	Oncor Cities	Oncor Electric Delivery	EECRF	EECRF Methodology
49592	Jul 19	AEP Cities	AEP Texas Inc.	EECRF	EECRF Methodology
49586	Jul 19	TNMP Cities	Texas-New Mexico Power	EECRF	EECRF Methodology
49583	Aug 19	Gulf Coast Coalition	CenterPoint Energy Houston	EECRF	EECRF Methodology
49496	Jun 19	City of El Paso	El Paso Electric	EECRF	EECRF Methodology
49494	Jul 19	AEP Cities	AEP Texas Inc.	Cost of Service	Plant Additions
49421	Jun 19	Office of Public Counsel	CenterPoint Energy Houston	Cost of Service	Cost of Service
49395	May 19	City of El Paso	El Paso Electric	DCRF	DCRF Methodology
49148	Apr 19	City of El Paso	El Paso Electric	TCRF	TCRF Methodology
49042	Mar 19	SWEPCO Cities	SWEPCO	TCRF	TCRF Methodology
49041	Feb 19	SWEPCO Cities	SWEPCO	DCRF	DCRF Methodology
48973	May 19	Xcel Municipalities	Southwestern Public Service	Fuel Reconciliation	Fuel / Purch Power Costs
48963	Dec 18	Denton Municipal Electric	Denton Municipal Electric	Interim TCOS	Wholesale Transmission Rate
48420	Aug 18	Gulf Coast Coalition	CenterPoint Energy Houston	EECRF	EECRF Methodology
48404	Jul 18	Cities	Texas-New Mexico Power	EECRF	EECRF Methodology
48371	Aug 18	Cities	Entergy Texas Inc.	Cost of Service	Cost of Service

DKT NO.	DATE	REPRESENTING	UTILITY	PHASE	ISSUES
48231	May 18	Cities	Oncor Electric Delivery	DCRF	DCRF Methodology
48226	May 18	Gulf Coast Coalition	CenterPoint Energy Houston	DCRF	DCRF Methodology
48222	Apr 18	Cities	AEP Texas Inc.	DCRF	DCRF Methodology
47900	Dec 17	Denton Municipal Electric	Denton Municipal Electric	Interim TCOS	Wholesale Transmission Rate
47527	Apr 18	Xcel Municipalities	Southwestern Public Service	Cost of Service	Cost of Service
7461	Dec 17	Office of Public Counsel	SWEPCO	CCN	Public Interest Review
47236	Jul 17	Cities	AEP Texas	EECRF	EECRF Methodology
47235	Jul 17	Cities	Oncor Electric Delivery	EECRF	EECRF Methodology
47217	Jul 17	Cities	Texas-New Mexico Power	EECRF	EECRF Methodology
47032	May 17	Gulf Coast Coalition	CenterPoint Energy Houston	DCRF	DCRF Methodology
46936	Oct 17	Xcel Municipalities	Southwestern Public Service	CCN	Public Interest Review
46449	Apr 17	Cities	SWEPCO	Cost of Service	Cost of Service
46348	Sep 16	Denton Municipal Electric	Denton Municipal Electric	Interim TCOS	Wholesale Transmission Rate
46238	Jan 17	Office of Public Counsel	Oncor Electric Delivery	STM	Public Interest Review
46076	Dec 16	Cities	Entergy Texas Inc.	Fuel Reconciliation	Fuel Cost
46050	Aug 16	Cities	AEP Texas	STM	Public Interest Review
46014	Jul 16	Gulf Coast Coalition	CenterPoint Energy Houston	EECRF	EECRF Methodology
45788	May 16	Cities	AEP-TNC	DCRF	DCRF Methodology
45787	May 16	Cities	AEP-TCC	DCRF	DCRF Methodology
45747	May 16	Gulf Coast Coalition	CenterPoint Energy Houston	DCRF	DCRF Methodology
45712	Apr 16	Cities	SWEPCO	DCRF	DCRF Methodology

DKT NO.	DATE	REPRESENTING	UTILITY	PHASE	ISSUES
45691	Jun 16	Cities	SWEPCO	TCRF	TCRF Methodology
45414	Feb 17	Office of Public Counsel	Sharyland	Cost of Service	Cost of Service
45248	May 16	City of Fritch	City of Fritch	Cost of Service (water)	Cost of Service
45084	Nov 15	Cities	Entergy Texas Inc.	TCRF	TCRF Methodology
45083	Oct 15	Cities	Entergy Texas Inc.	DCRF	DCRF Methodology
45071	Aug 15	Denton Municipal Electric	Denton Municipal Electric	Interim TCOS	Wholesale Transmission Rate
44941	Dec 15	City of El Paso	El Paso Electric	Cost of Service	CEP Adjustments
44677	Jul 15	City of El Paso	El Paso Electric	EECRF	EECRF Methodology
44572	May 15	Gulf Coast Coalition	CenterPoint Energy Houston	DCRF	DCRF Methodology
44060	May 15	City of Frisco	Brazos Electric Coop	CCN	Transmission Cost Recovery
43695	May 15	Pioneer Natural Resources	Southwestern Public Service	Cost of Service	Cost Allocation
43111	Oct 14	Cities	Entergy Texas Inc.	DCRF	DCRF Methodology
42770	Aug 14	Denton Municipal Electric	Denton Municipal Electric	Interim TCOS	Wholesale Transmission Rate
42485	Jul 14	Cities	Entergy Texas Inc.	EECRF	EECRF Methodology
42449	Jul 14	City of El Paso	El Paso Electric	EECRF	EECRF Methodology
42448	Jul 14	Cities	SWEPCO	TCRF	Transmission Cost Recovery Factor
42370	Dec 14	Cities	SWEPCO	Rate Case Expenses	Rate Case Expenses
41791	Jan 14	Cities	Entergy Texas Inc.	Cost of Service	Cost of Service/Fuel
41539	Jul 13	Cities	AEP Texas North	EECRF	EECRF Methodology
41538	Jul 13	Cities	AEP Texas Central	EECRF	EECRF Methodology
41444	Jul 13	Cities	Entergy Texas Inc.	EECRF	EECRF Methodology

DKT NO.	DATE	REPRESENTING	UTILITY	PHASE	ISSUES
41223	Apr 13	Cities	Entergy Texas Inc.	ITC Transfer	Public Interest Review
40627	Nov 12	Austin Energy	Austin Energy	Cost of Service	General Fund Transfers
40443	Dec 12	Office of Public Counsel	SWEPCO	Cost of Service	Cost of Service/Fuel
40346	Jul 12	Cities	Entergy Texas Inc.	Join MISO	Public Interest Review
39896	Mar 12	Cities	Entergy Texas Inc.	Cost of Service/ Fuel Reconciliation	Cost of Service/ Nat Gas/ Purch Power
39366	Jul 11	Cities	Entergy Texas Inc.	EECRF	EECRF Methodology
38951	Feb 12	Cities	Entergy Texas Inc.	CGS Tariff	CGS Costs
38815	Sep 10	Denton Municipal Electric	Denton Municipal Electric	Interim TCOS	Wholesale Transmission Rate
38480	Nov 10	Cities	Texas-New Mexico Power	Cost of Service	Cost of Service/Rate Design
37744	Jun 10	Cities	Entergy Texas Inc.	Cost of Service/ Fuel Reconciliation	Cost of Service/ Nat Gas/ Purch Power/ Gen
37580	Dec 09	Cities	Entergy Texas Inc.	Fuel Refund	Fuel Refund Methodology
36956	Jul 09	Cities	Entergy Texas Inc.	EECRF	EECRF Methodology
36392	Nov 08	Texas Municipal Power	Texas Municipal Power	Interim TCOS	Wholesale Transmission Rate
35717	Nov 08	Cities Steering Committee	Oncor Electric Delivery	Cost of Service	Cost of Service/Rate Design
34800	Apr 08	Cities	Entergy Gulf States	Fuel Reconciliation	Natural Gas/Coal/Nuclear
16705	May 97	North Star Steel	Entergy Gulf States	Fuel Reconciliation	Natural Gas/Fuel Oil
10694	Jan 92	PUC Staff	Midwest Electric Coop	Revenue Requirements	Depreciation/ Quality of Service
10473	Sep 91	PUC Staff	HL&P	Notice of Intent	Environmental Costs
10400	Aug 91	PUC Staff	TU Electric	Notice of Intent	Environmental Costs
10092	Mar 91	PUC Staff	HL&P	Fuel Reconciliation	Natural Gas/Fuel Oil

DKT NO.	DATE	REPRESENTING	UTILITY	PHASE	ISSUES
10035	Jun 91	PUC Staff	West Texas Utilities	Fuel Reconciliation Fuel Factor	Natural Gas Natural Gas/Fuel Oil/Coal
9850	Feb 91	PUC Staff	HL&P	Revenue Req. Fuel Factor	Natural Gas/Fuel Oil/ETSI Natural Gas/Coal/Lignite
9561	Aug 90	PUC Staff	Central Power & Light	Fuel Reconciliation Revenue Requirements Fuel Factor	Natural Gas Natural Gas/Fuel Oil Natural Gas
9427	Jul 90	PUC Staff	LCRA	Fuel Factor	Natural Gas
9165	Feb 90	PUC Staff	El Paso Electric	Revenue Requirements Fuel Factor	Natural Gas/Fuel Oil Natural Gas
8900	Jan 90	PUC Staff	SWEPCO	Fuel Reconciliation Fuel Factor	Natural Gas Natural Gas
8702	Sep 89 Jul 89	PUC Staff	Gulf States Utilities	Fuel Reconciliation Revenue Requirements Fuel Factor	Natural Gas/Fuel Oil Natural Gas/Fuel Oil Natural Gas/Fuel Oil
8646	May 89 Jun 89	PUC Staff	Central Power & Light	Fuel Reconciliation Revenue Requirements Fuel Factor	Natural Gas Natural Gas/Fuel Oil Natural Gas
8588	Aug 89	PUC Staff	El Paso Electric	Fuel Reconciliation	Natural Gas

DKT NO.	DATE	REPRESENTING	UTILITY	PHASE	ISSUES
<u>Before the Railroad Commission of Texas</u>					
07061	Sep 21	Texas Cities Alliance	Multiple	Gas Cost Securitization	Prudence Determination
05509	Dec 20	LDC, LLC	LDC, LLC	Cost of Service	Cost of Service/Rate Design
10928	Mar 20	TGS Cities	Texas Gas Service	Cost of Service	Cost of Service/Rate Design
10920	Feb 20	East Texas Cities Coalition	CenterPoint Energy Entex	Cost of Service	Cost of Service/Rate Design
10900	Nov 19	Cities Steering Committee	Atmos Energy Triangle	Cost of Service	Cost of Service
10899	Sep 19	NatGas, Inc.	NatGas, Inc.	Cost of Service	Cost of Service/Rate Design
10737	Jun 18	T&L Gas Co.	T&L Gas Co.	Cost of Service	Cost of Service/Rate Design
10622	Apr 17	LDC, LLC	LDC, LLC	Cost of Service	Cost of Service/Rate Design
10617	Mar 17	Onalaska Water & Gas	Onalaska Water & Gas	Cost of Service	Cost of Service/Rate Design
10580	Mar 17	Cities Steering Committee	Atmos Pipeline Texas	Cost of Service	Cost of Service/Rate Design
10567	Feb 17	Gulf Coast Coalition	CenterPoint Energy Entex	Cost of Service	Cost of Service/Rate Design
10506	Jun 16	City of El Paso	Texas Gas Service	Cost of Service	Cost of Service/Energy Efficiency
10498	Feb 16	NatGas, Inc.	NatGas, Inc.	Cost of Service	Cost of Service/Rate Design
10359	Jul 14	Cities Steering Committee	Atmos Energy Mid Tex	Cost of Service	Cost of Service/Rate Design
10295	Oct 13	Cities Steering Committee	Atmos Pipeline Texas	Revenue Rider	Rider Renewal
10242	Jan 13	Onalaska Water & Gas	Onalaska Water & Gas	Cost of Service	Cost of Service/Rate Design
10196	Jul 12	Bluebonnet Natural Gas	Bluebonnet Natural Gas	Cost of Service	Cost of Service/Rate Design
10190	Jan 13	City of Magnolia, Texas	Hughes Natural Gas	Cost of Service	Cost of Service/Rate Design
10174	Aug 12	Cities Steering Committee	Atmos Energy West Texas	Cost of Service	Cost of Service/Rate Design
10170	Aug 12	Cities Steering Committee	Atmos Energy Mid Tex	Cost of Service	Cost of Service/Rate Design

DKT NO.	DATE	REPRESENTING	UTILITY	PHASE	ISSUES
10106	Oct 11	Gulf Coast Coalition	CenterPoint Energy Entex	Cost of Service	Cost of Service/Rate Design
10083	Aug 11	City of Magnolia, Texas	Hughes Natural Gas	Cost of Service	Cost of Service/Rate Design
10038	Feb 11	Gulf Coast Coalition	CenterPoint Energy Entex	Cost of Service	Cost of Service/Rate Design
10021	Oct 10	AgriTex Gas, Inc.	AgriTex Gas, Inc.	Cost of Service	Cost of Service/Rate Design
10000	Dec 10	Cities Steering Committee	Atmos Pipeline Texas	Cost of Service	Cost of Service/Rate Design
9902	Oct 09	Gulf Coast Coalition	CenterPoint Energy Entex	Cost of Service	Cost of Service/Rate Design
9810	Jul 08	Bluebonnet Natural Gas	Bluebonnet Natural Gas	Cost of Service	Cost of Service/Rate Design
9797	Apr 08	Universal Natural Gas	Universal Natural Gas	Cost of Service	Cost of Service/Rate Design
9732	Jul 08	Cities Steering Committee	Atmos Energy Corp.	Gas Cost Review	Natural Gas Costs
9670	Oct 06	Cities Steering Committee	Atmos Energy Corp.	Cost of Service	Affiliate Transactions/ O&M Expenses/GRIP
9667	Nov 06	Oneok Westex Transmission	Oneok Westex Transmission	Abandonment	Abandonment
9598	Sep 05	Cities Steering Committee	Atmos Energy Corp.	GRIP Appeal	GRIP Calculation
9530	Apr 05	Cities Steering Committee	Atmos Energy Corp.	Gas Cost Review	Natural Gas Costs
9400	Dec 03	Cities Steering Committee	TXU Gas Company	Cost of Service O&M Expenses/Capital Costs	Affiliate Transactions/

DKT NO.	DATE	REPRESENTING	UTILITY	PHASE	ISSUES
<u>Before the Louisiana Public Service Commission</u>					
U-35359	Feb 20 Nov 20	PSC Staff	Dixie Electric Membership Corporation	Cost of Service	Cost of Service / FRP Renewal / AMS Certification Stipulation
U-34344/ U-34717	Apr 18	PSC Staff	Dixie Electric Member Corporation	Formula Rate Plan	Stipulation
U-34344	Jan 18	PSC Staff	Dixie Electric Member Corporation	Formula Rate Plan	Adjusted Revenues
U-33633	Nov 15	PSC Staff Entergy Gulf States Louisiana	Entergy Louisiana, LLC/	Resource Certification	Prudence
U-33033	Jul 14	PSC Staff Entergy Gulf States Louisiana	Entergy Louisiana, LLC/	Resource Certification	Revenue Requirement
U-31971	Nov 11	PSC Staff Entergy Gulf States Louisiana	Entergy Louisiana, LLC/	Resource Certification	Certification/Cost Recovery
<u>Before the Colorado Public Utilities Commission</u>					
18A-0791E	Mar 19	Pueblo County	Black Hills Colorado Electric	Economic Development Rate	Tariff Issues
<u>Before the Arkansas Public Service Commission</u>					
O7-105-U	Mar 08	Arkansas Customers & pipelines serving CenterPoint	CenterPoint Energy, Inc.	Gas Cost Complaint	Prudence / Cost Recovery

ATTACHMENT C
RELIED UPONS

SOAH DOCKET NO. 473-22-2610
PUC DOCKET NO. 53551

APPLICATION OF EL PASO	§	BEFORE THE
ELECTRIC COMPANY TO REVISE ITS	§	
ENERGY EFFICIENCY COST	§	PUBLIC UTILITY COMMISSION
RECOVERY FACTOR AND	§	
ESTABLISH REVISED COST CAPS	§	OF TEXAS

EL PASO ELECTRIC COMPANY'S RESPONSE TO
CITY OF EL PASO'S FIRST REQUEST FOR INFORMATION
QUESTION NOS. CEP 1-1 THROUGH CEP 1-14

CEP 1-2:

Refer to Exhibit CAE-01. Table 8 shows that in 2021, EPE had verified savings under its Small Commercial Solutions MTP of 728 kW. And on Exhibit CAE-01, page 10 of 48, EPE explained that it paid incentives up to \$400 per kW reduction under the Small Commercial Solutions MTP. Given these values, it appears that EPE should have paid out a maximum of \$291,200 in incentives (728 kW x \$400/kW). Yet, on Table 10, EPE reports that in 2021 it expended \$460,529 in incentives for its Small Commercial Solutions MTP. Please provide a detailed explanation for why there is a difference between the calculated incentives and reported incentives paid and provide a reconciliation of the difference.

RESPONSE:

EPE paid \$460,529 in incentives under the Small Commercial Solutions MTP. Within this Program, \$291,500 in customer incentives (\$400 per kW reduced) and \$169,028 in implementor incentives (a combination of fixed-fee and performance-based compensation to the implementer to deliver on the contracted demand savings goal) were expended.

Preparer: Desmond Machuca

Title: Sr. Energy Efficiency Analyst

Sponsor: Crystal Enoch

Title: Principal Energy Efficiency Program
Analyst

SOAH DOCKET NO. 473-22-2610
PUC DOCKET NO. 53551

APPLICATION OF EL PASO	§	BEFORE THE
ELECTRIC COMPANY TO REVISE ITS	§	
ENERGY EFFICIENCY COST	§	PUBLIC UTILITY COMMISSION
RECOVERY FACTOR AND	§	
ESTABLISH REVISED COST CAPS	§	OF TEXAS

EL PASO ELECTRIC COMPANY'S RESPONSE TO
CITY OF EL PASO'S FIRST REQUEST FOR INFORMATION
QUESTION NOS. CEP 1-1 THROUGH CEP 1-14

CEP 1-3:

Refer to Exhibit CAE-01. Table 8 shows that in 2021, EPE had verified savings under its Large Commercial & Industrial (C&I) Solutions MTP of 2,043 kW. And on Exhibit CAE-01, page 10 of 48, EPE explained that it paid incentives up to \$240 per kW reduction under the Large C&I Solutions MTP. Given these values, it appears that EPE should have paid out a maximum of \$490,320 in incentives (2,043 kW x \$240/kW). Yet, on Table 10, EPE reports that in 2021 it expended \$1,014,932 in incentives for its Large C&I Solutions MTP. Please provide a detailed explanation for why there is a difference between the calculated incentives and reported incentives paid and provide a reconciliation of the difference.

RESPONSE:

EPE paid \$1,014,932 in incentives under the Large Commercial & Industrial (C&I) Solutions MTP. Within this Program, \$489,844 in customer incentives (\$240 per kW reduced) and \$525,088 in implementor incentives (a combination of fixed-fee and performance-based compensation to the implementer to deliver on the contracted demand savings goal) were expended.

Preparer: Desmond Machuca

Title: Sr. Energy Efficiency Analyst

Sponsor: Crystal Enoch

Title: Principal Energy Efficiency Program
Analyst

SOAH DOCKET NO. 473-22-2610
PUC DOCKET NO. 53551

APPLICATION OF EL PASO	§	BEFORE THE
ELECTRIC COMPANY TO REVISE ITS	§	
ENERGY EFFICIENCY COST	§	PUBLIC UTILITY COMMISSION
RECOVERY FACTOR AND	§	
ESTABLISH REVISED COST CAPS	§	OF TEXAS

EL PASO ELECTRIC COMPANY'S RESPONSE TO
CITY OF EL PASO'S FIRST REQUEST FOR INFORMATION
QUESTION NOS. CEP 1-1 THROUGH CEP 1-14

CEP 1-4:

Refer to Exhibit CAE-01. Table 8 shows that in 2021, EPE had verified savings under its Texas SCORE MTP of 982 kW. And on Exhibit CAE-01, page 10 of 48, EPE explained that it paid incentives up to \$240 per kW reduction under the Texas SCORE MTP. Given these values, it appears that EPE should have paid out a maximum of \$235,680 in incentives (982 kW x \$240/kW). Yet, on Table 10, EPE reports that in 2021 it expended \$528,379 in incentives for its Texas SCORE MTP. Please provide a detailed explanation for why there is a difference between the calculated incentives and reported incentives paid and provide a reconciliation of the difference.

RESPONSE:

EPE paid \$528,379 in incentives under the SCORE MTP. Within this Program, \$147,518 in customer incentives (\$240 per kW reduced for all measures except for the HVAC Tune-up measure which varies based on tonnage, whether an M&V or modeled tune-up is performed, and if a refrigerant adjustment is required) and \$380,861 in implementor incentives (a combination of fixed-fee and performance-based compensation to the implementer to deliver on the contracted demand savings goal) were expended.

Preparer: Desmond Machuca

Title: Sr. Energy Efficiency Analyst

Sponsor: Crystal Enoch

Title: Principal Energy Efficiency Program Analyst

SOAH DOCKET NO. 473-22-2610
PUC DOCKET NO. 53551

APPLICATION OF EL PASO	§	BEFORE THE
ELECTRIC COMPANY TO REVISE ITS	§	
ENERGY EFFICIENCY COST	§	PUBLIC UTILITY COMMISSION
RECOVERY FACTOR AND	§	
ESTABLISH REVISED COST CAPS	§	OF TEXAS

EL PASO ELECTRIC COMPANY'S RESPONSE TO
CITY OF EL PASO'S FIRST REQUEST FOR INFORMATION
QUESTION NOS. CEP 1-1 THROUGH CEP 1-14

CEP 1-5:

EPE's Appliance Recycling MTP pays \$50 per qualifying refrigerator or freezer that is recycled. On Exhibit CAE-01, Table 10, EPE reports that in 2021 it had 950 participants in its Appliance Recycling MTP. Given these values, it appears that EPE should have paid out \$47,500 in rebates (950 x \$50). Yet, on Table 10, EPE reports that in 2021 it expended \$186,240 in incentives for its Appliance Recycling MTP. Please provide a detailed explanation for why there is a difference between the calculated incentives and reported incentives paid and provide a reconciliation of the difference.

RESPONSE:

EPE paid \$186,240 in incentives under the Appliance Recycling MTP. Within this Program, \$60,480 in customer incentives and \$125,760 in implementor incentives were expended. EPE had 950 participants in its Appliance Recycling MTP and processed 1,034 units (6 units without customer incentives). 574 units were paid at the \$50 customer incentive rate totaling \$28,700 and 454 units were paid at the \$70 promotional customer incentive rate totaling \$31,780.

Preparer: Desmond Machuca

Title: Sr. Energy Efficiency Analyst

Sponsor: Crystal Enoch

Title: Principal Energy Efficiency Program Analyst

SOAH DOCKET NO. 473-22-2610
PUC DOCKET NO. 53551

APPLICATION OF EL PASO	§	BEFORE THE
ELECTRIC COMPANY TO REVISE ITS	§	
ENERGY EFFICIENCY COST	§	PUBLIC UTILITY COMMISSION
RECOVERY FACTOR AND	§	
ESTABLISH REVISED COST CAPS	§	OF TEXAS

EL PASO ELECTRIC COMPANY'S RESPONSE TO
CITY OF EL PASO'S FIRST REQUEST FOR INFORMATION
QUESTION NOS. CEP 1-1 THROUGH CEP 1-14

CEP 1-6:

EPE's Residential Load Management MTP pays \$25 to \$75 per qualifying internet enabled smart thermostat to enroll in the program. On Exhibit CAE-01, Table 10, EPE reports that in 2021 it had 6,922 participants in its Residential Load Management MTP. Given these values, it appears that EPE should have paid out between \$173,050 (6,922 x \$25) and \$519,150 in incentives or rebates (6,922 x \$75). Yet, on Table 10, EPE reports that in 2021 it expended \$549,829 in incentives for its Residential Load Management MTP. Please provide a detailed explanation for why there is a difference between the calculated incentives and reported incentives paid and provide a reconciliation of the difference.

RESPONSE:

EPE paid \$321,725 in customer incentives and \$228,104 in implementor incentives (a combination of-program management and SaaS "Software as a Service" fees)..

Preparer: Crystal Enoch

Title: Principal Energy Efficiency Program Analyst

Sponsor: Crystal Enoch

Title: Principal Energy Efficiency Program Analyst

ATTACHMENT D
DECLARATION OF KARL J. NALEPA
REGARDING RATE CASE EXPENSES

**SOAH DOCKET NO. 473-22-2610
PUCT DOCKET NO. 53551**

APPLICATION OF EL PASO ELECTRIC § BEFORE THE STATE OFFICE
COMPANY FOR APPROVAL TO §
REVISE ITS ENERGY EFFICIENCY § OF
COST RECOVERY FACTOR AND §
ESTABLISH REVISED COST CAPS § ADMINISTRATIVE HEARINGS

**DECLARATION OF KARL J. NALEPA
CONCERNING RESOLVED ENERGY CONSULTING EXPENSES
FOR THE EL PASO ELECTRIC COMPANY 2021 EECRF PROCEEDING**

I, Karl J. Nalepa, state the following facts upon my oath.

1. My name is Karl J. Nalepa. My business address is 11044 Research Blvd., Suite A-420, Austin, Texas 78759. I am over eighteen years of age and am not disqualified from making this Declaration. I declare under penalty of perjury that the information in this declaration provided under Chapter 132 Texas Civil Practice and Remedies Code is true and correct.
2. I am the President of ReSolved Energy Consulting, LLC, ("REC") and independent utility consulting company.
3. I was retained by the City of El Paso in El Paso Electric Company's 2022 Energy Efficiency Cost Recovery Factor ("EECRF") proceeding before the Public Utility Commission of Texas, Docket No. 53551.
4. I am providing this declaration to address the necessity for, and reasonableness of, REC's actual expenses incurred in Docket No. 52081.
5. REC's actual fees and expenses incurred in Docket No. 52081 related to time spent to review and evaluate the filing, review responses to discovery, prepare testimony and assist counsel in settlement negotiations. The hours charged are set forth in Table 1, and the corresponding invoices are attached to this affidavit.

Table 1

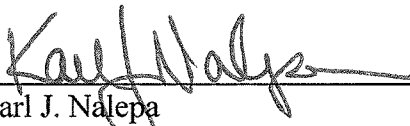
<u>Consultant</u>	<u>Hourly Rate</u>	<u>Hours</u>	<u>Total Actual</u>
Karl Nalepa	\$270	23.3	\$6,291.00
Total Actual		23.3	\$6,291.00

6. My billing rate was \$270 per hour. This was the normal billing rate that I charged for services provided to both regulated and non-regulated entities. This rate was reasonable for a consultant providing these types of services before utility regulatory agencies in

Texas. My hourly rate was especially reasonable given I have more than 40 years of utility rate regulatory experience. Part of the basis for my opinion is a review of the hourly rates charged by other consultants to perform similar services.

7. No REC personnel billed in excess of 12 hours on any given day to this case. No REC personnel incurred any airline, lodging, or meal expenses. No REC personnel charged for any luxury items. There are no instances of double billing for REC's services.
8. Based on the novelty of the issues in the case, my extensive experience relating to analysis of a variety of rate proceeding matters, and the requirements regarding support for rate case expenses before the Public Utility Commission of Texas, I conclude that: (1) REC's hourly rates are reasonable; and (2) the 23.3 actual hours in this case are both reasonable and necessary.

Executed in Travis County, State of Texas, on the 2nd day of August, 2022.


Karl J. Nalepa

ReSolved Energy Consulting, LLC

11044 Research Blvd, A-420
Austin, TX 78759

Invoice

DATE	INVOICE NUMBER
7/13/2021	4824

BILL TO

City of El Paso
Attn: Office of the City Attorney
PO Box 1890
El Paso, TX 79950-1890

PROJECT

NG EPE 21 EECRF 52081

DESCRIPTION	HOURS	RATE	AMOUNT
Consulting (Nalepa)	4.8	270.00	1,296.00
Work Completed thru - June 30, 2021	TOTAL DUE		\$1,296.00

Monthly Recap

Karl Nalepa

Date	Task	Hours
<i>June 1, 2021</i>	Review filing.	1.00
<i>June 2, 2021</i>	Continue to review filing.	0.80
<i>June 3, 2021</i>	Review filing and schedules.	0.50
<i>June 25, 2021</i>	Review filing and prepare discovery.	0.70
<i>June 28, 2021</i>	Continue to review filing and prepare discovery.	1.00
<i>June 30, 2021</i>	Complete discovery and send to N. Gordon for review.	0.80

4.80

ReSolved Energy Consulting, LLC

11044 Research Blvd, A-420

Austin, TX 78759

Invoice

DATE	INVOICE NUMBER
8/4/2021	4831

BILL TO

City of El Paso
Attn: Office of the City Attorney
PO Box 1890
El Paso, TX 79950-1890

PROJECT

NG EPE 21 EECRF 52081

DESCRIPTION	HOURS	RATE	AMOUNT
Consulting (Nalepa)	12	270.00	3,240.00
Work Completed thru - July 31, 2021	TOTAL DUE		\$3,240.00

Monthly Recap

Karl Nalepa

Date	Task	Hours
<i>July 1, 2021</i>	Complete draft discovery and send to N. Gordon for review. Work on analysis.	1.70
<i>July 8, 2021</i>	Prepare avoided energy cost adjustment and send to N. Gordon for review. Call with N. Gordon to discuss.	1.30
<i>July 14, 2021</i>	Prepare draft testimony.	2.00
<i>July 15, 2021</i>	Complete draft testimony and send to N. Gordon for review.	4.00
<i>July 16, 2021</i>	Review edits to draft testimony.	0.20
<i>July 17, 2021</i>	Review and incorporate edits to testimony. Review responses to discovery.	2.50
<i>July 19, 2021</i>	Review and edit final draft testimony.	0.30

12.00

ReSolved Energy Consulting, LLC

11044 Research Blvd, A-420

Austin, TX 78759

Invoice

DATE	INVOICE NUMBER
9/8/2021	4863

BILL TO

City of El Paso
Attn: Office of the City Attorney
PO Box 1890
El Paso, TX 79950-1890

PROJECT

NG EPE 21 EECRF 52081

DESCRIPTION	HOURS	RATE	AMOUNT
Consulting (Nalepa)	3.5	270.00	945.00
Work Completed thru - August 31, 2021	TOTAL DUE		\$945.00

Monthly Recap

Karl Nalepa

Date	Task	Hours
<i>August 4, 2021</i>	Review EPE objection to testimony and CEP's supporting documents.	0.70
<i>August 9, 2021</i>	Call with N. Gordon regarding response to objection to testimony.	0.30
<i>August 13, 2021</i>	Review Staff's statement of position and discuss with N. Gordon.	0.20
<i>August 16, 2021</i>	Review EPE rebuttal testimony. Send comments to N. Gordon. Call with N. Gordon to discuss.	1.00
<i>August 20, 2021</i>	Discuss errata testimony with N. Gordon. Identify errata changes. Review responses to CEP discovery on rebuttal.	0.80
<i>August 23, 2021</i>	Call with N. Gordon to discuss hearing exhibits. Review exhibits and send comments to N. Gordon.	0.50

3.50

ReSolved Energy Consulting, LLC

11044 Research Blvd, A-420
Austin, TX 78759

Invoice

DATE	INVOICE NUMBER
10/7/2021	4875

BILL TO

City of El Paso
Attn: Office of the City Attorney
PO Box 1890
El Paso, TX 79950-1890

PROJECT

NG EPE 21 EECRF 52081

DESCRIPTION	HOURS	RATE	AMOUNT
Consulting (Nalepa)	1.5	270.00	405.00
Work Completed thru - September 30, 2021	TOTAL DUE		\$405.00

Monthly Recap

Karl Nalepa

Date	Task	Hours
<i>September 1, 2021</i>	Call with N. Gordon to discuss initial briefs.	0.30
<i>September 3, 2021</i>	Review initial briefs.	0.70
<i>September 13, 2021</i>	Review reply briefs.	0.50

1.50

ReSolved Energy Consulting, LLC

11044 Research Blvd, A-420
Austin, TX 78759

Invoice

DATE	INVOICE NUMBER
12/8/2021	4918

BILL TO

City of El Paso
Attn: Office of the City Attorney
PO Box 1890
El Paso, TX 79950-1890

PROJECT

NG EPE 21 EECRF 52081

DESCRIPTION	HOURS	RATE	AMOUNT
Consulting (Nalepa)	1.5	270.00	405.00
Work Completed thru - November 30, 2021	TOTAL DUE		\$405.00

Monthly Recap

Karl Nalepa

Date	Task	Hours
<i>November 1, 2021</i>	Review proposal for decision and send comments to N. Gordon.	1.00
<i>November 29, 2021</i>	Review exceptions to PFD.	0.50

1.50

ATTACHMENT E
DECLARATION OF MR. NORMAN J. GORDON
REGARDING RATE CASE EXPENSES

SOAH NO. 473-21-2427
PUC DOCKET NO. 52081

APPLICATION OF EL PASO	§	BEFORE THE STATE OFFICE
ELECTRIC COMPANY TO	§	
REVISE ITS ENERGY EFFICENCY	§	OF
COST RECOVERY FACTOR AND	§	
ESTABLISH A REVISED COST CAP	§	ADMINISTRATIVE HEARINGS

DECLARATION OF NORMAN J. GORDON

THE STATE OF OHIO)
)
COUNTY OF CUYAHOGA)

BEFORE ME, the undersigned authority, on this day personally appeared NORMAN J. GORDON, known to me to be the person whose name is subscribed hereto, and being by me duly sworn, upon his oath, stated as follows:

1. My name is Norman J. Gordon. My business address is PO Box 8, El Paso, Texas, 79940. I am over eighteen years of age and I am not disqualified from making this Declaration. I declare under penalty of perjury that the information in this declaration provided under Chapter 132 Texas Civil Practice and Remedies Code is true and correct.

2. I am an attorney licensed in the States of Texas and Illinois, and numerous federal courts. I received my undergraduate degree and law degree from University of Illinois at Urbana-Champaign. I have been in private practice of law in El Paso since completing my military obligation with the Judge Advocate General's Corps of the United States Army in 1974. I am board certified in Civil Trial Law by the Texas Board of Legal Specialization and have been so certified since 1983. One of the areas of my practice is in the area of utility regulation. Since 1978, I have been lead counsel for parties in many major rate cases, rule making proceedings, and other administrative dockets before City Councils, the Railroad Commission of Texas, the Public Utility Commission of Texas, State District Courts, United States Bankruptcy Court, and Texas Appellate Courts, including the Supreme Court of Texas. I have filed testimony on rate case expense issues in cases before Railroad Commission of Texas. I have filed testimony and testified as an expert witness on rate case expenses in cases before the Public Utility Commission of Texas. I have also taught principles of regulation to members of the Public Utility Regulation Board of the City of El Paso, an advisory board on utility matters.

3. I became a sole practitioner in February 2019. Prior to February 2019, I was a shareholder in the El Paso firm of Mounce, Green Myers, Safi, Paxson & Galatzan, A

Professional Corporation, from October 2003 until February 2019. Prior to that time my private practice was with the El Paso law firm of Diamond Rash Gordon & Jackson, P.C., for 29 years where I was a shareholder.

4. The City of El Paso ("City") engaged me to act as outside counsel for it in EPEC's prior EECRF case, PUC Docket 50806 SOAH No. 473-20-3633

5. In connection with the case, I billed a total of \$6,965.00 in fees. There were no expenses. The description of services is provided in the attached invoices, by day, attorney and services performed. The invoice and support are attached to this Affidavit as Attachment "A" and incorporated herein. There were no charges for first class travel or hotel expense. There is no markup on the expenses.

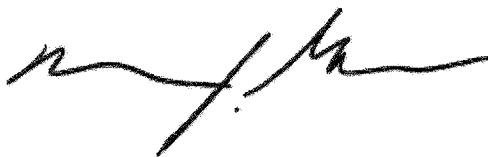
7. The total of fees and expenses is \$6,965.00.

8. I am familiar with the hourly rates charged by others in Texas with similar or less experience for similar work, through the cases in which I have acted as counsel and through the cases in which I have filed testimony. The hourly rates charged by me of \$350.00 was reasonable.

9. All of the work done by me was necessary and reasonable with respect to both time and amount considering the nature, extent, and difficulty of the work, the originality of the issues presented including the nature of the issues raised and addressed by the City in this proceeding, and the amount of time spent by and charges by others for work of a similar nature in this and other proceedings. The expenses incurred were all reasonable and necessary for the presentation and prosecution of the City's case.

Further Declarant Says Not.

Dated July 15, 2021

A handwritten signature in black ink, appearing to read 'N. J. Gordon', with a horizontal line drawn underneath it.

Norman J. Gordon

ATTACHMENT A TO DECLARATION OF
NORMAN J. GORDON

Norman J. Gordon
Attorney at Law
PO Box 8
El Paso, Texas, 79940

Page: 1
09/20/2021
Account No: 1M

City of El Paso
300 N. Campbell
Attn: Office of the City Attorney
PO Box 1890
El Paso TX 79950-1890
El Paso TX 79901

Attn: Karla M. Nieman

Payments received after 09/20/2021 are not included on this statement.

Norman J Gordon
Attorney At Law

	Balance
EPE 2021 EECRF FILING PUC DN 52081	<u>\$11,480.00</u>

Please make checks payable to "Norman J. Gordon"

Norman J. Gordon
Attorney at Law
PO Box 8
El Paso, Texas, 79940

City of El Paso
300 N. Campbell
Attn: Office of the City Attorney
PO Box 1890
El Paso TX 79950-1890
El Paso TX 79901

Attn: Karla M. Nieman

EPE 2021 EPE EECRF Filing PUC DN 52081

Page: 1
09/20/2021
Account No: 1-31M
Statement No: 171

Payments received after 09/20/2021 are not included on this statement.

Fees

			Hours	
05/05/2021	NJG	Initial Review of filing, and preparation of summary issues for City Attorney.	1.80	630.00
05/12/2021	NJG	Preparation of and filing of Motion to Intervene	0.40	140.00
05/19/2021	NJG	Tel K Nalepa re: potential engagement and issues,	0.30	105.00
06/04/2021	NJG	E-mails re: schedule and attend Prehearing Conference at SOAH (Zoom)	0.80	280.00
06/18/2021	NJG	Review Responses to Staff RFI's	0.20	70.00
06/21/2021	NJG	Prepare and file Request for Hearing	0.20	70.00
07/02/2021	NJG	Prepare and file CEP First RFI's to EPE.	0.30	105.00
07/12/2021	NJG	Analysis of issues in the case and preparation of communication re: issues to City Attorney Office Review status of Motions in Entergy DN 52067	2.20	770.00
07/14/2021	NJG	Prepare draft declaration of Rate Case expenses in prior docket for inclusion in testimony	0.70	245.00
07/15/2021	NJG	Receipt review and start edit of draft testimony of Karl Nalepa	1.50	525.00
07/16/2021	NJG	receipt and review of Responses to CEP RFI's Compete initial edits and suggestions including Additional material from original order adopting rule and EPE comments.	1.80	630.00
07/18/2021	NJG	Review of revised draft, and research on avoided cost issue, E-mail suggestions to Karl Nalepa, including material to include with the testimony and workpapers.	2.00	700.00
07/19/2021	NJG	Final proofing of testimony, exhibits and declaration re: rate case expense,		

EPE 2021 EECRF filing

		and assembly for filing. File and Serve on parties.	Hours 1.50	525.00
08/03/2021	NJG	Initial Review of EPE objection to Nalepa testimony, Staff statement in lieu of testimony	0.30	105.00
	NJG	Receipt and review of Staff Statement of Position notes to client	0.30	105.00
08/08/2021	NJG	Initial analysis of EPE objection, and outline and begin draft of response	2.70	945.00
	NJG	Initial work on reply to objection.	1.80	630.00
08/09/2021	NJG	Continued draft of response to Objection of EPE to Nalepa testimony	2.10	735.00
	NJG	Continued Drafting of Response to Objection.	1.50	525.00
08/10/2021	NJG	Finalize Response to objection to Nalepa for filing	1.30	455.00
08/12/2021	NJG	General-Discussion w/ CAO re: deadlines for City action and EPE potential response	0.20	70.00
08/13/2021	NJG	Receipt, transmittal and initial review of EPE Rebuttal and Staff Statement of Position.	0.60	210.00
	NJG	Receipt and review of rebuttal testimony of EPE (Enoch) E-mail to K Nalepa	0.90	315.00
08/16/2021	NJG	Telephone w/ B. Slocum re: nature of hearing, Tel. K. Nalepa re: nature of hearing, detailed review of Staff "Statement of Position" and EPE rebuttal, including research references to other cases identified in the testimony.	1.60	560.00
08/17/2021	NJG	Tel. B. Slocum re: hearing, Tel. K. Nalepa re: hearing, prepare RFI's on rebuttal. E-mail to client re: settlement offer and nature of hearing.	1.20	420.00
08/20/2021	NJG	Receipt and Review of EPE responses to 2nd RFI's Tel. K Nalepa.	0.50	175.00
08/23/2021	NJG	Identify exhibits to be included in exhibit list,prepare exhibit list and Exhibits, Errata to Nalepa testimony, E-mails re: filing, Copies.	1.40	490.00
08/24/2021	NJG	File and Service exhibit list, and exhibits, Review EPE list, Transmit exhibits to SOAH	0.30	105.00
08/30/2021	NJG	Outline of initial brief	0.30	105.00
08/31/2021	NJG	Initial Drafting of Brief, Tel. w/ CAO re: status	2.10	735.00
		For Current Services Rendered	32.80	11,480.00

Recap				
<u>Timekeeper</u>	<u>Title</u>	<u>Hours</u>	<u>Rate</u>	<u>Total</u>
Norman J Gordon		32.80	\$350.00	\$11,480.00

Total Current Work 11,480.00

Balance Due

\$11,480.00

Fees	Expenses	Billing History Advances	Finance Charge	Payments
11,480.00	0.00	0.00	0.00	0.00

Please make checks payable to "Norman J. Gordon"

Norman J. Gordon
Attorney at Law
PO Box 8
El Paso, Texas, 79940

Page: 1
09/20/2021
Account No: 1M

City of El Paso
300 N. Campbell
Attn: Office of the City Attorney
PO Box 1890
El Paso TX 79950-1890
El Paso TX 79901

Attn: Karla M. Nieman

Payments received after 09/20/2021 are not included on this statement.

Norman J Gordon
Attorney At Law

	Balance
EPE 2021 EECRF FILING PUC DN 52081	<u>\$11,480.00</u>

Please make checks payable to "Norman J. Gordon"

Norman J. Gordon
Attorney at Law
PO Box 8
El Paso, Texas, 79940

Page: 1
01/17/2022
Account No: 1M

City of El Paso
300 N. Campbell
Attn: Office of the City Attorney
PO Box 1890
El Paso TX 79950-1890
El Paso TX 79901

Attn: Karla M. Nieman

Payments received after 01/17/2022 are not included on this statement.

Norman J Gordon
Attorney At Law

	Balance
1-31 EPE 2021 EECRF filing	<u>\$10,331.93</u>

Please make checks payable to "Norman J. Gordon"

Norman J. Gordon
 Attorney at Law
 PO Box 8
 El Paso, Texas, 79940

City of El Paso
 300 N. Campbell
 Attn: Office of the City Attorney
 PO Box 1890
 El Paso TX 79950-1890
 El Paso TX 79901

Attn: Karla M. Nieman

EPE 2021 EECRF filing

Page: 1
 01/17/2022
 Account No: 1-31M
 Statement No: 182

Payments received after 01/17/2022 are not included on this statement.

Fees

			Hours	
09/01/2021	NJG	Complete Initial Draft of Brief	4.60	1,610.00
09/02/2021	NJG	Edit notes and references in brief forward to CAO for review.	0.90	315.00
09/03/2021	NJG	Edit and Finalize initial brief for filing.	0.70	245.00
09/06/2021	NJG	Initial review of Staff and EPE briefs, begin outline of Reply brief.	1.20	420.00
09/12/2021	NJG	Complete draft of reply brief	2.60	910.00
09/13/2021	NJG	Edit and finalize reply brief and file and serve.	2.00	700.00
11/12/2021	NJG	Review Memo re: Filing of Exceptions and Replies and Final Order date.	0.40	140.00
11/21/2021	NJG	Begin work on draft exceptions	1.00	350.00
11/22/2021	NJG	Complete draft of exceptions to PFD E-mail to client for review.	2.70	945.00
11/23/2021	NJG	Finalize and edit Exception for filing and service on parties.	2.30	805.00
12/03/2021	NJG	Prepare and file Request for Oral Argument.	0.20	70.00
12/15/2021	NJG	Prepare for potential questions and discussion at PUC open meeting travel to Austin for Open Meeting.	4.20	1,470.00
12/16/2021	NJG	Attend PUC Open meeting through discussion of issues related to case, return from Austin.	4.00	1,400.00
12/17/2021	NJG	Review Final Order, and prepare E-mail Memo to Client re: post hearing procedures and deadlines. Discussion re: filing Motion for Rehearing.	0.80	280.00

EPE 2021 EECRF filing

For Current Services Rendered	Hours	9,660.00
	27.60	

<u>Timekeeper</u>	<u>Title</u>	<u>Recap</u>	<u>Hours</u>	<u>Rate</u>	<u>Total</u>
Norman J Gordon			27.60	\$350.00	\$9,660.00

Expenses

12/15/2021	Travel expense Uber Airport to Hotel--Austin	25.48
12/15/2021	Travel expense Airfare to Austin (Equivalent to ELP to AUS)	190.98
12/16/2021	Travel expense Hotel and Breakfast Austin 12-15-12-16 21	147.10
12/16/2021	Travel expense Uber Hotel to Airport 12-16-21	28.52
12/16/2021	Travel expense Airfare From Austin (ELP-AUS) = \$262.00	262.00
12/16/2021	Travel expense Airport Parking 12-15-21 12-16-21	17.85
	Total Expenses	671.93

Total Current Work	10,331.93
--------------------	-----------

Balance Due	<u>\$10,331.93</u>
-------------	--------------------

<u>Fees</u>	<u>Expenses</u>	<u>Billing History</u>	<u>Finance Charge</u>	<u>Payments</u>
9,660.00	671.93	<u>Advances</u> 0.00	0.00	0.00

Please make checks payable to "Norman J. Gordon"

Travel Expense to Austin for PUCT
Final Order Meeting
December 15—December 16, 2021

Thanks for flying with us!

✓ Price

✓ Payment

✓ Confirmation

✔ Your flight is booked!

We're sending you a confirmation email to the address below. If the email hasn't arrived in 2 minutes, check your junk or spam folder.
njgordon2014@gmail.com

Trip summary

Print

✈ Flight

CONFIRMATION #

4AVPIE

DEC 15

CLE ✈ AUS

FLIGHT TOTAL

\$190.98

🚗 Add a car

Book now. Pay later!

From \$90.24*/day in Austin

*Taxes and fees excl. Terms apply.

Book now

Add a hotel

The perfect stay is moments away

DESTINATION/HOTEL NAME:

Austin

CHECK-IN

12/15/2021

CHECK-OUT

12/17/2021

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Set your Rapid Rewards® Credit Card as your default card, so you'll make sure to earn points with every purchase.*

*Issuer rewards program is subject to the issuer's rewards program terms and conditions.

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12/15 - Austin

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Share on Facebook!

DEC 15

Cleveland, OH to Austin, TX

Confirmation # 4AVPIE



PASSENGERS	EST. POINTS	EXTRAS	FARE
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https://www.southwest.com/air/booking/confirmation.html


68

1/3

PASSENGERS	EST. POINTS	EXTRAS	FARE
Norman James Gordon Rapid Rewards® Acct # 21954 A-List Known Traveler # 155870610 Edit Known Traveler # / Redress # > Special Assistance >	+ 1,561 ^{PTS}	—	Anytime

 **Transparency®: Defined**
Low fares. Nothing to hide. 

 **Change fees don't fly with us**
Flexibility for your travel plans.


 **Pack with care**
Guidelines for carryon luggage.

Departing

12/15/21 Wednesday

Anytime
(Passenger x1)

\$156.07



DEPARTS

1:30 PM

CLE

Cleveland, OH - CLE


ARRIVES

1:50 PM

MDW

Chicago (Midway), IL - MDW

stop 1: Chicago (Midway), IL - MDW




DEPARTS

3:10 PM

MDW

Chicago (Midway), IL - MDW





ARRIVES

5:55 PM



AUS

Austin, TX - AUS

FLIGHT
4456  + 

SCHEDULED AIRCRAFT
Boeing 737-700
Subject to change

TRAVEL TIME
1hr 20min

FLIGHT
460  + 

SCHEDULED AIRCRAFT
Boeing 737-800
Subject to change

TRAVEL TIME
2hr 45min

SUBTOTAL

\$156.07

Taxes & fees

\$34.91

Flight total

\$190.98

Icon legend

 WiFi available

 Live TV available

 Change planes

- Helpful Information:
- Please read the [fare rules](#) associated with this purchase.
 - When booking with Rapid Rewards® points, your points balance may not immediately update in your account..

Thanks for flying with us!

✓ Price

✓ Payment

✓ Confirmation

✔ Your flight is booked!

We're sending you a confirmation email to the address below. If the email hasn't arrived in 2 minutes, check your junk or spam folder.
njgordon2014@gmail.com

Trip summary

Print

✈ Flight

CONFIRMATION #

4B6E5V

DEC 16


AUS ✈ CLE

FLIGHT TOTAL

\$362.98

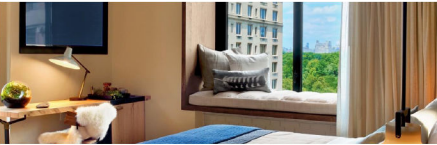
Charge \$262.00

🚗 Add a car



Book now. Pay later!

Add a hotel



The perfect stay is moments away

DESTINATION/HOTEL NAME:

Cleveland

CHECK-IN


12/16/2021

CHECK-OUT

12/18/2021

Book now

Search




Earning points on every purchase?

Set your Rapid Rewards® Credit Card as your default card, so you'll make sure to earn points with every purchase.*

*Issuer rewards program is subject to the issuer's rewards program terms and conditions.

Go to My Account



Need to book on the fly?

Check in, book flights, and go paperless with mobile boarding passes.

Get the app

12/16 - Cleveland

f

Who's coming with me?

Let your friends and family know you're traveling!

Share on Facebook!

DEC 16

Austin, TX to Cleveland, OH

Confirmation # 4B6E5V



PASSENGERS	EST. POINTS	EXTRAS	FARE
------------	-------------	--------	------


https://www.southwest.com/air/booking/confirmation.html


70

1/3

PASSENGERS	EST. POINTS	EXTRAS	FARE
Norman James Gordon Rapid Rewards® Acct # 21954 A-List Known Traveler # 155870610 Edit Known Traveler # / Redress # > Special Assistance >	+ 3,161 ^{PTS}	—	Anytime

 **Transparency®: Defined**
Low fares. Nothing to hide. 

 **Change fees don't fly with us**
Flexibility for your travel plans.


 **Pack with care**
Guidelines for carryon luggage.

Departing

12/16/21 Thursday

Anytime
(Passenger x1)

\$316.07



DEPARTS

4:15 PM

AUS

Austin, TX - AUS


ARRIVES

6:10 PM

BNA

Nashville, TN - BNA

stop 1: Nashville, TN - BNA



DEPARTS

7:10 PM

BNA



Nashville, TN - BNA

ARRIVES

9:35 PM


CLE



Cleveland, OH - CLE

FLIGHT
552  

SCHEDULED AIRCRAFT
Boeing 737-800
Subject to change

TRAVEL TIME
1hr 55min



FLIGHT
2486  

SCHEDULED AIRCRAFT
Boeing 737-700
Subject to change

TRAVEL TIME
1hr 25min

SUBTOTAL

\$316.07


Taxes & fees


\$46.91


Flight total

\$362.98

Icon legend

 WiFi available

 Live TV available

 Change planes

Helpful Information:

- Please read the [fare rules](#) associated with this purchase.
- When booking with Rapid Rewards® points, your points balance may not immediately update in your account..

Charge \$262.00 Fare
from Austin to El Paso

https://www.southwest.com/air/booking/confirmation.html

71

2/3

Your Wednesday evening trip with Uber

1 message

Uber Receipts <noreply@uber.com>
To: njgordon2014@gmail.com

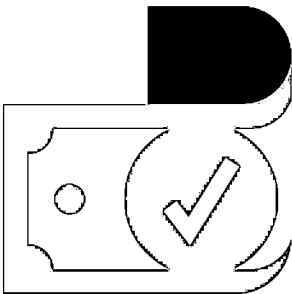
Wed, Dec 15, 2021 at 5:34 PM

Uber

Total \$25.48
December 15, 2021



Thanks for tipping,
Norman

Here's your updated Wednesday
evening ride receipt.



Total

\$25.48

Trip Fare	\$15.63
Subtotal	\$15.63
Regulatory Cost Recovery Charge 	\$0.11
Tolls, Surcharges, and Fees 	\$5.50
Tip	\$4.24

Payments



Visa ••••0990

12/15/21 6:34 PM

\$25.48

[Download PDF](#)

You rode with Shrestha

4.94 ★ Rating

Has passed a multi-step safety screen

When you ride with Uber, your trips are insured in case of a covered accident.

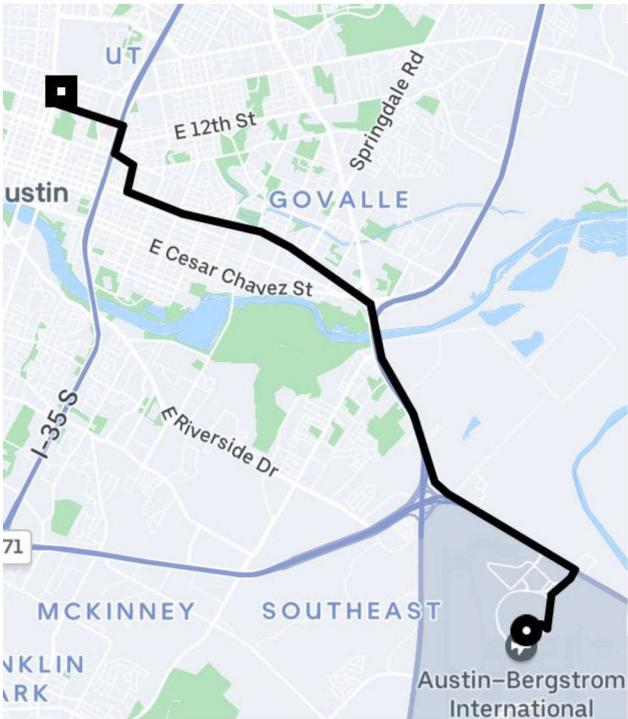
[Learn more >](#)

UberX 8.65 miles | 22 min

- 6:01 PM

3600 Presidential Blvd,
Austin, TX 78719, USA
- 6:23 PM

217 W 17th St, Austin, TX
78701, US



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Uber Technologies
1515 3rd Street
San Francisco, CA 94158



HAMPTON INN & SUITES AUSTIN @ THE
UNIVERSITY/CAPIT
1701 LAVACA ST
AUSTIN, TX 78701
United States of America
TELEPHONE 512-499-8881 • FAX 512-499-8882
Reservations
www.hilton.com or 1 800 HILTONS

Gordon, Norman J

25864 FAIRMOUNT

BEACHWOOD OH 44122
UNITED STATES OF AMERICA

Room No: 412/NKXR
Arrival Date: 12/15/2021 5:55:00 PM
Departure Date: 12/16/2021 12:59:00 PM
Adult/Child: 1/0
Cashier ID: SEFI
Room Rate: 125.99
AL:
HH # 505866926 SILVER
VAT #
Folio No/Che 324981 A

Confirmation Number: 93304953

HAMPTON INN & SUITES AUSTIN @ THE UNIVERSITY/CAPIT 12/16/2021
12:58:00 PM

DATE	REF NO	DESCRIPTION	CHARGES
12/15/2021	1322847	GUEST ROOM	\$125.99
12/15/2021	1322847	CITY TAX	\$13.86
12/15/2021	1322847	STATE TAX	\$7.56
12/16/2021	1323014	VS *0990	(\$147.41)
BALANCE			\$0.00

EXPENSE REPORT SUMMARY

	12/15/2021	STAY TOTAL
ROOM AND TAX	\$147.41	\$147.41
DAILY TOTAL	\$147.41	\$147.41

Hilton Honors(R) stays are posted within 72 hours of checkout. To check your earnings or book your next stay at more than 6,500+ hotels and resorts in 119 countries, please visit [Honors.com](https://hiltonhonz.com)

CREDIT CARD DETAIL

APPR CODE	03218D	MERCHANT ID	8022698503
CARD NUMBER	VS *0990	EXP DATE	11/25
TRANSACTION ID	1323014	TRANS TYPE	Sale

Your Thursday afternoon trip with Uber

1 message

Uber Receipts <noreply@uber.com>
To: njgordon2014@gmail.com

Thu, Dec 16, 2021 at 11:27 PM

Uber

Total \$28.52
December 16, 2021

Thanks for riding,
Norman

We hope you enjoyed your ride
this afternoon.



Total

\$28.52

Base Fare	\$1.04
Distance	\$12.32
Time	\$8.75
Subtotal	\$22.11
Booking Fee ⓘ	\$3.75
Airport Surcharge ⓘ	\$2.50
Regulatory Cost Recovery Charge ⓘ	\$0.16

Payments



Visa

••••0990

12/17/21 12:26 AM

\$28.52

[Download PDF](#)

You rode with Enrique

4.99★ Rating

 Has passed a multi-step safety screen

Drivers are critical to communities right now. Say thanks with a tip.

Rate or tip

When you ride with Uber, your trips are insured in case of a covered accident.

[Learn more >](#)

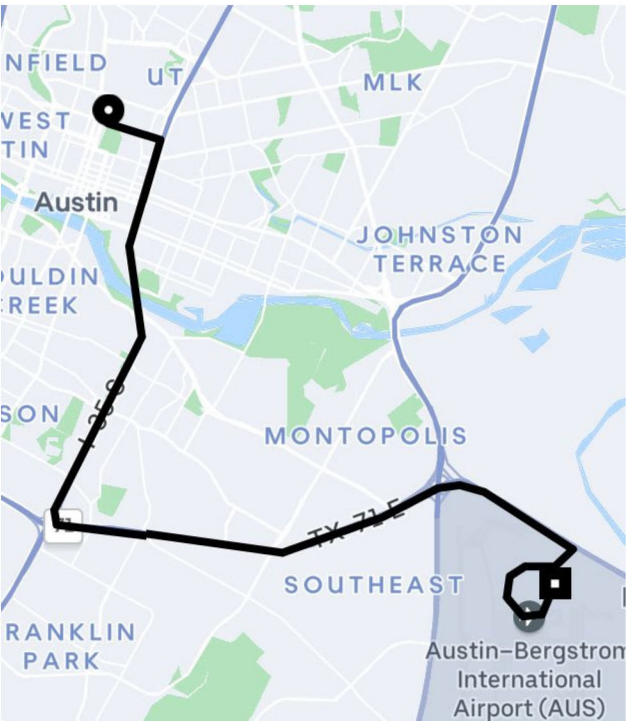
UberX

12.72 miles | 32 min

- 1:31 PM

1701 Lavaca St, Austin, TX 78701, US
- 2:03 PM

Gates 1 - 5, 12, 22, 34
Barbara Jordan Terminal,
Austin–Bergstrom
International Airport (AUS),
Austin, TX 78719, US



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[Terms](#)

Uber Technologies
1515 3rd Street
San Francisco, CA 94158

Cleveland Park Place
18951 Snow Rd.
Brook Park, 44142

EXPRESS 1 12/16/21 22:49
Receipt 049496

Short-Term Parking
Relax for Rewards
FPP\00653951
Cleveland Park Place
12/15/21 11:45
12/16/21 22:49
Period 1d11h5'

\$17.85

Sub Total	\$17.85
V.A.T.	\$0.00
Total	\$17.85

Payment Received
TRX REF NUM: 30616
CARD ENTRY: Contactless
PAN: xxxxxxxxxxxx0990
AID: A0000000031010
CRYP: 797E7DB71C696B7C 80
VISA CREDIT
Sale 17.85 USD
APPROVED 001970

020485

DN 53551
WORKPAPERS
Of
Karl J. Nalepa

2023 EPE EECRF

2023	Annual Budget			Projected Savi
	Incentives	Admin & R&D	Total Budget	kW
Commercial	\$2,411,413	\$0	\$2,411,413	10,411
Small Commercial Solutions MTP	\$461,115	\$0	\$461,115	730
Large C&I Solutions MTP	\$1,005,396	\$0	\$1,005,396	2,011
Texas SCORE MTP	\$469,902	\$0	\$469,902	620
Commercial Load Management MTP	\$460,000	\$0	\$460,000	7,000
Residential Marketplace Pilot MTP	\$15,000	\$0	\$15,000	50
Residential	\$2,201,346	\$0	\$2,201,346	19,996
Residential Solutions MTP	\$315,000	\$0	\$315,000	545
LivingWise MTP	\$346,346	\$0	\$346,346	200
FutureWise MTP	\$300,000	\$0	\$300,000	106
Texas Appliance Recycling MTP	\$255,000	\$0	\$255,000	195
Residential Marketplace Pilot MTP	\$285,000	\$0	\$285,000	950
Residential Load Management MTP	\$700,000	\$0	\$700,000	18,000
Hard-to-Reach	\$600,000	\$0	\$600,000	800
Hard-to-Reach Solutions MTP	\$600,000	\$0	\$600,000	800
Administration		\$87,793	\$87,793	
Research and Development		\$25,000	\$25,000	
Subtotal Budgets	\$5,212,759	\$112,793	\$5,325,552	
EM&V		\$67,272	\$67,272	
EECRF Proceeding Expenses		\$100,000	\$100,000	
Total Budgets	\$5,212,759	\$280,065	\$5,492,824	
Total kW Savings				31,207

ings (at meter)	
kWh	\$ / kW
17,468,496	\$232
3,197,400	\$632
10,569,816	\$500
3,530,280	\$758
21,000	\$66
150,000	\$300
8,605,640	\$110
954,840	\$578
727,600	\$1,732
494,000	\$2,830
1,579,200	\$1,308
2,850,000	\$300
2,000,000	\$39
1,051,200	\$750
1,051,200	\$750
27,125,336	

EL PASO ELECTRIC COMPANY
2023 Regulatory Cap Calculation
Applicable January through December 2023

Exhibit RFG-04
Page 1 of 2

Line No.	Rate	Applicable Rate	Rate Class	2023 Projected Metered kWh	2023 Proposed Program Budget	2021 Energy Efficiency Bonus	2021 Total EECRF Proceeding Expenses	2021 (Over)/Under Recovery	EE Costs Subject to Cap	EECRF Subject to Cap	Regulatory Energy Efficiency Cap	Percent of Cap
1	01	01	Residential Service	2,516,954,884	\$ 2,871,801	\$ 1,272,735	\$ 27,748	\$ 116,923	\$ 4,289,207	\$ 0.001704	\$ 0.001433	119%
2	EVC	EVC	Electric Vehicle Charging (a)	51,482	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.000896	0%
3	02	02	Small Commercial Service	313,872,394	\$ 190,576	\$ 70,649	\$ 2,237	\$ (123,636)	\$ 139,825	0.000445	0.000896	50%
4	07	07	Outdoor Recreational Lighting	4,764,835	\$ 9,281	\$ -	\$ -	\$ (1)	\$ 9,280	0.001948	0.000896	217%
5	08	08	Governmental Street Lighting Service	35,910,372	\$ -	\$ -	\$ -	\$ 85	\$ 85	0.000002	0.000896	0%
6	09	09	Governmental Traffic Signal Service	2,703,300	\$ -	\$ -	\$ -	\$ 30	\$ 30	0.000011	0.000896	1%
7	11-TOD	11-TOD	Time-Of-Day Municipal Pumping Service	184,473,109	\$ -	\$ -	\$ -	\$ (119)	\$ (119)	(0.000001)	0.000896	0%
8	15		Electrolytic Refining Service	-	\$ -	\$ -	\$ -	\$ -	\$ -	-	0.000896	0%
9	21	21	Water Heating Service (b)	5,123,111	\$ -	\$ -	\$ -	\$ (103)	\$ (103)	(0.000020)	0.000896	-2%
10	22	22	Irrigation Service	5,179,843	\$ -	\$ 3,449	\$ 109	\$ 9,463	\$ 13,021	0.002514	0.000896	281%
11	24	24	General Service	1,523,082,970	\$ 1,324,953	\$ 500,608	\$ 15,848	\$ 349,366	\$ 2,190,775	0.001438	0.000896	161%
12	25	25	Large Power Service - Sec. Pri.	582,181,233	\$ 765,044	\$ 285,723	\$ 9,045	\$ 125,120	\$ 1,184,932	0.002035	0.000896	227%
13	25T		Large Power Service- Trans.	-	\$ -	\$ -	\$ -	\$ -	\$ -	-	0.000896	0%
14	26		Petroleum Refining Service	-	\$ -	\$ -	\$ -	\$ -	\$ -	-	0.000896	0%
15	28		Private Area Lighting	-	\$ -	\$ -	\$ -	\$ -	\$ -	-	0.000896	0%
16	30		Electric Furnace Service	-	\$ -	\$ -	\$ -	\$ -	\$ -	-	0.000896	0%
17	31	31	Military Reservation Service	299,005,308	\$ -	\$ -	\$ -	\$ -	\$ -	-	0.000896	0%
18	34	34	Cotton Gin Service	1,495,935	\$ -	\$ -	\$ -	\$ 567	\$ 567	0.000379	0.000896	42%
19	38		Interruptible Service	-	\$ -	\$ -	\$ -	\$ -	\$ -	-	0.000896	0%
20	41	41	City / County Service	223,382,430	\$ 163,897	\$ 67,506	\$ 2,137	\$ (187,049)	\$ 46,491	0.000208	0.000896	23%
21	46/47		Cogeneration (c)	-	\$ -	\$ -	\$ -	\$ -	\$ -	-	0.000896	0%
22			Texas Total	5,698,181,207	\$ 5,325,552	\$ 2,200,669	\$ 57,124	\$ 290,647	\$ 7,873,993	\$ 0.001382		

Group	2023 Projected Metered kWh	Total EE Costs to be Recovered Subject to Cap	EECRF Subject to Cap	Regulatory Energy Efficiency Cap	Total EE Costs Subject to Allowed Cap
23	Total Residential Energy	\$ 4,289,104.95	\$ 0.001701	\$ 0.001433	\$ 3,614,077
24	Total Commercial Energy	\$ 3,584,887.59	\$ 0.001129	\$ 0.000896	\$ 2,845,826
25	Total	\$ 7,873,992.54			\$ 6,459,904

26	Residential Water Heating Energy	5,080,828	0.991746621
27	Commercial Water Heating Energy	42,283	0.008253379

	Regulatory Energy Efficiency Cap	2015	2016*	2016**	2017	2018	2019	2020	2021	2022
28	Residential	\$ 0.001266	\$ 0.001266	\$ 0.001263	\$ 0.001277	\$ 0.001303	\$ 0.001332	\$ 0.001351	\$ 0.001364	\$ 0.001433
29	Commercial	\$ 0.000791	\$ 0.000791	\$ 0.000790	\$ 0.000799	\$ 0.000815	\$ 0.000833	\$ 0.000845	\$ 0.000853	\$ 0.000896
30	CPI - South Urban Area	1.69%	-0.18%		1.11%	2.05%	2.22%	1.45%	0.96%	5.08%

* Per PUCT, 2016 Cost Caps will remain the same as 2015

**Per PUCT, future year Cost Caps based on *actual* calculation regardless of filed cost cap (i.e above notation)

- (a) EPE's Long Term Budget and Sales Forecast now includes the EVC rate class for Electric Vehicle Charging.
(a) Water Heating Programs costs allocated to Residential and Commercial groups based on energy percentage to each group.
(b) Rate combined with Rate 34 - Cotton Gin Service in accordance with 16 of the Tex. Admin. Code § 25.181(f)(2).

CPI-All Urban Consumers (Current Series)

Original Data Value

Source: <http://data.bls.gov/pdq/SurveyOutputServlet?ser>

Series Id: CUUR0300SA0,CUUS0300SA0

Not

Series Title: All items in South urban, all urban consumers, not seasonally adjusted

Area: South

Item: All items

Base Period: 1982-84=100

Years: 2010 to 2021

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	HALF1	HALF2	Annual
2010	210.056	210.020	211.216	211.528	211.423	211.232	210.988	211.308	211.775	212.026	211.996	212.488	210.913	211.764	211.338
2011	213.589	214.735	217.214	218.820	219.820	219.318	219.682	220.471	220.371	219.969	219.961	219.469	217.249	219.987	218.618
2012	220.497	221.802	223.314	224.275	223.356	223.004	222.667	223.919	225.052	224.504	223.404	223.109	222.708	223.776	223.242
2013	223.933	225.874	226.628	226.202	226.289	227.148	227.548	227.837	227.876	227.420	226.811	227.082	226.012	227.429	226.721
2014	227.673	228.664	230.095	231.346	231.762	232.269	232.013	231.611	231.762	231.131	229.845	228.451	230.302	230.802	230.552
2015	226.855	227.944	229.337	229.957	230.886	232.026	231.719	231.260	230.913	230.860	230.422	229.581	229.501	230.793	230.147
2016	229.469	229.646	230.977	231.975	232.906	233.838	233.292	233.561	234.069	234.337	234.029	234.204	231.469	233.915	232.692
2017	235.492	236.052	236.154	236.728	236.774	237.346	236.942	237.892	239.649	239.067	238.861	238.512	236.424	238.487	237.456
2018	239.772	241.123	241.595	242.486	243.279	243.770	243.776	243.605	243.640	244.163	243.484	242.150	242.004	243.470	242.737
2019	242.547	243.856	245.554	246.847	246.667	246.515	247.250	246.953	246.891	247.423	247.385	247.289	245.331	247.199	246.265
2020	248.005	248.412	248.136	246.254	245.696	247.223	248.619	249.639	250.193	250.542	250.255	250.693	247.288	249.990	248.639
2021	252.067	253.386	255.319	257.207	259.343	261.668	263.013	263.728	264.593	267.160	268.360	269.263	256.498	266.020	261.259

CPI - South Urban Index

Year	Annual	% Change	Source
2011	218.618	0.0344472	
2012	223.242	0.0211510	
2013	226.721	0.0155840	
2014	230.552	0.0168974	http://data.bls.gov/pdq/SurveyOutputServlet?series_id=CUUR0300SA0,CUUS0300SA0
2015	230.147	-0.0017567	http://data.bls.gov/pdq/SurveyOutputServlet?series_id=CUUR0300SA0,CUUS0300SA0
2016	232.692	0.0110581	https://data.bls.gov/pdq/SurveyOutputServlet?series_id=CUUR0300SA0,CUUS0300SA0
2017	237.456	0.0204734	https://data.bls.gov/pdq/SurveyOutputServlet?series_id=CUUR0300SA0,CUUS0300SA0
2018	242.737	0.0222399	https://data.bls.gov/pdq/SurveyOutputServlet?series_id=CUUR0300SA0,CUUS0300SA0
2019	246.265	0.0145342	https://data.bls.gov/pdq/SurveyOutputServlet?series_id=CUUR0300SA0,CUUS0300SA0
2020	248.639	0.0096400	https://data.bls.gov/pdq/SurveyOutputServlet?series_id=CUUR0300SA0,CUUS0300SA0
2021	261.259	0.0507563	https://data.bls.gov/pdq/SurveyOutputServlet?series_id=CUUR0300SA0,CUUS0300SA0

Cost Caps

	Res Cap\$/kWh	Comm Cap\$/kWh	
2013	\$ 0.001200	\$ 0.000750	per EE Rule Section (f)(7)(E)
2014	\$ 0.001225	\$ 0.000766	escalated based on most recent data at the time in which the 2014 costs were set -- they do not plan to
2015	\$ 0.001244	\$ 0.000778	escalated based on most recent data - 2015 cost cap as confirmed in docket 42449, Item 37, Therese Harris's
2016	\$ 0.001266	\$ 0.000791	Hard-wired values (no calculation or rounding, based on revised EE Rule, docket 46388)
2017	\$ 0.001266	\$ 0.000791	Hard-wired values (no calculation or rounding, based on revised EE Rule, docket 46388)
2018	\$ 0.001277	\$ 0.000799	Hard-wired values (with calculation based on docket 46388)
2019	\$ 0.001303	\$ 0.000815	Calculated based on docket 46388
2020	\$ 0.001332	\$ 0.000833	Calculated in line with 46388; based on new EE Rule under docket 48692
2021	\$ 0.001351	\$ 0.000845	Calculated in line with 46388; based on EE Rule under docket 48692
2022	\$ 0.001364	\$ 0.000853	Calculated in line with 46388; based on EE Rule under docket 48692

Source: Sec. 25.182 EECRF (d)(7)(C): For the 2019 program year and thereafter, the residential and commercial cost caps shall be calculated to be the prior

El Paso Electric Company
EECRF Filings (As Filed)

Docket No.	Year Filed	Incentives	Admin	R&D	Performance Bonus	Prior Year Proceeding Expenses	True-Up Adjustment	EM&V Allocated Costs	Total
53551	2022	\$ 5,212,759	\$ 87,793	\$ 25,000	\$ 2,200,669	\$ 85,367	\$ 290,647	\$ 67,272	\$ 7,969,507
52081	2021	\$ 5,016,439	\$ 87,793	\$ 25,000	\$ 2,783,387	\$ 38,682	\$ 486,514	\$ 57,216	\$ 8,495,031
50806	2020	\$ 4,562,759	\$ 97,793	\$ 25,000	\$ 1,175,558	\$ 56,641	\$ 2,455	\$ 57,378	\$ 5,977,584
49496	2019	\$ 4,552,857	\$ 97,793	\$ 25,000	\$ 809,281	\$ 202,746	\$ (260,655)	\$ 58,364	\$ 5,485,386
48332	2018	\$ 4,221,857	\$ 97,793	\$ 75,000	\$ 1,087,804	\$ 124,718	\$ (302,124)	\$ 57,387	\$ 5,362,435
47125	2017	\$ 4,221,857	\$ 97,793	\$ 75,000	\$ 999,169	\$ 90,432	\$ (843,936)	\$ 56,348	\$ 4,696,663

El Paso Electric Company
EECRF Filings (Approved)

Docket No.	Year Filed	Program		Performance Bonus	Prior Year Proceeding Expenses	True-Up Adjustment	EM&V Allocated Costs	Total
53551	2022							\$ -
52081	2021	\$ 5,129,232		\$ 2,783,387	\$ 38,682	\$ 486,514	\$ 57,216	\$ 8,495,031
50806	2020	\$ 4,685,552		\$ 1,175,558	\$ 56,641	\$ (72,545)	\$ 57,378	\$ 5,902,584
49496	2019	\$ 4,675,650		\$ 810,663	\$ 188,923	\$ (260,655)	\$ 58,364	\$ 5,472,945
48332	2018	\$ 4,394,650		\$ 938,096	\$ 124,718	\$ (302,124)	\$ 57,387	\$ 5,212,727

El Paso Electric Company
EECRF Filings (Actual)

Docket No.	Year Filed	Incentives	Admin	R&D	Performance Bonus	Prior Year Proceeding Expenses	True-Up Adjustment	EM&V Allocated Costs	Total
53551	2022								
52081	2021	\$ 4,780,341	\$ 79,266	\$ -				\$ 57,216	
50806	2020	\$ 4,906,531	\$ 74,750	\$ 1,827				\$ 57,378	
49496	2019	\$ 4,185,791	\$ 62,779	\$ 23,647				\$ 58,364	
48332	2018	\$ 3,965,053	\$ 79,231	\$ 18,337				\$ 57,387	
47125	2017	\$ 3,965,053	\$ 42,606	\$ 306,366				\$ 57,387	

2021	\$ 217,582	\$ (18,527)	\$ (25,000)
2020	\$ 353,674	\$ (23,043)	\$ (23,173)
2019	\$ (36,066)	\$ (35,014)	\$ (51,353)
2018	\$ (256,804)	\$ (18,562)	\$ (56,663)
2021	4.8%	-18.9%	-100.0%
2020	7.8%	-23.6%	-92.7%
2019	-0.9%	-35.8%	-68.5%
2018	-6.1%	-19.0%	-75.6%
Average:	1.4%	-24.3%	-84.2%
Adjustment:		\$ (21,354)	\$ (21,045)
Total:			\$ (42,399)

The following files are not convertible:

WP.xlsx	2022 Cost Cap Comparison_KN WP.xlsx
	2022 EPE Budget to Actual Comparison_KN
WP.xlsx	2022 Program Cost per kW Saved_KN

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

Contact centralrecords@puc.texas.gov if you have any questions.