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

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

**CITY OF EL PASO’S RESPONSES TO
EL PASO ELECTRIC COMPANY’S FIRST REQUEST FOR INFORMATION TO
CITY OF EL PASO EPE-1 to EPE 1-9**

The City of El Paso provides its responses to El Paso Electric Company’s (“EPE”) first request for information. The responses may be treated as if they are under oath. EPE’s Requests for Information were served on August 5, 2022. Pursuant to the scheduling Order, the 5th calendar day after August 5, 2022 is August 9, 2022.

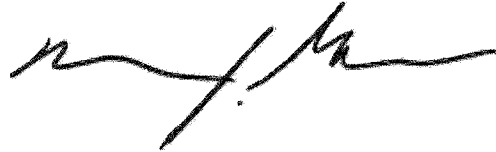
Dated: August 9, 2022.

Respectfully submitted,

Norman J. Gordon (ngordon@ngordonlaw.com)
State Bar No. 08203700
P.O. Box 8
El Paso, Texas, 79940
221 N. Kansas, Suite 700
El Paso, Texas, 79901
(915) 203 4883

Karla M. Nieman, City Attorney
State Bar No. 24048542
Donald C. Davie, Assistant City Attorney

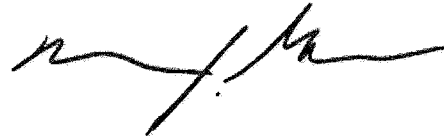
State Bar No. 240095524
City of El Paso
300 N. Campbell, 2nd Floor
El Paso, Texas 79901
(915) 212-0033
(915) 212-0034 (fax)
daviedc@elpasotexas.gov
niemankm@elpasotexas.gov
Attorneys for the City of El Paso



By: _____
Norman J. Gordon

Certificate of Service

I certify that a true and correct copy of this document was served by e-mail and/or US mail on all parties of record in this proceeding on August 9, 2022.



Norman J. Gordon

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EPE 1-1 Has Karl Nalepa previously testified concerning compensation for energy efficiency implementers? If so, please provide a copy of the testimony or indicate where it is publicly available.

RESPONSE: **Mr. Nalepa has previously testified on the issue of reasonableness and necessity of energy efficiency expenses; he has not previously addressed the level of compensation for energy efficiency implementers.**

Prepared By: Karl J. Nalepa
Sponsor: Karl J. Nalepa

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EPE 1-2 Has Karl Nalepa previously prepared any analysis of the appropriate compensation for energy efficiency implementers? If so, please provide a copy of the analysis or indicate where it is publicly available.

RESPONSE: Mr. Nalepa has previously testified on the issue of reasonableness and necessity of energy efficiency expenses; his analysis in this case is contained in his testimony. Mr. Nalepa has not previously prepared a specific analysis of the level of appropriate compensation for energy efficiency implementers.

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Sponsor: Karl J. Nalepa

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EPE 1-3 On page 11, lines 2-3, Mr. Nalepa's testimony poses the following question: "WHAT IS THE IMPACT OF PAYING TOO MUCH TO PROGRAM IMPLEMENTERS?" Has Mr. Nalepa or the City of El Paso concluded that EPE is paying "too much to program implementers?" If so, please explain the basis of this conclusion and provide all supporting material for this conclusion.

RESPONSE: Mr. Nalepa does not conclude that EPE is paying too much for program implementers. Mr. Nalepa identified the level of payments to implementers as it compares to the level of incentives paid to customers, including the bonuses to implementers. The issue in the case is not what EPE paid the implementers, but the reasonableness of costs to be charged to ratepayers. Mr. Nalepa concludes in his testimony that EPE has not met that burden of proof of reasonableness

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Sponsor: Karl J. Nalepa

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EPE 1-4 With regard to Mr. Nalepa's recommendation that the incentive payments to implementers in the amount of \$1,428,841 be removed (page 11, lines 13-15), is it Mr. Nalepa's position that the implementers should perform their work without compensation from EPE?

RESPONSE: **No. Mr. Nalepa does not take the position that implementers should perform their work without compensation from EPE. The issue is not merely what EPE paid. The issue in this case is what level of energy efficiency expense should be charged to ratepayers. The energy efficiency rule requires incentive payments to be set with the objective of achieving energy and demand savings goals at the lowest reasonable cost per program.**

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Sponsor: Karl J. Nalepa

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EPE 1-5 If the answer to the previous question is Mr. Nalepa expects EPE to have to compensate its energy efficiency implementers, then in Mr. Nalepa's opinion what would be a reasonable compensation for them for each of the programs listed in Mr. Nalepa's Table 2, pages 8-9? Provide all supporting documentation of such opinion.

RESPONSE: It is Mr. Nalepa's opinion that EPE should set the compensation for program implementers at whatever level it believes is reasonable and provide support for the reasonableness of that level of compensation in its EECRF filing.

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Sponsor: Karl J. Nalepa

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EPE 1-6 On page 8, lines 3 to 6, of Mr. Nalepa's testimony is the following question and answer:

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.

With regard to that question and answer, please respond to the following:

- a) Is Mr. Nalepa or the City of El Paso aware of any Commission rule, policy, guideline or precedent that states with regard to energy efficiency programs it is preferable to pay incentives to customers rather than to the program implementers?
- b) Is Mr. Nalepa or the City of El Paso aware of any analysis or study that concludes or recommends that with regard to energy efficiency programs it is preferable, or more effective, to pay incentives to customers rather than to the program implementers? If so, please provide a copy of the analysis or study.

RESPONSE: a) **Mr. Nalepa is not aware of any Commission rule, policy, guideline, or precedent regarding a preference to pay incentives to customers rather than to the program implementers. However, Commission rules require that whatever payments are made must be reasonable and must be supported. EPE had the responsibility to show that the incentive payments achieve energy and demand savings goals at the lowest reasonable cost per program. EPE did not show that its incentive payments achieve energy and demand savings goals at the lowest reasonable cost per program.**

b) **Mr. Nalepa is not aware of any analysis or study that concludes or recommends that with regard to energy efficiency programs it is preferable or more effective to pay incentives to customers rather than to the program implementers. Likewise, EPE has not provided any analysis or study that concludes or recommends that with regard to energy efficiency programs it is**

preferable or more effective to pay incentives to program implementers rather than to customers.

In discussions between Counsel for the City and Counsel for EPE, EPE agreed to limit this question to the knowledge of Mr. Nalepa and knowledge of Counsel for the City. Mr. Nalepa is informed that Counsel for the City of El Paso does not have knowledge of studies which address the level of payments to implementers versus customers.

Prepared By: Karl J. Nalepa (a and b);Norman J. Gordon (b)
Sponsor: Karl J. Nalepa

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EPE 1-7 Regarding Mr. Nalepa's testimony, please verify that it is Mr. Nalepa's position that EPE should terminate its *FutureWise MTP* and *LivingWise MTP* programs as components of EPE's energy efficiency program design starting in 2023. If not, please explain.

RESPONSE: It is not Mr. Nalepa's position that EPE should necessarily terminate its *FutureWise MTP* and *LivingWise MTP* programs as components of EPE's energy efficiency program design starting in 2023. Mr. Nalepa was responding in his testimony to EPE's claim that it could not meet its demand reduction goals while remaining under its allowed cost cap. Mr. Nalepa offered a solution that allowed EPE to meet its demand reduction goals, remain under its allowed cost cap, and still earn a performance bonus.

Prepared By: Karl J. Nalepa
Sponsor: Karl J. Nalepa

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EPE 1-8 Please verify that it is the City of El Paso's position that EPE should terminate its *FutureWise MTP* and *LivingWise MTP* programs as components of EPE's energy efficiency program design starting in 2023. If not, please explain.

RESPONSE: The City of El Paso's position is set forth in the testimony of Karl J. Nalepa.

Prepared By: Norman J. Gordon
Sponsor: Karl J. Nalepa

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EPE 1-9 With regard to Mr. Nalepa's statement on page 15, lines 16-17, of his testimony that an additional reduction of energy efficiency costs could be achieved by "reducing EPE's Texas Appliance Recycling MTP program incentives by a little more than 10%," please explain how such a reduction would be accomplished.

RESPONSE: EPE could reduce its proposed Texas Appliance Recycling MTP program incentives budget by 11.2%, or \$28,682.

Prepared By: Karl J. Nalepa
Sponsor: Karl J. Nalepa