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

REBUTTAL TESTIMONY OF
VICTOR H. SILVA
FOR
EL PASO ELECTRIC COMPANY

AUGUST 29, 2022

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1 **I. Introduction**

2 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

3 A. My name is Victor H. Silva. My business address is 100 North Stanton Street, El Paso,
4 Texas 79901.

5
6 Q. HOW ARE YOU EMPLOYED?

7 A. I am employed by El Paso Electric Company ("EPE" or "Company") as a Rate Analyst in
8 the Rates & Regulatory Affairs section.

9
10 Q. ARE YOU THE SAME VICTOR H. SILVA THAT PREVIOUSLY TESTIFIED IN
11 THIS CASE?

12 A. Yes.

13
14 **II. Purpose of Rebuttal Testimony**

15 Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

16 A. The purpose of my rebuttal testimony is to respond to the recommendations of City of
17 El Paso ("CEP") witness Mr. Karl Nalepa regarding EPE's request for revised cost caps
18 and a good cause exception.

19
20 **III. Revised Cost Caps and Good Cause Exception**

21 Q. WHAT DOES Mr. NALEPA SAY ABOUT EPE'S REQUEST FOR A REVISED COST
22 CAP FOR RESIDENTIAL CUSTOMERS?

23 A. On page 15 of his testimony, he states: "Since the total amount that EPE's programs
24 exceed the allowed cost cap is \$675,028, eliminating these two programs [*FutureWise®*
25 *MTP* and *LivingWise® MTP programs*] result in exceeding the cost cap by only
26 \$28,682.33 EPE's Texas Appliance Recycling MTP has the third highest average cost per
27 kW saved, so the remaining excess cap amount can be found by reducing EPE's Texas
28 Appliance Recycling MTP program incentives by a little more than 10%. This process
29 eliminates the need for a good cause exception to the allowed residential cost cap."

30 Then, on top of page 17 he states: "I recommend that the Commission adopt my
31 program adjustments." However, in response to discovery, he states that he is merely

1 "offering a solution" by showing the elimination of the two programs and the curtailment
2 of the third could get EPE below the cost caps. See CEP Response to EPE 1-7, which is
3 an exhibit (CAE-1R) to EPE witness Crystal Enoch's rebuttal testimony.
4

5 Q. DO YOU BELIEVE MR. NALEPA HAS SHOWN THAT THERE IS NOT GOOD
6 CAUSE TO GRANT EPE AN EXCEPTION TO THE RESIDENTIAL COST CAP?

7 A. No. To the contrary, he has proven our case that EPE would have to modify its existing
8 successful portfolio of programs to keep within cost cap. Mr. Nalepa recommends an
9 outright reduction of energy efficiency programs. As EPE has consistently advised that
10 EPE would be sacrificing the success of proven programs merely to not exceed the cost
11 cap for a marginally higher cap. Additionally, as previously stated, the cost cap
12 calculation is prospective and not a definitive outcome. It is possible that because of
13 higher sales or reduced expenses, that there will be an over-collection for the year for
14 residential customers, such that upon crediting the over-collection, the final amount
15 charged is below the cap. Similarly for 2023, the final cost and kWh sales are unknown
16 until they actually occur. Finally, see witness Enoch's rebuttal for additional explanation
17 on why these are good programs and should not be eliminated.
18

19 Q. WOULD GRANTING EPE'S REQUEST FOR A REVISED COST CAP FOR
20 RESIDENTIAL CUSTOMERS BE A BURDEN ON THE RESIDENTIAL
21 CUSTOMERS?

22 A. No. The incremental cost is minimal and a reduction of program costs by \$675,028, as
23 suggested by Mr. Nalepa, would amount to a \$0.01 reduction per month based on the
24 annual average usage bill, as opposed to the \$0.18/month increase over last year in the
25 proposed EECRF filing, as seen in Workpaper VHS-01, page 17 of 18. This overall
26 incremental increase of of \$0.18 is equivalent to only a 2-kWh reduction of an average
27 monthly bill.
28

29 Q. IF THE COMMISSION GRANTS EPE'S REQUEST, HOW WOULD EPE'S
30 AVERAGE MONTHLY BILL FOR THE EECRF TO A RESIDENTIAL CUSTOMER
31 COMPARE TO THE AMOUNT OTHER UTILITIES IN THE STATE WOULD BILL

1 CUSTOMERS?

2 A. The following table presents a comparison of what EPE's proposed average monthly
3 charge for EECRF for 2023 compares to other utilities current 2022 EECRF.
4 Additionally, using *Year-End 2021 Electric Utility Earnings Reports*, (Earnings
5 Monitoring Report - "EMR"), in Docket 52952 for 2021 data, EPE's annual average
6 monthly consumption is significantly less when compared to other non ERCOT utilities
7 listed below where data is available.

Utility	Residential Average Monthly Usage	Res. Weather Adjusted MWh *	Number of Average Res. Customers *	2022 EECRF Rate **	Average Monthly Charge for EECRF
El Paso Electric *	666	2,424,337	303,008	0.001724	\$ 1.15
Southwestern Electric Power Company	1,156	2,132,434	153,758	0.001744	\$ 2.02
AEP Texas Inc.	1,133	12,318,648	906,231	0.001201	\$ 1.36
CenterPoint Energy Houston Electric	1,071	30,014,812	2,334,695	0.000978	\$ 1.05
Southwestern Public Service Company	966	2,515,100	216,989	0.001329	\$ 1.28
Entergy Texas, Inc.	1,231	6,236,931	422,325	0.001027	\$ 1.26

15 * 2021 EMR Residential Data Docket 52952 (ELECTRIC UTILITY EARNINGS REPORTS)

16 ** From Company Website. El Paso Electric's 2023 Proposed Rate

17 Q. IS THERE GOOD CAUSE FOR GRANTING EPE A REVISED COST CAP FOR
18 RESIDENTIAL CUSTOMERS?

19 A. Yes. To support programs included in EPE's portfolio presented in its EEPR, and recover
20 the bonus it has earned, it is not reasonably possible to stay within the cost cap.
21 Mr. Nalepa actually recommends EPE reducing its energy efficiency efforts by
22 eliminating programs EPE previously used and included in its EEPR filed in April of this
23 year. Also, the burden on an average customer of granting EPE's cost cap revision is
24 minimal.

25
26 **IV. Conclusion**

27 Q. WHAT IS THE CONCLUSION OF YOUR REBUTTAL TESTIMONY?

28 A. EPE has a good cause for requesting an exception in revising the residential cost caps.
29 The Commission has previously found merit in our approach and approved revised cost
30 caps for EPE.

- 1 Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?
- 2 A. Yes, it does.