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**SOAH DOCKET NO. 473-24-04312
PUC DOCKET NO. 54614**

APPLICATION OF EL PASO	§	BEFORE THE STATE OFFICE
ELECTRIC COMPANY FOR	§	
APPROVAL OF TEXAS ELECTRIC	§	OF
VEHICLE-READY PILOT PROGRAMS	§	ADMINISTRATIVE HEARINGS

DIRECT TESTIMONY

AND

WORKPAPERS

OF

EVAND. EVANS

**ON BEHALF OF THE
OFFICE OF PUBLIC UTILITY COUNSEL**

February 20, 2024

**SOAH DOCKET NO. 473-24-04312
PUC DOCKET NO. 54614**

DIRECT TESTIMONY AND WORKPAPERS OF EVAN D. EVANS

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ACRONYMS AND ABBREVIATIONS

AEP	American Electric Power Company
CSW	Central and South West Corporation
DCFC	Direct Current Fast Charging
EPE	El Paso Electric Company
EV	Electric Vehicle
FERC	Federal Energy Regulatory Commission
NMPRC	New Mexico Public Regulation Commission
OPUC	Office of Public Utility Counsel
PUCT/Commission	Public Utility Commission of Texas
RFP	Request for Proposals
SPS	Southwestern Public Service Company
Xcel Energy	Xcel Energy, Inc.
WACC	Weighted Average Cost of Capital
WHEV	Whole House EV

1 **I. INTRODUCTION AND QUALIFICATIONS**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Evan D. Evans. My business address is 101 Merlot Drive, Abilene, Texas
4 79602.

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

7 A. I am presenting testimony on behalf of the Office of Public Utility Counsel (“OPUC”).

8 **Q. PLEASE IDENTIFY BY WHOM YOU ARE EMPLOYED AND IN WHAT**
9 **CAPACITY.**

10 A. I am a principal and a consultant with Integrity Power Consulting, LLC. Integrity Power
11 Consulting was established in 2003, and it provides consulting services to government
12 agencies, retail utility customers, and customer groups. Integrity Power Consulting is also
13 a registered electricity broker with the Public Utility Commission of Texas (“PUC” or
14 “Commission”).

15 **Q. PLEASE OUTLINE YOUR EDUCATIONAL AND PROFESSIONAL**
16 **BACKGROUND.**

17 A. I graduated from Texas Tech University with a Bachelor of Business Administration
18 degree in Finance in May 1980.

19 Upon graduation, I was employed at West Texas Utilities Company, a wholly-
20 owned subsidiary of Central and South West Corporation (“CSW”), which was acquired
21 by American Electric Power Company (“AEP”) in June 2000. During my 20-year career
22 with CSW and AEP, I held a variety of analytical, consultant, and management positions

1 in the rates, regulatory services, load research, and marketing and business development
2 areas.

3 In October 2000, I joined C.H. Guernsey & Company, now known as Guernsey
4 Associates, which is an employee-owned consulting firm offering engineering,
5 architectural, economic, and construction management services to utilities, industries, and
6 government agencies throughout the United States and internationally. While employed
7 with Guernsey, I managed the firm's Dallas regional office and provided consulting
8 services to electric utility industry clients in a variety of areas, including regulatory
9 compliance, integrated resource planning, electric utility cost of service issues, rate studies,
10 financial analysis, economic feasibility analysis, retail electric choice, and wholesale power
11 supply contract negotiations.

12 In September 2006, I left Guernsey and accepted the position of Director-
13 Regulatory Services with El Paso Electric Company ("EPE"). I was promoted to Assistant
14 Vice President-Regulatory Services and Rates in July 2008. While at EPE, I established
15 the company's Regulatory Case Management and Energy Efficiency & Utilization
16 departments. My responsibilities included direction of EPE's Energy Efficiency &
17 Utilization, Economic & Rate Research, Regulatory Case Management, and Regulatory
18 Accounting departments and their associated missions.

19 In January 2014, I began my employment with Xcel Energy, Inc. ("Xcel Energy")
20 as Regional Vice President – Rates and Regulatory Affairs for Southwestern Public Service
21 Company ("SPS"). In March 2017, I became Director – Regulatory and Pricing Analysis

1 for SPS. My responsibilities included:

- 2 • developing and implementing SPS's regulatory program to ensure SPS fulfilled all
- 3 legal and regulatory requirements of the PUCT, the New Mexico Public Regulation
- 4 Commission ("NMPRC"), and the Federal Energy Regulatory Commission ("FERC");
- 5 • directing the development and execution of all regulatory case filings before state
- 6 commissions and the FERC;
- 7 • leading regulatory activities to establish and maintain state and federal commission
- 8 relationships and overseeing the administration of regulatory rules and procedures; and
- 9 • directing the cost allocation and pricing functions for SPS.

10 In October 2020, I left SPS and began working as a principal and consultant with

11 Integrity Power Consulting.

12 **Q. HAVE YOU TESTIFIED BEFORE THIS REGULATORY COMMISSION OR**

13 **ANY OTHER REGULATORY AUTHORITIES?**

14 A. Yes. I have testified in numerous cases or dockets and on a variety of subjects before the

15 PUCT, the NMPRC, the Georgia Public Service Commission, and the Oklahoma

16 Corporation Commission. I have also submitted testimony before the FERC. A list of

17 prior cases in which I submitted testimony during the last 10 years is provided in

18 Attachment EDE-1.

1 **II. PURPOSE AND SCOPE OF TESTIMONY**

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

3 A. The purpose of this direct testimony is to address EPE's Application for approval of its
4 proposed Texas Electric Vehicle ("EV")-Ready Pilot Programs and Tariffs, which include:

- 5 1. the EV Smart Rewards Pilot Program;
- 6 2. the Whole House EV ("WHEV") Pilot Incentive Credit Rider;
- 7 3. the PowerConnect Pilot Program; and
- 8 4. the Take Charge TX Pilot Program.

9 In this testimony, I will address the reasonableness of each of EPE's proposed
10 programs and tariffs and will present OPUC's recommendations.

11 **Q. PLEASE PROVIDE A SUMMARY DESCRIPTION OF THE PILOT PROGRAMS**
12 **AND TARIFFS THAT EPE IS PROPOSING.**

13 A. EPE's proposed programs and tariffs include:

- 14 • EV Smart Rewards Pilot Program - A temporary program and associated tariff
15 designed to provide incentives to residential customers for enrolling and
16 participating in EPE's utility-managed EV charging program.
- 17 • WHEV Pilot Incentive Credit Rider - A permanent program and associated tariff
18 designed to encourage residential customers who own EVs to charge their EVs
19 during the overnight/early morning hours by providing an incentive credit on
20 electricity usage from midnight to 8 am.
- 21 • PowerConnect Pilot Program – A temporary program and associated tariff designed
22 to provide non-residential customers who are installing EV charging infrastructure

1 on their premises with a rebate credit to reduce the customer's upfront cost for
2 improvements on EPE's distribution system that are required to serve the EV
3 charging infrastructure and its associated load.

- 4 • Take Charge TX Pilot Program – A temporary program and associated tariff
5 designed to provide non-residential customers with the opportunity to request that
6 EPE arrange, in whole or part, for the purchase, installation, and maintenance of
7 EV charging infrastructure selected by the customer for EV charging on the
8 customer's premises. Through this program, EPE will own all or a portion of the
9 EV charging infrastructure equipment, including full turnkey solutions, and will
10 have responsibility for maintaining the charging equipment.

11 **Q. PLEASE SUMMARIZE THE RECOMMENDATIONS IN YOUR TESTIMONY.**

12 A. In this testimony, I submit the following recommendations concerning EPE's Application:

- 13 • The Commission should reject EPE's proposed EV Smart Rewards Pilot Program
14 tariff, direct EPE to develop cost-based incentives, and submit another filing requesting
15 approval for the program and tariff;
- 16 • In order to protect non-participants from being required to subsidize costs associated
17 with the EV Smart Rewards Pilot Program, the Commission should require the revised
18 tariff to terminate at the earlier of two years or the effective date of new base rates,
19 whichever occurs first, unless the Commission approves extending the program in
20 EPE's next base rate case or other future proceeding;
- 21 • The Commission should require EPE to establish the WHEV Pilot Incentive Credit
22 Rider as a separate class in EPE's future base rate cases and separately design rates for

1 service under this rate that ensures non-participating customers are not required to
2 subsidize this rate;

- 3 • EPE's proposed PowerConnect Pilot Program tariff should be rejected because the
4 credits are not cost-justified, the investment associated with the credits would be
5 included in base rates, and the cost of the additional investment would be borne by non-
6 participating customers;
- 7 • EPE should be required to establish a separate class in EPE's future base rate cases for
8 service under the Take Charge TX Pilot Program and separately design rates for this
9 service; and
- 10 • In the alternative, if the Commission determines that EPE's proposed Take Charge TX
11 Pilot Program could not function effectively under the limited flexibility of a tariffed
12 rate, the Commission should state that non-participants will not bear any of the direct
13 costs and that participants must bear a reasonable allocation of indirect and overhead
14 costs incurred to develop, offer, market and administer this program.

15 **Q. IF YOU DO NOT ADDRESS A SPECIFIC REQUEST BY EPE OR AN**
16 **ATTRIBUTE OF ONE OF THE PROPOSED PROGRAMS SHOULD THAT BE**
17 **CONSIDERED TO REFLECT YOUR ACCEPTANCE OF EPE'S REQUEST?**

18 **A. No.**

1 **III. EV SMART REWARDS PILOT PROGRAM**

2 **Q. PLEASE DESCRIBE THE PROPOSED EV SMART REWARDS PILOT**
3 **PROGRAM.**

4 A. The EV Smart Rewards Pilot program is a proposed voluntary program designed to
5 encourage EPE's residential customers who own EVs to participate in active EV charging
6 management through the EV or the EV charging station. Through the proposed EV Smart
7 Rewards Pilot Program tariff, the program will offer a one-time enrollment incentive of
8 \$125, with additional annual participation incentives of \$50 for customers that allow EPE
9 to schedule at least 80% of their monthly charging during off-peak periods. In addition,
10 participating customers will have the opportunity to earn additional incentives for
11 participating in low carbon or other demand response events. EPE is proposing to pay
12 customers incentives of \$1.00 per event up to a maximum incentive of \$5.00 per month.

13 Under the program, EPE will optimize each EV's charging schedule to maximize
14 the operational efficiency of EPE's electrical grid and based on the customer's charging
15 preferences. In addition, EPE indicated they may test several load management strategies
16 during the term of the program.

17 EPE proposed to limit the program to 880 EVs and EV charging stations and to
18 terminate the program after two years, unless the Commission approves extending the
19 program in a future proceeding.

20 EPE's proposed EV Smart Rewards Pilot Program tariff is provided as
21 Exhibit AR-4 to the Direct Testimony of Angelina Rodriguez ("Rodriguez Direct").

1 **Q. DO YOU HAVE ANY CONCERNS WITH EPE'S PROPOSED EV SMART**
2 **REWARDS PILOT PROGRAM AND TARIFF?**

3 A. Yes, I have the following concerns:

- 4 • EPE's proposed enrollment incentive of \$125 and its annual participation incentive
5 of \$50 are not based upon any estimated cost savings, but are instead based upon
6 the range of incentives offered by other utilities EPE surveyed;
- 7 • EPE did not provide any analysis supporting its proposed incentives of \$1.00 per
8 event, and the level of these incentives, including the maximum incentive of \$5.00
9 per month for customers participating in low carbon or other demand response
10 events, are not based upon estimated cost savings; and
- 11 • There must be protections against costs associated with this program impacting the
12 costs for serving non-participating customers in a future base rate case.

13 **Q. PLEASE DISCUSS YOUR CONCERN THAT THE PROPOSED INCENTIVES**
14 **FOR THIS PROGRAM ARE NOT COST-BASED.**

15 A. In the development of the enrollment incentive and the annual participation incentive, EPE
16 witness Angelina Rodriguez stated those incentives were based upon median incentives
17 from the EV Managed Charging Incentive Design guide developed by the Smart Electric
18 Power Alliance.¹ EPE witness Ms. Rodriguez also stated the incentive amount for
19 participating in low carbon or other demand response events was based on EPE's selected
20 vendor's recommendation that was submitted to EPE during competitive Request for

¹ Rodriguez Direct at page 48, line 30 through page 49, line 7.

1 Proposal (“RFP”) process.² Consequently, EPE submitted no evidence the incentives for
2 the proposed EV Smart Rewards Pilot Program are cost-based.

3 **Q. PLEASE DISCUSS THE NEED FOR PROTECTIONS AGAINST**
4 **NON-PARTICIPATING CUSTOMERS BEARING COSTS ASSOCIATED WITH**
5 **THIS PROGRAM.**

6 A. This program will cause EPE to incur various direct costs, including the costs of incentives,
7 program educational and marketing costs, and costs of operating and managing the
8 program. In addition, there will be a proportionate share of a variety of indirect and
9 overhead costs attributable to operating this program. Such costs include the cost associated
10 with management and supervision of the employees who administer this program,
11 employee benefits, payroll taxes, and various other administrative and general costs. It is
12 vital to ensure that non-participating customers not be required to subsidize the costs
13 related to customers participating in this proposed program. This is particularly important
14 because the incentives proposed under the EV Smart Rewards Pilot Program are not cost-
15 based.

16 **Q. WHAT IS YOUR RECOMMENDATION CONCERNING EPE’S PROPOSED EV**
17 **SMART REWARDS PILOT PROGRAM AND TARIFF?**

18 A. Due to the fact the incentives contained in the EV Smart Rewards Pilot Program tariff are
19 not cost-based and EPE did not present any evidence to support that they are cost justified,
20 I recommend the Commission reject EPE’s proposed tariff. EPE should be directed to
21 develop cost-based incentives and submit another filing requesting approval for the

² *Id.* at page 49, lines 8 – 10.

1 program and tariff. Also, in order to protect non-participants from being required to
2 subsidize costs associated with the program, I recommend the Commission require the
3 revised tariff to terminate at the earlier of two years or the effective date of new base rates,
4 whichever occurs first, unless the Commission approves extending the program in EPE's
5 next base rate case or other future proceeding.

6 **IV. WHEV PILOT INCENTIVE CREDIT RIDER**

7 **Q. PLEASE DESCRIBE THE PROPOSED WHEV PILOT INCENTIVE CREDIT**
8 **RIDER AND EPE'S STATED PURPOSE FOR THE RIDER.**

9 A. The proposed WHEV Pilot Incentive Credit Rider is a permanent program and associated
10 tariff designed to encourage residential customers who own EVs to charge their EVs during
11 the lower cost, overnight and early morning hours by providing an incentive credit on
12 electricity usage from midnight to 8:00 am Mountain Prevailing Time. This credit rider is
13 intended to provide an economic alternative to residential EV-owners from incurring the
14 potentially high cost of contracting for wiring electric service for a second meter that is
15 required under EPE's Electric Vehicle Charging rate, Schedule No. EVC.

16 Incentive credit provided in the rider is a credit per kilowatt-hour that is based on
17 the same annual avoidable capacity cost that was used in the rate design of EPE's currently
18 effective time-of-day rates that were approved in EPE's most recent base rate case, Docket
19 No. 52195.

1 **Q. DO YOU HAVE ANY CONCERNS WITH EPE'S PROPOSED WHEV PILOT**
2 **INCENTIVE CREDIT RIDER?**

3 A. My primary concern with this rider and the associated program is that there must be
4 adequate protections to ensure costs associated with this rider do not impact the costs borne
5 by customers who do not take service under this rider.

6 Establishing and promoting service under the proposed WHEV Pilot Incentive
7 Credit Rider will cause EPE to incur various direct costs, including the costs of incentives,
8 program educational and marketing costs, and cost of operating and managing the program.
9 In addition, there will be a proportionate share of a variety of indirect and overhead costs
10 attributable to providing this service. Such costs include the costs associated with
11 management and supervision of the employees who promote this service, employee
12 benefits, payroll taxes, and various other administrative and general costs. It is vital to
13 ensure that non-participating customers will be protected from subsidizing the costs related
14 to customers who take service under this proposed rider.

15 **Q. WHAT IS YOUR RECOMMENDATION CONCERNING EPE'S WHEV PILOT**
16 **INCENTIVE CREDIT RIDER?**

17 A. I recommend that EPE be required to establish service under this rider as a separate class
18 in EPE's future base rate cases and separately design rates for service under this rate that
19 ensure non-participating customers will not subsidize this rate. This is the cleanest means
20 to ensure that customers under this rider bear all direct costs associated with providing this
21 service and bear an appropriate share of all indirect and overhead costs attributable to
22 providing this service.

1 **Q. DOES EPE HAVE ANY TARIFFS FOR A SEPARATE SERVICE BEHIND AN**
2 **EXISTING RESIDENTIAL METER COMPARABLE TO WHAT YOU ARE**
3 **PROPOSING FOR THE WHEV PILOT INCENTIVE CREDIT?**

4 A. Yes. EPE serves existing Residential Service customers under its Off-Peak Water Heating
5 Rider that applies rates for the usage of these water heaters that are different from the
6 standard Residential Service rates. This rider is currently closed to new customers.

7 **V. POWERCONNECT PILOT PROGRAM**

8 **Q. PLEASE DESCRIBE THE PROPOSED POWERCONNECT PILOT PROGRAM**
9 **TARIFF AND EPE'S STATED PURPOSE FOR THE PROGRAM.**

10 A. The proposed PowerConnect Pilot Program tariff is a temporary program and tariff
11 designed to help reduce or offset the utility-side infrastructure costs for commercial,
12 governmental and institutional customers who install Level 2 EV charging stations or
13 Direct Current Fast Charging ("DCFC") stations on their premises.³ In particular, this
14 program and tariff are designed to offset the costs of improvements to EPE's distribution
15 system up to the utility meter that are needed to support the customers' EV charging
16 equipment. This program and tariff will provide a rebate to reduce or offset the costs of
17 power lines, metering, transformers, switch gear, and other traditional distribution
18 infrastructure that is in excess of the amount provided at no cost to the customer under
19 EPE's Line Extension Policy.

³ *Id.* at Exhibit AR-5, page 1.

1 EPE proposes to offer eligible customers that plan to install EV charging stations
2 the following incentives per site for utility-side infrastructure upgrades (up to the utility
3 meter):

- 4 • Up to \$20,000 for Municipal Utility Districts, workplace and public charging projects;
- 5 • Up to \$100,000 for 1 fleet charging projects; and
- 6 • Up to \$200,000 for DCFC projects.⁴

7 EPE proposes to terminate the program after two years unless the program is
8 extended in a future proceeding.⁵ EPE estimates the cost of the two-year program will be
9 \$3,095,950.⁶

10 **Q. DO YOU HAVE ANY CONCERNS WITH EPE'S POWERCONNECT PILOT**
11 **PROGRAM TARIFF?**

12 A. Yes. The costs of this program will be borne by EPE's non-participating customers. This
13 is due to the fact that the costs of improvements to EPE's distribution system in excess of
14 those covered by EPE's Line Extension Policy will be included in EPE's rate base and will
15 be recovered from all of EPE's Texas retail customers who take service at distribution
16 voltages. In addition, the property taxes, insurance expenses, and operations and
17 maintenance expenses related to those distribution facilities will also be borne by all of
18 EPE's Texas retail customers who take service at distribution voltages.

⁴ Rodriguez Direct at page 17, line 22 through page 18, line 2.

⁵ *Id.* at page 17, lines 23 – 24.

⁶ *Id.* at page 18, lines 16 – 18.

1 Furthermore, EPE's Line Extension Policy is a very liberal line extension policy
2 that provides distribution line extensions up to four times the estimated annual base rate
3 charges to a customer at no cost to the customer. Under EPE's Line Extension Policy, the
4 line extension customer would only be required to provide adequate credit security or pay
5 any costs in excess of four times their annual base rate charges from EPE. However, EPE's
6 base rates do not support EPE's current liberal line extension policy and would clearly not
7 support the additional line extension investment credit provided pursuant to the proposed
8 PowerConnect Pilot Program tariff.

9 **Q. PLEASE EXPLAIN WHY EPE'S BASE RATES DO NOT SUPPORT EPE'S**
10 **CURRENT LINE EXTENSION POLICY AND THE PROPOSED**
11 **POWERCONNECT PILOT PROGRAM TARIFF.**

12 A. Attachment EDE-2 contains an analysis of the amount of net investment in distribution
13 lines allocated to the classes to which the proposed PowerConnect Pilot Program tariff
14 would apply and the associated base rate revenues for those classes from EPE's most recent
15 base rate case, Docket No. 52195. This analysis reveals that the current base rates for these
16 classes do not support distribution investment equal to four times their annual amounts. On
17 the contrary, Attachment EDE-2 clearly shows that the current base rates only support
18 distribution investment equal to 0.76 to 0.90 times the annual base rate revenues from these
19 classes. Therefore, it would be impossible for the base rate revenues EPE receives from
20 these charging facilities to support the additional investment provided at no charge
21 pursuant to the proposed credits from this rider, and the credits are not cost-justified.

1 **Q. WHAT IS YOUR RECOMMENDATION CONCERNING THE PROPOSED**
2 **POWERCONNECT PILOT PROGRAM TARIFF?**

3 A. I recommend the Commission reject EPE's proposed PowerConnect Pilot Program tariff.
4 The credits are not cost-justified, the investment associated with the credits would be
5 included in base rates, and the cost of the additional investment will be borne by
6 non-participating customers. According to EPE witness Ms. Rodriguez, federal programs
7 created through the Infrastructure Investment and Jobs Act support the expansion of EV
8 charging installations.⁷ Consequently, it is not reasonable to require EPE's
9 non-participating customers to bear costs in excess of the assistance already provided by
10 the federal and Texas state government.

11 **VI. TAKE CHARGE TX PILOT PROGRAM**

12 **Q. PLEASE DESCRIBE THE PROPOSED TAKE CHARGE TX PILOT PROGRAM**
13 **AND EPE'S STATED PURPOSE FOR THE PROGRAM?**

14 A. This program is designed to be a voluntary program for non-residential customers where
15 the customer is permitted to choose the desired EV charging infrastructure and equipment
16 that will be purchased, installed, and operated by the Company, in whole or part, including
17 a fully turnkey solution. EPE will own the equipment and be responsible for maintaining
18 the equipment. Participants will be required to execute a Take Charge TX Customer
19 Agreement that establishes the customers' and EPE's rights and obligations, and the
20 number of years over which the investment cost of the equipment will be recovered. The

⁷ *Id.* at 16, lines 18 – 22.

1 Take Charge TX Customer Agreement will also identify the monthly Infrastructure Charge
2 and the monthly O&M Charge that will be specifically calculated for each application.

3 EPE designed this program to help non-residential customers mitigate the
4 challenges of managing the installation and maintenance of the EV charging stations.

5 The proposed Take Charge TX Pilot Program is a temporary program that will
6 expire in two years and EPE estimates the cost of the program will be \$7,382,650.⁸

7 **Q. DO YOU HAVE ANY CONCERNS WITH EPE'S PROPOSED TAKE CHARGE**
8 **TX PILOT PROGRAM?**

9 A. Yes. I am concerned that non-participating customers will be forced to bear a considerable
10 amount of the costs directly incurred to operate this program. EPE witness Ms. Rodriguez
11 discusses the significant activities required for EPE to offer the program, which include
12 performing site visits and meeting with customers, administering the program, and
13 marketing the proposed program to customers.⁹ In addition, EPE will also be required to
14 respond to customer requests to change the equipment and provide services after the
15 equipment has been installed.¹⁰ EPE's filing does not indicate that these costs are to be
16 recovered from participating customers.

17 Furthermore, the participants in this program should bear a reasonable,
18 proportionate share of indirect and overhead costs attributable to providing the services
19 associated with this program. Such costs include the costs associated with management and
20 supervision of the employees who promote this service, employee benefits, payroll taxes,

⁸ *Id.* at page 21, lines 28 – 30.

⁹ *Id.* at page 20, lines 1 – 21 and page 21, lines 1 – 4.

¹⁰ *Id.* at page 19, line 26 through page 21, line 26.

1 and various other administrative and general costs. It is vital to ensure that
2 non-participating customers not be required to subsidize the costs related to customers who
3 take service under this proposed program.

4 Finally, I am concerned that non-participating customers will be forced to bear the
5 costs associated with equipment and agreements when participating customers default on
6 their obligations to pay their costs under their agreements.

7 **Q. WHAT IS YOUR RECOMMENDATION CONCERNING EPE'S PROPOSED**
8 **TAKE CHARGE TX PILOT PROGRAM?**

9 A. I recommend that EPE be required to establish a separate class in EPE's future base rate
10 cases for service under this tariff and separately design rates for this service. This is the
11 cleanest means to ensure non-participating customers will not subsidize this rate and that
12 customers under this rider bear all direct costs associated with providing this service and
13 bear an appropriate share of all indirect and overhead costs attributable to providing this
14 service.

15 In the alternative, if the Commission determines that EPE's proposed Take Charge
16 TX Pilot Program could not function effectively under the limited flexibility of a tariffed
17 rate, the Commission should state that non-participants will not bear any of the direct costs
18 and that participants must bear a reasonable allocation of indirect and overhead costs
19 incurred to develop, offer, market and administer this program.

1 **Q. DOES EPE HAVE ANY COMPARABLE TARIFFS TO WHAT YOU ARE**
2 **PROPOSING FOR THE TAKE CHARGE TX PILOT PROGRAM?**

3 A. Yes. EPE's Area Lighting Service Rate and Governmental Street Lighting Service Rate
4 each provide customers with a variety of equipment options where EPE owns the
5 equipment and is responsible for operating and maintaining the equipment.

6 **VII. SUMMARY OF RECOMMENDATIONS AND CONCLUSION**

7 **Q. PLEASE SUMMARIZE THE RECOMMENDATIONS CONTAINED IN THIS**
8 **TESTIMONY.**

9 A. In this testimony, I made the following recommendations concerning EPE's Application:

10 • The Commission should reject EPE's proposed EV Smart Rewards Pilot Program

11 tariff, directing EPE to develop cost-based incentives and submit another filing

12 requesting approval for the program and tariff;

13 • In order to protect non-participants from being required to subsidize costs associated

14 with the EV Smart Rewards Pilot Program, the Commission should require the revised

15 tariff to terminate at the earlier of two years or the effective date of new base rates,

16 whichever occurs first, unless the Commission approves extending the program in

17 EPE's next base rate case or other future proceeding;

18 • The Commission should require EPE to establish the WHEV Pilot Incentive Credit

19 Rider as a separate class in EPE's future base rate cases and separately design rates for

20 service under this rate that ensure non-participating customers are not required to

21 subsidize this rate;

- 1 • EPE's proposed PowerConnect Pilot Program tariff should be rejected because the
- 2 credits are not cost-justified, the investment associated with the credits would be
- 3 included in base rates, and the cost of the additional investment would be borne by
- 4 non-participating customers;
- 5 • EPE should be required to establish a separate class in EPE's future base rate cases for
- 6 service under the Take Charge TX Pilot Program and separately design rates for this
- 7 service; and,
- 8 • In the alternative, if the Commission determines that EPE's proposed Take Charge TX
- 9 Pilot Program could not function effectively under the limited flexibility of a tariffed
- 10 rate, the Commission should state that non-participants will not bear any of the direct
- 11 costs and that participants must bear a reasonable allocation of indirect and overhead
- 12 costs incurred to develop, offer, market and administer this program.

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

14 **A. Yes, it does.**

ATTACHMENTS

**List of Prior Testimony
Filed by Evan D. Evans**

Year	Regulatory Commission	Docket/Case Number	Description of Proceeding	Party on Behalf Testimony was Submitted
2024	Public Utilities Commission of Texas (PUCT)	55255	Application of Southwestern Public Service Company to Amend Its Certificate of Convenience and Necessity to Construct Generation Facilities in Lamb County, Texas and Lea County, New Mexico	Office of Public Utility Counsel (OPUC)
2023	PUCT	55390	Application of Entergy Texas, Inc. to Revise Fixed Fuel Factor (Schedule Ff) in Compliance with Order in Docket No. 32915 And 40654	OPUC
2023	PUCT	54659	Application of El Paso Electric Company for Approval of a Generation Cost Recovery Rider Related to Newman Unit 6	OPUC
2022	PUCT	53719	Application of Entergy Texas, Inc. for Authority to Change Rates	OPUC
2022	PUCT	53601	Application of Oncor Electric Delivery Company LLC for Authority to Change Rates	OPUC
2022	PUCT	52828	Application of Golden Spread Electric Cooperative, Inc. to Change Wholesale Transmission Service Rates	OPUC
2021	PUCT	52451	Application of Southwestern Public Service Company for Approval of Advanced Metering System (AMS), AMS Surcharge, and Non-Standard Metering Service Fees	OPUC
2021	PUCT	52195	Application of El Paso Electric Company to Change Rates	OPUC
2021	PUCT	51802	Application of Southwestern Public Service Company for Authority to Change Rates	OPUC

List of Prior Testimony
Filed by Evan D. Evans

Year	Regulatory Commission	Docket/Case Number	Description of Proceeding	Party on Behalf Testimony was Submitted
2021	PUCT	51415	Application of Southwestern Electric Power Company for Authority to Change Rates	Texas Cotton Ginners' Association
2021	New Mexico Public Regulation Commission (NMPRC)	20-00222-UT	Joint Application of Avangrid, Inc., Avangrid Networks, Inc., NM Green Holdings, Inc., Public Service Company of New Mexico and PNM Resources, Inc. for Approval of the Merger of NM Green Holdings, Inc. with PNM Resources, Inc.	NMPRC Utility Division Staff
2019	NMPRC	19-00315-UT	Southwestern Public Service Company's Application for Approval of Continued Use of Its Fuel and Purchased Power Cost Adjustment Clause (FPPCAC)	Southwestern Public Service Company (SPS)
2019	PUCT	49831	Application of Southwestern Public Service Company for Authority to Change Rates	SPS
2019	NMPRC	19-00170-UT	Southwestern Public Service Company's Application for Revision of Retail Rates under Advice Notice No. 282	SPS
2018	PUCT	48718	Application of Southwestern Public Service Company for Authority to Implement a Net Refund for Overcollected Fuel Costs	SPS
2017	NMPRC	17-00255-UT	Southwestern Public Service Company's Application for Revision of Retail Rates under Advice Notice No. 272	SPS
2017	PUCT	47527	Application of Southwestern Public Service Company for Authority to Change Rates	SPS
2017	PUCT	47369	Application of Southwestern Public Service Company for Authority to Implement a Fuel Surcharge	SPS
2017	PUCT	46936	Southwestern Public Service Company's Application for Approval of CCN and Operation of Wnd Generation Facilities	SPS

**List of Prior Testimony
Filed by Evan D. Evans**

Year	Regulatory Commission	Docket/Case Number	Description of Proceeding	Party on Behalf Testimony was Submitted
2017	NMPRC	17-00044-UT	Southwestern Public Service Company's Application for Approval of CCN and Operation of Wind Generation Facilities	SPS
2016	NMPRC	16-00291-UT	Application of Southwestern Public Service Company for an Accounting Order Related to Back-Billed Charges by the Southwest Power Pool	SPS
2016	PUCT	46496	Application of Southwestern Public Service Company for an Accounting Order Related to Back-Billed Charges by the Southwest Power Pool	SPS
2016	NMPRC	16-00269-UT	Southwestern Public Service Company's Application for Revision of Retail Rates under Advice Notice No. 265	SPS
2016	NMPRC	16-00263-UT	Application for Approval of Modification of Cost Recovery Methodology under Fuel and Purchased Power Cost Adjustment Clause	SPS
2016	PUCT	46075	Application of Southwestern Public Service Company for Authority to Implement a Net Base Rate Refund	SPS
2016	PUCT	46025	Application of Southwestern Public Service Company for Authority to Reconcile Fuel and Purchased Power Costs	SPS
2016	PUCT	45524	Application of Southwestern Public Service Company for Authority to Change Rates	SPS
2015	PUCT	45291	Application of Southwestern Public Service Company For Approval of Transaction with Xcel Energy Southwest Transmission Company, LLC and Related Approvals	SPS

List of Prior Testimony
Filed by Evan D. Evans

Year	Regulatory Commission	Docket/Case Number	Description of Proceeding	Party on Behalf Testimony was Submitted
2015	NMPRC	15-00343-UT	Southwestern Public Service Company's Application for Authorization to Form a Subsidiary and to Contribute Certain Transmission Assets to the Subsidiary	SPS
2015	NMPRC	15-00296-UT	Application of Southwestern Public Service Company for Revision of Its Retail Rates Under Advice Notice No. 258	SPS
2015	PUCT	45141	Application of Southwestern Public Service Company for Authority to Implement a Net Refund for Overcollected Fuel Costs	SPS
2015	NMPRC	15-00139-UT	In the Matter of SPS's Application for Revision of Its Retail Rates Under Advice Notice No. 255	SPS
2015	PUCT	44671	Joint Application of SPS and Oncor Electric Delivery Company LLC for Approval of Accounting Entries Associated with the Purchase and Sale of Facilities, and for True-up of the Gain-on-Sale Calculation Associated with Docket No. 41430	SPS
2015	PUCT	44609	Application of SPS for Authorization to Refund Amounts Received from Tri-County Electric Cooperative, Inc. Associated with Docket No. 42004	SPS
2015	PUCT	44289	Application of SPS for Authority for Authority to Implement Surcharge Associated with Docket No. 42004	SPS
2014	PUCT	43695	Application of SPS for Authority to Change Rates	SPS
2014	PUCT	42004	Application of SPS for Authority to Change Rates and to Reconcile Fuel and Purchased Power Costs for the Period July 1, 2012 through June 30, 2013	SPS

List of Prior Testimony
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Year	Regulatory Commission	Docket/Case Number	Description of Proceeding	Party on Behalf Testimony was Submitted
2014	PUCT	42042	Application of SPS for Approval of a Transmission Cost Recovery Factor	SPS

Calculation of
Distribution Line Extension Investment Supported by Base Rates for
El Paso Electric Company

Description	Rate 02 Small General Service	Rate 24 General Service	Rate 25 Large Power	Rate 41 City and County	Total Applicable Rate Classes
<u>PLANT IN SERVICE¹</u>					
364 Poles, Towers & Fixtures	6,598,034	26,686,835	7,095,645	4,245,711	44,626,225
365 O.H. Conductors & Devices	4,517,599	19,644,115	5,623,831	3,241,508	33,027,052
366 Underground Conduits	5,272,715	21,371,600	5,695,614	3,403,923	35,743,853
367 U.G. Conductors & Devices	6,582,808	28,461,913	8,104,100	4,683,743	47,832,564
368 Line Transformers	11,195,913	44,413,619	11,554,789	6,992,207	74,156,528
Total Distribution Line Plant in Service	34,167,069	140,578,082	38,073,979	22,567,093	235,386,222
<u>ACCUMULATED DEPRECIATION²</u>					
364 Poles, Towers & Fixtures	(2,052,967)	(8,326,096)	(2,220,371)	(1,326,540)	(13,925,975)
365 O.H. Conductors & Devices	(1,254,889)	(5,436,597)	(1,550,958)	(895,517)	(9,137,962)
366 Underground Conduits	(1,447,756)	(5,949,198)	(1,609,121)	(954,404)	(9,960,479)
367 U.G. Conductors & Devices	(1,638,861)	(7,084,995)	(2,017,098)	(1,165,848)	(11,906,801)
368 Line Transformers	(2,588,035)	(10,213,009)	(2,641,088)	(1,603,243)	(17,045,375)
Total Distribution Line Accumulated Depreciation	(8,982,507)	(37,009,895)	(10,038,636)	(5,945,553)	(61,976,592)
<u>NET PLANT</u>					
364 Poles, Towers & Fixtures	4,545,067	18,360,738	4,875,274	2,919,171	30,700,251
365 O.H. Conductors & Devices	3,262,709	14,207,518	4,072,872	2,345,991	23,889,090
366 Underground Conduits	3,824,959	15,422,402	4,086,494	2,449,519	25,783,374
367 U.G. Conductors & Devices	4,943,947	21,376,918	6,087,002	3,517,895	35,925,763
368 Line Transformers	8,607,878	34,200,610	8,913,701	5,388,964	57,111,154
Total Distribution Line Net Plant Investment	25,184,562	103,568,186	28,035,343	16,621,540	173,409,630
Docket No. 52195 Stipulation Base Rate Revenues ³	33,052,137	123,975,511	36,184,848	18,485,399	211,697,895
Line Extension Investment per Base Rate Revenues	0.76	0.84	0.77	0.90	0.82

Notes:

1 - Source: EPE Filed Schedule P-6, Docket No. 52195

2 - Source: EPE Filed Schedule P-6, Docket No. 52195

3 - Source: Docket No. 52195 Stipulation, Exhibit 5

Attachment EDE-2

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The following files are not convertible:

Analysis.xlsx	EDE-2 Line Extension Investment
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