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

CITY OF EL PASO'S REPLY BRIEF
May 2, 2024

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CITY OF EL PASO REPLY BRIEF

I. INTRODUCTION

In this reply the City of El Paso (City) will respond to issues raised by El Paso Electric (EPE), EVENERGY CORP (ev.energy), the Office of Public Utility Counsel (OPUC), and Commission Staff (Staff) in their initial briefs. While the City generally supports the concept of Electric Vehicle (EV) programs that expand EV infrastructure in the El Paso region and encourage EV adoption, it opposes programs that shift costs onto non-participating customers. This reply will focus on the issue of cost-shifting to or cost recovery from non-participating customers.

II. JURISDICTION AND NOTICE – Not addressed.

III. DISCUSSION

A. EV Smart Rewards Pilot Program (Smart Rewards)

Smart Rewards is a program in which residential customers would be paid a \$125.00 enrollment incentive, and an annual incentive of \$50.00 in exchange for allowing EPE through its selected contractor to manage when electric vehicles are charged.

i. EPE's Smart Rewards Program costs will be paid by non-participating customers.

EPE estimates that the Smart Reward program will cost \$402,500 per year.¹ EPE states again in its brief that it may seek recovery of its actual costs in a future rate proceeding.² EPE states that it will be able to track and allocate the program costs to ensure only participating customers are charged for the costs of the program and gives the example of its capability to track the costs of its Community Solar Pilot Program in Docket No. 44800.³ Even if EPE has the capability to track these costs it has indicated that they may seek recovery of this programs costs from non-participating customers.

EPE states that the program will not immediately impact non-participating customers or their rates.⁴ The word immediately is the problem. EPE obviously cannot recover the costs in this proceeding but will not commit to not to seek recovery of these exact costs in the future. Other than its refusal to commit not to seek recovery of the costs, EPE did not disclose its potential treatments. Either approval should be conditioned on EPE not being able to recover the costs of this pilot program or the program should be disapproved.

ii. ev.energy has a direct financial interest in the approval of this program.

The selected contractor for the Smart Rewards program, ev.energy, filed an initial brief supporting the pilot program. Ev.energy stands to be paid \$533,456 by EPE if this program is approved. Ev.energy states the following in its brief: “The Commission should not view these customer incentives as subsidies from non-participating customers to participating customers. Rather, the EV Smart Rewards Pilot will compensate customers for providing a valuable service to EPE: namely, allowing EPE to manage when their vehicles are charged.”⁵ It is unclear if

¹ EPE Initial Brief at 13

² *Id.*

³ *Id.* at 14

⁴ *Id.*

⁵ ev.energy Initial Brief at 7.

ev.energy is saying the program will compensate both subscribing and non-subscribing customers for allowing EPE to manage when subscribing customers charge their vehicle but the fact remains that non-participating customers will in fact bear the costs of paying these incentives. ev.energy did not address the other programs, for which it has no financial interest, in its initial brief.

iii. Staff and OPUC

The City supports Staff and OPUC's position that there will be costs of the Smart Rewards program that will be shifted to non-participating customers.

B. Whole House EV Pilot Incentive Credit Rider (WHEV)

The WHEV program provides an incentive paid in the form of a credit of \$0.02586 per kWh to subscribing customers who charge their vehicles during the period between midnight and 8:00AM.

i. EPE's selective rate discount will result in cost-shifting to non-subscribing customers.

EPE states that it does not expect to incur any material amount of costs for the pilot program.⁶ EPE may very well not expend material funds to run the program but there will be a loss in revenue that would have otherwise been collected from participating ratepayers. Likewise, and even if minimal, non-subscribing customers will bear the cost of any indirect and overhead costs attributable to providing this service if the reduced revenues are reflected in a rate case test year or adjustment rider such as DCRF, TCRF or GCRR⁷ filing.

ii. Ev.energy did not provide briefing on the WHEV program.

iii. Staff and OPUC

⁶ EPE Initial Brief at 20; *see also* EPE Ex. 3 at 16:11-12; EPE Ex. 8 at 6:5-6.

⁷ Distribution Cost Recovery Factor, Transmission Cost Recovery Factor, Generation Cost Recovery Rider.

The City supports Staff and OPUC's position that there will be costs of the WHEV program that will be shifted to non-participating customers.

C. Power Connect Pilot Program (Power Connect)

The Power Connect program is a rebate program for non-residential customers to offset the costs the customer would normally need to pay or advance to EPE for infrastructure or upgrades to EPE's distribution system.

i. EPE's proposal shifts the cost of capital expenditures from participating customers to non-participating customers.

EPE has limited the budget of the Power Connect program to approximately \$3,000,000. Although EPE states that they will be able to track these expenses, if any of the credit amounts are included in rate base, which EPE indicated is a possibility⁸, then the non-subscribing customers will be directly subsidizing the subscribing customers for this program. If the customers would be required to advance or contribute the costs under the line extension policy, the costs would not be included in EPE's invested capital, rather as a reduction to invested capital. However, in this instance, unless the costs are specifically excluded, they would be reflected in invested capital in a rate case and/or DCRF case. Thus, without exclusion the possibility of subsidization by non-participating customers will occur.

ii. Ev.energy did not provide briefing on the Power Connect program.

iii. Staff and OPUC

The City supports Staff and OPUC's position that there will be costs of the Power Connect program that will be shifted to non-participating customers.

D. Take Charge TX Pilot Program (Take Charge)

⁸ Tr. at 90:6 – 91:19 (Carrasco Cross). (April 2, 2024).

The Take Charge programs provides the advancement of costs to non-residential customers for infrastructure and equipment for electric vehicle charging that would be installed by the customer on the customer's side of the meter for electric vehicle charging. The customer would agree to pay back the incentive amount to EPE over a period of years.

i. EPE's Take Charge program shifts the risk, and therefore the cost, of a financing transaction to non-subscribing customers.

EPE's budget for this program is approximately \$7,000,000.⁹ Through their turn-key financing transaction the customer will pay a monthly fixed fee over a term of years for the EV charging infrastructure. EPE states in its initial brief that customers will be charged a monthly fee to recover the full costs of equipment and services and “**avoid** financial impact to EPE's non-participating customers.”¹⁰ EPE, however, would not commit to forgoing the recovery of these revenues from other ratepayers if the customer does not make payments under the financing transaction and EPE is unable to collect outstanding fees from such customer.¹¹

ii. Ev.energy did not provide briefing on the Take Charge program.

iii. Staff and OPUC

The City supports Staff and OPUC's position that there will be costs of the Take Charge program that will be shifted to non-participating customers.

E. Appropriate Treatment of Rate Case Expenses

The City does not oppose EPE's request to have the remainder considered in a future rate proceeding, which would include consideration of OPUC's recommendation that recovery only come from participants in the program.

⁹ EPE Ex. 3 at 16:7-8

¹⁰ EPE Initial brief at 33.

¹¹ Tr. at 35: 16-22 (Carrasco Cross). (April 2, 2024).

IV. CONCLUSION

It is a theme throughout this case that EPE will not commit to forego recovery of the program costs from non-participating customers in future proceedings.¹² In fact, EPE has specifically indicated that it “may seek recovery of its actual costs in a future proceeding”¹³ These committal non-committal positions of EPE saying on the one hand that non-subscribing customers will not bear in the costs of these programs while on the other hand saying they may incur costs of the program in the future is further evidence that these programs should not be adopted.

For the reasons detailed herein, the City requests that the ALJ issue a proposal for decision recommending either that the programs are approved conditioned upon EPE not being able to recover the costs from non-participating non-subscribing customers or alternatively recommend denial of EPE’s four proposed pilot programs. The City requests such other relief to which it may be entitled.

¹² See EPE Initial Brief at “Costs and Cost Recovery” pages 13-14 (Smart Rewards) & 26 (Power Connect); Tr. at 92; 2-8 (WHEV); Supra note 10 (Take Charge)

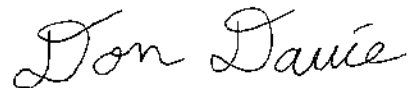
¹³ *Id* at 13 (Smart Rewards), 26 (Power Connect).

Respectfully submitted,

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By: _____
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Certificate of Service

I certify that a true and correct copy of the foregoing document was served on all parties of record in this proceeding on this 2nd day of May 2024 by facsimile, electronic mail, and/or first class, U.S. Mail.

Don Davie

Donald C. Davie