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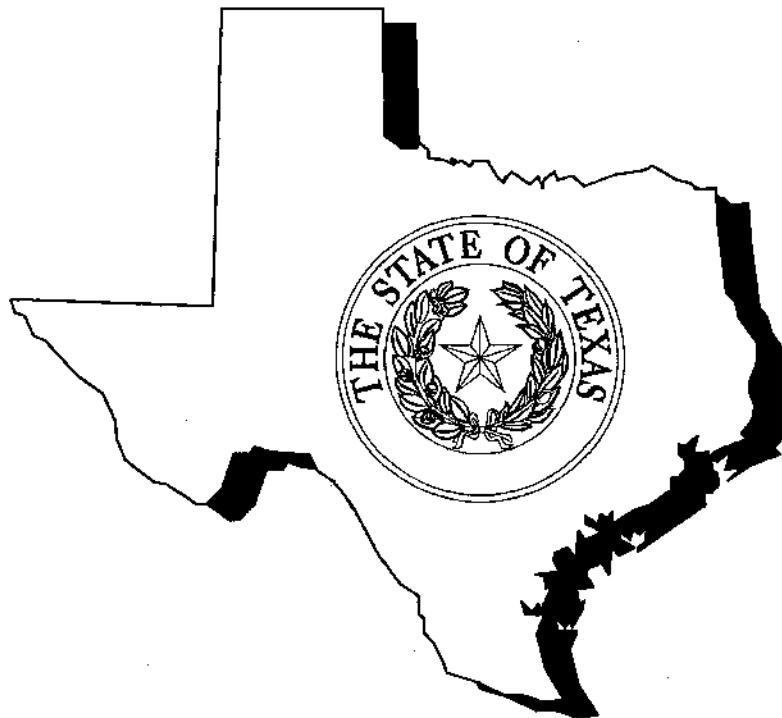
Item Number - 42

**SOAH DOCKET NO. 473-24-17664
PUC DOCKET NO. 56572**

**APPLICATION OF EL PASO
ELECTRIC COMPANY TO ADJUST
ITS ENERGY EFFICIENCY COST
RECOVERY FACTOR**

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**BEFORE THE STATE OFFICE
OF
ADMINISTRATIVE HEARINGS**



**DIRECT TESTIMONY OF SANDRA HALE
RATE REGULATION DIVISION
PUBLIC UTILITY COMMISSION OF TEXAS
AUGUST 16, 2024**

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I. QUALIFICATIONS

Q. Please state your name and business address.

A. Sandra Hale, 1701 North Congress Avenue, Austin, Texas 78711.

Q. By whom are you employed and in what capacity?

A. I am employed by the Public Utility Commission of Texas (Commission) as a Regulatory Accountant in the Rate Regulation Division.

Q. What are your principal responsibilities?

A. My responsibilities include participating in the overall examination, review, and analysis of rate change and other applications.

Q. Please briefly state your educational background and professional experience.

A. In 1981, I received a Bachelor of Science degree in Agriculture Business from Tarleton State University.

From June 1981 to January 1988, I was employed by Junction Stockyards, Inc. as a bookkeeper/office manager. From January 1988 to February 1993, I was employed by Cedar Fiber Company as an administrative clerk. From February 1993 to September 2005, I was employed by the Public Utility Commission of Texas – first in the Electric Division, then moving to Data Management before ending in the Financial Review Division as an Administrative Technician. From September 2005 to September 2022, I was employed by Fredonia Peanut Company as an office manager/bookkeeper. In October 2022, I rejoined the Public Utility Commission of Texas Financial Review Division as a regulatory accountant.

Q. Have you previously testified before the Commission?

A. No. I have not previously testified before the Commission.

II. PURPOSE OF TESTIMONY

Q. What is the purpose of your testimony in this proceeding?

A. The purpose of my testimony is to provide Staff's recommendation regarding the reasonableness of the request by El Paso Electric Company (EPE) to revise its Energy Efficiency Cost Recovery (EECRF) for program year 2025. This recommendation pertains to the following issues from the Commission's Order of Referral and Preliminary Order filed May 3, 2024 (as numbered therein).

8b. Did any costs for program year 2023 result from payments to an affiliate? If so, do those costs meet the requirements for affiliate expenses in PURA § 36.058?

8c. Does the EECRF application include, as administrative costs or otherwise, EECRF rate-case expenses for the utility's immediately previous EECRF proceeding under 16 TAC § 25.182(d)(1)(A)? If so, please address the following:

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

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

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

iv. What amount, if any, or the utility's rate-case expenses should the Commission award under PURA §§ 36.061 and 36.062?

8d. Does the EECRF application include, as administrative costs or otherwise, any municipality's EECRF rate-case expenses for the immediately previous EECRF proceeding?

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

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

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

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

Q. What is the scope of your review:

A. My review included the analysis and examination of the information filed in this proceeding by EPE. This includes EPE's application and associated testimony and its responses to requests for information (RFIs), including updates thereto.

Q. What is the standard that you are using to make your determination concerning the reasonableness of costs requested by EPE in this proceeding?

A. The standard that I am using is 16 TAC § 25.245(b) which states, in part:

Requirements for claiming recovery of or reimbursement for rate-case expenses. A utility or municipality requesting recovery of or reimbursement for its rate-case expenses shall have the burden to prove the reasonableness of such rate-case expenses by a preponderance of the evidence. A utility or municipality seeking recovery of or reimbursement for rate-case expenses shall file sufficient information that details and itemizes all rate-case expenses including, but not limited to, evidence verified by testimony or affidavit.

Additionally, I am using 16 TAC § 25.182(d) which states, in part:

Cost recovery. A utility shall establish an EECRF that complies with this subsection to timely recover the reasonable costs of providing a portfolio of cost-effective energy efficiency programs under §25.181 of this title.

(1) The EECRF shall be calculated based on the following:

(A) The utility's forecasted annual energy efficiency program expenditures, the preceding year's over- or under-recovery including interest.

(3) A proceeding conducted under this subsection is a ratemaking proceeding for purposes of PURA §33.023 and §36.061. EECRF proceeding expenses shall be included in the EECRF calculated under paragraph (1) of this subsection as follows:

(A) For a utility's EECRF proceeding expenses, the utility may include only its expenses for the immediately previous EECRF proceeding conducted under this subsection. Administrative costs include all reasonable and necessary costs incurred by a utility in carrying out its responsibilities under this section.

(B) For municipalities' EECRF proceeding expenses, the utility may include only expenses paid or owed for the immediately previous EECRF proceeding conducted under this subsection for services reimbursable under PURA §33.023(b).

III. SUMMARY OF REQUESTED EECRF EXPENSES

Q. Please summarize EPE's request in this proceeding.

A. In its second errata to the Application, EPE requested a 2025 EECRF of \$5,704,364 consisting of the following five components:¹

- 1) projected energy efficiency program costs for 2025 of \$5,161,212;
- 2) a performance bonus based on the Company's 2023 energy efficiency program performance of \$1,555,954;
- 3) EPE's prior year (2023) EECRF proceeding expenses of \$44,876;
- 4) a true-up adjustment by rate class of EPE's net over-recovery for 2023 of \$(1,125,164), including interest; and
- 5) projected evaluation, measurement, and verification (EM&V) costs allocated to EPE by the Commission of \$67,486.

IV. REVIEW AND RECOMMENDATION

Q. Please explain your review of the requested EECRF application.

¹ Second Errata to the Application at 2 (Aug. 5, 2024).

1 A. The scope of my review of the Application is limited to determining compliance with a
2 few accounting or financial standards relating to EECRF proceedings. My review 1)
3 confirmed the correctness of the calculation of the interest on the over-recovery; 2)
4 ensured that the requested EECRF did not contain controversial accounting items
5 disallowed by precedent; and 3) determined that the requested amounts for rate-case
6 expenses were reasonable and were accompanied by the necessary supporting
7 documentation to meet the standards in the Commission rules for rate-case expenses.

8 My review included an examination of the reasonableness of EPE's and the
9 Cities' 2023 EECRF rate-case expenses incurred in Docket No. 54950.² The affidavit of
10 Bret J. Slocum supports the reasonableness and necessity of the amount of \$33,488
11 incurred by EPE for rate-case expenses in Docket No. 54950.³ In response to Staff's
12 First RFI to the City of El Paso, the City of El Paso provided supporting documentation
13 for its 2023 EECRF proceeding expenses totaling \$11,388 (within rounding) from
14 Norman J. Gordon, Attorney and ReSolved Energy Consulting, LLC.⁴

15 As part of my review, I confirmed that EPE correctly calculated interest of
16 \$65,172 on its over-recovery from the previous year's EECRF, in accordance with 16
17 TAC § 25.182(d).⁵

18 **Q. Based upon your review, did you recommend any adjustments to EPE's requested**
19 **2025 EECRF?**

20 A. No. I do not.

² *Application of El Paso Electric Company to Revise its Energy Efficiency Cost Recovery Factor*, Docket No. 54950, Order (Dec. 1, 2023).

³ Second Errata to the Affidavit of Bret J. Slocum Concerning El Paso Electric Company Legal Expenses for 2023 EECRF Proceeding at Bates 130(Aug. 5, 2024).

⁴ City of El Paso's Response to Commission Staff's First Request for Information, Response to Staff 1-1 (Jul. 3, 2024).

⁵ Second Errata to the Direct Testimony of Rene F. Gonzalez Adopting the Pre-Filed Testimony of Direct Testimony of Victor H. Silva for El Paso Electric Company at 18 (Aug. 5, 2024).

1 **Q. Does this conclude your testimony?**

2 A. Yes.

Sandra Hale
Public Utility Commission of Texas
1701 North Congress Avenue
Austin, TX 78701

REGULATORY EXPERIENCE:

Public Utility Commission of Texas, Rate Regulation Division

Regulatory Accountant, Financial Review Section

Employed: October 2022 to present.

Prior to my employment at the Commission, I worked at Fredonia Peanut Co., Inc. as the bookkeeper and office manager for 17 years.

Prior to Fredonia Peanut Co., Inc., I was employed by the Public Utility Commission of Texas for 12 ½ years. I started in the Electric Division in 1993, moved to the Data Management Division, then moved to the Financial Review Division.

Duties: My responsibilities include participating in the overall examination, review, and analysis of rate change and other applications.

EDUCATION:

1981 **Tarleton State University**
 Bachelor of Science: Agriculture Business

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**CITY OF EL PASO'S
RESPONSE TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION**

STAFF 1-1: Please reference the Direct Testimony of Rene F. Gonzalez (Adopting the Pre-filed Testimony of Victor H. Silva), page 4 of 12, question 11. Please provide supporting documentation for the City of El Paso's 2023 EECRF proceeding expenses totaling \$22,259.00.

RESPONSE: The City of El Paso's 2023 EECRF proceeding expenses in Docket 54950 were \$11,387.50. It appears that the \$22,259.00 as indicated in the Direct Testimony of Rene F. Gonzalez (Adopting the Pre-filed Testimony of Victor H. Silva) were the City's Expenses in Docket 53551 which were considered and approved in Docket 54950. See the invoices attached as Attachment "A" (18 pages).

Prepared by: Donald C. Davie

Witness: TBD