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**Filing Date - 2024-11-21 01:27:59 PM**

**Control Number - 56572**

**Item Number - 55**

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**Connie Corona**  
Executive Director

## *Public Utility Commission of Texas*

TO: Shelah Cisneros  
Commission Counsel

All Parties of Record

FROM: Eric Yoon <sup>EY</sup>  
Administrative Law Judge

RE: **Docket No. 56572**  
**SOAH Docket No. 473-24-17664** – *Application of El Paso Electric Company to Adjust its Energy Efficiency Cost Recovery Factor*

DATE: November 21, 2024

Enclosed is the Proposed Order in the above-referenced case. By copy of this memo, the parties to this proceeding are being served with the Proposed Order.

Please place this docket on an open meeting agenda for the Commissioners' consideration. Please notify me and the parties of the open meeting date. The parties must file corrections or exceptions to the Proposed Order by November 25, 2024.

**If a party proposes a correction or exception, the party must fully explain the correction or exception and must provide a citation to the record to support the correction or exception.**

**If there are no corrections or exceptions, no response is necessary.**

/s/eg  
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**DOCKET NO. 56572**  
**SOAH DOCKET NO. 473-24-17664**

<b>APPLICATION OF EL PASO</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>ELECTRIC COMPANY TO ADJUST</b>	<b>§</b>	
<b>ITS ENERGY EFFICIENCY COST</b>	<b>§</b>	<b>OF TEXAS</b>
<b>RECOVERY FACTOR</b>	<b>§</b>	

**PROPOSED ORDER**

This Order addresses the application of El Paso Electric Company to adjust its energy-efficiency cost-recovery factor (EECRF) for program year 2025 under PURA<sup>1</sup> § 39.905(b)(1) and 16 Texas Administrative Code (TAC) § 25.182. El Paso Electric, the City of El Paso, and Commission Staff entered into an agreement resolving the disputes between them. The only other party to this proceeding, Texas Industrial Energy Consumers (TIEC), is unopposed to the agreement. Under the agreement, El Paso Electric’s EECRF will recover approximately \$5,631,947 in revenue annually, an incremental decrease of \$318,061 as compared to the amount approved by the Commission in Docket No. 54950,<sup>2</sup> El Paso Electric’s last EECRF proceeding. The Commission adjusts El Paso Electric’s EECRF to the extent provided in this Order.

**I. Findings of Fact**

The Commission makes the following findings of fact.

**Applicant**

1. El Paso Electric is a Texas corporation registered with the Texas secretary of state under filing number 1073400.
2. El Paso Electric owns and operates for compensation in Texas equipment and facilities to generate, transmit, distribute, and sell electricity in Texas.
3. El Paso Electric holds certificate of convenience and necessity number 30050 to provide service to the public.

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<sup>1</sup> Public Utility Regulatory Act, Tex. Util. Code §§ 11.001–66.016.

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

**Application**

4. On May 1, 2024, El Paso Electric filed an application to adjust its EECRF effective January 1, 2025.
5. On June 12, 2024, El Paso Electric filed its first errata.
6. On August 5, 2024, El Paso Electric filed its second errata.
7. In the application, El Paso Electric sought Commission approval to adjust its EECRF to recover \$5,704,364 during program year 2025. The amount included the following:
  - a. El Paso Electric's forecasted energy-efficiency costs of \$5,161,212 in program year 2025;
  - b. projected evaluation, measurement, and verification expenses in the amount of \$67,486 for the evaluation of program year 2024;
  - c. a downward adjustment of \$1,059,992, plus interest in the amount of \$65,172, for El Paso Electric's net over-recovery of program year 2023 energy-efficiency costs;
  - d. a performance bonus of \$1,555,954; and
  - e. rate-case expenses incurred in El Paso Electric's most recent EECRF proceeding Docket No. 54950, in the amounts of \$33,488 incurred by El Paso Electric and \$11,388 incurred by the City of El Paso.
8. El Paso Electric sought a good cause exception to combine the rate 34 cotton-gin and rate 46 and 47 cogeneration rate classes in program year 2025.
9. No party challenged the sufficiency of the application.

**Notice of the Application**

10. On May 1, 2024, El Paso Electric sent notice of the application by mail or email to all parties of record in El Paso Electric's most recent base-rate proceeding, Docket No. 52195,<sup>3</sup> which included all parties of record in El Paso Electric's last EECRF

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<sup>3</sup> *Application of El Paso Electric Company to Change Rates*, Docket No. 52195, Order (Sep. 15, 2022).

proceeding, Docket No. 54950, and to the Texas Department of Housing and Community Affairs by email.

11. On May 10, 2024, El Paso Electric filed the affidavit of Michelle Pedroza, regulatory case manager for El Paso Electric, attesting to the provision of notice of the application as specified above.
12. In State Office of Administrative Hearings (SOAH) Order No. 5 filed on November 15, 2024, the SOAH administrative law judge (ALJ) found notice sufficient.

**Intervenors**

13. In SOAH Order No. 5 filed on November 15, 2024, the SOAH ALJ granted the motions to intervene filed by TIEC and the City of El Paso.

**Testimony**

14. As part of the application filed on May 1, 2024, El Paso Electric filed the direct testimonies with schedules and workpapers of Antonio Reyes, senior energy efficiency analyst for El Paso Electric; and Victor H. Silva, senior rate analyst for El Paso Electric. Also, as part of the application, El Paso Electric filed the affidavit of Bret J. Slocum, attorney for El Paso Electric, along with attachments concerning El Paso Electric's rate-case expense incurred in Docket No. 54950.
15. On May 30, 2024, El Paso Electric filed the direct testimony of Rene F. Gonzalez, supervisor of rates and regulatory affairs for El Paso Electric, adopting the direct testimony of Mr. Silva.
16. On August 9, 2024, the City of El Paso filed the direct testimony of Karl J. Nalepa, president of ReSolved Energy Consulting, LLC, an independent utility consulting company retained by the City of El Paso, which included declarations by Mr. Nalepa and by Normal J. Gordon, attorney for the City of El Paso, regarding the City of El Paso's rate-case expenses incurred in Docket No. 54950.
17. On August 16, 2024, Commission Staff filed the direct testimonies of Ethan Blanchard, Sandra Hale, and Tsungirirai Gotora.

**Referral to SOAH**

18. On May 3, 2024, the Commission filed an Order of Referral and issued a Preliminary Order referring this proceeding to SOAH and including a list of issues to be addressed.
19. In SOAH Order No. 2 filed on May 22, 2024, the SOAH ALJ adopted a procedural schedule and provided notice that the hearing on the merits would be held on September 9, 2024 by video conference.
20. On November 14, 2024, El Paso Electric filed an unopposed agreement.
21. In SOAH Order No. 5 filed on November 15, 2024, the SOAH ALJ dismissed the case from SOAH's docket and remanded the proceeding to the Commission.

**Evidentiary Record**

22. In SOAH Order No. 5 filed on November 15, 2024, the SOAH ALJ admitted the following evidence into the record:
  - a. El Paso Electric's application filed on May 1, 2024, including the direct testimonies with attachments and workpapers of Mr. Reyes and Mr. Silva and the affidavit of Bret J. Slocum;
  - b. El Paso Electric's affidavit of proof of notice filed on May 10, 2024;
  - c. the direct testimony of Mr. Gonzalez filed on May 30, 2024;
  - d. El Paso Electric's first errata filed on June 12, 2024;
  - e. El Paso Electric's second errata filed on August 5, 2024;
  - f. the testimony with attachments of Mr. Nalepa, including the declarations of Mr. Nalepa and Mr. Gordon filed on August 9, 2024;
  - g. the testimony of Commission Staff witnesses Mr. Blanchard, Ms. Hale, and Ms. Gotora filed on August 16, 2024;
  - h. the Commission Staff testimony of Ms. Gotora in support of the agreement filed on November 14, 2024; and
  - i. the agreement and attachments filed on November 14, 2024.

**Energy-Efficiency Goals**

23. El Paso Electric's summer weather-adjusted average peak demand for residential and commercial customers for the previous five years is 1,571 megawatts (MW) at source.
24. El Paso Electric's calculated demand-reduction goal for program year 2025, four-tenths of 1% of its summer weather-adjusted peak demand for residential and commercial customers, is 5.81 MW at the meter.
25. In El Paso Electric's 2011 EECRF application, Docket No. 39376,<sup>4</sup> the Commission approved a demand-reduction goal of 11.16 MW and an energy-savings goal of 19,552 kilowatt-hours (kWh) for El Paso Electric in program year 2012. El Paso Electric's demand-reduction goal has been 11.16 MW every year since.
26. El Paso Electric projects that it will achieve 26.984 MW in demand-reduction goal of 26.984 MW is greater than 11.16 MW, El Paso Electric's demand-reduction goal for 2025 is 11.16 MW.
27. The estimated savings to be achieved through El Paso Electric's 2025 programs for hard-to-reach customers is 800 kilowatts (kW) or 7.17% of the proposed demand-reduction goal of 11.16 MW, which exceeds the minimum of 5%.
28. El Paso Electric forecasts that because of the mix of energy and demand savings achievable through the programs it will achieve energy savings of 24,363 megawatt-hours (MWh) in program year 2025, which exceeds the minimum goal of 19,552 MWh.

**Agreement**

29. The agreement reflects the requested amounts in El Paso Electric's application and first and second errata to reflect an agreed adjustment to El Paso Electric's 2023 expenses which are included in El Paso Electric's 2025 EECRF.
30. Under the agreement, El Paso Electric's EECRF will recover \$5,631,947 during program year 2025. The amount includes the following:

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<sup>4</sup> *Application of El Paso Electric Company for Approval to Revise its Energy Efficiency Cost Recovery Factor and Request to Establish Revised Goals and Cost Caps*, Docket No. 39376, Order (Aug. 23, 2011).

- a. El Paso Electric’s forecasted energy-efficiency costs in program year 2025 of \$5,161,212;
- b. projected evaluation, measurement, and verification expenses for program year 2024 in the amount of \$67,486;
- c. a downward adjustment of \$1,059,992, plus interest in the amount of \$65,172, for El Paso Electric’s net over-recovery of program year 2023 energy-efficiency costs;
- d. an agreed reduction to El Paso Electric’s 2023 expenses in the amount of \$72,417;
- e. rate-case expense of \$33,488 incurred by El Paso Electric and \$11,388 incurred by the City of El Paso, for Docket No. 54950, which was El Paso Electric’s 2023 EECRF proceeding; and
- f. a performance bonus of \$1,555,954.

31. Under the tariff attached to the agreement as exhibit A, the following EECRF charges per kWh will apply:

<b>Rate No.</b>	<b>Rate Class</b>	<b>Energy-Efficiency Cost-Recovery Factor (\$/kWh)</b>
1	Residential Service	\$0.001062
EVC	Electric Vehicle Charging	-
2	Small Commercial Service	\$0.001609
7	Outdoor Recreational Lighting Service	(\$0.001917)
8	Governmental Street Lighting Service	-
9	Governmental Traffic Signal Service	\$0.000001 -
11-TOU	Time-Of-Use Municipal Pumping Service	-
WH	Water Heating Service	(\$0.000025)
22	Irrigation Service	(\$0.000350)
24	General Service	\$0.000586
25	Large Power Service (excludes transmission)	\$0.000134
34	Cotton Gin Service	\$0.000273
41	City and County Service	\$0.004249

46	Maintenance Power Service for Cogeneration and Small Power Production Facilities	\$0.000273
47	Backup Power Service for Cogeneration and Small Power Production Facilities	\$0.000273

32. Under the agreement, El Paso Electric agreed to provide receipts for travel expenses which may be requested in its next and subsequent EECRF filings.
33. Under the agreement, El Paso Electric agreed to pay the City of El Paso's rate-case expenses which are found reasonable in this proceeding associated with Docket No. 54950 within 30 days of being invoiced for such expenses.
34. It is appropriate for the Commission to approve the rates from the EECRF tariffs that are attached on exhibit A to the agreement.

**Elements of Recovery and Coordination with Base-Rate Recovery**

35. El Paso Electric's EECRF is calculated to refund the preceding year's total over-recovery with the required interest payment as well as El Paso Electric's forecasted annual energy efficiency expenditures, a performance bonus, El Paso Electric's and the City of El Paso's EECRF proceeding expenses from El Paso Electric's immediately preceding EECRF docket, and evaluation, measurement, and verification costs allocated to El Paso Electric by the Commission, as adjusted by the agreement.
36. El Paso Electric does not recover any energy-efficiency costs in its base-rates.
37. El Paso Electric's EECRF is designed to provide only for energy charges for residential and commercial rate classes.

**EECRF Cost Caps**

38. El Paso Electric seeks to recover EECRF costs that are subject to cost caps adjusted by changes in the consumer-price-index.
39. Before applying the consumer-price-index adjustment, El Paso Electric used a base cost cap of \$0.001556 per kWh for the residential class and \$0.000973 per kWh for the commercial classes. El Paso Electric calculated its EECRF cost caps for the 2025 program year to be \$0.001626 per kWh for the residential class and \$0.001017 per kWh for the commercial classes.

40. For assessing whether El Paso Electric's rates exceed the cost caps—after excluding evaluation, measurement, and verification costs, municipal EECRF proceeding expenses, and interest from over- and under- recoveries—El Paso Electric's rate for the residential class is \$0.001074 per kWh, and El Paso Electric's group rate for the aggregate commercial class is \$0.000761 per kWh.
41. El Paso Electric's residential and commercial EECRF rates for program year 2025 do not exceed the cost cap.

**Over- or Under-Recovery**

42. The difference between El Paso Electric's actual EECRF revenues and its actual costs resulted in a net over-recovery for program year 2023, and El Paso Electric requests to refund the difference for each rate class.
43. El Paso Electric accurately calculated its over-recovery of 2023 program costs to be \$1,059,992, plus interest of \$65,172, totaling \$1,125,164.

**Proceeding Expenses**

44. In its application, El Paso Electric filed the affidavit of attorney Mr. Slocum to support the reasonableness and necessity of its rate-case expenses incurred in its prior EECRF proceeding, Docket No. 54950. In reaching an opinion on the reasonableness and necessity of El Paso Electric's rate-case expenses, Mr. Slocum relied on factors as required under 16 TAC § 25.245(b). In the affidavit, Mr. Slocum stated that El Paso Electric's rate-case expenses of \$33,488 incurred in Docket No. 54950 were reasonable.
45. On August 9, 2024, the City of El Paso filed the declarations of attorney Mr. Gordon and Mr. Nalepa in support of the reasonableness and necessity of the City of El Paso's rate-case expenses for Docket No. 54950. In reaching an opinion on the reasonableness and necessity of El Paso Electric's rate-case expenses, Mr. Nalepa and Mr. Gordon relied on factors as required under 16 TAC § 25.245(b). In their declarations, Mr. Gordon and Mr. Nalepa stated that their respective portion of the City's total rate-case expenses of \$11,388 incurred in Docket No. 54950 were reasonable and necessary.
46. Commission Staff analyzed both the City of El Paso's and El Paso Electric's requested rate-case expenses and determined them to be reasonable.

47. The amount of rate-case expenses incurred by El Paso Electric and the City of El Paso in Docket No. 54950 were reasonable and necessary.

**Performance Bonus Calculations**

48. In 2023, El Paso Electric's energy-efficiency programs realized \$17,312,256 in net benefits, calculated as the difference between \$24,330,716 in total avoided costs required because of its 2023 programs and \$7,018,155 in 2023 program costs that include the performance bonus for 2021.
49. In 2023, El Paso Electric's energy efficiency-programs achieved 20.553 MW in demand savings and 21.383 MWh in energy savings, exceeding its 11.160 MW demand-reduction goal and 19.522 MWh energy-reduction goal.
50. Because El Paso Electric exceeded its demand-and energy-reduction goals last year El Paso Electric seeks a performance bonus equal to 1% of the net benefits for every 2% that it exceeded its demand-reduction goal, within a maximum of 10% of the utility's total net benefits.
51. The resulting performance bonus from this calculation is \$1,731,256. This amount was reduced by \$175,301 in El Paso Electric's application to reflect the commercial and residential customer groups exceeding the cost cap.

**Evaluation, Measurement, and Verification Costs**

52. El Paso Electric's share of the estimated total evaluation, measurement, and verification costs for the evaluation of program year 2024 (to be incurred in the 2025 calendar year) is \$67,486, and to the maximum extent reasonably possible, it is directly assigned to each rate class that received services under its programs.

**Administrative and Research and Development Cost Caps**

53. El Paso Electric incurred \$86,369 in necessary administrative costs and \$25,089 for Research and Development costs for the 2023 energy-efficiency programs to meet El Paso Electric' goals. El Paso Electric incurred \$4,806,725 in total program costs, excluding any performance bonus.
54. El Paso Electric's administrative costs in 2023 were 1.8% of the total program costs for that year and did not exceed the 15% cap on administrative costs.

55. El Paso Electric's research and development costs in 2023 were 0.52% of the total program costs for that year and did not exceed the 10% cap on research and development costs.
56. El Paso Electric's cumulative cost of administration and research and development was 2.32% of the total program costs for that year and did not exceed the 20% cap on the cumulative cost of administration and research and development.

**Cost Effectiveness**

57. In its annual filing in Project No. 38578, Commission Staff stated the avoided cost of capacity for 2023 program year is \$80 per kW and set the avoided cost of energy for 2023 is \$0.09115 per kWh.
58. El Paso Electric used Commission Staff's avoided cost of capacity of \$80 per kW and avoided cost of energy of \$0.09115 per kWh for the 2023 program year.
59. El Paso Electric determined that its 2023 portfolio of energy-efficiency programs produced a benefit-cost ratio of 3.48, which exceeds the benefit-cost ratio of 1.0 or greater.
60. El Paso Electric's forecasted 2025 energy-efficiency program costs of \$5,161,212 are a reasonable estimate of the costs necessary to provide energy-efficiency programs and meet El Paso Electric's goals for program year 2025.

**Net Cost Recovery**

61. El Paso Electric's net cost recovery of \$470,735 consists of El Paso Electric's projected evaluation, measurement, and verification expenses for the evaluation of program year 2024; El Paso Electric's net over-recovery, including interest, of program year 2023 energy-efficiency costs; El Paso Electric's performance bonus earned in 2023; the agreed reduction in 2023 costs; and El Paso Electric's and the City of El Paso's rate-case expenses incurred in Docket No. 54950. The amount of net cost recovery is reasonable.

**Rate Classes and Direct Assignment of Costs**

62. To the maximum extent reasonably possible, El Paso Electric's directly assigned costs to each rate class that receives services under the programs.

**Fostering of Competition Among Energy Efficiency Service Providers**

63. El Paso Electric has adopted measures to foster competition among energy-efficiency service providers.

**Requirements for Standard Offer, Market Transformation, and Self-Delivered Programs**

64. El Paso Electric's energy-efficiency programs include standard-offer and market-transformation programs.

**Incentive Payments**

65. El Paso Electric's incentive payments for each of its customer classes do not exceed 100% of the avoided costs for that class.

**Affiliate Costs**

66. El Paso Electric did not incur any affiliate costs for energy efficiency in 2023.

**Energy-Efficiency Plan and Report**

67. On April 1, 2024, El Paso Electric filed its 2024 energy-efficiency plan and report in Project No. 56003,<sup>5</sup> the project annually designated for this purpose.

68. On April 30, 2024, El Paso Electric filed an errata to its energy-efficiency plan and report.

69. On August 5, 2024, El Paso Electric filed its second errata to its energy-efficiency plan and report. The application in this proceeding includes the energy-efficiency plan and report as corrected.

**Low-Income Energy Efficiency**

70. El Paso Electric is not an unbundled transmission and distribution utility and therefore is not required to have a targeted low-income energy-efficiency program.

**Outreach to Retail Electric Providers**

71. El Paso Electric does not serve in an area in which customer choice is offered.

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<sup>5</sup> CY 2024 Energy Efficiency Plan and Reports Under 16 TAC § 25.181, Project 56003, El Paso Electric's 2024 Energy Efficiency Plan and Report (Apr. 1, 2024).

**Industrial Customer Exclusions**

72. El Paso Electric did not have any industrial customers taking service at distribution voltage who elected to exclude themselves from El Paso Electric's energy-efficiency programs and provided notices under 16 TAC § 25.181(u).

**Line Losses**

73. El Paso Electric calculated its demand-reduction goal using a 7.58% line-loss factor approved by the Commission in El Paso Electric's last fuel reconciliation proceeding, Docket No. 54142.<sup>6</sup>

74. The average line-loss factor used in calculating El Paso Electric's 2025 EECRF demand-reduction goal is reasonable.

**Billing Determinants**

75. The estimate of billing determinants in calculating El Paso Electric's 2025 EECRF and the calculation of the 2025 EECRF tariff rider rates are reasonable.

**Good Cause Exceptions**

76. El Paso Electric did not seek a good cause exception to be eligible for a lower demand-reduction goal, a higher administrative spending cap, or a higher EECRF cost cap under 16 TAC § 25.181(e)(2).

77. El Paso Electric sought a good cause exception to combine rate classes under 16 TAC § 25.182(d)(2).

78. The cotton-gin and cogeneration rate classes each contain fewer than 20 customers and receive similar services under the same energy-efficiency programs. Combining the rate classes will ease the administration of cost recovery.

**Informal Disposition**

79. More than 15 days have passed since the completion of notice provided in this docket.

80. El Paso Electric, Commission Staff, City of El Paso, and Texas Industrial Energy Consumers are the only parties to this proceeding.

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<sup>6</sup> *Application of El Paso Electric Company for Authority to Reconcile Fuel Costs*, Docket No. 54142, Order (Apr. 11, 2024).

81. All the parties in the proceeding signed or are unopposed to the agreement.
82. No hearing is needed.
83. This decision is not adverse to any party.

## **II. Conclusions of Law**

The Commission makes the following conclusions of law.

1. El Paso Electric is a public utility as that term is defined in PURA § 11.004(1) and an electric utility as that term is defined in PURA § 31.002(6).
2. The Commission has authority over this matter under PURA §§ 14.001, 32.001, 36.001, 36.204, and 39.905(b).
3. Under PURA § 39.905 and 16 TAC § 25.182(d)(8), El Paso Electric was required to file to adjust its EECRF.
4. El Paso Electric complied with the requirement under 16 TAC § 25.182(d)(8) to apply by May 1 to adjust its EECRF, effective January 1 of the following year.
5. The Commission processed the application in accordance with the requirements of PURA, the Administrative Procedure Act,<sup>7</sup> and Commission rules.
6. SOAH exercised authority over this proceeding in accordance with PURA § 14.053 and Texas Government Code § 2003.049(b).
7. El Paso Electric provided notice of the application in accordance with 16 TAC § 25.182(d)(13) and 16 TAC § 22.55 and filed an affidavit regarding the completion of notice as required by 16 TAC § 25.182(d)(14).
8. El Paso Electric's application is sufficient under 16 TAC § 25.182(d)(10) and (11).
9. The hearing on the merits was set, and notice of the hearing was given, in compliance with Texas Government Code §§ 2001.051 and 2001.052.
10. El Paso Electric calculated its weather-adjusted average peak demand in compliance with 16 TAC § 25.181(e)(3).

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<sup>7</sup> Tex. Gov't Code §§ 2001.001–.903.

11. El Paso Electric has achieved a reduction of four-tenths of 1% of its summer weather adjusted-peak demand of residential and commercial customers in compliance with 16 TAC § 25.181(e)(1)(B), (e)(1)(C), and (e)(3).
12. El Paso Electric's 2025 demand-reduction goal complies with the requirement in 16 TAC § 25.181(e)(1)(D) that a utility's demand-reduction goal may not be lower than the previous year's goal except as adjusted under 16 TAC § 25.181(u) for industrial customer exclusions.
13. El Paso Electric's programs for hard-to-reach customers achieve savings of at least 5% of the demand-reduction goal as required by 16 TAC § 25.181(e)(3)(F).
14. El Paso Electric calculated its minimum energy-savings goal from its demand-reduction goal using a 20% conservation load factor in compliance with 16 TAC § 25.181(e)(4).
15. El Paso Electric's portfolio of energy-efficiency programs effectively and efficiently achieves the goals set out in PURA § 39.905(a) and 16 TAC § 25.181 as required by 16 TAC § 25.181(e)(5).
16. El Paso Electric's EECRF uses only energy charges for recovery of energy-efficiency costs for residential and commercial rate classes included in the EECRF in compliance with 16 TAC § 25.182(d)(6).
17. El Paso Electric's total EECRF costs—excluding evaluation, measurement, and verification costs, municipal EECRF proceeding expenses, and interest amounts applied to over-or under-recoveries—comply with cost caps under 16 TAC § 25.182(d)(7).
18. El Paso Electric's request to refund \$1,125,164 by rate class for El Paso Electric's net over-recovery of program year 2023 energy-efficiency costs, including interest on the over-recovery, complies with PURA § 39.905(b-1) and 16 TAC § 25.182(d)(1)(A) and (d)(2).
19. The requirements of 16 TAC §§ 25.182(d)(3)(A) and 25.245 apply to El Paso Electric's EECRF proceeding expenses because they are rate-case expenses.
20. El Paso Electric's 2023 rate-case expenses of \$33,488 comply with PURA § 36.061(b)(2) and 16 TAC §§ 25.182(d)(3)(A) and 25.245.

21. The City of El Paso's 2023 rate-case expenses of \$11,388 comply with PURA § 33.023(a) and 16 TAC §§ 25.182(d)(3)(B) and 25.245.
22. El Paso Electric qualified for and accurately calculated its energy-efficiency performance bonus of \$1,555,955, for its energy-efficiency achievements in program year 2023 in compliance with the requirements of PURA § 39.905(b)(2) and 16 TAC § 25.182(e).
23. The amounts and allocation of El Paso Electric's administrative and research and development costs under the agreement comply with PURA § 39.905(e) and 16 TAC § 25.181(g).
24. El Paso Electric's 2023 portfolio of energy-efficiency programs adhered to the cost-effectiveness standards contained in 16 TAC § 25.181(d) and the costs recovered were reasonable and necessary to reduce demand and energy growth under 16 TAC § 25.182(d)(12).
25. El Paso Electric's 2025 energy-efficiency program costs of \$5,161,212 to be recovered through the EECRF are reasonable estimates of the costs of necessary to provide energy-efficiency programs in 2025 under PURA § 39.905 and 16 TAC § 25.182(d)(1) and (12).
26. El Paso Electric's net cost recovery of \$470,735—which consists of the evaluation, measurement, and verification expenses allocated to El Paso Electric for the evaluation of program year 2024; El Paso Electric's refund of its net under-recovery of program year 2023 energy-efficiency costs; El Paso Electric's performance bonus earned in 2023; the agreed reduction in 2023 costs under the agreement, and El Paso Electric's and the City of El Paso's rate-case expenses incurred in Docket No. 54950—complies with PURA § 39.905 and 16 TAC § 25.182(d).
27. Under 16 TAC § 25.182(d)(2), there is good cause to combine El Paso Electric's cotton-gin and cogeneration rate classes in program year 2025.
28. The assignments and allocations of El Paso Electric's proposed 2025 EECRF rates to each rate class are reasonable and comply with PURA § 39.905(b)(4) and 16 TAC § 25.182(d)(2).

29. El Paso Electric has adopted measures to foster competition between energy-efficiency service providers in compliance with 16 TAC § 25.181(g)(2).
30. El Paso Electric's standard offer and market transformation programs comply with PURA § 39.905(a)(3) and 16 TAC § 25.181(h) through (k).
31. El Paso Electric's incentive payments, which did not exceed 100% of avoided cost, comply with 16 TAC § 25.181(f).
32. The requirement in PURA § 39.905(f) and 16 TAC § 25.181(p) that unbundled transmission and distribution utilizes must include a targeted low-income energy-efficiency program does not apply to El Paso Electric.
33. The requirement in PURA § 39.905(a)(4) and 16 TAC § 25.181(r) that each electric utility in the Electric Reliability Council of Texas region perform outreach to retail electric providers does not apply to El Paso Electric.
34. The rates approved by this Order are just and reasonable under PURA § 36.003(a).
35. Under PURA § 36.003(b), the rates approved by this Order are not unreasonably preferential, prejudicial, or discriminatory and are sufficient, equitable, and consistent in application to each class of consumer.
36. Under 16 TAC § 25.182(d)(9)(B), El Paso Electric is required to serve notice of the approved rates and the effective date of the approved rates on retail electric providers does not apply to El Paso Electric.
37. This proceeding meets the requirements for informal disposition in 16 TAC § 22.35.

### **III. Ordering Paragraphs**

In accordance with these findings of fact and conclusions of law, the Commission issues the following orders.

1. The Commission approves the adjustment to El Paso Electric's EECRF to the extent provided in this Order.
2. The Commission approves El Paso Electric's 2025 EECRF in the amount of \$5,631,947, which is composed of the following:

- a. El Paso Electric's forecasted energy-efficiency costs of \$5,161,212 in program year 2025;
  - b. projected evaluation, measurement, and verification expenses of \$67,486 for the evaluation of program year 2024;
  - c. a downward adjustment of \$1,059,992, plus interest in the amount of \$65,172, for El Paso Electric's net over-recovery of program year 2023 energy-efficiency costs;
  - d. a performance bonus of \$1,555,955;
  - e. an agreed reduction of 2023 costs in the amount of \$72,417; and
  - f. rate-case expenses incurred in Docket No. 54950 in the amounts of \$33,488 incurred by El Paso Electric and \$11,388 incurred by the City of El Paso.
3. The Commission grants El Paso Electric's request for a good cause exception to combine the cotton-gin and cogeneration rate classes in program year 2025.
  4. The Commission approves El Paso Electric's EECRF tariff-rider schedule attached as exhibit A to the agreement filed on November 14, 2024, effective January 1, 2025.
  5. Within ten days of the date of this Order, El Paso Electric must provide the Commission with a clean copy of the EECRF tariff schedule approved by this Order to be stamped *Approved* and retained by Central Records.
  6. Within 30 days of the date of this Order, El Paso Electric must reimburse the City of El Paso for its reasonable 2023 EECRF rate-case expenses incurred in Docket No. 5490 in the amount of \$11,388.
  7. Entry of this Order does not indicate the Commission's endorsement or approval of any principle or methodology that may underlie the agreement and must not be regarded as precedential as to the appropriateness of any principle or methodology underlying the agreement.
  8. The Commission denies all other motions and any other requests for general or specific relief that have not been expressly granted.

Signed at Austin, Texas on the \_\_\_\_\_ day of \_\_\_\_\_ 2024.

**PUBLIC UTILITY COMMISSION OF TEXAS**

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**THOMAS J. GLEESON, CHAIRMAN**

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**LORI COBOS, COMMISSIONER**

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**JIMMY GLOTFELTY, COMMISSIONER**

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**KATHLEEN JACKSON, COMMISSIONER**

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**COURTNEY K. HJALTMAN, COMMISSIONER**