dispatchable and intermittent given its reliance on the shining sun, there is risk that such output will fall below expected levels, especially during times of system peak when reserve margins are tightest. Given this risk, EPE historically credited its 115 MW of nameplate solar capability with a 70 percent contribution towards peak in its L&R analysis. This 81 MW contribution presented a marginal risk in meeting peak as it was less than a third of EPE's reserve margin.[58] However, because larger amounts of solar were considered in the 2017 RFP, EPE performed a study to determine the expected capacity of solar during peak hours to reliably serve its peak load. EPE contended that this study showed that expected capacity of solar resources during peak hours dropped to 25 percent or below during high load peak hours, with two of the top eleven load hours analyzed during summer 2016 experiencing output below 25 percent. Therefore, in order to maintain system reliability and continue using its 15 percent planning reserve margin (as opposed to increasing it to account for solar intermittency), EPE determined that a 25 percent solar capacity credit toward peak was appropriate.[59] EPE alleged that this capacity value is consistent with the National Renewable Energy Laboratory ("NREL") analysis for solar output projections in EPE's location.[60] Mr. Wayne Oliver of the Merrimack Energy Group, Inc., *see* § C.4, *infra*, concurred

[58] Gallegos Direct at 26:10-22.
[59] Gallegos Direct at 27:5-20.
[60] Gallegos Direct at 28:1-5.

that the capacity contribution credit to peak for solar of 25% used by EPE in its analysis comports with current industry standards.[61]

Solar intermittency was also analyzed under various scenarios of 300 MW of solar capacity at a single site or geographically dispersed in 50 MW or 100 MW capacity increments. The NREL analysis indicated a greater operational impact to solar intermittency with 300 MW single-sited facilities, which would reduce the contribution to peak and increase the need for regulating reserves. Therefore, EPE chose to limit solar options to no greater than 100 MW to mitigate reliability issues and operational impacts while still leveraging economies of scale.[62]

For solar plus storage proposals, EPE used an aggregate of 100 percent of battery storage nameplate plus 25 percent of solar nameplate during peak hours.[63] Battery storage options benefit a resource portfolio by offering firming of intermittent renewable generation for peak hour utilization and providing load shifting of energy capacity and non-dispatchable renewable resources to peak hours.[64]

EPE also received eight proposals that included wind power. EPE claimed that wind power output is less consistent and more variable than solar on a day-to-day basis, so much so that it is difficult to credit wind with any significant contribution to peak. EPE's analysis based on NREL wind resource output

[61] Oliver Rebuttal at 3:11-20.
[62] Gallegos Direct at 30:14-22.
[63] Gallegos Direct at 29:1-7.
[64] Gallegos Direct at 29:18-21.

projections in the vicinity of EPE's service territory indicated that wind output would be lowest during the hours when EPE has its highest load levels in summer peak months, that the lowest wind output levels would be during July and August, two of EPE's highest peak months, and that there could be days of zero output during EPE's late afternoon/early evening peak load hours. EPE asserted that because wind power does not offer firm output for meeting peak load, it analyzed wind proposals with contributions to peak from zero to ten percent.[65]

7. E3 Analyses

EPE engaged E3 to assist in evaluating bids made in response to the 2017 RFP with E3's methodologies and tools so EPE could assess the reasonableness of its underlying assumptions, modeling results and resource selection. E3 has performed extensive analyses of the economics and reliability of high-renewable electricity systems.[66] E3 used its system optimization model, RESOLVE, to determine the optimal resource portfolio configuration for EPE to meet its need for additional generation starting in 2022. E3 conducted a preliminary screening analysis of resource competitiveness, with a comparison of EPE's AURORA modeling to RESOLVE, and a capacity contribution analysis of different resources and portfolios using its RECAP electricity system reliability model.[67] EPE alleged that E3's use of RESOLVE and RECAP, which were designed specifically to consider the economics and reliability of renewable and storage resources,

[65] Gallegos Direct at 31:3-17.
[66] Olson Rebuttal at 33:3-11.
[67] Gallegos Direct at 39:18-23.

allowed E3 to select the optimal portfolio mix that minimized cost and ensured reliability.[68]

E3 used transmission system parameters, load forecast, generation fleet characteristics, and the LCOE analysis provided by EPE, along with its own independent assumptions for cost curves and performance characteristics. Renewable and storage capacity contributions were calculated in RECAP and used to model the portfolio via RESOLVE. RESOLVE first identified the theoretical optimal resource portfolio that offered the lowest cost, which was 103 MW solar, 200 MW solar with 100 MW storage, 54 MW storage, 150 MW wind, and 160 MW CT. This portfolio was constrained to meet EPE's reliability needs, considering the capacity contribution of each type of resource at a given level. However, this theoretical portfolio is not a real option for EPE because RESOLVE is a linear model and therefore cannot select power plants of specific sizes.[69]

After identifying the theoretically optimal solution, E3 identified the top resource portfolios actually available to EPE given the specific RFP options and sizes available.[70] EPE asserted that E3 found three portfolios extremely close in cost, within $8 million of each other on a net present value ("NPV") basis out of a total NPV of approximately $2 billion, including the portfolio with Newman Unit 6. EPE concluded that the E3 analysis confirmed the amounts of renewables and storage preliminarily EPE selected. EPE argued that is E3's modeling results are

[68] Gallegos Direct at 40:1-4.
[69] Gallegos Direct at 40:16-21, 41:1-2, n. 13; Olson Rebuttal at 15:15-16:3.
[70] Gallegos Direct at 40:16-21, 41:1-2.

strongly consistent with the results of EPE's modeling, even though different models were used.[71] EPE claimed that while the portfolio with Newman Unit 6 was not the least cost portfolio of the three, the differences are very small and Mr. Olson testified that qualitative factors such as the age and condition of the steam plants would likely be the driving factor behind portfolio selection.[72]

EPE also asserted that E3 assessed whether gas-fired generation would continue to be needed in 2045 and beyond given New Mexico's passage of recent amendments to the Renewable Energy Act. The E3 analysis confirmed that renewables and storage cannot fully displace gas generation on the EPE system and maintain adequate reliability.[73] While significant quantities of renewables and storage are likely to be needed on the EPE system in the future, EPE concluded that there will still be a need for firm capacity provided by natural gas generation. EPE claimed that a new technology such as long duration energy storage, hydrogen, advanced nuclear, or carbon capture and sequestration would be needed to entirely replace gas generation. Since these technologies are not commercially-available, the E3 analysis shows that continued reliance on gas for capacity needs is required.[74] EPE also claimed that E3's analysis also confirmed that EPE assumptions in its evaluation of the 2017 RFP

[71] Olson Rebuttal at 14:20-15:3.
[72] Olson Rebuttal at 11:15-18, 17:6-8.
[73] Gallegos Direct at 41:14-16; Olson Rebuttal at 33:16-34:9.
[74] Gallegos Direct at 41:14-42:7; Olson Rebuttal at 34-35.

bids did not bias against renewables, and that EPE appropriately modeled renewable characteristics.[75]

8. Independent Evaluator

EPE retained Wayne Oliver of the Merrimack Energy Group, Inc. as Independent Evaluator (IE) of the 2017 RFP process to oversee the process and avoid any perception of EPE favoring a self-build option over any other proposed project. EPE asked Mr. Oliver to ensure the 2017 RFP process was fair, transparent, unbiased, and would result in an outcome that was in the best interests of EPE customers. Mr. Oliver was asked to ensure that the self-build options received no preferential treatment, to identify and resolve any issues concerning such treatment as they arose, to oversee EPE's evaluation and selection processes, and to review all modeling results and analysis.[76]

Mr. Oliver has served as project manager for 125 competitive bidding or power procurement assignments in 20 states and two Canadian provinces on behalf of electric utilities, public utility commissions, other power buyers and public sector organizations representing a range of different technologies, project structures and product types.[77] Mr. Oliver has also served as IE or in a similar role for over 100 competitive bidding processes for conventional supply-side resources, renewable resources, energy storage, renewables combined with

[75] Gallegos Direct at 42:14-15.
[76] Gallegos Direct at 20:1-16.
[77] Oliver Direct at 1:9-12, 2:3-7.

storage, and demand response, load management, and demand-side management resources, including several all-source solicitations.[78] Mr. Oliver found that the 2017 RFP resulted in the least cost resource portfolio based on actual bids received that met all of EPE's reliability and operational requirements.[79]

B. Certificated Estimated Cost of Newman Unit 6

The estimated capital cost to construct the Newman Unit 6 project is approximately $141.2 million, which includes the plant equipment, site work, and natural gas interconnection and upgrades necessary for installation, as well as $3.1 million in estimated generation side interconnection costs and a contingency of $5 million.[80] This does not include AFUDC, which is estimated at an additional $18.1 million, or transmission interconnection costs or costs of necessary upgrades at the Newman Generating Station.[81] The estimated capital cost has been confirmed by EPE's Power Generation Department as an accurate estimate.[82] The estimated AFUDC was calculated each month based on the sum of accumulated construction cash flow for the preceding month plus one-half the construction cash flow for the current month, multiplied by EPE's weighted average cost of capital. EPE's WACC includes a return on equity of 9.65%, based upon the amount approved for EPE's AFUDC calculations in EPE's most recently

[78] Oliver Direct at 2:8-13.
[79] Oliver Direct at 18:7-13.
[80] Hawkins Direct at 16; Sidler Direct at 12.
[81] Schichtl Direct at 14, Exhibit JS-1.
[82] Hawkins Direct at 16.

completed rate case in Texas as required by the FERC Uniform System of Accounts.[83]

EPE expects to finance the total cost of Newman Unit 6 through cash from operations, debt, common stock equity, a potential equity commitment from its parent, or a combination. EPE has a revolving credit facility and long-term debt mechanisms available for financing. The cost of Newman Unit 6 will not significantly change its financial position.[84]

Measured on a $/kW basis, the proposed cost of Newman Unit 6 will be approximately $620/kW, after adjustment for higher ambient temperatures, minimal humidity and higher elevation at the Newman Generating Station, all of which reduce the rated capacity of the unit which is based on construction at sea level and operation at 59 degrees Fahrenheit and 60 percent relative humidity.[85] Staff found this cost very favorable in comparison to the average base total overnight cost of approximately $1,101/kW for a conventional 100 MW CT brought online in 2016.[86]

Pursuant to Rule 580, EPE requests that the Commission include in its Final Order in this case a "Certificated Estimated Cost" for Newman Unit 6 of $159.3 million, which is the sum of the estimated capital cost and AFUDC.[87]

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[83] Schichtl Direct at 15.
[84] Schichtl Direct at 15-16.
[85] Hawkins Direct at 17 and 14-20.
[86] Sidler Direct at 10:23-11:3. Overnight cost is defined as the present value cost that would have to be paid as a lump sum up front to completely pay for a construction project. *Id.* at n. 12.
[87] Schichtl Direct at 17:1-2.

C. Informational and Notice Filings

EPE averred that it had provided the necessary information regarding the purpose, construction details and new capacity data required under Rules 440 and 570. Further, EPE submitted its Rule 440 and Rule 570 compliance filings to the Commission.

D. Staff's Position

Staff reviewed EPE's Application and the testimonies provided with that Application, along with additional information supplied by the Company pursuant to the parties' interrogatories and discussions with EPE.[88]

Staff claimed that it generally utilizes the following information in determining whether a specific facility meets the public convenience and necessity standard:

1. Information or studies showing need or use for the facility being proposed;

2. Information providing specific cost information for the facility being proposed;

3. Environmental, ecological and/or cultural impact studies for the facility being proposed;

4. Specific information demonstrating that the proposed facility is the most economical choice among any feasible alternatives; and

5. Demonstration that no valid public opposition to the project exists.[89]

[88] Staff Exh. 1, Prepared Direct Testimony of Jack. D. Sidler, 6:11-13.

[89] Staff Exh. 1, Prepared Direct Testimony of Jack. D. Sidler, 9:15-10:9.

Staff's claimed that its analysis of the RFP documents, including the industry-standard selection criteria established by the Company, the consultation by an experienced, Independent Evaluator, and the results of the industry-standard Strategist forecasting and analysis software, leads Staff to conclude that the RFP was a fair, market-derived, effective and unbiased process, which provided the best, most cost-efficient, economically-feasible and operationally rational outcome for EPE and its customers.[90]

Staff acknowledges that public opposition to Newman 6 does exist amongst the intervenors in this case. However, in such a case as this, the Commission should balance the existence of that opposition against the interest that would be served should the CCN be granted. As noted before, a facility such as Newman 6 will be needed if Rio Grande 6, Newman 1 and Newman 2 are shut down.[91]

Newman 6 also is clearly a more affordable option for providing electricity to El Paso's customers than those older units.[92] However, the Commission should ensure that those older, less efficient units are actually shut down, leading to the conditions Staff recommends be attached to the CCN approval. With such conditions, the inescapable conclusion is that the Commission should grant the CCN for Newman 6. As Staff witness Tupler testified, the portfolio of generation resources chosen by EPE to meet its needs, which included Newman Unit 6, was

[90] *Id.*, 9:5-13.
[91] See Staff Exh. 1, Prepared Direct Testimony of Jack Sidler, 10:11-16.
[92] *Id.*, 11:5-13.

the "best, most cost-efficient, economically feasible and operationally rational outcome for EPE and its customers."[93]

Staff recommends that the Commission approve the Company's CCN Application, with the following conditions:

a. That EPE applies for approval to abandon Rio Grande Unit 6 by 31 December 2020;

b. That EPE applies for approval to abandon Rio Grande Unit 7 no later than 120 days after the Final Order in this case with an abandonment date no later than 180 days after the Commercial Operation Date ("COD") of Newman 6;

c. That EPE applies for approval to abandon Newman Unit 1 no later than 120 days after the Final Order in this case with an abandonment date no later than 180 days after the COD of Newman 6;

d. That EPE applies for approval to abandon Newman Unit 2 no later than 120 days after the Final Order in this case with an abandonment date no later than 180 days after the COD of Newman 6;

e. EPE shall file copies of all construction permits received for this project in this docket within two weeks of receipt of the final permit required;

f. EPE shall file in this docket the actual costs of this project, including the actual AFUDC amounts and how they were calculated, and also a comparison of the original estimate to the actual installed costs in the same format as EPE Exhibit RA-9, as soon as they become available;

g. EPE shall file a notice of the COD of this unit; and

h. EPE shall file a notice of the date that fuel costs, whether associated with start-up or commercial operation, shall first be included in EPE's FPPCAC.[94]

E. Vote Solar

[93] Tupler Direct at 9.
[94] *Id.*, 4:1-5:7.

Vote Solar, argued that throughout EPE's source selection process that led to the current Application, EPE skewed the outcome to favor EPE's shareholders. Vote Solar alleged that EPE proposed building Newman Unit 6 despite its own consultants identifying a lower-cost portfolio with significantly less new gas capacity—even when those consultants relied on EPE's obsolete assumption that the Company could recover the costs of a gas plant through 2063. Vote Solar concluded that the Commission should reject EPE's Application because Newman Unit 6 is unnecessary, uneconomical, and in conflict with New Mexico's clean energy goals.

Vote Solar argues that EPE's Application is facially deficient when the Company has not attempted to show that building and operating Newman Unit 6 would be part of the lowest-cost portfolio that is consistent with the 2019 amendments to New Mexico's Renewable Energy Act. Vote Solar points out that the Amended REA was signed by the Governor on March 22, 2019, eight months before EPE filed its Application and that the effective date of the amendments was June 14, 2019, well prior to EPE's filing.[95] Vote Solar argues that there is no question that the amended REA applies to the Application.[96] Vote Solar asserts that in SB 489, the Legislature set ambitious clean energy standards that dramatically curtail the permissible role of fossil fuels in supplying retail electricity

[95] S.B. 489, 54th Leg., 1st Sess. (N.M. 2019); El Paso Electric Company's Application for a Certificate of Public Convenience and Necessity (filed Nov. 18, 2019).
[96] *State ex rel. Egolf v. New Mexico Pub. Regulation Comm'n*, No. S-1-SC-38041, 2020 WL 4251786, at *7 (N.M. July 23, 2020) (citing *Hillelson v. Republic Ins. Co.*, 1981-NMSC-048, ¶ 11, 96 N.M. 36, 627 P.2d 878, for the rule that "effective law at the time of a case's initiation is the controlling law of that case").

sales during the design life of Newman Unit 6. The amended RPS requires that zero-carbon resources supply 100% electricity sold to New Mexico customers by 2045.[97]

Vote Solar argues that not only does EPE's Application lack any analysis of how the proposed addition of the Newman Unit 6 plant is consistent with the amended REA, the financial modeling supporting the Application assumes that Newman Unit 6, a carbon-emitting gas unit, will continue supplying electricity to New Mexico customers into the 2060s.[98] Vote Solar concludes that EPE's failure to account for the requirements of New Mexico law is inexcusable. Vote Solar also concludes that these amendments bar EPE from using carbon-emitting gas units like Newman Unit 6 to provide electricity to New Mexico customers after 2045 but that EPE assumes that the plant will operate well into the 2060's. Vote Solar claims that EPE is asking the Commission to approve Newman Unit 6 now and worry about whether it can comply with New Mexico's clean energy mandate later. Vote Solar argues the Commission cannot ignore the REA when considering EPE's Application, as it directly affects whether Newman 6 is in the public interest.

Vote Solar also asserts that one of EPE's primary rationales for ignoring the amended REA in determining the service life of Newman Unit 6 seems to be that it expects it can simply switch Newman Unit 6 over to Texas customers in 2040.[99]

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[97] NMSA 1978, § 62-16-4(A)(6).
[98] Ex. VS-2, *Direct Testimony and Exhibits of Michael Goggin on Behalf of Vote Solar* ("Ex. VS-2, Goggin Direct"), Ex. MG-9, pp. 18–19 (Apr. 24, 2020).
[99] Ex. EPE-12, Rebuttal Testimony of James Schichtl on Behalf of EPE ("Ex. EPE-12, Schichtl Rebuttal"), p. 51 (June 5, 2020) ("The generating unit . . . would be expected to continue to serve Texas load for its useful life, unless otherwise limited by Texas statute or regulatory requirements."). As noted

Vote Solar argues that the text of the law forecloses this tactic.[100] Vote Solar argues that the Commission is tasked to ensure that the RPS leads to real-world reductions in greenhouse emissions, anticipating and precluding the very rationale EPE relies on for this case. And while questions exist regarding how multi-jurisdictional utilities address the requirements of New Mexico's REA, Vote Solar concludes that the answer to those questions is obviously not—as EPE assumed in its Application—to assume that the NM REA has no effect.

Further, Vote Solar argued that the Commission and Public Service Company of New Mexico ("PNM") have recognized that the amended REA should inform resource planning decisions today. Citing to Case No. 19-00195-UT, the Commission adopted the Hearing Examiner's recommendation that PNM replace the San Juan Generating Station with a portfolio of solar and energy storage resources.[101] One of the advantages of the adopted portfolio was that it "would accelerate PNM's progress toward satisfying the increased RPS established in the 2019 Renewable Energy Act Amendments in Senate Bill 489."[102] The Commission rejected alternative portfolios proposed by PNM and others that

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below in Section III.B, EPE has made no effort to show that Newman Unit 6 will be needed after 2040 based on cost and reliability considerations.

[100] NMSA 1978, § 62-16-4(B). The amended REA directs that in administering the 2040 and 2045 RPS mandates, the Commission shall "prevent carbon dioxide emitting electricity-generating resources from being reassigned, re-designated or sold as a means of complying with the standard" and "ensure that the standard does not result in material increases to greenhouse gas emissions from entities not subject to commission oversight and regulation."

[101] Case No. 19-00195-UT, *Order on Recommended Decision on Replacement Resources - Part II*, p. 15 (July 29, 2020) ("San Juan Order").

[102] Case No. 19-00195-UT, *Recommended Decision on Replacement Resources - Part II*, p. 124 (June 24, 2020) ("San Juan RD").

included new gas generation, noting that the use of natural gas turbines is also inconsistent with the ETA's "policy of transitioning away from fossil fuel resources and reducing CO2 emissions through graduated increases in non-carbon generation up to 2040 under the revised Renewable Portfolio Standard (RPS)."[103] According to Vote Solar, in proposing its new gas-fired additions, PNM appropriately modeled the useful lives and depreciation using the assumption the new gas plants would no longer be in service after 2040.[104] As it demonstrated in Case No. 19-00195-UT, Vote Solar argues that the Commission must consider whether CCNs for capacity resources will position a utility to comply with the RPS in a cost-effective manner.

According to Vote Solar, the most glaring conflict between EPE's Application and the revised RPS is EPE's assumption that it will be able to use Newman Unit 6 to serve New Mexico customers long after 2045. The modeling of portfolios including Newman Unit 6 by EPE and its contractor E3 all assumed depreciation based on a useful life of 40 years.[105] Assuming Newman Unit 6 began operation as planned in 2023, this means that EPE's financial modeling assumes that New Mexico ratepayers would keep paying for the unit through 2063—18 years after New Mexico law requires that all electricity sales be provided by zero-

[103] San Juan Order, p. 13.
[104] San Juan RD, p. 118.
[105] *Id.* at Ex. MG-2, pp. 112, 114 of 127. Elsewhere, EPE assumed an even longer useful life for Newman Unit 6. Tr. Vol. 4, 7/23/2020, pp. 802:20–803:11 (Mr. Schichtl admitting that a 45 year depreciation was used to calculate the first year rate impact shown for the selected portfolio).

carbon sources and 25 years after the 80% renewable energy requirement becomes effective.[106]

Vote Solar also claimed that while the Application was pending, EPE filed a general rate case, which includes a request to accelerate depreciation of its existing gas assets so that their costs are recovered no later than 2045.[107] Vote Solar noted that Staff witness Jack Sidler agreed that it is inconsistent and problematic for EPE to use 40 year depreciation when seeking to get a unit added to rate base, at the same time it is asking rate payers to pay accelerated depreciation for gas units already in rate base.[108] Vote Solar concluded that EPE's depreciation assumptions skewed their resource selection in favor of fossil resources because depreciating the plants by 2040 or 2045 would make a gas unit more expensive in a net-present-value calculation.[109]

Vote Solar also claimed that EPE artificially inflated its need for new capacity by assuming zero energy imports for the year Newman Unit 6 would come online, when in fact the Company can rely on up to 150 MW of annual imports to meet capacity needs.

According to Vote Solar, EPE unjustifiably assumed that wind resources could not provide *any* capacity contribution to peak demand, and failed to

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[106] Tr. Vol. 4, 7/23/2020, p. 803:6–11.
[107] Tr. Vol. 3, 7/22/2020, p. 765:1–5.
[108] Tr. Vol. 5, 7/24/2020, p. 1167:5–10.
[109] *Id.* at 1101:8–12. *See also id.* at p. 1164:7–11 (Staff witness Jack Sidler testifying to his belief that if the useful or recoverable life of Newman Unit 6 were deemed to be only 23 years for cost of service purposes, that would increase the cost of Newman Unit 6 relative to other potential resources).

pursue a contract for a 150 MW wind resource recommended by its consultants' modeling. The amended REA directs that in administering the 2040 and 2045 RPS mandates, the Commission shall "prevent carbon dioxide emitting electricity-generating resources from being reassigned, re-designated or sold as a means of complying with the standard" and "ensure that the standard does not result in material increases to greenhouse gas emissions from entities not subject to commission oversight and regulation." Vote Solar hypothesized that if EPE correctly valued capacity from its planned solar procurements, fixed the false assumption that market resources would disappear in 2023, and procured 150 MW of wind resources, these resources would provide more capacity than Newman Unit 6.

According to Vote Solar, EPE also stacked the deck for Newman Unit 6 by overestimating the cost of extending the life of its older gas units for a limited period. Vote Solar argued that EPE modeled life extensions following an expensive maintenance program prepared by Burns and McDonald, but admitted that it would not follow the Burns and McDonald replacement schedules in the event it continued to operate the older plants. Instead, EPE would continue to apply its own Predictive Maintenance Program, which is much less expensive.

Vote Solar maintained that on top of their biases against renewable resources and the Company's depreciated gas units, EPE's models favor Newman Unit 6 by overstating the reliability of gas units. Specifically, EPE failed to account for the risk of correlated gas plant outages. Vote Solar also argued fuel

interruptions and other contingencies can cause multiple gas units to fail at the same time, a phenomenon that EPE has observed on its own system. Vote Solar also alleged that EPE'S analysis does not account for the risks associated with adding even more gas capacity. Vote Solar argued that the Commission should be especially skeptical of EPE's claim to need more gas capacity in light of the EPE's recent building of new gas-fired units. EPE has built six new gas plants in the last eleven years, and the useful lives of all of them extend well past 2045:[110]

Unit Name	Summer Net	Commission	Current
Rio Grande 9	88	2013	2058
Montana 1	88	2015	2060
Montana 2	88	2015	2060
Montana 3	88	2016	2061
Montana 4	88	2016	2061
Newman 5	262	2009	2061

As to EPE claims that it needs the flexibility of gas generation with "fast-ramping"[111] capabilities, daily cycling ability[112], and "quick-start"[113] capability. Vote Solar argues that EPE does not explain why units in its current fleet cannot meet that need. According to Vote Solar, EPE witness Omar Gallegos explains

[110] Ex. EPE-1, Gallegos Direct, p. 15 (Table OG-04).
[111] EPE Br., pp. 7, 19.
[112] *Id.* at pp. 9, 11, 17–18, 20.
[113] *Id.* at pp. 19–20.

that the five 88 MW combustion turbines in the table above all have "low turn-down, quick-start, and fast ramping capabilities."[114]

Vote Solar also argued that evidence adduced in discovery and at the hearing proved that EPE showed blatant favoritism for its self-build options. EPE did not receive a bid for a 226 MW combustion turbine at Newman Station by the deadline for bids; the Newman Station bids submitted by EPE's Power Generation team were for much larger combined cycle gas turbine ("CCGT") units. EPE only received the 226 MW combustion turbine ("CT") bid because it sent its Power Generation team an exclusive invitation to submit a late bid option for a CT and that other RFP participants were not afforded the same opportunity. Further, Vote Solar alleges that EPE repeatedly reached out to the EPE Power Generation after receiving its post-deadline CT bid, allowing its Power Generation team to correct critical deficiencies in the bid for the Newman Unit 6 CT well after the bid deadline.

Vote Solar argues that EPE's proposal to construct a large and expensive gas combustion turbine is inconsistent with New Mexico's clean energy mandates, rife with errors and bias, and would expose ratepayers to unnecessary risk and that the Commission should deny EPE's Application.

Vote Solar also alleged that EPE's failure to recognize the full capacity value of solar resources handicapped Solar's ability to compete against other resources and created a fictitious need for capacity.

[114] Ex. EPE-2, Gallegos Rebuttal, p. 49:11-13.

Vote Solar argued in the alternative that if the Commission does allow EPE to construct this facility, it should explicitly state in its order that it will not allow the utility to accelerate depreciation or recover the costs of the unit from New Mexico customers past 2045.

As to EPE's criticisms of potential life extensions for existing plant, Vote Solar averred that EPE has a history of understating the effectiveness of its Predictive Maintenance Program in CCN cases: in 2012, EPE asked the Commission to approve construction of Montana Units 1 and 2, in order to replace Rio Grande Unit 6 and Newman Unit 2, then scheduled to retire in December 2015.[115] After Montana Units 1 and 2 were approved, EPE changed its mind on Newman Unit 2 retirement, deciding that it could run reliably in active service for another seven years.[116] Vote Solar concluded that extending the life of an existing unit by a few years could buy time to acquire additional carbon-free resources that are lower-cost than Newman Unit 6.

F. CCAE

CCAE argued that Newman 6 should be denied because EPE had a less-costly alternative that would have provided greater system benefits and less risk, and would have better positioned New Mexico to meet increasing renewable

[115] Case No. 12-00137-UT, *Final Order Adopting Recommended Decision*, Ex. 1, pp. 6–7 (Jan. 23, 2013) ("In addition, EPE currently anticipates retiring Rio Grande Unit 6 (45 MW) at the end of December 2014 and Newman Unit 2 (76 MW), one of EPE's local units that has dual fuel capability, at the end of December 2015. The Montana Units 1 and 2 will fully cover the loss of approximately 121 MW from these older, less efficient units.").
[116] Ex. EPE-2, *Rebuttal Testimony of Omar Gallegos*, p. 19:4–19:14 (June 5, 2020).

requirements. CCAE Witness O'Connell, a Professional Engineer and former PNM employee, testified that EPE did not reasonably consider alternatives to Newman 6; that Newman 6 is not the most cost-effective among reasonable alternatives; Newman 6 is not even the best resource for EPE's system. Newman 6 increases system risks of outages compared to the least-cost alternative. Mr. O'Connell concluded that EPE had not met its burden of proof for a CCN, and its request should not be granted.

Mr. O'Connell testified that the evidence shows the selection of a 228 MW gas combustion turbine was a poor choice among the feasible alternatives available to EPE. It is more expensive, less fuel-efficient, and less flexible, and there were other technologies available among the bids EPE received that make more sense when the longer-term ETA requirements are considered.[117]

Mr. O'Connell also testified that the three units EPE plans to retire and replace with the capacity in 19-00348-UT and 19-00349-UT have not been maintained in accordance with the life extension report from Burns & McDonnell that showed additional, considerable investment will be required after 2022 to rely on the three old gas units EPE indicated it plans to retire, however according to CCAE, EPE has not provided the amount of investment required to continue the plants availability through 2025.[118]

[117] CCAE Exh. 31, O'Connell Direct at 4-5.
[118] CCAE Exh. 31, O'Connell Direct at 7-9.

CCAE concludes that based upon the failure of EPE to provide the full cost impacts of EPE's replacement plan EPE is unable to show that unnecessary duplication and economic waste will not occur. CCAE argues that the cost impact of a replacement plan could have been provided to the Commission in an abandonment proceeding as well, but EPE has chosen not to file for abandonment of its three older gas units. Additionally, CCAE claims that an estimate of the cost of a retirement plan is needed to demonstrate that a CCN request is in the public interest.

CCAE avers that there will however be ongoing, potentially significant, costs associated with maintaining the availability of the units slated for retirement for up to five more years. It is impossible to know the true costs and benefits of approving the CCN without balancing the cost of the new generation against the cost, or cost savings, associated with retiring the existing units.[119]

Mr. O'Connell further alleges that EPE's proposed 228 MW Newman 6 would leave only 76 MW of reserve capacity if it tripped offline, even less than a Palo Verde unit. Newman 6's addition EPE would result in a fourth large unit representing 70% or more of its planning reserves. He concluded that this increases the chance of an outage resulting in a significant loss of reserve capacity; it adds to the very risk a reserve margin is intended to mitigate. Mr. O'Connell concludes that prudent planning would favor resources that

[119] CCAE Exh. 31, O'Connell Direct at 10.

decreased rather than increased this risk to EPE's system by selecting smaller gas units as replacement resources.[120]

CCAE argues that EPE inadequately considered alternatives to the resource choice consistent with its rejected 2018 IRP. Whether a utility has properly evaluated alternatives is an issue to be determined based upon the evidence in a hearing.[121]

EPE evaluated the proposed Newman 6 plant favorably as it was "consistent with" EPE's prior IRPs. Mr. Schichtl testified, "Yes, as discussed by EPE witness Gallegos, the addition of a gas turbine is consistent with EPE's most recently accepted 2015 IRP and more recently filed [2018] IRP"[122] while also acknowledging the reason EPE's 2018 IRP was not accepted by the Commission. The order contends that the ETA includes amendments to the REA that will substantially increase renewable portfolio standards and change the way that renewable energy costs are considered in complying with the REA.[123] CCAE concludes that EPE's adherence to the conclusions of an "obsolete" IRP is problematic.

CCAE also criticizes EPE's use of Strategist, which it claims is an outdated software tool for consideration of integrating renewable energy. Strategist does not adequately value renewable contributions to serving load. EPE's Strategist

[120] CCAE Exh. 31, O'Connell Direct at 11.
[121] *See, In the Matter of Pub. Serv. Co. of New Mexico's Renewable Energy Act Plan for 2018 & Proposed 2018 Rider Rate Under Rate Rider No. 36 Pub. Serv. Co. of New Mexico, Petitioner,* NMRPC Case 17-00129-UT, 2017 WL 3535908, at *4 (NMPRC Aug. 11, 2017).
[122] EPE Exh. 11, Schichtl Direct at 11:10-15.
[123] EPE Exh. 11, Schichtl Direct 11:10-12:4(emphasis added).

results differed significantly with E3's and NREL's. Strategist, a platform Mr. O'Connell used in the past, requires conservative assumptions for renewable energy to ensure it produces adequately reliable portfolios. This kludge undervalues renewable energy resources within a Strategist analysis.[124] CCAE avers that modern NREL and E3 platforms can model a portfolio with renewable resources probabilistically and are therefore better tools for considering the contributions of wind and solar to a generation portfolio.

The NREL study provided a basis for the Strategist modeling assumptions employed by EPE for the marginal value of solar and wind capacity additions, and determined that for EPE's service territory, wind and solar resources are complementary.[125] The E3 and NREL studies determined a wind energy resource would reduce the gas capacity need, and the synergy between solar and wind provided more capacity than either resource alone.[126] CCAE argues that significantly, E3 identified a least cost portfolio constructed with a smaller new gas unit, a wind resource, a paired battery and solar resource and a Newman 1 life extension.[127] The E3 study used the same short-listed bids EPE used in Strategist modeling and from those bids selected the least cost resource portfolio which the E3 study referred to as, "Scenario 3."

[124] CCAE Exh. 31, O'Connell Direct at 17:8-20.
[125] CCAE Exh. 31, O'Connell Direct at 18:9-13.
[126] CCAE Exh. 31, O'Connell Direct at 18:9-14.
[127] CCAE Exh. 31, O'Connell Direct at 13, and EPE Ex. 1, Gallegos Direct, Attachment OG-6 El Paso Portfolio Analysis Final Summary Results at 16 of 32.

Scenario 3 is least cost not only under the base set of assumptions, but also under the 300 MW Export, Low Battery Cost and Low Fuel Cost sensitivities. EPE's request in this case, however, is most similar to E3's Scenario 1, and it comes in second to Scenario 3 in two out of the four price environments analyzed. EPE's proposed portfolio is never the least cost.[128] The optimized portfolio and all E3 Scenarios EPE modeled from actual bids included a 150 MW wind resource.[129] E3's Scenario 3 was made up of the short-listed bids from EPE's 2017 RFP and was least cost on an NPV basis. In addition to the 150 MW wind, it included a 5-year extension of Newman 1 (76 MW), a 49 MW CT and 50 MW of solar paired with a 25 MW battery resource. It provided the smallest thermal fleet.[130] Notably, Scenario 3, the portfolio with the smallest thermal fleet, more closely matched the theoretical optimal portfolio, RESOLVE Select, than Scenario 1, which included the Newman 6 units.[131]

CCAE concluded that Scenario 3 would have locked in less new gas generation (only 49 MW versus 228 MW) and provided EPE with more time to plan its system to incorporate more renewables by extending Newman 1 for 5 years, as well as provided additional renewables that could be used for NM RPS compliance.

[128] O'Connell Direct at 18, 19.
[129] See, EPE Exh. 1, Omar Direct, Attachment OG-6 at 19 of 32, "RESOLVE Results, Base Scenarios".
[130] O'Connell Direct at 19.
[131] See, Tr. Vol 1 (7/20/2020) at 192:9 to 196:4.

Further, CCAE argued that the wind resource that was part of E3's optimized portfolio and all four of the Scenarios modeled by E3 would have provided a transmission benefit. It would have generated RECs that could have been applied to New Mexico's RPS requirement. The 150 MW wind resource that was shortlisted and included in all of the E3 portfolios would have generated 629,6000 MWh of energy and RECs without curtailment[132] However, "EPE did not assign a value to the RECs for analysis."[133]

CCAE alleges that EPE did not factor the requirements of the increased Renewable Energy Standard into its choice of Newman 6. EPE's resource selection of the 228 MW combustion turbine did not account for the elimination of emissions from fossil fuel resources for New Mexico service by 2045. CCAE concludes that EPE's proposed Newman Unit 6, which ignores its own expert's analysis, would result in a larger than necessary gas plant using a technology that does not best meet the important goals of reducing fuel cost and accommodating new renewable energy."

EPE presents a false choice in framing its decision as between Newman 6 versus life-extensions for its three near-retirement gas units.[134] Allowing Texas-centric system planning instead of system planning to accommodate all of EPE's customers could result in higher costs, unnecessary duplication and economic waste for New Mexico customers. CCAE argues that as a multi-jurisdictional

[132] See, CCAE Exh. 35.
[133] CCAE Exh. 36.
[134] CCAE Ex. 31 O'Connell Direct at 22.

entity, there are two ways EPE can accommodate its New Mexico's RPS requirements. EPE may either allocate renewable system resources to its New Mexico customers, or procure dedicated resources for its New Mexico customers to meet the RPS. EPE did exactly that in NMPRC 19-00099-UT. Mr. Schichtl explained that EPE has historically allocated system resources on the basis of how they are used. However, if New Mexico customers paid the price differential for allocating renewable system resources to New Mexico for RPS purposes and Texas customers were held harmless, there is no legal impediment preventing EPE from proposing that arrangement to its Texas customers.

G. Attorney General

Attorney General argues that EPE's residential and small business customers may be negatively affected if EPE's requested approval of a CCN, to construct and operate a new, 228 megawatt natural gas-fired combustion turbine at Newman 6 is granted in this case. The Attorney General also alleges that Newman 6 is not needed at this time, thus, it cannot provide a "net public benefit" to EPE's customers.

In criticizing EPE's planning reserve margin, which EPE uses as a justification for acquiring Newman 6, the Attorney General avers that that 15% is artificially higher than necessary. Additionally, the 15% reserve margin is based on an out-of-date and arbitrary study, it is an obsolete planning tool, and it is greater than

that of other New Mexico public utilities.[135] Further, the Attorney General argues that Newman 6 would contribute to the outage risks that a planning reserve margin seeks to mitigate.[136] The Attorney General concludes that with a lower, reasonable planning reserve margin, EPE's "need" for new generation would not look so dire.

EPE's "need" for new capacity is affected by the retirements of its existing fleet resources. It is possible for EPE to operate these Newman 1, Newman 2, and Rio Grande 7 beyond 2022.[137] Additionally, Attorney General claims that EPE failed to perform any analyses for extending these older resources in the short-term. Further, Attorney General concludes that the resources recently approved in Case No. 19-00348-UT help to alleviate EPE's short-term capacity needs.[138]

The Commission has placed weight on the factor of legal compliance, specifically RPS compliance, in granting approval of new generation resources.[139] In 2019, the New Mexico Legislature made drastic changes to New Mexico's public utilities laws with the passage of the ETA and amendments to the REA (specifically the RPS), together in Senate Bill 489 ("SB489"). SB489 represented such a dramatic shift that the Commission threw out EPE's integrated resources plan

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[135] Direct Testimony of Michael Goggin at 19:7-24:8.
[136] Direct Testimony of Patrick J. O'Connell at 9:4-11:19.
[137] *Id.*
[138] *Id.*
[139] Case No. 19-00348-UT, Recommended Decision of the Hearing Examiner, at 14, 56, aff'd., Order Adopting Recommended Decision, (May 13, 2020) (Stating that certain generation resources "are in the public interest" due, in part, to their "potential RPS compliance"; and concluding that "a net public benefit" results, in part, to a project's "legal compliance.").

for being "largely obsolete."[140] The new RPS cannot be ignored. EPE has not considered the RPS anywhere in its Application and direct testimonies, which evidences EPE's failure to respond to the changing dynamics in New Mexico public utilities law. The record reflects that EPE did not evaluate the Newman 6 proposal in light of the outcomes of SB 489.[141] Attorney General argued that once SB489 was passed and signed, EPE had a duty to re-evaluate its plans to build the 228 megawatt natural gas-fired power plant given the requirements that its sales from renewable resources must comprise, in increasing amounts, up to 100% of total sales by 2045.[142] The public interest requires that duty for the sake of prudency and good faith. EPE did not meet that duty.[143] The zero-carbon RPS requirement cannot be achieved while Newman 6 generates energy for EPE's retail service. By ignoring the amended REA and RPS in its Application, EPE failed to meet its duty as required by the public interest.

As have other Intervenors, Attorney General references Case No. 19-00195-UT, and the Commission's consideration of replacement resources under the amended RPS requirements and the Commission rejection of a new 280 megawatt natural gas-fired generation plant.[144] The Commission noted further

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[140] Direct Testimony of James Schichtl at 11:17-12:1; Tr. 848:10-850:25 (Jul. 23, 2020).
[141] Tr. 237:7-11 (Jul. 20, 2020).
[142] *See* Tr. 771:1-7 (Jul. 22. 2020), 841:13-20, 853:14-25 (Jul. 23, 2020) (admitting that the REA is a consideration in this case and must coordinate its resources selection with REA requirements.).
[143] *See* Tr. 231:13-16 (Jul. 20, 2020) (EPE drafted direct testimonies in this case subsequent to the passage of SB489, which do not include discussion of the REA or RPS).
[144] *See* Case No. 19-00195-UT, Order on Recommended Decision on Replacement Resources – Part II (Jul, 29, 2020). Case No. 19-00195-UT, Recommended Decision on Replacement Resources, Part II, (Jun. 24, 2020) at 67, 68, aff'd., Order of Recommended Decision on Replacement Resources – Part II (Jul. 29, 2020).

deficiencies of adding new natural gas units, including future stranded costs and possible transfer of the unit (which according to the Attorney General, the Commission has a duty to prevent[145]). Attorney General concluded that EPE has a statutory duty to meet the requirements of the law. Anything less than a good faith attempt to conform to the requirements of the RPS is falling below the minimum duty that EPE owes to its customers and the State of New Mexico.

H. City

EPE's original Application and direct testimony and exhibits in this case, filed on November 18, 2019, were uniformly criticized by the intervenors for failing to address the implications of the increased RPS requirements of the amended REA.[146] In his Rebuttal Testimony, EPE's Vice President of Regulatory Affairs, James Schichtl, essentially argued that the selection of Newman Unit 6 was not affected by the spring 2019 passage and effective date of the amendments to the REA because the Company had announced in December 2018 its selection of the proposals in response to its 2017 All Source RFP for which it intended to pursue contract negotiations.[147] City argued that Staff simply ignored the REA altogether. The Act is not mentioned in the direct testimony of either Staff witness.

City concluded that there is no evidence whatsoever in this case indicating that EPE has a "plan" of its own for a reasonable, REA-compliant, and cost-effective transition to more renewable energy resources and, critically, zero

[145] § 62-16-4(B)(4).
[146] See NMSA 1978, §§ 62-16-4(A)(5), (A)(6), (B)(4).
[147] See EPE Ex. 12, Schichtl Rebuttal at 30-32.

reliance on gas-fired energy for New Mexico retail customers. According to City, the only hint of an EPE "plan" is evidence presented at hearing that EPE is proposing, in its pending general rate Case No. 20-00104-UT, to accelerate the depreciation of all of existing gas-fired generating units so that they are fully depreciated by 2045.[148] Thus, EPE's "plan" appears to be to recover the costs of all its 1,474 MWs of existing gas-fired generation from New Mexico ratepayers by 2045, even though nearly half of that capacity is from units with expected lifetimes that extend well beyond that date.[149]

City argues that all of EPE's Strategist and Aurora modeling of portfolio options and all of consultant E3's RECAP modeling of the Effective Load Carrying Capacity ("ELCC") of additional renewable energy and storage and RESOLVE modeling of portfolio options were performed before the REA was amended.[150] None of the modeling reflected the amended REA's rigorous renewable energy requirements or the costs associated with early retirement of any of EPE's gas-fired generating facilities, existing or proposed.[151] While the Company is not expected to foresee future action by the legislature, it is required to comply with applicable legislation once the law has changed. City argues that EPE did none of these things.

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[148] See 7/22/2020 Tr. 760-66; CLC Ex. 57 (administrative notice taken 7/22/2020 Tr. 766).
[149] Cf. EPE Ex. 1, Gallegos Direct at 15 & Ex. OG-3 (45 MW Rio Grande Unit 6 excluded from Table OG-04, Anticipated Retirement of EPE Resources).
[150] See, e.g., EPE Ex. 3, Oliver Direct at Ex. WJO-4, pp. 33-45; EPE Ex. 1, Gallegos Direct at Ex. OG-6 (E3 EPE Portfolio Analysis dated Jan. 20, 2019).
[151] See id.; see also 8/22/2020 Tr. 578 (Olson) (none of E3's modeling for EPE included any RPS constraints).

According to City, this case boils down to EPE's claimed "need" to replace four older gas-fired generating units. As other parties have done, City criticizes EPE's non-retirement of generation resources that EPE previously asserts will be retired, and its practice of seeking replacement of resources prior to receiving formal abandonment approval from the Commission, which City refers to as engaging in a game of "regulatory chicken". City argues that the Commission is not prevented, and in fact, should utilize its regulatory jurisdiction over assets dedicated to public service, specifically in this case to deny EPE's CCN request because EPE has not demonstrated that replacing old gas units with Newman 6 will result in a net public benefit.

City also argued that Staff's cost comparisons are fundamentally irrelevant. According to City, whether the cost of Newman Unit 6 is comparable to that of other gas-fired generation obviously has no bearing on whether that unit was appropriately selected as "the most cost effective among feasible alternatives."[152] Even whether EPE's estimated costs of extending the lives of Rio Grande Unit 7 and Newman Units 1 and 2 are higher than EPE's estimated "overnight" capital cost for Newman Unit 6 is of little or no relevance to determining the most cost-effective feasible portfolio among many bid options.

[152] NMPRC Case No. 17-00142-UT, Recommended Decision at 4, (Nov. 17, 2017), adopted by Final Order Adopting Recommended Decision (Nov. 29, 2017) (citing NMPRC Case No. 15-00261-UT, Corrected Recommended Decision at 96 (Aug. 15, 2016), adopted in relevant part by Final Order Partially Adopting Corrected Recommended Decision (Sept. 28, 2016)).

City also claims that EPE's and Staff's simplistic cost comparisons are rife with errors.

City also argues that E3's analysis favored extension of Newman Unit 1 over construction of Newman Unit 6 even though its modeling was done with no RPS constraints.[153] E3's modeling, completed by the end of January 2019, did not reflect the 20 percent RPS requirement that was in effect indefinitely before the REA was amended in 2019.[154] E3's RESOLVE analysis picked a five-year extension of Newman Unit 1 followed by procurements of solar and battery storage in 2028.[155]

City also argues that EPE's Brief misrepresents both the nature of E3's analysis and its conclusions. At least three times EPE asserts that E3's analysis verified that Newman Unit 6 was part of the most cost-effective portfolio, before finally admitting that the portfolio modeled by E3 that included Newman Unit 6 as a forced-in resource was "not the least cost portfolio of the three" but came within $8 million of the lowest cost scenario other than E3's RESOLVE Select without EPE-mandated resource choices.

City also took issue with EPE's use of a 15% reserve planning margin. According to City, the Commission should be wary of providing any sort of

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[153] *See* 7/22/2020 Tr. 578 (Olson).
[154] See id.; see also EPE Ex. 1, Gallegos Direct at Ex. OG-6 p. 1 of 32; CLC Ex. 41, EPE's Responses to Interrogatory CLC 1-16 at Attachment 9, Attachment 10; NMSA 1978, cf. §62-16-4(A)(1)(d) (2014) (former 2020 RPS).
[155] *See* EPE Ex. 1, Gallegos Direct, Ex. OG-6 pp. 16, 19 of 32; cf. 7/21/2020 Tr. 569, 582, 600 (Arne Olson testified that E3 did not analyze EPE's portfolio needs under the amended REA and that his reference to REA compliance was "generic" rather than specific to the New Mexico Act's requirements).

approval for EPE's planning reserve margin in its determination on the merits of this CCN application for at least three reasons. First, the record overwhelmingly demonstrates that no regulatory body of any sort requires EPE to maintain a 15 percent planning reserve margin.[156] Second, E3's analysis of Effective Load Carrying Capacity ("ELCC") reflects the modern loss of load probability ("LOLP") approach to assessment of system reliability when portfolios include solar and wind generation resources, not EPE's static and obsolete planning reserve margin approach.[157] Mr. Olson testified that E3 used its RECAP model to calculate a planning reserve margin to be used in its RESOLVE modeling that would enable EPE to meet the industry-standard Loss of Load Expectation ("LOLE") of 2.4 hours per year, or 24 hours in ten years.[158] All of the portfolio scenarios that E3 modeled—four including specific resources forced in by EPE and the RESOLVE Select that did not include any forced-in resource selections-exceeded that criterion.[159] Third, in a bench request issued by Commissioner Fischmann during the hearing, EPE was asked to calculate EPE's system peak requirements inclusive of a 15 percent reserve margin at various LOLE levels. EPE's response calculated an 18 percent reserve margin was necessary to achieve an LOLE of 2.4 hours per year, and a reserve margin of 14 percent would suffice to achieve an LOLE of 4.8 hours per

[156] See, e.g., EPE Ex.7, Olson Rebuttal and 23; EPE Ex. 1, Gallegos Direct at 11.
[157] See, e.g., EPE Ex. 7, Olson Rebuttal at 23-26; CCAE Ex. 31, O'Connell Direct at 17; Vote Solar Ex. 2, Goggin Direct at 19-34.
[158] See EPE Ex. 7, Olson Rebuttal at 12-13, 23-26.
[159] See id. at 14; see also EPE Ex. 1, Gallegos Direct at Ex. OG-6, p. 20 of 32.

year.[160] In Case No. 19-00195-UT, the Commission accepted PNM's undisputed proposal to use a 0.2 LOLE for assessing proposed portfolios to replace its San Juan Generating Station, representing a LOLE standard of two days or 48 hours in ten years.[161]

I. Simpson

Mr. Simpson argued that EPE's plan to build Newman Unit 6 is expensive, unnecessary, and extremely risky. He alleged that EPE has not met the burden of proof that its plan to build Newman 6 is consistent with the public convenience and necessity, or that it is the most cost-effective resource among feasible alternatives. Instead, he believed that EPE disregarded the advice of its own experts when it devalued wind and solar resources, and played up the risks of renewables while ignoring the much larger cost and reliability risks of the proposed new gas plant.

Mr. Simpson argued that the most egregious flaw in its plan is that EPE neglected to give serious consideration to the effects of the New Mexico ETA which includes RPS that will limit the useful lifetime of New Mexico's portion of any new natural gas resources, but EPE ignored the effective cost increases caused by that shortened life.

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[160] See EPE's Response to Commission Bench Requests Issued During Hearing at 6-7 (Aug. 8, 2020).
[161] See NMPRC Case No. 19-00195-UT, Recommended Decision on Replacement Resources—Part II at 30-32.

Mr. Simpson concluded that a more prudent plan would be to temporarily extend the lives of existing plants while building more renewable and storage resources which would buy enough time to conduct the modeling needed to design a lowest cost portfolio that accounts for EPE's existing portfolio, newly approved resources, and the revised New Mexico RPS.

In his justification that Newman 6 is unnecessary and wasteful, Mr. Simpson asserted that the age of the three older and much smaller EPE that EPE planned to retire was not unusual. In fact, according to Mr. Simpson, even if their lives were extended to 2027, five years beyond EPE's currently planned 2022 retirement date, their age at retirement would be within the most common age range, 60 to 70 years old, for similar Natural Gas Steam ("NGST") plants expected to retire between 2017 and 2023. In 2027, the ages of Newman Unit 1, Newman Unit 2, and Rio Grande Unit 7, will be 67, 64, and 69 years, all within the most common retirement age range of 60 to 70 years.

Mr. Simpson argues that any source of electrical power can fail, and these plants are no exception. However, their small size is an advantage in terms of overall system reliability because an individual failure has a relatively small impact on the system as a whole. They are unlikely to fail at the same time unless there is a natural gas supply issue that affects all gas plants. The largest two of these plants have a summer peak capacity of 76 MW, and the smaller one is 46 MW. Mr. Simpson avers that this means that if one does fail, its impact on EPE's ability to serve load is much smaller than the impact of failure of the proposed 228 MW

Newman 6. Mr. Simpson concludes that these plants should be maintained for capacity needs as recommended in the Burns &McDonnell studies, and run only when needed, while additional renewable and storage resources are procured to meet needs for both energy and peak capacity.

The ETA's amendments to the RPS in Section 62-16-4 NMSA 1978 are challenging. Mr. Simpson claimed that because EPE gets 40 percent of its energy from the non-renewable Palo Verde nuclear Plant 1, using up the 20% of non-renewable energy available in 2040, gas-generated energy will be excluded from New Mexico beginning January 1, 2040.

He further argued that EPE discounts the contributions of renewable resources in an attempt to justify new gas plant construction. Mr. Simpson asserted that EPE cherry picks NREL analysis to support its 25% crediting of solar towards peak, while ignoring the E3 analysis and half of the NREL analysis, both of which recommend a 40-50% credit of solar towards peak. Mr. Simpson also claimed that EPE ignored the availability of inexpensive wind resources, and the advice of its own consultants that when combined with solar, wind can effectively contribute to meeting peak demand. Mr. Simpson also concluded that EPE failed to treat multiple types of demand-side resources on a comparable basis with supply side resources, ignoring their capability to cost-effectively reduce the need for new generation.

J. Ms. Soules

Ms. Soules is an EPE ratepayer and resident of Las Cruces and Intervener in this case. Ms. Soules is a frequent party to EPE cases. She posits the inquiry which she considers pivotal in this case, "Should forecasted retirements serve as justification of need for new resources?" Relying upon NMSA 1978, 62-9-5 which addresses Abandonment of Service, Ms. Soules argues that "the Commission must assume that the resources in question are not being abandoned, are available, and therefore do not require replacement. According to Ms. Soules, the question becomes – is there a net public benefit to adding a new additional resource to use instead of, and in addition to, the existing available resources?

Ms. Soules cited testimony which she believes shows that EPE has not met its evidentiary burden justifying replacement. Citing a study by the Lawrence Berkeley National Laboratory ("LBNL"), Mr. Gallegos concluded that if Rio Grande 7, Newman Unit 1 and Newman Unit 2 were retired at the end of 2022, that they would be beyond the industry average retirement age.[162] Yet under cross examination, Mr. Gallegos acknowledged that, should those same units not be retired for an additional 5 years beyond the end of 2022, their retirement age would actually be within the most common age projected for natural gas steam unit retirements by the same LBNL study.[163] Ms. Soules concluded that EPE has not demonstrated that age of Rio Grande 7, Newman Unit 1, and Newman Unit 2 is a determinant factor.

[162]See Gallegos Direct Testimony, 16:17 – 17:1.
[163] See Transcript, pages 52-57. See also Ex. MLS-06.

As to EPE's claim that there the risk related in continuing to run Rio Grande 7, Newman Unit 1 and Newman Unit 2, Ms. Soules asserted that EPE's Mr. Hawkins testified that Rio Grande 7, Newman Unit 1, and Newman Unit 2 have been running, through 2019, with reasonable forced outage rates. He testified that Rio Grande 7, Newman Unit 1, and Newman Unit 2 each have a record of forced outage rates in 2019 significantly below the GADS fleet benchmark of 32%. Therefore, Ms. Soules concluded that Rio Grande 7, Newman 1, and Newman 2 would not appear to be a reliability risk.

Regarding EPE's assertion that economic criteria demonstrates that Rio Grande 7, Newman 1, and Newman 2 should be retire, Ms. Soules cited to Mr. Gallegos' hearing and rebuttal testimonies[164], and Mr. Hawkins' Rebuttal and hearing testimonies,[165] for her assertions that Mr. Gallegos was unable to identify critical cost assumptions that are at the root of the economic analyses and Mr. Hawkins was also not able to define the cost assumptions used for the economic analyses related to life extensions for Rio Grande 7, Newman Unit 1, and Newman Unit 2. Ms. Soules argued that the Commission should not put a great deal of confidence in the costs used to analyze the economic impact of life extensions for the three units.

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[164] See Tr., pp. 3 See Hawkins Rebuttal Testimony, p. 6, lines 8-10. 0, 31, 36-39; See Gallegos Rebuttal Testimony 11:19 – 12:3.

[165] See Hawkins Rebuttal Testimony 6:8 – 10; Tr. pp. 434-437.

Ms. Soules asserted that the economic analyses also depend on some other inputs, including a definition of feasible alternatives, expected useful lifetimes, and assumptions for how much energy will be generated by a unit as represented by capacity factor. In each of these categories, EPE made unreasonable assumptions. Ms. Soules also criticized what she called EPE's lack of feasible alternatives, including limits on solar and wind, and EPE's failure to consider alternative lifetime extensions.

Ms. Soules also criticizes EPE for what she refers to as its history of forecasting retirements that don't happen, referring to EPE's claims in CCN and IRP cases that Rio Grande 6 would be retired in 2012, Rio Grande 7 and Newman 2 would retire in 2013, or in 2009, EPE forecasted that Rio Grande 6, Rio Grande 7, Newman 1, Newman 2, Newman 3, and Newman 4 would all be retired by the end of 2016.[166] "Ms. Soules testified that not one of these retirements has taken place."[167] Ms. Soules concluded that EPE should not be allowed to unilaterally remove the capacity of a generating unit through declaring retirement (or inactive reserve, or mothballed, or retired for planning purposes, or any other such term) without the supervision of the Commission.

Ms. Soules further claimed that EPE has a legitimate need for approximately 87 MW of additional generation capacity in the 2022-2023 time period. To the extent that the Load Forecast and other assumptions are accurate, there may be

[166] Case No. 07-00301-UT. See Also 12-00137-UT, 15-00241-UT, and 18-00293-UT.

167 See Soules Direct, pp. 19 – 20. See also Ex. MLS-03.

additional need of 120 MW through 2027. These conclusions are based on the imbalance of EPE generating and purchased power resources versus expected loads, considering EPE's 15% reserve margin criterion, as represented on Line 8.0 Margin Over Reserve of the Soules' 2017 L&R document.[168] The resources approved by the Commission in Case No. 19-00348-UT, the Hecate 1 PPA for 100 MW of solar and the Buena Vista 1 PPA for 100 MW of solar and 50 MW/4hr battery storage more than satisfy that legitimate capacity need for 87 MW of additional generation in the 2022-2023 timeframe. Ms. Soules also averred that the resources proposed in Case No. 19-00099-UT, a total of 70 MW of solar would further address the possibility of needing additional capacity in the 2023-2024 timeframe. All of these resources are consistent with the amended Renewable Energy Act.

Ms. Soules asserted that EPE relies on nuclear for 40 percent of its energy generation and natural gas for 41 percent.[169] Energy generation from nuclear resources is consistent with the amended Renewable Energy Act, being carbon free. Energy generation from natural gas resources is not consistent with the Renewable Energy Act. Further, almost half of EPE's existing natural gas generation capacity has planned retirement dates after the Renewable Energy

[168] See Direct Testimony of Merrie Lee Soules, 27:13 – 28:1. See also Exhibit MLS-04, Loads & Resources 2018-2027.

169 See Direct Testimony of Omar Gallegos, page 7, lines 16-17.

Act requires 100% carbon free generation.[170] This existing natural gas generation capacity is likely to result in stranded costs.[171]

Ms. Soules concludes that without any idea of how EPE would meet the requirements of the Renewable Energy Act, it is unreasonable for EPE to assert "that its CCN request and the larger resource procurement of which Newman Unit 6 is one part, is consistent with the REA."[172] In fact, adding a large gas-fired generator when faced with both immediate and long term significant needs for renewable energy is, by definition, inconsistent with the requirements of the Renewable Energy Act. Ms. Soules argued that the public interest requires that we avoid long term commitments to burning natural gas, or any other carbon based fuel, to produce electricity to the extent that there are feasible alternatives with more attractive environmental impacts. Committing to Newman Unit 6 with an expected useful life of 40 to 45 years of burning carbon based natural gas would violate the public interest.

K. Hearing Examiner Determination

EPE's 2017 RFP and bid evaluation process have been vigorously challenged and criticized in both this and the companion case. Some of Intervenors' claims appear to be credible and Intervenors' skepticism of EPE's ultimate choice of a self-build gas plant may have some merit. Further, there are

170 See Direct Testimony of Omar Gallegos, page 15, Table OG-04: Anticipated Retirement of EPE Resources.

171 See Direct Testimony of Merrie Lee Soules, 11:16-13:5.

172 See Schichtl Rebuttal Testimony, page 25, lines15-17.

credible criticisms about EPE's L&R analysis as well as EPE's reliance on its IRP that the Commission found to be "largely obsolete" because of 2019 Legislative changes.[173]

EPE asserted that Newman Unit 6 combined with the two solar LTPPAs[174] and the battery storage capacity resource provided the most cost-effective portfolio available through EPE's competitive bidding process to safely and reliably serve customer load over EPE's entire system while considering the economics of planned retirements versus potential life-extensions of older, inefficient units. EPE's justification for needing these resources was a small increase in load as well as replacement of aging generation that it wished to retire and ultimately abandon in the near future. EPE chose to separate the components of the bid selection into two filings with the Commission, ostensibly according to EPE, "because they had differing regulatory time periods for

[173] In Case No. 18-00293-UT, the Commission issued an Order Closing Docket; Issuing a Variance From 17.7.3.12 NMAC on September 18, 2019 and found "that this docket should be closed. The 2019 Legislative session instituted major changes impacting resource planning during the 20-year period at issue. Such changes have caused the 2018 Amended IRP to be largely obsolete. The Energy Transition Act included amendments to the Renewable Energy Act ("REA") that will substantially increase renewable portfolio standards and change the way that renewable energy costs are considered in complying with the REA. See NMSA 1978, §§ 62-16-4, 62-16." And that it would be an inefficient use of the resources of the Commission, Staff, EPE, and the other participants, to continue to litigate an obsolete IRP. Finding 16. At Finding 18, the Commission found: "Finally, the Commission finds that the full capacity of Rio Grande 6 should be included in future loads and resources tables until the projected year of an abandonment filing. Excluding such capacity from loads and resources tables causes an understatement of capacity and, accordingly, a potential over investment in future capacity.

[174] In the companion case, 19-00348-UT, where the Commission approved the two solar LTPPAs, there was a showing that, in the near term, because of the planned abandonment of Rio Grande 6 in 2020, and because of some load growth, EPE will have some generation need in order to provide future electric services.

Commission determination, (the LTPPA's had a six month time period, while CCN's have up to 15 months)". The effect of EPE's filing bifurcation of the renewable resources and energy storage part of the bid selection into one case and the gas generation part of the bid selection into another case is either a serendipitous event or it could indicate EPE's recognition or concern regarding changes in New Mexico law and their potential impact on EPE's resource selection.

A utility is required to provide safe and reliable electricity. In the past, the means by which that electricity is provided has been largely left up to the utility with regulatory oversight provided by the Commission subject to the principles of the regulatory compact. In recent years, the New Mexico legislature began to set specific requirements for energy programs, like energy efficiency and renewable energy resources. These new energy efficiency and renewable energy resource requirements apply to New Mexico utilities.

The Amendments to the REA were passed and were effective in 2019 prior to the filing of EPE's Application in this case. As identified by Intervenors, it is necessary that the resource selection process be analyzed by all applicable legal requirements, including those imposed by SB 489, more specifically the Amended REA and RPS requirements. EPE could have modified its Application to comport with this review or even delayed filing its Application until it had analyzed its request under the Amended REA and RPS requirements. However, EPE chose to go ahead and file its Application without any analysis of how its resource selection would comply with the Amended REA and RPS requirements. According to

testimony in this case, EPE Witness Mr. Schichtl stated: "Clearly EPE could not make resource procurement decision for 80 percent of its load based on a statute that does not apply to that jurisdiction."[175] The Commission is aware of EPE's multi-jurisdictional status and that EPE provides service in Texas. However, for EPE's service in New Mexico, EPE is required to comply with the State of New Mexico's laws. Further, EPE did not allege that any Texas law would be comprised by compliance with New Mexico law. Additionally, as to EPE's assertion that the generation asset "could continue to serve in Texas for its useful life" (even if no longer serving New Mexico customers), such a transfer appears contrary to the intent of NMSA 62-16-4(B).

The Hearing Examiner finds that EPE in its generation resource selection process was required to consider the changes in New Mexico law regarding renewable resources and carbon emission standards that were effective when EPE filed its cases. EPE's failure to include an analysis of those changes negatively impacts the Commission's consideration of whether EPE's Application's is in compliance with New Mexico legal requirements and the Commission's important public interest considerations. Further, the only other supporter of EPE's Application, Staff, provided no Amended REA and RPS requirements analysis for EPE's resource selection. Without any contrary legally compliant resource selection analysis offered by EPE or Staff, the only determination the Commission

[175] Ex. EPE-12, *Rebuttal Testimony of James Schichtl on Behalf of El Paso Electric Company*, p. 39:3–4 (June 5, 2020) ("Ex. EPE-12, Schichtl Rebuttal").

can make under current New Mexico law is that EPE's choice to construct, own and operate a natural gas generation plant with a projected lifespan of at least 40 years will not result in a net benefit to EPE's New Mexico ratepayers and EPE's failure to consider the Amended REA and RPS requirements is not in New Mexico citizens' public interest.

EPE failed to address the serious potential negative cost implications to New Mexico ratepayers of being obligated to pay millions of dollars in stranded costs or accelerated costs in order to allow EPE recovery of costs for a gas generation asset that under current law could not be used to serve New Mexico customers for its projected 40 year useful life. EPE actions are not in New Mexico ratepayers' public interest, and are in fact, at odds with current New Mexico energy policy as set forth in SB 489. Therefore, the Hearing Examiner finds that EPE's request for a CCN to construct, own, and operate Newman Unit 6, a 228-MW gas-fired combustion turbine should be denied.

While there are no specific ratemaking requests in this case, the Hearing Examiner finds that when considering the authorization of a generation source, it is reasonable and necessary for the Commission to be able to evaluate how long the resource will provide service and potential impediments affecting that projected service life. Such information allows the Commission to more thoroughly and accurately analyze the proposed resource types, and potential negative or positive impacts upon the utilities' ratepayers and the citizens of New Mexico. The importance of scrutinizing these concerns at the earliest opportunity is especially

warranted when considering EPE's recent requests for "accelerated depreciation of existing gas generation to ensure that the cost of these assets if fully recovered by the earlier of their planned retirement dates or 2045 when it is anticipated that these generating units may no longer be providing energy to EPE's New Mexico customers" in its pending rate case, No. 20-00104-UT.[176]

The Hearing Examiner finds these determinations to be consistent with the Commission's Order in Case No. 19-00195-UT that approved an all-renewable and storage portfolio rather than gas generation.[177] The Commission rejected alternative portfolios proposed by PNM and others that included new gas generation, noting that the use of natural gas turbines is also inconsistent with the ETA's "policy of transitioning away from fossil fuel resources and reducing CO2 emissions through graduated increases in non-carbon generation up to 2040 under the revised Renewable Portfolio Standard (RPS)."[178] The Commission's Order also notes that "PNM proposes to operate the natural gas turbines for substantially less time than their useful lives and would seek accelerated depreciation over 18 years, essentially incorporating and passing future stranded costs to PNM ratepayers".[179]

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[176] Case No. 20-00104-UT Schichtl Testimony at p. 14.
[177] *See* NMPRC Case No. 19-00195-UT, Order on Recommended Decision of Replacement Resources—Part II (July 29, 2020); Recommended Decision on Replacement Resources, Part II (June 24, 2020).
[178] *Id.* at Item 51.
[179] Id. at Item 52.

The Hearing Examiner further finds that a preponderance of credible evidence shows that there is no immediate need for Newman 6 because the renewable resources approved in Case No. 19-00348-UT, as well as other existing EPE resources, recently offered renewable resources, along with a brief delay in abandonments of Rio Grande 7, and Newman 1 and 2, should provide sufficient capacity in the near term to allow EPE to provide adequate safe and reliable electric service, at least until EPE evaluates and seeks approval for resource selections that are compliant with New Mexico law.

V. FINDINGS OF FACT AND CONCLUSIONS OF LAW

The Hearing Examiner recommends that the Commission **FIND** and **CONCLUDE** as follows:

1. The Statement of the Case, discussion and analysis, and all findings and conclusions are incorporated by reference herein as Findings of Fact and Conclusions of Law.

2. EPE is certified and authorized to conduct the business of providing public utility service within the State of New Mexico, provides electric utility services within the State of New Mexico, and as such is a public utility subject to the jurisdiction of the Commission under the New Mexico Public Utility Act ("NMPUA"). As a public utility, EPE is required to furnish adequate, efficient and reasonable service at just and reasonable rates in conformity with Sections 62-8-1 and 62-8-2 of the NMPUA.

3. The Commission has jurisdiction over the parties to and the subject matter of this case.

4. Due and proper notice of this case and its subject matter was given in accordance with the NMPUA and Commission rules.

5. EPE's failed to consider the New Mexico legal requirements of the Amended REA and RPS requirements and their impacts in EPE's CCN request for a natural gas generating plant.

6. EPE's failure to comply with the New Mexico legal requirements is not in the public interest.

7. EPE's request for a CCN to construct, own, and operate Newman Unit 6, a new 228-MW gas-fired combustion turbine, should be **DENIED**.

8. EPE and CCAE proposed corrections filed pursuant to 1.2.2.34(C)2 NMAC are accepted.

VI. DECRETAL PARAGRAPHS

Based upon the record and all reasons set forth above, the Hearing Examiner recommends that the Commission **ORDER** as follows:

A. The Statement of the Case, Discussion, decisions, rulings, and all findings and conclusions contained therein, whether separately stated, numbered, or designated as findings and conclusions, are hereby adopted and approved as findings, conclusions, rulings and determinations of the Commission.

B. EPE's request for authorization of a CCN for Newman Unit 6 is **DENIED**.

C. Any matter not specifically ruled on prior to or during the hearing or in this Order is disposed of consistent with this Order and Commission rules.

D. EPE's post-hearing responses to the Hearing Examiner's Bench Requests made during the hearing shall be considered evidence of record pursuant to 1.2.2.37(K) NMAC.

E. This Order is effective immediately.

F. Copies of this Order shall be sent to all persons on the attached Certificate of Service.

G. This Docket is closed.

ISSUED at Santa Fe, New Mexico this 16th day of November 2020.

NEW MEXICO PUBLIC REGULATION COMMISSION

/s/Elizabeth C. Hurst
Elizabeth C. Hurst
Hearing Examiner

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF EL PASO ELECTRIC COMPANY'S APPLICATION FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO CONSTRUCT, OWN, AND OPERATE GENERATING UNIT 6 AT THE NEWMAN GENERATING STATION.	)	**Case No. 19-00349-UT**
EL PASO ELECTRIC COMPANY, APPLICANT	)	

CERTIFICATE OF SERVICE

I CERTIFY that on this date I sent to the parties and individuals listed below, via email only, a true and correct copy of the Recommended Decision.

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DATED this November 16, 2020.

NEW MEXICO PUBLIC REGULATION COMMISSION

Ana C. Kippenbrock

Ana C. Kippenbrock, Law Clerk

SOAH DOCKET NO. 473-25-05084
PUC DOCKET NO. 57149

APPLICATION OF EL PASO ELECTRIC COMPANY FOR AUTHORITY TO RECONCILE FUEL COSTS	§ § § § §	BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS

EL PASO ELECTRIC COMPANY'S RESPONSE TO
VINTON STEEL, LLC'S
FIRST REQUESTS FOR INFORMATION
QUESTION NOS. VS 1-1 THROUGH VS 1-21

VS 1-14:

Please refer to the testimony of Victor Martinez, page 24, lines 28-29. Identify the Commission orders supporting the statement that the PUCT certified "the entire Newman Unit 6" and provide specific citations, including page numbers, for the language supporting that statement in each identified order.

RESPONSE:

The Commission's preliminary order issued in Docket No. 54605 supports the statement that PUCT certificated the entire Newman Unit 6. Please see Docket No. 54605, Preliminary Order at page 3, Section III, paragraph 1.

The Final Order in Docket No. 50277 at page 13, Ordering Paragraph 2 also supports the statement that the PUCT certificated the entire Newman Unit 6.

Preparer: George Novela Title: Senior Director – Regulatory Policy and Rates

Sponsor: George Novela Title: Senior Director – Regulatory Policy and Rates

SOAH DOCKET NO. 473-25-05084
PUC DOCKET NO. 57149

APPLICATION OF EL PASO ELECTRIC COMPANY FOR AUTHORITY TO RECONCILE FUEL COSTS	§ § § § §	BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS

EL PASO ELECTRIC COMPANY'S RESPONSE TO
VINTON STEEL, LLC'S
FIRST REQUESTS FOR INFORMATION
QUESTION NOS. VS 1-1 THROUGH VS 1-21

VS 1-15:

Please refer to the testimony of Victor Martinez, page 35, lines 11-14. What will be the time period over which EPE will seek to recover the battery storage capacity charges through the next EPE base rate case.

RESPONSE:

Battery storage capacity charges will be recovered based on the terms of the PPA agreement. Please refer to Schedule FR-07 for the terms of the PPA.

Preparer: Jaime Reyes Title: Manager – Energy Resources

Sponsor: Victor Martinez Title: Director – Energy Resources

SOAH DOCKET NO. 473-25-05084
PUC DOCKET NO. 57149

APPLICATION OF EL PASO ELECTRIC COMPANY FOR AUTHORITY TO RECONCILE FUEL COSTS	§ § § § §	BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS

EL PASO ELECTRIC COMPANY'S RESPONSE TO
VINTON STEEL, LLC'S
FIRST REQUESTS FOR INFORMATION
QUESTION NOS. VS 1-1 THROUGH VS 1-21

VS 1-16:

Please refer to the testimony of Victor Martinez, page 34, lines 15-18. Provide a copy of the analysis of fuel costs between February and March 2024 regarding the Texas portion of the BV PPA that had been re-allocated to the New Mexico jurisdiction and any documents related to EPE's examination of those costs.

RESPONSE:

Please refer to CEP 1-1 Attachment 5 for a copy of the analysis of fuel costs between February and March 2024 regarding the Texas portion of the BV PPA that had been re-allocated to the New Mexico jurisdiction.

Preparer: Jaime Reyes Title: Manager Energy - Resources

Sponsor: Victor Martinez Title: Director – Energy Resources

SOAH DOCKET NO. 473-25-05084
PUC DOCKET NO. 57149

APPLICATION OF EL PASO ELECTRIC COMPANY FOR AUTHORITY TO RECONCILE FUEL COSTS	§ § § § §	BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS

EL PASO ELECTRIC COMPANY'S RESPONSE TO
VINTON STEEL, LLC'S
FIRST REQUESTS FOR INFORMATION
QUESTION NOS. VS 1-1 THROUGH VS 1-21

VS 1-17:

Please refer to the testimony of Julissa Reza, page 22, lines 20-21. Provide a copy of the purchase power agreements between Macho Springs and Newman Solar.

RESPONSE:

Please refer to Schedule FR-7.

Preparer: Jaime Reyes Title: Manager – Energy Resources

Sponsor: Victor Martinez Title: Director – Energy Resources

SOAH DOCKET NO. 473-25-05084
PUC DOCKET NO. 57149

APPLICATION OF EL PASO ELECTRIC COMPANY FOR AUTHORITY TO RECONCILE FUEL COSTS	§ § § § §	BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS

EL PASO ELECTRIC COMPANY'S RESPONSE TO
VINTON STEEL, LLC'S
FIRST REQUESTS FOR INFORMATION
QUESTION NOS. VS 1-1 THROUGH VS 1-21

VS 1-18:

Refer to the testimony of Julissa Reza, page 23, lines 29-31 through 24, line1. Explain how the determination was made in May 2024 that resulted in the allocation change between New Mexico and Texas and provide any documents and communications related to that determination. The explanation should identify the EPE personnel responsible for that determination and the EPE personnel that authorized that allocation change.

RESPONSE:

Upper management at EPE determined that the allocation should be changed based on the Order Adopting the Recommended Decision with Modifications ("Final Order") in New Mexico Public Regulation Commission Docket No. 23-00086-UT. This Final Order approved the reallocation of a portion of the energy generated by Buena Vista from EPE's Texas jurisdictional customers to its New Mexico customers.

Preparer:	Denise Perez	Title:	Principal Accountant-Regulatory Accounting
Sponsor:	Julissa I. Reza George Novela	Title:	Manager- Regulatory Accounting Sr. Director- Regulatory Policy & Rates

SOAH DOCKET NO. 473-25-05084
PUC DOCKET NO. 57149

APPLICATION OF EL PASO ELECTRIC COMPANY FOR AUTHORITY TO RECONCILE FUEL COSTS	§ § § § §	BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS

EL PASO ELECTRIC COMPANY'S RESPONSE TO
VINTON STEEL, LLC'S
FIRST REQUESTS FOR INFORMATION
QUESTION NOS. VS 1-1 THROUGH VS 1-21

VS 1-19:

Refer to the testimony of Julissa Reza, page 27, lines 24-26. Besides the energy from Newman Unit 6, please identify other kWhs generated by EPE would be directly assigned to the Texas jurisdiction? Please provide all calculations to support your answer.

RESPONSE:

Please refer to El Paso Electric Company's response to TIEC 1-1 and Exhibit JIR-9 pages 2-4 in the direct testimony of EPE witness Julissa Reza.

Preparer:	Mariah Novela	Title:	Senior Accountant - Regulatory Accounting
Sponsor:	Julissa I. Reza	Title:	Manager - Regulatory Accounting

SOAH DOCKET NO. 473-25-05084
PUC DOCKET NO. 57149

APPLICATION OF EL PASO ELECTRIC COMPANY FOR AUTHORITY TO RECONCILE FUEL COSTS	§ § § § §	BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS

EL PASO ELECTRIC COMPANY'S RESPONSE TO
VINTON STEEL, LLC'S
FIRST REQUESTS FOR INFORMATION
QUESTION NOS. VS 1-1 THROUGH VS 1-21

VS 1-20:

Refer to Exhibit JIR-9, page 2 of 4. Provide the calculations that support the line loss factors shown therein for New Mexico, Texas, and FERC sales.

RESPONSE:

Please refer to VS 1-20 Attachment 1 for calculations supporting the line loss factors for New Mexico, Texas, and FERC sales.

Preparer:	Juan P. Cardenas	Title:	Economist - Senior
Sponsor:	Julissa I. Reza George Novela	Title:	Manager – Regulatory Accounting Senior Director – Regulatory Policy & Rates

EL PASO ELECTRIC COMPANY
UNADJUSTED TEST YEAR DATA BY RATE CLASS
FOR THE PERIOD ENDED DECEMBER 31, 2021

No	Rate & Voltage	Texas Energy at Meter	January 2021	February 2021	March 2021	April 2021	May 2021	June 2021
1	TXRT01 - S	Residential Service - S	199,597,767	147,852,858	145,966,265	141,690,847	160,181,319	265,535,191
2	TXRT02 - S	Small Commercial Service - S	22,887,321	19,625,482	21,114,235	21,040,345	22,097,664	29,960,849
3	TXRT07 - S	Outdoor Recreational Lighting Service - S	267,655	292,406	374,351	325,677	323,394	408,838
4	TXRT07 - P	Outdoor Recreational Lighting Service - P	6,080	5,730	2,000	200	0	400
5	TXRT08 - S	Street Lighting	3,540,960	3,062,703	3,118,038	2,430,963	2,643,166	2,360,439
6	TXRT09 - S	Traffic Signals	222,335	221,161	221,769	221,906	221,558	221,765
7	TXRT11 - S TOU	Municipal Pumping Service TOU - S	11,009,982	9,109,738	10,015,988	11,394,351	13,011,124	13,968,565
8	TXRT11 - P TOU	Municipal Pumping Service TOU - P	4,098,979	3,568,857	4,140,856	4,468,507	4,452,298	4,604,852
9	TXRT15 - Sta	Electrolytic Refining Service - Sta	2,589,545	2,925,426	2,963,064	2,791,324	3,542,256	3,349,240
10	TXRT15/A-Sta	Curtailable Electrolytic Refining Service - Sta	2,025,371	2,201,477	2,081,257	950,537	1,206,254	2,961,626
11	TXRTWH	Water Heating Service	604,123	486,179	499,908	429,052	370,951	342,098
12	TXRT22 - S	Irrigation Service - S	148,411	128,249	361,260	649,585	612,188	888,079
13	TXRT24 - S	General Service - S	112,475,161	96,682,479	105,248,769	108,921,540	113,830,284	143,475,449
14	TXRT24 - P	General Service - P	2,540,882	1,965,758	1,938,561	2,023,611	2,201,186	2,998,701
15	TXRT25 - S	Large Power Service - S	31,802,008	31,571,333	32,559,788	35,095,226	34,151,141	37,970,651
16	TXRT25 - P	Large Power Service - P	13,932,253	12,743,666	13,097,464	14,296,951	13,806,065	14,985,040
17	TXRT25 - T/115	Large Power Service - T	799,656	735,866	473,044	786,672	707,678	706,387
18	TXRT26 - T/115	Petroleum Refining Service - T	28,948,352	24,933,839	24,089,144	29,224,854	27,191,382	27,911,866
19	TXRT28 - S	Private Area Lighting Service - S	2,621,804	2,274,079	2,291,260	2,032,642	1,920,612	1,764,055
20	TXRT30 - T/69	Electric Furnace Rate - T/69	679,453	470,606	652,581	649,987	674,019	667,918
21	TXRT30 - T/115	Electric Furnace Rate - T/115	1,308,068	799,588	1,186,790	1,172,720	1,192,921	1,254,644
22	TXRT31 - T/115	Military Reservation Service - T	25,783,461	21,417,932	21,464,121	23,120,477	25,589,993	25,929,866
23	TXRT34 - S	Cotton Gin Service - S	724,365	223,264	11,610	9,901	6,254	5,295
24	TXRT38 - P	Interruptible Service Rate - Large Power - P	3,210,624	2,812,145	2,857,738	2,957,324	3,115,347	4,794,878
25	TXRT38 - 25/115	Interruptible Power Rate - Transmission Service	1,887,187	1,978,006	1,269,966	2,002,340	1,790,425	1,793,283
26	TXRT38 - 26/115	Interruptible Power Rate - Petroleum Refining	7,144,645	7,113,562	7,574,351	9,189,173	8,725,457	9,588,156
27	TXRT38 - 30/115	Interruptible Power Service - Electric Furnace	15,359,532	9,393,312	13,611,292	13,153,727	14,549,761	14,428,117
28	TXRT38 - 31/115	Interruptible Power Service - Military Service	0	0	0	0	1,646,298	8,367,718
29	TXRT41 - 24 S	City and County Service - S	13,277,546	13,359,481	13,981,728	13,643,929	14,680,034	18,526,900
30	TXRT41 - 24 P	City and County Service - P	1,898,676	1,824,991	1,705,560	2,026,569	1,891,356	2,358,688
31	TXEVC - S	Electric Vehicle Charging - S	4,535	3,507	3,089	3,241	2,990	4,300
		Total Texas	511,396,737	419,783,680	434,875,847	446,704,178	476,335,375	642,133,854
		Texas Non-Firm	29,627,359	23,498,502	27,394,604	28,253,101	31,033,542	41,933,778
		Texas Firm	481,769,378	396,285,178	407,481,243	418,451,077	445,301,833	600,200,076

EL PASO ELECTRIC COMPANY
UNADJUSTED TEST YEAR DATA BY RATE CLASS
FOR THE PERIOD ENDED DECEMBER 31, 2021

No	Rate	New Mexico Energy at Meter	January 2021	February 2021	March 2021	April 2021	May 2021	June 2021
1	NMRT01 - S	Residential Service - S	75,870,585	56,627,615	54,556,013	47,712,664	50,186,704	77,379,016
2	NMRT03 - S	Small Commercial Service - S	13,120,117	10,830,265	11,381,239	11,267,797	11,519,774	15,082,326
3	NMRT04 - S	General Service - S	21,536,187	18,414,245	19,870,750	20,776,571	21,252,878	25,814,557
4	NMRT04 - P	General Service - P	1,692,809	1,489,465	1,506,624	1,470,583	1,334,388	1,481,543
5	NMRT05 - S	Irrigation Service - S	895,007	891,801	2,677,837	4,747,841	5,646,911	6,810,490
6	NMRT07 - S	City and County Service - S	3,844,127	3,336,853	3,643,029	3,606,788	3,905,720	4,865,481
7	NMRT08 - S	Municipal Pumping Service - S	2,618,360	2,111,287	2,401,081	2,925,670	3,044,251	3,390,773
8	NMRT08 - P	Municipal Pumping Service - P	521,400	198,600	210,000	175,200	168,000	228,000
9	NMRT09 - S	Large Power Service - S	5,701,047	5,384,853	5,560,673	5,858,999	5,749,031	6,235,199
10	NMRT09 - P	Large Power Service - P	7,626,809	6,580,735	6,985,582	6,377,144	6,309,131	6,790,418
11	NMRT10 - T	Military Research & Development - T	4,116,405	3,726,435	3,612,802	3,634,018	3,793,655	4,867,942
12	NMRT10 - T/ALA	Military Research & Development	936,684	857,904	933,756	717,480	708,804	831,204
13	NMRT10 - T/115	Military Research & Development - T/115	4,434,013	4,169,147	4,917,940	4,579,977	4,838,115	5,774,720
14	NMRT11 - S	Street Lighting Service - S	151,925	151,973	152,117	152,065	151,707	151,592
15	NMRT12 - S	Private Area Lighting Service - S	428,936	427,335	428,021	427,794	426,917	427,900
16	NMRT19 - S	Seasonal-Agricultural Processing Service - S	1,006,536	273,719	122,981	113,625	150,175	523,251
17	NMRT25 - S	Outdoor Recreational Lighting Service - S	10,692	22,445	37,467	22,440	16,943	27,838
18	NMRT26 - P	State University Service - P	1,138,109	1,788,967	1,644,805	2,073,601	2,840,219	2,680,449
19	NMRT29 - S	Large Power Interruptible Service - S	675,796	662,940	598,117	712,802	604,567	682,547
		Total New Mexico	146,325,544	117,946,584	121,240,834	117,353,059	122,647,890	164,045,246
		New Mexico Non-Firm	675,796	662,940	598,117	712,802	604,567	682,547
		New Mexico Firm	145,649,748	117,283,644	120,642,717	116,640,257	122,043,323	163,362,699

No	Rate	FERC Energy at Meter	January 2021	February 2021	March 2021	April 2021	May 2021	June 2021
1	TXRT94 - T/69	Rio Grande Co-Op - Van Horn	1,045,926	861,160	2,158,985	2,610,565	2,536,693	2,289,870
2	TXRT95 - T/115	Rio Grande Co-Op - Dell City	3,007,512	2,445,564	3,765,108	3,624,156	3,981,432	4,656,888
		Total FERC	4,053,438	3,306,724	5,924,093	6,234,721	6,518,125	6,946,758
		Total Company at Meter						
		Total Company	661,775,719	541,036,988	562,040,774	570,291,958	605,501,390	813,125,858
		Total Non-Firm Energy	30,303,155	24,161,442	27,992,721	28,965,903	31,638,109	42,616,325
		Total Firm Energy	631,472,564	516,875,546	534,048,053	541,326,055	573,863,281	770,509,533

EL PASO ELECTRIC COMPANY
UNADJUSTED TEST YEAR DATA BY RATE CLASS
FOR THE PERIOD ENDED DECEMBER 31, 2021

No	Rate & Voltage	Texas Energy at Source	Loss Factor	January 2021	February 2021	March 2021	April 2021	May 2021	June 2021
1	TXRT01 - S	Residential Service - S	1.0740	214,373,990	158,798,405	156,772,148	152,180,220	172,039,542	285,192,761
2	TXRT02 - S	Small Commercial Service - S	1.0740	24,581,669	21,078,356	22,677,322	22,597,962	23,733,554	32,178,851
3	TXRT07 - S	Outdoor Recreational Lighting Service - S	1.0740	287,469	314,053	402,064	349,787	347,335	439,104
4	TXRT07 - P	Outdoor Recreational Lighting Service - P	1.0467	6,364	5,998	2,093	209	0	419
5	TXRT08 - S	Street Lighting	1.0740	3,803,097	3,289,435	3,348,866	2,610,927	2,838,840	2,535,182
6	TXRT09 - S	Traffic Signals	1.0740	238,794	237,534	238,187	238,334	237,960	238,182
7	TXRT11 - S TOU	Municipal Pumping Service TOU - S	1.0740	11,825,051	9,784,132	10,757,472	12,237,875	13,974,338	15,002,658
8	TXRT11 - P TOU	Municipal Pumping Service TOU - P	1.0467	4,290,401	3,735,523	4,334,234	4,677,186	4,660,220	4,819,899
9	TXRT15 - Sta	Electrolytic Refining Service - Sta	1.0335	2,676,269	3,023,399	3,062,297	2,884,805	3,660,886	3,461,406
10	TXRT15/A-Sta	Curtailable Electrolytic Refining Service - Sta	1.0335	2,093,201	2,275,204	2,150,958	982,370	1,246,651	3,060,811
11	TXRTWH	Water Heating Service	1.0740	648,846	522,171	536,916	460,815	398,413	367,424
12	TXRT22 - S	Irrigation Service - S	1.0740	159,398	137,743	388,004	697,674	657,508	953,823
13	TXRT24 - S	General Service - S	1.0740	120,801,697	103,839,883	113,040,335	116,985,002	122,257,140	154,096,936
14	TXRT24 - P	General Service - P	1.0467	2,659,541	2,057,559	2,029,092	2,118,114	2,303,981	3,138,740
15	TXRT25 - S	Large Power Service - S	1.0740	34,156,311	33,908,559	34,970,189	37,693,326	36,679,350	40,781,618
16	TXRT25 - P	Large Power Service - P	1.0467	14,582,889	13,338,795	13,709,116	14,964,619	14,450,808	15,684,841
17	TXRT25 - T/115	Large Power Service - T	1.0257	820,167	754,741	485,178	806,850	725,830	724,506
18	TXRT26 - T/115	Petroleum Refining Service - T	1.0257	29,690,877	25,573,392	24,707,031	29,974,472	27,888,841	28,627,805
19	TXRT28 - S	Private Area Lighting Service - S	1.0740	2,815,896	2,442,429	2,460,882	2,183,118	2,062,795	1,894,648
20	TXRT30 - T/69	Electric Furnace Rate - T/69	1.0285	698,817	484,018	671,180	668,512	693,229	686,954
21	TXRT30 - T/115	Electric Furnace Rate - T/115	1.0257	1,341,620	820,097	1,217,231	1,202,800	1,223,519	1,286,826
22	TXRT31 - T/115	Military Reservation Service - T	1.0257	26,444,807	21,967,302	22,014,676	23,713,517	26,246,376	26,594,967
23	TXRT34 - S	Cotton Gin Service - S	1.0740	777,990	239,792	12,469	10,634	6,717	5,687
24	TXRT38 - P	Interruptible Service Rate - Large Power - P	1.0467	3,360,560	2,943,472	2,991,194	3,095,431	3,260,834	5,018,799
25	TXRT38 - 25/115	Interruptible Power Rate - Transmission Service	1.0257	1,935,593	2,028,742	1,302,541	2,053,700	1,836,349	1,839,281
26	TXRT38 - 26/115	Interruptible Power Rate - Petroleum Refining	1.0257	7,327,905	7,296,025	7,768,633	9,424,875	8,949,265	9,834,092
27	TXRT38 - 30/115	Interruptible Power Service - Electric Furnace	1.0257	15,753,504	9,634,250	13,960,422	13,491,120	14,922,962	14,798,198
28	TXRT38 - 31/115	Interruptible Power Service - Military Service	1.0257	0	0	0	0	1,688,526	8,582,350
29	TXRT41 - 24 S	City and County Service - S	1.0740	14,260,483	14,348,483	15,016,795	14,653,989	15,766,797	19,898,446
30	TXRT41 - 24 P	City and County Service - P	1.0467	1,987,344	1,910,218	1,785,210	2,121,210	1,979,682	2,468,839
31	TXEVC - S	Electric Vehicle Charging - S	1.0740	4,871	3,767	3,318	3,481	3,211	4,618
		Total Texas		544,405,423	446,793,477	462,816,051	475,082,934	506,741,460	684,218,672
		Texas Non-Firm		30,470,763	24,177,694	28,173,748	29,047,497	31,904,587	43,133,531
		Texas Firm		513,934,660	422,615,783	434,642,303	446,035,437	474,836,872	641,085,141

EL PASO ELECTRIC COMPANY
UNADJUSTED TEST YEAR DATA BY RATE CLASS
FOR THE PERIOD ENDED DECEMBER 31, 2021

No	Rate	New Mexico Energy at Source		January 2021	February 2021	March 2021	April 2021	May 2021	June 2021
1	NMRT01 - S	Residential Service - S	1.0740	81,487,284	60,819,757	58,594,795	51,244,833	53,902,026	83,107,385
2	NMRT03 - S	Small Commercial Service - S	1.0740	14,091,399	11,632,030	12,223,792	12,101,952	12,372,583	16,198,871
3	NMRT04 - S	General Service - S	1.0740	23,130,511	19,777,452	21,341,782	22,314,661	22,826,229	27,725,609
4	NMRT04 - P	General Service - P	1.0467	1,771,863	1,559,023	1,576,983	1,539,259	1,396,704	1,550,731
5	NMRT05 - S	Irrigation Service - S	1.0740	961,264	957,821	2,876,077	5,099,324	6,064,952	7,314,671
6	NMRT07 - S	City and County Service - S	1.0740	4,128,708	3,583,880	3,912,722	3,873,799	4,194,860	5,225,673
7	NMRT08 - S	Municipal Pumping Service - S	1.0740	2,812,197	2,267,586	2,578,833	3,142,257	3,269,617	3,641,792
8	NMRT08 - P	Municipal Pumping Service - P	1.0467	545,749	207,875	219,807	183,382	175,846	238,648
9	NMRT09 - S	Large Power Service - S	1.0740	6,123,096	5,783,494	5,972,330	6,292,741	6,174,632	6,696,791
10	NMRT09 - P	Large Power Service - P	1.0467	7,982,981	6,888,055	7,311,809	6,674,957	6,603,767	7,107,531
11	NMRT10 - T	Military Research & Development - T	1.0335	4,254,263	3,851,233	3,733,795	3,755,721	3,920,705	5,030,969
12	NMRT10 - T/ALA	Military Research & Development	1.0257	960,710	879,909	957,707	735,883	726,985	852,524
13	NMRT10 - T/115	Military Research & Development - T/115	1.0257	4,547,745	4,276,086	5,044,085	4,697,453	4,962,213	5,922,842
14	NMRT11 - S	Street Lighting Service - S	1.0740	163,172	163,224	163,378	163,322	162,938	162,814
15	NMRT12 - S	Private Area Lighting Service - S	1.0740	460,690	458,971	459,707	459,464	458,522	459,577
16	NMRT19 - S	Seasonal-Agricultural Processing Service - S	1.0740	1,081,050	293,982	132,085	122,037	161,292	561,987
17	NMRT25 - S	Outdoor Recreational Lighting Service - S	1.0740	11,484	24,107	40,241	24,101	18,197	29,899
18	NMRT26 - P	State University Service - P	1.0467	1,191,259	1,872,512	1,721,617	2,170,438	2,972,857	2,805,626
19	NMRT29 - S	Large Power Interruptible Service - S	1.0740	725,825	712,017	642,396	765,571	649,323	733,076
		Total New Mexico		156,431,251	126,009,012	129,503,941	125,361,154	131,014,247	175,367,014
		New Mexico Non-Firm		725,825	712,017	642,396	765,571	649,323	733,076
		New Mexico Firm		155,705,426	125,296,995	128,861,545	124,595,583	130,364,923	174,633,938

No	Rate	FERC Energy at Source		January 2021	February 2021	March 2021	April 2021	May 2021	June 2021
1	TXRT94 - T/69	Rio Grande Co-Op - Van Horn	1.0285	1,075,735	885,703	2,220,516	2,684,966	2,608,989	2,355,131
2	TXRT95 - T/115	Rio Grande Co-Op - Dell City	1.0257	3,084,655	2,508,293	3,861,683	3,717,116	4,083,556	4,776,337
		Total FERC		4,160,390	3,393,995	6,082,199	6,402,082	6,692,545	7,131,469
		Total Company at Source							
		Total Company		704,997,064	576,196,485	598,402,191	606,846,169	644,448,251	866,717,155
		Total Non-Firm Energy		31,196,588	24,889,711	28,816,144	29,813,068	32,553,911	43,866,607
		Total Firm Energy		673,800,475	551,306,774	569,586,048	577,033,102	611,894,341	822,850,548

EL PASO ELECTRIC COMPANY
UNADJUSTED TEST YEAR DATA BY RATE CLASS
FOR THE PERIOD ENDED DECEMBER 31, 2021

No	Rate & Voltage	Texas Energy at Meter	July 2021	August 2021	September 2021	October 2021	November 2021	December 2021	Total Energy
1	TXRT01 - S	Residential Service - S	314,898,137	308,032,280	291,337,519	213,425,858	145,715,271	147,199,590	2,481,432,902
2	TXRT02 - S	Small Commercial Service - S	33,260,281	34,211,173	33,143,767	27,194,720	21,808,437	21,151,811	307,496,085
3	TXRT07 - S	Outdoor Recreational Lighting Service - S	309,510	361,382	481,445	515,348	600,263	483,044	4,743,313
4	TXRT07 - P	Outdoor Recreational Lighting Service - P	0	1,600	4,000	5,400	9,300	5,600	40,310
5	TXRT08 - S	Street Lighting	2,463,820	2,618,225	2,722,947	3,048,051	3,499,116	3,487,042	34,995,470
6	TXRT09 - S	Traffic Signals	217,178	217,265	217,450	217,192	217,150	217,698	2,634,427
7	TXRT11 - S TOU	Municipal Pumping Service TOU - S	10,226,932	10,460,567	13,905,343	12,677,679	12,050,375	10,730,162	138,560,806
8	TXRT11 - P TOU	Municipal Pumping Service TOU - P	3,753,291	3,327,826	3,947,345	3,961,190	2,842,615	2,968,072	46,134,688
9	TXRT15 - Sta	Electrolytic Refining Service - Sta	2,294,194	3,405,010	3,347,502	3,256,627	3,491,154	2,697,276	36,652,618
10	TXRT15/A-Sta	Curtailable Electrolytic Refining Service - Sta	2,259,016	2,748,527	3,221,187	3,679,125	3,550,274	2,600,174	29,484,825
11	TXRTWH	Water Heating Service	306,180	300,821	294,283	300,091	332,428	424,925	4,691,039
12	TXRT22 - S	Irrigation Service - S	498,514	416,026	341,849	523,844	328,949	219,685	5,116,639
13	TXRT24 - S	General Service - S	153,794,300	157,267,270	152,388,269	131,797,549	113,282,763	107,515,307	1,496,679,140
14	TXRT24 - P	General Service - P	3,462,050	3,471,826	3,318,696	2,868,344	1,911,527	1,881,817	30,582,959
15	TXRT25 - S	Large Power Service - S	41,777,391	41,606,865	40,883,596	38,863,260	35,429,928	32,648,871	434,360,058
16	TXRT25 - P	Large Power Service - P	17,101,327	17,038,998	16,936,056	16,205,839	14,353,893	13,568,390	178,065,942
17	TXRT25 - T/115	Large Power Service - T	815,304	599,462	650,960	818,078	703,592	691,342	8,488,041
18	TXRT26 - T/115	Petroleum Refining Service - T	29,863,437	27,755,982	27,871,490	27,398,627	25,651,554	26,178,437	327,018,964
19	TXRT28 - S	Private Area Lighting Service - S	1,868,993	1,965,071	2,055,507	2,299,642	2,361,300	2,512,836	25,967,801
20	TXRT30 - T/69	Electric Furnace Rate - T/69	633,583	623,378	627,144	592,769	669,383	557,470	7,498,291
21	TXRT30 - T/115	Electric Furnace Rate - T/115	1,098,905	1,182,512	1,183,745	1,211,853	1,287,474	1,119,243	13,998,463
22	TXRT31 - T/115	Military Reservation Service - T	25,037,744	27,219,286	26,672,271	25,878,305	23,918,707	21,583,397	293,615,560
23	TXRT34 - S	Cotton Gin Service - S	5,330	5,531	5,414	8,775	196,842	263,778	1,466,359
24	TXRT38 - P	Interruptible Service Rate - Large Power - P	6,246,985	6,053,809	3,910,877	3,566,982	3,510,415	3,017,649	46,054,773
25	TXRT38 - 25/115	Interruptible Power Rate - Transmission Service	1,942,055	1,381,563	1,667,324	1,781,230	1,533,832	1,635,258	20,662,469
26	TXRT38 - 26/115	Interruptible Power Rate - Petroleum Refining	10,430,050	9,413,657	9,540,459	9,026,611	8,948,838	7,856,751	104,551,710
27	TXRT38 - 30/115	Interruptible Power Service - Electric Furnace	13,323,201	13,611,012	13,254,243	14,241,310	15,455,230	12,598,772	162,979,509
28	TXRT38 - 31/115	Interruptible Power Service - Military Service	7,402,341	7,291,553	6,033,694	691,096	0	0	31,432,700
29	TXRT41 - 24 S	City and County Service - S	17,858,107	21,535,124	23,507,420	18,215,216	15,080,584	14,019,438	197,685,507
30	TXRT41 - 24 P	City and County Service - P	2,664,994	2,654,208	2,873,442	2,613,480	2,196,645	2,037,646	26,746,255
31	TXEVC - S	Electric Vehicle Charging - S	4,425	4,975	4,288	4,083	3,804	4,424	47,661
		Total Texas	705,817,575	706,782,784	686,349,532	566,888,174	460,941,643	441,875,905	6,499,885,284
		Texas Non-Firm	41,603,648	40,500,121	37,627,784	32,986,354	32,998,589	27,708,604	395,165,986
		Texas Firm	664,213,927	666,282,663	648,721,748	533,901,820	427,943,054	414,167,301	6,104,719,298

EL PASO ELECTRIC COMPANY
UNADJUSTED TEST YEAR DATA BY RATE CLASS
FOR THE PERIOD ENDED DECEMBER 31, 2021

No	Rate	New Mexico Energy at Meter	July 2021	August 2021	September 2021	October 2021	November 2021	December 2021	Total Energy
1	NMRT01 - S	Residential Service - S	91,044,569	90,389,285	85,816,351	60,137,182	46,117,981	54,837,433	790,675,398
2	NMRT03 - S	Small Commercial Service - S	17,564,931	17,781,703	17,025,203	14,147,075	11,594,541	11,571,579	162,886,550
3	NMRT04 - S	General Service - S	28,256,731	29,251,268	27,835,835	24,654,155	20,919,038	20,173,484	278,755,699
4	NMRT04 - P	General Service - P	1,583,281	1,686,664	1,771,214	1,618,420	1,510,161	1,496,513	18,641,665
5	NMRT05 - S	Irrigation Service - S	4,215,018	6,118,510	5,994,679	5,243,578	3,043,138	1,188,298	47,473,108
6	NMRT07 - S	City and County Service - S	4,799,359	5,705,391	6,073,590	5,005,186	4,082,359	3,783,837	52,651,720
7	NMRT08 - S	Municipal Pumping Service - S	3,258,974	3,011,029	3,022,856	2,925,505	2,527,353	2,461,722	33,698,861
8	NMRT08 - P	Municipal Pumping Service - P	418,200	288,600	265,800	263,400	329,520	477,360	3,544,080
9	NMRT09 - S	Large Power Service - S	6,839,659	6,849,446	6,732,946	6,304,440	5,959,083	5,561,133	72,736,509
10	NMRT09 - P	Large Power Service - P	7,477,637	7,411,140	7,391,221	6,559,300	6,530,993	6,738,220	82,778,330
11	NMRT10 - T	Military Research & Development - T	6,571,888	6,507,925	5,897,217	4,492,086	4,342,337	4,769,656	56,332,366
12	NMRT10 - T/ALA	Military Research & Development	894,624	847,008	949,856	786,898	731,318	876,866	10,072,402
13	NMRT10 - T/115	Military Research & Development - T/115	6,255,558	6,446,474	7,262,247	5,644,801	4,995,319	4,972,237	64,290,548
14	NMRT11 - S	Street Lighting Service - S	151,667	151,908	151,948	152,325	152,268	152,535	1,824,030
15	NMRT12 - S	Private Area Lighting Service - S	426,775	425,681	426,074	426,757	425,792	427,951	5,125,933
16	NMRT19 - S	Seasonal-Agricultural Processing Service - S	919,982	1,098,333	914,464	457,666	1,260,554	1,508,875	8,350,161
17	NMRT25 - S	Outdoor Recreational Lighting Service - S	32,880	38,349	38,862	66,532	56,462	63,110	434,020
18	NMRT26 - P	State University Service - P	3,354,076	3,313,568	3,562,690	3,167,893	2,154,569	1,513,201	29,232,147
19	NMRT29 - S	Large Power Interruptible Service - S	741,261	817,854	811,929	858,467	844,707	775,575	8,786,562
		Total New Mexico	184,807,070	188,140,136	181,944,982	142,911,666	117,577,493	123,349,585	1,728,290,089
		New Mexico Non-Firm	741,261	817,854	811,929	858,467	844,707	775,575	8,786,562
		New Mexico Firm	184,065,809	187,322,282	181,133,053	142,053,199	116,732,786	122,574,010	1,719,503,527

No	Rate	FERC Energy at Meter	July 2021	August 2021	September 2021	October 2021	November 2021	December 2021	Total Energy
1	TXRT94 - T/69	Rio Grande Co-Op - Van Horn	2,121,919	1,855,193	1,853,611	921,888	701,107	718,623	19,675,541
2	TXRT95 - T/115	Rio Grande Co-Op - Dell City	4,650,720	4,133,544	3,276,852	2,664,516	2,690,472	2,583,816	41,480,580
		Total FERC	6,772,639	5,988,737	5,130,463	3,586,404	3,391,579	3,302,439	61,156,121
		Total Company at Meter							
		Total Company	897,397,284	900,911,657	873,424,977	713,386,244	581,910,715	568,527,929	8,289,331,494
		Total Non-Firm Energy	42,344,909	41,317,975	38,439,713	33,844,821	33,843,296	28,484,179	403,952,548
		Total Firm Energy	855,052,375	859,593,682	834,985,264	679,541,423	548,067,419	540,043,750	7,885,378,946

EL PASO ELECTRIC COMPANY
UNADJUSTED TEST YEAR DATA BY RATE CLASS
FOR THE PERIOD ENDED DECEMBER 31, 2021

No	Rate & Voltage	Texas Energy at Source	July 2021	August 2021	September 2021	October 2021	November 2021	December 2021	Total Energy
1	TXRT01 - S	Residential Service - S	338,210,046	330,835,910	312,905,236	229,225,774	156,502,573	158,096,776	2,665,133,380
2	TXRT02 - S	Small Commercial Service - S	35,722,540	36,743,826	35,597,400	29,207,945	23,422,916	22,717,680	330,260,020
3	TXRT07 - S	Outdoor Recreational Lighting Service - S	332,423	388,135	517,086	553,499	644,700	518,804	5,094,460
4	TXRT07 - P	Outdoor Recreational Lighting Service - P	0	1,675	4,187	5,652	9,734	5,862	42,192
5	TXRT08 - S	Street Lighting	2,646,217	2,812,052	2,924,527	3,273,698	3,758,156	3,745,188	37,586,185
6	TXRT09 - S	Traffic Signals	233,256	233,349	233,548	233,271	233,226	233,814	2,829,454
7	TXRT11 - S TOU	Municipal Pumping Service TOU - S	10,984,032	11,234,963	14,934,756	13,616,208	12,942,464	11,524,516	148,818,462
8	TXRT11 - P TOU	Municipal Pumping Service TOU - P	3,928,570	3,483,235	4,131,686	4,146,178	2,975,365	3,106,681	48,289,178
9	TXRT15 - Sta	Electrolytic Refining Service - Sta	2,371,027	3,519,044	3,459,610	3,365,691	3,608,073	2,787,608	37,880,114
10	TXRT15/A-Sta	Curtailable Electrolytic Refining Service - Sta	2,334,670	2,840,575	3,329,065	3,802,339	3,669,173	2,687,254	30,472,272
11	TXRTWH	Water Heating Service	328,847	323,091	316,069	322,307	357,038	456,382	5,038,317
12	TXRT22 - S	Irrigation Service - S	535,419	446,824	367,156	562,624	353,301	235,948	5,495,424
13	TXRT24 - S	General Service - S	165,179,692	168,909,766	163,669,573	141,554,522	121,669,086	115,474,665	1,607,478,297
14	TXRT24 - P	General Service - P	3,623,728	3,633,960	3,473,679	3,002,296	2,000,795	1,969,698	32,011,183
15	TXRT25 - S	Large Power Service - S	44,870,171	44,687,021	43,910,209	41,740,307	38,052,806	35,065,867	466,515,733
16	TXRT25 - P	Large Power Service - P	17,899,959	17,834,719	17,726,970	16,962,652	15,024,220	14,202,034	186,381,621
17	TXRT25 - T/115	Large Power Service - T	836,217	614,838	667,657	839,062	721,639	709,075	8,705,759
18	TXRT26 - T/115	Petroleum Refining Service - T	30,629,434	28,467,923	28,586,394	28,101,402	26,309,516	26,849,914	335,407,000
19	TXRT28 - S	Private Area Lighting Service - S	2,007,355	2,110,545	2,207,676	2,469,884	2,536,107	2,698,861	27,890,197
20	TXRT30 - T/69	Electric Furnace Rate - T/69	651,640	641,144	645,018	609,663	688,460	573,358	7,711,992
21	TXRT30 - T/115	Electric Furnace Rate - T/115	1,127,092	1,212,843	1,214,108	1,242,937	1,320,498	1,147,952	14,357,524
22	TXRT31 - T/115	Military Reservation Service - T	25,679,962	27,917,461	27,356,415	26,542,084	24,532,222	22,137,011	301,146,799
23	TXRT34 - S	Cotton Gin Service - S	5,725	5,940	5,815	9,425	211,414	283,305	1,574,914
24	TXRT38 - P	Interruptible Service Rate - Large Power - P	6,538,719	6,336,522	4,093,515	3,733,560	3,674,351	3,158,573	48,205,531
25	TXRT38 - 25/115	Interruptible Power Rate - Transmission Service	1,991,869	1,417,000	1,710,091	1,826,919	1,573,175	1,677,202	21,192,461
26	TXRT38 - 26/115	Interruptible Power Rate - Petroleum Refining	10,697,581	9,655,117	9,785,172	9,258,144	9,178,376	8,058,277	107,233,461
27	TXRT38 - 30/115	Interruptible Power Service - Electric Furnace	13,664,941	13,960,134	13,594,214	14,606,600	15,851,657	12,921,931	167,159,933
28	TXRT38 - 31/115	Interruptible Power Service - Military Service	7,592,211	7,478,581	6,188,458	708,823	0	0	32,238,949
29	TXRT41 - 24 S	City and County Service - S	19,180,143	23,129,369	25,247,674	19,563,688	16,197,000	15,057,297	212,320,165
30	TXRT41 - 24 P	City and County Service - P	2,789,449	2,778,160	3,007,632	2,735,530	2,299,228	2,132,804	27,995,305
31	TXEVC - S	Electric Vehicle Charging - S	4,753	5,343	4,605	4,385	4,086	4,752	51,189
		Total Texas	752,597,684	753,659,068	731,815,198	603,827,066	490,321,353	470,239,087	6,922,517,473
		Texas Non-Firm	42,819,991	41,687,930	38,700,515	33,936,383	33,946,731	28,503,237	406,502,608
		Texas Firm	709,777,693	711,971,138	693,114,683	569,890,683	456,374,622	441,735,850	6,516,014,866

EL PASO ELECTRIC COMPANY
UNADJUSTED TEST YEAR DATA BY RATE CLASS
FOR THE PERIOD ENDED DECEMBER 31, 2021

No	Rate	New Mexico Energy at Source	July 2021	August 2021	September 2021	October 2021	November 2021	December 2021	Total Energy
1	NMRT01 - S	Residential Service - S	97,784,598	97,080,804	92,169,335	64,589,138	49,532,095	58,897,048	849,209,098
2	NMRT03 - S	Small Commercial Service - S	18,865,263	19,098,082	18,285,579	15,194,383	12,452,885	12,428,223	174,945,041
3	NMRT04 - S	General Service - S	30,348,577	31,416,739	29,896,522	26,479,302	22,467,674	21,666,927	299,391,983
4	NMRT04 - P	General Service - P	1,657,220	1,765,431	1,853,930	1,694,000	1,580,686	1,566,400	19,512,231
5	NMRT05 - S	Irrigation Service - S	4,527,056	6,571,463	6,438,465	5,631,760	3,268,422	1,276,268	50,987,542
6	NMRT07 - S	City and County Service - S	5,154,656	6,127,761	6,523,218	5,375,720	4,384,576	4,063,954	56,549,527
7	NMRT08 - S	Municipal Pumping Service - S	3,500,236	3,233,935	3,246,638	3,142,080	2,714,453	2,643,963	36,193,588
8	NMRT08 - P	Municipal Pumping Service - P	437,730	302,078	278,213	275,701	344,909	499,653	3,709,589
9	NMRT09 - S	Large Power Service - S	7,345,999	7,356,510	7,231,386	6,771,158	6,400,234	5,972,824	78,121,193
10	NMRT09 - P	Large Power Service - P	7,826,843	7,757,240	7,736,391	6,865,619	6,835,990	7,052,895	86,644,078
11	NMRT10 - T	Military Research & Development - T	6,791,981	6,725,875	6,094,715	4,642,526	4,487,762	4,929,392	58,218,937
12	NMRT10 - T/ALA	Military Research & Development	917,571	868,734	974,220	807,082	750,076	899,358	10,330,759
13	NMRT10 - T/115	Military Research & Development - T/115	6,416,013	6,611,826	7,448,524	5,789,590	5,123,449	5,099,775	65,939,601
14	NMRT11 - S	Street Lighting Service - S	162,895	163,154	163,197	163,602	163,540	163,827	1,959,063
15	NMRT12 - S	Private Area Lighting Service - S	458,369	457,194	457,616	458,350	457,313	459,632	5,505,406
16	NMRT19 - S	Seasonal-Agricultural Processing Service - S	988,088	1,179,643	982,162	491,547	1,353,873	1,620,577	8,968,323
17	NMRT25 - S	Outdoor Recreational Lighting Service - S	35,314	41,188	41,739	71,457	60,642	67,782	466,151
18	NMRT26 - P	State University Service - P	3,510,711	3,468,312	3,729,068	3,315,834	2,255,187	1,583,867	30,597,288
19	NMRT29 - S	Large Power Interruptible Service - S	796,137	878,400	872,036	922,019	907,241	832,991	9,437,031
		Total New Mexico	197,525,256	201,104,370	194,422,952	152,680,868	125,541,007	131,725,356	1,846,686,428
		New Mexico Non-Firm	796,137	878,400	872,036	922,019	907,241	832,991	9,437,031
		New Mexico Firm	196,729,120	200,225,970	193,550,916	151,758,848	124,633,766	130,892,365	1,837,249,397

No	Rate	FERC Energy at Source	July 2021	August 2021	September 2021	October 2021	November 2021	December 2021	Total Energy
1	TXRT94 - T/69	Rio Grande Co-Op - Van Horn	2,182,394	1,908,066	1,906,439	948,162	721,089	739,104	20,236,294
2	TXRT95 - T/115	Rio Grande Co-Op - Dell City	4,770,011	4,239,569	3,360,903	2,732,861	2,759,483	2,650,091	42,544,557
		Total FERC	6,952,405	6,147,636	5,267,342	3,681,023	3,480,571	3,389,195	62,780,851
		Total Company at Source							
		Total Company	957,075,345	960,911,074	931,505,493	760,188,956	619,342,931	605,353,637	8,831,984,752
		Total Non-Firm Energy	43,616,128	42,566,330	39,572,551	34,858,403	34,853,972	29,336,227	415,939,639
		Total Firm Energy	913,459,217	918,344,744	891,932,942	725,330,553	584,488,959	576,017,410	8,416,045,113

Jurisdictional Loss Calculations

Texas	1.0650
New Mexico	1.0685
FERC	1.0266

SOAH DOCKET NO. 473-25-05084
PUC DOCKET NO. 57149

APPLICATION OF EL PASO ELECTRIC COMPANY FOR AUTHORITY TO RECONCILE FUEL COSTS	§ § § § §	BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS

EL PASO ELECTRIC COMPANY'S RESPONSE TO
VINTON STEEL, LLC'S
FIRST REQUESTS FOR INFORMATION
QUESTION NOS. VS 1-1 THROUGH VS 1-21

VS 1-21:

Please refer to Exhibit JIR-9, pages 2-4. Explain if the kWh sales shown for each jurisdiction contains data at the meter based on sales from the first to the end of each month. If different billing cycles are used, please identify those billing cycles and explain why those different billing cycles are being used.

RESPONSE:

The kWh sales shown for each jurisdiction on Exhibit JIR-9, pages 2-4, do not contain data at the meter based on sales from the first to the end of the month. For all jurisdictions, EPE uses different billing cycles that are not strictly based on calendar months. Instead, the company employs a set of monthly bill cycles determined by operational needs. As a result, billing periods can start and end on different dates each month, depending on the assigned or selected bill cycle. Consequently, EPE does not have meter readings for all of its customers based on the first to the end of each month.

Preparer: Denise Perez — Title: Principal Accountant-Regulatory Accounting

Sponsor: Julissa I. Reza — Title: Manager- Regulatory Accounting

The following files are not convertible:

VS 01-07 Attachment 01.xlsx
VS 01-07 Attachment 02.xlsx
VS 01-07 Attachment 03.xlsx
VS 01-20 Attachment 01.xlsx

Please see the ZIP file for this Filing on the PUC Interchange in order to access these files.

Contact centralrecords@puc.texas.gov if you have any questions.